

# **STATES OF JERSEY**



## **COMMITTEE OF INQUIRY INTO TENDER PROCESS AND AWARD OF BUS SERVICES CONTRACT: FINAL REPORT**

---

**Presented to the States on 2nd August 2005  
by the Committee of Inquiry into Tender Process  
and Award of Bus Services Contract**

---

**STATES GREFFE**



# REPORT

## STATES OF JERSEY

### Report of the

### Committee of Inquiry into Tender Process and Award of Bus Service Contract

ITEM	CONTENTS	PAGE
<i>Dramatis Personae</i>		4
Foreword by the President of the Committee of Inquiry		7
<b>CHAPTER I</b>	<b>INTRODUCTION</b>	8
1	Terms of reference	8
2	Summary of Conclusions	9
3	Genesis	10
4	Decision to appoint the Committee of Inquiry	11
5	Establishment of terms of reference	11
6	Membership	11
7	Methodology and statistics	11
<b>CHAPTER II</b>	<b>ADDITIONAL CONCERNS</b>	13
A	PREAMBLE	13
B	TOPICS EXAMINED –	14
1	Relationship between Jersey Bus and Public Services	14
2	Was there a full and fair assessment of the competing tenders, including non-compliant tenders?	30
3	Whether any submissions were received about the contents of the invitation to tender and the specifications and, if so, what account was taken of them	30
4	Observations	31
<b>CHAPTER III</b>	<b>REPORTS UNDER ITEMS 1 – 6 OF THE TERMS OF REFERENCE</b>	32
Section 1	Review of Motor Traffic Law	32
Section 2	Agreement between the States and the Union	37
Section 3	Knowledge of wage claim and shift allowance, during tender process	45
Section 4	Evolution of contract with Connex Transport Jersey Ltd.	57
Section 5	Propriety of payment to Connex for shift allowance and relief service	59
Section 6	Accuracy of reports	67
<b>CHAPTER IV</b>	<b>CONCLUSIONS (Under Item 7 of the terms of reference)</b>	93
<b>CHAPTER V</b>	<b>RECOMMENDATIONS (Under Item 7 of the terms of reference)</b>	100
<b>APPENDICES</b>	<b>See Following Table</b>	103

## Table of Appendices

Appendix No.	Title	Page
1	The Bus Strategy Steering Group	103
2	31st July 2001 – The Bus Strategy P.104/2001	107
3	9th March 2004 – Establishment of Committee of Inquiry P.31/2004	115
4	29th June 2004 – Terms of Reference P.99/2004	119
5	12th October 2004 – Membership P.165/2004	125
6	Statistics – Table 1– Principal Suppliers of Written Evidence and Submissions; Table 2– Persons interviewed at Hearings	131
7	7th March 2002 – Technical Note by Halcrow	135
8	Adjusted Figures from JMT (1987) Ltd. Accounts	145
9	16th March 2002 – E-mail, A. Muir to President, Public Services Committee, and attachments	147
10	15th March 2002 – E-mail, Deputy A. Layzell to President, Public Services Committee	153
11	18th March 2002 – Letter from President, Public Services Committee to Mr. M. Cotillard	155
12	Copies as sent to tenderers on 29th January 2002 – of “Jersey Bus Terms and Conditions (Wages) Letters and Statement by Public Services Committee on Protection of Terms and Conditions	157
13	Connex Staff Contracts and Associated Documents	165
14	February 2002 – Extract from Public Services Department, Mail Register	205
15	22nd February 2002 – Technical Note by Halcrow	207
16	28th February 2002 – Manuscript Notes on meeting – Clarification of Jersey Bus Tender	213
17	Table of Changes between January 2002 and November 2002 versions of Conditions of Contract	223
18	6th February 2002 Letter re Wage Claim, Transport and General Workers Union to Jersey Bus	225
19	3rd February 2004 – Questions by Senator E.P. Vibert and Answers by Deputy M.F. Dubras, President of the Environment and Public Services Committee	227

## *Dramatis Personae*

### Abbreviations employed in the Report;

#### Names and short, relevant details of principal persons and organisations named

*Including offices and titles held from time to time. Sections of the Report use titles, appropriate at the times dealt with in those sections*

<b>(1) Abbreviations</b>	
<b>Short Form</b>	<b>Designates</b>
BSSG	Bus Strategy Steering Group
Connex	Connex Transport Jersey Ltd., Connex Bus UK Ltd., and/or associated companies
E&PSC	Environment and Public Services Committee
E&PSD	Environment and Public Services Department
F&E	Finance and Economics Committee
JB	Jersey Bus
JMT	JMT (1987) Ltd.
Mourant	Mourant du Feu & Jeune
PSC	Public Services Committee
PSD	Public Services Department
T&GWU	Transport and General Workers Union

<b>(2) Names</b>	
<b>Name</b>	<b>Description</b>
Anglian Coaches Ltd.	UK coach operator, submitted tender.
Black, Ian	Treasurer of the States.
Bus Strategy Steering Group	See Appendix 1.
Childs, Roger	Director of Halcrow Group Ltd.
Collier, Michael	School Bus Coordinator, then Transport Coordinator, Public Services Department then Environment and Public Services Department.
Connex Bus UK Ltd.	UK Company, part of international group, active in tendering process.
Connex Transport Jersey Ltd.	Jersey company incorporated to take over public bus contract from 29th September 2002. Active from that date in matters under investigation.
Crespel, David Leon	Deputy of St. Helier from 1990 to 1996. Deputy of Trinity from 1996 to date.
Crowcroft, Alan Simon	Deputy of St. Helier from December 1996 to December 2001, Connétable of St. Helier from December 2001 to date. Member of successive Public Services Committees from June 1998 to December 2002 and President from December 1999 to January 2002. Member of Environment and Public Services Committee from December 2002 to September 2003. Member of BSSG.
Davies, Neil	Consultant employed by Halcrow Group Ltd.
Diamond Group	Jersey group of companies, including JMT (1987) Ltd.
Dorey, Jeremy Laurence	Deputy of St. Helier from December 1993. Senator between February and July 1999. Deputy of St. Helier from December 1999 to date.
Dubras, Maurice François	Deputy of St. Lawrence since 1996. President of Environment and Public Services Committee from 12th December 2002 until 17th February 2004. Member of BSSG.
Dunn-Line (Holdings) Ltd.	UK bus and coach operator, submitted tender.
Everson, Ian	Chairman of Jersey Bus Users Forum.
FourSight Ltd.	UK company of consultants employed by Public Services Committee in connexion with proposed Service Level Agreement for Jersey Bus.

Griffiths, John	Director, FourSight Ltd.
Hacquoil, Robin Charles	Former Deputy of St. Peter. Member of Public Services Committee from 12th September 2000 to 29th January 2002, President from that date to 12th December 2002. Member of BSSG.
Halcrow Group Ltd.	UK company of consultant engineers, also known as Halcrow Fox, employed by Public Services Committee and Environment and Public Services Committee in connexion with Bus Strategy.
Hinault, Carlyle John Le Hérissier	Former Connétable of St. John. President of Public Services Committee from May to December 1999.
Jersey Bus	Trading style until 29th September 2002 of JMT (1987) Ltd.
JMT (1987) Ltd.	Jersey company; member of the Diamond Group; traded until 29th September 2002 as Jersey Bus.
Julhes, Philippe	Managing Director of Connex Transport Jersey Ltd.
Kavanagh, Michael	Former Regional Industrial Organiser, Transport and General Workers Union.
Layzell, Alastair John	Former Deputy of St. Brelade. Member of BSSG.
Le Hérissier, Roy George	Deputy of St. Saviour since 1999.
Le Sueur, Terence Augustine	Deputy of St. Helier from 1987 until 1999. Senator since 1999. President of Employment and Social Security Committee from 1996 until December 2002. President of Finance and Economics Committee since December 2002.
Lewis, Christopher	Managing Director of Jersey Bus and associated companies in the Diamond Group. ( <i>Mr. R. Lewis, founder of the group, is not mentioned by name in the Report.</i> )
Linn, Stewart	Director of Southern Vectis plc.
Macklin, Roger	Consultant, retained then employed by Halcrow Group Ltd.
Maltwood, Derek Ryder	Deputy of St. Mary from 1987 to December 2002. Member of BSSG.
McCartan, James	Transport and General Workers Union Convenor for Jersey Bus until 29th September 2002 and for Connex Transport Jersey Ltd. from that date onwards.
Mourant du Feu & Jeune	Jersey law firm representing Connex.
Muir, Alan	Principal Engineer – Highways, Traffic & Civils until March 2001, then Director of Traffic, then of Traffic and Transportation, in Public Services Department, then Environment and Public Services Department.
Ord, Dennis	Business Development Director for Connex Bus UK Ltd. until January 2003.
Oxera Consulting Ltd.	UK company, formerly Oxford Economic Research Associates Ltd., advised PSC and PSD in May 2001 on bus strategy.
Pickering, Carlton Geoffrey	Formerly General Manager of Jersey Bus, subsequently of Tantivy Blue Coach Ltd.
Richardson, John	Chief Executive Designate until May 2002, then Chief Executive Officer of Public Services Department until September 2004, then of Environment and Public Services Department.
Scott Warren, Celia Joyce	Deputy of St. Saviour since 1999. Member of Public Services Committee from December 1999 to December 2002. Member of BSSG.
Shenton, Richard Joseph, O.B.E.	Senator from 1969 to 1999 and from March 2004 to date.
Southern Vectis plc.	UK (Isle of Wight) bus operator, submitted tender.
Swinnerton, Dr. Clive	Chief Executive Officer of Public Services Department until 30th April 2002.
Tantivy Blue Coach Ltd.	Member company of Diamond Group.
Vibert, Edward Philip	Deputy for St. Helier from December 1999 to March 2000. Senator since February 2003.

## FOREWORD

The nine months that have elapsed since Mr. Trevor Garrett, Mr. Christopher Blackstone and I were appointed, on a purely honorary basis, to be the Committee of Inquiry into the Bus Service Tendering Process have been a period of considerable activity. We have tailored around our daily lives the demands created by the need to read and understand more than 5,000 documents and the equally necessary attendance at meetings and a total of 51 hours of hearings at which we received oral evidence from a variety of witnesses.

Supporting us throughout this period have been the officers of the States' Greffe. We are particularly grateful to our Clerk, Mr. Mac Spence, whose untiring efforts have contributed greatly to the smooth running of the Inquiry and the efficient preparation of this Report. The Greffier of the States, Mr. Michael De La Haye, and his Deputy Mrs. Anne Harris, have given generously of their time researching various points and advising on procedure, and Mrs. Denise Abbot-McGuire, Mrs. Fiona Bryans, Miss Belinda Le Claire and Miss Petrina Horton ensured that the hearings were properly recorded.

We should also record our appreciation of the prompt and efficient service we received from Messrs Marten Walsh Cherer, who converted the recordings of the proceedings into the transcripts that are now available on the website of the States Assembly: [www.statesassembly.gov.je](http://www.statesassembly.gov.je)

Finally, we could not have completed our task without the co-operation of the witnesses who gave evidence before us and gave us access to the considerable numbers of documents that were our required reading. We thank them for complying with the heavy demands we made in addition to their many other duties.

All parties most closely affected by this Report have been afforded an opportunity of commenting on it, and, to the extent that we considered it appropriate, the text of the Report has been revised in the light of comments received.

*Huw Shephard  
President of the Committee of Inquiry  
St. Helier, July 2002*

# Committee of Inquiry into Tender Process and Award of Bus Service Contract

## REPORT

### **CHAPTER I INTRODUCTION**

#### **1. Terms of Reference**

The States of Jersey, in establishing this Committee of Inquiry on 9th March 2004, required us to undertake the following detailed tasks –

- (1) To review how the then Public Services Committee, in accordance with the decision of the States of 31st July 2001 when adopting the Bus Strategy (P.104/2001 as amended), undertook the necessary review of the Motor Traffic (Jersey) Law 1935, as amended, to enable the Bus Strategy to be progressed.
- (2) To review the agreement made between the States of Jersey and the Transport and General Workers Union on 5th August 2001 to ensure that in the event of a new operator being appointed, all staff transferring employment would be given the same terms and conditions of employment as they enjoyed with the previous operator. The Committee of Inquiry will identify –
  - (a) Any variance from that agreement;
  - (b) The reason and justification for the variance;
  - (c) The audit trail for and changes to the agreement to identify the communication process between Jersey Bus, the Transport and General Workers Union, the Public Services Committee and the new operator.
- (3) To establish the state of knowledge of the parties involved during the tender process for the public bus service, during the period leading up to the award of the contract on 1st May 2002, in relation to the wage claim submitted by the Transport and General Workers Union which included the drivers shift allowance, and to report on the actions of the parties involved in that process.
- (4) To consider any changes made to the final contract signed between the States of Jersey and Connex Transport (Jersey) Limited and report on whether there are any material differences between the final contract and the draft contract supplied to all tenderers during the tender process that might have affected the tender submissions.
- (5) To review and report on the drivers shift allowance and the relief service claims submitted by Connex Transport Jersey Limited in 2002 and determine whether given the state of knowledge of all parties during the negotiations, the payment for the shift allowance was appropriate and in line with the conditions of contract that exist between the States of Jersey and Connex Transport (Jersey) Limited.
- (6) To review the accuracy of the reports submitted by officers to the Public Services Committee regarding the contract with Connex Transport (Jersey) Limited, together with the relevant minutes of Committee meetings, during the period leading up to the award of the contract, and in relation to the post-contract award of the shift allowance, as well as to review the answers to questions about the contract that were given to the States.
- (7) To report back to the States with its findings and recommendations.

#### **2. Summary of Conclusions**



We have concluded, adopting the numbering of our Terms of Reference, that –

- (1) The PSC had the benefit of considerable legal advice from the Law Officers both before and during the formulation of the Bus Strategy (P.104/2001). The preparation of Instructions to the Law Draftsman to draft the necessary legislation to amend the Motor Traffic (Jersey) Law 1935 was undertaken by a suitably qualified external consultant. An attempt was made to run the process in parallel with the tendering exercise, resulting in an unsatisfactory administrative hiatus in March/April 2002. Whilst we understand the need to complete the tendering process in sufficient time to enable the preferred operator to take over operations when the existing contract expired, we nevertheless concluded that implementation of the strategy was marred by inadequate attention being paid to the practicality of implementing the desired changes within a time-frame of just over one year. Our detailed findings are in Chapter III of this report.
- (2) No formal written agreement between the States and the Transport and General Workers Union was established on 5th August 2001. The efforts of Mr. Shenton (as he then was) played some part in the PSC of the day giving an undertaking that the terms and conditions of the Jersey Bus workforce would be protected were there to be a new operator appointed to provide a bus service and this undertaking was properly honoured in the preparation of the tender documents. As such, this agreement was not varied. The fact that the agreement was not reduced into an agreed written form did, however, have the consequence that it was open to various different interpretations. In turn, these gave rise to some of the problems examined under item 3 of our Terms of Reference.
- (3) It has proved difficult to ascertain the parties' knowledge of the claim for a shift allowance during the tendering process. It is clear that the T&GWU, representing the drivers employed by JMT (1987) Limited ("Jersey Bus"), had indicated to Jersey Bus management that they wished to make a claim for a shift allowance to protect the drivers' pay in case Jersey Bus were deprived of the right to run the school bus service, at some time prior to the deadline for the submission of tenders in February 2002. The formal claim was made in a letter dated 6th February 2002 from Mr. McCartan, the Union convenor, to Mr. Lewis, the Managing Director of JMT (1987) Limited. It is equally clear that this letter was copied by fax to Halcrow, the consulting engineers managing the bidding process, so that all tenderers would be aware of it, on 12 February. Halcrow immediately notified all tenderers by e-mail and fax. Of the five tenderers, four, including Connex, claimed to have incorporated the claim into their pricing calculations.
- (4) Some amendments were made to the draft contract proposed in the tender documents, resulting in the contract signed by the President of the Public Services Committee on 29th November 2002 and by Directors of Connex on 12th December 2002. Only one amendment appears to have been significant – the draft contract included a clause under which PSC could extricate itself from the contract if the States were ever obliged to decline funding. Jersey Bus gave evidence that they had included a contingency against this eventuality in their tender. It is not clear whether the other tenderers did this, and, in any event, the clause was not included in the final version of the contract.
- (5) In the light of the matters referred to at paragraph 3, and the further matters set out in more detail in the report, we have concluded that there was no legal basis for the claim in respect of additional services made by Connex. So far as the claim for the shift allowance is concerned, we are satisfied that Connex knew of it in February 2002, they did not amend their tender to take account of it as this would have prevented its timely submission and they sought unsuccessfully to minimise the impact of the shift allowance through negotiation.
- (6) We are satisfied that some reports made by the officers of PSD to the Committee, and thus to the States, contained material inaccuracies. This is not a finding that anyone has deliberately lied or mendaciously sought to mislead PSC, E&PSC or the States; rather it reflects what we observed to be a culture of relying on received wisdom instead of carefully examining the available evidence to determine the true facts of any particular matter. "Received wisdom", in the context of this

Report, means an understanding originating in fact but which has been overlain by personal impressions, informal observations and rumour.

- (7) For the reasons that are apparent from the foregoing synopsis of our findings, we make the recommendations listed in Chapter V of this Report.

The background to the establishment of the Committee of Inquiry, and a synopsis of its methodology and statistical information, is set out in the following paragraphs.

### **3. Genesis**

The genesis of the events leading to the appointment of a Committee of Inquiry could be said to be the adoption of the Bus Strategy by the States on 31st July 2001: *P.104/2001 as amended, Appendix 2 to this Report*.

### **4. Decision to appoint the Committee of Inquiry**

As already noted in paragraph 1, on 9th March 2004, the States agreed to establish a Committee of Inquiry under Article 36B of the States of Jersey Law 1966, as amended, to conduct an inquiry to investigate fully the relevant circumstances surrounding the tender process and the award of the contract for the provision of a bus service in Jersey, and report its findings to the States: *P.31/2004, Appendix 3*.

### **5. Establishment of Terms of Reference**

On 29th June 2004, the States settled the terms of reference of the Committee: *P.99/2004, Appendix 4*. They are reproduced in paragraph 1 above.

### **6. Membership**

On 12th October 2004, the States appointed as members of the Committee Mr. H.O.J.R. Shephard LLB Barrister, MSI, (President), Mr. T.P. Garrett (formerly Superintendent, States of Jersey Police) and Mr. C.J Blackstone FCA: (*P.165/2004, Appendix 5*). It is right to record, at this juncture, that Mr Blackstone was, until 1990, a member of the trust and company administration department of Messrs. Coopers Deloitte, which subsequently became the Abacus Financial Services Group. He had no connection with the audit practice of what became PricewaterhouseCoopers, nor did he have any knowledge of that practice's clients. We were duly sworn on 21st October 2004 and the first meeting of the Committee was held that day.

### **7. Methodology and Statistics**

#### **(a) Principles for collection of material**

In undertaking our terms of reference subject to the governing Law as set out in Articles 36B to 36L of the States of Jersey Law 1966 as amended, ("the Law"), we established the following principles –

- (i) that all our hearings should be conducted in public, although requests for individual items to be exceptionally treated as confidential would be considered on their merits;
- (ii) that we would rely so far as possible on written submissions, except when dictated by uncertainties, apparent conflicts or other special circumstances.

#### **(b) Access to States' records**

We were allowed access to records of proceedings of the States' Assembly, and (so far as relevant to the terms of reference) to those of the former Public Services Committee and Department and the Environment and Public Services Committee and Department. We express our gratitude to the Greffier of the States and the departmental officers concerned for providing a great mass of vital

material. Nevertheless we found ourselves hampered in our task by the fact that, despite having been aware since early 2004 that a Committee of Inquiry would be appointed, the Public Services Department had not prepared a full set of copies of the documents in their possession for our consideration. In consequence, we had to wait for a full set to be prepared, which considerably delayed the progress of the Inquiry. E&PSD have explained that they had no previous experience of a Committee of Inquiry and, until instructed, were not aware of the requirements.

**(c) Written submissions**

We began the Inquiry by inviting persons having first-hand knowledge of matters within its terms of reference to send details that would enable us to identify any relevant documents or material that they wished us to consider. The collection of written material has been continuous throughout the Inquiry and has yielded over 5,000 items of evidence, statements that would not be admissible in court as evidence, and submissions and correspondence. As a matter of policy, we have not at any stage refused to accept or to consider any of that material, whether on the grounds of admissibility as evidence or otherwise. The weight we attached to each item has, however, been affected by its content and nature. A table of the principal suppliers of the above information is *Table 1 of Appendix 6 to this Report*.

**(d) Oral Evidence and Statements**

On 24th January 2005, despite the continuing influx of written material, we held our first hearings. That series continued until 4th February 2005 and subsequent, shorter sessions followed on 23rd and 24th March 2005, 20th and 26th April 2005 and 23rd May 2005. The witnesses so heard were nearly all formally summoned, resulting in their evidence being privileged under Article 36H of the Law. Nearly all gave their evidence on oath and nearly all were heard in public. As in the case of written information, we did not refuse to hear or to consider any statement by any witness, regardless of the basis on which the evidence was given, or on the ground of the evidential admissibility of what was said, or otherwise. The weight we attached to each witness's contribution has, however, been affected by all those factors. The examination of every witness was electronically recorded and transcribed. Almost all transcripts are available on our section of the website of the States' Assembly, [www.statesassembly.gov.je](http://www.statesassembly.gov.je). A table showing the name of each witness, the durations of their interviews and the sizes of resulting transcripts appears as *Table 2 of Appendix 6*.

## CHAPTER II ADDITIONAL CONCERNS

### **A. PREAMBLE TO CHAPTER II**

- (1) A significant proportion of the submissions and written evidence received related to issues that are not covered by the Committee's Terms of Reference. This material did, however, contribute greatly to the Committee's understanding of the background to the matters under investigation and provided a reference against which we could test the evidence being given by the witnesses whom we examined.
- (2) A matter that was raised in the written evidence and submissions of JMT was the conviction of that company's senior executives that it had been unfairly discriminated against in the processes that led to, and in some of the decisions made in, the tendering process. We were compelled to examine the wider evidence in relation to this issue to assess its effects on those matters set out in our Terms of Reference.
- (3) Regrettably, although most of the witnesses were perfectly happy to assist in this process, Connétable Crowcroft of St Helier was not. His first appearance before us was cut short because of his unwillingness to answer our introductory questions, and despite having had a further six weeks to refresh his memory of the events in which we were interested, at his second appearance he indicated an inability to recall matters falling squarely within our Terms of Reference. These were significant events that occurred during periods when he was either Vice-President or President of PSC and we found his assertion that he could not recall these matters to be simply not capable of belief. He appeared to treat the Committee of Inquiry with arrogant disdain, an attitude that would appear to be summed up in the following exchange –

*“CONNÉTABLE CROWCROFT: I mean, I don't think, you know, I can be expected to remember the detail of those negotiations three or four years on.*

*MR. GARRETT: But you had an opportunity to refresh your memory.*

*CONNÉTABLE CROWCROFT: Well, I have, but only from ... I have not gone back, because I don't think it is my job to, to go back and go through all the Committee minutes. I have dug out my diary and, you know, I remember what I remember of the period. That is really all I can say on it.”*

We consider this to have been a highly irresponsible approach, and, had it been adopted by other witnesses, our task would rapidly have become impossible.

- (4) Of the wider evidence, we sought to examine in particular, the following three topics –
  - (1) The history of the relationship between Jersey Bus and PSD/PSC, from 1999 onwards;
  - (2) Whether there was a full and fair assessment of the competing tenders, including non-compliant tenders;
  - (3) Whether any submissions were received about the contents of the invitation to tender and the specifications and, if so, what account was taken of them?

### **B. TOPICS EXAMINED**

#### **1. The relationship between Jersey Bus and Public Services**

- (a) We wish to draw attention to two remarks that we consider indicative of the relationships between the parties –
  - (i) On 11th May 1999, PSC lodged “Sustainable Island Transport Policy” P.60/1999. Paragraph 5.1.2 is in these terms –

*“Despite the fact that the existing privately-run service serves certain parts of the Island well, especially routes along the south coast, with regular and reliable services from 7 a.m. to 11 p.m., it is clear that the present bus system is not a acceptable alternative to the private car for the majority of Islanders. The ‘Winter Timetable’, which is followed between October and April, cuts both the frequency of buses and the times at which they are available during the months when local people, especially children, are most likely to make use of buses. The Committee will seek to promote a more comprehensive bus service for local people on a year-round basis.”*

- (ii) Halcrow was employed by the Committee to administer the tendering process. In the assessment of the tender bids prepared by Halcrow as its Technical Note dated 7th March 2002 (*Appendix 7 to this Report*), the following statement was included in relation to Jersey Bus and that company’s dealings with PSC –

*“We are not however convinced that the spirit of co-operation that is essential to the development of a successful partnership arrangement, exists or is possible between the parties.”*

- (b) It is clear that, in May 1999, the then PSC was aware of what were seen as some shortcomings in the existing service, and they were proposing to seek improvements. There is no suggestion in that proposition of a widespread dissatisfaction with the performance of Jersey Bus. The comment in Halcrow’s assessment of bids is, however, a subjective statement of opinion and we consider that it had no place, absent a similar assessment of the other tenderers, in what was meant to be an objective examination of the documents submitted. We infer that Halcrow had been made aware of a significant breakdown in the relationship between Jersey Bus and Public Services. This comment could possibly have had a detrimental effect on the fairness of the tender process.
- (c) In the light of the apparent change in position reflected in the observations recorded above, we took particular note of any events or factors that might have led to a deterioration in the relationship between PSC and Jersey Bus.

The factors we identified were –

**(i) Restriction of licence term.**

For a period of some 30 years, Jersey Bus had had their licence renewed on a 3-yearly basis. This long-standing practice was abandoned in September 1999 when PSC refused the requested fare increase and limited the renewal of the licence to one year. The Committee was stated by Dr. Swinnerton to be *“of the view that during the 12 month Licence period, a Service Level Agreement between Jersey Bus and the Public Services Committee needs to be agreed.”* This stance was clearly contemplated by the Sustainable Transport Strategy (P.60/1999), paragraph 5.1.6. The Committee did not, apparently inform JB of its reasons for the refusal of the fare increase, despite the fact that, in a letter dated 25th August 1999 to Mr. A. Keeling (then Director of Engineering, PSD) Mr. Colin Powell (then Chief Executive, Policy and Resources Department) said: *“... the increase in the fares can be considered reasonable.”* Minutes of PSC meetings, held on 13th and 14th September 1999, show that the decision followed discussions with representatives of JB and the “general public”.

**(ii) The insistence on disclosure of the accounts of other companies in the Diamond Group.**

- (1) In a letter dated 20th October 1999, the then President of PSC, Connétable Hinault,

requested that the previous two years' (1997 and 1998) audited accounts of Jersey Bus be submitted for examination by Mr. Black. It was envisaged that a general review of his findings would then be carried out by Connétable Hinault and Deputy Maltwood to determine the validity of the fare proposals.

- (2) With his letter of 28th October 1999 to Mr. Black, Mr. Lewis submitted the Profit and Loss accounts for 1997 and 1998 and budgeted figures to 2000. On 3rd November 1999, Mr. Lewis provided additional details which included draft accounts for 1998. We have been unable to establish whether this information was provided as a result of a request by Mr. Black, as Mr. Lewis has no recollection of receiving any communication, either from Mr. Black or from PSC, between 28th October and 29th November 1999. Not all the notes to the accounts were disclosed, and the accounts provided had neither been signed by the directors nor the auditors. Mr. Lewis's reasons for withholding parts of the information sought were that those parts contained information on guarantees given by members of his family and on family members' personal financial arrangements. We have been assured by Mr. Lewis that this information would have been provided had it been sought, as information of this kind had been released for various purposes at earlier times.
- (3) Mr. Lewis, in giving evidence before us, said that, to assess the profitability of Jersey Bus accurately it would be necessary to understand the management charges within the Diamond Group and to allow for a commercial rent for Jersey Bus' premises (which were owned by Jersey Bus), directors' fees and interest-free loans made to other companies within the Diamond Group (which had the effect of reducing Jersey Bus's profits). This information was among that provided to Mr. Black.
- (4) In his letter of 29th November 1999 denying the fare increase, Connétable Hinault said –

*“The Committee accepted fully that you have co-operated in providing the information referred to above but decided that there was insufficient detail to justify an increase. It felt that further discussions were needed on the finances of JMT and associated Companies within the Jersey Diamond Group and on the need for a fully “open book” approach to the relevant finances in future.*

*It is suggested that a meeting be held at officer level to discuss the way forward. Whilst the Committee were advised by the Treasurer that it could take up to a full year to fully identify and consider the required information, it was of the opinion that it might be appropriate for JMT to submit, in February/March time a new application for a variation in the conditions which, if approved, could be introduced at the same time as the Summer Timetable.”*

- (5) The issue of disclosure of the accounts, not only of JMT, but also of all other companies within the Diamond Group, clouded various PSCs' approach to fare increases during the next two years, as well as the establishment of a Service Level Agreement and the process to competitive tendering in July 2001.
- (6) We examined this issue carefully and heard evidence on the subject from Mr. Mark James (audit partner of PricewaterhouseCoopers), Mr. Black and Mr. Griffiths.
- (7) In evidence, Mr. James confirmed that his firm had been auditors of JMT for a number of years and had always been able to provide an unqualified audit report

to the effect that the accounts of the company showed a true and fair view of its operations.

- (8) Mr. Black gave evidence to us to the effect that the main reason that he had advised PSC not to accept the accounts submitted was that he had little confidence in the information provided. He said –

*“The best information I received was a set of draft accounts that hadn’t been signed by the directors, as I recall, and hadn’t been audited. I had no reason to believe that it was going to get any better. If they had any better, presumably they would have provided me with that automatically. Is that not a fair assumption?. . . I had no confidence, if I was being honest, that this was a good set of accounts on which to be making an important decision.”*

Despite being unhappy with the information he received, Mr. Black does not appear to have made further requests for signed, audited accounts nor for any other information or explanations. In view of the fact that Jersey Bus had always had their annual accounts audited, his statement was unnecessarily pessimistic, as it was just a matter of waiting for the audited accounts to become available. Mr. Lewis has stated that, although the accounts for 1997 and 1998 had not been signed off at the time he was requested to provide them, he would have had no hesitation in submitting them, when available, had he been asked so to do.

- (9) Mr. Black is a public servant of long standing and impeccable repute, and although his career has been in governmental accounting and his professional qualification is as a member of The Chartered Institute of Public Finance and Accountancy, he has nevertheless had considerable exposure to commercial accounting practice in his role as representative of the States’ shareholdings in the Jersey Electricity Company, the Jersey New Waterworks Company, Jersey Telecom and Jersey Post. His views carry considerable weight.
- (10) We obtained from Jersey Bus the audited accounts of JMT for the years ended 31st October 1997, 1998, 1999 and 2000. From this information and from the management accounting information supplied to Mr. Black, adjustments were made to produce a profit figure of bus operations (*Appendix 8*) The resultant figures showed a mark up on expenses declining from 11% to 5.2%, the latter being well below industry norms. This information was different from that provided to Mr. Black in 1999 in that we had access to information on normal returns from bus operations as well as audited accounts.
- (11) We consider it unfortunate that there appears to have been a breakdown of communication between Jersey Bus, PSC and the persons delegated by PSC to review the company’s accounts. This lack of communication had severe repercussions insofar as it generated an unwarranted mistrust in the financial credibility and reported profitability of Jersey Bus. With hindsight, it is easy to observe that this state of affairs could have been avoided if the parties involved had checked with each other to ensure that the necessary information had reached its proper destination.

**(iii) Appointment of new Public Services Committee.**

On 14th December 1999 a new PSC was elected with Deputy Crowcroft as President.

**(iv) Fare increase – March 2000.**

On 9th February 2000, Jersey Bus wrote to Mr. Richardson seeking a 5.68% fare increase. This application included various notes and the audited profit & loss accounts for 1998 and 1999. Mr. Lewis referred to ever-increasing costs and decreasing revenue and

emphasised the urgency of the matter. The increase was duly approved by PSC on 13th March 2000.

**(v) Delays in implementation of Public Services Committee proposals.**

Little progress seemed to be being made in relation to the implementation of a Service Level Agreement as envisaged in P.60/1999. This was clearly frustrating to the management of Jersey Bus as evidenced by Mr. Lewis's letters to Deputy Crowcroft of 17th March and 13th April 2000.

**(vi) The Hoppa subsidy.**

- (1) In July 2000, PSC granted a licence to Pioneer Coaches to operate a town Hoppa service and provided a subsidy of £30,000. This resulted in a strike by the drivers of Jersey Bus, who felt that their livelihoods were being threatened by this competing service. These events culminated in a meeting of the parties, called under the chairmanship of Senator Le Sueur, to resolve the dispute. The decisions taken at this meeting, subsequently confirmed at a meeting of PSC, included the following agreement –

*“the Pioneer Hoppa Service would proceed for the eight week experimental period, on the basis that the only subsidy would be for fuel tax and the reimbursement of the fares for HIE and Senior citizen passes;*

*a three to five year agreement would be made between the Public Services Committee and Jersey Bus. This would initially be covered by a Memorandum of Agreement, to be made available by the end of September 2000, which would subsequently be covered by a formal Service Level Agreement to be available by about the end of March 2001. It was accepted by all parties involved that there might be competitive tendering for such services after the initial three to five year period;*

*the terms of agreement between the Public Services Committee and the Jersey Bus should include an agreed fair rate of return, an open book policy and the payment of a States subsidy if the agreed rate of return was not achieved.”*

- (2) Pioneer Coaches decided that they were not prepared to run the Hoppa service without the £30,000 subsidy and the service was cancelled.
- (3) The Memorandum of Agreement, promised for September 2000 was never produced.

**(vii) FourSight Consultants.**

- (1) In January 2001, Mr. Griffiths of FourSight Consultants was requested to work with Jersey Bus and with PSD to further the promised Service Level Agreement and to establish a fair rate of return for Jersey Bus even though he had at this time made clear that his areas of expertise did not include transportation or law. In his evidence to us, he confirmed that he held no accounting qualifications. Mr. Griffiths had earlier prepared various reports on the bus service for PSC.
- (2) Mr. Griffiths told us that his original appointment was made orally in April 2000 by Mr. S. Lusby (then Finance Director, PSD) and there was no formal letter of engagement. Mr. Griffiths had worked previously as a consultant for the Jersey Hospital and the Opera House.



- (3) Mr. Griffiths was also required to establish a fair rate of return for bus operations and for this purpose he obtained statistics of operators in UK. He produced schedules showing variously a profit margin of 8.4% and 10.1% on expenses. He denied recommending a 5.3% mark up on expenses. This latter figure was mentioned in the States by Deputy Crowcroft on 17th July 2001 in reply to a question raised by Deputy Le Hérissier.
- (4) Mr. Griffiths also repeated the demands made earlier for disclosure of the accounts of all companies in the Diamond Group including such disparate entities as The Living Legend and The Boardwalk Café. We have already indicated that this may have been unnecessarily onerous.
- (5) In an e-mail dated 27th April 2001 to Deputy Crowcroft, Dr. Swinnerton said—
 

*“Mr. Griffiths has advised me of certain issues in the Jersey Bus accounts that lead me to the conclusion that had Jersey Bus managed their finances differently there would be no justification nor need for subsidies.”*
- (6) We consider it unfortunate that a consultant without any relevant qualifications or experience should have been appointed, orally and without any formal letter of engagement or terms of reference, to discharge a highly sensitive duty. We are also concerned that PSC and PSD relied, in making decisions, on what Mr. Griffiths admitted in evidence to be a lack of expertise.

**(viii) Route subsidies 2001.**

By May 2001, it was apparent that relations between Mr. Griffiths and Jersey Bus had become acrimonious. Jersey Bus were seeking subsidies for loss-making routes, which, based on the advice of their consultants they assessed to include a mark up of 15% on operating costs. In reply, PSC offered a subsidy to include a 5.3% mark up. We have been unable to determine the source of the latter figure. As already noted, Deputy Crowcroft used this figure in replying to a question tabled in the States as being *“the average mark-up of bus operators in the UK with the same order of turnover as Jersey Bus.”* Schedules produced by Mr. Griffiths showed variously mark-ups of 8.4% and 10.1%. Rates used in the 2001/2 tendering process varied from 8% (Connex) to 25% (Southern Vectis). Jersey Bus refused to accept the 5.3% offer and indicated that this would leave them no alternative to cutting routes.

**(ix) Bias against Jersey Bus affecting the Public Services Committee and the Public Services Department.**

- (1) Almost from the commencement of our investigations, we heard allegations that either PSD or many of the politicians making up the various PSCs from 1999 onwards were prejudiced against Jersey Bus. These allegations were reinforced by the specific reference in Halcrow’s assessment of the tender bids and in other material that we have seen, which suggests that certain members of the States, including the President of PSC [Deputy Crowcroft], certain PSC members and members of F&E, felt that Jersey Bus did not provide a good service and were making a huge profit from public funds. A suggestion was made that there might have been a mood to give the JMT a jolt and that some of the politicians considered that there were other companies queuing up to run bus services in Jersey more effectively and cheaper than the JMT.
- (2) The evidence we have received clearly confirms that these feelings were subjective; consideration of the evidence also shows that an examination of the accounts of

JMT by suitably qualified and experienced persons would have proved these impressions to be unfounded.

- (3) This raises the question of whether the tender process was wholly fair.
- (4) The Hoppa Bus dispute of July 2000 could not have assisted the maintenance of good relations between Jersey Bus and PSC. Nevertheless, the work on the Service Level Agreement continued and the draft Bus Strategy produced by PSD in January 2001 demonstrated clearly that negotiations were still in progress.
- (5) That draft Report and its accompanying Proposition stated –

*“The States are asked whether they are of opinion to endorse the Committee’s proposals to develop a voluntary Service Level Agreement with the current operator for the provision of the Island’s scheduled bus services for a period of up to five years, i.e. until December 31st 2005, subject to the requirement for the current operator’s licence applications to be determined under the provisions of the Motor Traffic (Jersey) Law, 1935 as amended.”*

It does not appear that this document was ever submitted to the States.

- (6) The PSC Bus Strategy Steering Group met on 10th April 2001. The “Agenda/notes” of this meeting are signed “Simon Crowcroft” and it is inferred that he is the author. Although these notes indicate that all is proceeding well with the Service Level Agreement and the Bus Strategy, there is a warning note –

*“PSC have appointed FourSight Consultants to give them financial advice on the SLA. Despite JB’s reservations about the firm’s competence, FourSight have satisfied the Treasury that their approach to these matters is robust.”*

- (7) On 22nd May 2001, Deputy Crowcroft made a statement to the States Assembly indicating that negotiations with Jersey Bus had broken down and that PSC would be bringing to the States a revised Bus Strategy, to include competitive tendering, at an early date. The reason for this apparent reversal in the Committee’s approach was expressed thus –

*“Following extensive discussions between the Committee and Jersey Bus for the provision of a subsidy for the 11 routes to be cut at the end of the month, we have not been able to satisfy ourselves that the financial management of the company provided the assurance we needed that taxpayers’ funds could properly be paid over to it for this purpose.”*

- (8) From this point on, there appears to have been, in some quarters, a determination to proceed to competitive tendering at the earliest possible date, ignoring representations from other States Members who recommended continuing the negotiation process with Jersey Bus and also queried Mr. Griffiths’s competence and qualifications. The reason given for this line of action is the deficiency of the accounts or of the financial management of Jersey Bus, as reported by Mr. Griffiths, although the unfortunate outcome of the Hoppa subsidy controversy may also have played a part. Although Jersey Bus had already queried Mr. Griffiths’s competence and questions were later asked in the States on this matter by Deputy Roy Le Hérissier on 15th May 2001, the Committee does not appear to have sought any other opinions on the accounts in question. It is clear from an exchange of e-mails between Deputy Le Hérissier and Deputy Crowcroft on 13th May 2001 that other States members were concerned about

the apparent impasse, with particular reference to Mr. Griffiths. Deputy Le Hérisssier wrote–

*“You didn’t come back to me re a compromise solution. There will be a compromise put forward tomorrow. It hinges on creating a breathing space where an inquiry, undertaken by credible experts in the operational and financial aspects of public transport, works out options and examines the evidence including that of Griffiths. I don’t know his credentials but will be pursuing the matter given that his input has essentially proved pivotal.”*

- (9) Deputy Crowcroft’s reply was dismissive and included the observation that –

*“PSC appointed FourSight consultants to inspect the finances of JMT. Those accounts were shown to be wanting, as far as paying a route subsidy was concerned. End of story, as far as PSC is concerned. If you or anyone else wants to pay a financial consultant to do the work again then so be it, but having spent 6 months on this the cttee has to move forward. I’m disappointed that you and Dep Breckon have chosen to address the bus issue in an individualist and un-joined up way, firing off press releases, R&Ps and so on, without addressing your ideas/concerns to the cttee in the first instance.”*

- (10) In June 2001, both Oxera and Halcrow did preliminary work on a tendering process for the bus service. In essence, Oxera advised against tendering within the time scale proposed. On 7th June Dr. Swinnerton emailed Mr. Muir–

*“However, John [Richardson] has had some discussions with the President who, apparently, is not at all happy with the Oxera letter. My view is that they have a degree of experience and expertise in this field, and we should use their advice. It seems the President does not like their advice and hence is inclined to ignore it.”*

- (11) On 11th June 2001, PSC appointed Halcrow to help finalise its bus strategy.

- (12) At the same time, Deputy Crowcroft appears to have been approaching at least one UK bus company, without the knowledge of PSD, as is noted in the following exchange of e-mails between Mr. Muir and Mr. Richardson–

*“Alan, thanks for the note. Stuart Linn is visiting Jersey and appears to be very keen. I do not know how the first approach was made either.*

*John”*

*“Hi John,*

*Further to our brief discussion, last night, following my meeting with Jersey Bus and Mr. Childs, I should have mentioned that JB, having asked whether I or Mr. Childs had been speaking to any other bus companies in respect of the proposed tendering process. Having answered in the negative, JB then went on to say that they had been speaking to the MD of a UK bus Co who had told them that a member of our Committee had contacted that bus co to determine whether the UK co would be interested in operating in Jersey. Eventually, JB stated it was the President who had contacted the UK Co.*

*I confirmed that the President had intimated publicly that he had been*

*contacted by a UK co who had expressed interest in operating in Jersey. JB were emphatic that the MD of this particular UK co had made it quite clear that he had been approached, unsolicited by the President. No names were given but I assume we are talking about Southern Vectis and Stewart Linn.*

*JB see this as yet more evidence that the President is ‘hellbent on getting Jersey Bus out’.”*

- (13) The appointment of consultants to advise on competitive tendering and the approach to at least one other bus company before the Bus Strategy had even been lodged au Greffe, let alone debated and approved, is evidence that the President of the Committee was giving a clear lead on the direction he thought it appropriate to take. It is not evidence, even taken with the other material already referred to, that calls into question the good faith of PSC in dealing with Jersey Bus, as it had already been made publicly clear that the Committee could see no way forward in negotiations. It is, however, indicative of the impractical haste with which the tendering process was approached.
- (14) The PSC met on 25th June 2001 and considered Halcrow’s and Oxera’s submissions. It acknowledged that suitable funding would have to be in place by the time any new bus operator commenced operations and agreed that such a potentially significant funding requirement (possibly up to £4 million a year) should be brought to the attention of the Finance and Economics Committee.
- (15) Deputy Crowcroft prepared the Bus Strategy himself. It was lodged au Greffe on 3rd July 2001.
- (16) On 9th July 2001, when Deputy Crowcroft was absent in Québec, a meeting was held between Jersey Bus and PSC under its Vice President, Deputy Hacquoil. The notes of this meeting, the draft press release and draft letter to Jersey Bus were all of a conciliatory nature and indicated that real progress had been made and included a “proposal for Jersey Bus Agreement”. These documents were e-mailed to Deputy Crowcroft by Dr. Swinnerton. In an email reply of 9th July 2001, Deputy Crowcroft said –

*“Thanks for copying me into the documents and for the meeting notes. And thanks Robin for holding the fort. Sounds an interesting morning you had there. Once again JBus is leading us on a merry dance. My own view is that we must press ahead with the Bus Strategy and not cave in to JBus. They have had plenty of chances to show that they mean business (no pun intended) but they have consistently failed to deliver. We must remember the central purpose of the strategy which is to ensure transparency and accountability in the use of public funds. This will never happen if we let JBus call the tune. I would advise the cttee to defer making any decision in response to JBus until all members are present.*

- (17) These events are remarkable as they appear to demonstrate a significant division within PSC. Some members were clearly still prepared to try to achieve a Service Level Agreement with Jersey Bus, while Deputy Crowcroft, at least, was determined to progress the tendering process, which was included in the Bus Strategy he had devised, as quickly as possible.
- (18) He was able to persuade a majority of the Committee to share his view. The minutes of the meeting of PSC on 16th July 2001 include the following passages with reference to the buses –

*“The Committee, having considered the proposals put forward by Jersey Bus, was adamant that it would not enter into a long-term agreement with the company and should continue to progress its bus strategy with a view to entering into a competitive tendering process to select a new operator, who would have responsibility for running the Island’s public bus service from September 2002 onwards.*

*The Committee advised the Jersey Bus that it was not willing to withdraw its bus strategy (P.104/2001) but was prepared to relax the existing timescale for the introduction of a new operator (under the competitive tendering process) with a view to having the successful tenderer in place by September 2002. It would also authorise its officers to negotiate an acceptable level of service for the next 12 months, based on the funding available, and reminded Jersey Bus that it could not obtain any additional funding from the Finance and Economics Committee unless the bus strategy was progressed. Therefore, it could not agree to the company’s proposal for a seven year agreement, which was based on a one year operating licence with an automatic renewal for a further six years.”*

(19) Again on 16th July 2001, we find –

*“Jersey Bus, having requested a short adjournment to consider the Committee’s response to its original proposal, explained that the Committee’s response was unacceptable as the company, having been without any long term assurance over the past two years, was seeking a minimum five year agreement (although seven years was preferable) in order to justify continued investment in the bus service. The company also referred back to the agreement reached with the previous Public Services Committee in August 2000 (Act A1 of 4th August 2000) and requested that the Committee honour the commitments made by its predecessor. The company was reminded that the failure to implement the proposals set out in the August 2000 agreement had resulted from the failure to agree on a fair rate of return and had been compromised by Jersey Bus’s refusal to agree to the open book principle. The Jersey Bus delegation then withdrew from the meeting.”*

(20) The PSC met again with Jersey Bus and T&GWU on 18th July 2001, and later with other States members. It is apparent that there were fears that the existing bus service would be reduced or that there would be industrial action, or possibly both. It seems that representations were made to PSC not to close the door on Jersey Bus –

*“The Committee, having noted the support that had been expressed by the Presidents of the Policy and Resources, Industries, Human Resources and Employment and Social Security Committees for this proposal [continuing negotiation with Jersey Bus], agreed that any final discussions that took place with Jersey Bus should be carried out within a strict deadline and should continue in parallel with the preparation of the necessary tender documents seeking competitive bids from outside operators.”*

(21) At a further meeting held on 19th July 2001, PSC set out the terms of a “final offer” to Jersey Bus. This included a 7-year Service Level Agreement and a deadline for response, being 12 noon on 27th July 2001.

- (22) This was put to Jersey Bus at a meeting of the Committee on 23rd July 2001. The minutes record that, before receiving the JB and T&GWU representatives,

*“The Committee was informed that it was not possible to debate P.104/2001 on the premise that, if approved, it would also give authority to the Public Services Committee to enter into ‘last chance’ discussions with Jersey Bus. Therefore, if its final offer was accepted by Jersey Bus, it would have to defer seeking States approval for its bus strategy for the 90 day period set aside for progressing the voluntary SLA. The Committee, having received a draft of the final offer to be put to Jersey Bus (and to the Transport and General Workers Union and the bus drivers), noted that the term of the SLA had been reduced to five years, in line with the original 4th August 2000 agreement. The Committee endorsed this change and agreed that the new SLA should incorporate both the scheduled and school bus service.”*

And –

*“It was also confirmed that the Finance and Economics Committee would not agree to the payment of any subsidy to Jersey Bus unless the appointed consultant was given full access to the parent company’s accounts to enable them to verify the accuracy and transparency of the figures relating to the operation of the school bus service”.*

- (23) The minutes then record that –

*The Committee, having advised the joint delegation that its proposals had been endorsed by the Finance and Economics Committee, circulated copies of its final offer [incorporating the deadline of 27th July] to Jersey Bus. It also confirmed that the Finance and Economics Committee would require Diamond (Jersey) Limited, Jersey Bus’ parent company, to make available to the appointed team of consultants all financial information relating to Jersey Bus and other associated companies within the Diamond (Jersey) Limited group, most specifically Tantivy Blue Coach Limited, if this was deemed necessary to determine an appropriate level of subsidy for the operation of the scheduled and school bus services.*

- (24) Jersey Bus reverted with a counter-offer on 26th July 2001, which was refused by PSC.
- (25) On Saturday, 28th July 2001 a meeting was held with Jersey Bus, T&GWU, Senators Le Sueur & Le Claire and Deputies Dorey & Crespel. Deputy Crowcroft was repeatedly asked to attend but refused. The notes show that minor amendments were made to Jersey Bus’s counter-offer and the resultant draft was claimed by Deputy Dorey to be *“an agreement which no reasonable person would reject out of hand.”*
- (26) This amended counter-offer by Jersey Bus was also rejected by PSC.
- (27) The Bus Strategy was debated by the States Assembly on 31 July 2001. An amendment proposed by Deputy Dorey that would have had the effect of delaying implementation of the Strategy by twelve months was rejected by 35 votes to 13, and the Strategy itself was adopted by 37 votes to 6, with one abstention.

- (28) Following the adoption of the Strategy, PSD proceeded to its implementation.
- (29) The events recorded in sub-paragraphs (10) to (25) are highly suggestive of a marked difference of opinion on PSC, with no clear majority view prevailing. What is clear is that the President had decided views that he was determined to carry into effect. If there was bias against Jersey Bus, about which we express no conclusion, its effect was to reinforce the determination of those who wished to have a tendering process, rather than to lead anyone to refuse to consider ever having a contract with Jersey Bus.

**2. Was there a full and fair assessment of the competing tenders, including non-compliant tenders?**

- (a) The tendering process adopted following the adoption of P.104/2001 by the States on 31 July 2001 was supervised by Halcrow, specifically Messrs Childs and Macklin. We note in passing that Mr. Macklin was not then an employee of Halcrow, although he has subsequently joined their staff. Advertisements seeking expressions of interest were placed in the trade press in the UK in the early autumn of 2001, tendering packs were issued to prospective tenderers following the responses to those advertisements and the deadline for receipt of tenders was 18th February 2002. In accordance with normal practice, the tenders, in sealed envelopes, had to be delivered to Halcrow's offices in Birmingham (except for Jersey Bus, who, being in Jersey, were able to deliver their sealed envelope directly to the offices of PSD.)
- (b) On 20th February 2002, Messrs Childs and Macklin flew to Jersey, bringing the sealed tenders with them. These were opened at PSD's offices at South Hill in the presence of Dr. Swinnerton Mr. Richardson and Mr. Muir. Messrs Childs and Macklin then took the tenders away to clarify them and assess them. This process culminated in a document referred to by Halcrow as a "Technical Note" dated 7th March 2002 (*Appendix 7*).
- (c) Regrettably, the evidence we have considered does not show that the evaluation of the tenders was conducted in a procedurally fair way. Of the three short-listed tenderers, it is clear that, whatever was said in Connex's tender or in their submissions to PSC, they did not take full account of the T&GWU wage claim of 6th February 2002. Both the other short-listed tenderers had expressly included the shift allowance element. It is also clear that Connex had not identified all the relief services operated by Jersey Bus and had thus underestimated the costs. The clarification process should have enabled both the compliant and non-compliant bids to be properly evaluated, and the figures presented by the tenderers to be re-stated so as to ensure a level playing field when the short-listed bidders were being considered on 15th March 2002. It did not, as is reported in Chapter III, part 5.
- (d) We are, however, satisfied that the non-compliant bids, both of which were rejected, were disqualified from consideration for good and adequate reasons.

**3. Whether any submissions were received about the contents of the invitation to tender and the specifications and, if so, what account was taken of them.**

- (a) The only submission that we have identified may be found in the covering letter to Jersey Bus's tender. Jersey Bus gave their opinion that the tender process was basically flawed and would result in an unnecessarily high subsidy being paid to operate routes, some of which were used by very few people.
- (b) This was a highly generalised comment, and certainly not sufficiently specific to merit detailed consideration. In any event, it was made far too late. If a submission along these lines was to have been effectively made, it should have been put to Halcrow and/or the Committee as soon as possible after the tender documents were received.

**4. Observations**

In the light of the examination summarised in paragraphs 1, 2 and 3 of this chapter, we observe that –

- (a) the relationship between Jersey Bus and PSC was seriously affected by “received wisdom” rather than an accurate appreciation of the factual situation; this situation was not helped by reliance on expertise that was insufficiently matched to the needs of the moment;
- (b) in the respects identified at paragraph 2(c), the tendering process was not properly and fairly conducted;
- (c) having reduced Jersey Bus’s licence to a 1-year term in September 1999, PSC should have progressed the Service Level Agreement and the agreement of a fair rate of return as matters of urgency;
- (d) with a view to establishing a fair rate of return, the accounts of JMT should have been examined by persons suitably qualified and experienced in examining the accounts of commercial groups. PSC placed undue reliance on the reports of Mr. Griffiths, who had no accounting qualifications nor did he appear to have had any significant relevant experience;
- (e) the granting of a significant subsidy to Pioneer Coaches to run a Hoppa Service, when subsidies to Jersey Bus were in dispute was a serious error of judgement and can only have exacerbated any strained relations between Jersey Bus and PSC at that time;
- (f) from May 2001, PSC vacillated over whether to have the public bus service put out to tender or to continue negotiation with Jersey Bus. Deputy Crowcroft was determined on the tender route and seems ultimately to have been able to persuade a majority of the Committee to agree despite representations in favour of an agreement with Jersey Bus made by other States members. Oxera’s advice against attempting to conduct a competitive tendering process in the available time was simply ignored. We think that many of the problems we identify in our report were caused by this unnecessary haste.



## CHAPTER III

### EXAMINATION OF INDIVIDUAL TERMS OF REFERENCE

#### Section 1

*1. To review how the then Public Services Committee, in accordance with the decision of the States of 31st July 2001 when adopting the Bus Strategy (P.104/2001 as amended), undertook the necessary review of the Motor Traffic (Jersey) Law 1935, as amended, to enable the Bus Strategy to be progressed.*

#### SUMMARY OF INVESTIGATION

- 1.1 It is an established principle of the constitutional law of most states that money raised for the public service cannot be expended without the consent of the legislature, (see, for example the decision of the House of Lords in *Holden & Co –v– Crown Prosecution Service (No. 2)* [1994] 1 A.C. 22, Article 110 of the *Grundgesetz* of the Federal Republic of Germany or Article 34 of *La Constitution de la République Française*). It follows that specific legislative authority is required for the spending of public money. In Jersey, this authority is provided by the Public Finance (Administration) (Jersey) Law 1967, as amended, and the Budgets approved by the States each year.
- 1.2 Provision of a subsidy to a bus operator would not, of itself, have required specific legislation, although careful consideration would have had to have been given to budgeting for the additional expenditure. An examination of the Motor Traffic (Jersey) Law as it was in 1999-2000 would have revealed that its concept was to regulate which company provided which service at what fare. In other words, it presumed a number of possible operators who would compete for licences to run particular services. The reality was that one operator, Jersey Bus, held all the extant licences. The Law did not contemplate subsidies being paid to any licence holder.
- 1.3 Against this background, the PSC sought legal advice from the Crown Officers. The Solicitor General provided detailed advice in May and August, 2000.
- 1.4 Equally, the Law did not allow the Committee to vary the conditions on a licence, nor did it envisage the scenario that the Committee might wish to grant licences exclusively to one operator. The Law Officers' Department provided further detailed advice in March and April 2001, before the Bus Strategy (P.104/2001) was adopted by the States. It was realised at about this time that the Committee, when deciding an application for a Road Service Licence, could only grant or refuse the application. It had no discretion to grant an application in different terms to those proposed by the applicant. Amendments were therefore made to the Law in August 2001 (Jersey R&O 115/2001, Motor Traffic (No. 7) (Jersey Regulations 2001) to create that greater flexibility and to provide public interest grounds for refusing applications.
- 1.5 No action to amend the law to provide for the system envisaged in the Bus Strategy could begin until that Strategy was adopted by the States in July 2001. Once that hurdle had been cleared, the PSC then initiated the tender process and 18th February 2002 was fixed as the date for submission of tenders. The Law Officers' Department and also the Law Draftsman were working to a very busy schedule and it seems that there was inadequate consultation to determine whether the necessary changes in the law could be completed prior to the finalisation of the tender process.
- 1.6 Following the adoption of P.104/2001, Andium Limited was retained to advise on a revised regulatory framework and to prepare suitable instructions for the Law Draftsman. The company employs Mr. Richard Syvret, formerly Chief Officer of the Financial Services Department of the States of Jersey an individual highly experienced in matters of regulation and the provision of Law Drafting Instructions.
- 1.7 Mr. Syvret reported to the PSC on 12th October 2001, and the Committee adopted one of the options he suggested. Instructions were accordingly sent to the Law Draftsman and work on preparation of the

amending legislation began in November 2001.

- 1.8 There was no need for the Law to be amended prior to beginning the tendering process: what mattered was that the procedure followed was that envisaged in the amending legislation and that no decision on a preferred operator be taken before the amended Law was in force.
- 1.9 On 18th February 2002, tenders were received from five parties and were duly opened by consultants Halcrow, in the presence of officers of PSC. As a result of a series of clarification meetings with tenderers, a “short list” comprising Connex, Dunn Line and Jersey Bus was agreed. These three parties were invited to make presentations to PSC and BSSG on 15th March 2002. Immediately following the presentations, members of PSC and of BSSG held a meeting. We have heard conflicting evidence as to whether the decision to appoint Connex as preferred operator was or was not taken at this meeting. It has also been suggested to us that, in the absence of a Committee Clerk, no minutes of the meeting were recorded, the meeting could not therefore have been duly constituted and therefore no legally binding decision could have been taken. We are satisfied that the then Committee Clerk of PSC was present during the meeting, but it is not clear that the other formalities required to create a properly constituted meeting of the Committee were observed.
- 1.10 The terms of reference of BSSG stated that minutes of meetings would be kept and that these minutes would be forwarded to PSC. In the event, it seems that no such minutes were recorded after the first meeting of the expanded BSSG on 12th September 2001 (*see Appendix 1*), although it appears that, as BSSG meetings took place in the course of PSC meetings, the records of BSSG are comprised within relevant PSC minutes.
- 1.11 In giving evidence, Deputy Celia Scott Warren said –

*“I believe it was this, but a decision could not be made public on it for several weeks – I believe for two weeks. So in fact it was discussed but no decision was actually legitimised, I believe I am right in saying, till two weeks later. But it was certainly decided that the bid by Connex was the best on the table.*

*I think there was a reason why the decision could not be made public and, therefore, for two weeks or so, although the Committee favoured Connex, they weren't able to say what had happened for two weeks. There was a reason for that, but I can't remember what the reason was.*

*MR. BLACKSTONE: Anyway, after the beauty contest, you all sat down and considered the proposal and decided that Connex was the best?*

*DEPUTY SCOTT WARREN: Yes.*

*MR. BLACKSTONE: And that they should therefore be appointed as the preferred operator?*

*DEPUTY SCOTT WARREN: You will have to discuss it with F&E. It went to Finance and Economics, yes, but it wasn't allowed to be formally decided then.*

*MR. BLACKSTONE: This is quite critical actually because you are right, the beauty contest was on 15th March and there were reasons why the decision could not be taken until 1st May.*

*DEPUTY SCOTT WARREN: That's right.*

*MR. BLACKSTONE: You are now telling us in fact that the decision was made following the beauty contest, but it just couldn't be made public.*

*DEPUTY SCOTT WARREN: I am telling you that, yes.”*

- 1.12 From the foregoing, it is quite clear that Deputy Scott Warren considered that the appointment of Connex

as preferred operator was made on 15th March 2002, immediately following the presentations by the three short-listed tenderers.

1.13 Mr. Hacquoil, who was at the time the Deputy for St Peter and President of PSC, stated in evidence:

*“I didn’t recall, and I still don’t recall, whether, after what you called the “beauty parade”, we had made a firm decision. As far as I was concerned, we had arrived at a tentative decision and a final decision, of course, as we know and respected the Solicitor General’s advice that it would be wise to defer.”*

1.14 Mr. Muir made a number of conflicting statements in his evidence. He stated that a *decision* was made on 15th March 2002, immediately following the presentations, but that was not *the decision*. His e-mail of 16th March 2002, together with its attachments (*Appendix 9*) could be seen as clear evidence that it was believed by the participants that a joint meeting of PSC and BSSG was held on 15th March 2002 and that their decision was to appoint Connex. In the light of an e-mail sent by him on 14th March, however, it is more likely that the e-mail of the 16th was prepared in anticipation of a decision being taken on the 18th March 2002.

1.15 No formal record of this meeting has been preserved, but that view is reinforced by the fact that the 5th meeting of PSC took place on 11th March 2002 and the 7th meeting on 18th March 2002. There are no minutes of a 6th meeting. The pages of minutes are usually numbered consecutively, but, until early in 2005, the minutes of 18th March 2002 and every subsequent meeting began again at 1. This suggests that space was left for the minutes of a meeting on 15th March 2002.

1.16 In early 2005, however, the discrepancy was noted by the staff of the States’ Greffe and corrected. We were not informed of this, and, when we re-visited this evidence could easily have concluded that a 6th meeting had taken place and the evidence of it been suppressed. Fortunately, we have received a full explanation of what did happen, which we accept, but we cannot let the incident pass without comment. Such an occurrence must never be allowed to recur, and we make specific recommendations to address the issue. Further evidence of the taking of the decision to appoint Connex is given by Deputy Layzell’s e-mail sent to Deputy Hacquoil at 17.35 hrs on 15th March 2002 (*Appendix 10*).

1.17 Deputy Hacquoil’s letter of 18th March 2002 to Mr. Cotillard of Jersey Bus (*Appendix 11*) states that advice was received from the Solicitor-General that day that the amendments to the Motor Traffic (Jersey) Law 1935 “*must be in effect before Public Services Committee can make its final decision*”.

1.18 We are satisfied beyond doubt that the presentations on 15th March 2002 were not made to a properly constituted meeting of PSC. We are equally satisfied, however, that some of the politicians present believed that a final decision was taken at that point, and that they persisted in this view until the Solicitor General’s advice was received on 18th March 2002.

1.19 The clearest picture we have formed is that it was certainly envisaged by Deputy Hacquoil and the officers that the formal decision would be taken on 18th March. The Solicitor General’s advice prevented that decision being taken and what followed was an unedifying scramble to postpone the taking of the formal decision to appoint Connex until after the regulations amending the Motor Traffic (Jersey) Law 1935 had been made by the States –

(a) Each of the three short listed tenderers was issued with a new tender cover sheet, which they were asked to sign and date 29th April 2002.

(b) The said tenderers were also asked in letters dated 25th March 2002 and signed by Mr. Muir to answer various “final clarification” points. The questions asked of Jersey Bus were:

*“(i) When would you envisage introducing new buses to the network?”*

*“(ii) Assuming as stated in your presentation and interview that it will be some time in 2003 before you would have new buses available, please confirm whether or not your*

*compliant tender price took this fact into account. If your tender price did not take this factor into account, would there be a saving/additional cost in your first year tender price and if so, what would the saving/additional cost be?*

- (iii) What changes would be immediately evident to bus-users on day 1 of the contract 29th September, 2002, (for example, a new livery, new uniforms, etc)?*
- (iv) Does your tender envisage any particular cash flow scenario, for example, monthly payments, quarterly payments, in advance, in arrears, equal payments, etc?*
- (v) You stated that a new company would be set up to operate the service and that this company would not be part of the Diamond Jersey Group but an independent company. Could you clarify this proposal and state how the current employees of Jersey Bus would be engaged by the new company?*
- (vi) You stated that your buses would not carry advertisements and that completion of a new livery etc would be done within 12 months. Are there certain contracts in respect of advertising that you would have to honour for that period that would prevent you completing the rebranding project in under 12 months?"*

1.20 None of the questions asked seemed to us to be of any material significance to the decision to be taken, no further independent review of the tenders took place and there is no separate record of BSSG having held any further meeting subsequent to 15th March 2002 and prior to the public announcement of the preferred bidder on 1st May 2002.

1.21 PSC met again on 30th April 2002, after the legislation had been adopted, and re-examined the tenders, together with the responses to the additional questions put. Connex were formally chosen as the preferred bidder.

## Section 2

**2. To review the agreement made between the States of Jersey and the Transport and General Workers Union on 5th August 2001 to ensure that in the event of a new operator being appointed, all staff transferring employment would be given the same terms and conditions of employment as they enjoyed with the previous operator. The Committee of Inquiry will identify –**

- (a) *Any variance from that agreement;*
- (b) *The reason and justification for the variance;*
- (c) *The audit trail for and changes to the agreement to identify the communication process between Jersey Bus, the Transport and General Workers Union, the Public Services Committee and the new operator.*

### SUMMARY OF INVESTIGATION

- 2.1 The Bus Strategy was set out in the Proposition lodged au Greffe on 3rd July 2001 as Projet P.104/2001.
- 2.2 An Act of PSC dated 9th July 2001 indicates that T&GWU was so concerned by the failure of the strategy to protect the terms and conditions of employment for existing Jersey Bus staff that it decided to take industrial action.
- 2.3 In response, the Committee assured T&GWU that the award of the contract would not necessarily be to the lowest bidder, but would be dependent on the successful bidder satisfying the Committee of its commitment to a quality bus service and that it would offer jobs to the existing drivers and staff.
- 2.4 At a meeting held on 16th July 2001 the Committee advised T&GWU that it had offered Jersey Bus a one year agreement from September 2001, which if accepted would guarantee job security in the short term. However the Union again expressed concern that the proposals did not guarantee the long term employment of Jersey Bus staff.
- 2.5 Paragraph 6.2 of the Report, accompanying the bus strategy Proposition that was lodged as mentioned above and approved by the States on 31st July 2001, included the following passage relating to ‘terms and conditions of employment’ –

*“Concern has been expressed by Trade Union officials on behalf of their members working for the current bus operator in respect of their job security. The Committee would expect that the routes and services to be provided from the commencement of the new operation in spring/summer 2002 would be similar to those that existed in the summer 2000, and that the delivery of the enhanced level of Island bus services as described in the Sustainable Transport Policy (P .60/99) is likely to require increasing numbers of personnel. Further, the implementation of a long-term quality partnership for the provision of a better bus service in Jersey will lead to a much higher level of job security for employees in this sector than existed before.”*

- 2.6 On 1st August 2001 PSC considered a draft statement on the terms and conditions that it would expect any new operator to offer the Jersey Bus staff, and in so doing it recognised this issue would be finalised as part of the Service Level Agreement with any new operator and would be subject to Jersey law. Therefore, it could give no absolute guarantees about terms and conditions as it was not fully aware of the scope and detail of the current terms and conditions of the employees of Jersey Bus. However, the Committee agreed that companies bidding to operate the bus services would be required to outline their approach to terms and conditions in their expressions of interest and, in general, would be expected to comply with existing terms and conditions. The Committee indicated that it expected the successful operator to give priority of employment to the existing staff of Jersey Bus and that the arrangements for the transfer of existing staff to any new operator to be similar to the requirements of the TUPE Regulations in place in the UK.
- 2.7 The PSC subsequently received Messrs. Kavanagh and McCartan of T&GWU. Mr. McCartan asked–

*“that it [PSC] give a written commitment that all Jersey Bus staff currently employed would be given a seamless transfer of terms and conditions of employment as per current contracts;*

*that, in the event Jersey Bus was not successful in the competitive tendering process, the new operator would give recognition to the current terms and conditions of employment;*

*that, in respect of the previous two points, they related to the new operator giving full recognition only to the T&GWU;*

*that the new operator would recognise that the T&GWU held sole negotiating rights with JB;*

*that the T&GWU would continue to represent its members within JB or the new company and to negotiate all terms and conditions of employment during the period of the contract;*

*that PSC give written confirmation to the T&GWU to the foregoing points and confirm that the current agreements and the above statements would be enshrined in the tendering contracts;”.*

- 2.8 In response the Committee indicated they could not give an assurance that there would be a seamless transfer of terms and conditions of employment as under the current contracts, without having knowledge of what was enshrined in those contracts. It was also acknowledged that T&GWU could not divulge the required information without the agreement of both parties to the contract.
- 2.9 The Committee recognised that, as it was unable to meet all the demands of T&GWU, there was a possibility that Jersey Bus staff might vote for industrial action.
- 2.10 At 1.15pm on 1st August 2001 the bus service was suspended to allow all workers to attend a meeting which culminated in a call for an indefinite strike commencing the following day.
- 2.11 During 2nd August 2001 Mr. Shenton met representatives of Jersey Bus who agreed that he should intercede in an effort to protect the jobs and the terms and conditions of employment of all staff. As a result of that intervention the Jersey Bus workforce agreed to return to work the following day.
- 2.12 On Sunday 5th August 2001 Mr. Shenton held a series of meetings with representatives of the Union and members of PSC in an effort to resolve a formula that would satisfy the Jersey Bus workforce on the protection of their terms and conditions of employment.
- 2.13 In describing to us his meetings held with members of PSC and an officer of the Department, Senator Shenton indicated that he was surprised that the Committee was not well informed on the issue of pay, and a view existed within the Committee that the Union had been running Jersey Bus.
- 2.14 Mr. Hacquoil, in his evidence to us, rejected the criticism, implicit in Senator Shenton’s evidence, that there was a view on PSC that the Union had been running Jersey Bus and that staff had been earning £600 a week –

*“..... [the Committee] didn’t even know at that time what they were earning. We didn’t have a copy of the terms and conditions. In addition, in Canada, I had had considerable experience in dealing with unions, so why on earth, when we were in a conflict resolution situation, would I want to exasperate [sic] matters by saying something like that? That is just out of character with me, I would maintain.”*

- 2.15 In response to concerns expressed about the events of late July and early August 2001 Connétable Crowcroft indicated in his evidence that he didn’t have ‘the faintest idea’ why Mr. Shenton intervened in this matter, save to say that –

*“..... where there is a seeming problem between the Committee and another body and*

*somebody will ride in on their white charger, which I think was a phrase used about Mr. Shenton at the time.”*

2.16 Connétable Crowcroft explained to us that, so far as he was concerned assurances had been given during the debate on the bus strategy that –

*“ ..... in the case of Jersey Bus not becoming the successful tenderer, the staff would be entitled to transfer employment under the same terms and conditions as existed with Jersey Bus”.*

2.17 Connétable Crowcroft also sought to refute the claim that the Committee was not well informed on the terms and conditions of employment of Jersey Bus staff, but we cannot accept this evidence as it is wholly inconsistent with the contemporary documents.

2.18 On 6th August 2001 PSC discussed the strike action taken by the bus drivers and at the conclusion of that meeting approved notes on the tender document requirements to protect the terms and conditions of existing staff of Jersey Bus, including the following provisions –

- “• The tender documents will require tenderers to submit proposals that ensure the same terms and conditions of employment as apply at the 1st August 2001 are maintained until such time that the proposed new Jersey Employment Legislation comes into force. This will apply to all the permanent drivers and permanent support staff employed by Jersey Bus immediately prior to the start of the contract with the preferred operator. This requirement will apply whether or not Jersey Bus is selected as the preferred operator. It is also conditional on the PSC being provided with a copy, on a confidential basis, of the full Agreement on the Terms and Conditions of Employment for the staff of Jersey Bus that apply at the 1st August 2001.*
- The current proposal is that the contract with the preferred operator will commence on 1st October 2002. The new Jersey Employment Legislation could be in place by that date, but since this is not guaranteed, the above protection is to be provided until such date as it is in force.*
- The employees of Jersey Bus and their representatives will be kept fully informed during this process.”*

We note that this text does not include any reference to the wage negotiations between the Union and Jersey Bus that were scheduled for February/March 2002.

2.19 We were surprised by the lack of any reference to legal advice on the formulation of ‘the agreement’ dated 6th August 2001.

2.20 Although the agreement reached on 6th August 2001 was well intentioned, we find that it was ill-considered and flawed, in that it could be argued (and Connex currently holds the view) that the agreement effectively locked the terms and conditions of employment to 1st August 2001, thereby precluding any negotiated improvements until the proposed new Jersey Employment Legislation comes into force. It would have been better if the Committee had simply resolved that any transfer of employees be on terms no less favourable than they enjoyed as at 1st August 2001.

2.21 We also note, in passing, that PSC’s original intention seems to have been that terms and conditions remain unaltered until the new Jersey Employment Legislation took effect. This was wholly unrealistic – we also note that the legislation is not yet in full force in July 2005.

2.22 Had the Committee used the formula suggested in paragraph 2.20 of this report, ‘the agreement’ would have taken account of the proposed annual wage negotiations between the Union and Jersey Bus (set for February/March 2002). It would also have allowed for negotiated improvements on terms and conditions of employment relating to health and safety issues between 1st August 2001 and the commencement of the new service.

2.23 On 14th January 2002 Mr. Childs of Halcrow forwarded an invitation to tender to interested parties including Connex. His covering letter included the following text under the heading 'Employment Law and Trades Unions' –

*“Though not a requirement in law, most of the current operator’s employees are members of the Transport and General Workers Union. In August 2001 the States gave an undertaking to the union regarding terms and conditions of employment. A copy of the undertaking is appended. We hope to obtain a copy of the terms and conditions of employment and this will be forwarded to bidders. The document is of course an agreement between the Union representing the employees of the current operator, and does not involve the States.*

*Jersey employment law is undergoing a review. It is hoped that the new laws will become operative before the end of 2002 but this cannot be guaranteed. We hope to be able to provide bidders with information on the proposals during the bidding process, but bidders should consider the advisability of bidding other than under the situation that applies at present.”*

2.24 On 29th January 2002, Mr. Davies of Halcrow wrote to tenderers forwarding a copy of the 'Jersey Bus Network Tendering Update Bulletin 01'. Paragraph 2 of the covering letter included the following text–

*“Also included are letters relating to the terms and conditions of Jersey Bus staff, as negotiated between Jersey Bus and the Transport and General Workers Union, and the Public Services Committee’s statement on the Requirement to Provide Protection of Terms and Conditions of the Existing Staff of Jersey Bus”.*

Copies of the Jersey Bus Terms and Conditions (wages) letters and PSC statement are attached as *Appendix 12 to this Report*.

2.25 The documents that were supplied to tenderers in support of the requirement to preserve the terms and conditions of employment of Jersey Bus staff were historic wage agreements, documents that did not include any references to a shift allowance, discipline procedures, grievance procedures or health and safety issues.

2.26 Despite the acknowledged importance of the subject, we were surprised that PSC did not obtain comprehensive information, covering all aspects of the terms and conditions of employment of Jersey Bus staff prior to the commencement of the tendering process.

2.27 This failure –

- (a) created a weakness in that process, in that tenderers lacked critical information which may have had significant financial implications, and
- (b) created an opportunity for conflict between the Connex management team and the Union which could have jeopardised the commencement of the Connex service.

2.28 On 6th February 2002, T&GWU forwarded a letter to Jersey Bus setting out their wage claim, including a claim for a shift allowance of £72 per week for bus drivers.

2.29 Mr. Cotillard of Jersey Bus forwarded a copy of the T&GWU letter to Halcrow on 12th February 2002.

2.30 On 12th February 2002 Mr. Davies sent a letter to all tenderers enclosing a copy of the second and final bulletin, and a copy of the wage claim letter from T&GWU to Jersey Bus. The wage claim, including the shift allowance, is examined in detail in Sections 3 and 5 of this Chapter.

2.31 We found no evidence to suggest that the tenderers raised concern or questioned the second bulletin or the copy of the T&GWU wage claim letter that was circulated by Halcrow on 12th February 2002.



2.32 The tender submitted by Connex on 18th February 2002 included the following statements –

**“2.2 Staff Issues**

*Included in our costs is the assumption that the wage claim of the present Jersey Bus Staff is met in full. We would be prepared to discuss a reduction in the staff costs directly applicable to the present staff should the claim be settled at a lower level.*

*It is envisaged that only Senior Managers will initially be provided from existing Connex staff. The opportunity for suitable existing administration staff, supervisors and management to progress within the company will be encouraged.*

...

**4.1 Staff Costs**

*Wage costs include the payment in full of the 2002 wage award.”*

- 2.33 We were assured that Connex did not challenge or suggest that they would not honour the outcome of the February 2002 wage negotiations during their presentation on 15th March, or at any subsequent stage prior to the awarding of the contract.
- 2.34 No record is currently available of the proceedings on 15th March 2002, during which the short-listed tenderers made their presentations, or of subsequent discussions. It is thus impossible to determine whether tenderers indicated that they would offer jobs to existing staff or the extent to which such commitments influenced the decision making process in line with the undertaking of 16th July 2001. The events of 15th March 2002 are more fully dealt with in Section 3 of this Chapter.
- 2.35 On 1st May 2002 it was announced that Connex had been selected as the preferred operator to provide a public bus service with effect from the end of September.
- 2.36 It is surprising that PSC did not task Halcrow or appoint an officer of PSD to ensure that their decision on the terms and conditions of employment issue was converted into action.
- 2.37 During May 2002, following the award of the contract, representatives of T&GWU met senior representatives of Connex to review the contract of employment that had been formulated by Connex. That initial draft contract was rejected as it did not reflect the terms and conditions of employment that applied to Jersey Bus staff on 1st August 2001.
- 2.38 In late May 2002 Connex management was notified that the February wage negotiations had been finalised and the resulting documentation had been signed by representatives of the Union and Jersey Bus.
- 2.39 In response to questioning, Mr. Ord indicated that Connex did not recognise the shift allowance. Indeed the advice they had received was that all that they would have to pay was to take over the staff on the terms and conditions of employment that prevailed in August 2001 – as the terms and conditions of employment that had been circulated to tenderers did not include any reference to a shift allowance.
- 2.40 Notwithstanding the views expressed by Mr. Ord, it is evident that in order to avoid industrial action at such a critical time Connex ultimately included the shift allowance in the contracts that were offered to bus drivers, albeit that the allowance was effectively renegotiated and subdivided into a shift allowance of £48 per week and a separate performance allowance of £24 per week.
- 2.41 In response to questioning, Mr. McCartan confirmed that Connex honoured the agreement that had been brokered by Mr. Shenton insofar as Jersey Bus staff who wished to transfer to Connex were supplied with detailed contracts of employment that reflected the terms and conditions that had applied to Jersey Bus staff in August 2001. There was, however, one exception – the enhanced salary (including the shift allowance) that had been negotiated in February and March 2002.

- 2.42 In describing the contract negotiations Mr. Ord suggested that Mr. McCartan was a shrewd negotiator, canny Scotsman and a good negotiator who was not inclined to give in until or unless the terms and conditions of employment on offer matched the expectations of the Union.
- 2.43 We are satisfied that despite the delays that arose in the resolution of the terms and conditions of employment, there was a seamless transfer of staff between Jersey Bus and Connex.
- 2.44 A comparative chart setting out the terms and conditions of employment, based on data supplied by Mourant on behalf of Connex on 19th April 2005, is set out below –

	<b>Jersey Bus From 4th March 2001, applicable on 1st August 2001</b>	<b>Jersey Bus Negotiated Feb., effective from 3rd March 2002.</b>	<b>Connex From 29th September 2002</b>
Hourly Rate	£8.067	£8.43	£8.43
Overtime Rate	£12.10	£12.64	£12.64
Sunday Rate	£13.44	£14.04	£14.04
Shift Allowance	N/A	£72 per week from 1st September 2002	£48 per week
Performance allowance	N/A	N/A	£24 per week
Pension	£881.85	£921.53	£881.85
Westfield (Medical scheme)	£4.20 full time staff only	£4.20 full time staff only	£4.20 full time staff only
Holiday entitlement	5 weeks	5 weeks	5 weeks
Holiday pay	£361.59	£377.86	£377.86
Sick pay	£314.61	£328.77	£328.77
Group life scheme	Not specified	Not specified	£121.81 per employee

- 2.45 Although a formal schedule of meetings between the Union and the Connex management team was not agreed, it is apparent that dialogue continued between the parties, and any issues that have arisen (e.g. pay) have been resolved through negotiation.
- 2.46 It is to be noted that –
- (a) Mr. McCartan reported that all staff who wished to transfer from Jersey Bus to Connex were offered, and accepted the contracts of employment that had been resolved through negotiation prior to the commencement of the Connex operation.
  - (b) M. Julhes of Connex indicated that since the commencement of the current contract comparatively few members of staff have resigned (approximately 1%).
- 2.47 On the basis of the information presented to us, we find that bus drivers and support staff were satisfied by –
- (a) the terms and conditions of employment offered by Connex; and
  - (b) the migration process.

Specimen contracts and associated documents are attached as *Appendix 13*.

### Section 3

**3. To establish the state of knowledge of the parties involved during the tender process for the public bus service, during the period leading up to the award of the contract on 1st May 2002, in relation to the wage claim submitted by the Transport and General Workers Union which included the drivers shift allowance, and to report on the actions of the parties involved in that process.**

#### SUMMARY OF INVESTIGATION

- 3.1 When interviewed, Mr. McCartan indicated that wage negotiations between the Union and Jersey Bus were traditionally initiated in late December or early in January then continued through to resolution in late February or early March for implementation on 3rd March of each year.
- 3.2 The 2002 wage negotiations followed the normal pattern until T&GWU received a copy of the tender documents at which point it became clear to the Union that Jersey Bus staff, *“could be left in a hopeless position as regards terms and conditions, because the school contracts were omitted from the tender.”*
- 3.3 Mr. McCartan explained that Jersey Bus rates of pay were ‘pretty low’, however the school bus contract gave drivers about fifteen hours overtime per week, overtime that, depending on the outcome of the tendering process would have been lost.
- 3.4 In describing the foundation of the shift allowance claim Mr. McCartan stated–  
*“We already work too many hours and, basically, the workforce have got to live and our standard of living would have fell dramatically. In fact, we couldn’t have lived and worked on what the basic wage was. So that is how we had to find some sort of solution. Plus we do five sort of shifts, different rotas, and we weren’t getting a shift allowance and this seemed a way in and this was related to ... what we used was existing States’ manual workers”.*
- 3.5 In summary, the Jersey Bus pay rates were relatively low. Drivers were able to lift their pay by working fifteen hours overtime per week on the school bus service. The tender documents did not include any reference to the school bus service; consequently the Union anticipated a substantial reduction in earnings and standard of living for drivers depending on the outcome of the tendering process. Having noted that the bus drivers worked a variety of shifts and considered the States manual workers pay scales (that included references to a shift allowance), the Union decided to progress a claim for a shift allowance as part of their 2002 pay claim in an effort to protect the earnings of members and achieve parity with States manual workers.
- 3.6 Evidence received from Mr. McCartan indicated that a letter, setting out the full extent of the T&GWU wage claim, including a claim in respect of a shift allowance of £72 per week for bus drivers was sent to Mr. Lewis at Jersey Bus on Wednesday 6th February 2002.
- 3.7 In his evidence, Mr. Cotillard confirmed that he received the T&GWU letter outlining the wage claim and that on Tuesday 12th February 2002 he forwarded a copy by fax to Halcrow.
- 3.8 When asked to explain the delay between the receipt of the T&GWU letter and notifying Halcrow, Mr. Cotillard indicated that a considerable amount of time was consumed discussing the implications arising from the claim and that a weekend had also impacted on timescales.
- 3.9 Mr. Lewis was unable to offer any explanation for the delay between the receipt of the T&GWU wage claim and a copy being forwarded to Halcrow. However he maintained that it *“was still sent in sufficient time for everybody to be notified”*.
- 3.10 We believe that the delay between Jersey Bus receiving the T&GWU wage claim letter on 6th or 7th February 2002 and the transmission of a copy to Halcrow on 12th February was unacceptable. We are equally disappointed that no satisfactory explanation for the delay was forthcoming from the management

team of Jersey Bus.

- 3.11 Mr. Davies of Halcrow acknowledged that he received a fax copy of the T&GWU wage claim letter on 12th February 2002 which he promptly forwarded by e-mail to all tenderers. Mr. Davies further indicated that a confirmation 'hard copy' version of the wage claim letter was sent to tenderers.
- 3.12 We are satisfied that all tenderers received the T&GWU wage claim letter that was circulated by Mr. Davies.
- 3.13 Mr. Ord accepted that Connex received a copy of the T&GWU wage claim letter on Tuesday, 12th or Wednesday, 13th February 2002.
- 3.14 In response to questioning, Mr. Davies conceded that an electronic version of the T&GWU wage claim letter was not sent to PSD. However he was adamant that he posted a hard copy version of the T&GWU letter together with a compliment slip to Mr. Muir at PSD.
- 3.15 We were told in evidence that Halcrow maintained a mail register and we sought copies of the relevant entries. It transpires that we were misinformed and that the electronic register system described to us was not in place until April 2004. We are satisfied that we have seen the relevant pages from the manual copy-document file in use at all material times.
- 3.16 We noted that e-mail was frequently used during the tendering process and find it remarkable that on this critical occasion Mr. Davies did not transmit a copy of the T&GWU letter to PSD by electronic means.
- 3.17 In response to questioning, Mr. Muir was adamant that he did not receive a copy of the T&GWU wage claim letter.
- 3.18 In support of his comments, Mr. Muir highlighted his departmental mail register which did not include a reference to correspondence from Halcrow at the material time. A copy of that extract from the PSD mail register is attached as *Appendix 14 to this Report*.
- 3.19 We are satisfied that Mr. Muir did not receive a copy of the T&GWU wage claim letter dated 6th February 2002.
- 3.20 Mr. Davies also indicated that his colleagues, Mr. Childs and Mr. Macklin were briefed on the T&GWU wage claim letter. Additionally a copy of the T&GWU letter was filed at Halcrow, and was immediately available to Messrs. Childs and Macklin.
- 3.21 Although Mr. Childs was on leave on 12th February 2002, he recalled that Mr. Davies contacted him at home to advise him of the receipt of the T&GWU wage claim letter.
- 3.22 Mr. Childs indicated that he reviewed the T&GWU wage claim letter when he returned to his office on 13th February 2002.
- 3.23 The closing date for the submission of the tenders was 18th February 2002. The Jersey Bus tender was submitted (by prior agreement) in a sealed envelope to the offices of PSD, however all other tenders were forwarded to Halcrow.
- 3.24 On 20th February 2002 the tenders were opened at PSD by Mr. Childs in the presence of Dr. Swinnerton and Messrs Macklin, Richardson and Muir and the tender prices were recorded. However that process did not involve any form of detailed analysis of the bids.
- 3.25 We have already noted the references to pay in the tender submitted by Connex at paragraph 2.32 of this Report.
- 3.26 The tender submitted by Jersey Bus included the following text at Page 3 Paragraph 1–



- 3.38 The suggested uplifting of the wages by 5% indicates that Mr. Childs had taken account of a cost of living increase; however he had clearly overlooked the second aspect of the T&GWU claim, i.e. the shift allowance of £72 for bus drivers, which amounted to an increase of about 20% on their salaries.
- 3.39 There is further inconsistency between Mr. Childs's evidence to us and his contemporaneous written records; when he was consulted on the shift allowance in November 2002 he clearly did not reflect on his alleged conversations with Mr. Muir prior to supporting the views expressed in a report prepared by Mr. Macklin; i.e.

*“With regard to the increased costs of drivers’ 2002 bonus payments, awarded after the tendering process by the previous operator, the situation is rather different. This was a cost that none of the tenderers at the time of tendering were aware of and was therefore not either within their power to foresee or to escape from paying if they were successful.”*

- 3.40 We are not satisfied that Mr. Childs discussed the shift allowance with Mr. Muir between 12th February and 24th May 2002.
- 3.41 Having opened the tenders Mr. Childs and Mr. Macklin undertook a preliminary assessment of the tenders. At the conclusion of that process on 22nd February 2002, Mr. Childs submitted a ‘Technical Note’ setting out his findings. That report did not include a reference to the T&GWU wage claim. However, Mr. Childs indicated that he would clarify outstanding matters with all operators in the week ending 1st March. A copy of the ‘Technical Note’ dated 22nd February 2002 is attached as Appendix 15 to this Report.
- 3.42 The ‘Technical Note’ was presented to PSC on 25th February 2002 at which time it was agreed that Halcrow staff would conduct a detailed analysis of the bids before reporting back with its recommendations at the next Committee meeting.
- 3.43 While researching the background to these issues we noted a series of questions that had been prepared by Halcrow for the purpose of obtaining clarification from Connex, Dunn-Line and Jersey Bus. None of those questions focussed on whether tenderers had taken full account of the T&GWU wage claim including the shift pay element.
- 3.44 On 28th February 2002 a meeting was convened between Mr. Macklin (representing Halcrow), the Jersey Bus management team and Mr. Muir of the PSD to provide an opportunity for clarification on key issues. Similar meetings were held with other tenderers.
- 3.45 We received conflicting oral and written evidence relating to the sequence of events and the extent to which the T&GWU wage claim was discussed during the meeting on 28th February 2002.
- 3.46 Messrs Lewis, Cotillard and Pickering indicated that, although Mr. Muir arrived at the venue slightly late they believed that he was present for the entire meeting, including the period when the T&GWU wage claim was discussed.
- 3.47 Mr. Lewis produced a set of hand written notes that described the meeting held on 28th February 2002. Notes that he conceded had been produced some weeks or possibly months after the meeting from the brief notes that he recorded during the meeting. (The original notes are no longer available). Copies of all the various participants’ notes that we have received form *Appendix 16*.
- 3.48 The second entry on the notes compiled by Mr. Lewis described the discussion on the wage claim in the following terms –

*“Re: Compliant Bid*

*RM – Asks about wage negotiations are we any further forward. MC explains not finalised but Union proposal to include for drivers a shift allowance to compensate for loss of overtime due to*

*no school contracts included and contract only to go up by cost of living so Union feel need for wages to be front loaded. – We recognise this and this is why they are (unclear) included the proposal in the tenders. MC asks if RM has receive copy of TGWU proposal & RM said aware of this and aware our bid includes them and that other bidders also aware of proposal.*

*– Also driver costs MC explains includes extra (unclear) time for breaks at La Collette – provision for 45 minutes per day per man at overtime. So MC assumes all breaks at La Collette.”*

3.49 The next entry on the notes produced by Mr. Lewis attributed comments to Mr. Muir regarding th planned development of the transportation centre.

3.50 In response to questioning Mr. Lewis stated–

*“He [Mr. Muir] was there for the majority of that meeting, certainly, for most of the key aspects that were discussed.”*

3.51 Mr. Lewis added that the T&GWU wage claim, including the shift allowance element was discussed ir the presence of Mr. Muir and that nobody at the meeting expressed any surprise or sought clarification or the point.

3.52 When pressed on the issue of whether Mr. Muir was present when the T&GWU wage claim was discussed Mr. Lewis responded in the following terms–

*“I have spoken to both these people [Mr. Cotillard and Mr. Pickering] since the interview yesterday and we are both, we are all of the general opinion that Mr. Muir was there at tha moment in time ..... I cannot honestly say that Alan Muir was there right at the very beginning, but I am pretty sure and from talking to Mike Cotillard and Carl Pickering that he was ..... I’m still pretty sure that Mr. Muir was there for most of that meeting and I think he was there at the beginning. I have to say though it is not one of those points that I’d put my life on to depend on, but I have checked with Mr. Cotillard and with Mr. Pickering on that matter a well.”*

3.53 In response to questioning Mr. Cotillard recalled that the T&GWU wage claim letter dated 6th February was not produced at the meeting on 28th February, but he was *“fairly sure that the shift allowance was mentioned”*. Subsequently he stated that he was *“fairly confident”* that it was mentioned moreover he believed that Mr. Muir was present when the issue was raised.

3.54 When questioned about the notes presented by Mr. Lewis, Mr. Cotillard stated that he could not describ them as a verbatim record as he could not remember such detail, but he felt that they reflected the essence of the discussion. When pressed on whether the notes were accurate Mr. Cotillard stated–

*“I would have thought possibly, yeah. I certainly remember talking about it and. . . asking to make sure everything was on a level playing field and had they included the shift allowance. Yeah, I would have thought so”.*

3.55 Mr. Pickering indicated that initially Messrs Cotillard and Macklin were present at the meeting venue Mr. Muir probably arrived about a minute or so later than Mr. Macklin then Mr. Lewis arrived a fe moments or minutes after that. However, so far as he was concerned the formal meeting did not commence until all parties were present.

3.56 In response to questioning on whether the T&GWU wage claim was discussed during the meeting Mr. Pickering stated *“It was mentioned, but not discussed over any great length”*.

3.57 Mr. Pickering elaborated in the following terms:

*“We were exchanging pleasantries at the start of the meeting and we was asking about all the*

*tenderers, were they in a certain price range and all that, and they said they were pretty close to our tender bid, so at that point we were saying: “Well, have they left tenders on the same basis”, i.e., with the shift allowance and the new wage claim and all that? They said everybody had, yes.”*

3.58 Mr. Pickering also indicated that Mr. Muir was present when the shift allowance was raised.

3.59 In describing the events of 28th February 2002, Mr. Macklin stated that prior to the meeting he received a message from Mr. Muir in which he indicated that due to a prior commitment he would not be present “until well on” into the meeting. Mr. Macklin recalled that the meeting was “well advanced” when Mr. Muir arrived and most critically he was adamant that Mr. Muir was not present when the shift allowance was raised.

3.60 In describing the discussion on the shift allowance Mr. Macklin stated that the subject was raised—

*“Almost in passing. Because the meeting was to seek clarification, the fact that the wage award was on the table and had not been agreed, there was nothing more really to say about it”.*

3.61 Mr. Macklin also produced a set of notes describing the meeting held on 28th February 2002 which included the following entry –

*“2. Compliant bid*

- Wage negotiations not yet finalised.*
- Engineering costs reduction reflects newer vehicles introduced...*
- Assumed drivers breaks will be taken at La Collette – extra running time/staff costs cf. Weighbridge.*
- La Collette rental £180K + rates £6,750 = £186,750. £190,000 in bid.*
- Bus station costs reduce from £70K to £20K. Transport centre £50K not a year 1 cost.*
- Bus cleaning year 1 saving – cannot take place at Weighbridge.*
- Equipment for La Collette included.”*

3.62 Having regard to the implications arising from the T&GWU wage claim, including the shift allowance, we were dismayed by Halcrow’s failure to explore the issue thoroughly, and ensure that each of the tenderers had included or excluded the shift allowance in calculating their staff costs.

3.63 We were also troubled by the failure of Halcrow staff to record detailed minutes of the issues discussed during meetings with each of the tenderers and we would have preferred that, given the importance of the business being conducted, a record had been prepared, agreed and signed.

3.64 While giving evidence to us, Mr. Muir confirmed that he advised Mr. Macklin that he might be late due to a prior commitment. Mr. Muir indicated that when he arrived at the offices of Jersey Bus the meeting had already commenced and following his arrival he did not receive a briefing on the issues that were discussed prior to his arrival.

3.65 In describing his recollection of the meeting Mr. Muir was adamant that, while he was present the T&GWU wage claim (including the claim for a shift allowance) was not raised.

3.66 Mr. Muir also produced a set of notes that he recorded during the meeting which did not include a reference to pay negotiations or the claim in respect of the shift allowance.

3.67 Having considered the significant variations in the written and oral accounts of the meeting at Jersey Bus on the 28th February 2002, we are not convinced that the T&GWU wage claim was discussed at length, or that Mr. Muir was present when that issue was raised.



3.68 On 6th or 7th March 2002 Mr. Muir travelled to London City Airport where he met Mr. Childs and Mr. Macklin of Halcrow to obtain their initial views on the tenders and to take possession of copies of the tender documents that were subsequently transported to Jersey where they were reproduced in readiness for the presentations on the 15th March 2002.

3.69 In response to questioning, Mr. Muir indicated that having regard to the role and experience of Halcrow he did not review the tender documents in any depth. Mr. Muir explained his position on this point in the following terms –

[The States had] *“employed a well respected consultant, who had lots of experience in putting out tender documents, to put out tender documents and report on the tender documents having done a full examination of them. I didn’t think it was necessary with their experience, their particular expertise, for me to scrutinise every single aspect of the document that was submitted. I thought it reasonable that I looked to make sure that the issues that we hoped would be covered in the tender were covered and also to check the arithmetic of the actual submission itself.”*

3.70 When pressed on what he meant by *“check the arithmetic”* Mr. Muir stated that he reviewed the main headings on each of the tender bids, but he did not drill down into the documents to review the minutiae of the tenders, and in explaining his conduct Mr. Muir made the following point–

*“Halcrow are eminently capable of going through these things and making sure that the documentation is complete and doing any checks that need to be done on those particular documents. That is what they were getting paid for. That’s what they’re good at. So for me to actually go through that, it is like having a dog and barking.”*

3.71 We agree that, having regard to the role and experience of Halcrow, it was unnecessary and it would have been inefficient for Mr. Muir to have duplicated the work of the consultants by conducting a detailed review of the tender documents.

3.72 On 7th March 2002, Mr. Childs produced a further ‘Technical Note’ on the assessment of the tender bids (Appendix 7) The following sections of the report are relevant to the issues under consideration at this stage –

**“7 Clarification and Assessment**

7.1 *The bids were each assessed rigorously in terms of the costs put forward and a number of issues came to light regarding the need for clarification. As a result each operator was visited and clarification sought of the appropriate aspects of each bid.*

7.5 *The bid figures in the above tables are as submitted but there are a number of adjustments required to be made as a result of the detailed analysis of the bids to ensure strict like for like comparison. Meetings were held individually with each tenderer to seek clarification on a number of points including –*

- *Ensuring that operators used a consistent year base for drivers wages – the single largest element of costs.”*

We noted that there was no reference to the wage negotiations or, more specifically, the shift allowance, in the description of the clarification exercise.

“7.7 *A number of minor changes as a result of these clarification meetings mean that the following adjustments have been made to the bid prices.*

*Anglian Coaches           £32,250*

*Connex Bus UK           None*

<i>Dunn-Line</i>	<i>£30,000</i>
<i>Jersey Bus</i>	<i>£53,250</i>
<i>Southern Vectis</i>	<i>None, but effects of 2002 pay award not included.”</i>

We noted that the above text included a reference to the omission of the 2002 pay award from the tender submitted by Southern Vectis; however there was no reference to the shift allowance in the description of the adjustments that had been made to the bid prices.

A chart in paragraph 7.11, illustrating the adjusted bid prices with note against the Southern Vectis bid “*Does not include 2002 pay award*”.

“8 **Commentary on Bids**” –

8.1/8.2 Anglian, 8.3 Connex, 8.4 Dunn-Line, 8.5 Jersey Bus – No reference to the inclusion or exclusion of the shift allowance.

“8.6 *Southern Vectis – The staff costs of Southern Vectis do not include an allowance for the 2002 pay award. Uplifted by 5% these would be £.....*”

- 3.73 The suggested uplifting of the wages by 5% indicated that Mr. Childs had taken account of a cost of living increase; however he had clearly overlooked the second aspect of the T&GWU claim, i.e. the shift allowance of £72 for bus drivers, which amounted to an increase of about 20% on their salaries.
- 3.74 On 11th March 2002 PSC, having regard to the assessment carried out by Halcrow together with their recommendations plus the views expressed by the members of BSSG, decided to invite Dunn-Line (Holdings) Limited, Connex and Jersey Bus to make a presentation to members of that Committee and BSSG on Friday 15th March 2002 prior to a decision being made on the preferred operator.
- 3.75 The reports submitted by Halcrow on 22nd February and 7th March 2002 did not include any explicit references to the shift allowance.
- 3.76 On 12th March 2002 Mr. Muir circulated confidential copies of all tenders to members of BSSG in anticipation of the presentations that were scheduled for 15th March.
- 3.77 On 15th March 2002 members of PSC and BSSG received presentations from selected tenderers.
- 3.78 Unfortunately detailed minutes relating to the presentations and discussions that followed each of the presentations are not available and the presentations were not recorded on video or audio tape.
- 3.79 We were particularly perturbed that an authoritative record of the Dunn-Line, Connex and Jersey Bus presentations and subsequent discussions on 15th March 2002 was not preserved by PSC or PSD.
- 3.80 Notwithstanding the absence of a reliable record of the meeting on 15th March 2002, the overwhelming evidence before us was that none of the tenderers made explicit references to the T&GWU claim for a shift allowance during the presentations.
- 3.81 On 30th April 2002, PSC, with Deputies Maltwood, Layzell and Dubras of the BSSG in attendance, together with its bus consultant, Mr. Childs gave further consideration to the bids that had been received from the three short listed companies seeking to operate the Island’s bus services and having noted the unanimous recommendation of BSSG, which was to select Connex, decided to accept the bid submitted by Connex.
- 3.82 The events occurring between 15th March and 30th April have already been examined in the previous section of this Report.
- 3.83 On 24th May 2002 Mr. Muir received a telephone call from Mr. Kavanagh which was reported in an e

mail to Deputy Hacquoil and Mr. Richardson in the following terms–

*“I had a call from Mick Kavanagh on the taxi fare increase. .... He then went onto Connex etc. He is speaking very favourably about them and is sure things will go well. But!!! He then asked if I had seen the agreement between Jersey Bus and the T&G for this year's pay rise – apparently Jersey Bus undertook to copy it to me – it has not arrived. The agreement is for 4.5% from 1st March – ok – **with a £72/week shift allowance from 1st September**. This is quite a hike and whether Connex will find this acceptable I don't know but it strikes me this could be one of two things, a nice bonus for the loyalty of the drivers in the knowledge Jersey Bus would only have to pay it for 4 weeks or a trapdoor for the future operator!”*

- 3.84 When questioned, Mr. Muir was adamant that the above reported telephone conversation was the first that he knew of the T&GWU claim in respect of the shift allowance for bus drivers.
- 3.85 A review of correspondence, including e-mails generated and received by Mr. Muir between 12th February 2002 and 24th May 2002 failed to find any reference to, or other indication that Mr. Muir was aware of, the T&GWU claim in respect of a shift allowance for bus drivers prior to 24th May 2002, and, indeed, gave the clear impression that he was taken by surprise when it was mentioned to him.
- 3.86 We were disturbed by the manner in which the shift allowance issue was managed following notification of the signing of the agreement in May 2002, insofar as the then President of PSC together with the CEO of PSD –
- (a) failed to appreciate the significance of, or the implications arising from the shift allowance; and
  - (b) failed to challenge, without delay, Jersey Bus, the Union, Halcrow and officers of the Department to explain the background to the shift allowance agreement.

## Section 4

***4. To consider any changes made to the final contract signed between the States of Jersey and Connex Transport (Jersey) Limited and report on whether there are any material differences between the final contract and the draft contract supplied to all tenderers during the tender process that might have affected the tender submissions.***

### **SUMMARY OF INVESTIGATION**

- 4.1 Draft Conditions of Contract for Local Bus Services and Conditions of Contract for Local Bus Services (Amended version 1) were both issued to tenderers in January 2002.
- 4.2 The final contract document was signed on behalf of Public Services Committee by Deputy Robin Hacquoil on 29th November 2002 and on behalf of Connex by Antoine Hurel and Remy Fasquelle on 12th December 2002.
- 4.3 There was extensive correspondence between Mourant (representing Connex) and PSD during the period July to November 2002 relating to potential changes to Conditions of Contract. PSD consulted with the Law Officers' Department during this period.
- 4.4 We have identified the changes between the January 2002 and November 2002 versions of the Conditions as set out in the attached table (*Appendix 17*).
- 4.5 Most of these changes simply constitute clarification in the light of known events which occurred during the period between issue of tender documents and signing of the final contract. We do not consider it meaningful to comment in this report on renumbering of clauses, minor re-wording or other changes which do not have a material effect on the terms and conditions of operation.
- 4.6 There are two major changes which are worthy of note –
- (a) A clause 16.5(d) has been added, which provides conditions to be observed in the event of a strike. In our opinion, the addition of this clause has no relevance to the costing of the tenders.
  - (b) There has been omitted from the final contract Clause 17.5(b) (iii) of the draft contract proposed in the tender document. This stated that the contract could be terminated on 26 weeks notice if “*The States budget for public transport support is insufficient to maintain all existing commitments*”.
- 4.7 We have received representations from Jersey Bus concerning the elimination of this clause and a claim that its original inclusion materially affected the amount of their tender. They have listed a variety of occasions in their experience where lack of funds has curtailed States expenditure on transport. As a result of these experiences, they maintain that they made provision in their tender for the eventuality of Clause 17.5(b)(iii) being implemented –
- “Our mark-up of 12% was in our opinion slightly higher because of the risk due to termination as a result of PSC insufficient funds or Jersey’s high inflation rate. In our questions to Halcrow 18.01.02 ‘Should the States wish to terminate the contract due to insufficient funds... and we consider the significant amount of investment made by the successful tender how will they be able to recover the investment? Could the operator sue the States?’ Answer: ‘The risk is with the operator’.”*
- 4.8 Whilst we acknowledge that the intention of the original clause was to protect the States’ position, we nevertheless consider that its inclusion in the draft contract was less than reasonable. Had the States ever sought to rely on it, the resulting loss to the appointed operator could have been severe in a business requiring considerable investment in equipment. We find it difficult to understand how this risk could be quantifiable. To reduce their tender price to equate to that of Connex by adjusting the profit margin, it would have been necessary to reduce this margin to 4.3%, which was an unacceptable level when viewed

against those prevailing in the United Kingdom at that time. We therefore conclude that this was a clause that any operator would have sought to negotiate out of any final agreement and that the elimination of this clause from the final contract in the present instance did not detract from the fairness of the tender process.

4.9 The final word on the relevance of changes to the contract must lie with Bulletin 1, which was circulated to all tenderers in January 2002 –

*“2.17 Once tenders have been received and opened, a “preferred bidder” will be identified, and the States will then enter into a period of negotiation with the preferred bidder. It is at this stage that some variation of some of the Conditions of contract may be consider [sic].”*

## Section 5

***5. To review and report on the drivers' shift allowance and the relief service claims submitted by Connex Transport Jersey Limited in 2002 and determine whether given the state of knowledge of all parties during the negotiations, the payment for the shift allowance was appropriate and in line with the conditions of contract that exist between the States of Jersey and Connex Transport (Jersey) Limited***

### SUMMARY OF INVESTIGATION

#### The Shift Allowance Claim

- 5.1 The claim for a shift allowance was included in the Transport and General Workers Union claim for 2002 wage increases made to Jersey Bus by letter dated 6th February 2002 (*Appendix 18*). This claim consisted of two parts –
- (a) an “across the board” increase of 4.5%; and
  - (b) *From 1st September 2002 a further payment of £72 per week shift allowance.*
- 5.2 There is nothing unusual in the first part of the claim, which merely reflects the increase in the Jersey cost of living. However, the shift allowance claim is an unusual and major item, involving a payroll cost uplift in the region of £200,000 per annum. Considering the sums involved, it is surprising that, during the tender process, more emphasis was not placed on this part of the claim.
- 5.3 The Union’s reasoning in submitting the shift allowance claim related to the School Bus Service. A major part of this service had for some years been operated by Jersey Bus and this had enabled the drivers to earn considerable amounts of overtime. As the tender documents related solely to the public bus service, the Union wished its drivers to be compensated for the loss of earnings, should they no longer be employed in operating the school buses. The significance of the 1st September date is that this relates to the start of the new school year.
- 5.4 The date of submission of the claim followed long-standing practice and the new rates were due to become effective on 1st March 2002. The actual agreement between T&GWU and Jersey Bus was not signed until May, after the announcement of the preferred operator and various parties have read into this delay more significance than it warrants. We consider the reason for the delay was simply that, had Jersey Bus been the successful tenderer, they would also have retained their school contracts and would have been able to negotiate out the shift allowance claim. Allegations of connivance between the Union and Jersey Bus to damage the new operator are without foundation and arose from the ignorance of the true facts by the persons making the allegations.
- 5.5 Jersey Bus forwarded a copy of T&GWU’s claim to Halcrow on 12th February 2002. Halcrow duly forwarded the claim letter with their Bulletin No. 2 to all tenderers, the same day. All tenderers confirmed that they received Bulletin No. 2 and the T&GWU letter by fax on 12th February 2002.
- 5.6 The closing date for submission of tenders was 18th February 2002 and we do not accept that this gave inadequate time for tenders to be amended to include both elements of the pay claim, or, at the very least, for protests to be made. No-one complained at the time.
- 5.7 While it is not in dispute that all tenderers were made aware of the pay claim by Halcrow on 12th February 2002, there is much less certainty as to when PSD was informed. This issue is dealt with in detail in Section 3 of this Chapter.
- 5.8 Mr. Muir was informed of the Shift Allowance in a telephone conversation with Mr. Kavanagh in May 2002. At this time, no action was taken by PSD in relation to the claim. There is some evidence to suggest that the Department’s belief was that Connex would be able to negotiate a compromise with T&GWU. In the event, this proved not to be possible and Connex were required to pay the shift allowance in full, as

envisaged by the Union claim of 6th February 2002, subsequently confirmed by the Agreement signed in May 2002.

- 5.9 In October 2002, Connex submitted to PSD a claim for additional payments in respect of the shift allowance and the provision of additional relief services. The claim was that the agreement with the Union was signed after Connex had been appointed as preferred operator and that they had not included provision for the shift allowance in their tender.
- 5.10 While we accept that the agreement was not signed by T&GWU and Jersey Bus until after the appointment of Connex as preferred operator, we do not consider that this has any relevance to a claim for additional payment of the shift allowance. Connex accept that on Tuesday, 12th February 2002, they received the T&GWU claim letter dated 6th February 2002. This should have given them adequate time to make any necessary alterations to the costings in their tender and to deliver the tender documents to Halcrow's office in Birmingham, by courier if necessary, on the deadline date of Monday, 18th February 2002. We are told that the complexity of Connex's administrative processes precluded this.
- 5.11 The relevant clauses of the Connex tender have already been reproduced in Section 2 of this chapter, at 2.32.
- 5.12 We are sure that Connex knew of the pay claim comprising a 4.5% increase and a £72 per week drivers' shift allowance. Admittedly, Clause 4.1 of their tender document does refer to a "wage award" rather than a "wage claim" but as no 2002 award had been made at the time, we see no significance in the choice of words used. The offer in clause 2.2 to reduce staff costs "*should the claim be settled at a lower level*" can hardly refer to the 4.5% increase, which is merely in line with Jersey cost of living and most unlikely to be negotiable. Therefore, it must refer to the shift allowance claim, a major, non-standard and possibly surprising item the *raison d'être* of which may not have been known to Connex at the time.
- 5.13 In their PowerPoint presentation to The Committee of Inquiry, Connex repeatedly emphasised that "*Connex Bus UK still has no information of an agreement between T&GWU and Jersey Bus*". We consider the choice of words insignificant as Connex was clearly aware of the wage claim.
- 5.14 In giving evidence before us, Mr. Ord, at the material time the Connex UK director responsible for the tender, stated that they considered the shift allowance claim to be a most unusual item and did not include it in their costings. However the detailed workings did not form part of the tender documents and thus anybody reading the tender had to rely on the statements made in clauses 2.2 and 4.1.
- 5.15 The accurate assessment of the tenders was the crucial factor in the whole tender process and indeed this was emphasised by Mr. Childs in his email of 21st May 2002 to Mr. Muir—
- "Firstly we were at great pains to ensure price comparability, notably on the wage rates issue. All bids were evaluated on a level playing field basis."*
- 5.16 This comment arose as a result of questions raised by Jersey Bus concerning a number of factors built into the tenders. As such, it does no more than reiterate the statements made in Halcrow's assessment of tender bids dated 7 March 2002 (see Section 3 of this chapter, paragraph 3.72).
- 5.17 The same document includes the comment, "*The Southern Vectis bid does not include the 2002 pay award*". In referring to the Jersey Bus bid, it says, "*... the highest staff cost of all bidders....*"
- 5.18 We are surprised that, at the clarification meeting with Jersey Bus held on 28th February 2002, no discussion of the shift allowance was undertaken and no enquiry was made into the quantum of staff costs.
- 5.19 Halcrow acknowledged the unusual nature of the T&GWU's shift allowance claim and Mr. Childs said in evidence that, because of this and of the major effect it would have on staff costs, they did not include it in their "shadow bid". However, they failed to check with the tenderers whether this major item was

included in their bids. Indeed, in an e-mail dated 10th December 2003 to Mr. Collier, Mr. Davies states–

*“Whether Jersey Bus included an allowance for the payment (shift allowance) in the tender price, we don’t know.”*

- 5.20 Both Dunn-Line and Jersey Bus did include in their costings a specific sum for the shift allowance. Connex, while stating clearly in the text of their bid that they included the claim, actually made no provision in their figures. This major discrepancy and Halcrow’s failure to identify it means that the tenders were not considered, at the meeting on 15th March 2002, on a “level playing field basis”, as claimed by Halcrow.
- 5.21 Jersey Bus included the sum of £192,829 for the shift allowance in their Driver Costs. As no such allowance was included by Connex, the assessment of the bids was most certainly not on a level playing field. Indeed, had Connex added to their tender the amounts they subsequently claimed were omitted (£233,125 for relief services and £223,527 for shift allowance), their tender would have been higher than those of Dunn Line and of Jersey Bus. We cannot say whether this would have made any difference to the outcome of the tendering process; whilst we acknowledge that price was a significant factor in the decision, it was not the only one.
- 5.22 On 22nd October 2002 M. Julhes of Connex attended a meeting with Mr. Muir and Mr. Richardson and handed over a memorandum detailing the increased costs resultant upon the shift allowance and increased relief services. This was further explored at the first meeting of the Bus Monitoring Group on 13th November 2002. On 31st December 2002, Connex wrote to Mr. Muir, further explaining their claim–

*“The tender issued by the States of Jersey mentioned that the bus operator will have to offer the “same terms and conditions as August 2001 to all support staff” of the existing operator. In March 2002 an agreement on wages, pension and holidays was signed by the T&GWU and directors of JMT. All participants of the tender process were informed of the openings of the discussions and a reasonable wage increase was included in Connex’s offer. In reality, the wage, pension and holiday payment increased by 4.5% from March 2001 to March 2002.*

*But as you know the previous operator also created a shift allowance of £72 a week (which generated an increase of 21.9% compared with a weekly wage) and started only to pay it on September 1st, 2002. The additional cost will be recurrent throughout all the contract duration. Please find attached a document evaluating the cost of the shift allowance for a complete year (October 2002-september 2003).”*

The attached document showed a total cost of £223,527 for the first year of shift allowance payments.

- 5.23 This makes it clear that Connex were aware of the claim and they admit to having included the 4.5% across-the-board increase in their tender. From the tender figures, it is impossible to determine whether or not they provided for payment of the shift allowance: the staff cost for drivers is £1,903,253, which is approximately £140,000 lower than the equivalent figure tendered by Jersey Bus. This is not a conclusive difference and we have to revert to the definitive statements made in sections 2.2 and 4.1 of the tender.
- 5.24 When Mr. Childs was asked to explain the foundation of his assertion that–

*“consideration could be given to ameliorating the Jersey Bus surprise shift allowance payment”*

and his subsequent view (expressed in a report dated 3rd April 2003 – see 5.29 below) that –

*“it would be reasonable for the States to meet the claim of Connex for an additional £186,500 for 2002/03”,*

he conceded that the Jersey bus project papers had been filed at the conclusion of the tendering process, he had been working on other projects during the interim period, and he had not returned to his office to



review the files/refresh his memory, nor did he seek legal advice prior to reaching the above conclusions.

5.25 We were appalled by the failure of Halcrow staff to check their files thoroughly, review all relevant documents and seek legal advice prior to reaching conclusions on the shift allowance issue.

5.26 Having noted that while preparing the Connex tender Mr. Ord received a copy of the T&GWU wage claim, including a claim in respect of a shift allowance for bus drivers, we were extremely concerned that Connex (represented by M. Julhes) described the shift allowance as “*unexpected additional costs*”.

5.27 The minutes of a meeting held on 17th January 2003 that was attended by Mr. Childs of Halcrow Mr. Muir and Mr. Collier representing PSD, plus M. Julhes and Mr. Moore of Connex, included the following text –

“8.2 Connex advised the meeting that a wage increase proposal had been received from the T&GWU to take effect in March. In the light of the large shift allowance that had been accepted by the company in September 02, the company intended to advise the Union that a wage freeze would apply for the foreseeable future.

8.3 Following on from this item, the cost of the said shift allowance to Connex and the proposal of a contribution from the States was explored. Any progress on this matter would need to be made by Public Services Committee but a risk-apportioning meeting needed to be arranged first to reason out proposals and to achieve balance.”

5.28 When the minutes of this were circulated, M Julhes sent the following e-mail to Mr. Collier to clarify/correct comments set out in those minutes.

“First regarding point 8.2, I have to apologise if I used the term “freeze of wages” which is not appropriated. Connex supported the cost of a shift allowance paid to the driver and which represent an increase of 20.8% in September 2002. That shift allowance came after an increase of 4.5% in March 2002. Connex started to operate in October 2002 and negotiation regarding wages will take place on an annual basis in September 2003. We just wanted to inform the States of that situation.”

5.29 After the award of the contract, Halcrow were consulted further, when Connex’s claims for additional payments for the shift allowance and relief services were under consideration by PSD. In a report on a meeting on 3rd April 2003 with Mr. Collier of PSD and Messrs Fasquelle, Julhes and Leycure of Connex Mr. Childs states–

*“Shift Allowance Payments*

*Connex were also faced with additional annual costs of £210,000 annually as a result of a shift allowance payment of £72 per week awarded to drivers by Jersey Bus approximately one month before that company ceased operation of the services. They are prepared within this sum to take the risk on approximately £23,500 leaving the States to find £186,500.*

*This payment was not a feature of the terms and conditions of employment for drivers applying in August 2001, the basis for employment of drivers by Connex. Nevertheless Connex felt obliged to honour the arrangements from their takeover of the operations in late September 2002, as not to have done so would have been likely to result in a significant industrial dispute.*

*The consultants’ advice is that it would be reasonable for the States to meet the claim of Connex for an additional £186,500 for 2002/03.*

*Thus the States should be prepared in principle to meet these costs for 2002/2003.*

*However the level of funding available to the States to meet this sum in subsequent years is not*

available. Therefore in addition to proposals to develop service provision through rationalisation where appropriate and new or varied services, Connex are urged to prepare plans to absorb or recover the additional costs starting from the start of the winter 2003/2004 timetable”.

- 5.30 In giving evidence to the Committee of Inquiry, Mr. Childs stated that the shift allowance compensator payment of £186,000 was recommended on the assumption that they had not included it. However, no such qualification was included in the advice given by Halcrow to PSD in the earlier letter or at any other time in 2002/3 when the Connex claim was under discussion.
- 5.31 We fail to see how the Consultants can make these recommendations when it was clear from the wording, if not from the figures, of the Connex bid that the 2002 wage claim had been included in full. It is also incorrect to state that the shift allowance was awarded by Jersey Bus one month before it ceased operations: the claim was notified to Connex in February 2002, the agreement was signed in May 2002 and Jersey Bus ceased operations in September 2002. Our only conclusion is that Mr. Childs failed to refer to the original tender documentation before entering into these discussions, thus compounding the negligence involved in failure to assess adequately the original tenders.
- 5.32 The Department also took advice from the Law Officers concerning the shift allowance claim. We are not satisfied, however, that the Department sought advice regarding the validity of the claim, which, we think, was the most important issue requiring resolution.

### **The Relief Services Claim**

- 5.33 The relevant clauses of the Conditions of Contract for Local Bus Services (issued in January 2002) are Clauses 3 and 18, which include the following wording –

“3 **CONTRACTOR TO INFORM HIMSELF FULLY**

3.1 *The Contractor shall satisfy himself that the information, including documentation provided by The States, is adequate and will not prejudice the performance of any of the Contractor’s obligations under the Contract. The Contractor shall inform The States immediately of any inadequacy whereupon The States shall make good the inadequacy to the reasonable satisfaction of the Contractor. The Contractor shall be deemed to have examined the requirements specified and these conditions. **No claim from the Contractor for additional payment will be allowed on the grounds of misinterpretation of any matter relating to the requirements specified or these conditions on which the Contractor could reasonably have satisfied himself.***

...

18.4 *Timetables*

...

*The Contractor shall ensure that sufficient relief buses are retained within the fleet in order to cover breakdown and to meet the contingencies of the service. The Contractor shall also ensure that sufficient relief drivers are available to meet the contingencies of the service.*

*The Contractor shall be solely responsible for providing any additional resources required and for any additional costs incurred as a result of traffic delays, road works, or other operational difficulties as may be incurred.” [emphasis added]*

- 5.34 In their claim letter of 31st December 2002, Connex state –

*“Connex is also operating more services than the contractual winter time tables. Indeed the*

*previous bus company ran services which never appeared on timetables but were well known from passengers, especially commuters. These services are still operated by Connex and the income collected is refunded at the end of each 4 weeks period. An estimate of the additional costs linked with the “shadow timetable” is also provided for your attention.*

*I would be highly grateful if you could examine the attached figures..... . Following meetings with Mike Collier and Mr. Childs we would like to discuss further on how Connex could share with PSD these unexpected additional costs we are now bearing alone.”*

5.35 The claim, which Connex quantified at £233,125, was resisted by PSD and it appears that Connex, having succeeded in their claim for compensation of shift allowance payments, did not pursue the claim for relief services.

5.36 We identified a further factor that, we think, consciously or unconsciously affected PSC’s response to the events we have described. The Committee, at its meeting on 27th March 2003, noted “*the importance of the services continuing*”. On 30th January 2004, Mourants, on behalf of Connex, wrote to PSD concerning Connex’s outstanding claims. The letter included this paragraph –

*“The cost of a shift allowance was not reasonably foreseeable by Connex at the time its tender price was calculated. The Shift Allowance Cost represents a significant increase in the operational cost of the Contract for Connex and calls into question Connex's ability to continue to provide the States with the level of service which it is committed to provide. **Indeed, the Contract itself recognises in clause 16.5(a)(ii) that where the cost of providing the Contract significantly exceeds the Contractor's estimate, this is a ground for termination of the Contract. Connex does not wish for this problem to escalate to that level and remains committed to the Contract.** However, you will appreciate Connex cannot be expected to bear the ultimate financial responsibility of the Shift Allowance Cost without any further compensation or consideration.” [emphasis added]*

## Section 6

**6.** *To review the accuracy of the reports submitted by officers to the Public Services Committee regarding the contract with Connex Transport (Jersey) Limited, together with the relevant minutes of Committee meetings, during the period leading up to the award of the contract, and in relation to the post-contract award of the shift allowance, as well as to review the answers to questions about the contract that were given to the States.*

**Explanatory note:** The following examination is divided into parts, each dealing with one communication and takes the form of a reproduction of that part of the communication on which we wish to comment, followed by our findings in respect of it.

### Part 1

6.1 We examined the PSD report on Connex operations to the end of February 2003, presented to the Public Services Sub-Committee on 17th March 2003. This had initially been drafted by Mr. Collier and submitted, via Mr. Muir and Mr. Richardson in the name of the Director of Traffic and Transport (Mr. Muir). We comment on a number of extracts in the following paragraphs.

6.2 *“Introduction*  
*The start of operations by Connex Transport Jersey Ltd on the 29th September 2002 was not without its problems. The company was faced with greater logistical problems than it had allowed for with an island operation, despite warnings given. On top of this the incumbent operator, Jersey Bus, was non-co-operative and even obstructive in the final period leading up to the changeover. Despite all this, the transition went reasonably well. It could indeed have been much worse bearing in mind all the variables attending the situation.”*

#### 6.3 **Findings**

We received documentary and oral evidence covering a number of events that external observers may have interpreted as acts of non-co-operation or obstruction, e.g. proposing to demolish the bus shelters, and parking a number of buses at the Weighbridge when Connex took over the operational service, issues that are reviewed in greater detail elsewhere in this report. Having regard to the evidence it would be difficult to avoid concluding that, irrespective of the intention of the Jersey Bus management team, their actions or lack of action at key times was perceived by others as non-co-operative or even obstructive. We are therefore satisfied that this section of the report was accurate.

6.4 *“Resume of the obstacles faced*  
*“The construction of the new maintenance facility at La Collette had been delayed by States debate. This meant that there was no secure facility for parking the fleet of new buses when they started to arrive on a rolling programme of delivery. There was also no facility for the checking and preparation of the vehicles prior to inspection and licencing by Driver & Vehicle Standards, and there were no drivers rest facilities or a cashing system for on-bus revenue. Negotiations with Jersey Bus for the temporary use of their Weighbridge facility proved fruitless. A temporary engineering facility was eventually arranged at PSD’s Bellozanne Workshops. This was a distraction to the work and staffing commitments there. Connex were slow to provide engineering assistance of their own and significant assistance was provided by the Department.”*

#### 6.5 **Findings**

Mr. Ord accepted that Jersey Bus had been prepared to negotiate access to facilities, equipment and ever information, conditional on the payment of a premium. However the Connex management team decided not to progress that option. On the basis of the evidence we received, the phrase, “*Negotiations with Jersey Bus for the temporary use of their Weighbridge facility proved fruitless*” accurately reflected the situation that prevailed prior to the commencement of the Connex operation.

6.6 *“Protracted negotiations with Jersey Bus for the sale of up to a dozen of their newer vehicles*

*founded late in the day, when Jersey Bus insisted on a premium of close to 200% on the market value of the buses. The situation then required the urgent lease and importation of other vehicles to cover the delayed delivery of the last eight new buses. A financial dispute between the chassis manufacturers Dennis and the body builders Salvador Caetano also caused delivery delays.”*

## 6.7 Findings

The minutes of a meeting held on 7th May 2002 confirmed that Connex had intimated that it would be interested in purchasing 10 of the later model Dart buses already in service in Jersey; however no discussion had taken place on sale price at that stage. Mr. Ord confirmed that Jersey Bus had indicated that they were prepared to negotiate on a range of issues, but when it became clear that the prices that they quoted included a substantial premium Connex management decided not to follow that path. When Mr. Pickering was questioned on the ‘premium’ sought by Jersey Bus on the possible sale of buses he stated –

*“I would say it was slightly over reasonable, but they [Connex] never tried to negotiate ... I forget what the actual amount was, I think probably [£]40,000 a vehicle, but they never once came back and tried to reduce the price or anything.”*

In response to questioning, Mr. Collier stated that a representative of Connex had advised him that Jersey Bus was prepared to sell a number of buses for £45,000 whereas research had shown that those vehicles were valued at £19,000 to £23,000.

Mr. Collier accepted that he miscalculated, and as a result overstated the percentage of the ‘premium’ sought by Jersey Bus. Mr. Collier conceded that, as a result of that mathematical error, this element of his report was inaccurate.

We are satisfied that the figure quoted in the report (i.e. *“a premium of close to 200% on the market value of the buses”*) was inaccurate, but that the inaccuracy was a product of a mathematical error as opposed to a deliberate attempt to mislead the Committee. While it is a matter of concern that such a fundamental error was made in calculating the premium sought by Jersey Bus, we believe that criticism must focus on the failure of senior managers to identify and address the error before such inaccurate information was transmitted to the Committee.

6.8 *“The availability of temporary driver, cashing, and public office premises for Connex at the Weighbridge was also proving difficult. Jersey Bus was not being straightforward over requests to rent their facilities, and the only available lease in the vicinity (Affordable Autos) was also held by Jersey Bus. At the last moment a deal was achieved by Property Services with Daisy Hill Estates for a temporary 6 month lease of No 6 Gossett Chambers. This property had to be completely fitted out by the Department in the 10 days before the start of operations. Up to Saturday, 28th September, Connex had no public presence.”*

## 6.9 Findings

It is clear that Connex expressed an interest in accessing Jersey Bus facilities, however, while Jersey Bus did not reject such inquiries out of hand, they sought a premium that was viewed as excessive, and on which they were not prepared to negotiate. We hold that view that it is inconceivable that States’ departments would have spent countless hours and made a significant investment in refurbishing the offices at 6 Gossett Chambers unless circumstances warranted such action, i.e. it was not economically viable to rent accommodation from Jersey Bus for use by Connex.

Whilst acknowledging that the PSD report could have been worded differently (to provide greater clarity) we are satisfied that the quoted paragraph was accurate.

6.10 *“Jersey Bus had not been overly co-operative in allowing access to staff by Connex, and was working to prevent senior operational and engineering staff from transferring. In the event, the*

*vital post-holders of Operations Manager and Senior Engineer of Jersey Bus did not transfer to Connex.”*

## 6.11 Findings

A key feature of the tendering process focused on the preservation of the terms and conditions of employment of Jersey Bus staff. During and immediately following the tendering process, the management team at Jersey Bus and T&GWU did not supply comprehensive details of all terms and conditions of employment to the Committee, the Department and/or Halcrow.

We were disappointed by the failure of the Union and Jersey Bus to supply comprehensive information on all aspects of the terms and conditions of employment applicable to Jersey Bus staff in August 2001 or at least prior to the commencement of the tendering process.

We were also concerned by the failure of PSC, PSD and/or Halcrow to require Jersey Bus and/or the Union to supply full details of the terms and conditions of employment of Jersey Bus staff prior to the commencement of the tendering process.

An examination of the minutes of a meeting held on 7th May 2002 between Messrs Muir and Collier of PSD and Tania Morisson of Connex together with Mr. Ord confirmed that earlier that day representatives of Connex had a ‘cordial’ meeting with Messrs Lewis, Pickering and Cotillard of Jersey Bus to discuss staff transfer issues and the release of Jersey Bus personnel for training in the lead up to transfer. It was agreed that all transferring personnel would remain employed by Jersey Bus until transferred, and Connex would pay Jersey Bus for time taken out of normal duties for training.

When Mr. Ord was interviewed he stated–

*“We’d made initial contact with Jersey Bus to actually speak to their staff... As I have said, relations were quite cordial. They didn’t have a problem with that, but they adopted a commercial attitude to things”.*

An e-mail dated 24th May 2002 indicated that Connex management was concerned that they may have had to contend with a shortage of drivers in the event that some Jersey Bus drivers decided not to transfer to Connex.

The minutes of a meeting held on 11th June 2002 between Messrs Muir and Collier of PSD and Mr. Ord of Connex revealed the following brief entry –

*“STAFF – Connex will be pro-active in advertising for all staff prior to the end of the Jersey Bus contract. Core numbers of engineers will train with the manufacturer then train up ex JB staff on transfer. Connex will liaise closely with the T&G throughout on the process of recruiting and transferring staff.”*

We also considered a file note on PSD’s meeting with Mr. Ord on 5th July, 2002–

*“STAFF Dennis Ord advised that Jersey Bus had now provided details of all the staff at Jersey Bus and Connex would now write to all staff offering positions. The list included all staff including directors (C. Lewis and M. Cotillard). Mr. Muir advised that agreement with T&G was only confined to the T&G members at Jersey Bus. Connex did not intend to offer positions to the directors but would be likely to offer positions to all other staff, including the general manager. Connex has appointed a general manager for the Jersey operation – the person currently works in Nice”*

Negotiations to resolve the final version of the terms and conditions of employment to be offered to staff wishing to transfer from Jersey Bus to Connex were protracted and occasionally strained.

Serious delays in resolving acceptable contracts of employment created an atmosphere of uncertainty at all

levels within the Jersey Bus workforce, and many members of staff did not make a final decision to transfer to Connex until negotiations on contracts of employment had been finalised, i.e. a matter of days before the commencement of the Connex service.

Mr. Pickering indicated that Connex offered him a 'signing-on fee' of £5,000, however after meeting M Julhes on a few occasions he formed the view that many of M. Julhes's ideas were impractical and also guaranteed trouble in the first 3 months; he therefore decided to remain with Jersey Bus.

No evidence was presented to us to substantiate the claim that Jersey Bus management was not overly co-operative in allowing access to staff by Connex, or that they worked to prevent senior operational and engineering staff from transferring to Connex, however we think that comments/ complaints expressed by Connex management influenced the views of, and the conclusions reached by, PSD staff.

We are surprised that the author of the report acted on received wisdom in that he did not thoroughly explore comments/complaints expressed by Connex, and evaluate the evidence before criticising the management of Jersey Bus.

We are also disturbed by the failure of senior PSD managers to validate the allegations against Jersey Bus prior to the report being submitted to the Committee.

6.12 *“Jersey Bus agreed as part of their March 2002 wage negotiations with the T&GWU that a 'shift allowance' of £72/week per driver was to be introduced, payable from September 1st. These negotiations were not completed between Jersey Bus and the T&GWU until after Jersey Bus were informed that they were not the successful operator. This was a great difficulty for Connex, since there had been no expectation of any payment of this size (approx £250,000 p.a.) to allow for as part of their tender calculations. The company had tendered a profit margin of 8.8% on a quote of £4.342 million. The dilemma therefore was to pay it and absorb the cost, or refuse and risk a strike before they were operational. Connex decided to pay the premium but to negotiate efficiencies with the T&GWU. During the negotiations some efficiency savings were achieved; but the outstanding amount is part of further negotiation to come with PSC. (The States had agreed that the new operator must employ existing staff who wished to transfer).”*

### 6.13 Findings

Our detailed findings in relation to the shift allowance are in Section 5 of this Chapter and we need not repeat them here. We should, however, make the following further points –

The evidence of Mr. McCartan was that agreement was reached on the 2002 wage claim, including the claim in respect of the shift allowance for bus drivers in early March 2002.

There is no evidence to suggest that Jersey Bus or the Union notified PSC, PSD, or Halcrow of the outcome of the wage negotiations in March 2002.

We were disappointed by the failure of Jersey Bus to notify PSC, PSD and/or Halcrow of the successful conclusion of the wage negotiations.

When questioned on the cause of the delay between the agreement being reached in March and the signing of the resultant documentation in May, Mr. McCartan suggested that this was not the first occasion that an agreement had been reached on an issue and that the documents had not been signed immediately.

We have also had sight of the letter from Mr. Cotillard of Jersey Bus to Deputy Hacquoil dated 19th March 2002. This letter refers to the wage negotiations being put on hold, and we therefore conclude that final agreement was not reached until some point between that date and the signing of the agreement in mid May 2002.

It is apparent that the telephone call on 24th May 2002 regarding the signing of the wage agreement

created a firm and lasting impression in PSD that the wage negotiations had been initiated shortly after the awarding of the contract to Connex and finalised on or about the 24th May 2002.

We found no evidence to suggest that the President of PSC or Mr. Richardson initiated an investigation with the Union, Jersey Bus, Halcrow and the staff at PSD to establish the background to the shift allowance, and to determine whether the agreement had any implications on the tendering process or the contract with Connex.

Mr. Collier produced an initial draft of his report in late February or early in March 2003 and that draft was submitted via Mr. Muir and Mr. Richardson to the Committee on 17th April 2003.

While noting that the information set out in paragraph (v) of the report produced on 17th March 2003 did not accurately reflect the sequence of events dating from the spring of 2002, it became apparent to us that the author of the report –

- (i) had no firsthand knowledge of the tendering process as, at the material time he was the ‘Co-ordinator of School Transport’ working under the Parking Control Manager from an office in Sand Street. He moved to the South Hill offices, and became responsible for the public bus service on 16th September 2002;
- (ii) had examined files held at PSD’s offices that did not include any references to the T&GWU claim in respect of the shift allowance prior to the record of the telephone call from Mick Kavanagh on 24th May 2002;
- (iii) spoke to colleagues at PSD who had no knowledge of the shift allowance prior to the call from Mr. Kavanagh on 24th May 2002 and who were working under the mistaken belief that it had been negotiated and agreed following the award of the contract to Connex;
- (iv) noted the statements made by Connex management, (i.e. M. Julhes) who described the shift allowance as “unexpected costs”;
- (v) was heavily influenced by the views expressed by Mr. Childs as exemplified by the email dated 24th November 2002 (illustrated in Section 5).

Having considered the evidence, we conclude that the two critical sections of the paragraph were inaccurate when viewed against that actual sequence of events. However it is acknowledged that when the report was prepared the author lacked critical accurate historical knowledge of the tendering process, and he was heavily influenced by the views expressed by colleagues, the nature of the claim made by Connex (that the agreement to the shift allowance had been unexpected), and the views expressed by Mr. Childs to the effect that Connex could not have known about the shift allowance during the tendering process.

In summary, the report did not accurately reflect the true sequence of events, however it reflected the claim initiated by Connex, the views expressed by senior staff from Halcrow, plus the ‘understanding’ that had developed within PSD; we thus consider it inappropriate to criticise the author who lacked personal knowledge of the tendering process and who held only a middle ranking position within the Department.

6.14 *“Jersey Bus passed no information of any sort – operational or staff records to Connex. This is unheard of in transport operations where, at the least, drivers’ disciplinary records are always transferred.”*

#### 6.15 **Findings**

It is clear that Jersey Bus forwarded personal data relating to members of the management team, administrative staff, drivers and engineers to Connex on 27th June 2002.



In response to inquiries initiated by the COI, Mr. Cotillard indicated that when he sent personal data or staff to Connex he invited them to “*come back to him*” if they had any queries on the information that had been supplied. However he received no further communication on that point and more specifically did not receive a specific request for operational records or disciplinary records.

- 6.16 We are of the view that in making their request for personal data, Connex assumed that they would receive full the operational and disciplinary records relating to all members of staff. We also believe that Jersey Bus interpreted the request for personal data somewhat literally and in the absence of a specific request for the operational and disciplinary records they did not supply such material.

We are reluctant to ascribe fault either to Jersey Bus or to Connex, however, we think that this is yet another instance of the author of the report acting, somewhat unwisely, on ‘received wisdom’, and expressing views which were unjustifiably critical of Jersey Bus. The author of the report should have inquired into the concerns expressed by Connex and the senior management of PSD should have sought to validate the views expressed before forwarding the document to the Committee.

- 6.17 *“Because of the difficulties of staff transfer, the Connex start-up on 29th September was essentially a cold start with unknown staff in unfamiliar territory.”*

6.18 **Findings**

Significant delays were experienced in resolving contracts of employment for staff wishing to transfer from Jersey Bus to Connex, indeed the majority of staff signed contracts in the week prior to the commencement of the Connex service.

We are satisfied that the paragraph of the PSD report quoted at 6.17 accurately summarises the situation that existed on 29th September 2002.

- 6.19 *“Jersey Bus did not comply with instruction to make sure their vehicles vacated the Weighbridge site during the early hours of the 29th September. The new Connex workforce were obliged to move the vehicles off stands to the rear of the site, where they remained for 3 weeks making operations difficult.”*

6.20 **Findings**

We received evidence from Mr. Pickering, who indicated that prior to the commencement of the Connex service a portion of the Jersey Bus fleet was removed to remote locations. However, he conceded that an unspecified number of buses (that had been deployed shortly before the termination of the Jersey Bus service) had been parked on stands at the bus station.

In considering this matter we benefited greatly from the evidence of Mr. Everson of the Jersey Bus Users Forum who described the situation at the Weighbridge in detail and produced photographs of Jersey Bus vehicles parked at the bus station following the commencement of the Connex service.

We also took account of the following items of correspondence –

1. Letter dated 12th August from Geoff Borman (Director of Finance and Administration – WEB) to Mr. Lewis in which the author noted that the Jersey Bus would cease to operate the bus service with effect from midnight on 28th September 2002, consequently the company was required to completely vacate the Weighbridge area of all buses from that date.
2. Letter dated 7th October 2002 in which Mr. Lewis gave an assurance that most if not all of the Jersey Bus fleet would be removed from the bus station before 12th October 2002.

When Mr. Collier was questioned on this aspect of the report he conceded that he was not present at the bus station at the commencement of the Connex service, however having been advised that a number of

Jersey Bus vehicles had been left on operational bus stands he arranged for them to be removed.

Mr. Collier indicated that when he visited the Weighbridge at some later stage he noted a number of Jersey Bus vehicles were parked in the holding area at the bus station.

Having considered the evidence, we are satisfied that this section of the report accurately reflected the situation that existed at the Bus Station for several weeks following the commencement of the Connex operation. It follows that the allegation made to us by Senator E.P. Vibert, that this portion of the report was totally untrue and that a public servant reporting to the Committee had poured a bucket of scorn on Jersey Bus and told outright lies, is without foundation.

6.21 *“Jersey Bus threatened to remove the bus shelters at the Weighbridge at the cessation of their operations, on the basis that they belonged to them. Our legal advice is that under Jersey law, fixed facilities at the end of a lease belong to the landlord; in this case the States. An injunction was served on Jersey Bus preventing them from removing the shelters, and in the event only removable fixtures such as timetable displays were dismantled.”*

#### 6.22 **Findings**

We received a significant volume of correspondence, including e-mails, which highlighted the threat by Jersey Bus management to remove the bus shelters at the Weighbridge, an issue that was drawn to a close when an injunction was served on Jersey Bus to prevent the destruction/removal of the bus shelters.

The report dealt accurately with this matter.

We note, in passing, that the correspondence relating to the threatened removal of the bus shelters tends to support the view that the relationship between Jersey Bus, Connex and PSD was far from harmonious, and in that period the probability of achieving immediate agreement on any issue was low.

6.23 *“Issues resulting from the first few months of operation*

*– The spoiling tactic by Jersey Bus of awarding a 20.8% rise in driver payments in September 2002, immediately prior to the start of the Connex operation, is another matter. Connex (and the other tenderers) had allowed for the known wage claim of 4.5% and, because the States insisted that Connex must employ the existing workforce, there is some obligation on the States to assist Connex financially in the circumstances forced upon them. Negotiations are ongoing with the company to establish what part of this sum, if any, is legitimately outstanding after any efficiency savings have been made.”*

#### 6.24 **Findings**

The background to the shift allowance is amply dealt with elsewhere in this Report.

None of the evidence received by us substantiates the allegation that the award of the shift allowance was a “*spoiling tactic*” on the part of Jersey Bus.

As already demonstrated, the author of the report was not in possession of all of the facts surrounding the pay award when he wrote the report; we were nevertheless concerned by the terminology used in this section, in that the phrase “*spoiling tactic*” creates an impression that the management team of Jersey Bus and the Union conspired or colluded during the pay negotiations to deliberately create difficulties for the new operator. Although our concern is principally directed at the author of the report, we are more perturbed by the failure of the senior managers at PSD to control the use of unwontedly pejorative language and to ensure that the report was factually accurate.

6.25 *“Issues for the Immediate Future*

*“Greater efforts must be made to smooth the working relationship between the Operator and Public Services in the interests of improving the service. This will undoubtedly need an agreement over the extra payments for which Connex has become liable, since money and related operational matters are continuing to be dogged by heel-dragging.”*

## 6.26 Findings

Section 5 of this Chapter deals with the validity of Connex’s claims. This comment in the PSD Report on the first months of Connex’s operations is unobjectionable as an expression of principle. It does, however, reveal the received wisdom within PSD that the expenditure Connex was incurring was “extra” to the obligations that company had taken on, and as such it was, as this Report shows, inaccurate.

## Part 2

6.27 We have examined the report to the E&PSC dated 24th March 2003 on *The bus strategy – contract with Connex (Jersey) Ltd.* drafted by Mr. Collier and amended by Mr. Muir. We comment on various aspect in the following paragraphs.

6.28 *“Introduction*

*There are two outstanding and immediate financial issues between Connex and Environment & Public Services Committee, which are in need of speedy resolution –*

- 1. The question of payment for peak hour relief services all year round, and additional summer services to cope with variations in tourist travel dependent on the prevailing weather. These are required to be operated for practical reasons, but which do not feature in any of the timetables operated by Jersey Bus. The situation has been exacerbated by the Connex choice of lower passenger capacity.*
- 2. The extra shift allowance payment of £72 per week that was negotiated between Jersey Bus and the T&GWU after the award of the contract to Connex.”*

## 6.29 Findings

Our findings in relation to the background to these observations may be found in the earlier paragraphs of this Section 6 and the preceding Section 5 of this Report. The suggestion that the shift allowance was negotiated after the award of the contract to Connex has not been substantiated.

6.30 *“Discussion*

*Shift Allowance Payment.*

*This was an agreement made by Jersey Bus beyond the notified T&GWU wage claim, (negotiated by Jersey Bus as a private company), after the States had directed that Connex employ the transferring staff at the same conditions of employment as Jersey Bus. This has meant that Connex have been forced to pay the unexpected increase in order to be able to operate at all.*

*The additional costs burdened on Connex were £223,000 per annum. However this has been negotiated down to £209,834 per annum by efficiency savings. Connex further propose that by refusing to pay seasonal drivers the shift allowance, a further saving (at their risk) of £23,464 can be made. This leaves £186,370 outstanding commitment that has been incurred by Connex, through no fault of Connex. The Company is looking to the States for support in this matter. Connex are to cut the superfluous services 6 & 22 in time for the summer timetable with the intention of ameliorating this figure for the States. This further reduction involved is not yet known”.*

### 6.31 Findings

Our findings in relation to the background to these observations may be found in the earlier paragraphs of this Section 6 and the preceding Section 5 of this Report.

The information set out under the heading “Shift Allowance Payment” is inaccurate when viewed against the actual sequence of events. Whilst the report does not reflect the true sequence of events, it accurately described the claim initiated by Connex, the views held by senior staff from Halcrow and the ‘understanding’ that had developed within PSD. We are thus satisfied that it would be inappropriate to criticise the author.

Our concerns are fully illustrated in paragraphs 6.4 and 6.5 above and in Section 5 of this Chapter.

### 6.32 “Summary

*There are two significant cost issues in respect of the current contract. Following discussions with Connex Management, there may be an opportunity to reach a compromise whereby Connex will accept the costs of the relief services and will incorporate them into the scheduled services, if the States will accept the additional unforeseen costs resulting from the shift allowance payments.”*

### 6.33 Findings

Our findings in relation to the background to these observations may be found in the earlier paragraphs of this Section 6 and the preceding Section 5 of this Report.

We noted that the report concluded that the Connex claim in respect of the cost of providing relief services was without foundation.

We also noted that, based on a flawed understanding of the sequence of events, the report concluded that a payment should be made in favour of Connex in respect of the ‘unforeseen costs resulting from the shift allowance payment’.

We further noted that the report described “an opportunity to reach a compromise whereby Connex will accept the costs of the relief services and will incorporate them into the scheduled services, if the States will accept the additional unforeseen costs resulting from the shift allowance payments”.

We were surprised by the suggestion that the rejected claim for payment in respect of relief services should be incorporated into the proposed compromise whereby if Connex covered the cost of the relief services the States would make a one-off payment of £186,370 to cover the cost of the shift allowance in year one of the Connex operation.

We take the position that the rejection of the relief services claim effectively removed that issue from the equation, consequently it should not have featured (as a compromise option) in the resolution of the claim in respect of the shift allowance.

We are concerned by the failure of the most senior managers in PSD to appreciate the contradictory nature of the text and to insist on its being amended.

## Part 3

### 6.34 We considered the following extracts from a letter drafted by Mr. Muir for Deputy Dubras (then President of E&PSC) to send to Senator Le Sueur on 19th May 2003.

*“When tenders were sought for provision of the bus service, the bidders were told that they would be expected to employ all the staff from Jersey Bus on the same terms and conditions and to incorporate the costs thereof in their proposals and tender. The T&GWU provided details of the*

*existing agreement between Jersey Bus and its' staff to Public Services and the information was incorporated into the tender documents. All tenderers were advised that they might wish to include a provision for a cost of living increase on the wage bill.*

*After tenders were received and the contract awarded to Connex, it came to light that the T&GWU had negotiated a substantial increase with Jersey Bus in the form of a shift allowance of £72 per week, in addition to a cost of living increase. At no time during the tender process up to the award of contract did the T&GWU advise the States, its consultant or all of the tenderers that such a substantial claim had been submitted. This enhancement to terms and conditions, therefore, came as a complete surprise to Connex when developing the contracts with their new employees. Nonetheless, Connex undertook negotiations with the staff and the T&GWU to ameliorate the effect of the unforeseen increase in staff costs by way of productivity improvements. This they were unable to negotiate and to date, Connex has had to absorb these increased costs which over a year will amount to the order of £223,000. With efficiency savings and a decision not to pay the shift allowance to seasonal employees, Connex has reduced the amount to £186,370. Connex have now approached the Committee with a claim to underwrite these costs as they were obliged by the States to employ these staff. My Committee agrees that Connex is entitled to this money but wishes to minimise costs to the States.”*

#### 6.35 Findings

Our findings in relation to the background to these observations may be found in the earlier paragraphs of this Section 6 and the preceding Section 5 of this Report.

6.36 *“The Committee is outraged at the conniving that appears to have taken place between the T&GWU and Jersey Bus, in particular the complete silence from the T&GWU during the tendering process on the extent of the wage claim. I have asked the Attorney General for his opinion on whether the T&GWU acted improperly during the tender process and after and whether there is any means of redress.”*

#### 6.37 Findings

Our findings in relation to the background to these observations may be found in the earlier paragraphs of this Section 6 and the preceding Section 5 of this Report.

When Mr. Muir was questioned about the use of the underlined phrase, he indicated that the phrase did not appear in his original draft but that –

*“The President asked me to do that on behalf of the Committee and I e-mailed the President the revised draft and I pointed out that he may want to have a look and see whether the outrage was too much or too little”.*

We were surprised by the terminology used in the letter, however, we noted that at the time the letter was produced E&PSC and PSD genuinely believed that the shift allowance had been negotiated after the contract had been awarded to Connex, and as a result flawed assumptions were made regarding the conduct of the Union and Jersey Bus.

When the facts became clear (i.e. that shift allowance claim formed part of the overall wage claim that the Union presented to Jersey Bus in February 2002, and that details of that claim had been forwarded to Halcrow then onwards to tenderers) Deputy Dubras wrote a second letter apologising for the terms used in his earlier letter.

It is clear that Deputy Dubras behaved with complete integrity in relation to this issue.

6.38 We next considered extracts from the **Annual Report On Public Bus Transport – The School Bus Service And The First Year Of The Connex Bus Service** presented to the States on 9th December 2003 by the E&PSC: R.C.53/2003. Several members of staff at PSD contributed to the production of the ‘Annual Report’; at this late stage it has not been possible to identify the author of any individual section of the report.

6.39 “Summary

..... There was also settlement of a claim from Connex in the amount of £186,802, in respect of additional wages paid to staff. This resulted from a wage agreement reached between the Transport and General Workers Union and the previous operator, after the contract was awarded to Connex.

#### 6.40 Findings

Our findings in relation to the background to these observations may be found in the earlier paragraphs of this Section 6 and the preceding Section 5 of this Report.

6.41 “1.6 Additional Costs and Other Impacts

Wages – Following the acceptance of the Bus Strategy by the States, subsequent negotiations with the Transport and General Workers Union and the resulting competitive tendering process required the new operator to employ all existing staff as part of the transfer of operations. Tenders were submitted on the basis of employing staff on the same terms and conditions as they enjoyed in August 2001 with an allowance for inflation. In May, 2002, after Connex was appointed, the then Committee and Connex was made aware that Jersey Bus and its employees had negotiated an agreement whereby from September, 2002, one month before the transfer of operations, drivers would receive an additional shift allowance. This agreement added £238,000 to the wages bill in the first year of operation. Environment and Public Services learned of this issue when the Committee first met. Following extensive discussions, E&PS reluctantly agreed to meet £187,000 of this additional cost, in the first year. The remainder of the cost was met by Connex through efficiency savings. In 2003/2004 and subsequent years, this additional unexpected cost has to be absorbed into its ongoing operational costs, through re-negotiation and improvements in efficiency of operations.”

#### 6.42 Findings

Our findings in relation to the background to these observations may be found in the earlier paragraphs of this Section 6 and the preceding Section 5 of this Report. We have also had regard to the matters set out in paragraphs 5.15 *et seq.* of Section 5.

Having considered the evidence, we concluded that the illustrated sections of the ‘Annual Report’ were inaccurate when viewed against that actual sequence of events.

The ‘Annual Report’ did, however, reflect the claim initiated by Connex, the views that were expressed consistently by senior staff from Halcrow, plus the ‘understanding’ that had developed within PSD, and in the circumstances, it would be inappropriate to criticise the author(s) of the PSD report.

Although reluctant to criticise PSD on this matter, we concluded that the failure of Halcrow staff to –

- (a) thoroughly research the background to the shift allowance issue, and
- (b) take legal advice – based on a full description of the actual sequence of events derived from thorough research

prior to concluding that –

- (i) the shift allowance “*was a cost that none of the tenderers at the time of tendering were aware of and was therefore not either within their power to foresee or to escape from paying if they were successful*’ (e-mail 24th November 2002); and
- (ii) ‘*it would be reasonable for the States to meet the claim of Connex for an additional £186,500 for 2002/03*’,

was negligent.

## Part 5

### **Review of the Questions asked by Senator E.P. Vibert of Deputy M.F. Dubras, President of the Environment and Public Services Committee on Tuesday 3rd February 2004.**

6.43 The evidence given to us is that the answers that were drafted in response to the questions asked by Senator Edward Vibert were a product of an exercise involving the President of E&PSC plus senior staff from the Department. Having regard to the nature of the exercise and the time that has elapsed since that event we were unable to determine which individuals were responsible for drafting the answer to any particular question posed by Senator Vibert. As an aid to distinguishing Questions, Answers and our observations in the following text, Questions are printed in bold type, Answers in italics, and our observations in black. The full text of the Questions and Answers forms *Appendix 19* We have only reproduced here those Questions and Answers on which we wish to comment. We have no comment on Questions and Answers 7, 8, 9, 10, 12, 13, 15, 16, 17 and 18.

#### 6.44 “Question 1

- (a) **Would the President inform members of the current position regarding the proposed States audit of the tender process leading up to the appointment of Connex?**
- (b) **Would the president confirm that the proposed audit –**
  - (i) **has no legal status and will simply examine correspondence between the Department and their consultants and interested parties involved at the time?**
  - (ii) **can only request examination of such documents and cannot investigate whether all the documents have been produced?**
  - (iii) **has no power to call for documents from outside parties or take any action if such parties refused to co-operate?**
  - (iv) **will be assisted fully by the Department no matter how long the audit process takes?**
- (c) **Does the Committee intend to bring a report and proposition to the States calling for a public enquiry into the tender process following the States audit?**

#### *Answer*

- 1. (a) *The Chief Internal Auditor has carried out an audit trail, (R.C.4, Annexe 1), of the files and paperwork at Public Services and provided by Halcrow, the Committee's consultant, relating to the bus drivers' shift allowance, for the period 1st January 2002, to 1st May, 2002. This was Stage 1 of the review and covered the period during which tenders were sought. The Chief Internal Auditor has now completed her work. Stage 2, looking at the related activities up to commencement of service at the end of September, is now being put in train.*
- (b) (i) *The review has no formal legal basis. However, it has been conducted by the Chief*

*Internal Auditor who also has a duty by direction of the Treasurer of the States, (see Article 10, Public Finance (Administration) (Jersey) Law 1967), to audit the accounts of every Committee and Department of the States of Jersey. The review was considered to be an expeditious and cost-effective method of performing an investigation which would address the specific issue raised. It has been undertaken in respect of specific terms of reference, (R.C.4, Annexe 2).*

- (ii) *The Department and the Consultants have co-operated fully. The Department has made available all files related to the bus strategy and the Consultants have provided copies of all their relevant documents.*
- (iii) *I confirm this is the case but such powers are not expected to be required.*
- (iv) *I confirm this is the case.*
- (c) *I believe a Committee of Inquiry into the whole tender process will be extremely time consuming and might not be the most appropriate approach. The Committee met yesterday to discuss the options and is consulting its legal advisers to determine the most appropriate form of inquiry. It will be greatly influenced by the outcome of Stage 2 of the investigation into the related activities following the tender process, up to the commencement of service at the end of September 2002.”*

6.45 In considering the answer to question 1(b)(i) we noted that on 12th January 2004 Senator Vibert supplied Mr. Richardson with a copy of the notes that had been recorded by Mr. Lewis following a meeting on 28th February 2002, notes that included a reference to the presence of Mr. Muir, together with the following text covering the discussion on the T&GWU wage claim.

“Re: Compliant Bid

*RM – Asks about wage negotiations are we any further forwards. MC explains not finalised but Union proposal to include for drivers a shift allowance to compensate for loss of overtime due to no school contracts included and contract only to go up by cost of living so Union feel need for wages to be front loaded. – We recognise this and this is why they are (unclear) included the proposal in the tenders. MC asks if RM has receive copy of TGWU proposal & RM said aware of this and aware on bid includes them and that other bidders also aware of proposal.”*

It is clear, however, from the evidence of the Chief Internal Auditor, Elizabeth Vince (formerly Burst) that when she undertook her audit on 13th and 14th January 2004, and in the weeks following, Mr. Richardson did not provide her with a copy of the notes or advise her of their existence.

While accepting that at the material time, the issue of whether Mr. Muir was present at the meeting on 28th February 2002 (when the wage claim was discussed) was in dispute, we were nevertheless perturbed by the failure of Mr. Richardson to draw attention to the documents that had been supplied by Senator Edward Vibert a day before the commencement of the audit.

We were also concerned that, in response to the questions raised by Senator Vibert on 3rd February 2004, it was inaccurately claimed that “*the Department and the Consultants have co-operated fully, and that the Department made available all files related to the bus strategy*”.

6.46 **Question 2**

- (a) **Will the President confirm the following extracts from a letter he sent to the Finance and Economics Committee on 19th May 2003 –**
  - (i) **“after tenders were received and the contract was awarded to Connex, it came to light that the TGWU had negotiated a substantial increase with Jersey Bus in the form of a shift allowance of £72 per week in addition to a cost of living increase”.**



- (ii) “at no time during the tender process up to the award of the contract did the TGWU advise the States, its consultants or all of the tenderers that such a substantial claim had been submitted.”
  - (iii) the Committee was "outraged at the conniving that appears to have taken place between the TGWU and Jersey Bus, in particular the complete silence from the TGWU during the tendering process on the extent of the wage claim.”
- (b) Would the President inform members whether the Committee's consultants, Halcrow, exchanged correspondence with Jersey Bus in advance of the tender process outlining the TGWU claim in full, and, if so, whether this information was passed on to all tenderers?
  - (c) Would the President agree that what was stated in the letter to the Finance and Economics Committee, as indicated by him in answer to questions on 9th December 2003, was misleading, and will he provide an apology to the owners of Jersey Bus, its executives and officials of the TGWU?

**Answer**

- 2. (a) *I confirm that (i) to (iii) are extracts from a letter dated 19th May 2003, from myself to the President of the Finance and Economics Committee, a copy of which letter was provided to Senator Vibert on 6th January 2004, (R.C.4, Annexe 3).*
  - (b) *The Consultants did indeed receive a copy of the TGWU's claim, dated 6th February 2002, by fax sent by Jersey Bus, (R.C.4, Annexe 4), on 12th February 2002. This was 4 days after the original date notified for issuing new tender information of 8th February 2002. The audit has confirmed that a copy of the claim letter dated 6th February 2002, faxed by Jersey Bus on 12th February 2002, was passed by the Consultants to and received by all tenderers as an attachment to Bulletin Number 2. However, the audit has also confirmed that there is no evidence of any fax, letter, e-mail or other method of correspondence regarding the shift allowance being received by the Department during the tender period.*
  - (c) *In light of the information that is now available, particularly the Jersey Bus fax of 12th February 2002, which only came to my attention on 11th December 2003, **I accept that extract (a)(iii), above, in retrospect is not correct I have written letters to the owners and directors of Jersey Bus and the TGWU apologising for any unnecessary distress that these comments may have caused.***
- 6.47 We have concluded that PSD officers did not receive a copy of the T&GWU wage claim letter during the tendering period. A letter was sent to Jersey Bus and T&GWU apologising for any unnecessary distress arising from the earlier letter.

6.48 **Question 3**

**Would the President inform members whether an officer of the Department attended a meeting with representatives of Halcrow and Jersey Bus on 28th February 2002, at which the claim for a shift allowance/pay award was discussed?**

**Answer**

*The Consultants arranged a meeting with representatives of Jersey Bus to clarify aspects of the operator's tender. This was one of a series of meetings with all five bidding organisations which, with the exception of the Jersey Bus meeting, took place in the UK. The Director of Traffic and Transportation attended this meeting, with the Consultants' representative. The records of the meeting do not contain any specific details of the pay claim, particularly any explicit claim for a £72 per week shift allowance, and it appears*

*it was not expressly discussed.*

- 6.49 The response to question 3 was inaccurate on two counts: first, it did not answer the precise question posed by Senator Edward Vibert, and secondly, it indicated that the notes arising from the meeting on 28th February 2002 did not include specific details of the claim whereas it is clear that the notes compiled by Mr. Lewis following the meeting (that were in the possession of Mr. Richardson on 12th December 2003) described the basis/background of the claim for the shift allowance, i.e.

*Re: Compliant Bid*

*RM – Asks about wage negotiations are we any further forwards. MC explains not finalised but Union proposal to include for drivers a shift allowance to compensate for loss of overtime due to no school contracts included and contract only to go up by cost of living so Union feel need for wages to be front loaded. – We recognise this and this is why they are (unclear) included the proposal in the tenders. MC asks if RM has receive copy of TGWU proposal & RM said aware of this and aware on bid includes them and that other bidders also aware of proposal.*

6.50 **Question 4**

- (a) **When the Committee decided in May 2003, to pay an additional £187,000 to Connex on the grounds that it was not aware that Jersey Bus had entered into a shift allowance/pay award agreement with the Union, did it seek the advice of its consultants, Halcrow, and, if not, could he explain the reasons why? If Halcrow’s advice was sought, would the President inform members what that advice was?**
- (b) **Would the President inform members whether the Committee –**
- (i) **was aware that Connex had stated in its tender that “wage costs included the payment in full of the 2002 wage award”?**
- (ii) **was aware that the tender document made it very clear that it was up to the tenderers to ensure that the information they were given was accurate and that “no claim from the contractor for additional payment will be allowed on the grounds of misinterpretation of any matters related to the contract documents on which the contractor could reasonably have satisfied itself”?**
- (iii) **sought legal advice on whether or: not Connex had any legal right to the £187,000 extra paid to it?**

**Answer**

4. (a) *The Committee did seek the Consultants' advice. The Consultants' advice in April 2003 was that it would be reasonable for the States to meet the claim.*
- (b) (i) *Connex’s tender had a statement that had a similar meaning to that stated by the Senator, but not as quoted by him. I cannot confirm that all the members who have received the documentation were aware of the statement.*
- (ii) *As in (i), I cannot confirm that all members were aware of this clause. Nevertheless, this is a standard type of clause in **conditions of contract**. However, in compliance with the wishes of the States when it approved the Bus Strategy, it was expected at the outset of the tendering process that the successful operator would be working in partnership with the States.*
- (iii) *The Committee has received legal and technical advice in respect of the matter set out in the question posed. In light of recent disclosures, the Committee has revisited the issue and yesterday received further advice in relation to the legal position on the basis of the*

*facts presently available. In Jersey, as in other jurisdictions, it is convention that Law Officers' advice is not released.*

6.51 Our findings in relation to the background to these observations may be found in the earlier paragraphs of this Section 6 and the preceding Section 5 of this Report.

6.52 **Question 5**

**Would the President confirm whether the tenders submitted by Connex and Jersey Bus both included the same provision for relief buses and payment of the shift allowance/pay award, and, if not, whether any difference was recognised during the tender process and whether any action will now be taken?**

***Answer***

5. *As Jersey Bus was the only organisation that had all the information on passenger demand throughout the year, only Jersey Bus could accurately provide for relief buses in its tender. Other tenderers, including Connex, could only use the information available, observation, investigation and their experience to estimate the level of provision. However, both these operators indicated using similar numbers of vehicles and, within the bounds of tendering, the Consultants were satisfied that similar provision was made. It is not normal in a tender process for bidders to submit detailed breakdowns and calculations of their bids so it is not possible without obtaining these original verified calculations to confirm that both operators included the same wage rates, hours and other allowances. I have confirmed with Halcrow that the Consultants sought to ensure that all bidders had submitted reasonable compliant tenders. In its confidential report on tenders, the Consultants drew attention to significant variations in submissions from tenderers. It is my conclusion that the tender process was fair and comprehensive. Recent information will require the present Committee to investigate certain post-tender matters further.*

6.53 This answer accurately reflected the position as it was believed to be at the time. We, however, have had the benefit of further evidence and are satisfied that the tendering process was neither fair nor comprehensive as explained in Section 3.

6.54 **Question 6**

**Would the President inform members of the amount paid by the Committee to transport consultants Halcrow in the years 2001, 2002, 2003 and 2004, and whether the level of service received from this company during the tendering process was in accordance with the agreed terms and conditions?**

***Answer***

6. *Fees and expenses paid to Halcrow were as follows –*

<i>2001</i>	<i>£5,000.00</i>
<i>2002</i>	<i>£60,274.67</i>
<i>2003</i>	<i>£12,041.97</i>
<i>2004</i>	<i>nil to date</i>

*The services provided by the Consultants are in accordance with the proposal submitted by them in July 2001. Given the problems of administering the bus tender due to the lack of information from the previous operator that would normally have been available to bidders, in the opinion of those directly involved, the Consultants performed well during the tender period and up to commencement of the contract.*

6.55 Our findings in Section 3 reveal that the Consultants did not perform well during the tender period. This however, was not known at the time when this Answer was prepared.

6.56 Question 11

**Would the President confirm that the proposed cuts to the bus service are as a direct result of the need for Connex to recoup the £187,000 in this year's operation?**

*Answer*

11. *The operator when appointed was expected, after the first year's operation, to suggest improvements to the network that would maximise the revenue collected, create more flexible timetables, a more integrated system of routes and reduce the overall level of subsidy. These were the broad objectives of the proposals submitted by the operator in November last year.*

6.57 In considering the response provided by Deputy Dubras it is clear that, although his answer was an accurate summary of the requirements of the contract with Connex, he did not answer the precise question that had been posed by Senator Edward Vibert. It is also apparent that Deputy Dubras withheld certain information, and we therefore find that he supplied incomplete information to the States. Our finding is, to a significant extent, based on a letter signed by Deputy Dubras, dated 23rd June 2003 on the face of it but sent on 23rd July 2003 and headed the "Drivers Shift Allowance Claim" which included the following text –

*"I am now able to confirm that the Environment & Public Services Committee, subject to the following conditions, will meet your outstanding claim in respect of the Shift Allowance Agreement made between Jerseybus and the T&GWU. This agreement being made subsequent to the awarding of the Public Bus Service Contract by the previous Public Services Committee to Connex Transport Jersey Ltd –*

- (i) That Connex Transport Jersey Ltd: bears, at its agreed risk, the first £36,725 of the notified annual cost of £223,527.*
- (ii) That Connex Transport Jersey Limited does everything possible to ameliorate the outstanding amount of £187,802 by further efficiencies during the first year of the Contract and by maximising income for the States of Jersey.*
- (iii) It is agreed that this payment is in respect of the first year's operation of the contract.*
- (iv) The total cost of the Shift Allowance payments for subsequent years of the contract is met by economies in the network operation."*

We also took account of the response from M Julhes dated 27th August 2003 in which he sought clarification on a number of points, including paragraph (iv) in the previously described letter, i.e. he wrote –

*"In relation to point iv, the cost of paying the drivers' shift allowance, which did not form part of our tender, is a cost that must be borne by Connex, as employer of the drivers, throughout the term of the contract. I have therefore interpreted point iv as meaning that after the first year of the contract, adjustments will be made to the services to be provided to the Public Services Committee which will ensure that it is not Connex's ultimate financial responsibility to meet the cost of the shift allowance. We will submit to your approval a revised network organisation which will take into account the economies".*

On 10th September 2003, Deputy Dubras responded in the following terms –

*"I am happy to confirm the intention that Connex make adjustments to the network, such that after Year 1 of the Contract, the cost of the Drivers Shift Allowance is absorbed by a reduction in operating costs. Public Services officers will be pleased to receive your proposals in this respect".*

Subsequently, on 23rd September 2003, Deputy Dubras again wrote to M. Julhes on the 'Drivers Shift Allowance and Network Economies'. In that letter, Deputy Dubras raised the following points –

*“At our meeting in John Richardson’s office some months ago and in your subsequent correspondence, it was confirmed to you that the payment of £186,370 to Connex in respect of the outstanding commitment was a once only payment for the first year of operation. Connex were charged at that meeting and in subsequent correspondence with absorbing this amount for future years, such that there was no further liability to my Committee.*

*This can be done in several ways either singly or ideally a combination of approaches, including –*

- 1. A reduction in network service.*
- 2. Through negotiation with the T&GWU to adopt new working practices and reduce costs.*
- 3. Through negotiation with the T&GWU to reduce the impact of wage claims after the large increase initiated by the shift allowance payments.*

***The cancellation of the No: 6 and No: 20 services; the virtual halving of the No: 21 service; the big reduction in the No: 22 service; and other measures taken so far, must have gone a significant way towards achieving this reduction in network costs.***

*I believe the Department has also indicated in the past the enormous potential that the existing garage facility has to generate income, which would underwrite a considerable part of the operating expenses of the service.*

***My officers and I are well aware of the impact that network service reduction will have on the public. Nevertheless, it is a requirement that savings of a minimum of £186,370 must be achieved in line with the above methods and any others that may be appropriate. I confirm that are charged with doing so.***

*I will expect your firm proposals for achieving this without delay so that my officers can evaluate them. My Committee cannot afford to fund the outstanding commitment.” [In each case, emphasis added]*

Deputy Dubras wrote a further letter to M. Julhes on 23rd October 2003 in which he made the following point –

*“I note the comments you made in your response of October 5th to my letter of September 23rd, concerning the shift allowance and network savings.*

*There is no discretion or room for manoeuvre on this matter. My Committee’s cash limits do not allow for a payment in the second year of the Contract and there is no possibility whatsoever of obtaining funds beyond those already paid. **There must therefore be a requisite saving in the operation of the network, both in service reduction and efficiency savings, as soon as possible.** I understand .....*

*I appreciate that this is not an easy exercise, **but a start needs to be made as soon as possible on generating these savings where they will have least effect on the travelling public and the revenue. If this means taking out under-utilised services in the near future in order to start the process then so be it, but it cannot be done without appropriate notice. The period of notice is at the discretion of my Committee but will not be less than 21 days.**” [Emphasis added]*

**Would the President inform members –**

- (a) **whether the bus contract between the Committee and Connex was not signed until December 2002, even though the service began in September 2002, and, if so, the reasons for this; and**
- (b) **why the Committee accepted Connex's claim that it did not know about the shift/pay allowance at the time the contract was signed given that the Committee's Bus Report presented to the States on 9th December 2003, clearly stated that this was in fact known in May 2002?**

**Answer**

14. (a) *The following table provides the milestone dates.*

<i>1st May</i>	<i>Connex advised it was preferred operator.</i>
<i>10th June</i>	<i>Letter of intent issued to Connex.</i>
<i>18th September</i>	<i>Omnibus Service Licences signed by Greffier and issued to Connex.</i>
<i>29th September</i>	<i>Connex begin as operator.</i>
<i>2nd October</i>	<i>Contract formally signed. (R.C.4, Annexe 8)</i>
<i>12th December</i>	<i>Contract formally signed. (R.C.4, Annexe 8) Bound contract document signed. (All Appendices now bound together with Conditions of Contract.)</i>

- (b) *Connex received a letter from Jersey Bus on 27th June 2002, (R.C.4, Annexe 9), containing details of the wage agreement and the additional shift allowance, between Jersey Bus and its drivers. **The previous Committee believed that the shift allowance had been agreed after Connex was selected as preferred operator on 01/05/02.** The terms of the agreement were confirmed when Connex received the letter from Jersey Bus on 27th June 2002.*

6.59 We noted that Deputy Dubras did not answer the second part of question 14(a) on the cause of the delay in signing the Contract. With regard to 14(b), on the basis of the evidence, as already fully described, it is apparent that the previous Committee did indeed believe that the shift allowance had been agreed after Connex was selected as the preferred operator.

## **CHAPTER IV**

### **CONCLUSIONS**

This Chapter sets out the conclusions we have reached on the basis of the material reviewed in the preceding Chapter, and against the background of the observations we made in Chapter 2. We have summarised these conclusions in the Introduction to this Report; here we set out the detailed results of our deliberations. As with Chapter 3, we set out our views in Sections corresponding to each of our Terms of Reference.

#### **Section 1 – Review of Motor Traffic Law**

- C.1. The Bus Strategy eventually adopted by the States was preceded by consideration of a number of possible initiatives. The PSC of the day initially chose to seek to progress a Service Level Agreement with JMT, with, if necessary, a subsidy to ensure an agreed rate fair of return. The Motor Traffic (Jersey) Law 1935 (as amended) did not contemplate such arrangements and it was therefore necessary for the Committee to obtain detailed legal advice. This was done in two phases, first in August 2000, and subsequently in March and again in April 2001.
- C.2. At that time, a SLA was still in contemplation, with a possible move to competitive tendering in 2005, but on 22nd May 2001, the President of the PSC announced that negotiations with JMT had broken down and the Committee proposed to press on with a strategy that involved competitive tendering, which was eventually adopted by the States on 31 July 2001.
- C.3. No thought appears to have been given to the management of the tendering process to ensure that, given the need for amendment of the Motor Traffic (Jersey) Law 1935, the two projects did not lose synchronisation with one another or that the tendering process followed the procedure envisaged by the amending legislation. Likewise, the recommendation of Oxera that the timescale envisaged was too tight, was ignored.
- C.4. Some six weeks elapsed between the adoption of the Bus Strategy and Andium Limited being instructed to consult on the preparation of a regulatory model and to prepare appropriate instructions to the Law Draftsman. Andium Limited acted by its Director Mr. Richard Syvret, a highly respected former public servant who has considerable experience in regulation and in preparing instructions for the Law Draftsman.
- C.5. The company took a further month to report and present draft instructions. Once these were approved by the Committee and passed to the Draftsman for action, there was a further short delay before the work could begin.
- C.6. Messrs Halcrow Fox had been instructed to advise on the Bus Strategy during its preparation earlier in the year and they were instructed to conduct the tendering process in a letter from Dr. Swinnerton dated 24th August 2001. We have concluded, on the evidence, that the relationship between Halcrow and PSC/PSD was characterised by informality. This was a serious weakness in that there was no way of being sure that Halcrow provided the best value for money, nor that they had clearly defined tasks with objective means to monitor their performance. Best practice was clearly not followed in this instance, although we acknowledge that there was no guidance as to best practice in force at that time. We understand that such guidance is now in place.
- C.7. Nevertheless, Halcrow began to put a tendering process in motion.
- C.8. Once the two projects were under way, it does not appear to have occurred to anyone that sufficient time had to be allowed not only for the amending Regulations to be drafted, but for the Law Officers' Department to consider them and for them to be debated in the States. No alternative plan seems to have been considered to deal with the eventuality that the Regulations were not adopted, or were adopted after substantial amendment so that the new Law did not allow for the kind of tendering process that was in fact undertaken. We consider this a most unsound practice.

- C.9. The date of 18th February 2002 had been fixed as the closing date for receipt of tenders. It is not clear on what basis this date was chosen, nor does there appear to have been any attempt to assess a suitable date by reference to the progress of the draft amending Regulations.
- C.10. 15th March 2002 was fixed as the date on which the short-listed tenderers were to make presentations to the BSSG and/or PSC. Again, there does not appear to have been any attempt to assess a suitable date by reference to the progress of the draft amending Regulations. This, in our view, was a critical defect in the process. The consequences of this failure are set out in detail in Section 1 of Chapter 3, and we need only refer to them briefly at this juncture.
- C.11. The meeting on 15th March 2002 was clearly of the view that Connex should be appointed the preferred operator. It was envisaged that the formal decision would be taken on the 18th March 2002. In the event, the Solicitor General's advice prevented that formal decision from being taken.
- C.12. To attempt to rectify the position, an elaborate exercise was entered into to make it seem that no conclusion in relation to a preferred bidder was reached on 15th or 18th March 2002 but on 30th April 2002, after the amendments to the law were in effect. This exercise, while an administrative law necessity, had the unwanted effect of misleading the tenderers, T&GWU and the general public. It would have been better to have come clean and admitted that, although it had been expected that a decision would be taken on 18th March 2002, the process could not be completed until the law was in force.

## **Section 2 – Agreement between the States and the Union**

- C.13. In August 2001, against a background of some unrest among the employees of JMT, PSC agreed that in the event of a new operator being appointed all staff transferring employment would be given the same terms and conditions of employment as they had enjoyed on 1 August 2001. We heard evidence on how this undertaking came to be given from a variety of sources, and it is clear that the Committee was satisfied that it had given this undertaking at about the time that the Bus Strategy was debated on 31 July 2001.
- C.14. It appears to us that T&GWU may not have been satisfied with what had been said and that an approach was made to Mr. Shenton (as he then was) to obtain some reinforcement of the undertaking. He was clearly successful in this on or about 13th August 2001.
- C.15. The undertaking was honoured in that the tender documents required every tenderer to agree to accept transferring staff on the same terms and conditions they enjoyed on 1st August 2001. There was thus no departure from the undertaking.
- C.16. This undertaking was not reduced into writing in an agreed form. There is, accordingly, no audit trail to follow to establish how communication was effected between the employees, T&GWU, JB and Connex.
- C.17. We have, however, established that, following the appointment of Connex, they sought information from JB and we refer to paragraphs 6.15 and 6.16 of Chapter 3, Section 6. In addition, their management team met representatives of T&GWU to resolve the terms and conditions of employment to be offered to future staff. However the initial offering from Connex was rejected and there followed a period of negotiation until, a matter of days before the commencement of the Connex operation, contracts of employment were finally resolved.
- C.18. There is no evidence to suggest that following the appointment of Connex, the Committee, the Department or Halcrow staff played an active role in implementing the August 2001 agreement.
- C.19. We are satisfied that the final version of the terms and conditions of employment offered to Jersey Bus staff who wished to transfer to Connex compared favourably with those applicable in August 2001.
- C.20. Bus drivers and support staff were satisfied by the terms and conditions of employment offered by



Connex and the migration process. Moreover since the end of September 2002 comparatively few members of staff have resigned (approximately 1%).

- C.21. Regrettably, no thought was given in the August agreement to the wage negotiations, due to take place between T&GWU and JB during the early part of 2002. Indeed, it was originally envisaged that terms and conditions would remain frozen at 1st August 2001 position until a new operator was appointed. This was clearly unrealistic.
- C.22. It is further to be regretted that the wording of the undertaking provides a basis for one of the arguments on which Connex founds its current claim in respect of the shift allowance, i.e.,
- (a) PSC stipulated that any future operator would be required to employ staff on the same terms and conditions of employment that applied to Jersey Bus staff on 1st August 2001;
  - (b) The documents describing the terms and conditions of employment that were circulated by Halcrow during the tendering process focussed heavily on pay;
  - (c) The terms and conditions of employment applicable on the 1st August 2001 did not include any references to a shift allowance.
- C.23. It would have been better had the undertaking given been one to ensure transfer on terms **no less favourable than those in operation on 1 August 2001**.

### Section 3 – Knowledge of wage claim and shift allowance during tender process

- C.24. T&GWU had been accustomed for some years to negotiate an annual increase in wages with Jersey Bus in the first quarter of each year. Wage increases took effect from 1st March, but it was not uncommon for agreement not to be reached until some time after this date. At some point in late 2001, when it considered what claim for increased wages to put to Jersey Bus management for negotiation in early 2002, T&GWU realised the risk to their members' standard of living if Jersey Bus were unsuccessful in obtaining either the main public bus service contract or certain school bus contracts that were due for renewal during the summer of 2002.
- C.25. The Union accordingly decided to claim, in addition to a cost-of-living increase, a shift allowance to make up for the possible loss of overtime, which, we were told, was an important element of the drivers' remuneration.
- C.26. This claim was made in a letter dated 6 February 2002 from Mr. McCartan to Mr. Lewis. It is regrettable that, whatever may have been Jersey Bus's internal concerns, this letter was not forwarded to Halcrow immediately.
- C.27. A copy of the T&GWU wage claim (which included explicit reference to the claim for a shift allowance of £72 per week for bus drivers) was circulated to all tenderers on 12th February 2002.
- C.28. It is equally clear that Messrs Childs, Macklin and Davies were aware of the T&GWU wage claim at all material times.
- C.29. Despite the evidence given by Mr. Davies that he posted a copy of the T&GWU letter to Mr. Muir at PSD, we are not satisfied that Mr. Muir received that document.
- C.30. Although Mr. Childs indicated that he discussed the T&GWU wage claim with Mr. Muir, we are not satisfied that such discussion took place within the period under review.
- C.31. We are not convinced that the T&GWU wage claim was discussed at length at the clarification meeting at Jersey Bus on 28th February 2002 or that Mr. Muir was present when that issue was raised.

- C.32. We received a submission on oath from Senator Edward Vibert relating to the events of the 28th February 2002, based on a meeting he had with Mr. Richardson in January 2004. We are satisfied that the evidence we have received does not support the inferences drawn from that meeting by Senator Vibert.
- C.33. Whilst concerned that an authoritative record of the presentations on the 15th March 2002 was not preserved, the evidence we received was universally to the effect that the shift allowance was not raised during those presentations.
- C.34. Examination of the e-mails sent and received by Mr Muir between 12th February and 24th May 2002 reveals no references to the shift allowance.
- C.35. Mr. Muir's and Mr. Hacquoil's respective reactions to the notification of the signing of the wage agreement indicated complete surprise.
- C.36. The oral evidence we received from officers of PSD to the effect that those officers were unaware of the shift allowance prior to May 2002 was clear and compelling.
- C.37. For all these reasons, we conclude that –
- (a) all the tenderers and Halcrow were aware of the wage claim, including the shift allowance from no later than 13th February 2002 onwards;
  - (b) both Dunn Line and Jersey Bus included the cost of the shift allowance in their tenders;
  - (c) although Connex claimed that its tender was based on the assumption that the wage claim would be met in full, the company had not taken account of the shift allowance; and
  - (d) Mr. Muir, his senior colleagues and the members of PSC were not aware of the shift allowance element of the T&GWU claim prior to 24th May 2002.

#### **Section 4 – Evolution of contract with Connex Transport Jersey Ltd.**

- C.38. PSC had expressly reserved the right to make changes to the Conditions of Contract through negotiation after the selection of the preferred bidder.
- C.39. Various minor amendments were made to the contract, but none of them would have had a material effect on the tenders submitted had they been incorporated in the original documentation.
- C.40. The only potentially significant changes were the inclusion of a provision to deal with strikes and the removal of the clause entitling the States to withdraw from the contract if sufficient funds were not available. We do not consider that any of these changes had, in fact, any material impact on the reasonableness of the contractual provisions, and any preferred operator would, we think, have sought similar changes.

#### **Section 5 – Propriety of payment to Connex for shift allowance and relief service**

##### **The Shift Allowance Claim**

- C.41. Halcrow were engaged as experts by PSD to conduct all aspects of the tender process of which the tender assessment was one of the most important factors. Their failure to determine the detail of the tenders in carrying out that assessment was negligent.
- C.42. There was no justification for making the payment of £186,000 to Connex in respect of compensation for the shift allowance payment, nor for negotiating a “*rationalisation*” i.e. reduction of services in subsequent years. Whether this sum can be recovered, and if so, from whom, is a question of Jersey law on which we are not competent to express an opinion.

## **The Relief Services Claim**

- C.43. In our opinion, the clauses in the contract detailed in paragraph 5.33 prevented Connex being legally entitled to recover anything in relation to relief services, and PSD was right to resist the claim. All tenderers had the opportunity to visit the Island and to observe the operation of the existing bus service. Although they would have been unlikely to have received any co-operation or information from Jersey Bus, they could easily have sought the same from the Jersey Bus Users Forum, from officers of PSD or from other parties familiar with bus operations in the Island.
- C.44. The provision of relief services in the “rush hour”, in the tourist season and for special events is an expected factor in bus operations and the Connex claim that Jersey Bus were operating a “shadow timetable” is without foundation.

## **Section 6 – Accuracy of Reports**

- C.45. We have examined all reports made to PSC and E&PSC in relation to the Connex contract. Surprisingly, there were very few, perhaps because reports were made to the Bus Strategy Steering Group rather than the Committee. In the absence of proper records for BSSG, we are unable to form any conclusions in relation to that aspect of the matter. Where appropriate, we have dealt with those reports elsewhere in this report. Certain specific Reports have been examined separately, the first being the report made to the E&PSC in March 2003 on the first months of the Connex bus service. We are satisfied that this report was inaccurate in the following respects –
- (a) the comment in the Report that Jersey Bus had sought a premium of 200% on the price of their buses when it was thought that Connex would buy them was a mathematical error. The true figure was 100%. It seems that statement such as this were not validated prior to their inclusion in the report;
  - (b) the allegation that Jersey Bus management did not co-operate over the transfer of staff to Connex;
  - (c) the shift allowance. The author of the Report relied on received wisdom rather than seeking to establish the true sequence of events;
  - (d) the allegation that Jersey Bus was uncooperative in providing data on staff taking up employment with Connex.
- C.46. We are satisfied that the defects we have highlighted were not deliberate, and there was no intention to mislead the Committee, the States or anyone else. These inaccuracies, however, demonstrate a failure by management within PSD to validate the information contained in the Report before it was issued to the Committee, and subsequently, when it was revised for wider publication.
- C.47. We considered the letter drafted by Mr Muir for Deputy Dubras to send to Senator Le Sueur. Again, the letter relied heavily on received wisdom, and contained significant inaccuracies. When these came to light at a later stage, Deputy Dubras behaved with complete integrity and wrote to apologise for the inaccurate remarks.
- C.48. The Annual Report prepared in December 2003 gave a substantially inaccurate treatment of the shift allowance issue, which was, again, based on received wisdom. It quoted from advice given by Halcrow that we have found to have been negligently prepared.
- C.49. So far as the questions put to Deputy Dubras as President of the E&PSC by Senator E P Vibert are concerned, the answers given were, in the main, accurate or accurately reflected what was understood to be the position at the time. We regret that we have to find that in answering Senator Vibert’s Question 11, Deputy Dubras gave incomplete information to the States in the light of the earlier exchange of correspondence with M Julhes of Connex.

C.50. Each case of inaccuracy had its roots in what had become received wisdom within PSD. We are satisfied that any misleading was unintentional, but we are equally satisfied that the fact that it was allowed to occur indicates a weakness in PSD's management.

**General**

C.51. The events described in this Report lead us to the view that there was no effective management of Halcrow's involvement in the process. Some of our concern is effectively addressed by the directions now in force that have been issued by the States Treasury, the remainder is addressed in our Recommendations.

## CHAPTER V RECOMMENDATIONS

In the light of our findings, we make the following Recommendations –

- R1 Any project that involves the use of external consultants should have a proper monitoring programme, with a senior manager of the sponsoring Department made responsible for managing the relationship with the consultants and monitoring their activities. Such a manager should have adequate time and other resources to be able to perform his duties effectively.
- R2 Any project that relies on the enactment of legislation to grant the Committee (or, in future, the Minister) the necessary powers, and that is run in parallel with the operational part of the project, must be planned and monitored carefully to ensure that timetables are set with reference to the legislative process and that the two parts of the project do not lose synchronisation with one another.
- R3 Careful consideration should be given as to what should be done in the event that the States do not enact the necessary legislation as drafted (or at all).
- R4 In the absence of “Transfer of Undertakings: Protection of Employment” Regulations such as are in force in the United Kingdom, in the event that a Committee or Minister has to give an undertaking as to future terms and conditions of employment it should be **“on terms no less favourable than those in force on [the operative date].”**
- R5 Where the actions of third parties could materially affect an ongoing project, a suitable person from within the sponsoring Department should be assigned to monitor those activities and report all developments to the person responsible for the overall management of the project.
- R6 E&PSC should take immediate action to determine whether the £186,000 payment in respect of the shift allowance and of appropriate sums for any services rationalised as a part of the compensation for the shift allowance subsequent to year 1 can be recovered, either from Connex or from any other person. The Committee should also seek advice on whether they should seek to negotiate appropriate adjustments to the contract price in respect of any on-going reduction in services.
- R7 It is clear that E&PSC accepted liability for payment of the Shift Allowance for the first year of operation of the Bus Service Contract without the benefit of considered legal advice. We therefore recommend that no Committee, Minister or Department should accept a liability without taking proper legal advice.
- R8 Departments should maintain readily accessible, accurate and validated records of all projects undertaken, and management should foster a culture of reliance on validated fact rather than received wisdom.
- R9 Senior management within each Department of the States should ensure, so far as possible, that **all** relevant information is available to Committee Presidents or Ministers when Answers to Questions from States Members are being prepared.
- R10 The Greffier of the States should put in place a procedure to ensure that, in the event of an Inquiry having to examine the records in his care, no alteration can be made to those records (even in such details as the numbering of pages) without the persons conducting the Inquiry being made aware of the proposed alteration and the reasons for it.
- R.11 Whenever a sub-committee, steering group or similar subordinate body has been appointed by a Committee or other superior authority for specific purposes, separate and detailed minutes should

be made and preserved of the proceedings of the subordinate body including the bases for its decisions and recommendations.



## Committee of Inquiry into Tender Process and Award of Bus Service Contract

### **Appendix 1 to the Report**

#### **The Bus Strategy Steering Group**

1. The Public Services Committee, which was formed on 12th September 2000 under the presidency of Deputy Crowcroft, appears to have partly delegated to a Bus Strategy Steering Group its consideration of the direction of the bus strategy and the then proposed SLA with JB as the operator, and the subsequent conduct of the tendering process down to the appointment of Connex as the successful tenderer.
2. In paragraph 3.1 of the Report to its Proposition of the bus strategy to the States, dated 3rd July P.104/2001, Appendix 2 to this Report, the Committee stated –

*“To progress this work, the Committee proposes to expand its Steering Group (currently three members of the Committee and the Vice-President of the Finance and Economics Committee) to include a representative of the Industries Committee, the President of the Jersey Transport Authority, and a transport consultant”.*
3. It is thus evident that such a Steering Group already existed. The Committee of Inquiry has, however, identified no Act of the Public Services Committee –
  - (a) establishing the existing Steering Group mentioned above;
  - (b) expanding that existing group; or
  - (c) creating a new Bus Strategy Steering Group.
4. Nevertheless, minutes of a meeting of PSC dated 11th September 2001 record that, having considered the conditions under which JB would be prepared to operate one-year licences from 1st October 2001 to 30th September 2002, the Committee decided that –

*“the matter should be discussed at the Steering Group for the Bus Strategy to be held on 12th September 2001”.*
5. Minutes produced to the Committee of Inquiry further record a meeting on 12th September 2001 of the “new” Bus Strategy Steering Group, comprising –

Deputy Crowcroft (President – PSC);  
Deputy Hacquoil (Vice-President – PSC),  
Deputy Scott Warren (PSC);  
Deputy Maltwood (Vice-President – Finance and Economics Committee);  
Deputy Ozouf (Industries Committee);  
Deputy Layzell (Jersey Transport Authority).
6. Deputy Ozouf subsequently represented the Jersey Competition and Regulatory Authority as the member of the Industries Committee responsible for that body and Deputy Dubras joined the Group representing Industries Committee.
7. The meeting of 12th September 2001 adopted terms of reference for the Steering Group, attached as Annexe A to this Appendix. Although those terms of reference required all meetings of the Steering Group to be minuted, no subsequent minutes were taken. It was explained to the Committee of Inquiry that with a few exceptions, the Steering Group met in the course of certain Public Services Committee Meetings.



8. When Deputy Crowcroft was elected as Connétable of St. Helier and resigned the Presidency of Public Services, Deputy Hacquoil was elected President of the PSC and also assumed the role of Chairman of the Bus Strategy Steering Group. Connétable Crowcroft continued to be a member of both the Committee and the Steering Group.

## **Annexe A to Appendix 1**

### **BUS STRATEGY – STEERING GROUP**

#### **TERMS OF REFERENCE**

The Bus Strategy Steering Group will be responsible to the Public Services Committee for developing, progressing and monitoring the implementation of the Bus Strategy (P.104/01), as amended, agreed by the States on 31st July, 2001.

#### **Membership of the Steering Group**

The core members of the Bus Strategy Steering Group will be drawn from the Public Services Committee (PSC), Finance and Economics Committee (F&E), Industries Committee (IC) and the Jersey Transport Authority (JTA), namely –

Dep. A.S. Crowcroft (President, PSC) – Chairman  
Dep. R. Hacquoil (PSC)  
Dep. C. Scott Warren (PSC)  
Dep. D. Maltwood (F&E)  
Dep. P. Ozouf (IC)  
Dep. A. Layzell (JTA)

The Steering Group will be supported by officers from the Public Services Department and, when required, other relevant Departments. In addition, consultants will be appointed to advise the Steering Group on implementing the Strategy. A representative from the Jersey Competition and Regulatory Authority (JCRA) will be required to advise on the division of responsibilities between the Committee as transport policy maker and JCRA as regulator.

#### **Purpose of the Steering Group**

The purpose of the Bus Strategy Steering Group will be to secure the provision of future bus services, in Jersey, by ensuring that –

- expressions of interest in providing bus services are sought from reputable bus operators locally, in the United Kingdom and continental Europe;
- service specifications and draft service level agreements are prepared for operating services such as the stage services and school bus services;
- obligations on the States arising from the specification and draft service level agreement can be met;
- suitable tender documents are prepared and tenders sought from operators selected from those who respond to the request for expressions of interest;
- necessary changes to legislation, administration and regulation are made;
- funding is addressed;
- widespread consultation is achieved;
- progress is monitored and reported thereon;
- recommendations on the award of contract are made to the Committee in order that the preferred

operator can commence services in September 2002.

The Steering Group should also make recommendations on the means to be adopted for monitoring the effectiveness of the bus services and the operator.

### **Relationship with the Committee**

The Bus Strategy Steering Group will be answerable to the Committee in all matters. All meetings of the Steering Group shall be minuted and copies of the minutes forwarded to the Committee.

The Committee will –

- appoint the core members of the Steering Group, approve other constituent members of the Steering Group and appoint consultants where required;
- secure funding for the implementing the Strategy;
- seek any States approvals for aspects of the Strategy.

The Steering Group will –

- produce reports and recommendations on progressing the Bus Strategy for the Committee's consideration;
- act on behalf of the Committee when requested;
- be responsible for producing regular bulletins and communicating with the media on aspects of the implementation of the Bus Strategy previously approved by the Public Services Committee.

September 2001

**Committee of Inquiry into Tender Process and Award of Bus Service Contract**

**Appendix 2 to the Report**

**The Bus Strategy P.104/2001**

**BUS STRATEGY**

---

**Lodged au Greffe on 3rd July 2001  
by the Public Services Committee**

---



**STATES OF JERSEY**

**STATES GREFFE**

## PROPOSITION

**THE STATES are asked to decide whether they are of opinion –**

to approve the Bus Strategy as set out in the report of the Public Services Committee dated 3rd July 2001, and, in particular –

- (a) to agree that competitive bids for the operation of the Island's bus services should be sought from operators able to demonstrate appropriate experience in operating regulated bus services based on a minimum service specification governed by a Service Level Agreement between the operator and the Committee or any other body appointed by the States to regulate and licence bus services;
- (b) to agree that a licence of up to seven years should be awarded to the operator which best fulfils the specification and which is prepared to work in partnership with the States to enhance the quality of bus services in the Island;
- (c) to charge the Public Services Committee to prepare and present to the States for approval amendments to the Motor Traffic (Jersey) Law 1935, as amended, and any other legislation as appropriate, to give effect to the strategy and, in particular, to transfer the licensing and regulatory functions of the Committee to the Jersey Competition Regulatory Authority;
- (d) to request the Public Services Committee to investigate, and bring to the States for approval, proposals to provide for public subsidies for bus services where required in such a manner as to provide transparency and an assurance that value for money is being obtained;
- (e) to request the Public Services Committee -
  - (i) to consult with Committees of the States, parish authorities, local bus user groups and other interested organisations in order to ensure that bus services meet the needs of the travelling public; and
  - (ii) to monitor the effectiveness of bus operations, set targets for increasing bus usage, and publish regular reports on the implementation of the bus strategy.

PUBLIC SERVICES COMMITTEE

Note: The Finance and Economics Committee's comments are to follow.

## REPORT

### 1. Introduction

- 1.1 Between its formation in September 2000 and April 2001, the Public Services Committee attempted to develop a voluntary Service Level Agreement (SLA) with the current bus operator, Jersey Bus. The objectives of the agreement were –
- to improve the quality of service provided to all residents of and visitors to Jersey to achieve a reliable, timely, more accessible, safe and good value service;
  - to improve the environment of Jersey (by reducing traffic congestion as well as noise and emissions pollution);
  - to develop a reliable and attractive form of transport for all residents to travel to and from work, school, the shops, hostelrys and restaurants, and to visit family and friends;
  - to encourage visitors to the Island to use the bus to visit the numerous tourist attractions, the parishes, the beaches and beauty spots.
- 1.2 The Committee believes that the development of a SLA for the Island's bus services is an absolute priority if local bus services are to be improved, that increased subsidies will be necessary to make bus travel more convenient, reliable and attractive, and that transparency and accountability will be required in the way public funds are expended in this area.
- 1.3 The Committee's Bus Strategy as drafted in the early months of 2001 accepted that the Island's bus services should be subject to a competitive tender. However, it was considered preferable to develop an SLA with the current operator, in order to bring about immediate improvements in bus services. Regrettably this process failed, and the Committee therefore revised its strategy. Its new approach, which has been supported by the Policy and Resources and Industries Committees, was announced in the States on 22nd May 2001.
- 1.4 Subject to the States' agreement to the proposals set out in its Bus Strategy, the Committee proposes to seek competitive bids from all parties which can demonstrate appropriate experience in operating regulated bus services, for the operation of the Island's bus services. Tenders will be based on a minimum service specification governed by a Service Level Agreement with the successful operator, and award of a licence for up to seven years to the operator which best fulfils the specification and which is prepared to work in partnership with the Committee and its consultants to enhance the quality of bus services locally.
- 1.5 The Committee believes that Jersey's bus services can best be provided by a sole operator. Jersey's bus network consists of a number of commercially viable routes, particularly the routes to the airport and Gorey, which cross-subsidise the unprofitable routes and services. With the Island's low level of bus usage, it is difficult to envisage a situation in which a number of operators would compete against each other across the whole network. A seven-year licence period has been recommended to the Committee as providing the successful bidder the opportunity to invest in vehicles, as well as providing much-needed stability in the provision of the Island's bus services.
- 1.6 There is a significant amount of work to be done in a short space of time if the Island is to enjoy a period of stability in the provision of bus services, the benefits of increased private investment and public subsidy, the delivery of quality bus services by an operator which has incentives to meet and even to exceed its performance targets, the assurance that the tax payer is getting value for money, and the improvement in the quality and range of bus services locally that the public expect if they are to switch at least some of their journeys to the bus. The Committee wishes to know that its broad strategic approach is acceptable before undertaking the period of intensive work which will be necessary to achieve this.

## **2. The Minimum Service Specification and the Service Level Agreement (SLA)**

2.1 The Committee is engaging expert public transport consultants to assist in drawing up a customer-focused Island-wide indicative service specification laying down minimum service standards, and including incentives for new investment and service innovation. It is likely, at least initially, that the specification will be similar to the present network; although, the specification will not be too prescriptive, in order to accommodate innovative suggestions from potential operators. However, certain key features are likely to appear in the specification -

- route details;
- service spread (first and last buses);
- days of week of operation;
- service frequency;
- customer-care training;
- vehicle capacity, accessibility and other features such as provision of displays, on-board information, facilities for luggage, etc.;
- passenger charter and public consultation process;
- emissions policy compliance;
- seasonal variations;
- performance indicators;
- open book accounts and reporting.

2.2 The SLA is a formal document which highlights the agreed service provision and quality standards expected by the regulator from the provider of services in return for an agreed level of financial remuneration. The key phrase within an SLA is “Agreement” – all parties must reach an agreement otherwise the SLA will not be operable or be effective. They must be aware of and fully understand the objectives and process of forming the SLA and of course it must be realistic. In essence, it is a partnership where both parties must work together collectively to achieve the desired and agreed objectives as well as its process. It will involve intensive negotiation between the two parties. In this case, it will form part of a formal contract and be used within a service specification.

The SLA above all will be customer-focused. It will ensure that the user’s needs are addressed as practically as possible and will also recognise that different clients will have different needs (e.g. tourist and resident). It will incorporate a cost-effective monitoring mechanism so that the States can ensure that they are getting value for money and achieving their strategic aims, and, where public money is involved, a right of audit.

A draft SLA covering a minimum service level specification for the Island’s bus services has been prepared by the Committee and is available to interested parties.

## **3. The competitive tender process**

3.1 Subject to the States’ approval of its Bus Strategy, the Public Services Committee proposes, immediately upon receiving approval, to invite expressions of interest from reputable bus operators locally, in the

United Kingdom and in continental Europe, for the provision of bus services in Jersey. To progress this work, the Committee proposes to expand its Steering Group (currently three members of the Committee and the Vice-President of the Finance and Economics Committee) to include a representative of the Industries Committee, the President of the Jersey Transport Authority, and a transport consultant.

- 3.2 Both the constraints and the opportunities of the local bus market will be made clear in a scoping document to be made available to interested operators. Constraints will include: high labour and accommodation costs and inflation rate; falling usage by visitors; low volumes of local passengers; relative cheapness of private motoring and parking charges; width restriction on local roads; Opportunities will include States' transport and environmental policies which support the enhancement of local bus services, and the consequent potential for growth in local bus ridership; States' commitment to the provision of new infrastructure including bus shelters and the Transportation Centre; the expressed willingness of the States to secure subsidies for bus services where transparency and value for money can be demonstrated; the potential for integrating school and scheduled bus networks; the potential for a successful flagship bus operation in a high profile offshore finance centre and tourist destination.
- 3.3 Funding issues will need to be clearly addressed in the scoping document. Operators competing for the contract will, in effect, be required to take part in a negative price auction, with the winner bidding for the lowest level of taxpayers' subsidy needed to sustain the given level of minimum service provision required. Shortlisted operators will be interviewed and an SLA negotiated with the preferred bidder. The Committee believes that it should aim to finalise arrangements with the preferred operator by the end of 2001 so that a new bus service for the Island can be put in place in Spring/Summer 2002.

#### **4. Legal issues and regulation**

- 4.1 Following advice from the Crown Officers, the Committee proposes to make a number of changes to the Motor Traffic (Jersey) Law 1935. These will include –
- defining and differentiating responsibilities between the traffic policy administering authority (Public Services Committee) and the regulating authority;
  - providing the vires for the States to offer financial support for transport measures (subsidies, grants, concessions, etc.);
  - providing the vires for Service Level Agreements and exclusivity clauses;
  - providing the vires for competitive tendering;
  - providing for penalties for non-compliance by an operator in aspects of providing services;
  - revising the current licensing process.
- 4.2 Interim changes to the current legislation will be required immediately to permit the strategy to be progressed, while making provision for existing services to continue. Approval of these interim changes will be sought from the States if the Bus Strategy is accepted.
- 4.3 The Committee understands that the newly established Jersey Competition and Regulatory Authority will be in a position to take on the regulation of bus services, subject to the necessary law changes, and it intends to bring a Report and Proposition to the States to enable the transfer of this function to the JCRA as soon as this is practicable.

#### **5. Funding**

- 5.1 Following the States' approval of the Committee's Sustainable Transport Policy in 1999, a financial appraisal of that policy has been prepared by the Department with the assistance of consultants. Taking its cue from recent Budgets, the findings of the Fiscal Review Working Group, as well as from funding



arrangements for improved bus services elsewhere, the Public Services Committee proposes to set up a Transport Fund to provide a ring-fenced source of funding for local transport initiatives, including the targeted subsidies that will be necessary if bus travel is to become an acceptable alternative to the private car, at least for some journeys. As envisaged in the recent draft consultation document on the Island Plan, this approach may involve the requirement, through conditions of planning consent, for developers, in certain circumstances, to make financial contributions to the Transport Fund where appropriate. The Committee is examining a number of potential revenue streams which could also contribute to the Fund.

- 5.2 The Committee has received the full support of the Finance and Economics Committee in its wish to bring forward detailed proposals for raising the revenue required for this purpose, and, subject to the States' in principle approval of its Bus Strategy, officers of both Departments will continue working on the arrangements for the Transport Fund, with the aim of presenting a Report and Proposition to the States as soon as possible. The Committee recognises that, in future, the public subsidy of bus services, where required, must be arranged in such a way that will provide transparency and the assurance that value for money is being obtained.
- 5.3 The Committee recognises that the States is required to reduce levels of public spending. However, public spending on public transport is largely non-inflationary. It delivers user and non-user benefits. Indeed, increased use of public transport if coupled with other traffic reduction measures will be good for the local economy, cutting congestion costs for local businesses. It will play its part in environmental protection. It will promote social inclusion, and enhance the social lives of the community, especially among children and other non-drivers. It will also assist in the implementation of the Tourism Strategy, providing a bus service comparable, if not superior, in quality and value for money as our visitors are accustomed to using at home.
- 5.4 The Committee intends to identify where there is a need for the targeted subsidy of services which provide valuable links to places, or at times, which would not otherwise be provided, and where public investment is required to make the necessary improvements in transport infrastructure. The town Hoppa bus, for example, as was provided by Route 88 in the 2000/1 Jersey Bus timetable, was not frequent or cheap enough to provide the level of service which, as the experiment during 1999 confirmed, is desired by the travelling public. In this case, subsidy would be required to bridge the gap between what can be operated commercially and what is considered appropriate socially. Equally, States' subsidy could be used to cushion the bus user against fare increases caused by factors beyond the Operator's control such as increased fuel costs. It is recognised that the States and the public expect a high degree of transparency in the expenditure of public funds, and that, in particular, the operator's accounts will need to be of an 'open book' nature. The States will hold a right of audit over the operator and a right of on-bus survey.
- 5.5 In particular, the arrangements must guard against shoring up inefficient or unattractive practices that continue to render the bus network unattractive to passengers and potential passengers. Incentivisation will be key. Rather than direct subsidy, it may be appropriate to introduce a form of productivity bonus or "availability payment" system that enables investment in new vehicles, and rewards service level improvements. Depending on the type of subsidy arrangements, it may be appropriate to introduce revenue incentive bands where, on subsidised services, the operator is allowed to retain a proportion of any additional revenue above estimated levels.

## **6. Interim arrangements**

- 6.1 The current operator, Jersey Bus, will be able to take part in the tender process if it wishes so to do.
- 6.2 Concern has been expressed by Trade Union officials on behalf of their members working for the current bus operator in respect of their job security. The Committee would expect that the routes and services to be provided from the commencement of the new operation in spring/summer 2002 would be similar to those that existed in the summer 2000, and that the delivery of the enhanced level of Island bus services as described in the Sustainable Transport Policy (P.60/99) is likely to require increasing numbers of personnel. Further, the implementation of a long-term quality partnership for the provision of a better bus service in Jersey will lead to a much higher level of job security for employees in this sector than existed

before.

6.3 The Committee is aware of the risk that the current operator may make further cuts in services in their winter timetable, unless States' subsidy is provided. In particular, there is likely to be a reduced level of service provided by the current operator's 'winter' timetable, i.e., October 2001 to May 2002, unless subsidies are provided by the States to cover unprofitable routes. The Public Services Committee has always been willing to negotiate with the current operator about subsidies, but States members will recall that inspection of the company's accounts prior to the cuts in the summer timetable revealed that value for money would not be assured if the subsidies demanded by the operator were paid. The Committee will do all it can to ensure that adequate bus services are provided in the coming months prior to the commencement of the new operation.

## **7. Other issues**

7.1 The Committee would intend to consult widely on the strategy as it develops. Similarly, monitoring and reporting progress to stakeholders will be essential.

7.2 The Bus Strategy will form part of the wider Integrated Sustainable Transport Policy, and there will be opportunities to link the Bus Strategy with other significant initiatives. In certain cases, these linking strategies will be essential. For example, it is important that new footways are provided on routes that currently have none, that residents' parking is progressed so that town residents can leave their cars at home and use a Hoppa bus, and that a Parking Strategy is developed and implemented, covering both public and private sector parking, which will complement the aims of the Bus Strategy.

7.3 There are no immediate human resources implications for the States in the Strategy. However, the Committee would wish to appoint a Public Transport Co-ordinator from within its existing human resources.

7.4 It is not expected that there are any human rights issues that will emanate from the Strategy.

3rd July 2001.

**Committee of Inquiry into Tender Process and Award of Bus Service Contract**

**Appendix 3 to the Report**

**Establishment of Committee of Inquiry P.99/2004**

**STATES OF JERSEY**

**r**

**BUS SERVICE TENDERING PROCESS: COMMITTEE  
OF INQUIRY**

---

**Lodged au Greffe on 17th February 2004  
by the Policy and Resources Committee**

---

**STATES GREFFE**

2004

Price code: A

P.31

## **PROPOSITION**

**THE STATES are asked to decide whether they are of opinion –**

to refer to their Act dated 31st July 2001, in which they approved the Bus Strategy (P.104/2001), as amended, and –

- (a) in accordance with Article 36B of the States of Jersey Law 1966, as amended, to approve the appointment of a Committee of Inquiry to investigate fully the relevant circumstances surrounding the tender process and the award of the contract for the provision of a bus service in Jersey, and report its findings to the States;
- (b) to charge the Policy and Resources Committee to recommend to the States the constitution of the Committee of Inquiry, together with terms of reference.

### **POLICY AND RESOURCES COMMITTEE**

Note: The Finance and Economics Committee's comments are to follow.

## **REPORT**

Article 36B of the States of Jersey Law states that “Where the States are of opinion that inquiry should be made into any definite matter of public importance, they may appoint a Committee of Inquiry to inquire into that matter ...”.

Recent meetings of the States have tended to be dominated by questions on the handling of the tender process for appointing the current bus service operator, the subsequent costs of the service and proposed changes to the services. Some of these questions raised very serious issues over the reputations of a number of parties including the previous Public Services Committee, the Environment and Public Services Committee, the current bus operator, the former operator, officers of the Public Services Department and the consultants advising the Department and Committee. An independent and impartial mechanism is needed to tackle the issues with fairness and to establish, as accurately as possible, the facts regarding the events which occurred and, where appropriate, to comment on those events. As in previous Inquiries, for the events to be properly understood, it will be necessary to view them, as far as possible, through the eyes of the participants and in the light of the information available to them at that time.

The Policy and Resources Committee is bringing this Report and Proposition to the States as it feels there is an urgent need to progress this matter. The proposed vote of no confidence in the Environment and Public Services Committee could result in unacceptable delays in establishing the Committee of Inquiry.

By approving this proposition, the Policy and Resources Committee will immediately identify nominees to undertake the Committee of Inquiry and draft Terms of Reference which will be brought back to the House for approval.

### **Financial and manpower statement**

Article 36K of the States of Jersey Law 1966 states that the Finance and Economics Committee may direct to what extent a person appointed to a Committee of Inquiry may be remunerated and those expenses together with any others which the Finance and Economics Committee may direct may be incurred by a Committee of Inquiry shall be paid out of the general revenue of the States.

Paragraph (5) of Article 36I of the Law provides that the Greffier of the States may appoint a secretary to the Committee of Inquiry to perform such duties connected with the inquiry as the President of the Committee may direct. It is possible that the States Greffe will provide the services of a secretary but that, if this is not possible, an officer may be seconded from another department, or a short-term contract post be approved for the duration of the inquiry. This will be a decision for the States Greffe and Human Resources Department, working with the Treasury.



Committee of Inquiry into Tender Process and Award of Bus Service Contract

Appendix 4 to the Report

Terms of reference P.99/2004

# STATES OF JERSEY

r

## **BUS SERVICE TENDERING PROCESS: COMMITTEE OF INQUIRY – TERMS OF REFERENCE AND MEMBERSHIP**

---

Lodged au Greffe on 25th May 2004  
by the Policy and Resources Committee

---

STATES GREFFE



2004

Price code: B

P.99

## **PROPOSITION**

**THE STATES are asked to decide whether they are of opinion –**

to refer to their Act dated 9th March 2004 in which they agreed to approve the appointment of a Committee of Inquiry to investigate fully the relevant circumstances surrounding the tender process and the award of the contract for the provision of a bus service in Jersey and –

- (a) to appoint the following persons as members of the Committee of Inquiry –
  - (i) Mr. David Lyons (President)
  - (ii) Mr. Brian Ahier
  - (iii) Mr. Gregory John Branch.
- (b) to agree, in accordance with Article 36B(2) of the States of Jersey Law 1966, as amended–
  - (i) that Mr. Brian Ahier shall, if required, preside in the absence of the President; and
  - (ii) that the quorum of the Committee shall be two.
- (c) to agree that the Committee of Inquiry shall have the terms of reference as set out in the Appendix to the report of the Policy and Resources Committee dated 20th May 2004.

## **POLICY AND RESOURCES COMMITTEE**

Notes: The Finance and Economics Committee's comments are to follow.

## **REPORT**

On 9th March 2004 the States approved a proposition of the Policy and Resources Committee entitled 'Bus Service Tendering Process: Committee of Inquiry' (P.31/2004). In accordance with the terms of part (b) of the proposition, the Policy and Resources Committee is now reporting back to the Assembly with recommendations for the constitution and terms of reference of the Committee of Inquiry.

The Committee believes it is important that the inquiry should be expedited for the following reasons –

- to answer those questions that have been raised in connection with the tender process and award of the contract; and
- to enable all relevant considerations to be taken into account by the Environment and Public Services Committee in respect of future decisions relating to bus services.

It would be reasonable to assume that the Committee of Inquiry will need to examine a wide range of documents, as well as interviewing the relevant parties. The Policy and Resources Committee expresses the hope that the Committee of Inquiry will be in a position to report back within a period of 3 months, and suggests that the Committee of Inquiry could be asked at an early date to give an indication of how long its work is expected to take.

### **Constitution**

The Committee would like to nominate the following persons to serve as the President and members of the Committee of Inquiry –

- Mr. David Lyons (President)
- Mr. Brian Ahier
- Mr. Gregory John Branch

Mr. David Lyons will already be known to many as the Chairman of the Jersey Law Commission, and was appointed by the States to this office for a period of 5 years with effect from 19th November 2003. Mr. Lyons has resided in Jersey since the early 1970s, and he worked for many years as a solicitor in the firm Lyons and Caplan, which he founded in 1973. Mr. Lyons has now retired from private practice and bank directorships, but he maintains his involvement in professional life through a number of commercial interests and consultancies with several trust companies.

Mr. Brian Ahier has lived in Jersey all his life and is now retired, having followed a career in the finance industry as a company director. Mr. Ahier will be known to many Islanders as a past President of the Jersey Football Association and as the Chairman of the Advisory Council for Education, Sport and Culture. He has also been a member of the Parish Rate Appeal Board since December 2000.

Mr. Greg Branch qualified as an accountant in 1983 and has lived in Jersey since 1992. Mr. Branch is the partner in charge of the audit practice of Deloitte & Touche, Jersey, and has many years experience with financial and commercial clients. In addition, Mr. Branch has considerable valuation and forensic experience, including providing expert witness statements to the courts of Jersey.

### **Terms of Reference**

The proposed terms of reference for the Committee are set out in the Appendix. These terms of reference have been designed in a manner which should provide the Committee of Inquiry with the scope that it needs to fully investigate all the relevant circumstances surrounding the tender process and the award of the contract for the provision of a bus service in Jersey.

### **Financial and manpower implications**

In the Jersey context there are a number of factors that need to be taken into account when considering the potential cost of a Committee of Inquiry.

There are, for example, ancillary expenses that need to be taken into account. It is possible that the Committee of Inquiry will want to have transcripts of at least some of the evidence given during the inquiry. The Committee will need administrative support and, to the extent that legal support cannot be given by the Law Officers Department, may also wish to call upon the services of a local advocate to advise on procedural matters.

In addition, relevant parties may wish to seek legal representation if they are called before the Committee. In the U.K. the position in relation to legal representation has been established by the Royal Commission on Tribunals of Inquiry, and any person called before an inquiry is entitled to receive legal advice, with his legal expenses normally being met from public funds. In Jersey the practice of Committees of Inquiry has been to decide upon their own procedure for dealing with a particular case, and to issue a procedural note at the beginning of the inquiry. There have been occasions on which a Committee of Inquiry has accepted that the cost of legal advice should be met from public funds, and it seems very possible that a claim for this type of facility would be made in the case under consideration. The States should therefore expect that the sums involved are likely to total at least a five-figure sum, and may run to a six-figure sum. This sum will include remuneration for the President and members of the Committee of Inquiry, at levels to be determined by the Finance and Economics Committee. The Policy and Resources Committee has suggested that the remuneration payable to the President of the Committee of Inquiry should be equivalent to that which is paid to Royal Court Commissioners (i.e. £686/day), and that the members of the Committee of Inquiry should also be remunerated for their services at a rate to be agreed.

The Committee believes that any decision to establish a Committee of Inquiry should be taken in full knowledge of the potential costs and time involved.

There may potentially be additional manpower requirements for the States. The Committee of Inquiry will need to be properly supported in terms of executive and administrative support and it may be necessary to consider the internal secondment of an officer or officers to meet these needs efficiently. As noted in the report accompanying P.31/2004, this will be a matter for consideration by the States Greffe and Human Resources Department, in consultation with the States Treasury.

20th May 2004

**TERMS OF REFERENCE**

**The Committee of Inquiry will have the following terms of reference –**

1. To review the agreement made between the States of Jersey and the Transport and General Workers Union on 5th August 2001 to ensure that in the event of a new operator being appointed, all staff transferring employment would be given the same terms and conditions of employment as they enjoyed with the previous operator. The Committee of Inquiry will identify –
  - (a) any variance from that agreement;
  - (b) the reason and justification for the variance;
  - (c) the audit trail for and changes to the agreement to identify the communication process between Jersey Bus, the Transport and General Workers Union, the Public Services Committee and the new operator.
2. To establish the state of knowledge of the parties involved during the tender process for the public bus service, during the period leading up to the award of the contract on 1st May 2002, in relation to the wage claim submitted by the Transport and General Workers Union which included the drivers' shift allowance, and to report on the actions of the parties involved in that process.
3. To consider any changes made to the final contract signed between the States of Jersey and Connex Transport Jersey Limited and report on whether there are any material differences between the final contract and the draft contract supplied to all tenderers during the tender process that might have affected the tender submissions.
4. To review and report on the drivers' shift allowance and the relief service claims submitted by Connex Transport Jersey Limited in 2002 and determine whether given the state of knowledge of all parties during the negotiations, the payment for the shift allowance was appropriate and in line with the conditions of contract that exist between the States of Jersey and Connex Transport Jersey Limited.
5. To review the accuracy of the reports submitted by officers to the Public Services Committee regarding the contract with Connex Transport Jersey Limited, together with the relevant minutes of Committee meetings, during the period leading up to the award of the contract, and in relation to the post-contract award of the shift allowance, as well as to review the answers to questions about the contract that were given to the States.
6. To report back to the States with its findings and recommendations.



Committee of Inquiry into Tender Process and Award of Bus Service Contract

Appendix 5 to the Report

Membership of Committee of Inquiry

# STATES OF JERSEY

r

## BUS SERVICE TENDERING PROCESS: COMMITTEE OF INQUIRY – MEMBERSHIP

---

Lodged au Greffe on 28th September 2004  
by the Policy and Resources Committee

---

STATES GREFFE

2004

Price code: B

P.165



## **PROPOSITION**

**THE STATES are asked to decide whether they are of opinion –**

to refer to their Act dated 9th March 2004 in which they agreed to approve the appointment of a Committee of Inquiry to investigate fully the relevant circumstances surrounding the tender process and the award of the contract for the provision of a bus service in Jersey and –

- (a) to appoint the following persons as members of the Committee of Inquiry –
  - (i) Mr. Huw Owen John Richard Shephard (President)
  - (ii) Mr. Trevor Peter Garrett
  - (iii) Mr. Christopher John Blackstone
- (b) to agree, in accordance with Article 36B(2) of the States of Jersey Law 1966, as amended –
  - (i) that Mr. Garrett shall, if required, preside in the absence of the President; and
  - (ii) that the quorum of the Committee shall be 2.

### **POLICY AND RESOURCES COMMITTEE**

Notes: The Finance and Economics Committee will allocate a budget of up to £78,000 from the General Reserve for this Committee of Inquiry should the States approve the proposition.

## REPORT

On 9th March 2004 the States approved a proposition of the Policy and Resources Committee entitled “Bus Service Tendering Process: Committee of Inquiry” (P.31/2004), and decided that a Committee of Inquiry should be appointed to investigate fully the circumstances surrounding the tender process and award of the contract for the provision of a bus service in Jersey. The States also agreed that the Policy and Resources Committee should report back to the Assembly with recommendations for the constitution and terms of reference of the Committee of Inquiry.

Terms of reference for the Committee of Inquiry were approved by the States on 30th June 2004 (“Bus Service Tendering Process: Committee of Inquiry – terms of reference and membership”, P.99/2004, as amended), and a copy of these terms of reference is attached as an Appendix for information. On the same occasion, the States adopted an amendment of Deputy R.G. Le Hérissier and agreed that “*the Chairman and members of the Committee of Inquiry shall not be remunerated for their services*”.

An advertisement for a President and members of the Committee of Inquiry was subsequently placed in the Gazette section of the Jersey Evening Post, and a total of 8 applications were received. The Policy and Resources Committee was pleased with the quality of applications received, and it would like to nominate the following persons as the President and members of the Committee of Inquiry –

- Mr. Huw Owen John Richard Shephard (President)
- Mr. Trevor Peter Garrett
- Mr. Christopher John Blackstone

Mr. Shephard is a barrister of 22 years standing, and for the first 15 years of his career he was employed in the U.K. public sector, firstly as a Magistrate’s Clerk and then as a litigation lawyer for central government. Mr. Shephard has lived in Jersey for the last 7 years, and during this period he has worked in the finance industry in legal/compliance roles. He now works as a self-employed consultant, advising on compliance and compliance-related matters. In addition, he has been a Centenier in the Grouville Honorary Police for the last 4 years, having previously served for 2 years as a Constable’s Officer.

Mr. Garrett was born and educated in Jersey, and served in the States of Jersey Police for 34 years before retiring in 2002. During his career Mr. Garrett carried out a wide range of policing roles, serving as a Police Constable, Sergeant and Inspector before being promoted to the rank of Superintendent. As a Superintendent Mr. Garrett initially worked as the head of Crime Services, and was subsequently made responsible for all aspects of operational policing.

Mr. Blackstone is a chartered accountant, and during his career he worked in a variety of financial and management roles. Mr. Blackstone moved to Jersey in 1984, and for several years he worked as a partner in Coopers & Lybrand, with responsibility for the trust administration group. Since taking retirement Mr. Blackstone has pursued a number of interests, including woodworking and history, and he has also served for a period on the Audit Committee of the Agriculture and Fisheries Department.

### **Financial and manpower implications**

The States has already decided, in adopting Deputy Le Hérissier’s amendment to P.99/2004, that “*a sum of no more than £50,000 be made available to the Committee of Inquiry to enable it to fund the provision of expert advice if required*”.

In addition, the Committee of Inquiry will need proper executive and administrative support, and this will entail the temporary appointment or secondment of an officer to the States Greffe for the duration of the inquiry. Following consultation with the States Greffe and the States Treasury, it is estimated that up to £23,000 will be needed for this purpose, together with up to £5,000 to cover administration costs.

**Bus Service Tendering Process: Committee of Inquiry –  
Terms of Reference (as adopted by the States on 29th June 2004)**

1. To review how the then Public Services Committee, in accordance with the decision of the States of 31st July 2001 when adopting the Bus Strategy (P.104/2001 as amended), undertook the necessary review of the Motor Traffic (Jersey) Law 1935, as amended, to enable the Bus Strategy to be progressed.
2. To review the agreement made between the States of Jersey and the Transport and General Workers Union on 5th August 2001 to ensure that in the event of a new operator being appointed, all staff transferring employment would be given the same terms and conditions of employment as they enjoyed with the previous operator. The Committee of Inquiry will identify:
  - (a) Any variance from that agreement;
  - (b) The reason and justification for the variance;
  - (c) The audit trail for and changes to the agreement to identify the communication process between Jersey Bus, the Transport and General Workers Union, the Public Services Committee and the new operator.
3. To establish the state of knowledge of the parties involved during the tender process for the public bus service, during the period leading up to the award of the contract on 1st May 2002, in relation to the wage claim submitted by the Transport and General Workers Union which included the drivers shift allowance, and to report on the actions of the parties involved in that process.
4. To consider any changes made to the final contract signed between the States of Jersey and Connex Transport Jersey Limited and report on whether there are any material differences between the final contract and the draft contract supplied to all tenderers during the tender process that might have affected the tender submissions.
5. To review and report on the drivers shift allowance and the relief service claims submitted by Connex Transport Jersey Limited in 2002 and determine whether given the state of knowledge of all parties during the negotiations, the payment for the shift allowance was appropriate and in line with the conditions of contract that exist between the States of Jersey and Connex Transport Jersey Limited.
6. To review the accuracy of the reports submitted by officers to the Public Services Committee regarding the contract with Connex Transport Jersey Limited, together with the relevant minutes of Committee meetings, during the period leading up to the award of the contract, and in relation to the post-contract award of the shift allowance, as well as to review the answers to questions about the contract that were given to the States.
7. To report back to the States with its findings and recommendations.



**Committee of Inquiry into Tender Process and Award of Bus Service Contract**

**Appendix 6 to the Report**

**Table 1**

**Principal Suppliers of Written Evidence and Submissions**

Names	Dates of Contributions	Approximate numbers of Items	Totals
<b>Black, Mr. I., Treasurer of the States</b>	<b>17.02.05</b>	<b>4</b>	<b>5</b>
	<b>20.05.05</b>	<b>1</b>	
<b>Connex Transport Jersey Ltd. – represented by Mr. P. Julhes and Mourant du Feu &amp; Jeune</b>	<b>09.11.04</b>	<b>3</b>	<b>130</b>
	<b>26.11.04</b>	<b>47</b>	
	<b>06.12.04</b>	<b>8</b>	
	<b>14.12.04</b>	<b>31</b>	
	<b>17.12.04</b>	<b>3</b>	
	<b>22.12.04</b>	<b>3</b>	
	<b>08.03.05</b>	<b>1</b>	
	<b>01.04.05</b>	<b>9</b>	
	<b>19.04.05</b>	<b>21</b>	
	<b>17.05.05</b>	<b>4</b>	
<b>Crowcroft, Connétable A.S. of St. Helier</b>	<b>04.02.01</b>	<b>1</b>	<b>5</b>
	<b>04.01.05</b>	<b>1</b>	
	<b>04.03.05</b>	<b>2</b>	
	<b>23.03.05</b>	<b>1</b>	
<b>De la Haye, Mr. M.N., Greffier of the States</b>	<b>09.02.05</b>	<b>5</b>	<b>6</b>
	<b>20.05.05</b>	<b>1</b>	
<b>Diamond Group of Companies - represented by Mr. C. Lewis and Mr. M. Cotillard</b>	<b>10.11.04</b>	<b>13</b>	<b>252</b>
	<b>19.11.04</b>	<b>142</b>	
	<b>03.12.04</b>	<b>14</b>	
	<b>21.12.04</b>	<b>2</b>	
	<b>06.01.05</b>	<b>2</b>	
	<b>24.01.05</b>	<b>1</b>	
	<b>25.01.05</b>	<b>1</b>	
	<b>27.01.05</b>	<b>2</b>	
	<b>28.01.05</b>	<b>1</b>	
	<b>31.01.05</b>	<b>1</b>	
	<b>01.02.05</b>	<b>3</b>	
	<b>02.02.05</b>	<b>55</b>	
	<b>03.02.05</b>	<b>1</b>	
	<b>04.02.05</b>	<b>1</b>	
	<b>16.02.05</b>	<b>2</b>	
	<b>08.03.05</b>	<b>3</b>	
	<b>17.03.05</b>	<b>5</b>	
	<b>26.04.05</b>	<b>1</b>	
<b>13.05.05</b>	<b>1</b>		
<b>17.05.05</b>	<b>1</b>		

<b>Dunn-Line (Holdings) Ltd.</b>	13.12.04	4	5
	13.04.05	1	
<b>Environment and Public Services Department - represented by Mrs. C. Anderson, Mr. M. Collier, Mr. A. Muir and Mr. J. Richardson</b>	07.12.04	2,000	4,042
	13.12.04	2	
	21.12.04	3	
	12.01.05	2	
	13.01.05	260	
	14.01.05	270	
	17.01.05	193	
	21.01.05	2	
	24.01.05	280	
	25.01.05	4	
	31.01.05	990	
	08.02.05	9	
	10.02.05	5	
	26.04.05	1	
	28.04.05	3	
	29.04.05	4	
	05.05.05	2	
	10.05.05	3	
	12.05.05	8	
	13.05.05	1	
<b>Everson, Mr. I., Chairman Jersey Bus Users' Forum</b>	04.02.01	3	26
	27.10.04	5	
	10.11.04	3	
	25.01.05	1	
	01.02.05	10	
	10.02.05	3	
	13.10.04	1	
<b>FourSight Ltd.</b>	27.01.05	8	8
<b>Hacquoil, Mr. R.C.</b>	22.12.04	325	325
<b>Halcrow Group Ltd. - represented by Mr. R. Childs and Mr. N. Davies</b>	04.01.05	1	12
	24.01.05	4	
	26.01.05	1	
	09.05.05	1	
	27.05.05	1	
	31.05.05	3	
	02.06.05	1	
<b>Le Maistre, Mr. G.</b>	20.05.05	16	16
<b>Murphy, Connétable D. of Grouville</b>	22.10.04	50	50
<b>Southern Vectis plc.</b>	15.12.04	5	7
	07.02.05	2	
<b>Staley, Miss P., Law Draftsman</b>	11.11.04	28	28
<b>Transport &amp; General Workers Union</b>	10.11.04	13	13
<b>Vibert, Senator E.P.</b>	29.11.04	175	
	14.02.05	19	
	07.03.05	21	
	09.03.05	2	

	<b>21.03.05</b>	<b>4</b>	
	<b>23.03.05</b>	<b>44</b>	<b>265</b>
<b>Vince, Mrs. E., Chief Internal Auditor</b>	<b>15.12.04</b>	<b>73</b>	<b>73</b>

**Committee of Inquiry into Tender Process and Award of Bus Service Contract**

**Table 2 of Appendix 6 to the Report**

**Persons Interviewed at Hearings**

Names	Hearing Dates	Pages	Time		Publication Dates
			Hrs	Mins	
Mr. C. LEWIS	24.01.05	107	3	10	11.03.05
	27.01.05	7	0	10	15.03.05
Mr. M. COTILLARD	24.01.05	47	1	25	15.03.05
Mr. M. JAMES	24.01.05	4	0	05	15.03.05
Mr. J. McCARTAN	24.01.05	34	1	05	15.03.05
Mr. I. EVERSON	25.01.05	45	1	40	15.03.05
Mr. N. DAVIES	25.01.05	40	1	05	15.03.05
Mr. R. CHILDS	26.01.05	117	3	45	15.03.05
Mr. R. MACKLIN	26.01.05	20	0	30	15.03.05
Mr. M. WINSTON	27.01.05	14	0	20	15.03.05
Mr. J. GRIFFITHS	27.01.05	52	1	30	15.03.05
Senator R. SHENTON	27.01.05	16	0	30	15.03.05
Mr. D. ORD	28.01.05	88	2	50	15.03.05
Mr. P. JULHES	28.01.05	46	1	35	15.03.05
Deputy G. BAUDAINS	31.01.05	28	0	50	15.03.05
Deputy J. DOREY	31.01.05	15	0	30	15.03.05
Deputy R. LE HERISSIER	31.01.05	21	0	35	15.03.05
Senator T. LE SUEUR	31.01.05	19	0	35	15.03.05
Deputy M. DUBRAS	31.01.05	86	3	00	15.03.05
	04.02.05	42	1	25	15.03.05
Mrs. E. VINCE	01.02.05	13	0	25	15.03.05
Mr. I. BLACK	01.02.05	36	1	00	16.03.05
Mrs. C. ANDERSON	01.02.05	10	0	20	04.04.05
Deputy C. SCOTT WARREN	01.02.05	50	1	35	15.03.05
Mr. R. HACQUOIL	01.02.05	75	2	35	15.03.05
	04.02.05	8	0	15	15.03.05
	26.04.05	26	1	05	06.05.05
Mr. A. MUIR	02.02.05	133	4	15	03.04.05
Mr. J. RICHARDSON	03.02.05	119	3	45	04.04.05
Senator P. LE CLAIRE	03.02.05	25	0	55	18.03.05
Connétable A.S. CROWCROFT	04.02.05	11	0	25	31.03.05
	23.03.05	68	2	25	31.03.05
Senator E.P. VIBERT	23.03.05	48	1	40	01.04.05
Mr. M. KAVANAGH	24.03.05	23	0	50	Heard Privately.
Mr. C. PICKERING	20.04.05	7	0	10	27.04.05
Mr. M. COLLIER	26.04.05	57	2	05	10.05.05
Deputy J.A. HILTON	26.04.05	6	0	10	16.05.05
Mr. G. LE MAISTRE	23.05.05	22	0	40	27.05.05
TOTALS		1,585	51	10	



# Committee of Inquiry into Tender Process and Award of Bus Service Contract

## Appendix 7 to the Report

### 7th March 2002 – Technical Note by Halcrow

#### **Halcrow Group Limited**

Lyndon House 62 Hagley Road Edgbaston Birmingham  
B16 8PE  
Tel +44 (0)121 456 2345 Fax +44 (0)121 455 8771  
www.halcrow.com



## Technical note

---

<b>Project</b>	Jersey Bus Strategy	<b>Date</b>	7 <sup>th</sup> March 2002
<b>Note</b>	Assessment of Tender Bids	<b>Ref</b>	FB4773
<b>Author</b>	Roger Childs and Roger Macklin Halcrow		

---

### **1. Introduction**

1.1 This technical note provides an assessment of the five bids received from tenderers seeking to operate the island's bus services for a period of seven years.

### **2. Format of the Note**

2.1 This note is divided into the following sections:

- an overview of the bus strategy;
- a description of the bidding and assessment process;
- the bids received
- costing service variations;
- the clarification and assessment of bids; and
- conclusions and recommendations.

### **3. The Bus Strategy**

3.1 The States' Bus Strategy identifies a positive role for bus services on the island in providing an attractive alternative to the private car in order to tackle the mounting problems of congestion and local air quality and provide choice in terms of transport modes.

3.2 The States wishes to work in partnership with the operator of the island's bus services in order to tailor service provision to meet needs and introduce new service initiatives to tackle specific areas of potential.

3.3 The changes to the legislation governing provision of bus services in Jersey and the measured approach taken to commissioning an operator for the seven year period is a fundamental part of the overall strategy. The selected operator will be required to work in very close co-operation with the States in order to develop services especially during the early years of the contract. The first seven year contract period starts at the end of September 2002.

### **4. The Bidding and Assessment Process**

4.1 Conscious of examples of best practice bus operations on the UK mainland and elsewhere in Europe the strategy group was keen to open up the process to as wide a range of potential operators as

possible.

- 4.2 Thus a three stage process was put in place with the aim firstly of ensuring that the States intentions became known through bus industry and secondly that potential operators became aware of the quality and partnership expectations of the strategy.
- 4.3 Stage 1 of the process, carried out in September/October 2001 involved the States advertising in UK and European journals for expressions of interest in operating the island's bus network. As a result of the advertising a total of 29 initial briefing packs were issued at Stage 2, inviting operators to pre-qualify for the tendering process by registering an interest and submitting accounts for examination.
- 4.4 Some 13 operators registered interest and returned information. On the basis of the information required all 13 operators were considered capable of operating the island's bus network, and, as Stage 3, were consequently issued with full tender packs to be returned to Halcrow by 18th February 2002. These operators represented a broad cross-section of the industry and included a number of UK independent operators, one English municipal operator, three French and one Irish company.
- 4.5 The process of selection was carefully designed. A major issue was that the States were unable to provide any indication of the current revenue base for services on the island. The consultants and the States had been given some revenue and cost information by the current operator, Jersey Bus, in order to reach agreement on an interim subsidy for bus services for 2001/2002. This information had been made available readily by Jersey Bus but was subject to a confidentiality agreement.
- 4.6 Thus new operators were required to provide bids without any data on the use of the present network other than could be gleaned from their own observations. The terms of the contract therefore provided for operators to bid on a "costs plus" basis – they would indicate their operating costs and a mark-up for profit. In order to provide an incentive for the operator to continually strive for service quality it was decided to measure revenue at the end of the first year of the contract. An incentive payment for the second and subsequent years will be offered based on a proportion of any real increase achieved on the first year revenue.
- 4.7 The service specification was based on recent winter and summer schedules as a basis for the start of the new regime. Conditions of contract imposed stringent quality standards and a penalty points based system for service delivery failures.
- 4.8 Potential operators were also encouraged to submit costed non-compliant bids either in terms of the conditions of contract, service levels or resource provision.
- 4.9 The successful operator will be required to work with the States in a spirit of partnership to develop services in accordance with the bus strategy. Thus as a part of the bid operators were also required to indicate unit costs for variations in the level of service provision to enable the States to assess the cost of further development of the bus network.
- 4.10 The bid process was necessarily complex. Potential bidders had to inform themselves of a wide range of issues concerning the operation of a business in Jersey. Operators were encouraged to visit the island – all of the off-island bidders made visits, and also to seek clarification from the consultants on questions of uncertainty. In order to maintain fairness throughout the process all operators were made aware of information given in response to queries through the issue of supplementary bulletins.

## **5. *The Bids***

5.1 A total of five bids were received by the deadline of 18th February 2002 from:

- Anglian Coaches Ltd;
- Connex Bus UK Ltd;

- Dunn-Line (Holdings) Ltd;
- Jersey Bus (JMT 1987 Ltd); and
- Southern Vectis plc.

5.2 **Anglian Coaches Ltd.** are an independent family owned bus and coach operator based at Beccles, Suffolk, operating from a single depot and providing local bus services, school services and contract hire. They operate 38 buses and coaches.

5.3 **Connex**, a subsidiary of the French company Vivendi Environment, are a recently established London based bus operator providing a number of franchised London bus routes operated by some 200 buses. Globally the company operates a large number of bus, rail and tram networks, and has 13,000 buses and coaches.

5.4 **Dunn-Line** is a family owned Nottingham based business operating almost 200 buses and coaches with operations additionally from depots at Derby, Uttoxeter, Luton and London. The firm operates local bus services, school contract services, contract hire and touring holidays.

5.5 **Jersey Bus** are the current local bus operator. Currently a subsidiary company of the Diamond Jersey Group, the company has operated the island's bus network for 31 years.

5.6 **Southern Vectis** is a UK public limited company operating bus services on the Isle of Wight and in south Hampshire based on Southampton with a fleet of some 200 vehicles. The company also provides public transport consultancy services to other operators and the public sector.

5.7 The bids were sent in sealed packages not bearing external identity to the consultants and brought over to Jersey for witnessed opening and recording on 20th February 2002. The Jersey Bus bid was, by agreement, deposited directly with the States.

5.8 Bid prices as put forward by operators on the formal bid forms are documented in the following table. The sums are annual prices before revenue is taken into account.

Operator	Compliant Bid (profit margin included)	Non-compliant A	Non-compliant B
Anglian	<b>The table in the original document contains information that remains commercially sensitive. For that reason it is not reproduced here.</b>		
Connex			
Dunn-Line			
Jersey Bus			
Southern Vectis			

5.9 In addition the consultants prepared their own compliant “shadow” bid to provide a benchmark against which to judge the broad order reasonableness of the actual bids. The shadow compliant bid was for £5,090,950 including a 10% profit margin.

5.10 It should be pointed out that the non-compliant bid from Jersey Bus is not actually £0 as put forward on their tender form. Supporting documentation indicates it as being the compliant bid figure of £ less £ in Year 1 if operations were run from their Weighbridge garage rather than La Collette. It may be regarded as a transitional arrangement proposal rather than a truly non-compliant bid. For Year 2 and subsequent years there would be a reduction of £ in the compliant bid figure arising from letting income at La Collette. Further savings are foreseen by Jersey Bus but are speculative and cannot be guaranteed.

## 6. **Costing Service Variations**

6.1 As noted above operators were also required to indicate unit costs for variations in the level of service

provision to enable the States to assess the cost of further development of the bus network. This element of the bids is vital in order to assess the cost impact of service variations as the bus strategy evolves.

6.2 In order to compare this aspect of bids a series of possible service development scenarios were generated as follows:

- A: an extra morning/evening peak service, 2 hours and 30 km;
- B: an interpeak service for 4 hours and 80 km;
- C: an evening service for 4 hours and 80 km;
- D: a Sunday service for 9 hours and 150 km.

6.3 The following table summarises the results of this assessment:

Operator	Option A (£)	Option B (£)	Option C (£)	Option D (£)
Jersey Bus	<b>The table in the original document contains information that remains commercially sensitive. For that reason it is not reproduced here.</b>			
Dunn-Line				
Connex				
Anglian				
Anglian NC				
S Vectis Comp/NC1				
S Vectis NC2				

6.4 As can be seen the results demonstrate considerable variation. Generally Dunn-Line, Anglian and the compliant Southern Vectis bids appear to offer the best value.

**7. Clarification and Assessment**

7.1 The bids were each assessed rigorously in terms of the costs put forward and a number of issues came to light regarding the need for clarification. As a result clarification was sought from each operator of the appropriate aspects of each bid.

7.2 The resources the tenderers seek to meet the service specification are expressed in terms of the Peak Vehicle Requirement (PVR) – the maximum number of vehicles required, excluding duplication, to meet the summer timetable. Operators were also required to indicate the total vehicle fleet that operators would have on the island solely available for local bus services. The results were as follows:

Operator	Peak Vehicles	Total Vehicles
Anglian	36	45
Connex	38	43
Dunn-Line	33	38
Jersey Bus	36	45
Southern Vectis	35	42

7.3 All operators are proposing a core fleet of new low floor buses. There is a significant variation in the number of peak vehicles indicated as being required. The Dunn-Line bid is the only one to include an assessment showing the build up to the peak fleet requirement and this indicates that their proposed fleet of 33 peak vehicles would be adequate to meet the compliant specification.

7.4 All operators are aware of the contract condition that they should provide adequate capacity to meet excesses of demand, for example on summer days between the peaks and all have indicated that they



	(£)	(£)	(£)	<i>Line</i> (£)	<i>Bus</i> (£)	<i>Vectis</i> (£)	<i>Vectis</i> (£)
Staff	<b>The table in the original document contains information that remains commercially sensitive. For that reason it is not reproduced here.</b>						
Vehicles							
Premises							
General							
Profit							
Total							

# does not include 2002 pay award

7.13

As discussed in greater detail below the level of clarification varied. Inevitably the compliant bids submitted by tenderers are all based on complete or substantial fleets of new vehicles, although the vehicle-age requirements of the contract did not demand this. In particular:

- the non-compliant bid from Jersey Bus is not specific in its financial implications and seeks to leave all aspects of contract conditions and service provision to negotiation;
- Anglian's 'non-compliant bid' is in fact a compliant bid differing from their compliant bid in the types of new vehicle they would provide;
- Southern Vectis non-compliant Bid A is compliant in terms of service specification but seeks to negotiate away a number of contract conditions to reduce their commercial risk. Non-compliant Bid B as well as seeking revised contract conditions requires the introduction of traffic management measures in St Helier and revised school starting and finishing times to provide a more efficient utilisation of buses. Bid B is the only bid that offers a revised network of services.

8.

### ***Commentary on Bids***

8.1

**Anglian Coaches.** The primary concern regarding this bid is the low level of Staff costs included compared with the other bids and the 'shadow' bid. The variation from the three other bids that include allowance for the 2001 pay award between £ and £ and is £ short of the 'shadow' bid. This is a significant understatement of the actual likely costs therefore, equal at least to the operators profit element.

8.2

If this element were to prove in practice to be so understated the operation would not be viable with all the implications that that would entail. Otherwise the bid provides for 45 new vehicles, 40 large and 5 medium size which is reasonably reflected in the vehicles cost element. These additional vehicles would represent at least a doubling of the operator's current scale of operation. General costs at £ appear understated compared with all other bids whilst the % profit on turnover sought is 15%, at the high end of the spectrum. Service variation costs are at the lower end of the scale. The total bid price of £ appears to be unfeasibly low.

- 8.3 **Connex Bus UK.** The only bid that has not required an adjustment to the figures submitted. Staff at £ , and vehicle costs at £ , for a fleet of 43 new vehicles, are entirely reasonable. Premises costs of £ are above other bids but general costs of £ are correspondingly low. The profit margin of 8.8% is the lowest of any bidder. It is in line with the margin allowed by Transport for London on their London operations. Service variation costs are comparatively expensive. A total bid price of £ is deserving of further consideration.
- 8.4 **Dunn-Line.** Staff costs of £ are within the middle of the range. Vehicle costs at £ are below those of other bidders and for a fleet of 38 appear low. These costs are however for new large size vehicles, sourced from outside the UK (the company is a UK sales agent for the brand proposed). Premises and general costs are unexceptional. A mid-range profit of 12% on turnover is sought. Service variation costs are at the lower end of the range. The total bid price of £ is deserving of further consideration.
- 8.5 **Jersey Bus.** The highest staff costs of all bidders, £ reflecting the freestanding nature of the bid, unlinked to schools work as at present. The lowest vehicle costs for new vehicles in a fleet total of 45. Premises costs at £ are the lowest of any bidder. General costs at £ are above average. A mid-range profit margin of 12% is required. Service variation costs are comparatively expensive. The total bid price of £ is not the lowest but is based on experience of actual operating costs on the island.
- 8.6 **Southern Vectis.** The staff costs of Southern Vectis do not include an allowance for the 2002 pay award. Uplifted by 5% these would be £ , in the middle of the range of staff costs. Vehicle costs are, at £ at the top of the range, representing the provision of 42 new vehicles. Premises costs at £ are average but general costs at £ the highest of any bidder. Service variation costs for the compliant bid are the lowest of any bid.
- 8.7 This totally compliant bid seeks a profit margin of 23.1%, an unrealistic expectation, resulting in an exceptionally high total bid price of £ . The marginally non-compliant bid that seeks to negotiate away a number of conditions may be acceptable and is included for comparative purposes, here the cost structure is identical but seeks to return a more modest 9.5% profit which reduces the total bid price to £ . This bid is the highest received.
- 8.8 Southern Vectis have also submitted a radically non-compliant bid at £ , but with one of the highest service variation costs. A full assessment of this non-compliant bid is provided as a separate Technical Note attached.

## **9. Conclusions and Recommendations**

- 9.1 The conclusions we draw from our examination of the bids is that whilst there are in a number of cases clear grounds for rejection, in a number of instances there is no such clarity. At this stage there is no one bid that emerges clearly as a Preferred Bidder
- 9.2 In the case of Anglian Coaches we are not persuaded that the bid is robust enough in its treatment of costs to give confidence that the contract would be capable of being fulfilled throughout its life at the price submitted. For this major reason we recommend that this bid is rejected despite it being at the lowest price.
- 9.3 The Southern Vectis compliant and marginally non-compliant bids are the most expensive received and do not convey any added advantages over other bids received and thus do not in our opinion merit further consideration. The Southern Vectis totally non-compliant bid, subjected to detailed scrutiny, whilst improving service levels in a number of areas also reduces service levels in other areas without offering any cost advantages to the States.
- 9.4 The bids of Connex Bus UK and Dunn-Line are from companies differing in nature, respectively

multi-national and family owned, similar in current operating size in the UK, around 200 vehicles each, both offering we believe credible bids either of which is capable of being delivered. Both have indicated a willingness to work closely with the States in developing the strategy. Indeed we find it impossible on financial or technical grounds to place one above the other as representing better value.

9.5 Jersey Bus the incumbent operator, whilst more expensive than either Connex Bus UK or Dunn-Line does however have the short term advantage of being the established operator on the island which may ensure a smooth transition from the present to future arrangements. We are not however convinced that the spirit of co-operation, that is essential to the development of a successful partnership arrangement, exists or is possible, between the parties.

9.6 We recommend therefore that presentations by Connex Bus UK, Dunn-Line and Jersey Bus form an additional stage in the decision-making process in order that elected members can satisfy themselves on a number of important areas which are non-quantifiable. These factors may then be weighed with the bid prices in making a decision as to which operator should be taken forward as the Preferred Bidder.

9.7 To this end the areas of questioning, which should be advised in advance to these operators, should include the following:

- how the operator views a contract that is seen by the States as a partnership arrangement and what steps do they intend to take to ensure that this can become a reality;
- the vision that the bidder has for developing the bus services in the island to meet the objectives and aspirations of the States;
- initial thoughts on promoting and marketing bus travel on the island;
- the actual management arrangements that will be put in place should the bidder be successful and the personnel who will be responsible for forging the partnership with the States;
- how they propose to manage the critical transitional period leading up to the commencement of the contract.



**Committee of Inquiry into Tender Process and Award of Bus Service Contract  
Appendix 8 to the Report**

JMT (1987) LTD

INFORMATION EXTRACTED FROM AUDITED ACCOUNTS

	2000	1999	1998	1997
	£'000			
Turnover	3,592	3,591	3,474	3,307
Wages	2,029	1,974	1,803	1,723
Other direct expenses	643	660	596	528
Management fees	249	339		516
Other operating expenses	408	349	329	332
Interest payable	136	137	143	109
Directors' remuneration	95	100	100	100
Rent for weighbridge	137	137	137	137
	3,697	3,696	3,108	3,445
Net profit before tax	-105	-105	366	-138
Add: Management fees	249	339		516
Interest on group loans	47	25	23	1
Adjusted profit	191	259	389	379
Percentage adjusted profit on turn	5.32%	7.21%	11.20%	11.46%
Percentage mark-up on expenses	5.17%	7.01%	12.52%	11.00%
Net receivables (Group)	585,680	315,988	294,410	6,486
Interest @8% on above	46,854	25,279	23,553	519
Fixed assets (net of depreciation)	1,484	1,404	1,576	1,344

Notes:

1. For each year an unqualified audit opinion has been given.
2. Overdraft facilities are secured by multilateral guarantees within the group.
3. Excluded from audited accounts is the remuneration of certain directors.  
A figure from management accounts has been added back in.
4. A commercial rent for the company's Weighbridge premises has been added back in, based on an independent professional assessment.
5. A notional sum has been charged for interest on group borrowings.



**Committee of Inquiry into Tender Process and Award of Bus Service Contract**  
**Appendix 9 to the Report**

Committee of Inquiry into Tender Process  
and Award of Bus Service Contract  
Appendix 9 to the Report

---

**From:** Alan Muir  
**Sent:** 16 March 2002 09:18  
**To:** Robin Hacquoil  
**Subject:** Bus Strategy - Statement & media release

Hi President,

I attach drafts of a Statement and Media release (probably nowhere near the standard of Dep Layzell's) for your comment/approval.



Bus Strategy - media release bus  
STATEMENT 19Mar. strategy - p...

Regards,

*Alan*

Alan Muir  
Director of Traffic & Transportation  
Tel 01534 601319  
Fax 01534 768950  
e-mail a.muir@gov.je

**Tracking:** Recipient  
Robin Hacquoil

## STATEMENT

### TO BE MADE BY THE PRESIDENT OF THE PUBLIC SERVICES COMMITTEE IN THE STATES ON 19TH MARCH, 2002, ON THE BUS STRATEGY AND SELECTION OF THE PREFERRED OPERATOR

On 31st July, 2001, the States approved the Bus Strategy (P.104/2001) as submitted by the Public Services Committee and amended by the Industries Committee.

When the Bus Strategy was approved the States –

- (a) agreed that competitive bids for the operation of the Island's bus services should be sought from operators able to demonstrate appropriate experience in operating regulated bus services based on a minimum service specification governed by a Service Level Agreement between the operator and the Committee or any other body appointed by the States to regulate and licence bus services;
- (b) agreed that a licence should be awarded to the operator which best fulfils the specification and which is prepared to work in partnership with the States to enhance the quality of bus services in the Island;
- (c) charged the Public Services Committee to prepare and present to the States for approval amendments to the Motor Traffic (Jersey) Law 1935, as amended, and any other legislation as appropriate, to give effect to the strategy and, in particular, to transfer the licensing and regulatory functions of the Committee to the Jersey Competition Regulatory Authority;
- (d) requested the Public Services Committee to investigate, and bring to the States for approval, proposals to provide for public subsidies for bus services where required in such a manner as to provide transparency and an assurance that value for money is being obtained;
- (e) requested the Public Services Committee –
  - (i) to consult with Committees of the States, parish authorities, local bus user groups and other interested organisations in order to ensure that bus services meet the needs of the travelling public; and
  - (ii) to monitor the effectiveness of bus operations, set targets for increasing bus usage, and publish regular reports on the implementation of the bus strategy.

Since last July, when the Bus Strategy was approved, the Public Services Committee and the Bus Strategy Steering Group have worked diligently to meet the above objectives, set by the States. Today, I am pleased to announce that we have achieved certain very important milestones.

Firstly, the necessary changes to legislation have been prepared and are being lodged today for the States' approval. Subject to that approval, the draft Motor Traffic (No. 8) (Jersey) Regulations 200 will give effect to the Bus Strategy and leave the way free for the States to be proactive in providing quality transportation services.

Last November, my predecessor as President, advised the States that the process of seeking competitive bids was underway and that twenty-nine bus operators had responded to adverts in the Jersey Evening Post and United Kingdom and European journals, expressing interest in operating the Island's bus network. He also advised the States that thirteen companies had pre-qualified to receive tender documents.

Since that time, tender documents have been issued the thirteen companies and bids have been received from five of these companies.

Those five bids were received on 18th February. Since then, the Committee, the Steering Group and our consultants have been evaluating the bids. The five operators who submitted bids were –

- Anglian Coaches Ltd.;
- Connex Bus U.K. Ltd.;
- Dunn-Line (Holdings) Ltd.;
- Jersey Bus (JMT 1987 Ltd.); and
- Southern Vectis plc.

The bids ranged in value from £3,945,333 to £5,428,000. The “shadow” bid prepared by the consultants amounted to £5,090,950, indicating that the tenders were competitive. Following a rigorous initial assessment, which involved face-to-face interviews between each of the operators and the consultants to verify and clarify aspects of each bid, the Committee selected a short-list of three operators to be interviewed by the Bus Strategy Steering Group. The short-listed operators were –

- Connex Bus U.K. Ltd.;
- Dunn-Line (Holdings) Ltd.; and
- Jersey Bus (JMT 1987 Ltd.).

On 15th March, each of these operators presented their proposals to the Steering Group and answered questions on their proposals and other important issues. The Steering Group was impressed by the quality of the presentations and the obvious amount of effort that had been put into preparing the tenders. However, one operator stood out as offering the greatest opportunity to forge a partnership and provide significant improvements in services during the course of its licence. The Steering Group unanimously chose to recommend Connex Bus U.K. Ltd. as the preferred operator. Subsequently, the Committee endorsed the recommendation and I am pleased to inform the House, that this operator has been selected as the Committee’s preferred operator and will be awarded the licence to operate services in the Island for the next seven years.

I appreciate that there may be some anxiety amongst the current employees of Jersey Bus, however, I would confirm that it is a condition of the contract that the permanent drivers, maintenance, cleaning and administrative support staff are employed by the new operator on the same terms and conditions that they enjoy with Jersey Bus. The Transport and General Workers Union and Jersey Bus staff are aware that these conditions are written into the contract. I would also add that the representatives from Connex were anxious to ensure that the services of existing staff was secured and that they will be visiting the Island shortly to meet the staff and provide information on the process of transferring employment to Connex.

Connex has a vast amount of experience throughout the world, however, much of the experience that will be used and developed in Jersey has been gained in France, particularly, Dieppe, Le Havre and Rouen and in London where Connex has recently been developing its U.K. bus business. Over the coming months, Connex will be making themselves known in the Island and showing what they will be offering us as the new operator of bus services in the Island.

In order that the Committee can provide further details on the process that has been gone through and details of the specification upon which the bids were made, there will be presentations in the Members’ Room of the Société Jersiaise, tomorrow morning. The first presentation at 9.15 a.m. will be exclusively for representatives of the media. At 10.30 a.m., there will be a further presentation to which all Members of the House are invited as are members of the public, in particular, bus users. I hope that as many people as possible will attend to hear details of the process that has been followed. Our consultants will make the presentation and I and other members of the Committee will be available to answer questions.

Finally, I would like to thank the Directors and staff of Jersey Bus for providing bus services in the Island for the past thirty or so years sometimes in very difficult circumstances. Over the remaining six or so months of the current licence, I am sure the loyalty Directors and management team have shown to the Island will continue and they will co-operate in the transition period, particularly in ensuring that the loyal staff can look forward to a secure future with the new operator.

**MEDIA RELEASE**  
**PUBLIC SERVICES COMMITTEE**

**THE BUS STRATEGY – SELECTION OF THE PREFERRED OPERATOR**

Since the States approved the Bus Strategy in July, 2001, the Public Services Committee and the Bus Strategy Steering Group have been working with consultants Halcrow to meet the objectives set by the States, namely seeking competitive bids from experienced bus operators so that a licence can be awarded to the operator who best meets the specification and is prepared to work in partnership with the States to enhance the quality of bus services in the Island.

By placing adverts in the Jersey Evening Post and journals in the U.K. and Europe late last year, the Committee sought expressions of interest from experienced bus operators for running the bus service in Jersey. Twenty-nine operators from the U.K., France and Ireland, indicated interest following which thirteen operators pre-qualified to receive tender documents and submit bids.

The documents seeking bids included a specification to improve the quality of buses, reinstate all the routes that existed in 2000 and generally improve the standards of operation. The successful operator will be offered the licence to operate bus services in the Island for seven years commencing at the end of September, this year. It is a condition of the contract between the successful operator and the States that the permanent members of staff of the current operator, Jersey Bus, including drivers, mechanics, cleaners and administration staff, will all be employed by the new operator on their current terms and conditions.

Five bids were received by the closing date of 18th February. Since then, the Committee, the Bus Strategy Steering Group and consultants, Halcrow, have been assessing the bids. The final three short-listed operators were interviewed on Friday.

Following the presentations and interviews, last Friday, the Bus Strategy Steering Group made its recommendation to the Public Services Committee. The President of the Public Services Committee, Deputy Robin Hacquoil, confirmed in the States, today, that his Committee has selected **Connex** as its preferred operator.

Connex is a major transport provider with operations throughout the world in trains, light rail and subways as well as buses. They operate in many parts of Europe and many Islanders may have experienced their operations in Rouen, Le Havre or Dieppe. In the past few years, they have become a significant presence in London and have received plaudits from Transport for London. (Further details about Connex can be obtained from Mr. Dennis Ord, Business Development Director, 07801 832701.)

Over the coming weeks and months, Connex will be meeting the staff from Jersey Bus and representatives of the Transport and General Workers Union and providing information on the process of transferring employment to Connex and the opportunities that will arise from working with that company. They will also be providing further information on the services that will be provided.

Deputy Hacquoil thanked the Directors and staff of Jersey Bus for providing loyal service to the Island over the past thirty years.

(Deputy Hacquoil and Roger Childs from the Committee's consultants, Halcrow, will give more details on the procurement and selection process in a presentation to all media representatives which will be held at 09.15., in the Members' Room at the Société, Pier Road, tomorrow, 20th March. A presentation to States Members and any members of the public who wish to attend, will follow, in the same location, at 10.30.)

**Committee of Inquiry into Tender Process and Award of Bus Service Contract  
Appendix 10 to the Report**

Committee of Inquiry into Tender Process  
and Award of Bus Service Contract  
Appendix 10 to the Report

**Robin Hacquoil**

**From:** Alastair Layzell  
**Sent:** 15 March 2002 17:35  
**To:** Robin Hacquoil  
**Subject:** Press Release

Robin

While it is fresh in my mind I dashed off this draft press release which may form the basis of yours. I know how much civil servants dislike politicians doing their job but time is tight and it is imperative, in my view, to get across the right message.

**PRESS RELEASE**

**PUBLIC SERVICES COMMITTEE SELECTS PREFERRED BUS OPERATOR**

Connex Bus, a subsidiary of the French giant Vivendi, has been selected as the preferred operator of Jersey's bus network from October. The decision by the Public Services Committee will mean the appearance of a fleet of new low-floor buses with disabled access on the Island's roads and an aggressive marketing campaign to persuade more people to use public transport.

Connex, which has an annual turnover of £20 million, will bring to Jersey experience gained in running bus networks of similar size in Paris, Rouen, Dieppe, Le Havre and Montlucon. In the United Kingdom it operates over 200 buses and employs 600 staff.

Public Services' president Deputy Robin Hacquoil said his committee was impressed by the response of Connex to the invitation to tender. "They are promising to bring us the kind of flair and innovation we have been looking for in order to revolutionise Jersey's public transport system."

Connex was one of three companies which reached the final stage of the tender process. All were asked to detail the cost of running a comprehensive network using modern buses and state-of-the-art information technology to provide an improved service to passengers. The contract will be for seven years, with an option to renew, and the additional costs of the first year of operation are being supported by the Finance and Economic Committee.

(possible quote from Frank Walker or Derek Maltwood)

Honouring an agreement reached last year, Connex will take on <sup>permanent</sup> drivers <sup>and other staff employed by</sup> currently working for Jersey Bus which, despite being short-listed, was unsuccessful in its bid for the contract. <sup>Staff leaving staff will be invited to re-join at under terms and conditions of employment currently in force.</sup>  
Deputy Hacquoil said: "It is important to remember that Connex has 'preferred operator status' and the contract cannot be signed until the (insert full title of regulations) have been approved by the States. We hope this will happen on 9th April. Meanwhile, the Committee and Connex will be talking to the Transport & General Workers Union, the Bus Users Forum and States Members to explain its decision in more detail."

Ends

(annotated by Deputy Hacquoil)

Editors: for more details please call:

Public Services. Alan Muir, Full title. Tel:

Connex Bus UK. Geoff Harrison-Mee, Managing Director or Dennis Ord, Business Development Director Tel: 0208 665 9171





**Committee of Inquiry into Tender Process and Award of Bus Service Contract  
Appendix 11 to the Report**

18-MAR '02 (MON) 17:31 PUBLIC SERV DEPT

TEL:01534 768950

P. 001



ASM/mhv35/9

18 March 2002

M Cotillard, Esq  
Finance Director  
Jerseybus  
2/4 Caledonia Place  
St Helier  
Jersey  
JE2 3NG

By Fax

Dear Mr Cotillard

**Bus Strategy – Preferred Operator**

I advised you when you made your presentation on Friday that I would be informing you on Tuesday morning, 19 March 2002, of the bus operator whom we had chosen. However, I have been advised today by the Solicitor General of the States, that the Motor Traffic Regulations which I will be lodging in the Assembly tomorrow in order to amend the 1935 Motor Traffic Law, must be in effect before the Public Services Committee can make its final decision. The aim is to debate the new Regulations on 9 April and, assuming they are approved, they will be effective on 17 April 2002. I would therefore expect to be able to inform you of the results on 17 April.

I very much regret the delay in getting a decision to you, but there seems to be no alternative. I trust that this will not inconvenience you too much. I would welcome your assurance that the delay will not affect your decision to remain as one of the finalists, and would also welcome an indication from you of the likely effect of the delay on the acquisition of new buses and the start of the bus service on 29 September 2002 should you be the bus operator selected.

I look forward to your reply. If you have any questions, please do not hesitate to call Alan Muir on 01534 601319.

Yours sincerely

pc Deputy R Hacquet  
**President of the Public Services Committee**

Deputy Robin Hacquet – President Deputy Philip Ozouf – Vice President  
Constable Simon Crowcroft of St Helier Deputy Celia Scott Warren Deputy Imogen Nicholls



**Committee of Inquiry into Tender Process and Award of Bus Service Contract**

**Appendix 12 to the Report**

**Information on Staff Terms and Conditions**

**Sent to Tenderers on 29th January 2002**

1. 6 Memoranda of Agreement between JMT (1987) Ltd. and the Transport and General Workers Union regarding –
  - (a) Garage Fitters
  - (b) Cleaners
  - (c) Seasonal Drivers
  - (d) Full Time Drivers
  - (e) Fueller
  - (f) Enrolment in Westfield Health Scheme
  
2. Letter dated 10th January 2002 from Mr. A. Muir, Public Services Department to Mr. M. Cotillard, Jersey Bus, citing the Public Services Committee's statement on protection of terms and conditions.

APPENDIX 12

Item 1 (a)



MEMORANDUM OF AGREEMENT BETWEEN  
JMT (1987) LIMITED & THE TRANSPORT AND GENERAL  
WORKERS UNION 4<sup>TH</sup> MARCH 2001

GARAGE FITTERS

RATES OF PAY

£9.932 per hour  
39 hour week = £387.35

OVERTIME RATES OF PAY

Overtime rates of pay will be applicable after the completion of 39 hours. Hours worked prior to normal finishing time and Saturdays will be paid as follows:  
Basic hourly rate x one and a half  
Hours worked on Sunday and Bank Holidays will be paid for at the rate of 2 x basic hourly rate.

PENSION

£766.47

ANNUAL HOLIDAYS

Employees with 12 months continuous service shall be entitled to 4 weeks annual holiday. Employees with 36 months or more continuous service shall be entitled to 5 weeks annual holiday. Holidays must be taken during the period to which they apply.

CONDITIONS OF EMPLOYMENT

Garage staff will cover the fuelling when required to do so.

A handwritten signature in black ink, appearing to read "C. Pickering".

Signed for & on behalf of  
JMT (1987) LTD

A handwritten signature in black ink, appearing to read "N. O'Connell".

Signed for & on behalf of  
THE TRANSPORT & GENERAL  
WORKERS UNION



OUR/REF/ADMA/I

APPENDIX 12

Item 1 (b)



MEMORANDUM OF AGREEMENT BETWEEN  
JMT (1987) LIMITED & THE TRANSPORT AND GENERAL  
WORKERS UNION 4<sup>TH</sup> MARCH 2001

CLEANERS

ORDINARY CLEANERS

£7.60 per hour  
39 hour week = £296.48

OVERTIME RATES OF PAY

Hours worked prior to normal starting time or later than normal finishing time will be paid at the rate of one and a half basic hourly rate. Hours worked on Saturday will be paid for at the rate of one and a half basic hourly rate. Hours worked on Sundays and Bank Holidays will be paid for at the rate of 2 x basic hourly rate.

PENSION

£881.85

HOLIDAY ENTITLEMENT

Employees with 12 months continuous service shall be entitled to 4 weeks annual holiday. Employees with 36 months or more continuous service shall be entitled to 5 weeks annual holiday. Holidays must be taken during the period to which they apply.

A handwritten signature in black ink, appearing to be "P. Liberty".

Signed for & on behalf of  
JMT (1987) LTD

A handwritten signature in black ink, appearing to be "N. O'Connell".

Signed for & on behalf of  
THE TRANSPORT & GENERAL  
WORKERS UNION



001010EPIADMAZ

APPENDIX 12

Item 1 (c)



MEMORANDUM OF AGREEMENT BETWEEN  
JMT (1987) LIMITED & THE TRANSPORT AND GENERAL  
WORKERS UNION 4<sup>TH</sup> MARCH 2001

SEASONAL DRIVERS

RATES OF PAY

Basic 39 hour week at the rate of £8.067 per hour = £314.61  
Spread over pay will be at the basic rate per hour.

OVERTIME RATES OF PAY

- A) Overtime pay within a shift will be paid after completion of 39 hours at a rate of £12.10 per hour.
- B) Overtime pay outside a shift (i.e.) standbys will be paid at the rate of £12.10. This rate is applicable Monday to Saturday.
- C) Employees called in on a standby will be paid a minimum of 3 hours at the above applicable rates.
- D) Hours worked on Sunday will be paid at a rate of £13.44 per hour.  
Guaranteed rest day work will be a minimum of 6 hours and 30 minutes.

PUBLIC HOLIDAYS

Public Holiday pay will be at the rate of £8.067 per hour. A basic 6 hour and 30 minute day = £52.43  
Hours worked on a public holiday will be at the rate of £13.44 per hour. Guaranteed public holiday work will be a minimum of 6 hours and 30 minutes.

HOLIDAY PAY

All seasonal drivers will be entitled to 117 paid holiday hours per annum on a pro rata basis.

A handwritten signature in black ink, appearing to read "C. Pickett".

Signed for & on behalf of  
JMT (1987) LTD

A handwritten signature in black ink, appearing to read "M. Gavenagh".

Signed for & on behalf of  
THE TRANSPORT & GENERAL  
WORKERS UNION



OUR/REF/ADMA/3

APPENDIX 12

Item 1 (d)



MEMORANDUM OF AGREEMENT BETWEEN  
JMT (1987) LIMITED & THE TRANSPORT AND GENERAL  
WORKERS UNION 4<sup>TH</sup> MARCH 2001

FULL TIME DRIVERS

RATES OF PAY

Basic 39 hour week at the rate of £8.067 per hour = £314.65, spread over pay will be at the basic rate per hour.

OVERTIME RATES OF PAY

- A) Overtime pay within a shift will be paid after completion of 39 hours at a rate of £12.10 per hour.
- B) Overtime pay outside a shift (i.e) standby, will be paid at the rate of £12.10 per hour. This rate will be applicable Monday to Saturday.
- C) Employees called in on a standby will be paid a minimum of 3 hours at the above applicable rates.
- D) Hours worked on Sunday will be paid at a rate of £13.44 per hour.  
Guaranteed rest day work will be a minimum of 6 hours and 30 minutes.

PUBLIC HOLIDAYS

Public Holidays will be at the rate of £8.067 per hour. A basic 6 hour and 30 minutes day = £52.43. Hours worked on a public holiday will be at a rate of £13.44 per hour. Guaranteed public holiday work will be a minimum of 6 hours and 30 minutes.

HOLIDAY PAY

Employees who have completed 12 months continuous service will be entitled to 5 weeks annual holiday at £314.61 per week plus a holiday bonus of £46.98. Making a total of £361.59 per week. In the future the holiday pay will not be used as a basis for a basic weeks pay.

SICK PAY

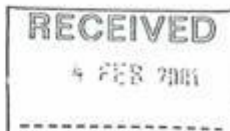
Sick pay will be at the rate of £314.61 per week. Employees over the age of 65 will not be entitled to sick pay.

PENSION

£881.85

Signed for & on behalf of  
JMT (1987) LTD

Signed for & on behalf of  
THE TRANSPORT & GENERAL  
WORKERS UNION



OUI/REF/ADMA4



APPENDIX 12

Item 1 (e)



MEMORANDUM OF AGREEMENT BETWEEN  
JMT (1987) LIMITED & THE TRANSPORT AND GENERAL  
WORKERS UNION 4<sup>TH</sup> MARCH 2001

FUELLER

The guaranteed working week will consist of 39 hours. During the summer season the fueller will work on 7 days per week. During the winter season the fueller will work on 6 days per week. The annual salary WILL BE £22,549.80

52 Weeks @ £433.65

HOLIDAY ENTITLEMENT

Employees with 12 months or more continuous service will be entitled to 4 weeks annual holiday. Employees with 36 months or more continuous service will be entitled to 5 weeks annual holiday.

PENSION

£881.85

A handwritten signature in black ink, appearing to be "C. P. P. P.", written in a cursive style.

Signed for & on behalf of  
JMT (1987) LTD

A handwritten signature in black ink, appearing to be "N. O'Connell", written in a cursive style.

Signed for & on behalf of  
THE TRANSPORT & GENERAL  
WORKERS UNION



OUR/REF/ADMA/5



APPENDIX 12

Item 1 (f)



MEMORANDUM OF AGREEMENT BETWEEN  
JMT (1987) LIMITED & THE TRANSPORT AND GENERAL  
WORKERS UNION 1st MARCH 2001

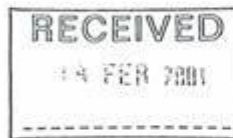
From the 1<sup>st</sup> March 2001 all permanent full time staff are to be enrolled in the Westfield Health Scheme (company contribution £4.20 per person per week).

A handwritten signature in black ink, appearing to be "C. H.", written over a horizontal line.

Signed for & on behalf of  
JMT (1987) LTD

A handwritten signature in black ink, appearing to be "A. Davern", written over a horizontal line.

Signed for & on behalf of  
THE TRANSPORT & GENERAL  
WORKERS UNION



OUR/REF/ADMA/6

APPENDIX 12

Item 2

Our Ref: ASM/dh/35  
Your Ref: 10<sup>th</sup> January 2002

M Cotillard Esq  
Finance Director  
Jersey Bus  
2/4 Caledonia Place  
ST HELIER  
JE2 3NG



P.O. Box 412, States Offices,  
South Hill, St. Helier, Jersey  
JE4 5UY, Channel Islands  
Telephone 01534 601690  
South Hill Fax 01534 768950  
Bellocanne Fax 01534 733578  
La Collene Fax 01534 727041

Dear Mike

**BUS STRATEGY - TENDER DOCUMENTS  
TERMS OF EMPLOYMENT FOR EXISTING STAFF**

---

Following representations from the T&G, the Public Services Committee undertook, when seeking tenders to operate the Island's bus service, that:-

*"The tender documents will require tenderers to submit proposals that ensure the same terms and conditions of employment as apply at the 1<sup>st</sup> August 2001 are maintained until such time that the proposed new Jersey Employment Legislation comes into force. This will apply to all the permanent drivers and permanent support staff employed by Jersey Bus immediately prior to the start of the contract with the preferred operator. It is also conditional on the Public Services Committee being provided with a copy, on a confidential basis, of the full Agreement on the Terms and Conditions of Employment for the staff of Jersey Bus that apply at the 1<sup>st</sup> August 2001."*

The tender documents are due to be issued by our consultants, Halcrow, next week. To comply with the above undertaking, it will be necessary to provide sufficient detail of the existing staffing levels and terms of employment to allow each tenderer to incorporate this in their proposals and tender.

Previously, you have agreed to details of the agreement between Jersey Bus and its staff to be passed by the T&G to Public Services. I should be grateful if you would accept that this information, in respect of permanent drivers and permanent support staff, can be incorporated in the tender documents. The information would only be issued to those companies who have been selected to tender and would be covered by the normal confidentiality clauses in such tender documents.

As I mentioned above, the tender documents are to be issued next week, I should be grateful, therefore, for your approval by return.

Yours sincerely

**A S MUIR  
DIRECTOR OF TRAFFIC AND TRANSPORTATION**

**Committee of Inquiry into Tender Process and Award of Bus Service Contract**

**Appendix 13 to the Report**

**Connex Staff Contract Documents**

- 1. Collective Agreements between Connex Transport Jersey Ltd. and The Transport and General Workers Union in relation to –**
  - (a) Permanent Full Time Bus Drivers
  - (b) Temporary Bus Drivers
  - (c) Fuellers
  - (d) Cleaners
  - (e) Fitters.
- 2. Specimen Statement of Employment Terms**
- 3. Employee Handbook**

## COLLECTIVE AGREEMENT

Item 1 (a)

## BETWEEN

CONNEX TRANSPORT JERSEY LTD (the "Company")

&amp;

THE TRANSPORT &amp; GENERAL WORKERS UNION (JERSEY DISTRICT) (the "Union")

## IN RELATION TO

PERMANENT FULL TIME BUS DRIVERS ("Drivers")

This agreement is a summary only of the terms and conditions of employment for Drivers. Full details of the terms and conditions of employment for Drivers can be found in section two of the Company's Employee Handbook (the "Handbook") and the statement of employment terms issued to each Driver in accordance with the law (the "Statement"). The Statement and section two of the Handbook together form the Contract of Employment for Drivers.

In the case of inconsistency between this agreement and the Contract of Employment, the Contract of Employment shall prevail.

**Hours of work**

39 hours per week (Monday - Saturday inclusive) on a rotating shift basis. Drivers may be required to work on Sundays or on bank or public holidays.

**Salary**

£8.43 per hour less social security and other authorised deductions.

**Overtime**

Within a shift: £12.64 per hour after completion of 39 hours per week.

Standby: £12.64 per hour. Drivers will be paid a minimum of 3 hours when on standby but must work for up to 4 hours.

Any work on a Sunday: £14.04 per hour.

Any work on a bank or public holiday: Drivers who work on a bank or public holiday will be paid 7 hours at basic rate plus payment for those hours actually worked at £14.04 per hour. Drivers who do not work the bank or public holiday will be paid 6.5 hours at basic rate.

**Shift Allowance**

A shift allowance of £8 per rostered shift worked will be paid to each Driver in accordance with the provisions of the Handbook.

**Performance Allowance**

A performance allowance of £4 per rostered shift worked will be paid to each Driver in accordance with the provisions of the Handbook.

**Holidays**

Drivers are entitled to 5 weeks annual holiday in each Company holiday year. Holiday will be paid at the rate of £377.86 per week adjusted proportionally according to the number of days taken.

**Pension**

The Company will make an annual payment commencing in September 2003 of £881.85 for the benefit of each Driver into a Connex pension scheme. This payment will be adjusted proportionally according to the number of complete months of service in the year in which employment commences with the Company and the year in which employment is terminated for whatever reason.

Signed for and on behalf  
of the Company



Date 24.11.02

Signed for and on behalf of  
the Union



Date 24 Sept 02

## COLLECTIVE AGREEMENT

Item 1 (b)

BETWEEN

CONNEX TRANSPORT JERSEY LTD (the "Company")

&amp;

THE TRANSPORT &amp; GENERAL WORKERS UNION (JERSEY DISTRICT) (the "Union")

IN RELATION TO

TEMPORARY BUS DRIVERS (" Seasonal Drivers")

This agreement is a summary only of the terms and conditions of employment for Seasonal Drivers. Full details of the terms and conditions of employment for Seasonal Drivers can be found in section two of the Company's Employee Handbook (the "Handbook") and the statement of employment terms issued to each Seasonal Drivers in accordance with the law (the "Statement"). The Statement and section two of the Handbook together form the Contract of Employment for Seasonal Drivers.

In the case of inconsistency between this agreement and the Contract of Employment, the Contract of Employment shall prevail.

**Hours of work**

39 hours per week (Monday - Saturday inclusive) on a rotating shift basis. Seasonal Drivers may be required to work on Sundays or on bank or public holidays.

**Salary**

£8.43 per hour less social security and other authorised deductions.

**Overtime**

Within a shift: £12.64 per hour after completion of 39 hours per week.

Standby: £12.64 per hour. Seasonal Drivers will be paid a minimum of 3 hours when on standby but must work for up to 4 hours.

Any work on a Sunday: £14.04 per hour.

Any work on a bank or public holiday: Seasonal Drivers who work on a bank or public holiday will be paid 7 hours at basic rate plus payment for those hours actually worked at £14.04 per hour. Seasonal Drivers who do not work the bank or public holiday will be paid 6.5 hours at basic rate.

**Shift Allowance**

A shift allowance of £8 per rostered shift worked will be paid to each Seasonal Driver in accordance with the provisions of the Handbook.

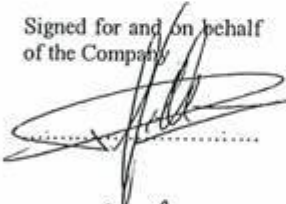
**Performance Allowance**

A performance allowance of £4 per rostered shift worked will be paid to each Seasonal Driver in accordance with the provisions of the Handbook.

**Holidays**

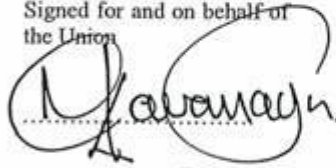
Seasonal Drivers are entitled to 117 paid holiday hours in each Company holiday year adjusted proportionally for the number of complete months worked.

Signed for and on behalf  
of the Company



Date 24.09.02

Signed for and on behalf of  
the Union



Date 24<sup>th</sup> Sept. 02



**COLLECTIVE AGREEMENT**

**BETWEEN**

**CONNEX TRANSPORT JERSEY LTD (the "Company")**

**&**

**THE TRANSPORT & GENERAL WORKERS UNION (JERSEY DISTRICT) (the "Union")**

**IN RELATION TO**

**FUELLERS**

This agreement is a summary only of the terms and conditions of employment for Fuellers. Full details of the terms and conditions of employment for Fuellers can be found in section two of the Company's Employee Handbook (the "Handbook") and the statement of employment terms issued to each Fueller in accordance with the law (the "Statement"). The Statement and section two of the Handbook together form the Contract of Employment for Fuellers.

In the case of inconsistency between this agreement and the Contract of Employment, the Contract of Employment shall prevail.

**Hours of work**

39 hours per week (Monday - Saturday inclusive) on a shift basis. Fuellers may be required to work on Sundays or on bank or public holidays.

**Salary**

£23,564.54 per annum less social security and other authorised deductions.

**Holidays**

Fuellers with between 12 months and 36 months service are entitled to 4 weeks annual holiday in each Company holiday year. Fitters with over 36 months service are entitled to 5 weeks annual holiday in each Company holiday year.

**Pension**

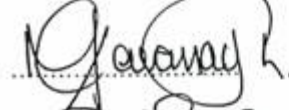
The Company will make an annual payment commencing in September 2003 of £881.85 for the benefit of each Fueller into a Connex pension scheme. This payment will be adjusted proportionally according to the number of complete months of service in the year in which employment commences with the Company and the year in which employment is terminated for whatever reason.

Signed for and on behalf  
of the Company



Date 26.11.2002.09

Signed for and on behalf of  
the Union



Date 24th Sept 02



COLLECTIVE AGREEMENT

Item 1 (d)

BETWEEN

CONNEX TRANSPORT JERSEY LTD (the "Company")

&

THE TRANSPORT & GENERAL WORKERS UNION (JERSEY DISTRICT) (the "Union")

IN RELATION TO

CLEANERS

This agreement is a summary only of the terms and conditions of employment for Cleaners. Full details of the terms and conditions of employment for Cleaners can be found in section two of the Company's Employee Handbook (the "Handbook") and the statement of employment terms issued to each Cleaner in accordance with the law (the "Statement"). The Statement and section two of the Handbook together form the Contract of Employment for Cleaners.

In the case of inconsistency between this agreement and the Contract of Employment, the Contract of Employment shall prevail.

**Hours of work**

39 hours per week (Monday - Friday inclusive) on a shift basis. Cleaners may be required to work on Saturdays, Sundays or on bank or public holidays.

**Salary**

£7.95 per hour less social security and other authorised deductions.

**Overtime**

Overtime rates of pay will only apply once 39 hours have been completed in each week.

Work prior to normal starting times and after normal finishing times and on a Saturday: One and a half times basic hourly rate.

Any work on a Sunday or bank or public holiday: Two times basic hourly rate.

**Holidays**

Cleaners with between 12 months and 36 months service are entitled to 4 weeks annual holiday in each Company holiday year. Cleaners with over 36 months service are entitled to 5 weeks annual holiday in each Company holiday year.

**Pension**

The Company will make an annual payment commencing in September 2003 of £881.85 for the benefit of each Cleaner into a Connex pension scheme. This payment will be adjusted proportionally according to the number of complete months of service in the year in which employment commences with the Company and the year in which employment is terminated for whatever reason.

Signed for and on behalf  
of the Company



Date 24.11.2002

Signed for and on behalf of  
the Union



Date .....

## COLLECTIVE AGREEMENT

## BETWEEN

CONNEX TRANSPORT JERSEY LTD (the "Company")

&amp;

THE TRANSPORT &amp; GENERAL WORKERS UNION (JERSEY DISTRICT) (the "Union")

## IN RELATION TO

## FITTERS

This agreement is a summary only of the terms and conditions of employment for Fitters. Full details of the terms and conditions of employment for Fitters can be found in section two of the Company's Employee Handbook (the "Handbook") and the statement of employment terms issued to each Fitter in accordance with the law (the "Statement"). The Statement and section two of the Handbook together form the Contract of Employment for Fitters.

In the case of inconsistency between this agreement and the Contract of Employment, the Contract of Employment shall prevail.

**Hours of work**

39 hours per week (Monday - Friday inclusive) on a shift basis. Fitters may be required to work on Saturdays, Sundays or on bank or public holidays.

**Salary**

£10.38 per hour less social security and other authorised deductions.

**Overtime**

Overtime rates of pay will only apply once 39 hours have been completed in each week.

Work prior to normal starting times and after normal finishing times and on a Saturday:	One and a half times basic hourly rate.
---	---

Any work on a Sunday or bank or public holiday:	Two times basic hourly rate.
---	------------------------------

**Holidays**

Fitters with between 12 months and 36 months service are entitled to 4 weeks annual holiday in each Company holiday year. Fitters with over 36 months service are entitled to 5 weeks annual holiday in each Company holiday year.

**Pension**

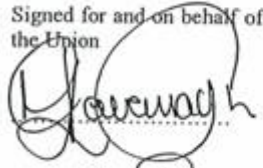
The Company will make an annual payment commencing in September 2003 of £766.47 for the benefit of each Fitter into a Connex pension scheme. This payment will be adjusted proportionally according to the number of complete months of service in the year in which employment commences with the Company and the year in which employment is terminated for whatever reason.

Signed for and on behalf  
of the Company



Date 24.11.02

Signed for and on behalf of  
the Union



Date 24.11.02

## Connex Transport Jersey Ltd (the "Company")

## Item 2

## Statement of Employment Terms

This document, together with section two of the Employee Handbook (the "Handbook") constitutes your terms and conditions of employment with the Company together with any other documentation which may be produced and distributed from time to time by or for and on behalf of the Company and which is stated to be contractually binding upon you (the "Contract of Employment"). The Contract of Employment constitutes the written statement of your terms and conditions of employment which the Company is required by law to give you.

In the case of inconsistency between the Statement of Employment Terms and the Handbook, the Statement of Employment Terms shall prevail.

<b>Employer Name:</b>	Connex Transport Jersey Ltd				
<b>Employer Address:</b>	c/o 22 Grenville Street, St Helier, Jersey, JE4 8PX or such other address as shall be notified to you from time to time.				
<b>Employee Name:</b>					
<b>Job Title:</b>	Permanent full time bus driver.				
<b>Start Date:</b>	29 September 2002				
<b>Start date for continuous employment purposes:</b>	31 October 1988				
<b>Place of Work:</b>	Your normal place of work is St Helier, Jersey. You may be required to work on a temporary or permanent basis at different place in order to cover operational requirements.				
<b>Hours of Work:</b>	You will be required to work 39 hours per week (Monday - Saturday inclusive) on a rotating shift basis. There are five types of shift: early, afternoon, day, late and split.  You may be required to work on Sundays and bank and public holidays should insufficient volunteers come forward to cover the duties required. Drivers will be selected to work on such days according to their seniority within the Company.				
<b>Salary:</b>	£8.43 per hour less social security and other authorised deductions				
<b>Overtime:</b>	<table> <tr> <td>Within a shift:</td> <td>£12.64 per hour will be paid after completion of 39 hours per week.</td> </tr> <tr> <td>Standby:</td> <td>£12.64 per hour. This rate is applicable</td> </tr> </table>	Within a shift:	£12.64 per hour will be paid after completion of 39 hours per week.	Standby:	£12.64 per hour. This rate is applicable
Within a shift:	£12.64 per hour will be paid after completion of 39 hours per week.				
Standby:	£12.64 per hour. This rate is applicable				

Monday to Saturday inclusive. You will be paid a minimum of 3 hours at the applicable rate when on standby but you must be prepared to work up to four hours as requested by the Duty Supervisor.

Any work on a Sunday: £14.04 per hour.

Any work on a bank or a public holiday: If you work on a bank or public holiday you will be entitled to payment of 7 hours at basic rate plus payment for those hours actually worked on the bank or public holiday which will be paid at the rate of £14.04 per hour. However you will be paid a minimum of 6 hours and 30 minutes at £14.04 per hour for work on a bank or public holiday.

If you do not work on a bank or public holiday, you will be paid 6 hours and 30 minutes at basic rate.

**Shift Allowance:**

A shift allowance of £8 per shift will be paid in accordance with the Handbook.

**Performance Allowance:**

A performance allowance of £4 per day will be paid in accordance with the Handbook.

**Payment of Salary:**

Weekly in arrears for the preceding week. Payment will be made directly into your nominated bank account on the last working day of each week.

**Holidays:**

Your annual holiday entitlement is 5 weeks. Holiday will be paid at the rate of £377.86 per week adjusted proportionally according to the number of days taken.

Please refer to the provisions of the Handbook for further details.

**Sickness Payment:**

Please refer to the provisions of the Handbook.

**Pension:** The Company will make an annual payment commencing in September 2003 of £881.85 (or such other amount as may be agreed from time to time with you) for your benefit into a Connex pension scheme.

**Westfield Health Scheme:** The Company will pay £4.20 per week (or such other amount as may be agreed from time to time with you) for your benefit into the Westfield Health Scheme (or such other scheme as the Company may decide from time to time).

**Redundancy:** Redundancy will be dealt with in accordance with statutory requirements.

**Maternity Leave:** Please refer to the Company's policy from time to time.

**Disciplinary & Grievance Procedures:** Please refer to the provisions of the Handbook.

**Notice Period:** Either party may terminate your Contract of Employment by giving in writing the minimum period of notice specified in law. These periods are also set out in the Handbook. Notice from either party to the other shall be effective from the date it is given.

**Recognition Agreement:** This is a recognition agreement in place between the Transport & General Workers Union (Jersey District) (the "Union") and the Company. A copy of this is contained in the Handbook. This agreement is not legally binding on either the Company or the Union.

I confirm that I accept and agree to the above.

  
Signed for and on behalf of  
the Company

  
Employee's Signature

Date: 24/09/2002

Date: 20/9/2002

**MR M. B. KAVANAGH**  
REGIONAL INDUSTRIAL ORGANISER  
TRANSPORT & GENERAL WORKERS UNION  
66 NEW STREET  
ST HELIER  
JERSEY  
JE2 3TE

**Item 3**

**Connex Transport Jersey Ltd.**

**Employee Handbook**



## Contents

<b>Section 1: Introduction and Definitions</b>		2
<b>Section 2: Contractual Terms and Conditions</b>	Hours of Duty	6
	Drivers Only – Breaks	6
	Deductions from Wages	7
	Annual Holidays and Holiday Pay	7
	Medical Examination and References	8
	Probationary Period	8
	Warranty as to Possession of a PSV Licence	8
	Health and Safety	9
	Data Protection	9
	Employee Standards	9
	Sickness, Lateness and other Absences	9
	Termination	12
	Reimbursement of Costs of Training	13
	Policies and Procedures	13
	Confidentiality of Information	14
	Sole Employment	14
	Acceptance of Gifts	14
	Personal Details	14
	Changes in your Terms of Employment	14
	Damaging the Business	14
	Governing Law	14
<b>Section 3: Benefits</b>		15
<b>Section 4: Policies and Procedures</b>	Driver Rules	18
	Disciplinary Procedure	20
	Grievance Procedure	24
<b>Schedule One</b>	Recognition Agreement	26

**Section 1**

**Introduction and Definitions**

## Introduction

The purpose of the employee handbook is to provide information to employees about their employment within the Company. It replaces any previous handbook, procedures and policies or contracts of employment or any other documentation which has previously been issued to employees. Information is contained in a number of Sections:

- Section 1: “Introduction and Definitions” explains the various sections of the handbook and their effect and gives an explanation of the various terms used in the handbook.
- Section 2: “Contractual Terms and Conditions” details terms and conditions of employment additional to those set out in the Statement of Employment Terms and forms part of the terms and conditions of employment. In the event of any inconsistency between this Handbook and the Statement of Employment Terms, the Statement of Employment Terms will prevail. Any change to the terms and conditions may be affected as set out in Clause 20 of the handbook.
- Section 3: “Benefits” provides details of benefits available to employees. The information in this section is for guidance and information only and is not part of employees’ terms and conditions of employment. The content is subject to amendment or termination at the Company’s discretion from time to time. However, prior to exercising its discretion, the Company shall consult with the Union.
- Section 4: “Procedures” provides general information on procedures that operate within the Connex Group which employees will be required to follow. These procedures will be reviewed from time to time and employees will be notified of changes as they arise.

## Definitions

Throughout the Handbook, the following words shall have the meanings set out below:

<b>Term</b>	<b>Meaning</b>
the “Company”	Connex Transport Jersey Ltd;
“Connex Group”	the Connex group of companies of which Vivendi Environnement is the holding company;
“Contract of Employment”	the Statement of Employment Terms and Section Two of this Handbook together with any other documentation which may be produced and distributed from time to time by or for and on behalf of the Company and which is stated to be contractually binding upon you;
“Deputy”	means the person (if any) nominated by the relevant person as such or any person nominated to carry out all or any of that relevant person’s role or duties;

<b>Term</b>	<b>Meaning</b>
“Driver”	means anyone driving a bus on a commercial service whether or not this is or forms part of their job title;
“Driver Rules”	means those rules so entitled set out in Section 4 of the Handbook;
“Duty Supervisor”	means the person nominated by the Company as fulfilling that post on each shift;
“General Manager”	means the person employed by the Company as holding that position (whether under this or another title) from time to time and shall include any Deputy;
“Operations Manager”	means the person employed by the Company as holding that position (whether under this or another title) from time to time and shall include any Deputy;
“PSV”	Public Service Vehicle;
“Statement of Employment Terms”	the statement of employment terms issued to each employee; and
the “Union”	means the Transport & General Workers Union (Jersey District).

**Section 2**  
**Contractual Terms and Conditions**

## 1. **HOURS OF DUTY**

Your hours of duty are set out in the Statement of Employment Terms. Sundays and bank holidays are covered on a voluntary basis unless otherwise set out in the employee's Statement of Employment Terms and will be paid in accordance with the rates set out in the Statement of Employment Terms.

You must not alter your appointed hours of duty or exchange shifts with anyone else unless authority has first been obtained from the Operations Manager. Where authority has been obtained to exchange part of a shift then the person taking over must report for duty before the other person leaves.

### **Shift Allowance**

The shift allowance set out in your Statement of Employment Terms will be paid for all rostered shifts worked. The shift allowance will be paid weekly, with your salary, in accordance with the provisions of the Statement of Employment Terms.

### **Performance Allowance**

The performance allowance set out in your Statement of Employment Terms will be paid for every rostered shift worked except in the following circumstances:

- (a) where you fail to complete a rostered shift;
- (b) where you fail to wear the Company's uniform whilst on duty; or
- (c) where you fail to work in accordance with the provisions of the Handbook.

The performance allowance will be paid weekly, with your salary, in accordance with the provisions of the Statement of Employment Terms.

You will be given 7 days written notification of any failure set out in this clause and where you will not receive the performance allowance. You may appeal against the decision not to pay the performance allowance to the General Manager. The General Manager's decision will be final and is separate from any other action which the Company may take for breach of the terms of this Handbook.

## 2. **DRIVERS ONLY – BREAKS**

The maximum period of driving without a break is 5 hours.

The minimum break period for all shifts is 35 minutes.

All meal breaks within shifts are paid at the applicable hourly rate except in relation to split shifts where 45-minutes spread over pay is paid at £8.43 per hour.

You will be entitled to a meal break during your shift. If this break is reduced to less than 30 minutes due to reasons beyond your control (e.g. traffic delays) you should inform the Duty Supervisor who will make arrangements for you to take a 35 minute break following which you should continue work as instructed by the Duty Supervisor.

### 3. **DEDUCTIONS FROM WAGES**

Wages are subject to any deductions which are required by law (including social security deductions) or as agreed with employees (including Union dues) or as a result of any sums due or becoming due to the Company including:-

- any over payments made to you of any remuneration or any payments made by mistake or through any misrepresentation or otherwise;
- any loans or advances made to you in connection with your employment;
- causing or allowing damage to or appropriation of Company property (excluding road traffic accidents save where such road traffic accidents are due to the negligence of the employee or happen as a result of the Driver Rules or any policy or procedure of the Company);
- losses suffered by the Company as a result of your negligence or breach of Company policies or procedures or breach of Driver Rules;
- lost equipment and/or uniforms;
- fines are levied in relation to motor traffic offences or parking violations; and
- deductions in relation to cash shortfalls as set out below.

#### **Drivers Only – Ticket Errors and Cash Shortfalls**

If you issue a ticket in error, you must correct the error and produce the wrongly printed ticket to the Duty Supervisor for signature at the end of your shift. A wrongly-issued ticket, or one previously used, must not be resold under any circumstances.

- (a) You must make up any shortfalls in cash occurring from any of your shifts at the end of that shift.
- (b) Where a shortage or deficiency is found in money for which you are responsible which has not been repaid in accordance with clause (a) above, the Company shall be entitled to recover an amount equal to the amount of the shortage from the remuneration due to you under this agreement.
- (c) For the purpose of this clause:
  - (i) you are responsible for the monies collected for bus fares from passengers
  - (ii) remuneration includes overtime payments.

### 4. **ANNUAL HOLIDAYS AND HOLIDAY PAY**

#### **Leave entitlement**

The Company's holiday year runs from 1 October to 30 September. Your full entitlement to annual leave is set out in the Statement of Employment Terms. Your holiday entitlement will be adjusted proportionally in the year in which employment commences and terminates for whatever reason.

Probationary employees are entitled to annual leave after the completion of three months continuous employment on the basis of one-twelfth of the annual quota for each complete calendar month worked.

All annual leave must be taken in the holiday year in which it falls due, otherwise it will be forfeited.

Applications for leave must be submitted to the Operations Manager at least seven days prior to the date for which leave is requested. Travel arrangements must not be made until holidays are authorised by the Operations Manager. A decision on whether the request for leave has been granted or declined will be made within 48 hours of receipt of that request. Late requests under 7 days notice will only be considered, subject to cover being available in exceptional circumstances.

It is your responsibility for ascertaining details of your next turn of duty when resuming work from any leave.

Holiday cannot normally be taken during the notice period although the Company reserves the right to require you to take any unused holiday during the notice period. Your holiday entitlement (adjusted proportionally according to the number of complete months of service worked) will be calculated by the Company and your final salary will include any additions in respect of untaken holiday entitlement. If you have taken more holiday then you are entitled to, the Company will deduct the outstanding amount from your final salary. You shall not be entitled to payment in lieu of untaken holiday entitlement in the event that you are dismissed without notice or if you leave without giving proper notice.

**5. MEDICAL EXAMINATION AND REFERENCES**

Your initial and continued employment by the Company is conditional on passing a medical assessment, which may include medical examination, screening for prohibited drugs, hearing and eyesight tests, carried out by a person authorised by the Company.

The Company reserves the right to require any employee to undergo a medical assessment (including providing any sample or specimen for analysis or screening which the Company may deem necessary or requesting a medical report from your GP or specialist or any independent doctor) at any time (including during or after sickness absence) where, in the opinion of the Company, there is a doubt as to the employee's fitness for duty. Any failure to comply with such assessment or testing or where any test results show that an employee is not fit for duty either temporarily or permanently will be a disciplinary offence which will normally result in dismissal. This agreement constitutes your consent to the conclusions of any screening referred to above being passed to the Company by any authorised person.

Existing PSV holders will not be subject to an initial medical examination either prior to or on commencement of employment. [*For new employees after 29.09.02 only: Your employment is also conditional upon the Company receiving satisfactory references.*]

**6. PROBATIONARY PERIOD – for new employees after 29.09.02 only**

The first twenty-six weeks of your employment with the Company will be treated as a probationary period. You will be notified prior to the expiry of your probationary period whether your employment will become permanent. The Company reserves the right to extend the probationary period.

**7. BUS DRIVERS, INSPECTORS, OPERATIONS MANAGER FITTERS AND FUELLERS ONLY - WARRANTY AS TO POSSESSION OF A PSV LICENCE**

It is necessary that you hold a valid driving licence and a valid public service vehicle (PSV) licence if you are required to drive a bus in service and you agree that if you cease to hold a PSY licence [your driving licence], the Company may terminate your employment immediately without notice or payment in lieu of notice. Your PSV licence must be worn at all times whilst you are driving a bus in service so that the number is clearly displayed.



You shall immediately inform the Company:

- (a) If you are prosecuted or if you are to be prosecuted for any road traffic offence
- (b) If your driving licence is endorsed
- (c) If you are disqualified from holding a driving licence.

**8. HEALTH AND SAFETY**

You are required to comply with the responsibilities of employees laid down in the Health and Safety at Work (Jersey) Law, 1989 and agree that you will familiarise yourself with the Company's current policy statement issued pursuant to such law and all other relevant safety procedures which are applicable to you.

**9. DATA PROTECTION**

The Company and its employees will comply with any data protection law in force from time to time.

You hereby give authority and consent for the Company to disclose any relevant information relating to you (including personal details such as your address and contact details) to the Union or the Union representative, where you are a member of the Union, to enable the Union to provide adequate and effective representation when acting on your behalf in any disputed matter.

**10. EMPLOYEE STANDARDS**

You must attend work punctually at all times, be clean and neat in appearance and wear the uniform clothing issued to you at all times whilst on duty. Failure to do this will result in you being sent home to change, which will result in loss of wages.

**11. SICKNESS, LATENESS AND OTHER ABSENCE**

You must advise the Duty Supervisor of your inability to attend for work due to sickness, injury, accident or any other reason at least 1 hour prior to the commencement time of your shift or the time when you are due to commence work. You must state the cause of your absence and give an indication of the time you are likely to resume duty. You must keep in regular contact at intervals agreed with the Operations Manager until you resume work.

**Lateness**

If you report late for any duty (including standby) that starts before 8.30am you will be able to start work provided that you are in time for your second journey. However, there will be a resultant loss in wages. If you report late for any duty (including standby) that starts at 8.30am or later, you will not be able to start work with a resultant loss in wages.

If you are absent or sick from morning shift, day shift or split shift (including where you are on standby for any of those shifts), you must inform the Operations Manager before 12 noon whether you intend to resume work the following day, otherwise your shift will be covered.

If you are absent or sick from an afternoon shift or late shift (including where you are on standby for any of those shifts) you must inform the Operations Manger before 5pm whether you intend to resume work the following day, otherwise your shift will be covered.

If you have been rostered to work a Sunday shift and you fail to report for duty the Saturday prior to that Sunday shift, then you will not be permitted to work on the Sunday.

If you fail to report for duty on a Sunday, you will not be permitted to work on the following two Sundays when work is available for you.

If you fail to report for a Sunday duty you must inform the Operations Manager before 5.00pm if you attend to resume work the following day, otherwise your shift will be covered.

If you fail to report for duty on a bank or public holiday you will only be paid for 3 hours for that day.

If you fail to contact the Company when you are absent, late or sick, you must see the Operations Manager before you can return to work.

If you are absent on a normal working day before or after a bank of public holiday, you will not be entitled to work on the bank or public holiday or to be paid for that day.

### **Sickness or other Illness or Injury Absence**

In the first two days of sickness or other illness or injury absence, or if you do not provide a medical certificate on the third and subsequent days of sickness absence as required below, the following deductions will be made from your wages:

If you are absent from a morning shift due to sickness or other illness or injury: half of your shift will be deducted at the basic hourly rate and half of your shift will be deducted at the applicable overtime rate.

If you are absent from a split or day shift due to sickness or other illness or injury: the time up to the first break of your shift will be deducted at the basic hourly rate and the remainder of your shift will be deducted at the applicable overtime rate.

If you are absent from an afternoon shift or late shift due to sickness or other illness or injury: all of your shift will be deducted at the applicable overtime rate.

If you are absent, due to sickness or other illness or injury, for any shift which would be paid wholly or partly at the applicable overtime rate: the whole or part of your shift for which you would be entitled to be paid overtime will be deducted at the applicable overtime rate.

On the third day of sickness absence you will need a medical certificate signed by your GP or hospital. Further certificates will be requested if you are unable to return to work on the date originally stated on the first certificate. Medical certificates should be sent to the office for the attention of the Operations Manager as soon as possible.

On your return to work you will be required to attend an interview with the Operations Manager to ensure that he is aware of any personal circumstances which have led to absence or if any employee has been absent through sickness that they are fully fit and ready to resume their normal day-to-day duties.

### **Payment for Sickness Absence**

The Company reserves the right to suspend payment for sickness absence at any time if it is found that the proper procedure has not been followed or if sickness absence is found to be excessive or unreasonable. Sick pay will not be paid to you during your probationary period.

During any 12 month period, the Company will normally pay the following sick pay inclusive of statutory sick pay to full time employees once you have been absent for three days or more and provided you surrender your social security benefits to the Company where you are in receipt of such benefit by ensuring that medical certificates

are addressed to the Company or if not, are reimbursed to the Company by you:

Up to 1 year's service	1 week's basic pay in aggregate
After 1 year's service	2 weeks' basic pay in aggregate
2 years' service	5 weeks' basic pay in aggregate
3 years' service	8 weeks' basic pay in aggregate
4 years' service	11 weeks' basic pay in aggregate
5 years' service	14 weeks' basic pay in aggregate
6 years' service	17 weeks' basic pay in aggregate
7 years' service	20 weeks' basic pay in aggregate

Employees over the age of 65 are not entitled to sick pay. All paid sick leave is at the Company's discretion.

In the first and last year of your period of employment, your sick pay entitlement will be adjusted proportionally according to the number of complete months worked. Sickness absence during your notice period is unpaid.

The Company's right to terminate your employment, in accordance with the notice provisions contained herein or otherwise, still applies when you are absent from work through sickness or injury, even if the consequence of the exercise of this right is that the employee will not be able to benefit from the Company's payment for sickness absence provisions or any other benefit provided by the Company. In the event that sickness absence lasts for a period of 26 weeks or more, the Company reserves the right to terminate your employment following a review by an independent doctor or specialist provided always that the decision as to whether or not an employee's employment should be terminated rests entirely with the Company.

#### **Sickness During Leave**

If sickness occurs whilst you are on leave, you are not entitled to additional time off except at the sole discretion of the General Manager and on the production of a medical certificate.

#### **Medical Examinations**

Either during or after sickness absence, the Company reserves the right to request that you undergo a medical examination in accordance with the provisions of Clause 6.

#### **Accidents at Work**

In the event of an accident at work involving personal injury, however minor, details must be reported to the Duty Supervisor as soon as possible thereafter. You should also take note of and report all accidents you witness that occur to employees or members of the public as a result of the Company's operations. Failure to make the necessary report may result in disciplinary action being taken.

**12. TERMINATION**

Except in the circumstances set out below, you are entitled to receive the following notice to terminate your Contract of Employment:

Less than 26 weeks employment	One weeks' notice
Over 26 weeks but less than two years' employment	Two weeks' notice
More than 2 years but less than 5 years employment	Four weeks' notice
More than 5 years but less than 10 years employment	8 weeks' notice
More than 10 years but less than 15 years employment	12 weeks' notice
Fifteen years or more employment	16 weeks' notice

You may terminate your Contract of Employment by giving the following notice:

Less than 26 weeks employment	One week's notice
More than 26 weeks but less than 5 years employment	Two weeks' notice
Five years or more employment	Four weeks' notice

In the event of you leaving the Company without giving the required four weeks' notice, any payment due to you will be forfeited.

Where notice is given by either party to terminate your employment, such notice will run from the day on which it is given.

**Payment in Lieu of Notice**

The Company reserves the right in its absolute and sole discretion when giving notice to you of the termination of your employment, or having received such notice from you, to terminate your employment by paying to you your salary and other contractual entitlements for the relevant period of notice. The Company may exercise this right in respect of the whole or the balance of the notice period which would otherwise be required. The avoidance of doubt, the right of the Company to make a payment in lieu of notice, does not give rise to any right to receive such a payment.

**Dismissal Without Notice**

The Company may terminate your employment with the Company by written notice to operate and take effect from the date of its service for any act of gross misconduct. A non-exhaustive list of examples of conduct which would constitute gross misconduct is contained in the disciplinary procedure set out in Section 4 of this Handbook. In such instances, you shall not be entitled to any further payments (including any holiday pay for holidays accrued but untaken) under this agreement except for salary and other benefits accrued but unpaid as the date of termination. Such termination shall be without prejudice to any remedy which the Company may have against you for the breach or your non-performance of any provisions of this agreement.

**Suspension**

The Company reserves the right to suspend all or any of your duties on such terms as it considers necessary (including a term that you shall not contact or have dealings with any other employee of the Company or to require you to carry out the duties of any other person either in addition to or instead of your usual duties. The Company shall be under no obligation to assign any duties to you and shall be entitled to exclude you from Company premises.

Any employee suspended from duty pending investigation and not exonerated, if not dismissed, may as part of the punishment awarded be deprived of any or all of the salary accruing in respect of the period of suspension as the Company considers just and reasonable.

The Company may suspend an employee without pay for a period to be determined by the Company as a disciplinary measure.

**Return of Property**

On termination of employment for any reason, you shall return immediately to the Company all Company property including without limitation all items of uniform and travel passes. Failure to do so may result in your final wages being withheld or an appropriate amount being deducted from your final wages.

**13. REIMBURSEMENTS OF COSTS OF TRAINING**

Should the Company provide an employee with training in relation to bus driving, and the employee resigns from the Company before the expiry of one year from the date on which the last of the training courses as completed, the employee undertakes to repay the Company the cost of the training.

Such sums as may fall due to the Company by reason of this undertaking may be recovered by the Company in whole or in part by deduction from payment of the final wages or other remuneration due to the employee on termination of the employment.

**14. POLICIES AND PROCEDURES**

The Company has a number of policies and procedures relating to employment and working practices. These policies and procedures ensure that the Company meets its statutory requirements and encompasses best practice and are regarded as very important. The policies and procedures may be revised over time or additional policies and procedures may be developed to reflect best practice and changes to business needs and employees will be advised of these accordingly.

As a condition of your employment you are subject to and are required to comply with the Company's policies and procedures which are for the time being in force, and to become thoroughly acquainted with those policies and procedures relevant to your work.

Failure to follow the requirements set out in the policies and procedures may result in action being taken under the disciplinary procedure which, in the case of gross misconduct could result in dismissal without notice. In specific circumstances, such misconduct may also be a criminal offence for which you would be liable to prosecution.

The policies and procedures are set out in Section 4 of this Handbook and will be updated from time to time.

**15. CONFIDENTIALITY OF INFORMATION**

You shall not, during your employment, or after its termination, disclose to any other person, company or institution any confidential information relating to the Company or its activities except in pursuance of the legitimate business of the Company.

All confidential papers and files should be kept secure. Business matters should not be discussed in public places where they can be overheard.

You should not publish literature, deliver any lecture or make any communication to the press, radio or television relating to the Company business or to any matters with which the Company may be concerned.

**16. SOLE EMPLOYMENT**

You may not engage in any other occupation, profession or business either as director, officer, employee, agent, shareholder, partner, proprietor or otherwise either during or outside your working hours for the Company without first obtaining the written permission of the General Manager.

**17. ACCEPTANCE OF GIFTS**

You may not without the prior written consent of the General Manager accept any gift and/or favour of a substantial nature from any customer, client or supplier of the Company.

**18. PERSONAL DETAILS**

You must ensure that any change of name, address, marital status, number of dependants, relevant qualifications and bank details are notified to the Operations Manager immediately.

**19. CHANGES IN YOUR TERMS OF EMPLOYMENT**

The Company reserves the right to make reasonable changes to any of your terms and conditions of employment in consultation with the Union.

**20. DAMAGING THE BUSINESS**

You shall not take part in or support any activity which damages the interest or image of the Company. More user friendly wording.

**21. GOVERNING LAW**

The law governing this Handbook is the laws of the Island of Jersey.

**Section 3**  
**Benefits**

**1. Westfield Health Scheme**

The Company will enrol employees in the Westfield Health Scheme or such other health scheme as the Company may decide from time to time and will make a weekly payment of £4.20 (or such other amount as may be agreed from time to time with you or as specified in the Statement of Employment Terms.)



**Section 4**  
**Policies and Procedures**

**Driver Rules**

These rules apply to Drivers.

These rules form part of the policies and procedures of the Company and Drivers are required to comply with them.

1. The employee will be responsible for any money or property belonging to the Company.
2. A 5 minute minimum turnaround time at each destination and a 10 minute turnaround time at the bus station is permitted for every service except circular services where there is no destination turnaround time.
3. A sign-on time of 10 minutes prior to departure and a paying-in time of 15 minutes is applicable to all shifts.
4. Change – All staff on behalf of the Company must accept up to £1.55 in copper when offered as a fare.
5. Relief Buses – All relief buses must go over route detailed in both directions unless told otherwise by the Duty Supervisor.
6. School Tickets – Unless advised otherwise by the Duty Supervisor, the school tickets which are provided for use on contract buses must not be accepted on normal bus routes. Children without tickets or money must never be refused transportation.
7. Fares – All travelling passengers must have received a new ticket on entering the bus, or must be in possession of a pass.
8. Driving – When driving a bus with manual gearbox, first gear must always be used to move from stationary.
9. Destination Blinds – Must always show the correct number and destination of where a bus is going. If it is a private or school contract or if the bus is out of service, then show ‘Private’, ‘School’ or ‘Out of Service’.
10. The safety and convenience of the public must be the Driver’s first consideration.
11. Drivers must try to avoid arguments with passengers.
12. Drivers must pay in their day’s takings every day.
13. Any Driver who becomes involved in an accident must notify the police (and ambulance if required), and the Company as soon as possible. Never accept responsibility.
14. All bus defects must be entered on the “Bus Report Sheet” (in the Duty Supervisor’s office). It must also be reported verbally to the Duty Supervisor.
15. The speed limit of a bus in Jersey is 30mph and must not be exceeded. The speed limit within the bus station is 5mph.
16. Standing passengers must not stand forward of the driver’s partition. This is a dangerous practice, especially with children.
17. It is the Driver’s responsibility to ensure that overloading does not occur.

18. Drivers must be on their bus at least five minutes before departure.
19. Drivers must never run ahead of time and attention must be paid to all timing points in the timetable.
20. Destination blinds must always be used properly, indicating the terminus and route number. When parked on a spare stand at the bus station, signs and route numbers must be blanked down.
21. When buses are parked at the bus station for any length of time and in particular overnight, drivers must make sure the windows and doors are closed.
22. All service buses must be parked on their appropriate stands as per running board, unless detailed otherwise.
23. When a Driver is parking up at night he must make sure that all lights, heaters, windscreen wipers etc. are switched off before turning off the main switch.
24. Where fitted, the blind behind the Driver must be kept rolled up during daylight hours.
25. Drivers must not smoke on Company buses. (Please note that this is also prohibited by law).
26. Lost property must be handed to the Duty Supervisor, who will issue a receipt (if required). Lost property will be kept for at least one month before it is available to finder.
27. None of the Company's premises has been granted a permit for gaming, therefore persons gambling do so at their own risk.
28. Drivers must read and observe all notices that are put on the notice boards in the staff canteen. Diversion notices will be posted in case opposite the Duty Supervisor's office.
29. Students (i.e. anyone up to and including eighteen years of age and in full time education) may travel to and from school at a special fare (see timetable). Students not wearing uniform must have a pass allowing travel at the special fare. Students can use a through transfer ticket in the afternoon until 4.45pm. After this time they can still travel at special fare until 6.15pm. (When it occurs that they need to travel after this time, or on Sundays in connection with school activities, then they will need a special pass stating what is involved.)
30. Drivers must always be in possession of a spare roll of tickets.
31. In the case of machine breakdown, or no ticket roll, drivers must use the emergency tickets which have been issued to them.
32. Fare passengers must be issued with a ticket or emergency ticket at all times.

## **Disciplinary Procedure**

### **1. Purpose**

The company aims to ensure that there will be a fair and systematic approach to the application of standards of conduct and performance affecting all employees of the company. To this end, it will ensure that standards are established, performance is monitored and if necessary, employees are given appropriate instruction, training and advice to meet these standards.

### **2. Rules and Instructions**

All employees are required to make themselves fully aware of all Company rules and regulations and to observe and carry out their duties in accordance with these rules and regulations. All employees are also required to carry out reasonable and lawful instructions of Supervisory and Management staff at all times.

### **3. Principles**

- 3a** No disciplinary action will be taken against an employee until the case has been properly investigated.
- 3b** In the case of poor performance the individual will be given the opportunity to improve, including, if appropriate, re-training.
- 3c** At every stage in the procedure the employee will be advised of the details of the allegation made against him/her and will be given the opportunity to state his/her cases before any decision is made.
- 3d** At all stages of formal discipline the employee will have the right to be accompanied by a Union Representative or a Workplace Colleague.
- 3e** No Manager, at any level, may deal with more than one stage of, or perform more than one function in, the disciplinary procedure in respect of a specific case.
- 3f** Prior to a disciplinary hearing, copies of any relevant reports and statements, which would be considered during the hearing, will be made available to the Manager conducting the hearing and to the employee and/or his representative.

### **4. Procedure**

- 4a** Minor breaches of discipline will be dealt with by the employee's immediate Supervisor or Manager, outside the formal procedure. If there is any kind of penalty, the employee will be entitled to representation.
- 4b** An employee has the right to appeal against any formal disciplinary action taken against him. A Manager hearing an appeal, will require in writing the ground(s) on which the disciplinary penalty should be reviewed.
- 4c** An appeal hearing is not normally intended to repeat the detailed investigation of the disciplinary hearing, but to focus on specific factors which the employee feels have received insufficient consideration, examples would be:
  - Severity of award

- Breaches of procedure having a material bearing on the decision
- New evidence subsequently coming to light or disputed evidence

**4d** A decision at an appeal hearing will be final.

## **5. Disciplinary Decisions**

**5a** The following disciplinary decisions may be taken under this procedure and may be recorded on the employee's disciplinary record. In cases other than those that result in dismissal, managers will consider what positive action can be taken to ensure that the individual reaches the required standard.

### **Informal Actions**

- Verbal or written advice

### **Formal Actions**

- Suspension from duty, with or without pay
- Caution
- Final caution
- Dismissal with statutory notice
- Summary dismissal (for gross misconduct or negligence)

It should be noted that the nature of the matter in question will determine which decision is taken and the above actions may not necessarily be taken in order. For example, the Company reserves the right to dismiss an employee summarily without issuing a caution should the employee's conduct merit such action. Repetition of misconduct, whether for the same or unrelated conduct, may also result in escalation of the procedures.

**5b** A disciplinary penalty may also be held in abeyance until consideration of an appeal has been concluded, except in cases of dismissal. Such penalties will be effected immediately but an appeal will be treated as an application for reinstatement. In cases of dismissal with notice, an appeal hearing will be arranged before the notice expires, unless extreme circumstances make it impossible.

## **6. Timetable and Documentation**

**6a** Whenever a disciplinary hearing or appeal is arranged, a minimum of 5 calendar days, notice, or such shorter time as may be agreed between the Manager, the employee and the employee's representative where appropriate, will be given in order to allow the employee to prepare his case, arrange representation and witnesses' attendance.

**6b** An appeal against the outcome of a disciplinary hearing must be submitted within 5 calendar days of the hearing.

**6c** Any decision to impose a disciplinary penalty set in Section 5a will be recorded on the employee's staff record for the time period noted in the penalty. Where there is an appeal against a disciplinary decision no entry will be made on the record until the appeal hearing is concluded.

## **7. Conduct of Disciplinary Hearings and Appeals**

- 7a** A hearing may be temporarily adjourned (for no more than two working days) at the request of either party.
- 7b** The Manager, having conducted the disciplinary hearing will consider all available evidence in reaching a conclusion. If the Manager concludes that the alleged breach of discipline is substantiated he will decide the penalty to be imposed.
- 7c** The employee will be informed of his right of appeal in cases where a formal disciplinary award is made.
- 7d** Prior to an appeal hearing an account of the disciplinary hearing and evidence will be made available to the Manager hearing the appeal, and the employee's representative. If at this stage new evidence is brought forward, it will be open to the manager considering the appeal to refer the matter back to the Manager who held the disciplinary hearing.
- 7e** The decision of the Manager hearing the appeal may confirm, vary (but not increase) or cancel the penalty. It will be announced and confirmed in writing to the employee, together with any appropriate warning as to future conduct.
- 7f** Employees must make every effort to attend any scheduled disciplinary hearing.

## **8. Suspension Pending Disciplinary Hearings**

All suspensions will be reviewed at a special hearing which will be held as soon as possible following suspension, normally at 09.00 hours the next morning except where Saturdays/Sundays/Bank Holidays intervene when the hearing will be held at 09.00 hours on the next available working day.

When an employee is suspended from duty the suspension will normally be with pay (rostered hours) at basic rate pending a disciplinary enquiry. If suspension is continued thereafter it will normally be paid at basic rate of pay pending a disciplinary enquiry. Disciplinary enquiries following suspension review will be held as soon as possible and employees may waive their right to 5 calendar days' notice if they wish.

## **9. Miscellaneous**

### **9a Trade Union Representatives**

No formal disciplinary action will be taken against a recognised trade union representative until the circumstances of the case have been discussed with the Regional District Organiser – Jersey District or his/her nominee. If no full-time official is available for discussion within a reasonable time period a written notification will be sent to the appropriate office of the union 7 calendar days before a disciplinary hearing is held.

### **9b Payment for Attendance at a Disciplinary or Appeal Hearing**

Disciplinary hearings will, wherever possible, be arranged to be heard during the working shift of the member of staff concerned, who will receive normal pay for the duty and be required to work part of his duty prior to or following the hearing. In cases where additional time is worked to attend a formal disciplinary hearing, it will be paid at overtime rate.

Attendance at any appeal hearing will be paid for only if the appeal is successful. If the original penalty is upheld, payment for attendance will not normally be made but is at the discretion of the Manager holding the appeal.

A member of staff nominated to represent an employee at a disciplinary/appeal hearing shall be released from duty for this purpose without loss of pay and will be required to work part of his duty prior to or following the hearing if appropriate. In cases where additional time is worked to attend a disciplinary hearing, it will be paid at overtime rate.

A member of staff attending a disciplinary or appeal hearing as a witness will do so in paid time and will be expected to work parts of any duty prior to or following the hearing to a total duration not exceeding the spreadover of his scheduled or posted duty.

**9c New Entrant Staff on Initial Probation**

New entrant staff on initial probation may be dismissed in accordance with the terms of their probation following a formal review of the probationary period in the presence of a Trade Union Representative or workplace colleague. The full disciplinary will not apply to those on probation.

## **Grievance Procedure**

The following procedure will apply to all grades of employee and is designed to ensure that employees shall have the means of discussing and settling grievances relating to their employment as near as possible to the point of origin.

The nature of the Company's business makes it essential that work is not disrupted at any time as the result of an industrial dispute. For this reason, the following procedure must be followed, which precludes industrial action from being taken at any time in furtherance of a dispute, until such time as the following procedures have first been followed.

It is accepted that problems and differences will arise from time to time. In those circumstances where the parties are unable to agree, this process shall govern the settlement of all disputes and grievances.

Any employee(s) who take(s) industrial action of any nature and do(es) not comply with this procedure, will be liable to disciplinary action including dismissal.

### **1. Individual Procedure**

Grievances raised through this procedure shall relate to the individual's employment alone. No questions affecting other workers or impinging on the other agreements negotiated with the trade unions shall be dealt with under this procedure; they must be dealt with under the appropriate negotiating machinery.

- (a) An employee wishing to discuss a grievance may raise the matter orally, or in writing, with the immediate supervisor or the official to whom the employee reports.
- (b) Failing satisfactory settlement within two working days, the employee may request a second interview with the supervisor or official. Such requests must be made in writing by the employee, and the meeting should take place within seven days of the written request being made. At the second interview the employee may be accompanied by a staff representative or workplace colleague (who must not be in a supervisory position over the employee concerned).
- (c) The interviewing supervisor or official will confirm the outcome and decision of the grievance hearing to the employee and his or her representative, within two working days of the hearing. If the employee remains dissatisfied with the outcome within a further seven days the employee may make a written request for an interview, with the General Manager at which the same rights of representation as in (ii) above will apply. The grievance will then be heard within seven days of the receipt of the written request.
- (d) The General Manager will confirm the outcome and decision of the grievance hearing to the employee and his or her representative within two working days of the hearing. The General Manager's decision shall be final, save that any union-represented employee still unsatisfied may pursue the matter further through the agreed negotiating machinery or union channels appropriate to the group of staff concerned.

### **2. Collective Procedure**

- (a) A grievance affecting a group of employees may be raised by the staff representative(s) with the General Manager, using the above procedure.



**NOTE:**

Until this grievance procedure has been exhausted, the same conditions that prevailed prior to the grievance being raised shall continue, except in the case of security and/or health and safety or compliance matters, or circumstances where the Company reasonably believes that the status quo would be detrimental to the Company and its business, or its customers.



## Committee of Inquiry into Tender Process and Award of Bus Service Contract

### Appendix 14 to the Report

#### Extract from Public Services Department Mail Register

22/01/2002	24/01/2002	R. Baudains	wants Hoppa bus back	ASM
25/01/2002	28/01/2002	Dep. Le Hérisier	Objection to JMT applications	PB
28/01/2002	29/01/2002	R. Baudains	Comments on costs of Hoppa	ASM
	28/01/2002	M. Le Couteur	thanks for moving bus stop	RB
11/02/2002	11/02/2002	Prop. Serv.	Rates that would be charged on bus garage £6750	ASM
08/02/2002	11/02/2002	Att. Gen.	Darren Woodside contact for Motor Traffic Law	ASM
19/02/2002	21/02/2002	A. Thompson	wants a bus shelter at Mont Nicolle	GT
18/03/2002	18/03/2002	Connex	Costs for additional services are high and need to be revised	ASM
15/03/2002	18/03/2002	Jersey Bus	M.R. Seelleur wants a bus stop at Rue a Don	RB
14/03/2002	20/03/2002	Anglian	Disappointed at being rejected but want to bid for school routes	ASM
18/03/2002	20/03/2002	Southern Vectis	Ack rejection of bid	ASM
19/03/2002	21/03/2002	Jersey Bus	Response re delay in appointing operator	ASM



Halcrow

Lyndon House 62 Hagley Road Edgbaston Birmingham B16 8PE  
Tel +44 (0)121 456 2345 Fax +44 (0)121 455 8771  
www.halcrow.com

Committee of Inquiry into  
Tender Process and Award  
of Bus Service Contract  
Appendix 15 to the Report

**Halcrow**

**Technical note**

---

Project	Jersey Bus Strategy	Date	22 February 2002
Note	Preliminary Assessment of Tender Bids	Ref	FB4773
Author	Roger Childs and Roger Macklin Halcrow		

---

**1 Introduction**

1.1 This technical note is a summary of the preliminary findings of the tendering exercise for the seven year contract for the operation of the island's bus service network.

**2 Format of the Note**

2.1 This note is divided into the following sections:

- an overview of the process to date;
- presentation of the five bids received;
- costing service variations;
- the clarification of bids; and
- next steps.

**3 Overview of the Process to Date**

3.1 The process of selecting an operator has comprised three stages. Stage 1, carried out in September/October 2001 involved the States advertising in UK and European journals for expressions of interest in operating the island's bus network.

3.2 As a result of the advertising a total of 29 initial briefing packs were issued at Stage 2, inviting operators to pre-qualify for the tendering process by registering an interest and submitting accounts for examination.

3.3 Some 13 operators registered interest and returned information. On the basis of the information required all 13 operators were considered capable of operating the island's bus network, and, as Stage 3, were consequently issued with full tender packs to be returned to Halcrow by 18<sup>th</sup> February 2002.

3.4 A total of five bids were received by the deadline, and brought over to Jersey for opening on Wednesday 20<sup>th</sup> February.

---

4 *The Bids*

4.1 As noted above there were five bids received, from:

- Jersey Bus (JMT 1987 Ltd);
- Dunn-Line (Holding) Ltd;
- Connex Bus UK Ltd;
- Anglian Coaches Ltd; and
- Southern Vectis plc.

4.2 Jersey Bus are the current local bus operator. Currently a subsidiary company of the Diamond Jersey Group, the company has operated the island's bus network for 31 years.

4.3 Dunn-Line is a family owned Nottingham based business operating almost 200 buses and coaches with operations additionally from depots at Derby, Uttoxeter, Luton and London. The firm operates local bus services, school contract services, contract hire and touring holidays.

4.4 Connex, a subsidiary of the French company Vivendi Environment, are a recently established London based bus operator providing a number of franchised London bus routes. Globally the company operates a large number of bus, rail and tram networks, and has 13,000 buses and coaches.

4.5 Anglian Coaches Ltd are an independent family owned bus and coach operator based at Beccles, Suffolk, operating from a single depot and providing local bus services, school services and contract hire.

4.6 Southern Vectis is a UK public limited company operating bus services on the Isle of Wight and in south Hampshire based on Southampton. The company also provides public transport consultancy services to other operators and the public sector.

4.7 Operators were required to provide bids compliant with the specification issued, broadly conforming with current service levels. Conditions of contract imposed stringent quality standards and incentivise operators to develop the market through quality measures and service development. They were also encouraged to submit non-compliant bids either in terms of the conditions of contract, service levels or resource provision.

---

- 4.8 Operators were also required to indicate unit costs for variations in the level of service provision to enable the States to assess the cost of further development of the bus network. Bid prices are documented in the following table. The sums are annual prices before revenue is taken into account.

Operator	Compliant Bid	Non-compliant A	Non-compliant B
Jersey Bus	£4,659,239	£0	-
Dunn-Line	£4,382,838	-	-
Connex	£4,341,257	-	-
Anglian	£3,945,333	£3,616,061	-
Southern Vectis	£5,428,000	£4,828,000	£4,690,000

- 4.9 The compliant bids submitted by tenderers are all based on complete or substantial fleets of new vehicles, although the vehicle-age requirements of the contract did not demand this. In particular:
- the non-compliant bid from Jersey Bus is not specific in its financial implications and seeks to leave all aspects of contract conditions and service provision to negotiation;
  - Anglian's 'non-compliant bid' is in fact a compliant bid differing from their compliant bid in the types of new vehicle they would provide;
  - Southern Vectis non-compliant Bid A is compliant in terms of service specification but seeks to negotiate away a number of contract conditions to reduce their commercial risk. Non-compliant Bid B as well as seeking revised contract conditions requires the introduction of traffic management measures in St Helier and revised school starting and finishing times to provide a more efficient utilisation of buses. Bid B is the only bid that offers a revised network of services.

4.10 As part of the tendering process Halcrow prepared a "shadow bid" against which the categories of costs were benchmarked. The Halcrow "shadow bid" including a notional 10% profit margin, was £5,091,000, some 9% above the average price of compliant bids received. This implies that the tendered prices received are reasonable.

5 *Costing Service Variations*

5.1 As noted above operators were also required to indicate unit costs for variations in the level of service provision to enable the States to assess the cost of further development of the bus network. In order to compare this aspect of bids a series of possible service development scenarios were generated as follows:

- A: daily morning/evening peak service for 2 hours and 50 km;
- B: an interpeak service for 4 hours and 88 km;
- C: an evening service for 4 hours and 80 km;
- D: a Sunday service for 9 hours and 150 km.

5.2 The following table summarises the results of this assessment.

Operator	Option A (£)	Option B (£)	Option C (£)	Option D (£)
Jersey Bus	<p><b>The table in the original document contains information that remains commercially sensitive. For that reason it is not reproduced here.</b></p>			
Dunn-Line				
Connex				
Anglian				
Anglian NC				
S Vectis Comp/NC1				
S Vectis NC2				

6 *Clarification Process*

6.1 The figures in the above table are as submitted but there are a number of adjustments that are required to be made as a result of the detailed analysis



of the bids to ensure strict like for like comparison. None of these adjustments however is likely to have a significant effect. Examples of clarifications sought include:

- ensuring that operators are using a consistent year base for drivers' wages;
- ensuring that operators have been consistent on the costs of premises rental and rates; and
- possible omission of some cost elements.

6.2 In addition two operators, Jersey Bus and Southern Vectis have submitted significant non-compliant bids. A full understanding of all aspects of these bids is essential and meetings have been arranged to seek clarification of a wide range of matters.

7 *Next Steps*

7.1 We propose to clarify outstanding matters with all operators in the week ending 1<sup>st</sup> March and report to PSD in time to prepare a report to committee on 11<sup>th</sup> March identifying a preferred bidder. Operators will be notified of the outcome after this date.

---



**Committee of Inquiry into Tender Process and Award of Bus Service Contract**

**Appendix 16 to the Report**

**Manuscript Notes on Meeting dated 28th February 2002**

**For clarification of Jersey Bus Tender**

Notes made by –

1. Mr. C. Lewis
2. Mr. R. Macklin
3. Mr. A. Muir

## APPENDIX 16 Item 1

Mr. C. Lewis

Meeting with Roger Machin from Halcrow and A. Muir from P.S.C. 28/2/02

- R.M. - On the Compliant bids - 5 Bids all quite close similar margins  
+ not much difference.
- Purpose of meeting to seek clarification not negotiation. Steering group likely to determine preferred bidder 11/3/02.
- Had similar meetings with other bids - rest on mainland - only this one A Muir has attended.

### Re Compliant Bid.

- R.M. - Asks about wage negotiations are we any further forward. MC explains: not finalised but Union proposal to include for drivers a shift allowance to compensate for loss of overtime due to no school contracts included and contract only to go up by T. Cot of living. is Union feel need for wages to be front loaded. - We recognise this and this is why they are included in the proposal in the tender. MC asks if R.M. has receive copy of TGWU proposal & R.M. said - aware of this and aware our bid includes them, and that other bidders also aware of proposal.

- Also driver costs MC explains includes extra labor time for breaks at la Collette - provision for 45 minutes per day per man at over time. So MC assumes all breaks at la Collette.
- R.M. - Can assume weighbridge will be replaced by transportation centre within next 10 years.

R.M. - Query admin costs - MC based on common practice.

R.M. - Engineering costs - MC have been reduced because less vehicles due to no schools and new buses.

R.M. - noticed most of our buses new for whole period yes + most recent Dennis darts - R.M. most of bids based on new buses.

② RM also said old buses based on 40 seater. and from day 1.  
mainly new buses. States and consultants accept 40 seater as a requirement.

RM -> why included \$50,000 for Bus station from day 1  
instead of \$20,000 AM Prime <sup>sum</sup> cost from the states, therefore  
any increase due to states be adjusted in tender accordingly.  
Same applies to rates for weighbridge and garage.  
rates should be allowed to 6,750 and weighbridge rental 20,000

AM - rental for la Collette has not been finalized - still needs valuation  
but again a prime sum cost.

MC asks AM - what if garage at LC II not ready by 29th Feb.  
AM agreed unlikely - so states try to help operator to finalize  
but states not obliged to find one under contract bid.

AM Garage - looks for price already going on - to be finance through  
a bank lead P. Tucker had it agreed by F&E.

RM asks about bus wash - MC explains more expensive at la Collette  
than weighbridge because need to be washed daily and MC asks  
RM if he is aware bus washes needs both a H&G and P.V.I. license.

RM - understands depreciation charges and lease finance and ok about  
prices for renting buses.

MC - brings to RM notice of \$30 million public liability required at la Collette  
which is not included in contract bid - but needs to be considered.

RM - ok about on other costs - Party thought provided. i.e. General  
expenses - but no mention of mark-up.

RM - Contract minimum of ~~10~~<sup>7</sup> years - but likely to go to 10 years don't it  
to go through this in a hurry.



③ RM - School contracts are also likely to be for Tyems.

MC - Peels contract one sided much of risk with operators, that's why so high - RM explains he wrote the conditions of contract and although benefit for the states not meant to put contractors off.

MC - ~~asked~~ asked how influential to tender Halsrow.

RM - they will refer to 'Halsrow' recommendations to steering group but not duty bound to accept the lowest tender.

RM asks why JMC 1982 LTO out of Diamond - MC explains separate new company - Cleanex. RM agrees - likely with other bidders.

RM - Explains main interest in a non-compliant bid.

RM - Nobody Bidders had offered a bid without subsidy whereby costs + profit = equalled revenue.

RM - From a non-compliant bid it was difficult from figures to get to a bottom line.

RM - So much of the non-compliant bid was down to negotiation - such as areas of waste ie la collecte, garage, buses etc.

MC agreed great opportunities through negotiation but didn't want to disclose everything at this stage in case it was used as info to give guide lines to other bidders as in a two horse race. AM - didn't feel period of negotiation should be taken as assumed.

RM - CL asked if the other bidders knew the revenue per route or total - No RM - they were in the dark - but they 'States' hoped we would be cooperative if J. Bis chosen - we said we would.

AM - PSC 1.10.83 Scrutiny. From P1 the next two years.

④ Kim <sup>of new Contract.</sup> Ideally they would like us to put our cost reductions into Contract bid year 1. i.e. la Collette - CL much depends on variations on tender i.e. la Collette not ready, schools included or definite; therefore help overheads overtime instead of pay proposed. Changes to services, age criteria to some of Unnes more sympathetic. So much could be a benefit from negotiation but what was time scale.

Am Time table believed steering group decide preferred Udden 8th Mar  
Then 11th March preferred Udden notified

19th March period of negotiation and proposals to states.

9th April debate in states (Unnes deferred).

Am for ISC to provide operators with letter of intent so operators can go forward re order buses.

Am Concerned over proposals goes to states, states concerned about the amount of money it is going to cost especially as it offers little new.

From RM  
6/3/11

Notes of meeting between Roger Macklin representing Halcyon and Mike Cotillard of Jersey Bus at Jersey B's offices. St Helier. 28/2/02

1. RM explained the purpose of the meeting as clarity, cost, and understanding of the Jersey tender, not negotiable. All five bidders being met. Negotiation of detail for 11/3 with preferred bidder.
2. Compliant bid
  - Large negotiations not yet finalized.
  - Engineering cost reduction reflects newer vehicles introduced.
  - Assumed driver breaks will be taken at La Collette - extra running time / stoppage costs of Weighbridge.
  - La Collette renewal £150K + roads £6,750 = £156,750. £190,000 in bid.
  - Bus station costs reduce from £70K to £20K. Transport Centre £50K over a year / cost.
  - Bus cleaning year 1 saving - cannot take place at Weigh.
  - Equipment for La Collette included.
3. Non-compliant bid
  - As with compliant bid take out £50K from two stations & reduce La Collette to £156,750 in line with other bids.
  - Tow regard TRP1 as unacceptable link - cost real increases over time. Appropriate linkages negotiated.
  - Non-compliant savings are indicative.
  - £40K saving as La Collette cost is more expensive than Jersey Diamond charge for Weighbridge premises.
  - Total Year 1 saving of £332K  
Year 2 and thereafter £108K + £324K productivity incentives = £432K dependent largely on retention of schools work.
4. Transitional Issues.
  - Smoothest transition will be problem if another operator wins - part of conditions but no part of contract.
  - do not believe La Collette will be operational till Summer.
  - Schools start before new services in September - problem with drivers if two different operators.
  - lease on 8 Caledonia Place has 7+ years to run.
  - 20 weeks notice from mid May but no redundancy pay.



APPENDIX 16 Item 3

Mr.A. Muir

J/Bus - CL, MC, CP

28/02/02

R. Mackenzie, ASM.

1. Addnl cost of travelling to La Collette included in compliant.

2. a) Too much cost for Bus Station  
(have included both bus station + transp. ctr)

b) Too much cost for petrol garage

3. Addnl cleaners req'd due to daily washing.  
(would not be the case if opening from W/bridge)

4. Netted the fuel rebate allowance in bid?

5. Have <sup>not</sup> allowed for public liability ~~from~~ for garage at La Collette only refit same as current garage.

APPENDIX 16 Item 3

Mr.A. Muir

J/Bus - CL, MC, CP

28/02/02

R. Mackenzie, ASM.

1. Addnl cost of travelling to La Collette included in compliant.

2. a) Too much cost for Bus Station  
(have included both bus station + transp. ctr)

b) Too much cost for petrol garage

3. Addnl cleaners req'd due to daily washing.  
(would not be the case if opening from W. bridge)

4. Netted the fuel rebate allowance in bid?

5. Have <sup>not</sup> allowed for public liability ~~from~~  
for garage at La Collette only refit same  
as current garage.

APPENDIX 16 Item 3

Mr.A. Muir

J/Bus - CL, MC, CP

28/02/02

R. Mackenzie, ASM.

1. Addnl cost of travelling to La Collette included in compliant.

2. a) Too much cost for Bus Station  
(have included both bus station + transp. ctr)

b) Too much cost for petrol garage

3. Addnl cleaners req'd due to daily washing.  
(would not be the case if opening from W/bridge)

4. Netted the fuel rebate allowance in bid?

5. Have <sup>not</sup> allowed for public liability ~~from~~ for garage at La Collette only refit same as current garage.



**Committee of Inquiry into Tender Process and Award of Bus Service Contract**

**Appendix 17 to the Report**

**Changes Between January 2002 and November 2002 Conditions of Contract**

<b>Condition of Contract at Tender</b>	<b>Condition of Contract (signed)</b>	<b>Differences</b>
1 Definitions	1 Definitions and Interpretation	Expanded to cater for known matters and making Committee the authority.
2 Special conditions	–	No special conditions were attached so omitted.
3 Contractor to inform himself fully	2 Contractor to inform itself fully.	
4 Insurance Injury and Damage	3 Insurance Injury and Damage	
5 Compliance with Law	4 Compliance with Law	Additional clause in respect of a Specific Change in Law (expert determination).
6 Prevention of Corruption	5 Prevention of Corruption	
7 Notices	6 Notices	
8 Power to engage in default	7 Power to engage in default	
9 Payments and claims for payment	8 Payments and claims for payment	Schedule of payments agreed and Annual Price Review procedure agreed and incorporated.
10 Duration of Contract	9 Duration of Contract	Determination of the Contract aspect incorporated in Contract section 16.
11 Contract operation	10 Contract operation	
12 Credit	11 Credit	
13 Written warnings	12 Written warnings	More detailed explanation.
14 Breach of Contract, Insolvency	13 Breach of Contract, Insolvency	Breach of contract applies to either party.
15 Provision of service	14 Provision of Service	
16 States Regulations	15 States Regulations	
17 Contract	16 Contract	More detailed procedure for variations to the Contract (16.2). In Determination of Contract section, insufficient finance, failure to agree contract modification and changes to specification, removed as now covered by variations section. Clause in respect of strikes added.
	17 Property documentation	Originally covered in other parts of tender documents. Clauses refer to provision of bus garage, etc.
	18 Consequences of Termination	Clauses incorporated following experience gathered during tender process.
18 Service requirements	19 Service requirements	
19 Vehicle features	20 Vehicle features	
20 Performance	21 Performance	Penalty points would not apply at the outset due to restrictions on operations.
21 Disputes	22 Disputes	
	23 Confidentiality	added
	24 Undertaking	added
	25 Governing law	added



T & G

SOUTH AND WEST

Regional Secretary ANDY FRAMPTON

Ref: NHH/BusClaim2.02

06 February 2002

Mr C Lewis  
Managing Director  
Jersey Bus  
2/4 Caledonia Place  
St Helier  
JE2 3NG

Dear Chris

Jersey Bus – Pay Claim 2002/03

The negotiating team for Jersey Bus drivers wish to submit the following pay claim for the period 2002/03:-

1. 4.5% on all rates "across the board" from 1<sup>st</sup> March 2002 and terms and conditions.
2. From 1<sup>st</sup> September 2002 a further payment of £72 per week shift allowance.
3. All other working practices to remain as agreed in the existing agreement. We would be also be willing to use Grade 5 manual workers in future wage claims as benchmark.
4. Please note the next pay claim will be 1<sup>st</sup> March 2003.

The claim is based on manual workers Grade as benchmark. Other major factors relating to this pay claim is, there is no scope for improving terms and conditions because of the tender process which states an increase of Cost of Living only for the duration of the contract, which is 7 years.

The tender does not include the school contracts, which cuts our earning capacity dramatically.

Rent increases of 10% and the general Cost of Living in Jersey is well above the figure given.

TRANSPORT AND GENERAL WORKERS UNION

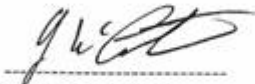
DISTRICT OFFICE: 66 New Street, St. Helier, Jersey, Channel Islands JE2 3TE. Telephone: 01534 872584 / 01534 872488 Facsimile: 01534 872952  
General Secretary **Bill Morris** Deputy General Secretary **Margaret Prusser**

There is also a likely hood that during the contract period legislation will restrict working hours to **48 hours** maximum per week which is in line with the rest of Europe.

I hope the reasons given above explain why this pay claims is very realistic and not excessive as may first appear.

Kind regards

Yours sincerely



Mr J McCartan  
Convenor Jersey Bus

Cc Mr M B Kavanagh – RIO  
Mr B Geddes – Shop Steward  
Mr M Byrne – Shop Steward

COMMUNICATED



## Committee of Inquiry into Tender Process and Award of Bus Service Contract

### Appendix 19 to the Report

#### Extract from Minutes of the States Assembly

#### **QUESTIONS TO BE ASKED OF THE PRESIDENT OF THE ENVIRONMENT AND PUBLIC SERVICES COMMITTEE ON TUESDAY 3rd FEBRUARY 2004 BY SENATOR E.P. VIBERT**

##### **Question 1**

- (a) Would the President inform members of the current position regarding the proposed States audit of the tender process leading up to the appointment of Connex?
- (b) Would the president confirm that the proposed audit –
  - (i) has no legal status and will simply examine correspondence between the Department and their consultants and interested parties involved at the time?
  - (ii) can only request examination of such documents and cannot investigate whether all the documents have been produced?
  - (iii) has no power to call for documents from outside parties or take any action if such parties refused to co-operate?
  - (iv) will be assisted fully by the Department no matter how long the audit process takes?
- (c) Does the Committee intend to bring a report and proposition to the States calling for a public enquiry into the tender process following the States audit?

##### **Answer**

- (a) The Chief Internal Auditor has carried out an audit trail, (R.C.4, annexe 1), of the files and paperwork at Public Services and provided by Halcrow, the Committee's consultant, relating to the bus drivers' shift allowance, for the period 1st January 2002, to 1st May, 2002. This was stage 1 of the review and covered the period during which tenders were sought. The Chief Internal Auditor has now completed her work. Stage 2, looking at the related activities up to commencement of service at the end of September, is now being put in train.
- (b)
  - (i) The review has no formal legal basis. However, it has been conducted by the Chief Internal Auditor who also has a duty by direction of the Treasurer of the States, (see Article 10, Public Finance (Administration) (Jersey) Law 1967), to audit the accounts of every Committee and Department of the States of Jersey. The review was considered to be an expeditious and cost effective method of performing an investigation which would address the specific issue raised. It has been undertaken in respect of specific terms of reference, (R.C.4, annexe 2).
  - (ii) The Department and the Consultants have co-operated fully. The Department has made available all files related to the bus strategy and the Consultants have provided copies of all their relevant documents.
  - (iii) I confirm this is the case but such powers are not expected to be required.
  - (iv) I confirm this is the case.
- (c) I believe a Committee of Inquiry into the whole tender process will be extremely time consuming and might not be the most appropriate approach. The Committee met yesterday to discuss the options and is

consulting its legal advisers to determine the most appropriate form of inquiry. It will be greatly influenced by the outcome of Stage 2 of the investigation into the related activities, following the tender process, up to the commencement of service at the end of September 2002.

## **Question 2**

- (a) Will the President confirm the following extracts from a letter he sent to the Finance and Economics Committee on 19th May 2003 –
- (i) ‘after tenders were received and the contract was awarded to Connex, it came to light that the TGWU had negotiated a substantial increase with Jersey Bus in the form of a shift allowance of £72 per week in addition to a cost of living increase’;
  - (ii) ‘at no time during the tender process up to the award of the contract did the TGWU advise the States, its consultants or all of the tenderers that such a substantial claim had been submitted’;
  - (iii) the Committee was ‘outraged at the conniving that appears to have taken place between the TGWU and Jersey Bus, in particular the complete silence from the TGWU during the tendering process on the extent of the wage claim’.
- (b) Would the President inform members whether the Committee’s consultants, Halcrow, exchanged correspondence with Jersey Bus in advance of the tender process outlining the TGWU claim in full, and, if so, whether this information was passed on to all tenderers?
- (c) Would the President agree that what was stated in the letter to the Finance and Economics Committee, as indicated by him in answer to questions on 9th December 2003, was misleading, and will he provide an apology to the owners of Jersey Bus, its executives and officials of the TGWU?

## **Answer**

- (a) I confirm that (i) to (iii) are extracts from a letter dated 19th May 2003, from myself to the President of the Finance and Economics Committee, a copy of which letter was provided to Senator Vibert on 6th January 2004, (R.C.4, annexe 3).
- (b) The Consultants did indeed receive a copy of the TGWU’s claim, dated 6th February 2002, by fax sent by Jersey Bus, (R.C.4, annexe 4), on 12th February 2002. This was 4 days after the original date notified for issuing new tender information of 8th February 2002. The audit has confirmed that a copy of the claim letter dated 6th February 2002, faxed by Jersey Bus on 12th February 2002, was passed by the Consultants to and received by all tenderers as an attachment to Bulletin Number 2. However, the audit has also confirmed that there is no evidence of any fax, letter, e-mail or other method of correspondence regarding the shift allowance being received by the Department during the tender period.
- (c) In light of the information that is now available, particularly the Jersey Bus fax of 12th February 2002, which only came to my attention on 11th December 2003, I accept that extract (a)(iii), above, in retrospect is not correct. I have written letters to the owners and directors of Jersey Bus and the TGWU apologising for any unnecessary distress that these comments may have caused.

## **Question 3**

Would the President inform members whether an officer of the Department attended a meeting with representatives of Halcrow and Jersey Bus on 28th February 2003, at which the claim for a shift allowance/pay award was discussed?

## **Answer**

The Consultants arranged a meeting with representatives of Jersey Bus to clarify aspects of the operator’s tender.

This was one of a series of meetings with all five bidding organisations which, with the exception of the Jersey Bus meeting, took place in the UK. The Director of Traffic and Transportation attended this meeting, with the Consultants' representative. The records of the meeting do not contain any specific details of the pay claim particularly any explicit claim for a £72 per week shift allowance, and it appears it was not expressly discussed.

#### **Question 4**

- (a) When the Committee decided in May 2003, to pay an additional £187,000 to Connex on the grounds that it was not aware that Jersey Bus had entered into a shift allowance/pay award agreement with the Union, did it seek the advice of its consultants, Halcrow, and, if not, could he explain the reasons why? If Halcrow's advice was sought, would the President inform members what that advice was?
- (b) Would the President inform members whether the Committee –
  - (i) was aware that Connex had stated in its tender that “wage costs included the payment in full of the 2002 wage award”?
  - (ii) was aware that the tender document made it very clear that it was up to the tenderers to ensure that the information they were given was accurate and that “no claim from the contractor for additional payment will be allowed on the grounds of misinterpretation of any matters related to the contract documents on which the contractor could reasonably have satisfied itself?
  - (iii) sought legal advice on whether or not Connex had any legal right to the £187,000 extra paid to it?

#### **Answer**

- (a) The Committee did seek the Consultants' advice. The Consultants' advice in April 2003, was that it would be reasonable for the States to meet the claim.
- (b)
  - (i) Connex's tender has a statement that has a similar meaning to that stated by the Senator, but not as quoted by him. I cannot confirm that all the members who have received the documentation were aware of the statement.
  - (ii) As in (i), I cannot confirm that all members were aware of this clause. Nevertheless, this is a standard type of clause in conditions of contract. However, in compliance with the wishes of the States when it approved the Bus Strategy, it was expected at the outset of the tendering process that the successful operator would be working in partnership with the States.
  - (iii) The Committee has received legal and technical advice in respect of the matter set out in the question posed. In light of recent disclosures, the Committee has revisited the issue and yesterday received further advice in relation to the legal position on the basis of the facts presently available. In Jersey, as in other jurisdictions, it is convention that Law Officers' advice is not released.

#### **Question 5**

Would the President confirm whether the tenders submitted by Connex and Jersey Bus both included the same provision for relief buses and payment of the shift allowance/pay award, and, if not, whether any difference was recognised during the tender process and whether any action will now be taken?

#### **Answer**

As Jersey Bus was the only organisation that had all the information on passenger demand throughout the year, only Jersey Bus could accurately provide for relief buses in its tender. Other tenderers, including Connex, could only use the information available, observation, investigation and their experience to estimate the level of provision. However, both these operators indicated using similar numbers of vehicles and, within the bounds of

tendering, the Consultants were satisfied that similar provision was made. It is not normal in a tender process for bidders to submit detailed breakdowns and calculations of their bids so it is not possible without obtaining these original verified calculations to confirm that both operators included the same wage rates, hours and other allowances. I have confirmed with Halcrow that the Consultants sought to ensure that all bidders had submitted reasonable compliant tenders. In its confidential report on tenders, the Consultants drew attention to significant variations in submissions from tenderers. It is my conclusion that the tender process was fair and comprehensive. Recent information will require the present Committee to investigate certain post-tender matters further.

### **Question 6**

Would the President inform members of the amount paid by the Committee to transport consultants Halcrow in the years 2001, 2002, 2003 and 2004, and whether the level of service received from this company during the tendering process was in accordance with the agreed terms and conditions?

### **Answer**

Fees and expenses paid to Halcrow were as follows –

2001	£5,000
2002	£60,274.67
2003	£12,041.97
2004	nil to date

The services provided by the Consultants are in accordance with the proposal submitted by them in July 2001. Given the problems of administering the bus tender due to the lack of information from the previous operator that would normally have been available to bidders, in the opinion of those directly involved, the Consultants performed well during the tender period and up to commencement of the contract.

### **Question 7**

Would the President confirm that the bus service from Elizabeth Terminal to St. Helier, which operated from 1st June until 30th September 2003, carried only 8,690 passengers at a cost of £43,000, which works out at £5 per passenger, and would he advise members –

- (a) the basis for the decision to run this service?
- (b) why it was allowed to run so long making such heavy losses?
- (c) whether a demand study was run before putting the service in place?

### **Answer**

The Harbour service operated from 1st June to 31st August 2003, and carried 8,690 passengers at a cost of £43,023.

- (a) The decision followed a specific request from Jersey Harbours, an agreement to share a proportion of any losses by the Harbours and Airport Committee and followed longstanding calls from the Parish of St. Helier, Centre Ville and the Bus Users Forum. It was considered opportune to provide a service that would serve new housing at Albert Walk and the new Waterfront development. It also presented an opportunity to encourage ferry passengers onto the Connex network.
- (b) The service was experimental and reviewed several times by the Committee. Cancellation met with resistance from Jersey Harbours and other interested parties. There are at least five services operated on the current scheduled network that have a higher cost per passenger.

- (c) The service was agreed on the basis of passenger figures supplied by Jersey Harbours, and assessed likely demand from the Waterfront complex and residents of Albert Walk. In the event, Albert Walk occupation was delayed and the Aquasplash was completed later than expected.

A new ferry service from Normandy was expected, but the operators of the service suffered a significant delay in delivery and licensing of the vessels.

### Question 8

Would the President –

- (a) confirm that the Public Services Department provided facilities at the PSD's Bellozanne Workshops for the checking and preparation of Connex buses when they arrived in the Island last year, prior to their inspection by Driver and Vehicle Standards, and prior to awarding each bus its licence to operate on Island roads?
- (b) confirm that Connex received engineering and mechanical assistance by the Department in the absence of their own being in place initially, and, if so, whether this had any implications for the work and staff commitments of the Department?
- (c) inform members of the cost, to the States, if any, of –
- (i) the assistance provided;
  - (ii) the bus equipment at La Collette garage;
  - (iii) fitting out No. 6 Gossett Chambers to provide offices for Connex at the Weighbridge; and,
  - (iv) employing a private company to administer the bus pass scheme for pensioners and Health Insurance Exemption holders?

### Answer

- (a) Yes, I so confirm. Construction had been delayed on the new bus garage at La Collette. In the interim, the most practical cost-effective option was to provide short-term facilities, at Bellozanne, until such time as the facility at La Collette was ready for occupation.
- (b) Assistance from the Department's staff was paid for by Connex and, in the main, the work was undertaken principally outside normal working hours with no effect on the existing commitments of the Department.
- (c) (i) Nil.
- (ii) Nil.
- (iii) The cost of making Gosset Chambers habitable was £62,839. Until such time as the facilities are available in the new Transportation Centre, the Committee is obliged to provide accommodation at the Weighbridge for public information, a crew room, lost property and site supervisor.
- (iv) The cost to the previous Committee of a private company administering the first issue of concessionary passes was:

Administration costs	£35,874
Publicity	£11,402
Specialist printing costs and to set up the concessionary system to accommodate Smartcard operation	£9,052

It was a necessary cost because the previous operator had no database of pass-holders to hand over. So, to ensure that concessionary travel could continue for eligible residents, it was necessary to develop a completely new system. Staff costs associated with the distribution of passes at Parish Halls and sorting the remainder for posting were borne by Connex.

### Question 9

Will the President confirm –

- (a) that the gap between fare revenue and operating costs for 2003 totalled £2,482,045 and that this figure includes the fuel rebate plus all the items listed in the previous question, and, if not, what the final figure is?
- (b) that in 2001, Jersey Bus operated an almost identical service for a cost to the taxpayer of £710,000?
- (c) whether the Committee will be reviewing whether the Connex service represents value for money?

### Answer

- (a) I confirm that the £2,482,045 quoted in Figure 1 in R.C.53/2003, (R.C.4 annexe 5), consists of-

Basic annual contract payment	£4,341,593
Claim for additional wages	£186,802
Vehicle Registration Duty	£27,500
Provision of Harbour Service	£43,023
Total	£4,598,918
Fare Income	(£2,116,873)
Net subsidy to passenger network	£2,482,045

The amount of fuel duty rebate for the period was £158,000. This is an amount forgone by the States.

The amounts of £62,839 for refurbishing Gosset Chambers and £56,328 for administering the new concessionary passes are one-off costs that would have been incurred no matter who was the operator.

Taking all the figures together as requested produces a total of £2,759,212.

- (b) No. In 2001, Jersey Bus provided a significantly reduced service with buses withdrawn on routes 2c, 6, 7a, 7b, 8b, 19, 20, 21 and 22 and using vehicles with an average fleet age of 12 years. Jersey Bus also intended to cut route 4 but continued to run it when the Parish of Trinity agreed to underwrite the service. Figure 3 of R.C.53/2003, (R.C.4, annexe 6), provides a much more like for like comparison.
- (c) The assessment of value for money was made at the tender appraisal where the Connex bid was considered to be the best value on a number of criteria of which cost was only one. Figure 4a of R.C.53/2003, (R.C.4, annexe 7), confirms that the public bus network in Jersey, is provided with a relatively low level of subsidy compared to other places in Britain. The Committee will continue to review and assess the operation of the Connex service in the light of more recent information.

### Question 10

- (a) Will the President confirm that he was present at a meeting with the Finance and Economics Committee on 12th March 2001, in his capacity as a member of the Jersey Bus Strategy Steering Group, and that, at that time, it was estimated that fare revenue for the Island bus service was £3 million and that the new service would require £1,350,000 of public funding subsidy?
- (b) In view of the fact that the Bus Report presented to the States on 9th December 2003, states that the

estimate for fare revenue was £2,500,000, would the President explain the discrepancy that exists between these two figures?

**Answer**

(a) No. I was present a year later.

As explained throughout last year, the Committee was inhibited in forecasting fare revenue by the absence of hard up-to-date data. Therefore, those attending that meeting could only deal with the following estimates –

Amount to be paid to operator		£4,350,000
Estimated income to Committee		
From fares	£2,500,000	
From cash limits	£460,000	
	£2,960,000	(£3,000,000)
Estimated subsidy required		£1,350,000

(b) The estimate of fare income for 2002-03, based on 1993 figures provided by Jersey Bus a number of years ago, increased for inflation and then reduced to account for the drop in visitors over the intervening period, amounted to approximately £2.5 million as shown.

Other information supplied by Jersey Bus, in 1998, has indicated that over 3 million passengers were carried by Jersey Bus, each year.

Assuming an average fare of £1 per trip, again would indicate that overall income, including concessionary travel, would be of the order of £3 million.

**Question 11**

Would the President confirm that the proposed cuts to the bus service are as a direct result of the need for Connex to recoup the £187,000 in this year's operation?

**Answer**

The operator when appointed was expected, after the first year's operation, to suggest improvements to the network that would maximise the revenue collected, create more flexible timetables, a more integrated system of routes and reduce the overall level of subsidy. These were the broad objectives of the proposals submitted by the operator in November last year.

**Question 12**

(i) Would the President inform members whether, after a year of operation, the level of relief buses to meet the tender requirements has now been quantified, and, if so, whether they will be provided both in the winter and summer from now on at no further cost to the taxpayer?

(ii) Would the President inform members –

(a) of the level of relief buses required?

(b) the number of drivers' hours per week? and,

(c) of the total cost per week during the winter and summer timetables?

**Answer**

- (i) Connex have provided the relief services that experience has dictated are necessary in the first year of the contract, and remain able to show flexibility if demand were to alter. Relief services are not a further cost to the taxpayer over and above normal contract payments.
- (ii) The operational details of what is required are the responsibility of Connex and are not of specific concern to my Committee unless there is concern from the travelling public. Consequently the information requested by Senator Vibert is not readily available to me and would in any case likely be considered by the operator as commercially sensitive and confidential.

**Question 13**

Would the President inform members whether any public funds have been used in purchasing buses for Connex or whether any arrangements have been entered into to assist Connex in the purchase of its vehicles?

**Answer**

Other than the normal contractual payments to Connex for providing the bus service, which clearly includes provision of suitable vehicles, no further public funds have been used to purchase buses or assist Connex in purchasing vehicles.

**Question 14**

Would the President inform members –

- (a) whether the bus contract between the Committee and Connex was not signed until December 2002, even though the service began in September 2002, and, if so, the reasons for this? and,
- (b) why the Committee accepted Connex’s claim that it did not know about the shift/pay allowance at the time the contract was signed given that the Committee’s Bus Report presented to the States on 9th December 2003, clearly stated that this was in fact known in May 2002?

**Answer**

- (a) The following table provides the milestone dates.

1st May 2002	Connex advised it was preferred operator.
10th June 2002	Letter of Intent issued to Connex.
18th September 2002	Omnibus Service Licences signed by Greffier and issued to Connex.
29th September 2002	Connex begin as operator
2nd October 2002	Contract formally signed. (R.C.4, annexe 8)
12th December 2002	Bound contract document signed. (All appendices now bound together with Conditions of Contract.

- (b) Connex received a letter from Jersey Bus on 27th June 2002, (R.C.4, annexe 9), containing details of the wage agreement and the additional shift allowance, between Jersey Bus and its drivers. The previous Committee believed that the shift allowance had been agreed after Connex was selected as preferred operator on 1st May 2002. The terms of the agreement were confirmed when Connex received the letter from Jersey Bus on 27th June 2002.

**Question 15**

Would the President inform members whether any changes were made to the ‘conditions of tender’ document when they were incorporated into the final contract with Connex, and, if so, what these were, who initiated them, and why they were made?



## Answer

There is no 'conditions of tender' document. I assume that the Senator is referring to the Conditions of Contract that were issued as a part of the tender documents, revised during the tender period and subject to some minor clarifications and incorporation of appendices prior to being signed on 2nd October.

The initiative to revise the Conditions of Contract was made by the operator's legal representatives and agreed by the Law Officers Department. However, there is no fundamental difference between the conditions at tender and at signing. The differences are listed in the following table.

Condition of Contract at Tender	Condition of Contract (signed)	Differences
1 Definitions	1 Definitions and Interpretation	Expanded to cater for known matters and making Committee the authority.
2 Special conditions	–	No special conditions were attached so omitted.
3 Contractor to inform himself fully	2 Contractor to inform itself fully.	
4 Insurance Injury and Damage	3 Insurance Injury and Damage	
5 Compliance with Law	4 Compliance with Law	Additional clause in respect of a Specific Change in Law (expert determination).
6 Prevention of Corruption	5 Prevention of Corruption	
7 Notices	6 Notices	
8 Power to engage in default	7 Power to engage in default	
9 Payments and claims for payment	8 Payments and claims for payment	Schedule of payments agreed and Annual Price Review procedure agreed and incorporated.
10 Duration of Contract	9 Duration of Contract	Determination of the Contract aspect incorporated in Contract section 16.
11 Contract operation	10 Contract operation	
12 Credit	11 Credit	
13 Written warnings	12 Written warnings	More detailed explanation.
14 Breach of Contract, Insolvency	13 Breach of Contract, Insolvency	Breach of contract applies to either party.
15 Provision of service	14 Provision of Service	
16 States Regulations	15 States Regulations	
17 Contract	16 Contract	More detailed procedure for variations to the Contract (16.2). In Determination of Contract section, insufficient finance, failure to agree contract modification and changes to specification, removed as now covered by variations section. Clause in respect of strikes added.
	17 Property documentation	Originally covered in other parts of tender documents. Clauses refer to provision of bus garage, etc.
	18 Consequences of Termination	Clauses incorporated following experience gathered during tender process.
18 Service requirements	19 Service requirements	
19 Vehicle features	20 Vehicle features	
20 Performance	21 Performance	Penalty points would not apply at the outset due to restrictions on operations.
21 Disputes	22 Disputes	
	23 Confidentiality	added

	24 Undertaking	added
	25 Governing law	added

### Question 16

Would the President inform members whether the cut in services, as detailed in the Committee's Bus Report presented to the States on 9th December 2003, was as a result of passenger demand and, therefore, unrelated to the £187,000 shortfall experienced by Connex as a result of the shift/pay allowance?

#### Answer

No cuts were detailed in R.C.53/2003. 1.7 of the report, (R.C.4, annexe 10), outlined that revisions had been proposed by Connex resulting from the experience gained, passenger surveys and other data collected. I have explained the rationale behind the proposals in my answer to question 11.

### Question 17

Would the President inform members of the basis of calculation of the £400,000 estimated loss of revenue to the States incurred as a result of the Easy Link network, as detailed in the Committee's Bus Report presented to the States on 9th December 2003?

#### Answer

I believe that figures 2a and 2b in R.C.53, (R.C.4, annexe 11), provide the information that the Senator requires.

### Question 18

- (a) Would the President inform members whether some school children who were previously taken to school on a dedicated school bus service are now having to rely on scheduled services, and, if so, would he advise –
- (i) how many children are affected by this cut to the school bus service?
  - (ii) whether the children are being taken to the school or being dropped off at the nearest bus stop?
  - (iii) whether some of the children have to catch more than one bus to get to school?
  - (iv) whether some of the children have to catch buses earlier?
  - (v) whether some of the children get to school late?
- (b) Would the President advise members whether the decision to effect this change was purely a cost-cutting exercise rather than to improve the school bus service?

#### Answer

- (a) Where practicable, the dedicated school bus service is being amalgamated in stages with the scheduled bus services. This process began in September 2002 when dedicated services for the Mont Millais and Wellington Road Colleges, to and from St. Martin, were withdrawn in favour of scheduled services. Two Le Rocquier dedicated services were withdrawn at the same time and students transferred to suitable scheduled services.
- (i) Approximately 225 students now use scheduled services for travel to school in the morning and many more use, and always have used, scheduled services to travel home following after-school activities. In the first year of the Connex contract more than 13,000 student journeys were made on scheduled services without complaint.

- (ii) With the exception of one morning service to Les Quennevais School, students are being dropped off at the same place on school premises as the previous services on the grounds of road safety. It is unsuitable for scheduled services to access Les Quennevais School direct, therefore the students are being dropped as close as possible, which necessitates a short walk.
  - (iii) Some students need to change buses on their way to and from school, predominantly at the Weighbridge.
  - (iv) Because of differences in routings between the school bus routes and the scheduled bus routes, I can confirm that some students catch buses earlier than before. Similarly, some students now catch buses later than before. Invariably, services are no more than 13 minutes earlier or later than previously.
  - (v) All of the services, whether scheduled or dedicated school buses, are designed to ensure that students arrive at school on time. Some buses, either scheduled or dedicated school buses are late on occasions depending on traffic conditions.
- (b) The changes result from a conscious decision of the previous and current Committee to enable the States to provide, through the two operators, the most economic, efficient, effective and above all safe and timely service. In our view that provides best value for the States and the taxpayer while providing safe convenient travel for the students.

MFD/ASM/sc/35/9

2<sup>nd</sup> February 2004

C Lewis Esq  
Jerseybus  
2/4 Caledonia Place  
St Helier  
JE2 3NG

Dear Mr. Lewis

**Letter from President of Environment and Public Services Committee to the President of Finance and Economics – 19<sup>th</sup> May 2003**

I refer to the above letter, RC 53/2003 the Annual Report on Public Bus Transport and various articles in December in the media referring to these documents.

Information has come to light which makes it clear that, on 12<sup>th</sup> February 2002, Jersey Bus provided to the Committee's retained consultants, details of the wage claim together with a claim for a £72 per week shift allowance, submitted by the TGWU on 6<sup>th</sup> February 2002, prior to final tenders being submitted. This information was not available to me at the point when I wrote the letter dated 19<sup>th</sup> May 2003, or when I presented the Annual Report on Public Bus Transport to the States on 9<sup>th</sup> December 2003.

I am pleased to correct any misunderstanding that may have arisen on this point and apologise for any resulting distress I have caused you and the other owners of Jersey Bus.

Yours sincerely

Maurice F Dubras  
President of the Environment and Public Services Committee

Cc: Bailhache Labesse

Deputy Maurice Dubras – President    Deputy Jacqueline Hilton Vice President  
Deputy Robert Duhamel    Deputy Terry Le Main    Connétable Daniel Murphy    Deputy Michael Taylor    Connétable Philip Ozouf

MFD/ASM/sc/35/9

2<sup>nd</sup> February 2004

M Cotillard Esq  
Director  
Jerseybus  
2/4 Caledonia Place  
St Helier  
JE2 3NG

Dear Mr. Cotillard

**Letter from President of Environment and Public Services Committee to the President of Finance and Economics – 19<sup>th</sup> May 2003**

I refer to the above letter, R.C.53/2003 the Annual Report on Public Bus Transport and various articles in December in the media referring to these documents.

Information has come to light which makes it clear that, on 12<sup>th</sup> February 2002, Jersey Bus provided to the Committee's retained consultants, details of the wage claim together with a claim for a £72 per week shift allowance, submitted by the TGWU on 6<sup>th</sup> February 2002, prior to final tenders being submitted. This information was not available to me at the point when I wrote the letter dated 19<sup>th</sup> May 2003, or when I presented the Annual Report on Public Bus Transport to the States on 9<sup>th</sup> December 2003.

I am pleased to correct any misunderstanding that may have arisen on this point and apologise for any resulting distress I have caused you and your fellow Directors.

Yours sincerely

Maurice F Dubras  
President of the Environment and Public Services Committee

Cc: Bailhache Labesse

Deputy Maurice Dubras – President    Deputy Jacqueline Hilton Vice President  
Deputy Robert Duhamel    Deputy Terry Le Main    Connétable Daniel Murphy    Deputy Michael Taylor    Connétable Philip Ozouf

MFD/ASM/sc/35/9

2<sup>nd</sup> February 2004

N Corbel Esq  
Regional Industrial Organiser  
T&G South and West  
District Office  
66 New Street  
St Helier  
JE2 3TE

Dear Mr. Corbel

**Letter from President of Environment and Public Services Committee to the President of Finance and Economics – 19<sup>th</sup> May 2003**

I refer to the above letter, R.C.53/2003 the Annual Report on Public Bus Transport and various articles in December in the media referring to these documents.

Information has come to light which makes it clear that Jersey Bus provided to the Committee's retained consultants, details of your Union's wage claim, together with a claim for a £72 per week shift allowance, submitted to Jersey Bus on 6<sup>th</sup> February 2002, prior to final tenders being submitted. This information was not available to me at the point when I wrote the letter dated 19<sup>th</sup> May 2003, or when I presented the Annual Report on Public Bus Transport to the States on 9<sup>th</sup> December 2003.

I am pleased to correct any misunderstanding that may have arisen on this point and apologise for any resulting distress I have caused you and your members.

Yours sincerely

Maurice F Dubras  
President of the Environment and Public Services Committee

Deputy Maurice Dubras – President    Deputy Jacqueline Hilton Vice President  
Deputy Robert Duhamel    Deputy Terry Le Main    Connétable Daniel Murphy    Deputy Michael Taylor    Connétable Philip Ozouf