



Corporate Responsibility

Report 2003

Contents

Independent Verification Statement	2-3
Chief Executive Statement	4
Our Vision and Values	5
Introduction	6-7
Company Profile	8-9
Stakeholder Engagement	10-11

Safety First	12-19
Bus Division	14-15
Rail Division	16-17
North America	18-19

Environment First	20-31
Progress in Achieving Year 2002	
Objectives and Targets	22
Our Management Strategy	23
Prosecutions and Incidents	24
Environmental Performance	24-31
Fuel Storage and Use	25
Water Usage	25
Energy Usage	26
Fleet Management	26-27
Maintenance	28
Emissions	29
Waste Management	30-31

Team First	32-37
Training and Development	35-36
Total Rewards	37

Customer First	38-48
Customer Satisfaction - Bus Division	40-43
Customer Satisfaction - Rail Division	44-46
First in the Community	47-48

Independent Verification Statement

SCOPE AND OBJECTIVES

csr network was commissioned by First to provide independent verification of the corporate responsibility information and data within the First 2003 Corporate Responsibility Report. The goal of such verification is to provide assurance, with reference to the AA1000 Assurance Standard, to First's stakeholders as to the completeness and accuracy of the report, as well as to provide feedback to First itself on its CSR programme.

RESPONSIBILITIES OF THE DIRECTORS OF FIRSTGROUP PLC AND THE VERIFICATION PROVIDERS

The directors of FirstGroup plc had sole responsibility for preparation of the report. This statement represents our opinion. We have no other contract with First, although the consultant who prepared First's report has links with csr network.

METHOD

The independent assurance process was conducted through meetings at First premises in the UK with managers at Group and business unit level responsible for areas of management and stakeholder relationships covered by the report,

and for collating the UK data and information on which the report text and data are based.

Specific data were checked for consistency against these systems and processes. We did not directly witness any stakeholder dialogue. In addition, we visited a number of local bus depots, where local management arrangements were discussed and specific performance data were checked with local management representatives.

OPINION

On the basis of the method and scope of work undertaken and the information provided to us by First, we have found that formal management systems for environmental issues and for health and safety are robust and the data accurate. The level and quality of reporting has significantly improved in this year's report, particularly that which deals with social issues. Performance data for health and safety and customer issues is also presented in greater detail this year. However systems for social engagement and reporting are still at an early stage. Our observations against the AA1000 Assurance Standard principles are set out below.

Materiality

The majority of relevant health, safety and environmental issues are covered. It is welcome that some details of First's US activities are described, however to give a complete picture of First's impact, its operations and stakeholders in the US need to be included more systematically.

Fuel consumption by the bus and train fleets should have a much higher priority and detail should be provided of the impact of bus route changes, including reductions, and rail service recovery post-Hatfield. The report should also deal more fully with a wider range of stakeholders, such as accident victims, local authorities, Network Rail, unions and regulators.

Completeness

Overall health, safety and environmental systems appear well and systematically managed. Group-wide health, safety and environment policies and the work to develop a model-based approach to evaluating the impact of fleet changes on total air emission burden are good examples.

Extensive stakeholder consultations take place on major initiatives; First is



Mark Line, Director



Adrian Henriques, Associate



Hope Sherwin, Associate

aware that these need to be extended across the UK. Social issues in general are not covered within an overarching plan based on the identification of stakeholders. The structure of the Group, particularly for bus operations, comprises many local companies which facilitates local community contact. It also requires Group-wide policies and systems to ensure appropriate implementation of stakeholder engagements across the Group.

Responsiveness

It is welcome that major issues affecting customers and communities are the subject of consultations. First has recognised the success of these consultation initiatives in Bristol and elsewhere and intends to build on this.

Benchmarking and targeting could be further developed within the management, consultation and reporting process. Further tangible and quantifiable targets, covering significant areas of social performance in particular, would be useful. There is also a role for Group management to establish and review social performance against relevant objectives and targets.

RECOMMENDATIONS FOR FUTURE REPORTS

Future reports should ensure that all material issues are covered. Further detail on the Company's social and environmental governance and risk management arrangements and on stakeholder consultations would be useful. It would also be useful to set the company's past performance in all areas in the context of objectives and targets and of the company's overall vision for sustainability.

Future reports could provide additional analysis of data, showing absolute as well as relative and normalised figures in most cases, such as for journey delays. Breakdowns of impacts geographically, where appropriate, would also be useful, for example for community issues or for the age of the bus fleet. These could also be related to the government's quality of life indicators.

It may be useful for future reporting strategy to consider making use of the local company structure, possibly supplemented by the internet, to deliver more detailed local reporting.

RECOMMENDATIONS FOR FIRST'S SOCIAL AND ENVIRONMENTAL PROGRAMME

Given the nature of First's business, there is an opportunity to explore the relationships between social, economic and environmental impacts. The trade-offs and reinforcements involved in providing sustainable transport are both complex and unavoidable. They could be made the centrepiece of First's sustainability strategy, management system and reporting.

In addition, the further integration of US operations into Group management systems and the systematic transfer of best practice within the Group will be important. Methods and routines for collation of performance data across the Group, particularly for social issues, should be made more systematic. At Group level, a clear point of responsibility for social systems and data collection would greatly strengthen management of these issues.

Chief Executive Statement



I am pleased to present our Corporate Responsibility report for the year to 31 March 2003. We have built on our 'People, Community and the Environment report' and extended the scope of reporting to address the wider corporate social responsibility agenda and how it impacts our business.

The safety of our staff and passengers is of fundamental importance to us all and underpins everything that we do. During the year we have continued to work with DuPont Safety Resources to develop our total safety culture. We are making good progress and continually strive to improve safety awareness at all levels within our organisation.

As the UK's largest surface transport operator we are making a major contribution to improving the environment by encouraging the development of public transport thereby reducing road congestion, vehicle emissions and improving safety. We also have an important role to play in the community. By actively encouraging more travel opportunities for everyone we can ensure that we are responsive to the communities we serve as well as helping to address the government's social inclusion agenda.

The development of our staff is essential if we are to continue to grow our business and deliver the best possible service to passengers. This report sets out some of the initiatives we are taking to address the needs of our employees. Our aim is to make First the employer of choice and we are working hard to improve our understanding of the needs and aspirations of our staff so that we can continue to develop and enable them to achieve their full potential.

Looking to the future, in this document we have set ourselves improvement objectives in key areas of health and safety, environment, staff and customer service and will continue to monitor our progress and report our results next year.

I would like to thank all our staff for their hard work and commitment to the ongoing success of our Company.

A handwritten signature in black ink, appearing to read 'Moir Lockhead', written over a horizontal line.

Moir Lockhead
Chief Executive

“Our vision is to lead the way in transforming the way people travel and the way they feel about public transport.”

Our Vision and Values

We want people to have a choice in how they travel. Our vision is for public transport to become an attractive alternative to the car, encouraging our existing customers to use our services more often and attracting new passengers. Our vision is to be part of the process which delivers modal shift away from cars to public transport. Our vision is for the majority of children to travel to school by bus; for commuters to consider rail and bus as viable alternatives to their car; for trips to town to be made by bus; and for weekend and leisure visits to be made by train.

- We place the safety of our staff and customers as our number one priority by managing our operations in such a way as to protect our employees and others from risk as far as possible through a robust safety management system.
- We want to become the number one public transport provider with a strong customer focus, by continually improving the performance and safety of our services and listening and responding to our customer needs.
- We aim to minimise the environmental impact of our operations through reducing resource usage and minimising risk, leading to greater efficiency in the business with associated operational cost benefits.
- We want to become the employer of choice by offering our people opportunities to develop and grow to reach their full potential and ensuring they are capable of responding to individual, customer and business needs.

OUR BUSINESS BENEFITS THE COMMUNITY

Achieving our vision will have a direct positive impact on the communities in which we operate. We deliver a service which provides people with flexibility in how they travel. We are a labour intensive industry providing an opportunity for job creation. Increased use of trains and buses and a shift from car use will reduce congestion making our roads and communities safer and improve the environment through a reduction in pollution. Our bus services, in particular, are relied on by those on a lower income. Improving our services will directly benefit these customers. Careful planning and development of our future routes, will help us identify social inclusion ‘gaps’, and provide cost-effective solutions for improving networks to meet the needs of socially excluded groups.

CORPORATE SOCIAL RESPONSIBILITY IS CENTRAL TO OUR BUSINESS

Being a responsible corporate citizen is integral to achieving our vision and ensuring the success and growth of our business. Engaging with our stakeholders and meeting their expectations is an essential part of this process. We want to continually improve the way we operate. In this report we highlight our targets and identify some of the steps we are taking.

CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL AWARDS

We were very pleased to be awarded the Scottish Power Award for Corporate Social Responsibility at the Scotland plc Awards 2003 in recognition of the progress we have made to date. We were also awarded a Green Apple Award in recognition of the way we have reduced our environmental impact and encouraged others to do so.

Introduction

We are fully committed to managing our business in an open and responsible way and engaging effectively with our stakeholders. The presentation of an annual Corporate Responsibility Report is part of this process.

Corporate Social Responsibility is a broad ranging subject and there are many things we could have included in this report. We have focused on the areas of safety, environment, our employees and customers that lie at the heart of everything we do. We also indicate how we engage with our stakeholders. Continually improving our performance in these areas is integral to ensuring the success and growth of our business.

- Although public transport is one of the safest ways to travel we are responsible for the safety of all our employees and millions of passengers who use our services each day. Safety therefore is our number one priority.
- Increased use of public transport will reduce congestion and pollution. We operate a fleet of over 25,000 vehicles and manage over 600 properties across our UK and North America operations. It is our responsibility to reduce the environmental impact of our operations to as low as reasonably practicable.
- Satisfied customers are essential to the growth of our business. Development of our business therefore depends on understanding and responding to customer needs and improving the quality of our services to meet their requirements.
- We employ around 57,000 staff on whom we rely heavily for the delivery of our services. Maintaining an effective partnership with our employees and meeting their employment expectations is essential to the development of our business.

This report shows our progress over the past year in these areas and presents our objectives for the future.

MANAGEMENT FRAMEWORK

Central to achieving the objectives expressed in this report is the existence of a robust management framework. Our safety and environmental management systems are described in detail in this report and are led from the top of the organisation. There is an Executive Management Board Director responsible for safety, environment and corporate social responsibility.

CORPORATE GOVERNANCE

Full details of the Company's corporate governance procedures are available in the Group's Annual Report 2003.

Our core business is the provision of surface passenger transport in the UK and North America, which, by its nature, supports both social and environmental benefits. We do not have any manufacturing facilities and are not involved in the production or sale of tobacco and armaments or have any involvement in the nuclear power industry.

Selected Highlights

SAFETY

- During this year we fully integrated our US operations into our safety management framework.
- For the first time we introduced a Bus Division Safety Plan which sets long and short term targets for safety improvements including reduction in Lost Time Accidents.
- The number of road accidents involving buses reduced by 22% although the number of passengers injured increased slightly.
- The number of assaults on staff decreased in both the Rail and Bus Divisions.
- We continue to invest in ways to improve passenger and staff safety.

ENVIRONMENT

- Two of our companies achieved ISO14001 accreditation this year.
- We have achieved significant reductions in water usage and some reductions in energy usage.
- We have further improved our processes for estimating emissions from our vehicle fleet.
- We now have baseline data on waste output and the proportion of waste we recycle. We will continue to implement further waste minimisation and recycling initiatives.
- We have begun a programme of supplier auditing.

TEAM

- We continue our employee satisfaction surveys that have been developed in response to staff feedback obtained through focus groups.
- We achieved a reduction in bus driver turnover although further work is required.
- We are rapidly extending our work place learning schemes, which have been very well received by staff.
- Approximately a quarter of our drivers conductors and service controllers are now qualified to NVQ level and the training programme is ongoing.
- The Rail Division has established a Rail Academy through which all customer facing staff have the opportunity to obtain NVQs in Operations-Passenger Services.
- We continue to work with staff and the trade unions to develop employee benefits to attract and retain a broad range of employees.

CUSTOMER

- We are investing in ways to improve the punctuality and reliability of our bus services and improve our ability to measure service performance.
- We are able to demonstrate significant growth in passenger numbers in areas where we have invested in improving services.
- We continue to examine how technology can improve access to services.
- We are working with an increasing number of organisations on the development of green travel initiatives.
- This year we celebrated the first anniversary of the introduction of yellow school buses to the UK.
- We have made significant investment in improving rail services including a significant contribution to a new platform at Swindon and an £18 million investment in a fleet modification programme for First Great Western.

Company Profile

Our UK Operations

FirstGroup plc is a UK based international transport company with a turnover of more than £2 billion a year, and 57,000 employees throughout the UK and North America.

The Group is Britain's largest bus operator running more than one in five of all local bus services. A fleet of some 9,500 buses carries 2.7 million passengers a day in more than 40 towns and cities.

The Group is also one of the UK's largest rail operators with three franchises - First Great Western, First Great Eastern and First North Western. It is introducing new trains in each franchise at a cost of more than £200 million. The Group operates nearly one-fifth of the UK passenger rail network with a balanced portfolio of inter-city, London commuter and regional services.

It holds the operating contract for the Croydon Tramlink network which carries more than 16 million passengers a year.

In the UK the Group operates in the region of 150 properties consisting mainly of offices and depots which are used for vehicle washing, refuelling, maintenance and storage of vehicles. In the Bus Division the majority of properties are in Group ownership. In the Rail Division the properties are leased from Network Rail who own the infrastructure.

KEY TO UK OPERATIONS

- Bus Division
- First Great Eastern
- First Great Western
- First North Western

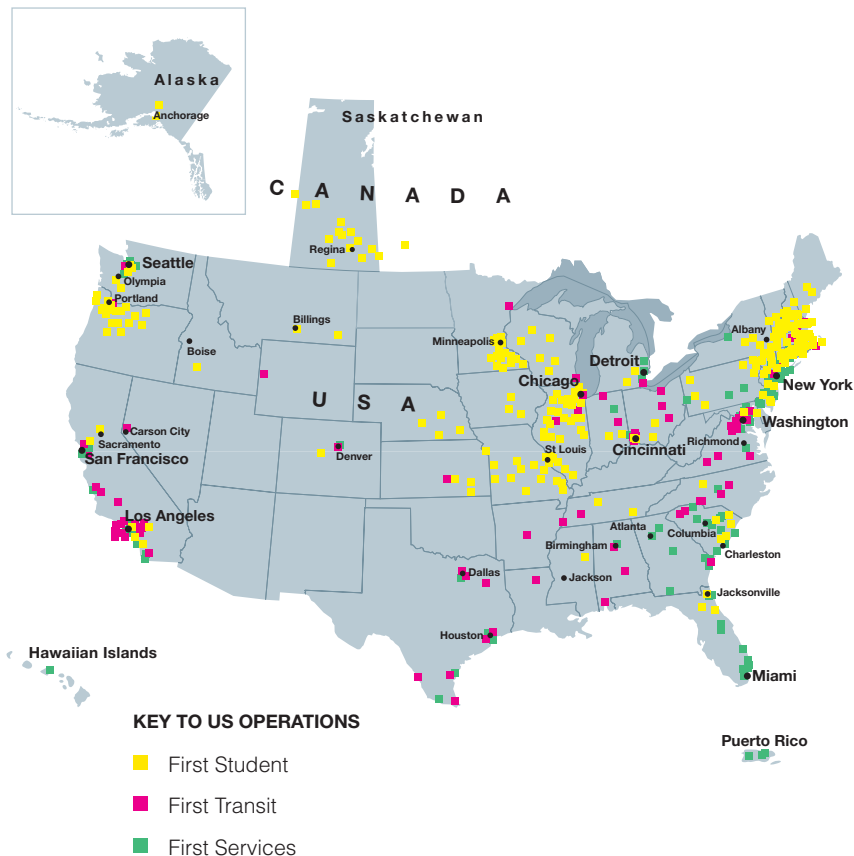


Our North American Operations

In North America the company has three operating divisions:

- Yellow School Buses (**First Student**),
- Transit Contracting and Management Services (**First Transit**)
- Vehicle Maintenance and Ancillary Services (**First Services**).

Headquartered in Cincinnati, the businesses operate across the US and Canada.



- **First Student** is the second largest provider of yellow school buses in the USA and the third largest in Canada. With a fleet of almost 15,500 school buses it transports nearly one million students every day.

- **First Transit** is one of the largest private sector providers of urban bus services in the US, managing public transport systems on behalf of cities such as Houston, Denver and New York.

- **First Services** is the largest private sector provider of vehicle maintenance in the US. Maintaining fleets and equipment for primarily public sector customers such as cities, counties, fire and police departments.

Effective stakeholder engagement lies at the heart of everything we do and is essential to ensuring the success and growth of our business.

Stakeholder Engagement

Our stakeholders include our customers, staff, shareholders, local authorities, Government and key interest groups. We derive direct operational benefit from engaging with these groups and do so through ongoing programmes of stakeholder engagement which we continue to expand and improve.

OUR CUSTOMERS

Millions of customers use our services each day. Our customer base is wide ranging and includes the travelling public, those travelling on concessionary fares, local authorities and other corporate customers who contract with us directly, such as school boards, transit authorities, passenger transport executives, airport operators or individual businesses.

CUSTOMER RESEARCH

Across the business we conduct regular customer satisfaction surveys which provide us with a continuous monitor on how we are performing in meeting customer needs and what their priority issues are. We also carry out route by route and area surveys, attitude research and analysis of sales data to obtain a better understanding of our customer base and what they expect from public transport.

Bus Division Stakeholder Engagement Programme

Within the Bus Division we consult on a routine basis with local authorities

and the public on significant bus service changes. This activity is supported by a developing stakeholder engagement programme. This process was started in Bristol two years ago and extended to Norwich, Ipswich and Glasgow in 2002. We plan to extend the programme to all our main operational centres including Devon, Cornwall and Manchester in 2003.

Senior Directors of the Group attend the seminars together with representatives from local authorities, big employers, statutory bodies, user groups and the media who are all encouraged to attend. In all cases the stakeholder seminars are part of an ongoing dialogue with customers and interest groups.

Rail Division Stakeholder Engagement Programme

We consult with the Rail Passenger Committees on timetable changes and appraise them of all customer developments extending the consultation process beyond our statutory duties. This is supported by an ongoing dialogue with the transport

interest groups such as Rail Futures and Transport 2000 with whom we hold a stakeholder forum every 3 or 4 months. Similar regular meetings are held with our Rail User Groups on an individual basis. In First North Western we hold regular dialogue with the Passenger Transport Executives for Merseyside, Greater Manchester and West Yorkshire.

We have led the industry in the creation of Stakeholder Advisory Boards for First Great Eastern and First Great Western. These groups comprise a wide range of people including eminent opinion formers with an interest in the business and regular users. They meet regularly providing the operating company boards with an outside view of their activities and providing another voice for customers.

On a less formal basis we hold "Meet the Manager and Director" sessions at our stations to encourage customers to put their views forward and make suggestions. We use "mystery shoppers" to retain an outside view of our service and have a well-developed

system for managing customer complaints and learning from these. Where we are both major bus and rail operators we have introduced stakeholder boards made up of regional opinion formers to advise and guide us on the development of our operations and programmes for the integration of bus and rail travel.

GOVERNMENT AND LOCAL AUTHORITIES

A close working relationship with both national and local government is essential to ensuring the delivery of both transport and broader government policy. We maintain a constructive dialogue with government departments and the Strategic Rail Authority at a national level and with Passenger Transport Authorities and local authorities at a regional/local level. Within the Bus Division we are actively working with government at national and local level to find ways of improving delivery of bus priority measures that will deliver faster and more reliable bus journeys. In rail we have proposed radical, short-term increases in passenger capacity on the approaches to London Paddington to help deal with the rapidly growing demand for rail transport into the capital.

More recently we have initiated dialogue with civil servants on how we can assist local authorities and national government in tackling aspects of social inclusion. To this end we held a transport and social inclusion seminar with stakeholder groups and interested parties in January 2003 with the aim of identifying how we can serve these communities better.

Quality Partnerships

We have been very proactive in the development of Quality Partnerships with local authorities and related groups. We have to date formed more than 100 Quality Partnerships, more than any other operator, across the UK, aimed at developing and improving bus services for our customers.

INDUSTRY MEMBERSHIP

We are active members of our key industry organisations including the Confederation of Passenger Transport (CPT), Association of Train Operating Companies (ATOC) and the Union Internationale des Transports Publics (UITP). A FirstGroup plc Director acted as president of the CPT until December 2002. Two Directors from FirstGroup plc sit on the boards of both the CPT and

ATOC. These organisations have a wide-ranging remit for the industry and represent the industry with other community and government sectors. They also monitor developments in Europe as many of the drivers for changes in UK policy within the transport sector are formed there.

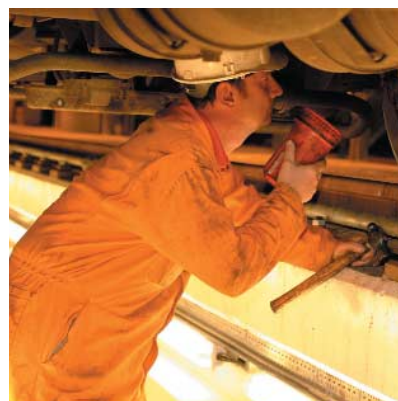
OUR STAFF

Our bus companies have developed strong partnerships with our trade unions at both the local and national level, leading to joint working across a range of issues including education, staff welfare and employee benefits. We also undertake a wide range of formal and informal staff meetings and regular employee satisfaction surveys and staff focus groups to obtain employee feedback. The results of the staff surveys are an essential management tool, used to identify and prioritise areas for improvement.

An Employee Director sits on all our subsidiary company boards. Every three years the Company Employee Directors elect one of their number to serve as Employee Director on the plc Board.

Safety First





Train and bus travel are amongst the safest modes of transport. The safety of our staff and passengers is of fundamental importance to us and underpins everything that we do.

During the year we have continued to work with DuPont Safety Resources with the aim of developing our total safety culture. We are making good progress but need to continue to improve safety awareness at all levels within our organisation.

Our safety plans drive improvement through the identification of both long and short-term safety targets and associated action plans.

The Chief Executive leads safety development within the Company through the Executive Safety Committee, supported by a safety management structure. We recognise that the major cause of injuries is the behaviour and unsafe action of people. A key component of safety management within the Group is a continuous programme of behavioural safety audits conducted by senior Directors within the Company, including the Chief Executive.

SAFETY IMPROVEMENT TARGETS

BUS DIVISION

A major change in the year was the development of our first National Bus Safety Plan, following a detailed benchmarking exercise. This contains long-term targets for accident reduction and details changes to be made in the coming year with depot specific targets for accident reduction.

The annual targets are summarised below:

ANNUAL TARGETS - 2003-2004

- To reduce accidents by 12% averaged across all bus companies.
- To set short-term passenger and public accident reduction targets.

RAIL DIVISION

In the Rail Division our safety targets are driven by industry targets set by the Railway Safety and Standards Board. The Railway Group Safety Plan for 2003-2004 sets long-term risk based targets and the following annual targets which are reflected in each Train Operating Company Safety Plan.

ANNUAL TARGETS - 2003-2004

- To achieve a 10% reduction in risk of equipment or systems failures which could lead to multi-fatality accidents.
- No accidental passenger or employee fatalities
- Reduce assaults on staff by 10% of April 2002 rate.



Safety First

Bus Division

The development of a national Bus Safety Plan has been an important achievement. To support the implementation of this plan we have appointed a Safety Director for the UK Bus Division, who will spearhead safety innovation and push for the consistent delivery of national safety standards and practices.

SAFETY TRAINING

As a major part of our safety strategy we continue to place a high emphasis on staff training and awareness.

All companies within the UK Bus Division have now adopted our core safety training brief and significant progress has been made in the number of employees trained. It is anticipated that all employees will have been trained within the next 18 months. Training will form part of the induction brief for all new employees. Alongside the core safety training a number of safety training programmes are ongoing. These include DVD based training on a variety of safety topics, risk assessment training, route risk profile training and most importantly regular tool box talks.

STAFF ACCIDENTS

The number of lost time accidents within the Bus Division this year remains constant with the previous year's figures. These figures represent an annual average of 41 lost time accidents per 1000 employees.

A comprehensive risk assessment undertaken within the UK Bus Division has improved our understanding of the hazards that create the greatest risk and the measures that control them. The biggest risk to our employees is injury while driving followed by physical assault, slips, trips and falls.

The figures can be broken down as follows:

- 24% of lost time accidents occur while driving,
- 23% arise from physical assaults on our drivers and
- 16% from slips, trips and falls.

The risk assessment identifies key control measures which, if delivered, will reduce the exposure to risk of our staff and bring down the number of lost time accidents.

PHYSICAL ASSAULTS ON STAFF

The issue of physical assaults continues to be of major concern. We have already taken action to improve staff safety including improved training programmes, changes to routes and physical changes to buses, which are designed to improve staff protection and deter staff-passenger conflicts. Despite a reduction in the number of assaults on drivers the figures continue to be significant.

YEAR	NUMBER OF PHYSICAL ASSAULTS ON STAFF
APR 01/MAR 02	222
APR 02/MAR 03	218

Further control measures are now being implemented including: conflict avoidance training, greater use of CCTV and a more determined approach to both civil and criminal prosecution of assailants.



BUS PASSENGER SAFETY

Bus travel is one of the safest modes of transport. However, where road traffic accidents do occur they are the major cause of injury to our passengers and staff. Improving passenger safety is central to our vision. We maintain records of every road traffic accident, whether or not it is our fault, including records of any passengers injured during the accident. The number of road accidents reduced by 22% in the last year although the number of passengers injured has increased slightly.

YEAR	ROAD TRAFFIC ACCIDENTS PER MILLION PASSENGER JOURNEYS	BUS PASSENGER ACCIDENTS PER MILLION PASSENGER JOURNEYS
APR 01/MAR 02	35	6.28
APR 02/MAR 03	27	6.44

Route Risk Assessment

One of our most important current initiatives to further reduce road accidents is a pilot Route Risk Profile project currently being undertaken in Bristol and South Yorkshire. This project involves assessment of a number of routes to identify hazards along the road such as steep cambers, parked cars and school gates. This information is then used as part of a training programme attended by all drivers on these routes. This project is being refined and will be rolled out nationally.

Safety in Bus Design

We are carrying out research using CCTV footage from our buses to obtain a better understanding of passenger activity to determine how we can modify bus design to improve passenger safety. Working with the vehicle manufacturers we are looking carefully at issues like the positioning of handrails, luggage compartments, access for the disabled and passengers with buggies.

The following are examples of actions we have taken to improve further passenger safety on our buses:

- We are committed to all new vehicles having low floor design to reduce the number of steps needed to board the bus and therefore the potential for slips, trips and falls while boarding or leaving the bus. 34% of our fleet are currently low floor vehicles.
- We continue our programme of installing CCTV cameras on selected buses and at bus stations.
- We are improving waiting areas through better security, improved lighting, barriers and CCTV cameras in a number of key bus stations.
- We have an ongoing programme of alcohol testing where we randomly test employees each month.
- New vehicles are fitted with more handrails to meet the specification required under disability discrimination legislation.
- We continue to introduce better signage and notices about passenger safety and security on our vehicles.



Safety First

Rail Division

The licence of each Train Operating Company is dependent on having a Railway Safety Case. They are approved by the Health and Safety Executive and describe the operation and our competence and capability to run a safe railway. They include such things as our maintenance policy and full details of how we manage our drivers.

The Railway Safety Case is supported by documents such as the annual Rail Safety Plans, which provide analysis of safety performance, set long and shorter-term targets and assign actions to deliver the continuous improvement we seek.

We are very proud that First Great Eastern is the first Train Operating Company in the country to achieve 100% compliance with a safety case audit.

RAIL STAFF SAFETY

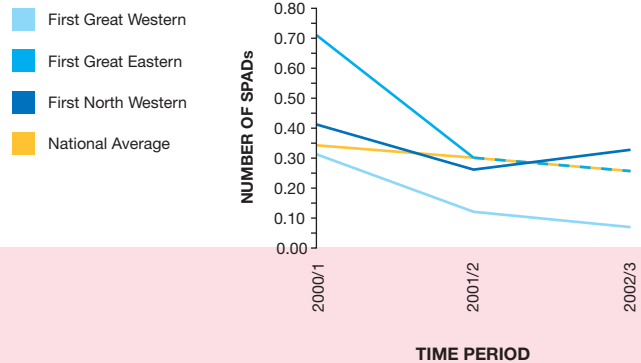
Within the Rail Division lost time accidents are at a low level but have shown an increase over the past twelve months from 12 to 17 lost time accidents per 1,000 employees. We aim to address these increases through implementation of the actions contained in the annual Rail Safety Plan, which include gaining an improved understanding of the causes of lost time accidents, in particular relating to health and fatigue. This information can then be used to identify specific actions in relation to these issues.

PHYSICAL ASSAULTS ON RAIL STAFF

The risk of physical assault is also an issue for our rail staff and, despite a reduction in the number of physical assaults during the last twelve months, the current levels remain unacceptable to us. The industry has recently completed a national survey to obtain a better understanding of the triggers for assaults and the actions which can be taken to reduce the assault rate. Our three Train Operating Companies have their own risk profile identifying appropriate control measures. These controls include the provision of conflict avoidance training for customer facing staff, the provision of customer information particularly during service disruption and support from British Transport Police.

YEAR	NUMBER OF PHYSICAL ASSAULTS ON RAIL STAFF
APR 01/MAR 02	194
APR 02/MAR 03	184

Number of SPADs per 100 drivers per year



RAIL PASSENGER SAFETY

Within the Rail Division there has been a reduction in passenger accidents over the last 12 months. We intend to improve the safety of our service. While much focus is given to the avoidance of catastrophic risk leading to multi-fatality accidents we also take measures to reduce minor accidents and those affecting individual passengers.

YEAR	RAIL PASSENGER ACCIDENTS PER MILLION PASSENGER JOURNEYS
APR 01/MAR 02	10.5
APR 02/MAR 03	8.9

All new trains are fitted with internal CCTV and new First Great Western and First North Western trains are also fitted with external CCTV to provide information in the event of an accident enquiry.

First Great Western trains, alone amongst high-speed operators, are fitted with Automatic Train Protection systems (ATP), the most effective train protection system available. It is Company policy not to operate a train if its ATP system is faulty and to terminate a train en route if a fault develops. The Train Protection and Warning System fitment programme for all passenger trains is nearing completion.

We also have an ongoing programme of drug and alcohol testing where we randomly test employees each month.

SIGNAL PASSED AT DANGER (SPADS)

The rate of Signals Passed At Danger (SPADs) has reduced for all our rail companies over the last three years. Current figures compare well with the national average.

In the case of First Great Western the company's performance on SPADs is one of the best in the industry. First North Western is above the industry average for the last twelve months but in comparison with other operators running similar rural services its performance is better than average.

We are a leading industry player in reducing SPADs across the rail network. Our objective is to reach a goal of zero SPADs and to this end we have developed a SPADs strategy supported by individual company action plans. The strategy considers, among other things, building criteria into staff recruitment and competence assessment procedures. Careful consideration of hours of work and simulation studies to test drivers' reactions in unusual situations also forms part of the strategy. Full mock-up cab driver simulators will be introduced shortly to improve driver training on First Great Western.



Safety First

North America

This year we established a North American Executive Safety Committee charged with giving greater leadership, clarity and definition to the safety culture of all our North American businesses. The Committee is composed of senior North American management, which meets monthly with the Safety Directors of each business to establish common benchmarks for safety reporting and actions that will reduce or eliminate safety issues confronting the businesses.

STAFF ACCIDENTS

The North American Executive Safety Committee has standardised recording and reporting of staff injuries, which has given strength to our tracking and statistical analysis of the frequency and cause of staff injury. These consistent policies have enabled better policy and training initiatives to reduce both the number and severity of staff injuries. In total our lost time accidents have reduced over the last twelve months with significant improvements in two operating companies.

In parallel with the UK, we have also been working to obtain a better understanding of the hazards which create most risk for staff in undertaking their duties. The risk profile for each of our companies varies slightly due to the difference in their operations.

For the period 2002 to 2003 the accident profiles indicate:

- in First Student the most common type of accident was slips, trips and falls which constituted 29% of total accidents.
- in First Transit the most common form of accident was Pull/Push/Twist which constituted 40% of our accidents.
- in First Vehicle Services the most common type of accident was improper lifting which constituted 31% of our accidents.

This information is used to focus our training activities and derive safety initiatives at site level.

PASSENGER SAFETY

We transport over 1 million students each day across the USA and Canada. The safety of our passengers is our highest priority. The yellow school bus is one of the safest passenger transport vehicles in the world being purpose built and solely designed for the carriage of children.

Safety features include on-board video cameras for passenger monitoring, use of an additional adult monitor to supplement the driver's presence on the bus, sleeping child prevention programmes and implementation of a safety bar which extends from the front bumper of the school bus when loading and unloading to prevent children walking in the driver's blind spot in front of the bus.

YEAR	STAFF LOST TIME ACCIDENT PER 1000 EMPLOYEES		
	FIRST STUDENT	FIRST TRANSIT	FIRST VEHICLE SERVICES
APR 01/MAR 02	2.11	3.60	2.14
APR 02/MAR 03	1.54	3.85	1.92



Vehicle Collisions and Passenger Accidents

The number of road accidents in both First Student and First Transit have reduced over the past 12 months. Again, the causes of collisions are recorded which allows us to build these issues into the core training programme for our drivers. The number of passenger accidents has also decreased.

Recent initiatives to improve passenger safety have included educating children on how to safely board and ride on a school bus and work in further developing our systems to ensure the suitability of people to work with children and drive our buses. This has involved investing in the development of an internet based programme containing driver data and employment information. This internet-based programme tracks the legal requirements of Federal, State and local authorities and stores the proper documents in an accessible electronic database.

We also have an ongoing programme of drug and alcohol testing where we randomly test employees each month.

In addition, FirstGroup America has a strong pre-employment, post-accident, reasonable suspicion and return-to-duty drug screening programme. Our programme is both successful and in compliance with regulation and in many cases these policies exceed those required by law to ensure the greatest level of safety to staff and the public.

YEAR	VEHICLE COLLISIONS PER MILLION MILES	
	FIRST STUDENT	FIRST TRANSIT
APR 01/MAR 02	18.09	20.52
APR 02/MAR 03	16.68	18.56

YEAR	PASSENGER ACCIDENTS PER MILLION MILES	
	FIRST STUDENT	FIRST TRANSIT
APR 01/MAR 02	0.58	5.53
APR 02/MAR 03	0.43	3.58

Staff Training

In First Transit, training will be the main focus in the coming year.

- All safety managers will receive training designed to identify the causes of accidents and incidents, and assist in the development of effective measures to reduce or eliminate their reoccurrence.
- Safety managers will be required to work towards the Transportation Safety Institute's (TSI) certificate programme.

A new bus operator training programme will be introduced at all locations developed by industry experts in conjunction with TSI.

Training is a key component to any successful health and safety strategy. First Transit believes strongly that the programmes that will be implemented during the coming year will assist us in achieving our goal of a 10% reduction in the number of injury and collision claims.

Environment First





As a public transport operator we have a major contribution to make to improve the environment we live in by presenting people with real travel alternatives to the car thus reducing emissions and congestion.

However there are environmental impacts associated with our operations. The aim of our environmental policy is to reduce these impacts to as low as reasonably practical to the benefit of the environment but also our business through reduction in costs and reduced risk exposure.

During the development of our business we inherited many old facilities from the public sector. We have an ongoing programme of upgrading and replacing our premises.

ENVIRONMENTAL IMPROVEMENT TARGETS

We have set ourselves the following environmental improvement targets for the next 12 months.

ANNUAL TARGETS - 2003-2004

- Reduce energy usage by 10% from the 2002/2003 figures.
- Reduce overall waste arising by 5% on 2002/2003 figures.
- Extend the supplier audit programme to a further 4 companies including our uniform suppliers on whom we will also undertake a social audit.
- Achieve ISO14001 accreditation on one further company within the Group.
- Audit all our companies and depots against the requirements of the revised Environmental Management Manual.
- Integrate the US operations into our environmental management framework.
- Increase our training levels by 10%.

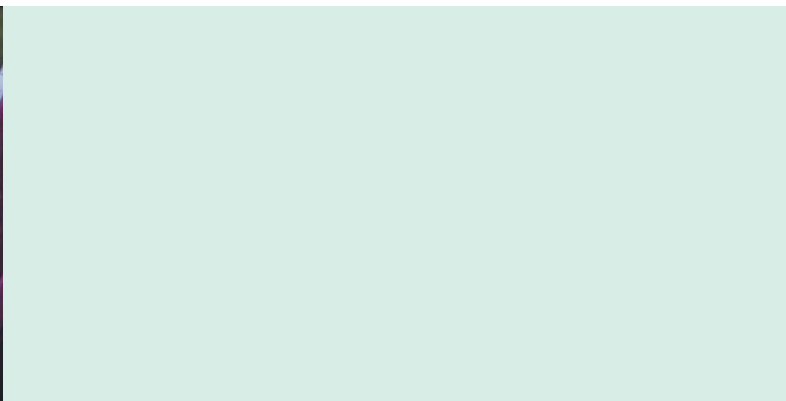


Environment First



Progress in Achieving Year 2002 Objectives and Targets

OBJECTIVE	TARGET	STATUS
Continue training and awareness of staff.	Initiate environmental awareness raising sessions with the company Managing Directors and conduct further training and awareness sessions for Depot Managers.	✓ ACHIEVED
Achieve ISO14001 accreditation for a number of our companies.	Achieve ISO14001 accreditation for our operations in London and at least one rail company.	✓ ACHIEVED London Operating Company and First Great Western.
Reduce energy utilisation across the Company.	Ensure the recommendations from the recent energy audits at 13 sites are assessed and implemented as appropriate and monitor the impact of the changes made.	✓ ACHIEVED £100,000 investment allocated and further audits undertaken.
Reduce waste arising in the Company.	On the basis of the recent waste minimisation audits to draw up an action plan and develop a framework for reporting on waste recycling throughout the Group.	PARTIALLY ACHIEVED Reporting is in place and recycling schemes are being progressed and will continue.
Assess the performance of our waste management contract.	Conduct an audit on our waste management contractor to ensure we are compliant with all relevant Waste Management Legislation through this contract.	✓ ACHIEVED
Assess the performance of our major suppliers.	Initiate a programme of supplier audits.	✓ ACHIEVED Audits were conducted on our fuel and tyre suppliers.
Update our environmental documentation.	Review and revise our environmental management manual and associated documentation.	✓ ACHIEVED Revised manuals for both the bus and rail operations.
Develop procedures to improve monitoring and reporting on vehicle emissions.	Hold a workshop with key staff to discuss this issue and agree a reporting approach and proforma.	✓ ACHIEVED Results presented in this report.



Our Management Strategy

The environmental management structure of the Company has been greatly strengthened by the appointment of Divisional Environmental Managers. They continue to meet quarterly through the year to share best practice.

Standards for environmental management are set in the Group Environmental Management Manual which was updated this year and sets the minimum environmental management requirements for subsidiary companies. Companies or Divisions within the Group then establish their own local procedures to meet the requirements of this manual. Some companies are now opting to develop local management systems compatible with ISO14001 and are seeking external accreditation for these systems.

One of our objectives for next year is to integrate the North American operations into our environmental management framework. The Director of Real Estate in North America has overall responsibility for environmental management,

reporting to the Deputy Chief Executive Officer in North America. Prior to 2001 the Group's properties in North America were managed by an external agency. Moving the responsibility in-house will ensure greater accountability and achieve cost savings.

AUDITING

Over the past 12 months we have conducted environmental audits of all our companies against the requirements of the Group Environmental Management Manual. These audits have focused on obtaining an overall understanding of the individual companies.

- Environmental structures;
- Levels of awareness amongst staff;
- Environmental training;
- Risk management practices.

The findings of these audits demonstrated an increasing commitment to and awareness of environmental management amongst our companies.

We have established a similar programme of auditing for next year which will be cross divisional to encourage the sharing of best practice. At company level each site is audited at least once a year and a growing number of companies have also introduced monthly site inspection checklists linked to safety inspections.

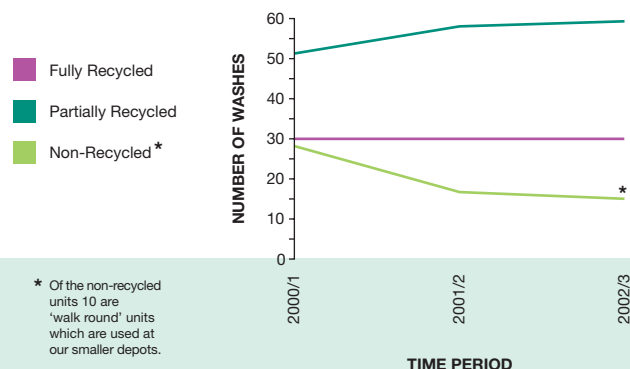
TRAINING

This year we began collating information on the levels of environmental training conducted throughout the Group. This will enable us to target specific companies where the levels of environmental training needs to be increased. Much of the training has been focused on engineering staff who are involved with vehicle maintenance, the activity which represents the greatest environmental risk.

To date 70% of our engineering staff have received some form of environmental training, ranging from one day training sessions to brief tool-box talks.

Environment First

Bus Wash Profile



Prosecutions and Incidents

The number of reported incidents continues to rise which we feel reflects increasing awareness by staff of the spill reporting procedures. Most of these incidents were minor in nature and contained on site. We have not been prosecuted in relation to any environmental incidents in the last twelve months although discussions with the Environment Agency are ongoing in relation to an incident at Trowbridge where fuel leaked into a watercourse.

We have one outstanding issue relating to nuisance. First North Western was issued a Noise Abatement Order for their site in Barrow in Furness, Cumbria in February 2003. Discussions are ongoing with the Environmental Health Department.

Environmental Performance

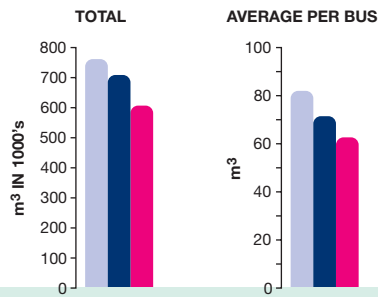
Through activities undertaken at our rail and bus depots such as vehicle washing, fuelling and maintenance we have an impact on the environment.

The environmental issues associated with the bus operations and management of the depots are:

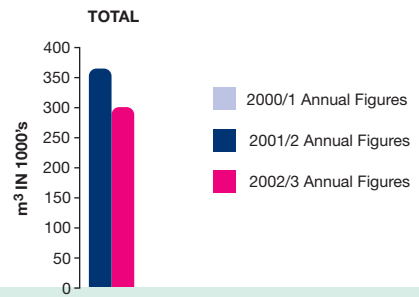
- Fuel storage and use;
- Water usage;
- Energy usage;
- Emissions from the vehicle fleet;
- Waste management.

Reduction of environmental risk at the depots is achieved through a combination of improved management and physical changes to the depots. The bus depots are mostly in our ownership and therefore infrastructure changes are in the Group's control. In relation to the rail depots, the infrastructure is owned by Network Rail and the scheduling of major changes required to meet regulatory requirements or reduce environmental risk is therefore often out of our control.

Total Water Usage For Bus Division



Total Water Usage For Rail Division



Fuel Storage and Use

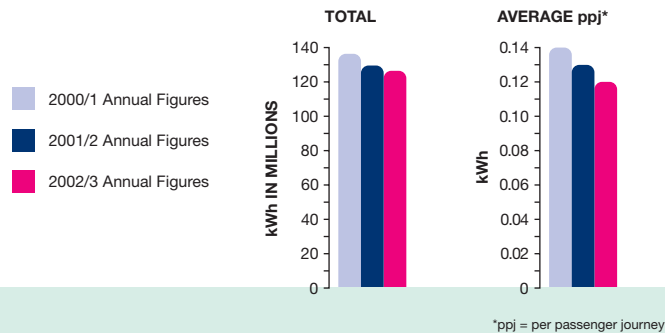
Fuel storage and use is one of our main high-risk areas in respect of environmental management. We have now decommissioned all underground fuel tanks apart from three, which cannot be moved due to space constraints. The remaining tanks are routinely tested or fitted with leak detection systems. All our fuel storage and delivery areas have been audited against the requirements of the Control of Pollution (Oil Storage Regulations) 2001. We have an ongoing programme of training and awareness and communication with the fuel suppliers to reduce the risk of fuel loss during delivery to as low as reasonably practicable.

Water Usage

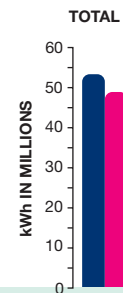
The main use of water within the Group is for vehicle washing. In the bus companies, where we own the infrastructure, we are seeking to reduce water usage through a programme of installing and upgrading partial water recycling bus wash facilities. Over the last two years we have invested a total of £2 million in new bus washes.

We have now started to see the benefits of the investment programme in terms of reduced water consumption. Data for the last three years indicates that total water usage for the bus operations has reduced by 14% over the last 12 months, which equates to a reduction in water usage per bus of 10m³. In the Rail Division total water usage has decreased by 17%.

Total Energy Usage For Bus Division



Total Energy Usage For Rail Division



*ppj = per passenger journey

Environment First

Energy Usage

Reducing energy usage at our depots has been an important area of activity for us over the last 12 months. To provide incentives to depots to take part in our energy minimisation initiatives we introduced a quarterly prize of £1,000 for the best performing depot within each of our six divisions.

To support companies in achieving energy reductions, detailed energy audits were conducted at 42 of our depots by specialist consultants to identify opportunities for energy saving.

On the basis of the audit findings we have allocated £100,000 to replace old heating systems at our depots at Larkfield, Glasgow, Hackney and Wigan. Next year we will continue to invest in replacing plant and equipment as recommended in the audit reports to achieve further energy savings.

Energy data is reported as the combined gas and electricity usage at each depot expressed in kilowatt hours. We have expressed our energy usage as totals for the Bus Division as well as normalised to passenger journeys, which we consider to represent our business output. Over the past twelve months we have introduced improved systems of quality assurance to ensure the accuracy of our data which has led to some slight changes to the data reported in last year's report.

Over the last three years we have achieved an 8% reduction in energy usage in the Bus Division. This has been driven by depot level initiatives which have been built around identifying low and no cost options to reduce energy. The focus of these initiatives has been mainly in the last six months. We expect continuation of these and the investment in plant and equipment to contribute to further reductions over the coming year. In the Rail Division we have achieved a 7% reduction in energy usage over the last twelve months.

Fleet Management

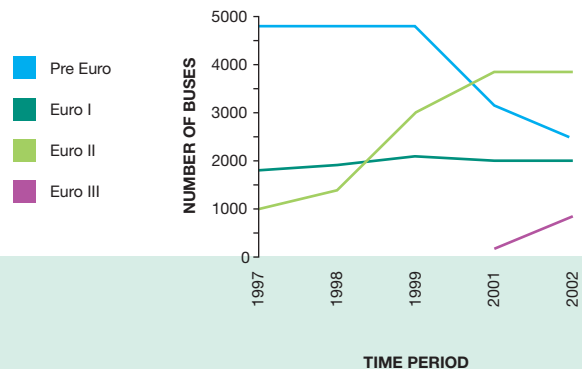
We operate a fleet of around 9,500 vehicles, which impact on air quality through the emission of combustion gases and also use significant quantities of fuel. We can control the emissions from our fleet in a number of ways through the types of fuel and engines we use, the age of our fleet and ensuring effective maintenance. Other issues such as size and weight of vehicle and the nature of journey also influence emissions, but these are factors over which we have less control.

Although we contribute to emissions from the operation of our vehicle fleet, bus and train travel produce lower emissions per passenger journey than the car. As a result, significant improvements in air quality can be achieved through modal shift from car to public transport.

ACHIEVING EMISSION REDUCTIONS

Our bus fleet operates on ultra low sulphur diesel. Diesel engine emission standards have become increasingly stringent since the 1990s with the introduction of Euro standards. These standards continue to be the target for engine emission reductions. The Euro III level which came into force in

Number Of Engine Types



2000/2001 saw further reduction requirements for all four of the main pollutants (hydrocarbons, carbon dioxide, nitrogen oxides and particulate matter).

Data published by the Confederation of Passenger Transport indicates that a Euro II engine fitted with a catalytic converter and using ultra low sulphur diesel fuel produces emissions of the same order of magnitude as gas buses.

Our policy is to reduce the emissions from our diesel engines to as low as practicable through investment in new engines with lower emissions, fitting of further emission control technology where it is appropriate to do so and ensuring that our maintenance and fleet management programmes are effectively managed. We specify all our new buses with either a catalytic exhaust or a particulate trap enabling them to perform at emission levels lower than current legislation.

Our Euro Engine Profile

Our continued investment in new vehicles is clearly reflected in our fleet profile. There has been a 7% increase in the number of Euro III engines in our fleet and Pre Euro

engines now form only 27% of the fleet. The average age of our vehicles is now 8 years, a reduction of 16% since the company's first year of operation. Our objective is to maintain a fleet age in the current range in line with the Government Targets.

Further Reducing Emissions

We are members of the Low Carbon Vehicle Partnership which is a forum of various stakeholders providing guidance to the Government in achieving its target that by 2012 600 or more buses coming into operation per year will be low carbon (defined as 30% below current average carbon emissions). The partnership will identify and participate in low carbon bus demonstration and pilot projects.

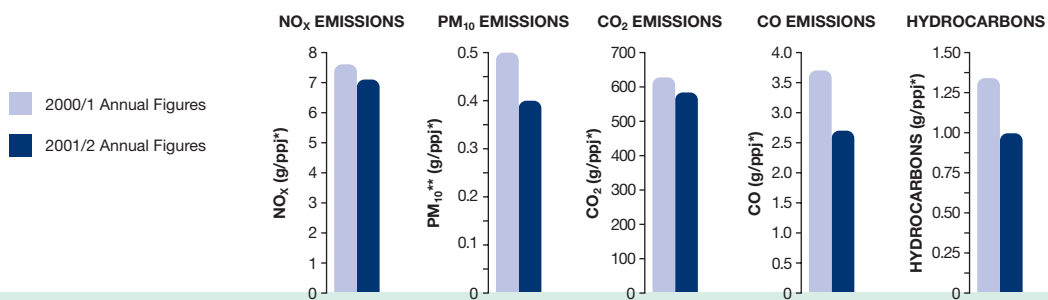
We are also involved in a further project with the Greater Manchester Passenger Transport Executive which involves piloting buses using hybrid technology where a battery is used in part to power the vehicle, requiring a much smaller engine and leading to consequent reductions in emissions. This project is in its early stages and results are not yet available.

Other Fuel Trials

We continue to operate a number of gas and electric buses as part of our programme of research into alternative fuels. We now believe that such vehicles do not provide a reliable and cost effective alternative to clean diesel buses for the majority of our passenger needs.

Commencing in January 2004 we will be operating three fuel cell powered buses in London for two years. This is part of a broader project with buses being piloted in a number of cities. These buses use compressed hydrogen to generate electricity which drives the bus. As hydrogen is produced using alternative energy sources this technology could remove reliance on fossil fuels to power our vehicles. This is the first large scale trial of this technology and we will continue to report on these developments.

Estimated Emission Levels From Buses



Data not available yet for 2002/2003
 * ppj = per passenger journey
 ** We have assumed that a catalytic converter will reduce particulates by about 50%, while a particulate trap will reduce the particulate content of exhausts by about 90%

Environment First

Maintenance

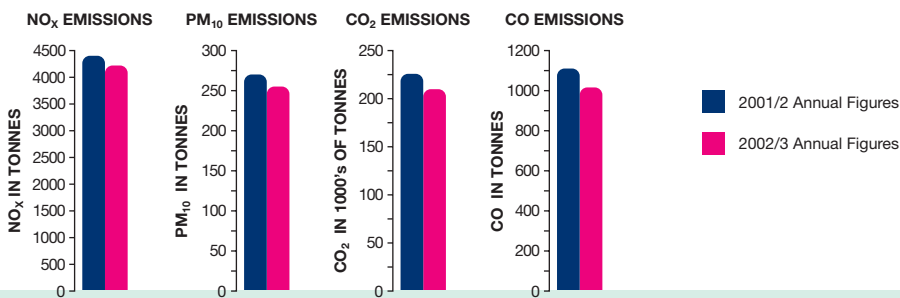
It is our policy to operate a comprehensive maintenance programme that provides for regular inspection and servicing using trained personnel and detailed documentation. All vehicles are inspected to exacting standards as laid down by the requirements of the Vehicle and Operator Services Agency (VOSA) and our own internal performance requirements. We conduct internal audits on our procedures and standards as well as using outside agencies such as the Freight Transport Association for an independent view.

Vehicle technology improvements enable us to monitor the performance of our vehicles more accurately and ensure that engines and transmissions are operating within their design parameters. Emissions and fuel usage are better controlled as a result. We continue to work closely with lubricant suppliers to maximise the benefits

available from new products with the aim of extending oil drain intervals, whilst at the same time improving unit life and fuel consumption.

Vehicles are subject to annual inspection and roadside spot checks by the VOSA. We set targets and monitor our companies against performance indicators in these areas.

*Estimated Emissions From Diesel Powered Trains



* These calculations do not include First Great Eastern who operate electric trains.

Emissions

BUSES

The emissions from our bus fleet will continue to reduce through ongoing investment in new vehicles with low emission engines. Calculating representative emissions from a vehicle fleet as large and diverse as ours is a difficult process as so many factors influence the emissions that occur. Each bus will have a slightly different emissions profile depending on for example, the nature of the journey, the size of the bus, the type and make of engine and the vehicle speed. Establishing emission factors which can be applied across the fleet is therefore difficult. This year we undertook a study to review the options available to us.

On the basis of this study we decided to continue to calculate emissions based on the National Atmospheric Emission Inventory (NAEI) database (www.naei.org.uk).

The NAEI database has been extended since our last report and emissions data from each of the pollutants reported is available for all Euro engine types and pre Euro engines. A more detailed breakdown of the engine types in our vehicle fleet has enabled us to

improve our calculations this year. The calculations have been made by establishing the number of buses in each engine category in the fleet and multiplying these by the appropriate emission factors found in the database. Emission factors are also adjusted for average operating speeds within each company as well as the vehicle mileage.

RAIL

To calculate rail emissions we have used a combination of NAEI factors and those provided by our vehicle manufacturers.

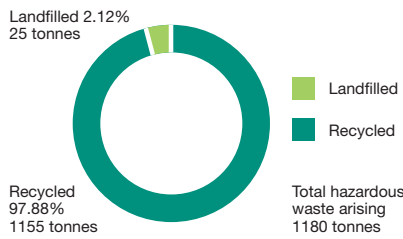
First North Western is a regional service and for this operator, emission calculations have been undertaken using the emission factors for rural railways contained in the NAEI database.

In the case of First Great Western we operate high-speed inter-city services where Valenta engines are fitted to 79 power cars and VP185 engines fitted to 7 power cars. In addition, for the last twelve months we have been operating Adelante Class 180 trains between London Paddington and Bristol Temple Meads. Emission factors in

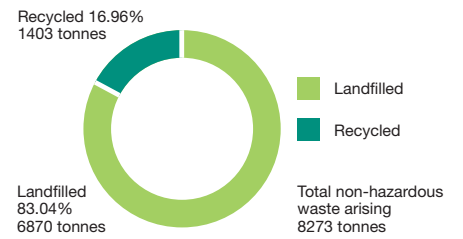
grammes per mile have been obtained for these different engine types from the vehicle manufacturers and these have been used to calculate the emissions from the First Great Western fleet. The combined emissions for all our diesel trains has shown a slight reduction during the last twelve months due to investment in new rolling stock which meet tighter emission standards.

Emissions from the First Great Eastern fleet are not included. This fleet consists entirely of electric trains. Although we recognise that emission do arise from the generation of electricity to run these trains we have no control over them.

Hazardous Waste Arising



Non-Hazardous Waste Arising



Environment First

Waste Management

This year we are able to report baseline data on waste arising within the Bus Division. Broadly speaking we produce non-hazardous waste which is collected from our buses, offices and stores and special waste or hazardous waste arising from vehicle maintenance workshops. All wastes are disposed of using licenced contractors.

THE STORY OF OUR TYRES

Worn tyres from our buses are sent to Wolverhampton for reprocessing. The rubber crumb which arises from the process is sent to Germany for conversion to rubber mats for playgrounds. Damaged tyres are shredded and used as fuel in cement kilns. There is thus no disposal to landfill of our waste tyres.

REDUCING ENERGY CONSUMPTION AT OUR DEPOTS

During the past twelve months our depot at Oldham has reduced gas consumption by 16% and electricity consumption by 9%. Reductions have been achieved by closer control of the heating boilers and by investing in repairs to workshop doors making them easier to open and close. Our depot at Kirkstall has achieved 14% savings in energy by removing unnecessary lamps, installing passive infra red sensors and investing in energy efficient lighting.

Approximately 98% of our hazardous waste is recycled. This figure excludes the waste from our interceptors which collect dirty water from cleaning and bus washing operations at the site. In order to further reduce the hazardous waste arising a number of our depots are piloting the use of recycling devices for absorbent material. This material is used to clean up spills, and is currently disposed of to landfill. This recycling device segregates the used material and allows it to be used more efficiently.

17% of our non-hazardous waste is currently recycled. In addition to recycling schemes already in place last year, we have implemented further recycling schemes through our waste contractor.

NORTH AMERICA

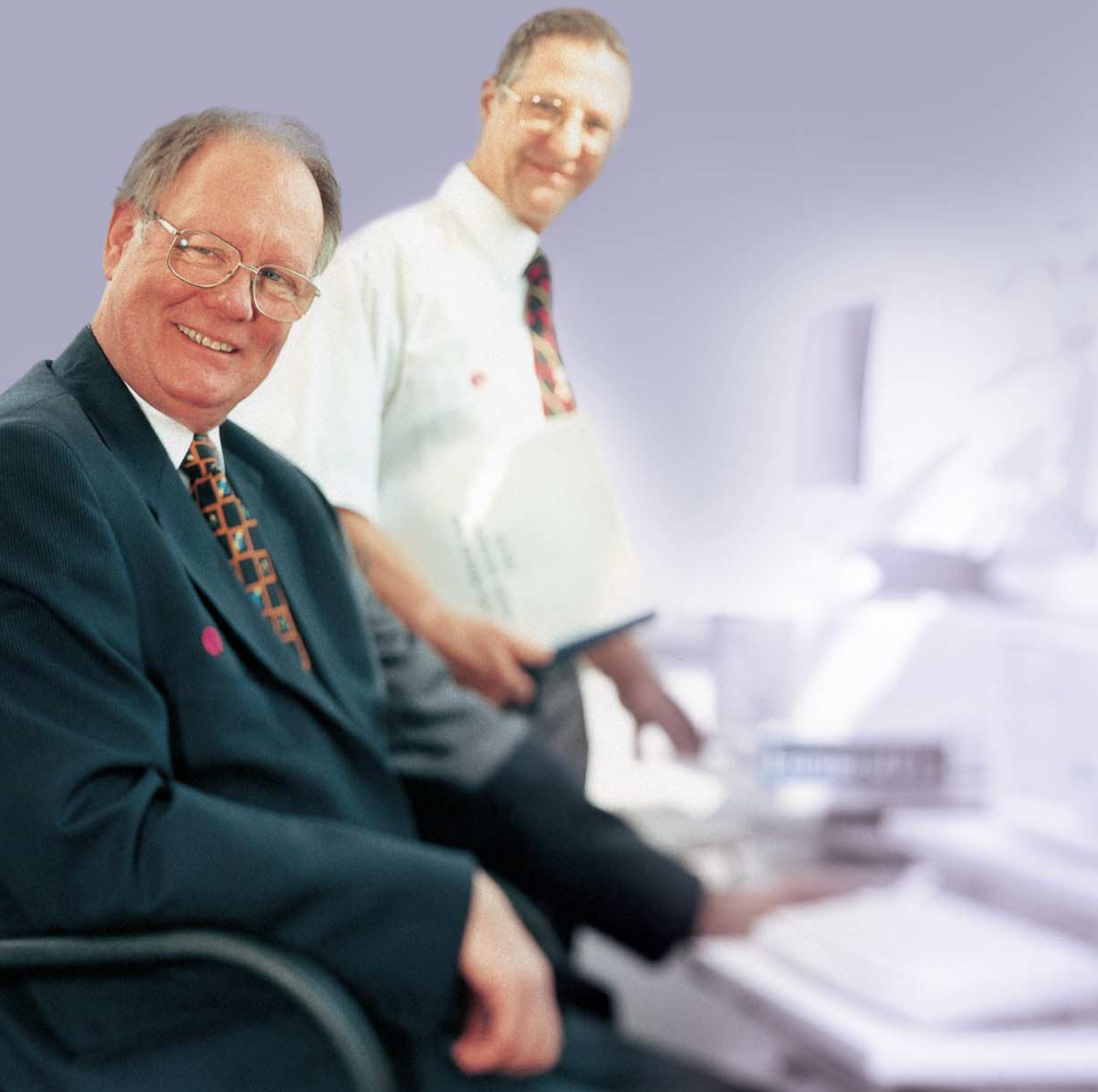
In North America improvements in waste management have been achieved over the past year. Over the past few years the North American businesses have progressively reduced their hazardous waste arising to a level, which defines them as “very small generators” which typically means less than 100kg per month. The only hazardous waste that is produced at most workshops is spent washer solvent. We have begun an initiative to eliminate the use of parts washers and hence the generation of hazardous waste as defined by the Federal Government.

SUPPLY CHAIN MANAGEMENT

During the last twelve months we started a supplier audit programme. The purpose of this programme is two fold: to assess the environmental performance of our contractors and to strengthen the supply chain relationship in order to understand mutual ways in which we can improve environmental performance.

This year we audited our three main waste management contractors, BP who supply all our fuel and Dunlop who supply and change our tyres. We will be continuing the supply chain auditing programme over the next twelve months.

Team First





In a customer focused business, the commitment and dedication of our staff is an essential element in delivering a high quality customer service. We intend to become the employer of choice within our industry.

The Group has experienced significant cultural change over the past 10 years. We have moved from being some 27 separate public sector organisations to a public limited company in a relatively short space of time. This has required our staff to be flexible and to regularly adapt within a fast moving environment. We appreciate this and understand that maintaining the commitment and enthusiasm of our workforce is central to our business strategy.

We recognise the need to work with our employees and unions to continually improve customer service, to maintain a financially sound business and to meet employee needs and aspirations. To this end we ensure we communicate with our 57,000 employees and seek their views on how the business is doing.

IMPROVEMENT OBJECTIVES

Our overall objective is to develop a workforce which is highly motivated and customer focused, able to work in a flexible environment and capable of responding to individual, customer and business needs.

To achieve this we believe we have to offer our people opportunities to develop and grow to reach their full potential.

IMPROVEMENT OBJECTIVES

We have set the following objectives for moving towards the above goals. During the coming year we will be developing more specific targets within the context of an overall people strategy as this will assist us in monitoring progress.

- Reduce staff turnover, focusing on the highest turnover group of bus drivers and identify the key factors effecting turnover.
- Improve staff satisfaction as measured through our Think First employee opinion surveys.
- Improve management data on workforce diversity, which will form the basis of setting targets and monitoring progress in the future.
- Continue to develop staff benefits to better meet the aspirations of current and potential future staff.
- Improve access to lifelong learning opportunities for all staff.



Team First

EMPLOYEE SATISFACTION

To better understand our staff and their views we conduct an ongoing programme of staff satisfaction surveys. We have undertaken three surveys since 1998, our next survey will be conducted in May 2003. The results of the surveys provide us with an indication of the overall levels of staff satisfaction and staff views on key issues.

The feedback from these surveys is essential to us in understanding the views of staff and identifying areas which are priorities for improvement. Based on the views expressed we have implemented initiatives in the areas of staff training and development, improving internal communication, updating and improving uniforms and reviewing staff benefits packages.

To strengthen our dialogue with staff and in particular to obtain feedback on the effectiveness of the staff survey we have, over the past 12 months, held a number of focus groups. These groups of staff were not only asked to provide their views in relation to the issues

contained in the staff survey but also their views on the staff survey itself. Feedback from the focus group sessions has been used in the design of this year's staff survey. We intend to develop this programme next year.

STAFF TURNOVER

We operate in a labour market which competes with other bus and rail employers and other sectors. Like many other service sector companies, staff turnover has been a major issue in recent years. Bus driver turnover in particular remains a significant challenge to us.

In 2001 our bus driver turnover was 30% which equates to around 6,000 drivers. This figure is now below 28% which represents a real

reduction of 400 drivers. Building on this improvement, the focus will be to ensure that a further reduction is achieved over the coming 12 months.

Part of this process has been gathering data to obtain a better understanding of the profile of our driver workforce and their reasons for leaving. This information demonstrates that 63% of our drivers leave within 2 years, with 33% leaving within the first 6 months of service. In the light of this we have implemented pilot programmes looking at providing improved support to drivers during their early days on the road. Some examples of these are shown in the accompanying case studies.

BRADFORD - FORWARD PLANNING TRAINERS

In Bradford 17 Forward Planning Trainers have been introduced to act as mentors to other drivers. They have received training from an external organisation and meet with their allocated drivers annually to discuss training and awareness needs and set training and development targets for the following year. Early signs are that this scheme is contributing to better driver retention and leading to a reduction in customer complaints.



Training and Development

Training and development is central to running a customer focused business and developing a learning organisation in which our staff reach their full potential. Our programme of training and development includes NVQs, Leadership Training and Continuous Development.

NATIONAL VOCATIONAL QUALIFICATIONS

The achievement of NVQ and BTEC qualifications by our drivers, conductors and service controllers is important recognition of the range of skills required to do these jobs. Many of our staff are working towards these qualifications with approximately a quarter of our drivers, conductors and service controllers either qualified or working towards a qualification.

The importance of building the skills of our staff has resulted in the establishment of the Rail Division Customer Service Academy which was established in 2002 to provide customer focused and competency based training for all customer facing staff. The Training Academy is founded on the principle of training through continuous improvement and as well as offering staff the opportunity to attain NVQ qualifications, all staff are continually assessed and set objectives for development.

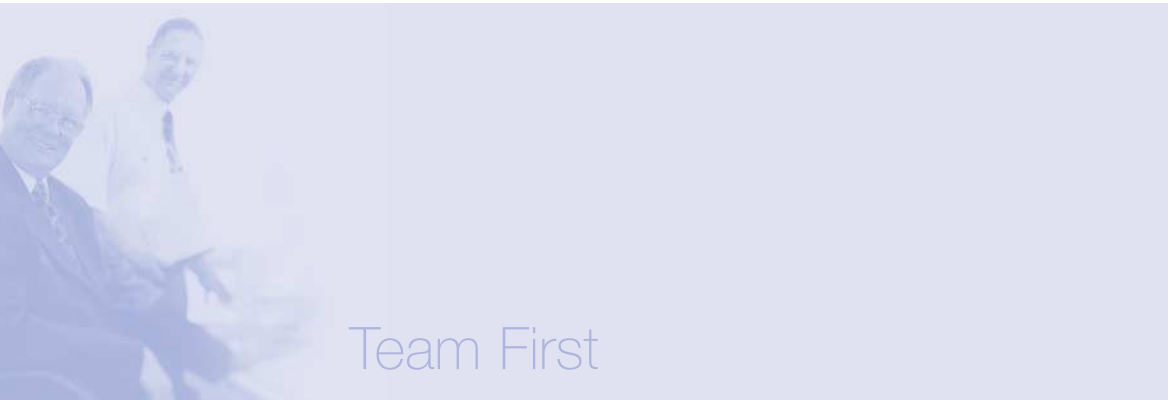
Through the Customer Service Academy all customer service employees have the opportunity to attain an NVQ Level 2 in Railway Operations-Passenger Services.

LEADERSHIP TRAINING

We recognise the importance of assisting our managers and supervisors to develop their leadership capabilities. Leadership Horizons is a broad based programme which has already produced significant benefits in translating commitment to change into practical work based strategies aimed at achieving our vision for the future. This programme has already been run in First Great Western and First Great Eastern and is currently running in three Bus Divisions. Following on from the Leadership Horizons programme First Great Western and First Great Eastern offer a BTEC in Advanced Leadership Studies and nearly 200 managers have already been accredited.

CONTINUOUS DEVELOPMENT

A continuous development programme has been piloted in our North West Bus Division. The objective of the programme is to build cultural change within the organisation through an ongoing programme of training and team building. The managers and supervisors have received training in problem solving techniques, while team building has been the focus for front line staff. Benefits from the course have included improved relationships with the trade unions and early signs suggest it may have contributed to improved staff retention.



Team First



WORKPLACE LEARNING SCHEMES

The development of work place learning schemes has been an initiative between the Group and the Transport and General Workers Union (TGWU) to give our staff the opportunity to achieve their full potential. These schemes are an important part of our programme to improve employee retention rates and staff motivation by providing staff with the opportunity to develop new skills in a relaxed learning environment. The first scheme was developed at our Basildon depot and has proved such an overwhelming success that a range of other schemes have been developed. Additional centres have opened in Hadleigh, Chelmsford and Leeds while Colchester and Glasgow are served by mobile units. Discussion is currently underway for the establishment of further centres in London, Manchester, Leicester, Northampton, Bristol and others.

WORKPLACE LEARNING IN ESSEX

In Essex we operate from four depots all of which are now served by learning centres. The first centre was opened in Basildon in October 2001 followed shortly by a mobile centre for the Colchester depot, Hadleigh opened its doors in May 2002 and Chelmsford in July 2002. To date 60% of our staff in Essex have taken up the opportunity for workplace learning. Since the centres have been opened certificates have been achieved by staff in areas such as languages, English, maths and computer skills. The Basildon scheme received the 2002 Basildon Business Award for Staff Development and Training.

“Learning late in life has given me new skills I never thought I would have. I am now working to achieve a GCSE in English and the learning room has given me satisfaction and confidence”

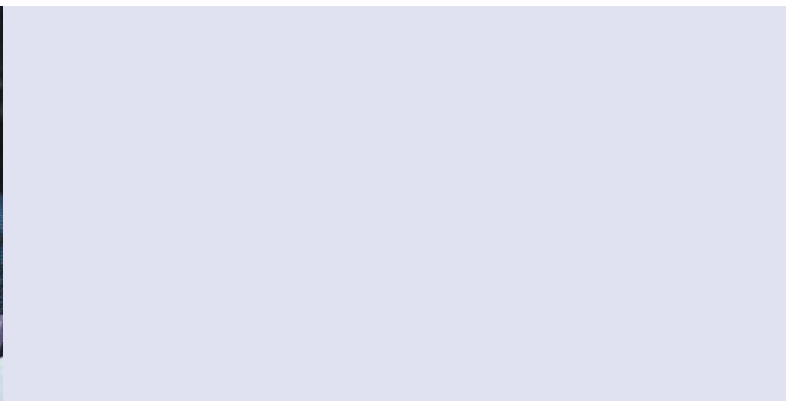
John Large, Driver

FIRST GREAT WESTERN - HR STRATEGY

In early 2000 First Great Western implemented a new HR strategy focused on developing and measuring employee competence and commitment. Key elements in the development of the strategy were the Leadership Horizons programme and establishment of the Customer Service Academy. Since 2000 there has been a 57% reduction in customer complaints about issues with regard to staff conduct and availability and a five fold increase in the number of praise letters about customer service standards.

HAMPSHIRE - AGE IS NO BARRIER

Our bus company in Hampshire has just become the fiftieth Age Positive Employer Champion in the UK, after successfully proving it has tackled the issue of age discrimination in its workplace. The Company is committed to employing a workforce of all ages but demonstrates an age friendly recruitment, training and development process. 40% of the organisation's staff are over 50 years old which has resulted in tangible benefits to the company through reduced sickness rates, better staff retention and a safer more reliable workforce.



Total Rewards

Another important element of our Team First initiatives is to develop benefit packages that truly meet the needs and ambitions of our employees, themselves increasingly reflecting a more diverse workforce.

We have just undertaken a Lifestyle and Benefits Survey in the UK Bus Division which will allow us to obtain a better profile of our employees and their lifestyles, thereby allowing us to shape benefit packages to meet employee needs and ambitions more appropriately.

To build on our core pension provision First UK Bus and the trades unions have reached a new understanding which will allow more choice in pension provision with a greater range of employee and employer contributions, thereby encouraging a wider range of employees to make appropriate provision for their retirement.

We have also introduced "Total Rewards" a programme to extend employees choice of benefits. Recent initiatives have included the Save As You Earn and Buy As You Earn schemes. These give staff the opportunity to save with the addition of a tax free bonus and to buy FirstGroup plc shares at reduced price and risk. These schemes also encourage mutual commitment between First and its employees. We intend to introduce more employee benefit schemes in the coming year.

NATIONAL RECOGNITION FOR STAFF

This year we were proud that two members of our staff received prestigious customer service awards. Wayne Spence from First Great Western received the Rail Personality of the Year Award in recognition of his outstanding contribution to customer service. Gareth Hopkins from the Aberdeen depot received the award for best Bus Driver of the Year.

ABERDEEN - BUDDY SYSTEM

The buddy system aims to help new drivers, in their early days on the road by providing support in adjusting to the demands of the job. In the buddy systems each new starter is allocated a buddy or mentor who works alongside them. This system has been running in Aberdeen for the last 12 months and has received positive feedback from staff.

Customer First





Satisfied customers who value our service are key to the success of our business. This recognition is reflected in our vision to Transform Travel.

We wish to lead the way in transforming the way people travel and the way they feel about public transport. Central to achieving our vision is communicating with our customers and listening to their views and expectations. Our stakeholder engagement seminars are part of this process as are our extensive customer satisfaction surveys.

These surveys indicate that punctuality, reliability and frequency are important to customers and heavily influence their perception of our service. Improving performance in these areas is therefore essential to our strategy.

IMPROVEMENT OBJECTIVES

Our overall objective is to continue to increase the number of passengers using our services and ultimately to achieve a reduction in the amount of car traffic in the areas in which we operate. In line with these objectives we must meet high performance targets set by the industry regulators and then continue to improve on these.

IMPROVEMENT OBJECTIVES

- Achieve punctuality of bus services of 95%.
- Achieve reliability of bus services of 99.5%.
- Meet the Passenger Performance Commitments for our rail operators.



Customer First



Customer Satisfaction - Bus Division

Within the Bus Division we conduct the most extensive customer satisfaction survey in the industry, which is now in its 5th year. These surveys involve 1,500 customers being interviewed each month across the UK. The purpose of the survey is to benchmark performance in key areas such as reliability, frequency, drivers, buses, fares, routes and information.

Results for the last two years indicate that 70% of our customers perceive the overall quality of our service to be good or better.

Journey satisfaction lies at around 85% (the journey satisfaction rating is defined by the number of customers giving a rating of good or better to describe the service provided by First for a particular journey).

The customer satisfaction surveys, supported by the stakeholder seminars, ensure we are regularly in touch with the views of our customers and can take them into account in the development of our services.

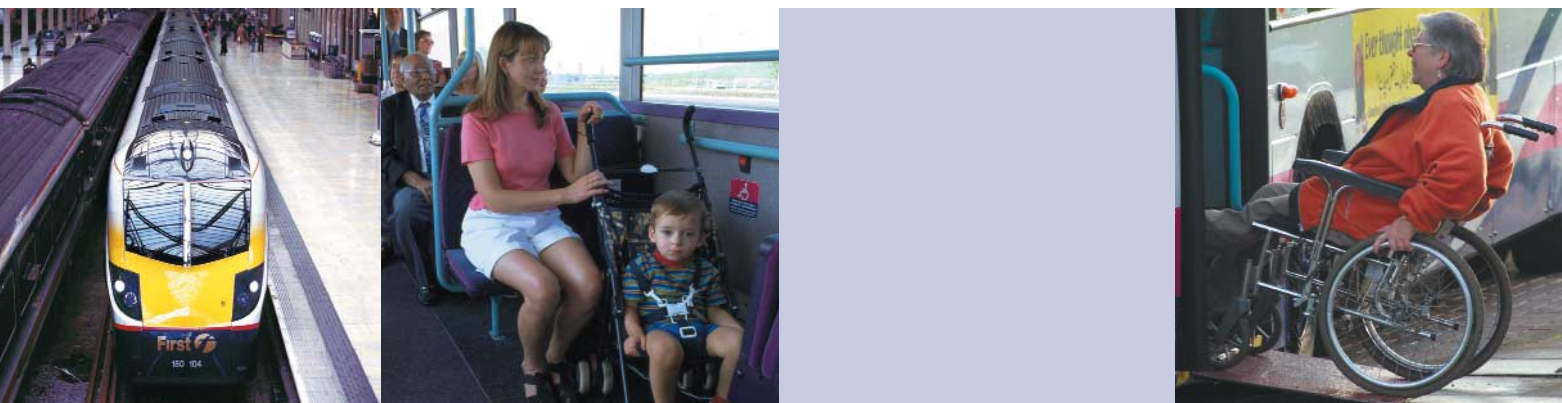
PUNCTUALITY OF SERVICE

Customers consistently state that reliability and punctuality of service should be the priority for public transport networks. Improving our performance in these areas is central to attracting a broader range of customers and a key element of our improvement strategy.

The main reason for delay to buses is traffic congestion. We are working closely with local authorities to identify congestion "hot spots". In order to provide better data on bus punctuality we have invested nearly £1 million in TRACKER data systems, which allow buses to be tracked in real time. The data obtained from these systems will enable us to schedule services more realistically and identify and prioritise areas where improvements in traffic management measures will help the delivery of our service.

IMPROVING PUNCTUALITY IN GLASGOW

In Glasgow we operate more than 58,000 journeys per week with a fleet of almost 900 vehicles. Establishing data on the punctuality of the fleet without the need to employ significant resources to conduct street surveys was a challenge. We identified the possibility of using our Wayfarer Ticket machine technology to monitor the punctuality of service by configuring the machines to record journey start. Based on the data arising from this system we are able to target resources to establish the reasons for delays and can change scheduling, routes and running times to improve the punctuality of service. Using this approach the punctuality of Service 62 in Glasgow has improved from 82% to 95%. This programme will now be extended across the Group to be used to target where the TRACKER data systems can be most effectively used.



RELIABILITY OF SERVICE

Reliability is the proportion of mileage we operate against schedule, we currently fall slightly short of the CPT target for bus companies of 99.5% with a reliability of 98.5%. Based on last year's figures we know that 44% of cancellations were due to non-availability of drivers, 30% to engineering problems and 26% to other causes.

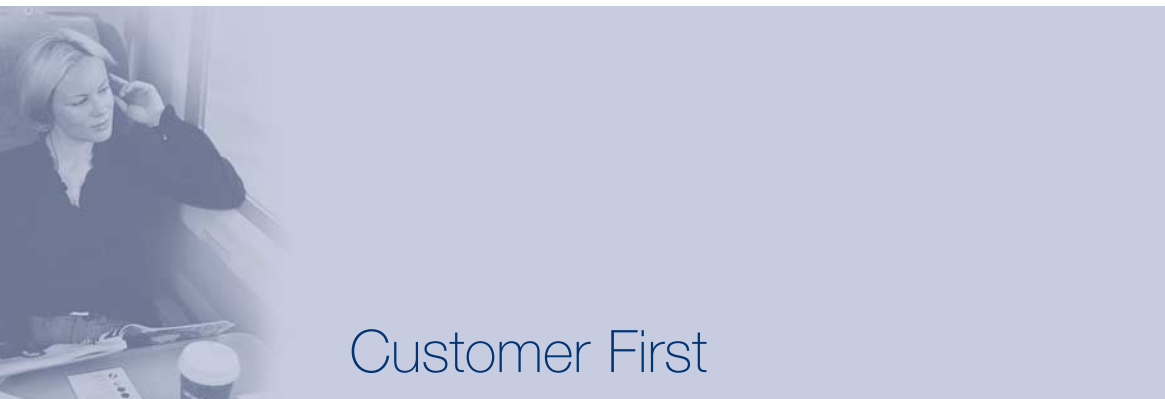
We continue to work to improve service reliability. Maintaining a consistent driver workforce is an important element in this and reduction in bus driver turnover is an important objective in our people strategy.

IMPROVING OUR BUS SERVICES

We intend to improve the quality of our bus service both independently and through our Quality Partnerships with local authorities. Initiatives have included:

- The development of colour coded maps showing bus routes presented as an Overground system, ticketing initiatives and investment to improve the frequency of services.
- We have worked closely with City of York Council to deliver a 12% turnaround in passenger numbers. The Council has introduced traffic restraint measures, in conjunction with Park and Ride sites on the periphery of the city. In return we have introduced a new fleet of buses together with an Overground network, increased our marketing activities and invested in the Park and Ride scheme.
- In Glasgow we have introduced the Overground network and ticketing initiatives together with a £1.5 million investment package to improve the quality of bus services including the introduction of the UK's first air-conditioned double decker tri-axle buses. Glasgow has seen an increase in passenger numbers of 6% over the last 12 months.
- The construction of three guided busways around Leeds and Bradford has led to significant increases in patronage on buses using these routes. The Leeds Scott Hall Road guideway has now been in place since 1995 and there has been a continued increase in patronage in buses using this route. The East Leeds busway has seen a 6% growth in passengers since opening in November 2001 and the Manchester Road bus way in Bradford has seen a 4% increase since it opened in February 2002.

These are a few examples of an ongoing programme developed through our Quality Partnerships aimed at developing our services and making buses a real alternative to cars.



Customer First



How Technology Can Create a Better Journey

In conjunction with our Local Authority partners we have been examining the use of technology to improve access to information about our services. Real-time information systems where the time of the next bus is presented electronically on a display board at the bus stop are operating in a number of areas including Norwich, Ipswich, Port Talbot, Swansea, Bristol, Merseyside, Aberdeen and London. Proposed Government investment in this area is likely to increase the number of locations covered by Real Time Information in the future.

In Leicester we have been trialing short messaging service (SMS), a system in which a message is relayed to the customer's mobile phone indicating when the next bus is due. A similar scheme is planned for Aberdeen. This technology is likely to lend itself, in particular, to use in rural locations where the waiting time between buses is often longer.

Smart Card technology also continues to play a part in our considerations for the future. We introduced Smart Cards in Bradford in 1997 and to date 51,000 cards have been issued representing around 17% of passenger journeys in the area.

Green Travel Initiatives

Green travel plans are an integral part of the Government's 10 year transport plan aimed at reducing the level of car based commuting. An increasing part of our business development strategy is to identify opportunities to work with employers to assist them in achieving these aims. We are currently involved in about 16 green travel plan initiatives which are at varying stages of development.

Some examples are given below:

- In Manchester we have worked with Fulfilment Logistics to redesign our network to fit in with changes in shift patterns at the company.
- Earlier this year we launched a two-year partnership with B&Q Head Office in Chandlers Ford, Hampshire to provide dedicated

minibus services for their staff from the park and ride to the company's three head office sites. Services to the Eastleigh town centre are also provided during the lunch hour. Around 100 staff have been regularly using the service since its launch in November 2002.

- On behalf of Zurich Financial Services in Fareham, Hampshire we provide a dedicated bus service to bring employees directly to the office. This service has also proved to be popular with other local employers and became a local bus service available to the general public in February 2003.
- Portsmouth City Council, Southampton NHS Trust, Southampton University, Portsmouth NHS Trust, Ford Motor Company and the Inland Revenue all bulk purchase season ticket passes from us for sale to their employees. Some of these schemes have been operating for four years and have achieved a substantial increase in the number of employees using public transport to commute to work.



ACHIEVING MODAL SHIFT

Our ability to create a modal shift from cars to buses is part of our vision to Transform Travel and demonstrate that we are an innovative and progressive transport operator.

In the city of York we are able to report significant progress in this area. City of York Council data indicates that the increasing number of passenger journeys on the network of high frequency bus services introduced in September 2001 has reduced traffic volumes in the city by 4% over the past 12 months. The frequent and high quality Park and Ride services are currently keeping more than 14,000 cars out of the city centre every week.

YORKSHIRE SHOWCASE

The success of the initiatives undertaken in York and elsewhere in the Yorkshire region have led to planning for the development of the

‘Yorkshire Showcase’. This ambitious project aims to accelerate improvements in the quality of bus services in Yorkshire to achieve a 30% reduction in traffic volumes over 5 years. The project is being developed in partnership with South and West Yorkshire Passenger Transport Executives, the local authorities in South and West Yorkshire, together with City of York Council and the Department for Transport. This will require the identification of a “fast track” programme of investment through re-profiling Local Transport Plan programmes, implementing measures to improve bus services, improvements to infrastructure, and investment in new vehicles, and could include the development of significant transport corridors. In addition, the project will address the issue of social exclusion by designing networks to ensure greater access to essential services such as schools and hospitals.

CRUCIAL CREW

First in Manchester have a continuing programme to educate young people about the dangers that exist around buses. In June 2002 they took part in the Crucial Crew programme which aims to educate nine and ten year olds about personal dangers they may face in their everyday lives. First drivers and managers spent time teaching the children about the very real dangers which exist around moving buses and the dangers which can be caused through misbehaviour.

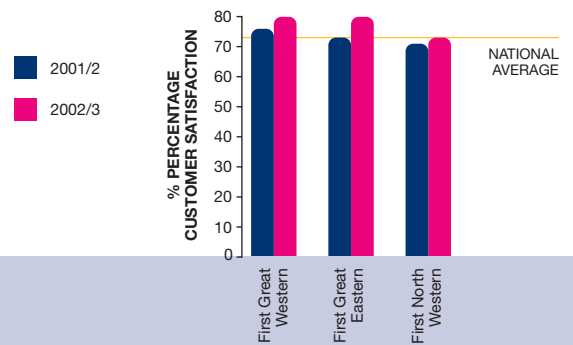
FIRST GREAT WESTERN GIVES GUIDE DOGS A TICKET TO RIDE

Guide dog puppies are free to roam on First Great Western services in Devon and Cornwall as part of a programme of training and socialising for the puppies. Volunteer puppy walkers from the Guide Dogs for the Blind Association care for and educate guide dog pups from six weeks of age until they are about a year old. Travelling on buses and trains is an essential part of getting puppies used to the working life that lies ahead of them. First Great Western was the first train operator to sign up to the Guide Dogs Travel Charter, which sets standards for access and care on public transport for Guide Dog owners.

SUPPORTING THE PRINCE OF WALES HOSPICE IN GLASGOW

This year we donated our 4th £10,000 to the Prince and Princess of Wales Hospice in Glasgow towards transforming the reception area into a welcoming area.

Overall Opinion Of Journey



Customer First

Customer Satisfaction - Rail Division

Customer satisfaction surveys are also undertaken monthly or quarterly within the Rail Division on a company-by-company basis. The surveys allow us to continually monitor and review trends in rail customer satisfaction. In addition, First Great Western use mystery shoppers to monitor the level of performance of staff against service specifications.

The surveys cover a range of issues such as provision of information, comfort and cleanliness on trains and stations, punctuality and frequency of service, personal security and the levels of service from staff.

The Strategic Rail Authority conduct their twice yearly National Passenger Surveys. The results of the most recent survey indicate that the percentage scores in “overall opinion of journey” has increased for all our Train Operating Companies.

This increase in score is against a background where, for the industry as a whole, the score for all Train Operating Companies remained unchanged at 73% during the same period.

PUNCTUALITY AND RELIABILITY OF SERVICE

Each rail company has an individual performance plan to improve punctuality and reliability which is endorsed at Board level. The individual plans are detailed to the level where all staff are accountable and responsible for performance improvement. Root cause analysis allows each company to monitor performance in order to take remedial action. The performance of Network Rail and other train companies is also monitored and action plans for improvement are discussed at “Joint Boards” which involve all relevant industry stakeholders.

The punctuality and reliability of our service is assessed against Public Performance Measures (PPM) defined by the Strategic Rail Authority.

We are able to demonstrate improvements in the performance of our services in all our train operating companies. In the case of First Great Western the increase is small due to serious infrastructure problems which are the responsibility of Network Rail.

IMPROVING PERFORMANCE

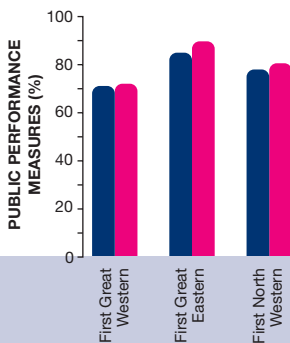
Our ability to meet our performance commitments and improve the punctuality and reliability of our service involves maintaining a strong and constructive relationship with Network Rail. Through our performance monitoring we attribute causes of the delay between ourselves and Network Rail and analyse our portion of the delay in terms of whether it was caused as a result of problems with the fleet, operations or other reasons.

OPERATING COMPANY	DELAYS DUE TO COMPANY	DELAYS DUE TO NETWORK RAIL
FIRST GREAT EASTERN	20%	80%
FIRST GREAT WESTERN	23%	77%
FIRST NORTH WESTERN	44%	56%

A New Platform at Swindon

An example of collaboration to improve performance is the construction of a fourth platform at Swindon due for completion in Spring 2003. This was developed to alleviate delays caused by a bottleneck through Swindon station. First Great Western made a substantial contribution to this

Train Company Performance



project which received funding from the Strategic Rail Authority and Network Rail. It is the first project in the country to go ahead under the Strategic Rail Authority Rail Performance Fund Initiative.

Fleet Modification Programme

To improve fleet reliability First Great Western has invested £18 million in a modification programme. This includes increasing the frequency of overhaul of our engines and a programme of replacement of components with state of the art equipment. A new supplier management programme has also been introduced to improve quality and reliability.

IMPROVING CUSTOMER SERVICE

All our train operating companies have introduced initiatives to improve customer services.

- First North Western has launched a comprehensive Customer Service training programme over the last year, "Achieving Customer Excellence". All customer facing staff will attend the two-day course, which is designed to refocus them on the travel experience from a customer perspective.

- First Great Western has invested £7 million in a major improvement of its Commercial Services organisation including the creation of 60 new jobs on-train to place customers firmly at the heart of the business. This has included recruitment of new drivers to ensure we have more than adequate number of drivers to operate the advertised services. Complimentary to this we have developed our customer communication systems to ensure that staff are better equipped and informed in times of disruption, and can therefore provide improved care and communication with our customers.

- First Great Eastern established the first customer service centre for the rail industry which is a one stop shop for all customer contacts and earned a "Highly Commended" award in the Colchester and District Business Awards in November.

The impact of the improvements made in customer service has been recognised by passengers and the statutory Rail Passenger Committees (RPCs) reflected in the results of our

ongoing customer research and through our regular dialogues with the RPCs.

Investment in our Fleet

A new vehicle fleet will be introduced in First Great Eastern in the summer of 2003. The Class 360 Desiro trains will replace the traditional "slam door" trains and are fully accessible for people with disabilities. The new trains include on-board CCTV to improve passenger safety and will provide a quieter and smoother ride.

First Great Western have an ongoing commitment to the introduction of the Adelante fleet. This fleet was not intended to replace existing High Speed Trains but to supplement their capacity. When delivery is complete there will be 12 Adelantes in service on a daily basis providing 1,700 additional seats.

First Great Western has also provided (at a cost of £2 million) additional stand-by trains at both Bristol and London to minimise service disruption.



Customer First



Information Provision

We are investing in new and improved ways of informing our customers about our services, examples include:

- The use of e-mail bulletins sent to regular travellers in advance of the morning and evening peaks on weekdays. This service has more than 2,000 subscribers.
- The ability to obtain up to the minute train running information service via the internet, a WAP enabled phone or a Personal Digital Assistant.
- New improved guides to services including maps showing the location of bus stops and bus routes from stations.

Within First Great Western three brochures widely available to customers have been awarded the Crystal Mark by the Plain English Campaign. Our Guide to Services is also available in large print and our passenger charter available in Welsh.

Working with Suppliers

The engineering team has pioneered work with its major suppliers. A joint improvement team has been set up with Railpart who supply many of the parts for fixing trains. This team has set in place a series of actions which have improved availability of parts to an all time high. Efforts are also being made to ensure that the quality of spares are continually improving.

BUS/RAIL INTEGRATION

Developing ways to improve bus and rail integration is an important way of achieving improved patronage on public transport. As such we are involved in a number of initiatives:

- We are involved in Journey Solutions, an industry initiative, which, since September 2002, has allowed rail travellers to purchase a one-day unrestricted bus pass to travel around the area of their destination.

- Through our bus/rail initiatives it is now possible to purchase joint bus rail tickets for all services in Bath, Weston-Super-Mare and Bristol. A similar initiative for Devon and Cornwall is piloting a £10 travel anywhere combined bus and rail ticket.
- In the North West, tickets are now available offering all day travel on our buses and return travel by rail between Wigan and Southport, and between Ashton-under-Lyne and Manchester Victoria.
- A dedicated bus service now runs from Taunton station to Minehead and Bristol Temple Meads via the city centre to the University.
- At Truro station there is now a dedicated train/taxi service to take you to or from the station to a range of destinations.



First In The Community

As operators of public transport our business provides an essential service to the community. Our relationship with the local communities we serve is therefore of great importance to us.

In addition to charitable community initiatives, we aim to identify ways in which the development of our business can play a role in improving the communities in which we operate and the service we provide to the community as a whole, not only to our individual customers.

ENSURING AN INCLUSIVE SERVICE

Buses are heavily used for shopping journeys, visiting friends and relations and for making medical visits as well as for access to employment opportunities. Buses are used by all sections of the community, but with a particularly heavy weighting towards lower income groups, women and the elderly. Therefore, improved bus services tend to provide particular benefit to these groups.

We have invested in a mapping package which allows us to plot our routes against certain demographic criteria and key facilities. The software allows us to highlight areas where transport links can be improved to ensure access by those who most rely on our services. We are also looking at different network designs rather than traditional radial networks to improve access. We are now extending these principles to design our rural networks. Through market research and stakeholder consultation we are looking at the feasibility of developing faster, simpler and more frequent services connecting main passenger attractions. We are also carrying out market research projects and public trials to establish the financial and social viability of various forms of Demand Responsive Transport (DRT), ranging from conventional taxis and private hire cars to bespoke DRT services operated using radio controlled people movers.

IMPROVING SCHOOL BUS SERVICES

Another community initiative connected to our business development strategy has been the introduction of yellow school buses to the UK from our US operations. We celebrated the first anniversary of the introduction of yellow buses to the UK in February 2003. We currently have six schemes operating which carry a total of 1290 children to school every day. We are in discussion with a number of other local authorities in the UK about starting new services.

We believe that the yellow school bus offers the safest most reliable way to transport children to and from school. The buses are designed with the highest safety features. The door to door service is driven by the same driver each day and each child has an allocated seat. Many of the drivers are mothers of children who attend the school. The driver is in contact with the yellow bus control room or school and has been trained in safety, security and child behavioural issues.



The operation of the yellow school bus scheme offers great potential for relieving congestion. It is estimated that the Hebden Bridge scheme has the potential to reduce the number of car journeys in the area by 60,000 per annum, in Runnymede the figure is around 180,000.

SUPPORTING RURAL COMMUNITIES

Many rural areas have few or infrequent public transport services. We aim where possible to work with local authorities to identify opportunities to improve services to meet rural community needs.

First Devon County Council Partnership

A good example is an initiative with Devon County Council in partnership with North Devon College, Bideford and Ilfracombe Colleges. The objectives were to establish a bus service and fares package to facilitate access to further education, reduce social exclusion and provide better access to work and education from many rural settlements. The project has been primarily funded by the Government's Rural Bus Challenge and provides substantial bus travel

discounts for young people, utilising Smart Card technology. Currently 1,400 Smart Cards have been issued and an estimated 1,200 students use them on a regular basis.

First Great Western Supports Tourism in the South West

First Great Western and South West Tourism have been working closely to develop rural transport links for tourists within the South West of England, an area extending from Wiltshire and Gloucestershire in the north, down to the Isles of Scilly. Tourism is essential to the local economy of these areas and the development of an effective transport infrastructure is vital. As a result of this initiative First Great Western has been named as a Champion of Tourism by South West Tourism.

Building Community Rail Partnerships

We have established a number of Rail Passenger Partnerships (RPPs) and Community Rail Partnerships (CRPs) which have provided improved access to the rail network for rural communities. Through these partnerships we have managed to revitalise a number of branch lines

and rural routes. Examples include improved frequency on the Southminster line, improved services on Harwich branch line and evening and Sunday services from Manchester to Clitheroe.

WORKING WITH CHARITIES

Throughout the year the Group and our staff have continued to give our support to a number of local and national charitable activities. All our operating companies support local events either through donations, sponsorship or use of resources and facilities made available to them by the Group. Many of our bus operating companies provide local organisations and charities with free transport for day trips or excursions. We believe that it is important to support our local communities in this direct way and we make no attempt to calculate the cost of the driver's time or vehicle expenses involved.

Registered office

FirstGroup plc
395 King Street
Aberdeen AB24 5RP

Registered in Scotland
number SC157176

London office

FirstGroup plc
3rd floor
Macmillan House
Paddington Station
London W2 1FG
Telephone: 020 7291 0505
Facsimile: 020 7636 1338

www.firstgroup.com