



Valuing our employees

We depend on our employees to help us deliver quality services and attract more people to use our services. We strive to be the industry employer of choice by building a highly motivated and customer focused workforce which is proud to work for us. In this section we set out how we try to achieve this.

Overview

- We cut our Lost Time Injury rate by 26% over the last 12 months. The number of assaults on staff reduced by 35%.
- Our Compliance Monitoring Program in the United States is now well established. It allows any employee to issue a complaint if they feel there has been a violation of our Freedom of Association Policy.
- All our employees from apprentices to managing directors have access to development programmes including leadership and vocational training.
- We continue to develop our Skills for Life programme through our Lifelong Learning Centres. 85% of our UK Bus employees now have access to Learning Centres - an increase of 20% on last year.
- We conducted employee opinion surveys across the Group. The results were mixed but provided us with valuable insights into the key issues we must address to enhance employee engagement, satisfaction and loyalty.

Safety in the workplace

Injury Prevention is one of our core values. We believe all injuries are preventable. We have a responsibility to our employees to work safely and conduct our operations in the safest way possible.

Safety is driven from the top of the organisation through the Executive Safety Committee chaired by the Chief Executive. Monthly reviews of safety performance trends inform the ongoing development of our safety programmes.

The improvements in our safety performance trends have been overshadowed by the deaths of five employees this year. One was a UK Rail division employee who was on his way to work in a taxi hired by the company. Three were drivers in North America and our UK Bus division who died as a result of road traffic accidents. One was a service worker employed by First Support Services who was crushed by a falling tree while tree cutting. We deeply regret these incidents. Our thoughts and sympathy are with the victims' families. We thoroughly investigate each and the investigations are continuing. All findings will be analysed to identify any necessary follow-up action we must take.

We will continue to embed a culture of Injury Prevention across the Group. We want safe behaviour to become a way of life for our employees both at work and at home. Our commitment is simple: "If you cannot do it safely, don't do it."

Our safety performance continues to improve. During the last 12 months our Lost Time Injury rate reduced by 26% and our passenger injury rate fell by 15%.

Assaults on staff have also reduced. We have a zero tolerance policy towards assaults in the workplace and will continue to do everything we can to prevent them. Customer-facing staff are offered conflict avoidance training and we work closely with police to improve the prosecution rate of offenders.

Group safety performance data 2008/09 compared to the previous 12-month period

Lost Time Injuries (over 1 day) per 1,000 employees per year*	-26%
All injuries per 1,000 employees per year*	-17%
Passenger injuries per million miles	-15%
Bus collisions per million miles	-15%
Assaults on employees per million miles	-35%
Signals Passed at Danger per million miles	-37%

* Excludes assaults on staff



Sir Moir Lockhead receiving the Green Cross for Safety Medal from the National Safety Council.



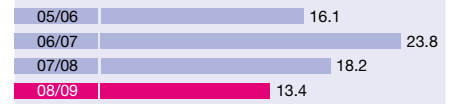
Marc Reddy, Managing Director of Devon & Cornwall, receiving the award for Best Operating Company at First's UK Annual Safety Awards 2008.



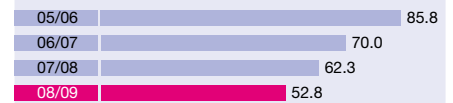
Sir Moir Lockhead addresses our 2008 Annual Safety Conference in North America.

Group safety trends

Lost Time Injuries (per 1,000 employees per year)



All staff injuries (per 1,000 employees per year)



This year our safety achievements have been recognised on both sides of the Atlantic.

- In North America the National Safety Council awarded us the Green Cross for Safety Medal. Each year the medal is presented to an organisation that demonstrates a steadfast commitment to improving safety and health in the workplace and community and to safety leadership as demonstrated by its Chief Executive.
- FirstGroup was also recognised at this year's Excellence in Road Safety Awards which were presented by the European Commission as part of the Road Safety Charter. The judges highlighted both our approach to Injury Prevention and our use of Smith System training for drivers.

Further information on our safety performance can be found at www.firstgroup.com/corporate/csr/safety.

Respecting our employees

We respect the rights of each of our employees. We recognise their right to choose whether or not to be represented by a trade union and to organise or engage in union activities.

- In the UK over 90% of our employees are represented by trade unions.
- In the United States 55% of our employees are represented by trade unions. This figure is significantly higher than the United States average for union representation in the private sector, which lies at 7%.

We engage regularly with trade unions on a range of issues. In our UK Bus and Rail divisions close partnership with the unions helps us to develop our award-winning lifelong learning programmes.

In the United States we operate an independent Compliance Monitoring Program which allows any employee who believes there has been a violation of our Freedom of Association Policy to issue a complaint. Complaints are referred to Professor William Gould of Stanford University Law School in California, a former chairman of the National Labor Relations Board. He investigates the matter and reports on the outcome to both the complainant and the company. The appropriate action is then taken.

Our Freedom of Association Policy and details of our Compliance Monitoring Program are prominently displayed at all our sites in North America and are included in our Employee Handbook. In the summer of 2008 information about the Compliance Monitoring Program was also sent to all employees via their payslips.

A copy of our Human Rights Policy can be found at www.firstgroup.com/corporate/csr/csr_policy.

Involving employees in the management of the business

We are committed to employee involvement and use a variety of methods to inform and consult with them. Most operating companies in the UK have either an elected Company Council or, more typically, an employee director on their board. Operating company employee directors elect a representative to sit on the plc Board. In North America we are trialling Peer Review Programmes to allow employees to appeal disciplinary decisions to a committee of their peers.

Case Study

Peer Review Programme trials in Las Vegas

In Las Vegas we have trialled a Peer Review Programme whereby an employee can appeal most disciplinary decisions to a committee of their peers. Committee members are employees who have volunteered for the task. They are required to undertake compulsory and rigorous training along with their local managers. Since April 2008 the committee has decided 14 cases. Feedback from both managers and employees has been positive and we will replicate this model elsewhere.



Employee engagement

We have an active programme of employee engagement. Informal communication across the company includes briefings and meetings with staff and trade unions. It is supported by posters, bulletins, regular newsletters and communications from the Chief Executive.

This year we conducted employee opinion surveys in all our operating divisions - UK Bus, UK Rail and North America. The findings have been analysed at both Group and site or company level and now actively inform the development of our employee programmes. We have devised action plans at company and Group level to respond to the results.

- In our UK Rail division, annual surveys show improved overall employee satisfaction levels for each operating company apart from one, where employee engagement scores remained unchanged. Survey response rates ranged from 41% to 66% for the different operating companies. Following the surveys, front-line employees and union representatives have been directly involved with action planning in order to provide an increased focus on employee needs.
- In our UK Bus division a low response rate of 38% gave disappointing survey results. We used focus groups to gain a better understanding of the poor response and to obtain feedback on how the low scores might be addressed. We have communicated the survey results to all operating company managing directors. Posters informing employees of survey outcomes and the actions that will be taken in response have been produced specific to each bus operating company. The highest scoring areas related to First's commitment to safety and training and development. However we need to work harder on improving two-way communication.
- North America produced a good response rate of 61%. Overall employee engagement scores were comparable with or higher than the transport industry benchmarks. In particular, in relation to pride in their job and their willingness to recommend First as an employer. Areas for improvement include better two-way communication, local management training and development of the FirstGroup America rewards programme.

Valuing our employees

Learning and development

We are committed to supporting our employees to reach their full potential. All our employees from apprentices to managing directors have access to development programmes including leadership and vocational training.

Many of our training programmes lead to recognised vocational qualifications and we actively encourage our employees to pursue these. For example in our UK Bus division induction for all new recruits includes training for the S/NVQ level 2 in Road Passenger Transport.

In North America we participate in the Automotive Service Excellence (ASE) programme for training and testing technicians. Employees who sign up to the scheme are rewarded when they successfully pass a skill certification test. There are also programmes of training for managers and supervisors.

All directors can work towards a Diploma in Company Direction from the Institute of Directors.

We also operate well-established graduate and apprenticeship schemes in the UK. At our North American head office in Cincinnati we have partnered a local university to provide work experience for undergraduates.

All our bus drivers across North America and the UK are trained using the Smith System Defensive Driving Programme. This encourages safe driving through increased driver awareness. Drivers and customer-facing staff across the business also receive training in a broad range of supporting topics such as identifying and handling security risks, customer service training, conflict avoidance training and supporting passengers with special needs.

Our UK Bus division's Learning and Development Strategy won the 2008 CBI Real Business Capital Award. This recognised the fully inclusive nature of our training programmes and the contribution they have made to reducing driver turnover.



85% of our UK Bus employees now have access to Learning Centres, an increase of 20% on last year.



Case Study

This year First ScotRail was our second rail company to successfully achieve Investors in People. All our rail companies are working towards this standard.



Case Study

For the past two years we have run a short story competition for employees to encourage them to develop their writing skills. This year 349 entries were received. The winner was Alison Austerberry for her story 'Here Comes Rodney'.

Lifelong learning

In the UK our lifelong learning programmes support vocational learning and development. We currently have over 60 Learning Centres around the UK staffed by Trade Union Learning Representatives (ULRs) and Project Workers. The ULRs raise the profile of workplace training and encourage employees who want to review and expand their skills.

Skills for Life

Within our lifelong learning programme we actively support the UK Government's Skills for Life agenda. During the reporting period our UK Bus division Skills for Life programme was reaccredited with a Big Tick award by Business in the Community. The award recognises our partnership work with the trade union Unite to develop and improve learning opportunities for staff.

Through our national relationship with JobCentre Plus we have formed a partnership with TNG, a pre-employment agency. Our partnership provides pre-employment training for potential candidates who lack confidence in applying for work. It also contributes to the development of Skills for Life programmes for existing employees and new recruits in particular.

Within our UK Rail division we have Learning Centres in First ScotRail, First Great Western and First TransPennine Express. First ScotRail also run the very popular Earn as you Learn scheme which offers a 20-hour programme of basic numeracy and literacy skills. Staff are paid their normal hourly rate to attend.

Promoting Skills for Life

We aim to build on the numeracy and literacy skills of our workforce. This year we introduced new, specially designed software that allows employees to assess their current literacy and numeracy levels. On the basis of the assessment the employee is assigned a learning programme to develop their skills to nationally recognised standards. During the year we have successfully trialled this process which is now being introduced to a growing number of Learning Centres across our network.

Recruitment and retention

Attracting and retaining staff has been a challenge for the bus industry in both the UK and North America for a number of years. North America experiences particular competition for the same labour force in metropolitan areas. Our high safety standards and extensive background checks further restrict the pool of employees available to us. Employee turnover figures are significantly lower in the rail industry, lying below 8%.

In our UK Bus division driver turnover currently lies at 18.9%, a 4.9% reduction on last year. The ongoing development of our driver induction and training programmes has contributed to this progress although the current economic climate is likely to have had some impact on our most recent figures. Over the last five years, turnover has reduced by 12%.

Although our employee turnover figures in North America fall below the National Bureau of Labor average for the transportation industry, there is further work to be done. Employee turnover in First Student, First Vehicle Services and Greyhound has reduced but in First Transit it has increased over the past 12 months. Our employee survey was important in discovering what motivates our employees. Our North American human resource strategy focuses on delivering a positive work environment that encourages employee retention. We have also appointed a Recruitment Director responsible for standardised recruitment across the business.

Rewards and pensions

Developed in close consultation with our employees, reward and pensions programmes are vital to our employee retention strategy. They are available to all staff, both full- and part-time. We offer all employees access to pension schemes. In the UK we also run employee share schemes.

Our UK Bus pension scheme strategy has been recognised at the UK Employee Benefits Awards. The scheme offers defined benefits and allows flexibility to employees on how they build their pension.

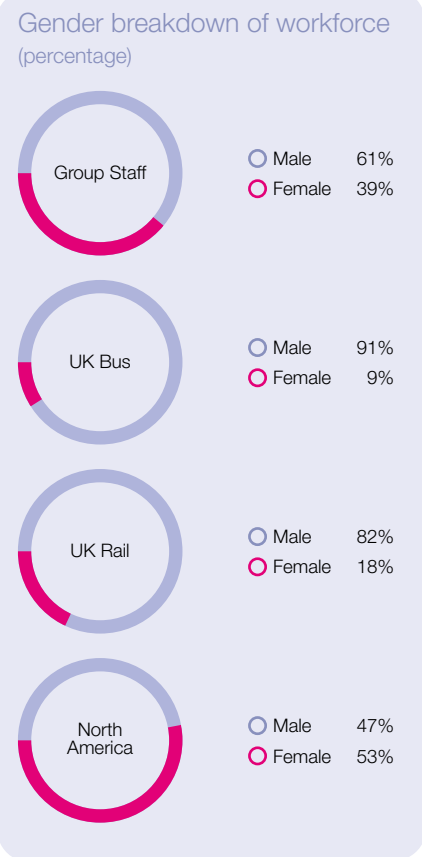
In addition specific programmes are tailored to meet the needs of each operating division. In the UK our employees have access to Credit Unions and supporting financial education services. In North America we offer tax-free saving plans, medical, life and dental insurance. As part of the employee opinion survey conducted in North America in 2008 we sought employee opinions on appropriate rewards schemes. We will use this information to further develop our Total Rewards programme in North America over the coming year.

Diversity

We are an equal opportunity employer committed to equality of treatment and opportunity for all employees. We retain a diverse workforce. Details of the ethnic breakdown of the workforce can be found at www.firstgroup.com/corporate/csr/our_employees.

We work with organisations such as JobCentre Plus, Outreach and Remploy to promote the work opportunities we offer to a diverse audience. In recent years many drivers have joined us from Eastern Europe. We have developed specialist language courses to support these employees to enhance their language skills, using podcasts to develop speaking and listening skills in real-life scenarios.

In North America the majority of our workforce are women who drive our yellow school buses on a part-time basis. In the UK our employees (particularly the drivers) tend to be male: recruiting more women to the UK workforce remains a challenge. Our individual operating companies have used a number of initiatives to attract female recruits. First ScotRail deployed women drivers to front their recruitment campaigns, leading to a small increase in the number of women drivers.



In London we took part in a pilot project co-ordinated by GoSkills to help support passenger transport employers develop more effective ways of promoting recruitment and retention of women. We took part in trial days for women to see what the job was about and had access to surveys assessing passengers' feelings towards becoming a driver. Over the past year we have recruited an additional ten women drivers to our London operations making a total of 174 women drivers. We will continue to explore ways of attracting more women into the business.



FirstGroup driving instructor teaching an employee to drive a bus.