

# Towards a new future





## Welcome

"At a difficult time, when the business community and the public alike are questioning the ethics of those with whom they deal, Serco's 2008 Corporate Responsibility Review reveals a company that combines strongly held values with exceptional people."

"As recession takes a firm grip on countries around the world these are challenging times for us all. For Serco, with our many diverse operations around the world, times are always challenging because of the nature of our business. We pride ourselves, however, on being able to do difficult tasks and do them well, and this year will be no different. Our transport contracts require us to deliver swift, reliable and cost-effective services while constantly improving on safety

levels. The prisons we operate need to hold offenders securely yet also open their eyes to a brighter future in a bid to reduce reoffending. And in our work with the military we need to provide support beyond the call of duty, where we truly engage with people so that they are enabled to better carry out a difficult job. In this report, four journalists look at whether Serco has risen to these challenges and whether its approach to four key issues – safety, people, the community

and the environment – has had a positive impact on society. We truly believe that our employees have delivered a responsible and sustainable service in 2008. At Serco, however, we are always looking forward and seeking to improve the way we operate. Our goal for 2009 is to do more, and to do it better, whatever the financial climate."

**Christopher Hyman**  
Chief Executive, Serco Group plc

### Introducing our contributors

#### Health & Safety

James Dark is the consultant editor of public transport management magazine *Transit*, which publishes news, analysis and comment on the bus, rail and light rail sectors

#### People

Craig Hoyle is the defence editor of *Flight International*, a leading aerospace weekly magazine that covers defence, air transport, business aviation and space flight

#### Community

Sonia Purnell was previously the *Daily Mail's* Whitehall Editor, and Brussels and City correspondent for the *Daily Telegraph*

#### Environment

David Allaby is the editor of *Public Servant*, a monthly magazine that features news and information across the whole spectrum of the public sector



"I wanted to change for the sake of my three daughters. But I could not have done it without the continuous support from the guys at Serco. They believed in me."

Cass Vernon, former prisoner, now a mentor to other prisoners. See page 30 for his story



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Your feedback is important to us; it helps us improve our performance and informs our plans for the future





SERCO EMPLOYEES IN WOKING keeping the streets clean, which raises residents' satisfaction levels

# Continuing the story

Serco strives to deliver social outcomes in a way that has a positive impact on society. Read on and decide whether we have succeeded

Can a private sector business listed on the London Stock Exchange have a public service ethos?

In case after case, our people embody the values that we have worked so hard to embed throughout the organisation. These values are built on our four

governing principles: we foster an entrepreneurial culture; we enable our people to excel; we deliver our promises; and we build trust and respect. This has propelled us into the FTSE 100, becoming one of the world's leading service companies, working in partnership with governments around the world to improve services across many areas of public life.

We provide critical information to manage traffic, run world-class scientific establishments and improve patient care with our health services. We provide swift, safe travel with our trains and transport systems, and help young people learn in the schools and training centres we manage. We rehabilitate offenders in

our prisons and protect borders through technology. We call this bringing service to life.

This diversity is one of our great strengths. It exposes us to more opportunities for growth, protects us against downturns in individual markets and enables us to share best practice between sectors.

This is reflected in our performance. Our results show that in 2008 our revenues of £1.5 billion were up 10.5% on the previous year, with profits at almost £63 million, up 20% over 2007.

### Beyond profits

While financial performance is important the search for profit is not what defines us. We want to not only achieve the social outcomes we are often contracted to deliver, but to do it in a way that has a positive impact on society.

In this year's report, we asked four expert writers to look at different parts of our business to uncover further examples of how we deliver our commitment to being a responsible organisation.

James Dark, Consultant Editor of public transport management magazine *Transit*, looks at Serco's road, rail and air contracts from a health and safety angle; Craig Hoyle, Defence Editor of *Flight International*, investigates how Serco supports the armed forces and their families and also its own employees; Sonia Purnell, previously Whitehall Editor of the *Daily Mail* and Brussels and City correspondent for the *Daily Telegraph*, discovers how Serco's home affairs activities shape the lives of those in prison; while David Allaby, Editor of *Public Servant*, examines the environmental initiatives of our local government business.

### Setting a strategic framework

As an organisation, we are never complacent. We work continually to improve our systems and processes. Like all responsible companies, we are striving to become more sustainable.

As a result, we have developed our corporate responsibility framework to recognise local cultures and conditions across our diverse operations. This will put sustainable development at the heart of our business. As Robert Smith, Director, Assurance, explains, this is not about imposing strict key processes, but focusing on principles defined within a clear set of boundaries. "What we have tried to say to our managers

is that, when they are setting business objectives and making decisions, they should consider them from these different angles." The framework consists of five key areas. These are:

- to make a positive difference to the communities we serve
- to reduce our environmental impact
- to reduce our consumption and assure our supply chain
- to increase our value to our customers and shareholders
- to realise the potential of our people.

### Reviewing corporate governance

During 2008 we undertook a complete review of our entire management system to ensure that our policy framework is the right one for the size and scale of the organisation we are now. As we continue to grow, we have focused on how to keep it as simple as possible and make sure we are using language that everybody can clearly understand.

We need to ensure we have strong links between our management system, risk management and our internal audit process, so that we have confidence in both our governance structure and our management of risk.

It is important that our people have clarity about their roles and accountability, empowering and enabling them to excel even further, leading to better value all around.

### Embedding ethical guidelines

Our company values and ethics are integral to one another. Historically we have been clear about where we draw the lines. However, as we move into different countries and cultures, and as we diversify our range of services, we need to review regularly the company's position on these.

That is why we have set up a formal Ethics Committee, made up of senior management, with very clear guidelines about its remit. It is there to determine the 'big ticket' items that define our position beyond regulatory and statutory requirements.

Doing business the right way demands constant vigilance. By its very nature it has to be a journey without an ending. But as this report shows, thanks to the truly phenomenal people we employ, we are making real progress in reaching our ambitious goals.

### Celebrating success

Launched in 2007, the Pulse Awards celebrate the vibrant heart of Serco. Winning teams and individuals are chosen because they have exceeded expectations by living our Governing Principles, which guide the way we operate.

From life-saving acts of courage to innovative ideas that have transformed the way we work, through to demonstrations of commitment and skill, the awards recognise examples of excellence in business operations or improvement, environmental and safety initiatives, and leadership. They also recognise our wider responsibilities to society, the environment and the communities we serve. Read more online by visiting: [www.serco.com/pulse](http://www.serco.com/pulse)

### We listen

It can be difficult to ensure that 50,000 employees across the globe have their say in the way Serco operates. That's why the Viewpoint Survey was launched in 2007.

The 2008 survey discovered that people often felt closer to their division or contract than to Serco as a whole. In response we introduced a new Sharesave scheme to share in the company's success; the Pulse Awards (see above); and *Scoop*, a new employee magazine designed to increase people's knowledge of, and pride in, the diverse work we do.

### Award-winning

Serco was declared Britain's Most Admired Support Service Company by *Management Today* for the fifth year running. Serco was also 12th Most Admired Company overall

### Experienced

Serco has been delivering essential public services for over 40 years. More than 50,000 employees deliver mission-critical services to government and private clients in over 30 countries

### Global

We operate in Europe, the Middle East, Asia Pacific and North America. More than a quarter of our turnover comes from outside the UK. The range of activity differs between regions

### Markets

The public sector represents more than 90% of our business. Markets include aviation, defence, education, local government, health, nuclear, science, transport, leisure, home affairs, consulting, and the private sector

Go to [www.serco.com](http://www.serco.com) for more information





## The heart of Serco

Serco's Chief Executive CHRISTOPHER HYMAN reveals how the company's values lie at the heart of everything it does – shaping every action and decision – and will guide it through these difficult times and beyond

### In what way is Serco a 'values-driven' organisation?

It's very easy for any Chief Executive to stand up and say "we are a values-driven organisation". The challenge is to actually see it in action. When I look back on other great companies I've worked for, I think the difference is that in Serco the values are so deeply ingrained and the commitment to them is more visible at the leadership level.

Those values are based on our four Governing Principles: we build trust and respect; we allow our people to excel; we foster an entrepreneurial spirit; and we deliver on our promises. They are called governing because they do much more than guide our actions, they are central to the way we operate.

When new people come in, they wonder what that means in practice. But ask them the question a month later and there isn't any doubt. I was asked a few years ago about the balance between doing the right thing and making money. And I said, I don't think those things are mutually exclusive – doing the right thing does make money. To really be a 'values-driven' organisation, the values have to run right through the company. Adhering to them is not an option. If you instill this culture, as I believe we have done in Serco, it's very powerful and it makes a fundamental difference.

### What are the key reasons for Serco's continuing success?

Let's look at what people expect from companies. They like financial success and strength, which comes from increased productivity, achieved through innovation and growth. For customers, they like to receive an excellent and reliable service. If you do this consistently then you'll have satisfied customers. At Serco we have very good services, from controlling satellites in space to helping to transform children's education. I believe we deliver excellence on a consistent basis and this success comes from the values at our core.

But what makes a company really live its values? For me, the answer is loyalty, and real loyalty breeds advocacy. It means our employees are proud of their work. You win that sort of loyalty by the way you treat people when things go wrong; by being in touch with what's important to them. Going the extra mile for our people as well as our customers has never let us down.

### When people move from the public sector to Serco, how do you ensure that they buy into its values?

Often we don't have to sell our values to attract people from the public sector to work for us, because many of them share our principles. I think that if you asked those Serco employees who had worked in the public sector why they joined us, almost every time they would say that a central reason was because we

have a strong public service ethos. We show them that it isn't a cut-throat world that says we'll make profit without regard to anything else.

We are not only interested in prisons making a profit but in lowering the recidivism rate. We are interested in whether the Serco schools have a better pass rate than the national average. We want to see more trains run on time. Ultimately we want to make a difference.

When we take over a government contract, on average we use only 70% of the previous budget. Yet the people who enable us to do that are the same people who were there before, skilled people who are knowledgeable about what they do and who have been inspired to do something that helps others – inspired to make a difference.

Critics of government and the civil service sector talk of the advantages of private over public sector – greater efficiency, more dynamism, less bureaucracy – but they forget the great ethos of civic service that is inherent in the public sector. In Serco we want to take the best attributes of both public and private sectors and combine them. This is key to the way we operate and I believe makes us unique.

### What challenges does 2009 hold for Serco?

Like every year, 2009 will have its challenges. In the current economic climate, I think people throughout the organisation know that we plan to tighten belts because we have told everybody that. However, I have a personal rule that I ask all my colleagues to follow. When you've got bad news, whether for a customer, for a staff member, for a shareholder or whoever, you only have three things in your power. To be as open as possible, as early as possible and as generous as possible. After that they'll still respect you. They may not like the decision but they'll still respect you. If you don't do those three things as a leader they're right not to trust you again. That's how we aspire to deal with everything we do in our company.

I'm really looking forward to 2009 and beyond because I know our people will continue to do a great job. We are very fortunate because so many of our contracts are long term and our business plan for 2009 is set. I believe that what brings companies like ours to the fore in times like this is that innovation is so ingrained in everything we do. We have entered a time when governments and companies will look to us to help them improve efficiency and provide better services for less money.

This really is a time when Serco can excel. If it's a tough year, it will be a tough year in which we can be extraordinary.

*Christopher Hyman was talking to business journalist Laura Mazur.*

"To really be a 'values-driven' organisation, the values have to run right through the company. Adhering to them is not an option. If you instill this culture, as I believe we have done in Serco, it's very powerful and it makes a fundamental difference."





## A safer pair of hands

Serco strives not only to meet the public's safety expectations, but travel way beyond them by constantly reviewing and improving its systems and procedures, says JAMES DARK



THE PUBLIC REGARDS it as a fundamental right to be able to embark upon, and complete, journeys safely. A belief clearly demonstrated by media and public reaction when accidents do occur.

In rail, for example, only one passenger has been killed in a train crash in the UK since 2004. Yet media and public scrutiny of the February 2007 Grayrigg derailment – and the safety lessons for rail travel in general (see page 13) – continue nearly two years on. Expectations of air and rail travel, in particular, are now at such a level that industry executives, regulators and the government talk openly about aspirations for zero fatalities.

For Serco – whose contracts include the operation of air traffic control services in the United States, the Middle East, and the UK, and trains in London, the north of England and Australia – safety is paramount.

The company is also the UK’s leading maintainer and operator of traffic management systems, with contracts to run the National Traffic Control Centre for the Highways Agency and to maintain high-tech communications equipment on urban roads and motorways in the UK, Australia and the US.

**Driving ambition**

While the public is more accepting of a degree of risk when driving, in Serco’s highways work safety has to be a core part of its expertise. It is not uncommon for it to insist on safety standards beyond clients’ and the law’s requirements from its contractors. Employees’ safety is also a paramount consideration.

The focus on looking after passengers and employees starts at the top of the company, with Chief Executive Christopher Hyman championing safety on the board, and permeates throughout the company with safety goals and policies devolved to divisions

and operations worldwide by Serco’s Corporate Assurance Group. “One of the reasons I am proud to work for Serco is that there is genuinely no compromise over safety,” says Serco Group Health, Safety and Environment Director Andy Lewis. “If it’s not safe, we won’t do it.”

In the past year, direction to the Serco Integrated Transport (SIT) board has seen a strong focus on ensuring compliance with the new Corporate Manslaughter Legislation. As part of this work, a package has been developed with the Automobile Association to assess the status of all SIT drivers and the level of risk involved in their work.

Data collected includes the miles and type of vehicle employees drive, and the reasons for points being on their licences. Training and advice is being tailored for each driver, and the company is setting itself targets to measure and improve its drivers’ safety for the first time.

“It will particularly help people who have to drive specialist vehicles or late at night as part of their work,” says Serco Group Fleet Manager Sue Blair. Once established at SIT, the system will be rolled out across Serco’s divisions. Over the next three years all 13,500 registered Serco drivers will be assessed.

A second major focus for the SIT board has been a programme to integrate Serco Middle East – with its light rail and aviation contracts – into SIT from the start of 2009. Experienced, non-executive directors will play a key role in ensuring that all safety processes are in place and that SIT Directors understand their new responsibilities, while emphasising that integration will not happen unless it can be shown to be safe.

Meanwhile, all SIT’s employees have the chance to comment on safety practices during regular Safety Culture Surveys and at employee meetings, where they can make suggestions

**PREVIOUS PAGE:**  
the Serco-operated  
air traffic control  
tower at Dubai  
International  
Airport

**PASSENGER  
NUMBERS ON  
DLR (RIGHT)  
HAVE MORE  
THAN DOUBLED  
in the nine years  
that Serco has  
run the franchise**

based on their working experiences. This feedback influences detailed safety plans drawn up and overseen by the senior management teams running each contract. At board approval stage, the Assurance Director checks whether there are any issues best addressed by common standards.

**Fighting fatigue**

In 2008, fatigue management figured prominently in rail companies’ action plans and it was decided that the issue could be dealt with most effectively by universal rules limiting the number of consecutive hours employees, including drivers and engineers, can work.

“It’s a really significant step because it means thinking again about how we run trains and manage businesses,” says Stuart Williams, Safety and Assurance Director for Serco Transportation Systems. In this way, safety initiatives are not only developed and devolved from group level through the SIT board to each of its companies and contracts, but also back up from the shop floor and the management teams of individual contracts to SIT directors.

Once priorities and plans are established, an array of key performance indicators are developed and monitored by risk oversight committees at divisional and individual contract level to check that the desired results are achieved.

It is a safety management system that stands comparison with any of Serco’s peer companies. In the Highways Agency’s assessment of its capabilities, SIT received the third highest score of any company, and, of 24 areas assessed, health and safety culture was the highest individual scorer.

The benefits of Serco’s rigorous approach to safety management are not just of fringe value. They have contributed directly to Serco winning contracts, >>



Docklands Light Railway, UK  
**Setting new standards in safety**

- Serco-operated and maintained light railway system
- RoSPA award winner for its high-quality safety management
- Ongoing promotion of safe rail travel practices

The Serco-run Docklands Light Railway (above), responsible for carrying 66 million passengers safely around London each year, has received one of the highest safety accolades of 2008, winning the Royal Society for the Prevention of Accidents (RoSPA) annual award for the transport, storage and distribution sector. The business was also the runner-up in the Sir George Earle Trophy, RoSPA’s annual prize for the best performer from any sector.

The standards demanded by RoSPA mean that businesses are only eligible to enter its awards when they can demonstrate a robust and high-quality safety management system,

together with a minimum of four years’ consistently excellent or improving health and safety performance.

Initiatives that Serco Docklands has introduced to improve safety include annual visits to local primary schools and centres for vulnerable adults to educate them on the dangers of the railway; leaflets and posters that graphically explain the risks of train surfing (riding on the outside of the train when it is moving); the use of DNA testing kits to deter spitting at employees; the introduction of Travel Safe officers on trains; and joint patrols with British Transport Police.

Advertised on trains and at stations and via the press, these schemes not only promote public safety, but also Serco’s intolerance of assaults and anti-social behaviour.

When assessing Serco Docklands’ submission, the judges noted the commitment to safety throughout the company. Senior managers complete the Institution of Occupational Safety and Health’s managing safely qualification and are trained to carry out safety tours of the company.

**2008 at a glance:**

**Road**  
Personal Road Safety course transfers best practice from Serco’s rail operations

**Rail**  
New safety measures include limiting employees’ working hours to reduce the risk of accidents caused by fatigue

**Light Rail**  
The Serco-run Docklands Light Railway wins a 2008 RoSPA award; meanwhile the Dubai Metro draws on DLR’s expertise to draft its own safety measures

“Businesses are only eligible to enter the RoSPA awards when they can demonstrate a robust and high-quality safety management system, together with a minimum of four years’ consistently excellent or improving health and safety performance.”



even when the company has not been the lowest-priced bidder, and to safer systems being introduced on the UK's roads and railways, as well as at airports (in air traffic control) in the Middle East and the US.

#### Prevention, not cure

In April 2008, Serco won the contract to maintain traffic signals at 40 sites around Heathrow with the promise of a large improvement in the availability and safety of the equipment. In its bid for the contract, Serco demonstrated that safety standards could and should be improved.

Rather than a maintenance system based on repairing faults, Serco offered a preventative system based on avoiding faults happening in the first place.

"We look at the history of each piece of equipment, establish fault risks and decide what measures need to be taken and when to change parts so equipment doesn't fail," explains Serco's London Street Services Director Rob Bourne. Serco's bid was not the cheapest, but it persuaded Heathrow's owner, British Airports Authority, that a higher cost was

worth paying in order to gain the safety and customer service improvements.

SIT also expects safety expertise to play an important part in bids to retain contracts that are coming up for renewal.

In America, where Serco is preparing to defend a contract to supply air traffic control at more than 50 towers, it will be able to point to a safety record that is well in excess of a tough contract target set by the Federal Aviation Administration (FAA).

While the FAA's target is only 2.15 errors per million operations, the company is averaging 1.3 errors per million. "An error is two planes getting closer to each other than the minimum standard allowed," says Jon Siverly, Serco's US Aviation Safety Director. There are dozens of standards, vertical and lateral, and if at any time separation between the aircraft is less than what's required, an error is said to have occurred. "Although we are proud of our record, we will not be satisfied until we no longer have errors," says Jon. The rigorous monitoring and training that has helped achieve this standard includes random checks of audio tapes to determine whether >>

Scout Association Personal Safety Badge, UK

### Scouts show the way

- Educates young people about safety on railways
- Supported by almost every train operator in the country
- Breaking all records, with 40,000 safety packs already requested

Serco-run Northern Rail's projects to teach children about the dangers of railway crime have seen youth crime on its network reduced by almost 50%. Now the new Personal Safety badge for Scouts, devised by Serco with the Scout Association, aims to take these methods nationwide.

Launched in December 2008 by Transport Secretary Geoff Hoon, who described it as a "brilliant initiative", it will educate young people – and the wider community – about staying safe at stations and the dangers of trespassing on the railway. It is also designed to counter the perception that railway vandalism is a victimless crime and illustrate the cost of the 13,000-plus incidents each year, which add more than 20p to the cost of every rail ticket bought.



Health  
& Safety

**RIGOROUS AIR TRAFFIC SAFETY MANAGEMENT SYSTEMS** put in place by Serco at Dubai International Airport (left) have seen errors fall significantly despite a 12% rise in traffic each year

### Learning from Grayrigg

The day the Rail Accident Investigation Branch (RAIB) published its initial report into the derailment of the Virgin train at Grayrigg in Cumbria, Serco started a process to ensure that, as far as possible, a similar incident could not occur at any of its own rail operations.

Its Northern and Merseyrail franchises were told to establish whether issues identified in the report were also a cause for concern for them, and to work with Network Rail to ensure any problems were resolved.

Following Network Rail's own report into the incident in November 2007, the review was repeated by Safety Directors from Serco's UK rail companies, and again after the RAIB's final report in October 2008.

Although the second review showed that any problems on the ground had largely been resolved, it highlighted that it would be valuable for Serco to update its strategic safety training for senior managers, including those not involved in running trains.

The training is designed to ensure that commercial and finance managers, as well as operations managers, consider the safety implications of every decision they make and, when in doubt, check with safety professionals.

The response to Grayrigg reflects the way in which Serco reacts to any major industrial incident that affects any company, anywhere in the world in the sectors in which it operates.

"We go through the accident reports in detail to make sure it can't happen to us and to see if there are lessons we can learn," says Serco Group Health, Safety and Environment Director Andy Lewis.

"The benefits of Serco's rigorous approach to safety management are not just of fringe value. They have contributed directly to Serco winning contracts, even when it has not been the lowest-priced bidder, and to safer systems being introduced."

### 2008 Pulse Award winner: Goodyear Tower

The team at Phoenix's Goodyear Air Traffic Control Tower in Arizona was judged first out of 240 federal contract towers as one of the safest, most courteous and professional air traffic providers in the US with an unprecedented 12-year record of directing more than 1.6 million error-free take-offs and landings. Their commitment to performance excellence and customer service has brought Serco national recognition, and has helped to establish Serco's reputation with the FAA as an outstanding partner in providing contract air traffic control services.



Personal Road Safety course, UK

## Reducing risk

- Ensures road crews work safely
- Adopts best practice from railways
- Praised by the Highways Agency

Serco employees are now better prepared than ever before for working on roads and motorways. Those engaged on contracts to maintain CCTV cameras, roadside electronic messaging signs and communication equipment have undertaken a course proving their competency to work safely in this high-risk environment. It is an approach that exceeds contractual and legal requirements.

A best practice review of Serco's road and rail operations highlighted that while there is a legal requirement for rail industry personnel to attend a safety certification course before working trackside, there is no equivalent for road workers.

The new Personal Road Safety course teaches employees how to minimise risk when preparing for work, getting to the work site, carrying out the work, and leaving the site. They are then assessed on-site and given a handbook detailing what they have learned.

"This shows how we are proactive in the way we adopt best practice across our transport operations," says Donald Scott, Assurance Manager for Serco Transport Special Projects. "If we find a gap we address it."

The handbook has received strong endorsement from the Highways Agency: "This is a very good example of how best to get the message of personal safety over to a wide audience," said the Agency's Traffic Technology Team Leader Hugh Maxwell.

**SERCO-RUN  
MERSEYRAIL**  
has been awarded  
Secure Station  
status for all 66  
of its stations,  
including Liverpool  
Lime Street (right)

controllers are reporting errors and to ensure correct phraseology and procedures are used.

Performance assessment includes mandatory skill checks for controllers and quality assurance reviews to determine whether procedure changes or refresher training are needed. On top of that, all of the control towers undergo audits by Serco every two years to ensure group standards are being maintained. Tower employees must also perform an annual internal audit, using a comprehensive checklist. The FAA audits the towers less frequently than Serco "so you can see that our standards are in excess of what is required by the FAA", Jon says.

Similarly rigorous safety management systems at Serco's six Middle East air traffic control operations have seen errors fall significantly despite unprecedented growth in traffic of around 12% every year for the past six years. "Given this increase in traffic you would expect incidents to rise proportionally if not exponentially as the airspace becomes more congested," says Brendan Ginn, Manager Air Traffic Operations, Serco Middle East. Latest

figures show, however, that errors per 100,000 air movements are 1.48 in 2008, in comparison with 1.86 in 2003.

### Best practice travels well

In December 2008, the Middle East operations were incorporated into Serco Integrated Transport and Stuart Williams expects there to be considerable benefits in sharing best practice across rail, road and air to improve already high safety standards. "There is a lot of good practice to be shared," he says. Systems to share best practice among SIT operations are well established, and the company has transferred safety training from the rail industry to its road contracts (see box left).

Perhaps the most striking example of transferring expertise is Serco's lead role in designing Dubai's rail transport safety standards.

Signed in April 2008, the £500 million contract to operate and maintain the state's first rail system was set by the Dubai Roads and Transport Authority (RTA), whose aspirations include having the best safety standards anywhere in the world. Being able to draw down on its



### Secure status for Serco-run stations

Merseyrail, Serco's rail operation on Merseyside, has been accredited as the UK's first fully secure rail network. All 66 of its stations have been awarded the coveted Secure Station status after visits made by the British Transport Police on behalf of the Department of Transport in association with Crime Concern. Each station was evaluated on its safety measures; buildings and facilities; and customer service. In addition, 95% of the network's station car parks have achieved Secure Car park status.

## Health & Safety

safety record and expertise at Docklands Light Railway and elsewhere was an important factor in winning the contract.

Because there is virtually no public transport in Dubai at present, Serco has started with a blank sheet of paper in drawing up its safety management system. Andy Brooks, Safety Director for Serco Dubai Metro, says the system will be "rigorous", in line with both the RTA's brief and Serco's standards.

### Rail, road and regulations

The contract to assist Network Rail in improving the safety of the UK's railways involves operating specialist trains, which identify track defects before they become a significant risk and carry out essential rail grinding work that helps prevent broken rails.

In 2007/08, Serco Rail Operations delivered more than 250 shifts beyond the contracted numbers, with many of these undertaken at late notice when issues were identified that needed immediate attention.

Other notable safety improvements in 2008 included developing the Highways Agency's ESDAL web portal, which assists hauliers in fulfilling their legal obligation to plan safe routes and notify relevant emergency services and infrastructure owners of potentially problematic, abnormally large loads. Providing this service has involved surveying the dimensions of more than 200,000 bridges and other structures throughout the country.

Its effectiveness is demonstrated by a huge reduction in the number of notifications made to infrastructure owners. British Waterways now receives just one a week, compared to hundreds of thousands in the course of a year.

Meanwhile, Serco's train operating companies have implemented the Railways and Other Guided Transport

Systems (ROGS) regulations, which require companies to ensure their safety management systems are updated and comply with EU and UK legislation. Serco's ROGS review showed that its rail companies have fulfilled most of the criteria for IS18001 safety certification – the highest level available in the UK, which the Docklands Light Railway (DLR) expects to achieve in 2009, and which Northern Rail is already part of the way towards achieving.

In 2009, safety management across SIT and all Serco's operations worldwide is set to take a further step forward with the implementation of a single safety management system and procedures for the entire company, drawing on best practice from all divisions and ultimately replacing the individual systems at the 600 contracts Serco manages.

Each contract will have a system that is up to date, takes account of lessons learned throughout Serco's operations and is consistent with its neighbouring contracts. Each contract will be designed to make safety management easier to understand, so that people moving from one Serco company to another know what to expect and when. It is regarded by Andy Lewis as "the single most important project for 2009".

In touring Serco's operations, it is apparent that improvements to safety management are serving a vital function beyond protecting employees and the public – they are also keeping the whole transport system moving, increasingly important as demand for travel increases.

"We can't build our way out of congestion with more roads; we have to manage traffic and infrastructure maintenance better," Andy explains. "Reducing accidents and risk is part of that process. And, of course, if we can limit traffic congestion and run trains more efficiently, safety will also improve."



Georgia Traffic Management Center, US

## Going the distance

- Provides information and advice on road traffic conditions
- Employees answer calls within four seconds on average
- Has introduced 100-plus ramp meters to regulate traffic

Following America's Thanksgiving holiday in November 2008, Serco employees at the Georgia Traffic Management Center (TMC) in Atlanta were described as the state's "unsung heroes" by Gena Evans, Georgia's Department of Transportation Commissioner, who said they deserved special recognition for their tireless work behind the scenes. The system they operate handled a staggering 71,734 calls from motorists asking for advice on road traffic conditions over the holiday period.

The free phone service offers route-specific information, state-wide traffic conditions and estimated travel times within Atlanta. Serco employees also direct the state's Highways Emergency Response Operators (HERO) to motorists needing assistance. HERO trucks often arrive before other emergency services and, as many traffic accidents are caused by earlier incidents, this rapid response plays a vital part in road safety.

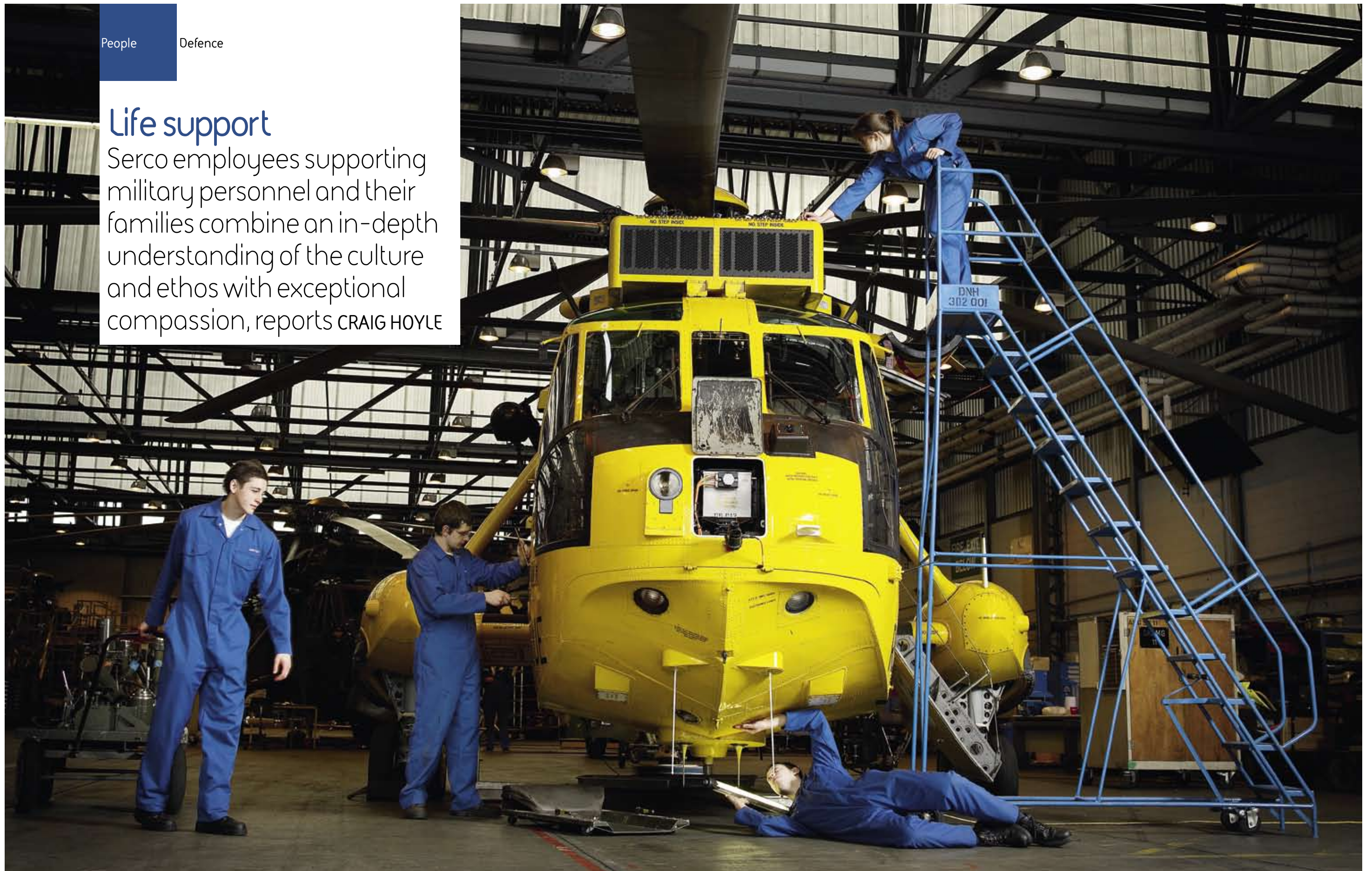
The exceptional usage of the service shows that expectations of a high quality of customer service from Serco have been met. "People don't provide that level of service unless they are motivated and happy in their work," says TMC Program Director Marcus Wittich.

Since it took over the contract, Serco has also integrated more than 100 ramp meters into the system. These regulate the flow of traffic entering freeways, significantly reducing both travel times and pollutants.



## Life support

Serco employees supporting military personnel and their families combine an in-depth understanding of the culture and ethos with exceptional compassion, reports CRAIG HOYLE





IT WOULD PROBABLY SURPRISE many people to discover that the individuals maintaining aircraft, providing secure communications between troops on the frontline and their families back home, and delivering re-education and counselling services at the end of a soldier’s career, do not routinely wear a uniform, and are, in fact, the employees of public service companies.

Responsible for providing a wide range of support to military customers on both sides of the Atlantic, and in combat theatres including Afghanistan and Iraq, Serco is at the forefront of those companies that, on a daily basis, are enabling armed forces of nations such as the UK and the USA to focus their resources at the “tip of the spear”.

In the UK, for example, Serco employees at RNAS Yeovilton maintain and repair aircraft deployed ‘in theatre’, while those at RAF Benson train many of the pilots who will fly those aircraft. And, demonstrating the proactive approach that runs throughout Serco’s defence business, apprenticeship programmes are in place, ensuring the talent pool does not run dry (see case study, page 22).

Family matters

But Serco’s role is not confined to supporting those on the front line; its reach extends to their families, too.

In the USA, Serco provides an extensive network of services to military personnel and their families under a variety of contracts, including the Military Family Program, which offers practical advice and help for families via highly trained, specialist advisors, such as Family Program Assistants (FPAs) and Personal Financial Managers (PFMs).

It is also an umbrella for a number of other programmes, including the Army Career and Alumni Program (see case study, page 21); the Army Spouse

Employment Partnership (ASEP), which helps military spouses establish and maintain careers wherever the Army sends them; and the Family Advocacy Program, which addresses domestic violence in military families.

FPAs make regular outreach calls to families to check on their well-being, providing a friendly voice and mobilising support systems where needed. In turn, families know they can call them with any problems.

Elisdelia Coronado, an FPA based at Fort Sam Houston in San Antonio, Texas, is just one of the exceptional people fulfilling this role. From pointing a married couple towards counselling resources by conference call, to helping a father reach his deployed son when his pregnant daughter-in-law was involved in an accident, her job requires quick thinking alongside an extensive contact book.

Beyond the call of duty

Jo Sperry, a Victim Advocate (VA), is another Serco employee who works above and beyond the terms of her contract. Part of the Family Advocacy Program, VAs liaise between the victim of a crime and the State Attorney’s Office when an incident is under investigation. The role requires a compassionate individual with exceptional interpersonal skills, given the often-sensitive nature of the crimes.

When a soldier who was sexually assaulted had to return to the US to testify in the trial against her alleged offender, Jo did all she could to minimise her trauma. After seven days’ travel from Iraq, the soldier was emotionally and physically drained, and her morale was low. Jo stayed late into the night with the soldier and the Judge Advocate (JA), working with her on her testimony and, when the soldier asked for her continued support throughout the trial, she attended >>



Military Child Education Coalition, US  
Taking care of the children

- Addresses the needs of military children
- Provides mentors who have similar experiences
- Supports local programmes and initiatives

Research in the USA has shown that a child from a military family will change schools on average between six and nine times during their primary years of education alone and that this might include overseas postings. Some two million children currently face this reality, with their frequent and potentially damaging educational upheaval often exacerbated by the emotional effects of being separated from a parent serving his or her country.

Alarmed by the lack of available support for such children, in 1997 a group that included a former senior army commander created a now-flourishing organisation named the Military Child Education Coalition (MCEC). Its goals included raising awareness of the issue among military and educational circles, and helping families to deal with the demands of service life.

A significant percentage of Serco’s North American employees hail from a military background. Serco’s

Rich Gilligan, Vice President MCEC Project Support says this gives them a natural empathy with the issues experienced by many military children.

This instant connection with MCEC continued when Serco colleagues proposed supporting its activities to Chief Executive Ed Casey. “We didn’t even take a minute,” says Rich. “He just said: ‘You got me.’”

Serco’s involvement with the charity has included backing events at MCEC’s annual conference as a primary sponsor, a commitment worth more than \$100,000 in sponsorship to date. It has also provided support for local programmes and community initiatives staged near its major operating sites, by encouraging its employees to get involved.

“We look for what we at Serco can do, beyond providing dollars,” says Michael Greer, also from Serco’s Military Family Program business unit. For example, by using its existing contracts to support US military personnel, Serco can provide practical support to children entering new schools by identifying and introducing mentors who have been through the same life experiences.

“We’ve committed, and committed hard”, says Rich, who concludes: “Corporate responsibility is not just about writing a cheque. Our people really care about these military kids.”

PREVIOUS PAGE:  
Apprentices  
working on a  
helicopter at  
Serco-run  
RNAS Yeovilton

CHILDREN  
FROM MILITARY  
FAMILIES (LEFT)  
face constant  
upheaval in  
their education,  
something that  
the Military Child  
Education Coalition  
seeks to minimise

Casualty and Mortuary Affairs Operations Center, US

Compassionate care

- Communicates with partners and families
- Co-ordinates travel and accommodation
- Provides advice and assistance

Of the many contracts Serco has in place with the Army, the partnership under which the company provides operational support services to its Casualty and Mortuary Affairs Operations Center (CMAOC) demands, perhaps, the most compassion and sensitivity from its employees. The contract has been held since 2004 and was renewed in 2008, but demand for the service has sadly increased.

More than 130 Serco and sub-contractor employees now support the CMAOC, working alongside military personnel, compared with 48 when the contract commenced. Their responsibilities include managing information and communications when a soldier is wounded or killed, and accounting for, cleaning and forwarding personal effects to family members when the worst happens.

The demanding role carried out by Army Casualty and Mortuary Affairs Specialist Brandon Batt is just one example of the services provided by the CMAOC. Spending nights, weekends and holidays assisting soldiers wounded in Iraq and Afghanistan, Brandon found small ways to make these people more comfortable. He also coordinated travel and accommodation for their families, and provided advice and assistance on everything from passports to finances.

“Brandon epitomised service excellence at Serco,” says Serco CMAOC Project Director Col (Ret.) Dennis Duffie.

SSAFA, UK

Charity begins at home

Serco is a proud supporter of the UK-based Soldiers, Sailors, Airmen and Families’ Association (SSAFA). Founded in 1885, it provides invaluable support to current and former service personnel and their families.

More than 50,000 people approach the charity each year, seeking advice or financial assistance. Serco sponsors SSAFA’s ‘Big Brew Up’, an annual fund-raising drive. In 2008, more than 400 tea parties were staged by the charity’s supporters, raising more than £100,000, up from £75,000 in 2007. “SSAFA is extremely grateful to Serco for its generous sponsorship of this event,” says the charity. “The sponsors are key to making it happen.”

2008 at a glance

The Family Support Program, US

Serco employees are regularly exceeding the terms of their contracts to help the families of military personnel in the US and around the world

Wounded Warrior Program, US

Supporting injured Marine Corps personnel as they embark on the road to recovery

Paradigm Secure Communications Team, UK

Contractors on Deployed Operations (CONDO) employees are working in Iraq and Afghanistan to ensure military personnel and their families can communicate

“By using its existing contracts to support US military personnel, Serco can provide practical support to children entering new schools by identifying and introducing mentors who have been through the same life experiences.”



court each day. The soldier later told the JA that, without Jo's support, she would not have been able to get through the ordeal.

It's also not unusual for Serco people to step outside their contracted role, should the need arise. As a Personal Financial Manager in Atsugi, Japan, Brad Morgan's normal working day consists of teaching military personnel and their spouses about the basics of budgeting, credit management, car and home buying, and retirement planning.

But after one of his pupils lost her husband, who had been deployed overseas in the Navy, Brad stepped in to help when the situation became overwhelming, exacerbated by her lack of English. From making final arrangements for the deceased to arranging grief counselling and navigating the insurance maze to ensure she received payment, Brad supported her from start to finish.

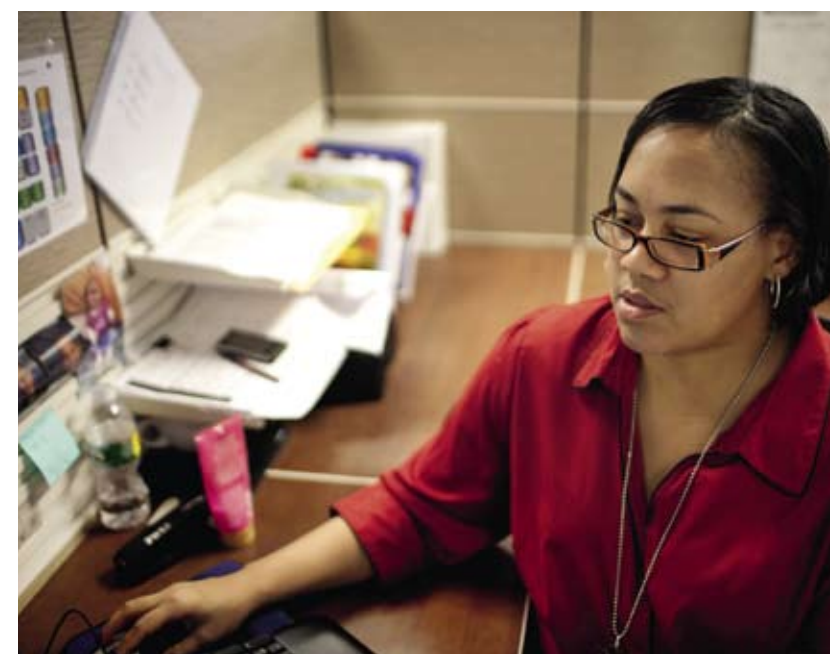
#### Online and on the front line

While it's the human touch that helps resolve many of the problems facing military personnel and their families, sophisticated technology also has an important role to play. By ensuring they can communicate with each other on a regular basis, it is key to maintaining the morale of those serving on the front line – including Serco employees.

A key part of the EADS Astrium-led Paradigm Secure Communications team that provides access to three SKYNET 5 satellites, Serco delivers a range of services that provide assured communications between military commanders in the UK and troops deployed in theatre.

As well as providing network operations at Paradigm's two ground stations at Hampshire and Wiltshire, and managing security and logistics at the sites, Serco employees are working alongside those on the front line, to ensure that >>

**EMPLOYEES AT THE WOUNDED WARRIOR CALL CENTRE (RIGHT) offer support and a friendly voice to US Marine Corps personnel and their families (see page 23)**



Army Career and Alumni Program, US

#### Smoothing the path to civilian life

- Has helped more than two million soldiers since 1991
- Offers advice on financial, health and employment issues
- Employs 200 personnel at 52 sites around the world

The transition from military service to civilian life can be a difficult process, but for US Army personnel the journey has been smoothed by Serco, which has almost two decades' experience of supporting the service and advising its personnel on how to make this change.

The Army Career and Alumni Program (ACAP) is Serco's longest running US contract. Since it started in 1991, ACAP has helped more than two million soldiers back into civilian life. Its personnel offer leaving or retiring soldiers information on matters as diverse as managing their finances and accessing health care, and assist them in seeking new employment by, for example, helping them write their résumé and prepare for interviews.

The contract employs around 200 people at 52 sites in the US and around the world, with the majority of these being counselling employees with Master's degree qualifications. "Our employees are very well educated, part and parcel of the military culture and very motivated," says Steve Sultan Vice President and Program Manager, and an ex-army colonel with 20 years' military service behind him. He says that ACAP delivered services to almost 130,000 active and reserve army personnel in 2008.

While the number of people who pass through the system each year remains fairly constant, the volume can increase markedly when a large rotation occurs after an overseas deployment and soldiers decide to leave within a 90-day period, triggering a requirement to receive mandatory training under the ACAP contract. One such example came in October 2007, when a 12-strong ACAP team at Fort Campbell, Kentucky, was required to demonstrate its adaptability in the face of a massive spike in activity.

Contractor Installation Manager Nikia Simon was required to come up with a way of delivering briefings to a daunting 4,000 soldiers within a three-month window, or 80 per working day. Her team rose to the challenge, and feedback from the soldiers was overwhelmingly positive, with 98% expressing satisfaction with the assistance that they had received. "Behind every winning team is a winning coach," says ACAP Project Director Diane Harley. "At Fort Campbell ACAP, that person is Nikia Simon."

#### Pulse Award winner: Pichet Samarapoom

Pichet joined Serco Dubai Metro from Bangkok, his first role outside his home country. Through determination and sheer hard work he overcame considerable professional and personal challenges while showing remarkable calmness and professionalism. He has taken ownership of the recruitment of employees from far east Asia and has taken personal responsibility for the welfare of his colleagues, providing technical expertise through openness and good humour.

#### Back to business

Serco's provision of support to Wounded Warriors (see page 23) includes trying to help them in their business ambitions after they have left the armed forces. In 2004, the US government outlined a goal to place 3% of all federal contracts with small businesses owned by veterans and service-disabled veterans. In November 2008, the Department of Defense's Office of Small Business Programs presented Serco with an award recognising its work in increasing subcontracting opportunities, after the company recorded totals of 10% and 6.6% of contracts placed respectively in 2007.



RNAS Yeovilton, UK

## Training tomorrow's experts

- Station repairs and maintains military aircraft
- Established apprenticeship scheme in 2001
- Scheme has double the national retention rate

At the Royal Naval Air Station in Yeovilton, Serco's long-term commitment to the local community is clear to see. The company has 300 employees at the site, delivering services ranging from the repair and maintenance of aircraft – such as AgustaWestland Lynx and Sea King helicopters returning from combat duty – to fuel delivery and engine support.

And when, in 2001, its managers identified a looming skills shortage in the local job market, Serco established the Advanced Apprenticeship scheme. Accredited to deliver National Vocational Qualification (NVQ) up to Level 4 standard across a range of engineering and management areas, the initiative secured government approval and funding from the Learning and Skills Council (LSC) and its first intake of students – all recruited from the local community – entered training in 2002.

Typically, around 10 applications are received for each place on the three-year course. Of the 11 students who passed the course in July 2006, nine remain in full-time employment with Serco, one has become an Air Engineering Technician in the Royal Navy and one is studying for an Aerospace Engineering degree, funded by Serco and with the guarantee of full-time employment for at least a year after graduation.

A further eight apprentices have completed the course in the last two years. Six are now working at the site, one works for an aerospace company in Northern Ireland and one has been sponsored by Serco to read a Masters Degree in Aerospace Engineering with Management.

Thirteen more apprentices are currently undergoing training and such has been the success of the programme – at 92%, its retention rate is almost double the national average for such schemes – that Roy Lusted, Contract Support and Training Manager, is now involved in a working group that is investigating the feasibility of establishing similar schemes for other Serco operations around the UK.

“This has been a flag waver for apprenticeships and a great asset,” says Roy. “We want these people to become tomorrow's engineers, supervisors and managers.”



their communications equipment remains in working order.

Fifty support personnel are deployed in Afghanistan and Iraq at any one time, working under the Contractors on Deployed Operations (CONDO) model. “They are going to a war zone, and are under the jurisdiction of the MoD,” says Overseas Support Manager Tony Alleyne.

Serco was first contracted by Paradigm in 2001, to provide welfare services known as ‘WelComE’, which allowed troops to telephone home from specially equipped cabins. In the past five years, it has assisted in substantially improving these services, which are now widely available. A recent effort has introduced a WiFi capability, enabling personnel at many sites to connect to the Internet from their bed spaces using their own laptops. Among the comments received in praise

of the new service, one soldier notes: “It is a luxury in this environment.”

In the event of an accident or incident, Richie Vella, SKYNET 5 Network Director oversees efforts to immediately remove an employee from the country, with an emergency contingency procedure coming into effect. Seven employees have required such help within the last five years, underlining the rare nature of such events, and support and counselling has been offered in all instances.

“We have strong managers in theatre, and we really have to look after their welfare,” says Liz Hammond, Serco's HR Manager for the SKYNET 5 service.

Mike Brimson, Operations Director Space for Serco, says: “We have had three or four examples where maybe a rocket has damaged equipment and our guys went straight in.”

**AT RNAS YEOVILTON (ABOVE), the Advanced Apprenticeship scheme developed by Serco ensures the talent pool won't run dry**

### A friendly voice

An inevitable consequence of the high operational tempo being maintained by the US armed forces in Afghanistan and Iraq is that some will sustain injuries.

For injured US Marine Corps personnel and their families, a support mechanism called the Wounded Warrior Program is there to support and help them on the road to recovery.

Implemented by the Marine Corps and Serco in 2007, the Wounded Warrior Call Center handles more than 900 telephone calls per week. Educated to degree level or its equivalent, these employees have an innate understanding of Marine Corps values and attitudes. Their aim is

## People

to provide immediate answers to enquiries but, when this is not possible, they conduct the necessary research and then ring the caller back.

But Serco's delivery of the Wounded Warrior contract runs beyond this valuable early support; its employees now call affected individuals one year after the initial contact – longer if needed – to find out if they need additional help.

Employees at the 24-hour call centre in Dumfries, Virginia – recently renamed the ‘Sergeant Merlin German Wounded Warrior Call Center’ in honour of the inspirational Marine who died in April 2008, aged just 22 – made more than 35,000 such outreach calls to wounded Marines and Sailors in the 12 months from November 2007, and received an additional 4,200 calls under the service. In all, they have now contacted more than 8,000 of the 9,500 marines injured since 2001 to ask about their welfare.

In February 2008, Lt Gen Ronald S Coleman, Deputy Commandant for Manpower and Reserve Affairs, which helps plan, direct, coordinate and supervise both active and reserve forces, said of the support and services that Serco is providing and the employees it has hired: “Serco has fully embraced our mantra of Maines taking care of Marines. They are an integral part of our Wounded Warrior Regimental Team.”

In June 2008, Colonel Gregory A D Boyle, Commanding Officer of the Wounded Warrior Regiment, reinforced the message in a letter to Vic Bako, Program Manager and former Army Officer: “When we started this contract we had no way to know what the future would hold. I wanted to thank you for the flexibility you have shown in ensuring Marines get the care they need.

“Some contractors advertise a ‘one team, one fight’ mindset. To Serco, this is more than just a slogan, it is a culture.”

Atomic Weapons Establishment, UK

## A beacon of learning

The Apprentice Academy at the Atomic Weapons Establishment (AWE), a Serco joint venture business in Berkshire, England, has been awarded Beacon status by the Learning and Skills Improvement Service (LSIS). It is the Academy's second major accolade in 2008, its scheme having been assessed as ‘outstanding’ by an Ofsted inspection earlier in the year.

LSIS is the government body driving improvements in learning and skills across the UK and is the hallmark of a standard of excellence in learning providers. Beacon status recognises excellence and innovation, and is awarded to outstanding organisations within the further education system.

AWE's Apprentice Academy trains young people for roles in maintenance, electrical, electronic and mechanical engineering. “AWE is one of only 34 work-based learning providers across the UK to have been assessed at this level,” explains Marcus Hutchings, the company's Technical and Craft Training Manager.

“As well as recognising our achievements, it will also allow us to drive improvement within the skills arena by sharing best practice with other organisations,” he says.

RAF Fylingdales, UK

## Putting students to the test

Eight A-level students from Bradford gained an exclusive insight into life at RAF Fylingdales in Yorkshire, England, when they were chosen for a week's work experience in July 2008 at the Serco-operated site, which provides a ballistic missile warning and space surveillance service to both the UK government and US authorities.

The Serco-led initiative is now in its fourth year and competition for places is fierce. Candidates must prove their competency in maths and physics as well as demonstrating an ability to work both as team leaders and team members.

The successful students took part in exercises with the RAF Challenge Team – in which their fitness, logistics, intelligence and engineering abilities were tested – as well as with MOD Police and Fire Services. They also received a briefing on a NASA space vehicle and learned what a Solid State Phased Array Radar (SSPAR) does.

“When the students come for their week, everyone gets involved,” says Hugh Morgan, Support Director Defence Operations at Fylingdales.

## Skills for You

Serco has always believed in the importance of investing in the skills and talent of its people, who are the foundation of its business. In 2004, the company launched Skills for You, a UK-based programme aligned to the government's Skills for Life scheme and designed to improve literacy, numeracy and IT capabilities. To date, more than 600 Serco people – including scientists, firefighters, electricians and cleaners – have achieved a qualification, with a 29.61% increase in their numbers since 2005. The scheme is currently being extended to include National Vocational Qualifications and apprenticeships.

**“Serco has fully embraced our mantra of Marines taking care of Marines. They are an integral part of our Wounded Warrior regimental team.”**

**Lieutenant General Ronald S Coleman, Deputy Commandant for Manpower and Reserve Affairs**



# The transformers

Dedicated Serco employees are helping offenders in the UK and Australia turn their lives around, inspiring them before easing them back into society, writes SONIA PURNELL





IT IS ALL TOO EASY for those on the outside to judge prisons, young offender institutions and other detention centres on the rare occasions that things go wrong – they, after all, make the headlines. And noone is denying that keeping people behind bars is a challenging, often gruelling occupation.

But visitors to a Serco secure centre, whether north or south of the equator, cannot help but be struck by the sheer cheerfulness of the employees; their energy, determination and optimism is quite infectious. There is a real sense of a personal vocation, a desire to reassess conventional wisdom, to pioneer new ideas, in short to go that extra mile.

While the priority must always be to ensure safety both for those inside the centres and also the public at large, Serco is also driven by the need to educate and train, to help people turn their lives around before resettling them within the community with as much support as possible.

It is an entrepreneurial culture that attracts an extraordinarily committed range of people, drawn not by pay or perks – employees at Serco-run secure centres do not earn more than those in the public sector; they are, however, empowered and encouraged to innovate.

#### Adopting a dynamic approach

“We try to recruit people who are not interested in simply being static guards, but in offering dynamic security. That means actively engaging with individuals in our care to understand their motivations and their fears,” explains John Smith, Director of Change and Operations for Serco’s UK residential contracts.

“We know it’s safer and better to engage with prisoners than to confront them. We encourage them to accept responsibility for their previous actions and then think seriously about how they can turn >>

**PREVIOUS PAGE:**  
the vibrant result  
of a painting  
workshop at  
Acacia Prison

**INDIGENOUS  
PRISONERS AT  
ACACIA PRISON  
(RIGHT) receive  
skills training  
and tailor-made  
education  
programmes**



Acacia Prison, Australia

### Rising to the challenge

- An 800-bed, medium-security prison in Western Australia
- Adapting to assimilate Indigenous prisoners
- Providing tailor-made educational programmes

The size of central Europe, Western Australia is home to no fewer than 40 Indigenous language and dialect groups, each with its own culture.

So when Serco took over Acacia Prison, on the outskirts of Perth, just over two years ago, the fact that 35% of its population was Indigenous presented particular challenges

and consequently the need for innovative thinking. Indigenous people account for 3% of the Australian population, but more than 40% of the prison population, an over-representation that is sometimes the consequence of high levels of social deprivation, unemployment, drug and alcohol addictions, and lack of access to services.

Acacia’s Director, Andy Beck took the highly unusual step of escorting Paul Mahoney, Serco Asia Pacific’s Chief Operating Officer, and John Smith, UK Director of Operations – Residential (Home Affairs), to a remote corner of the Pilbara region to discuss with a group of Elders the problems facing their communities and how to prepare Indigenous prisoners for release. “The long journey was more than worth it,” says

Andy, who has recently adopted a new approach that addresses the needs of Acacia’s Aboriginal prisoners, utilising the power of their culture to restore many of the values that underpin a strong Aboriginal society and to encourage cooperation with the prison regime.

Indigenous Assistant Director Vanessa Davies has responsibility for these prisoners. “Vanessa has developed an action plan that tackles many of the major issues including poor health, low levels of education and training, and spiritual and cultural needs,” says Andy.

The prison has an Indigenous Advisory Board made up of prominent Indigenous Community Leaders who offer advice and guidance to help shape relevant services for Aboriginal prisoners. Through Community partnerships, they are now offered tailor-made education programmes, delivered by skilled educational employees, including a highly respected Indigenous Elder. “The prisoners look up to the Elders, who come in for traditional story-telling sessions to help get the message across about offending behaviour and the need to turn their lives round,” says Andy.

Many Indigenous prisoners have had limited access to, and are wary of, Western medicine. Yet chronic health problems mean their average life expectancy is low at around 59 years for males and 65 for females (compared with 77 and 82, respectively, for Australia as a whole).

Acacia worked with the Derbal Yirrigan Aboriginal Health Organisation to bring the Marman Pit Stop to the prison. Renowned for its success in getting Indigenous people to undergo crucial health checks, Pit Stop aligns parts of the body to parts of a car and prisoners are encouraged to get their bodies ‘serviced’, something they can relate to.

The obligation to attend family funerals can make incarceration particularly difficult for Indigenous prisoners. “They believe that if they don’t attend, it can result in retribution or ‘pay-back’,” he says. “Once a prisoner thinks someone has called in bad spirits as part of ‘pay-back’, they can become so fearful they literally lose the will to live. When that happens, a community Elder is brought in to conduct a smoking ceremony – burning eucalyptus leaves and reciting special words to ward off evil spirits.

Acacia’s pioneering work was recognised in 2008 when it was ranked as one of only two high-performing prisons in Western Australia in the Inspector of Custodial Services’ 2008 annual report.

“We have given a high priority to addressing the needs of our Indigenous prisoners,” says Andy. “No other prison in the state offers programmes like ours.”

“Indigenous people account for 3% of the Australian population but more than 40% of the prison population, an over-representation that is sometimes the consequence of high levels of social deprivation, unemployment, drug and alcohol addictions, and lack of access to services.”

### 2008 at a glance

Acacia Prison, Australia

Recognising the complex needs of its Indigenous prisoners and integrating their culture within the prison regime

Borallon Correctional Centre, Australia

Training prisoners to help solve a manpower shortage

HMP and YOI Doncaster, UK

Employing a former prisoner as a mentor to other prisoners



their lives round. And our selling point is that we allow and encourage employees to explore ever better ways of doing this.”

Innovation is everywhere, whether it’s HMP Lowdham Grange’s ambition to become the UK’s first carbon-neutral prison or the groundbreaking work with Indigenous prisoners in Australia. Many of the old orthodoxies are being challenged, with new ideas constantly being road-tested by people wanting to improve existing systems.

“You have to understand prison culture and psychology,” says John. “A lot of prison governors, for example, have a Masters in Criminology and Management from the University of Cambridge. They apply this knowledge to great effect in the very hands-on and practical environment of a prison.” Gail Johnson, Head of Corporate Social Responsibility at Serco, adds that “It is inherent in most people to want to do more.”

Where possible, employees are encouraged to get involved with charitable and local community work, supported by the Serco Foundation. A volunteering policy standard has been developed and is applicable globally.

That caring approach, encompassing the needs of the community at large, informs all of Serco’s operations. The company’s goal is to reinvest 1% of its pre-tax profits into the community every year through dozens of local projects and charitable donations, recorded through a global reporting process.

News of Serco’s compassionate ‘can do’ approach travels far and has helped it win hard-fought contracts in Australia to take over two challenging prisons, Acacia in Western Australia and Borallon Correctional Centre in Queensland (see case studies, pages 26-27 and 29).

Serco’s Chief Executive Officer in Australia, David Campbell, sums up the Serco contribution in this part of the >>

**AT DONCASTER PRISON (RIGHT), Cass Vernon (seated third from left) is a mentor to other prisoners – see page 30; specialist training has enabled prisoners at Borallon (far right) to help solve a manpower shortage in Queensland**



**Borallon Correctional Centre, Australia**  
**Turning negatives into positives**

- A medium- and high-security prison near Brisbane
- Forward thinking ensures skills that will benefit all
- Training scheme reduces costs and targets reoffending

It is certainly unusual for a prison to provide the solution to one of the outside world’s problems. But, in its first year under Serco’s tenure, Borallon Correctional Centre – an hour outside of Brisbane, Queensland – has been able to do just that.

Rapid population growth in Queensland combined with ageing infrastructure has prompted a multi-billion dollar upgrade of the local Ipswich motorway. But SAFElink, the consortium that won the contract to build the road, encountered a serious industry-wide manpower shortage that challenged the project. Inspired thinking at Borallon solved the crisis by giving selected prisoners specialised training, a Certificate II in Civil Construction, and the chance to learn skills that will enable them to walk into a full traineeship and employment on release.

“We chose ten prisoners for the pilot group and each went through a rigorous selection process,” said Liesl Turley, Borallon’s Offender Education Manager. “We didn’t want to set anyone up for failure, so we’ve closely monitored each prisoner’s progress and given them support when needed.”

Borallon went on to supply ‘anti-gawking’ screens (for use in road works) made by inmates at the prison’s own workshops. The first batch of 1,500 was delivered on time and on budget, and there are more orders on the way.

“We give our prisoners a wage and then pass our profits back to our customer, the state of Queensland. By training our prisoners in this way – the only prison in Queensland to do so – we are making them less likely to reoffend on release. We are also reducing the cost of the prison,” explains Guy Baulf, Director, Borallon Correctional Centre. “This initiative, amongst others, is aimed at reducing reoffending. The Serco approach is a positive one that goes beyond the contract to achieve results. I’m glad to say the prisoners are embracing it.”

**2008 Pulse Award Winners: BACS**

The Serco Behaviour and Attendance Team at Education Bradford developed Behaviour and Attendance Collaboratives (BACs) across the Bradford district to support a “community of schools” with a collegiate responsibility for meeting the needs of young people. BACs set targets to reduce exclusions, with a particular focus on vulnerable children. A Bradford headteacher called the initiative “one of the most powerful opportunities available to schools to bring about change”.

“We give our prisoners a wage (for the anti-gawking screens they build) and then pass our profits back to our customer, the state of Queensland. By training them in this way, we are making them less likely to reoffend on release.”

Guy Baulf, Director, Borallon Correctional Centre





Ashfield Young Offenders Institution, UK

## Putting young people first

- Europe's largest custodial centre for juveniles
- Helps offenders understand why they have lost their liberty
- Encourages and inspires them to change their lives

Wendy Sinclair does not look or sound like a prison governor; in fact she originally trained as a teacher. As she sits in her office at Ashfield Young Offenders Institution, outside Bristol, she compares the place to “a darn good college within a secure setting”. Her obvious humanity and warmth set the tone at Ashfield, which takes up to 400 15 to 18 year-olds. “We treat the young person first and the offender second,” she explains.

Those detained are helped to understand that they have lost both their liberty and control over their lives as a consequence of their actions. At the same time Serco employees give them hands-on encouragement and inspiration to change their lives.

Ashfield's primary aim is to prevent reoffending, firstly through education, but also via a holistic approach including dealing with health issues, family problems and substance abuse. There is also great emphasis on restorative justice, where offenders are brought together with their victims in order to understand how crimes affect others and to learn how to avoid making the same mistake again. It seems to be working – of the first 400 who underwent the restorative justice programme, 97% did not repeat the offence.

Ashfield has also been a pioneer in bringing in outside bodies to offer training, inspiration, work experience and even, ultimately, jobs. Wessex Water took on a young person for the last 12 weeks of his sentence and he went on to get a manager's job with them. “We really value the support of such companies,” says Wendy.

Hailed by a 2007 inspection report as a ‘model of best practice’ in this area, Ashfield is constantly searching for new partners – and beneficiaries. “The local social club in the village was falling apart,” explains Wendy, “so we sent our young people to do it up. They are proud of the job they’ve done and it’s also payback to the wider community.”

## Community

world: “A more stimulating culture where people feel they can personally make a difference.”

In 2008, the Western Australia Inspector of Custodial Services, Professor Richard Harding said in his Report No. 53 that Acacia was “on the cusp of becoming a very good prison”. He particularly noted the ‘impressive step’ taken by Acacia in its resettlement and re-entry work – an area in which Serco repeatedly excels across the globe.

**A bridge to the community**

HMP & YOI Doncaster, a Category C prison in northern England, is rightly held as having an exemplary approach, one it has refined for the past five years and continues to improve and expand upon.

Its Director, Brian Anderson, reinforces this important, but oft-overlooked aspect of prison, by allowing employees to undertake charitable work on resettling prisoners in Serco time.

The work – including mentors, a drop-in centre, and continual advice and support – reflects the desire to go both beyond the contract and the prison gate. “We want to be the bridge to a full return to the community,” says Brian.

The life of Cass Vernon, 51, was transformed when, following his release from prison, he made contact with the Outreach Team at Serco's Resettlement Office. With Serco's help, Cass was enrolled as a volunteer at Doncaster, where he became a mentor to prisoners and is now paid part-time to give valuable advice to ex-prisoners on how to stay out of trouble and sort out their lives.

“I wanted to change for the sake of my three daughters,” he says. “But I could not have done it without the continuous support from the guys at Serco. They believed in me.” In just six months, Cass has helped 26 ex-offenders into secure accommodation – frequently a difficult

hurdle for those coming out of prison. His example is inspiring others to follow suit, and Serco hopes that there will soon be a team of ex-prisoners such as Cass filling this vital role over a much wider area.

The process, however, starts before release, with meticulous preparation for the big day. “We get Barclays Bank to come into the prison to set up bank accounts for prisoners approaching release,” explains Brian. “So many of them don't have one, a problem that is often overlooked even though it's very difficult to get a job without having an account.”

Many of Doncaster's pioneering programmes to give prisoners dignity and respect, while keeping them secure, have been widely admired and rolled out to other prisons. Its debt counselling service is also exemplary, as is its health and addiction work, particularly with black and ethnic minority prisoners.

**Finding the individual within**

Another Serco theme is the treatment of prisoners as individuals, right down to the youngest detainees at Hassockfield Secure Training Centre in the north of England, which takes children as young as 12 and up to the age of 18. Some of them have committed the most heinous of crimes, and yet hope is never lost, and each one is given opportunities and individual care.

“Young people here are often steeped in gang mentality. Our challenge is to get them to think of themselves as individuals and to express themselves in ways that do not include aggression,” says Trevor Wilson-Smith, Director of Hassockfield.

“The priority has to be security, but it would be wholly wrong to deny them the chance to express themselves as young people,” he adds. “When I'm asked to sum up our approach, I tell them we aspire to be like the perfect boiled egg; a hard exterior, but just soft enough inside.”

## Hassockfield: contributing to the community

Hassockfield Secure Training Centre contributes to the community at large by offering its employees support and encouragement to become members of County Durham and Darlington Fire and Rescue Service's Retained Duty System. These are fully trained firefighters, often fully employed in other occupations, who respond to calls on a needs-only basis and are a key part of the UK's Fire and Rescue Service. Hassockfield has also formed a Young Fire-fighters Association within the Centre, based on the Fire Service Manual for Youth Training and Development.



Yarl's Wood Immigration Removal Centre, UK

## Restoring dignity to its residents

- The UK's major family removal centre
- Aims to restore respect, dignity and compassion to residents
- Offers skills training and a nursery with a high Ofsted rating

The women and children detained at Yarl's Wood Immigration Centre in Bedfordshire often don't know when or whether they will be sent back to their countries of origin. Some will stay only a few hours, others for many months, but all are at an uncertain time in their lives and need a sensitive approach.

Since it took over the contract in 2006, Serco has radically altered both the culture and conditions at the UK's major family removal centre. Today incidents of self-harm, bullying and violence are few in what is recognised by inspectors and other outsiders as a brighter, calmer and more engaged environment than previously existed.

Serco has worked hard to run the centre around core values of respect, dignity and compassion. The fundamental shift started with words – ‘residents’ replacing the term ‘detainees’ – and moved through consultation, healthcare, education, independence and a symbolic but significant increase

in freedom. “We have removed or pinned back 21 doors between units to allow the women greater freedom of movement,” says Director Dawn Elaine. “We wanted to reduce feelings of claustrophobia or imprisonment. Security remains paramount, but we try to normalise things as far as possible.”

A tangible example of this is the brightly coloured nursery, which would not look out of place in any residential area in the UK. It has just achieved the highest rating from Ofsted – “just like the best private day nursery”, says Dawn. “Although the provision of child services is in the contract, we are proud to have gone way beyond that.”

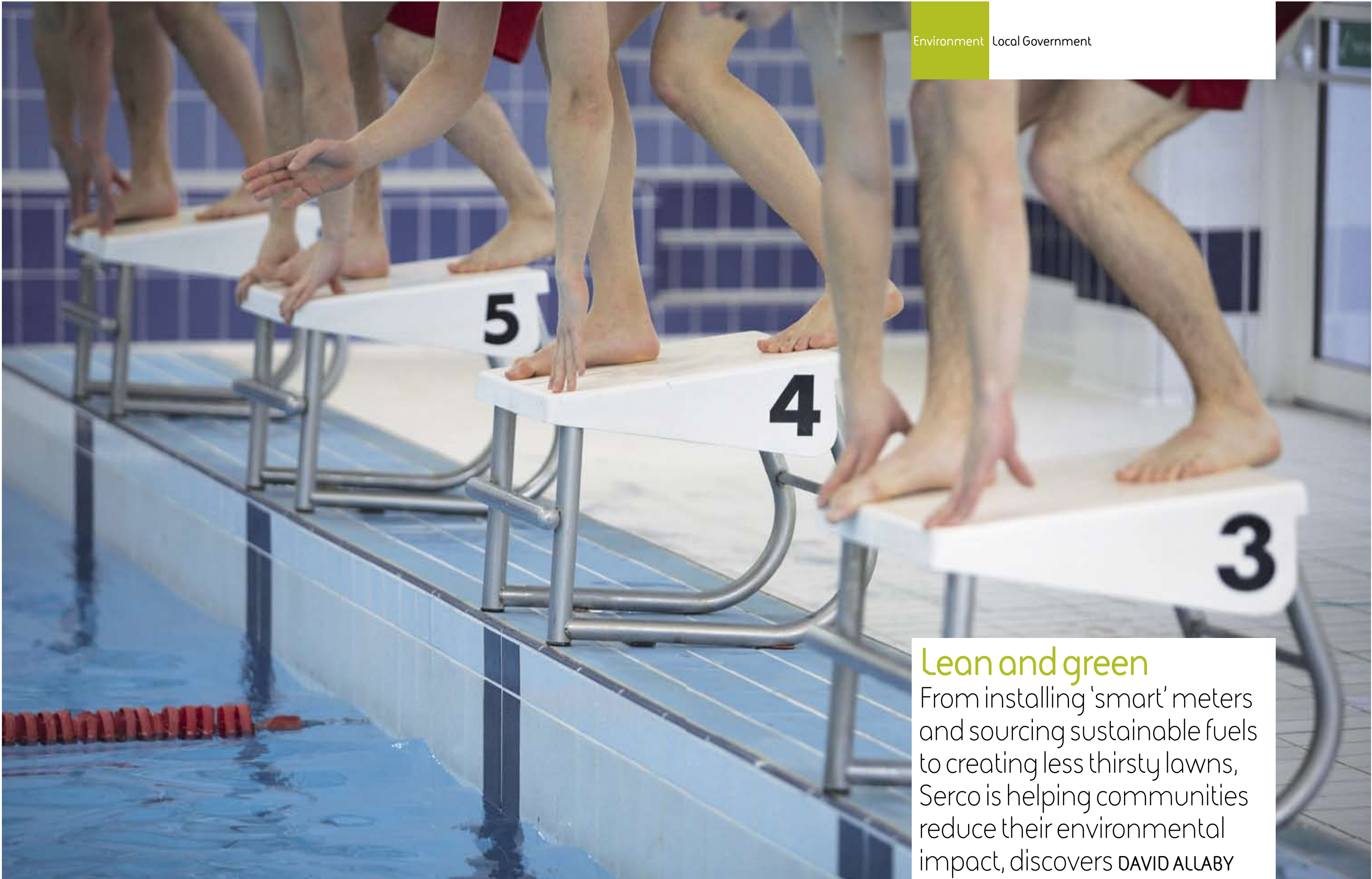
A great deal of thought has also gone into relationships with the adult residents, who have access to a library and all of the expected tuition, such as IT and basic literacy skills. There is also recognition that the environment is predominantly female. “The gym, with its aerobics classes, is geared up for women and we also have a hair and beauty salon.

“People have a voice here, including a monthly consultative meeting with me and my management team,” Dawn explains. “The culture of employees actively engaging with residents ensures that many more issues are dealt with as they arise.”

“People have a voice here, including a monthly consultative meeting with me and my management team. The culture of employees actively engaging with residents ensures that many more issues are dealt with as they arise.”

Dawn Elaine, Director, Yarl's Wood Immigration Centre, UK



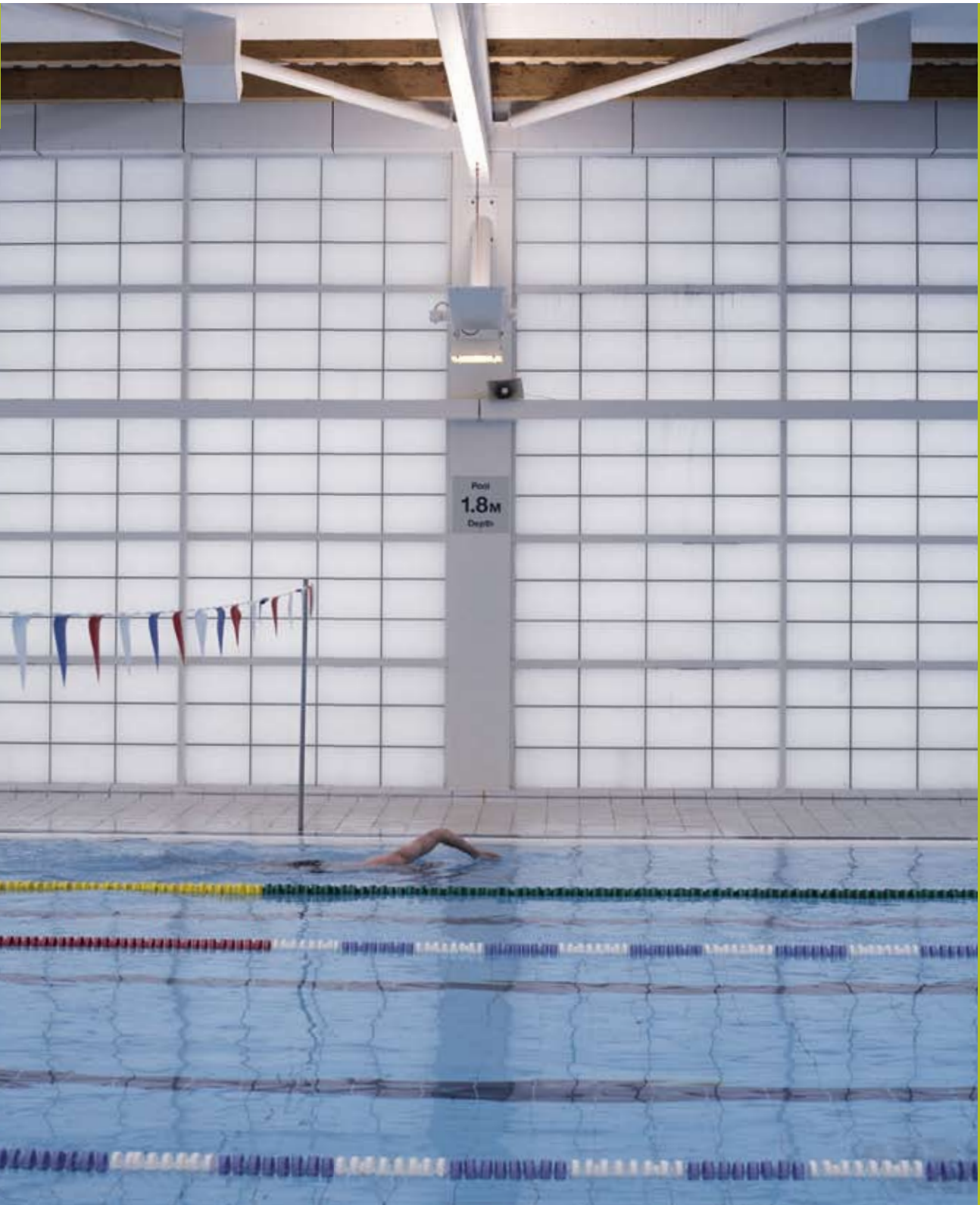


## Lean and green

From installing 'smart' meters and sourcing sustainable fuels to creating less thirsty lawns, Serco is helping communities reduce their environmental impact, discovers DAVID ALLABY



**PREVIOUS PAGE  
AND RIGHT:**  
Serco is making  
considerable  
energy savings  
at the leisure  
centres it runs,  
including  
Basingstoke  
Aquadrome,  
shown here



Serco Leisure, UK

## Putting the leisure industry through its paces

- Running leisure centres and gyms across the UK
- Using smart metering to measure energy consumption
- Making significant carbon and energy savings at each site

Even the treadmills at Serco Leisure-run gyms in the UK are performing 30% more efficiently after the group worked with a supplier to source motors that required less energy.

In the past three years, Managing Director Keith Thomas has transformed the business through leadership commitment, employee engagement, developing capacity and using the most informative data. He has delivered important carbon and energy savings at more than 64 sites.

At the core of the business lie detailed utility reports that compare usage with previous years and other centres, while highlighting anomalous usage. It's not enough to compare month-on-month or year-on-year figures; energy consumption may fall in mild weather without any efficiencies. Comparative weekly figures between sites, however, reflect performance and tend to stimulate healthy competition between them as well as driving demand for innovation and technologies to cut carbon and waste.

For instance, thermal imaging cameras that can spot heat loss have led to better insulation for pools, pumps, filters, pipes, walls and windows. Leisure centres have also been pilots for IMServ smart metering of utilities, involving real-time automated readings. These allow accurate measurement of electricity, gas and water use with a view to monitoring the effectiveness of improvement initiatives.

By the end of 2008, the division had reduced its electricity consumption from almost 29 million kWh in 2006 to 23.6 million in 2008, while gas consumption fell by more than six million to 80 million kWh\*. CO<sub>2</sub> emissions were reduced by 2,728 tonnes last year, on top of savings of 2,700 tonnes in 2007 and 2,500 tonnes in 2006.

Many of the steps being taken to reduce consumption and bills are now second nature to employees, who are working to reduce the global carbon footprint further by informing customers of savings they can make at home.

In pursuing a sustainable quality service, Keith has established an outstanding reputation for Serco Leisure, placed top in its sector – “at least two years ahead of the competition” – by the Carbon Trust.

\*kWh = kiloWatt-hour = 1000 watts used per hour

WHEN BUSINESSES AS prominent as Coca-Cola and Deloitte turn to the same company for help in raising their environmental performance, it is perhaps more than coincidence.

And when many in local government – those tasked to deliver on a target to cut 80% of carbon emissions by 2050 – take on the same partner, it speaks volumes about the company's influence.

Sustainable development has become integral to Serco's model for managing a better business. Its environmental agenda has been driven to date by the aspiration that it should operate with as light an impact on the environment as possible, and behave positively and proactively in the communities it touches.

There is growing momentum internationally within Serco to manage impacts. This creates opportunities to lead and influence stakeholders in order to assure the supply chain and to enhance performance, supported by real-time data and environmental management systems.

By doing this, the company believes it is securing the opportunity to create more value in future by embedding this type of thinking into its DNA.

Customers, employees, suppliers, regulators, contractors and other stakeholders are consulted and actively involved in the way the company manages sustainability issues. This takes the form of customer satisfaction surveys and the encouragement of employee innovation, as well as the standard regulatory regimes.

Each of the group's operating areas has identified sustainability priorities, in order to forecast where they expect to be in three years' time, and to evaluate their customers' agendas, for example, in relation to a carbon programme.

Sustainable development is more critical to some of Serco's services and

clients than others, and those businesses have a marked drive to achieve and invest more in meeting that demand.

Serco has had to report using a huge number of different operational metrics for individual services across 600 diverse worldwide contracts. More unified processes have emerged recently, with Serco Leisure, for example, consolidating data and technologies to maximise savings on critical utility consumption and costs (see case study, opposite).

A carbon reduction strategy is now a firmly established and commercially successful feature of Serco Integrated Services' (SIS) contract bids, as Director of SIS Sustainable Services Graeme Cameron explains: “We implemented a range of sustainable approaches internally during 2007, including the installation of energy efficiency technologies within our corporate offices and the development of a ‘sustainable suppliers forum’. In 2008, we started to incorporate some of the ideas into the commercial offer.”

### Starting afresh

A new contract with the London Borough of Newham highlights a fresh approach to the design and delivery of ground maintenance services.

It proposes to include community park gardeners to provide a more welcoming and safer environment. By allocating permanent keepers to each park, and increasing their numbers, it will cut travelling time and carbon emissions.

As part of Serco's continuing strategy to reduce the negative impact of its operations on the environment, a key objective for 2009 is a 10% reduction on carbon emissions from local government environmental services vehicles.

The London Borough of Hammersmith and Fulham is piloting electric street cleaning and tipper vehicles, while >>

## 2008 at a glance

Serco Integrated Services, UK

Reducing carbon emissions, streamlining street-cleaning services and improving recycling rates through teamwork, training and interaction with the community

Serco Leisure, UK

Combining technology and common sense to make considerable energy savings

Serco Parks and Gardens, Australia

Significantly reducing potable water consumption, recycling storm water and replacing traditional planting with drought-tolerant grasses

“There is growing momentum internationally within Serco to manage impacts. This creates opportunities to lead and influence stakeholders in order to assure the supply chain and to enhance performance, supported by real-time data and environmental management systems.”



Milton Keynes will have the first electric sweeper vehicles. Newham, in East London, will have electric vehicles in its parks, which should generate a 30% carbon saving over the life of the contract. Milton Keynes is also aiming to reduce carbon emissions by 30% in the next year with advances that will include sustainably sourced biofuels for vehicles.

Residential refuse collection is now being designed to optimise efficiency, using scientific modelling of rounds to reduce journeys. In Norfolk, the Breckland contract vehicles have been performing 10% more efficiently in the pilot – no small feat, with refuse collection trucks across the industry running at just 4mpg. Serco's pioneering approach to raising customer appreciation is active in Woking, in Surrey (see case study). Cited as best practice, it has been adopted by the Department for Communities and Local Government, and the Confederation of British Industry (CBI).

**The need for change**

Across the whole sustainability agenda a key challenge is to change behaviour. The Serco-sponsored *Time to Waste* research report offers solutions to the challenges facing the UK waste industry. Developed in association with the new Local Government Network, an independent local government think tank, the report argues that the UK needs to fundamentally rethink its policy if it is to solve the current landfill crisis and meet the national commitment to recycle 50% of all waste by 2020. SIS has launched an environment badge for the Scout Association (see panel, far right) to engage young people and the community at large in taking responsibility for their neighbourhood. Similarly, many of the steps being taken at Serco Leisure sites to save on resources and costs can be replicated >>

**KEEPING PARKS AND STREETS clean and neat in Woking (right) is not only a key part of Serco's role in the borough, it also raises residents' satisfaction levels**



Woking Borough Council, UK

**A visible difference**

- Cleaning and maintaining Woking's streets and parks
- Raising public awareness in order to increase satisfaction
- Inviting feedback so that services can be improved

When the C40 – a group of the world's largest cities committed to tackling climate change – recognised best practice from around the world, Woking Borough Council was the lone UK exemplar. Now Woking is breaking new ground in a collaboration with Serco. Together they have created a development plan for the council's Streetscene scheme, which puts a public face on cleansing and maintenance work. "But it is much more than getting the streets clean," says Robin Davies, Serco

Integrated Services' Marketing Director for Local Government (Environment). "Good parks and clean streets are life enhancing." While old-fashioned contract delivery was based on a schedule of work, the new way is to achieve outcomes while increasing customer satisfaction. One initiative is the card drop survey, which invites people to comment on the standard of work and the conduct of employees. Two sets of quarterly surveys gauge performance. The Customer Satisfaction Tracker records the public's perception of cleaning and maintenance services. Satisfaction levels here are averaging 75%, up from 65%. National Indicator 195 assesses 300 locations around the borough for street cleanliness. It is a focus on detail and efficiency, and satisfaction levels have increased from 65% to 92%. "Woking is a great example of profit being linked directly to customer satisfaction," says Robin.

Environment



**Scouts' promise**

Scouting in the UK has 1 00,000 voluntary leaders and 500,000 youth members. It is a massive force for well-being and community endeavour and, over the years, Serco Local Government, part of Serco Integrated Services (SIS), has developed links with a number of Scout groups, a partnership that is now going national. In November 2008, Winchester-based Scouts were among the first in the country to be given the opportunity to achieve the new environment badge, supported by Serco. "The badge, built around the theme of 'Your Neighbourhood, Your World', draws together the many strands of our corporate responsibility," says SIS Communications Director Adam Fergie. "It encourages young people, their families and the wider community to take pride in keeping their neighbourhood clean and safe." It also helps youngsters think about why their community is so important, what steps could be taken to improve it, and the effect that each small personal action can have within the context of the wider world. Developed by Serco Local Government, the environment badge resource pack contains high-visibility vests, protective gloves, litter pickers, black sacks and recycling bags, together with information on how to organise a clean-up campaign – and do it safely.

**2008 Pulse Award winner: Martin Milton**

In his 17 years at the National Physical Laboratory in London, working in Analytical Science, Martin Milton developed a novel laser-based system (now used by BP and Shell worldwide) that measures atmospheric pollution; he played a leading role in the standardisation of gas concentration measurements for government and industrial users; and, in 2007, his achievements contributed to a Nobel Peace Prize to the Inter-government Panel on Climate Change (IPCC).

"The Serco-sponsored *Time to Waste* research report, developed in association with the new Local Government Network, argues that the UK needs to fundamentally rethink its policy if it is to solve the current landfill crisis and meet the national commitment to recycle 50% of all waste by 2020."





Serco Parks and Gardens, Australia

## Keeping the 'city of parks' green

- Maintaining Melbourne's parks, gardens and grounds
- Reclaiming water and using it to maximum effect
- Recognising climate change and planting accordingly

Australia is a nation that lives for its sport and the active outdoor life. But the worst drought in 100 years has presented Serco's Parks and Gardens operation for the City of Melbourne with an exceptional challenge.

Through what has been described as a quiet revolution, Serco helped the city to a prestigious Banksia Environmental Foundation Award in 2008 for "managing drought in the city of parks". On behalf of the city council, Professor Rob Adams, Director of Design and Urban Environment, praised Serco's contribution: "Serco has played an important part in the reduction of water use, which was fundamental to our entry's success."

Serco manages the city's Wetlands water facility, which holds 18 million litres of water captured from storm-water drainage. The water goes through natural treatment ponds before a UV system that allows it to be used for tree and sports field watering. "Sustaining parks, sports fields and streetscapes through reclaimed water use and innovation has allowed open spaces to be widely enjoyed across the community," says Serco Contract Manager Colin Patterson.

It is estimated that he and his team, including Simon Fishlock, Operations Support Manager (above), have reduced potable water consumption by 75% on 2005 usage. "I feel lucky that my job gives me the daily opportunity to make a positive difference to the environment," says Simon.

All garden and turf planting now occurs with more drought-tolerant species, such as couch and kikuyu grasses. It has led to a public mindset that not everything has to be 'green' to be enjoyed in public spaces.

"The climate change we are experiencing is now the norm, so our methods and practices have had to change dramatically," says Colin. "I believe that even if our dams got back to full levels, we should never go back to doing what we did before."

at home. Employees aim to extend their advice on simple, energy-saving, measures to leisure centre customers.

Sustainability has become central to new business, such as in managing the UK-wide property portfolio for Deloitte. There have also been early results from working with employees at Coca-Cola's London headquarters.

The SIS sustainable services team has set out to track continuous environmental improvement, encouraging senior management to lead on green schemes, and increasing efficiencies through changes to building services and technologies. Utilities consumption is expected to fall by 15%, and Coca-Cola is achieving outstanding recycling rates.

### Measuring our footprint

A key objective for 2009 is to obtain external verification of our carbon footprint and reduction projects, for example, at the Serco Group support offices in Hook in the UK where a 20% reduction in energy consumption and the carbon footprint has been targeted.

"We have installed technologies for efficient lighting and for monitoring and measuring energy systems. We can tell when people are putting a kettle on," says Graeme Cameron.

"We are examining our environmental impact wherever we are, and there are many solutions to reducing this across our divisions," adds Andy Lewis, Group Director of Health, Safety and Environment. The 2008 carbon footprint figures for Serco will be the first baseline. Prior to this it was not possible to track performance over the entire operation. "This is the first time we will have a company-wide picture," says Andy. "But you can't put percentage figures on everything to reflect savings and achievement. A statistical reduction in one area might be achievable and

a genuine success story. Elsewhere it could be meaningless."

'Best of breed' retrofit control technology will be used by Serco Leisure and in the company's UK support offices in Hook to help reduce energy consumption and emissions by improving heating, lighting and motor efficiency.

Meanwhile, an online trading system will redeploy and seek out serviceable office equipment, and meetings will be evaluated for their time and cost impacts.

Another key area is business travel, where Serco Business Services (SBS) is using an advanced fleet management system to provide feedback to business users on their sustainability impact.

There is no single blueprint; the business is underpinned by three management systems: ISO 9001 for quality, 14001 for environmental management and 18001 for health and safety. Having contracts comply with ISO 14001 is a key driver and Andy Lewis knows that all environmental impacts, strategies and sensitivities go through the processes as a matter of course.

But even this does not guarantee an incident-free year. In 2008 there was a major environmental spillage at a site in Birmingham. The fuel valve serving a back-up generator was left slightly open and around 1,700 litres of diesel soaked into the soil around the tank, finding its way into the drainage system.

"Once we knew we had a problem, our emergency procedures were immediately implemented to contain the situation," says Andy. Working around the clock, teams excavated and replaced soil around the major gas pipes and IT cables. The Environment Agency checked the work and was satisfied with all actions for a positive outcome.

The goal for 2009 is for each division to encourage innovation and provide ways of making more informed decisions.



Mid Sussex District Council, UK

## Teamwork and talent triumph

- Cleaning streets and managing refuse and recycling
- More than doubling recycling levels in just over a year
- Training and regular meetings create strong teams

Having entrusted responsibility for refuse and recycling management and street cleansing to Serco in July 2007, Mid Sussex District Council did not have long to wait for the new direction to pay dividends.

During 2008 the Audit Commission commended the local authority for having the cleanest streets in Sussex

## Environment

and its recycling figures topped a league table of 75 South of England councils.

With landfill space in West Sussex projected to run out by 2010 and costs continuing to rise, the Serco team set out to improve the recycling levels of waste from 22% (collected under the old contract) to 30%-35%. Little more than a year on, the recycling return had improved to 43% of dry waste and 48% of all waste, including composting, an endorsement of the powers of skills development, commitment and teamwork.

Contract Manager Andy Norris says: "When we took over the Mid Sussex contract, with about 70 employees transferring to Serco, we needed to totally restructure the management team. "We brought in fresh leadership skills and a focus on effective recycling. We incorporated NVQ training, which made our employees more aware of good safety and recycling practice, and we considered our approach to the job as a team. We have bi-monthly safety and contract meetings, and employees are credited for their initiative .

"We found a lot of hidden talent and going for Investors in People accreditation has helped to bring that out," says Andy. Paul Fitzgerald, a driver-loader, guided us through the IIP process and got us to accreditation. Others are going through the rounds to help make efficiencies."

Audit reports show the Mid Sussex teams have a 95% record on training; 98% for vehicle maintenance, servicing, defect reporting and documentation; and their safety performance has risen from 38% to 88.9% – "a result of our internal safety trainer programme", says Andy.

When Andy and his teams took over the contract, the council's requirement was for alternate weekly collections from day one – one week recyclables, one week landfill – but this did not allow time for adequate training, a communication campaign and delivery of new bins.

The council took Serco's advice, drawing on best practice, and phased in the new service over three months. The new recycling collection takes paper, cardboard, plastic, cans and glass – all in one bin. "We've cut waste to landfill by 15% and have become the 13th best recyclers in the country, excluding London boroughs, and the best in Sussex," says Andy.

Beyond the performance measures in the Mid Sussex contract there is a community commitment that goes deeper, such as in the assisted collections for elderly, infirm or pregnant residents.

In 2009, Serco teams will be talking to parish councils and people on the streets to refine the service and boost recycling, while later in the year they will be visiting schools to talk about safety around vehicles.

**SMART WORK (LEFT): NVQ training and IIP accreditation have helped Serco's Mid Sussex employees work more efficiently**

## A chip off the old block

Serco maintenance employees in Woking continue to make new inroads on the effective management of the environment. No small matter when you have, for example, more than 30,000 trees to care for. Pruned branches that once were transported from site are now put through a chipper so that the material goes straight back onto the ground as mulch to feed, save water and suppress weeds.

"Best of breed retrofit control technology will be used by Serco Leisure and in the company's UK support offices in Hook to help reduce energy consumption and emissions by improving heating, lighting and motor efficiency."



# 2008 Overview

The challenges we set ourselves in 2008 and what we achieved

Health, Safety and Well-being	
OBJECTIVE	COMMENT
To implement fully and maintain a reporting mechanism for all safety indicators	All divisions are now reporting required information through ASSURE™
To ensure that a robust suite of crisis management plans exists and has an appropriate testing regime	The divisions have in place crisis management plans, which have been updated during 2008 as appropriate and exercises carried out where required
A reduction in reportable events by 5% against the 2007 baseline	A disappointing 1% deterioration against 2007. Improving our reportable injury rate is a key target for 2009

Community	
OBJECTIVE	COMMENT
To develop our approach to the measurement of social impact	Research commenced and a potential tool was identified, with further work to be carried out in 2009
To review the Serco Foundation	The review was carried out and ideas were presented to the Executive Team – more work will be undertaken during 2009
To implement a group-wide community campaign in highlighting to families the dangers that the Internet poses to children	Information was released on the Our World intranet and a pilot volunteer programme was undertaken with the Child Exploitation and Online Protection Centre – now part of a wider security strategy being planned within Serco for 2009

People	
OBJECTIVE	COMMENT
To follow up on employee engagement survey with divisional action plans	Improvement programmes have been implemented, and employee engagement remains a high priority against Group objectives
To deliver leadership strategy for top talent with integrated development, talent management and performance management programmes	Talent process has been developed, implemented and completed for members of the senior and wider leadership groups and performance management programmes have been updated
To launch Serco Business Academy to provide consistent induction and development in core business skills	We have designed and commenced building the Business Academy, and the first module called Discover Serco is due to be launched in the first quarter of 2009

Environment	
OBJECTIVE	COMMENT
To implement fully and maintain a reporting mechanism for all environmental indicators	All divisions are reporting required information through ASSURE™
To complete work to identify all environmental aspects and impacts across the business	Key UK sites have identified their aspects and impacts. Remaining contracts will complete this work in 2009
To roll-out revised sustainable procurement policy in line with new procurement strategy	A revised policy has been drafted and is with UK divisions for comment and implementation in line with new procurement strategy in 2009. Non-UK divisions will implement in 2010

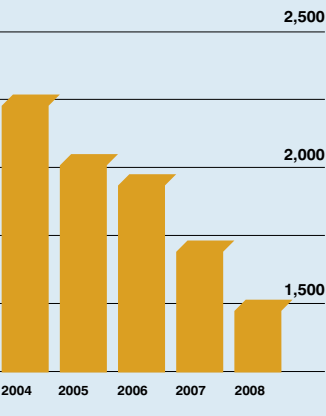
## Health, Safety and Well-being

Fig 1. Business in the Community (BitC) 2007 Corporate Responsibility Index



## Incident rate – per 100,000

Fig 2. 2008



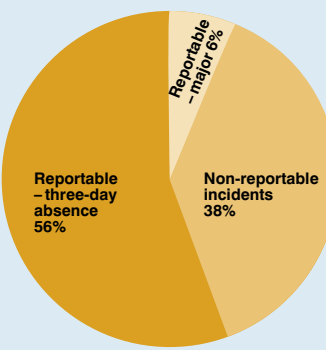
Our lost-time incident rate per 100,000 employees improved by 9% in 2008, bringing the total improvement since 2004 to 30% (see Fig 2). It reflects our ongoing commitment to health and safety via a number of initiatives, such as a 'Zero Harm' programme in Asia Pacific that has resulted in a 25% reduction in lost-time incidents. This initiative continues to grow in momentum and is being used as an example of best practice.

96%

was our overall score in the social impact area of Health, Safety and Well-being (see Fig 1 for breakdown) in the BitC 2007 Corporate Responsibility Index. This is significantly better than the average for our sector (72%).

## Lost-time incidents – breakdown by type

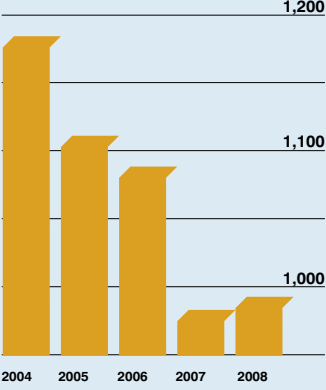
Fig 4. 2008



56% of incidents related to reportable three-day absence (see Fig 4). To address this, we have launched a pilot scheme in Serco Health to improve the active management and intervention of reported absences.

## Reportable incident rate – per 100,000

Fig 3. 2008



62% of all lost time incidents were classified as reportable. This resulted in a reportable incident rate per 100,000 employees of 991, a disappointing deterioration against 2007. It also fell short of our ambitious target of 930 although it reflects a 15% improvement on 2004 (see Fig 3).

The Royal Society for the Prevention of Accidents recognised us in its annual awards with a **President's Award** (Fylingdales SSPAR), a **Sector Award** (National Physical Laboratory), three **Gold Medals** and nine **Gold Awards**.

The British Safety Council recognised contracts operated within our Civil Government division with four **Swords of Honour**, nine **Five Star** awards and one **Four Star** safety award.

## Overview

■ We received no prohibition or improvement notices during 2008 and were neither prosecuted nor paid any fines under health and safety legislation.  
■ In 2008 we concluded the implementation of a new

occupational health service provision in the UK. This has improved the reporting and management of occupational health issues, and data reported in 2008 will in future be used as a baseline for benchmarking performance.

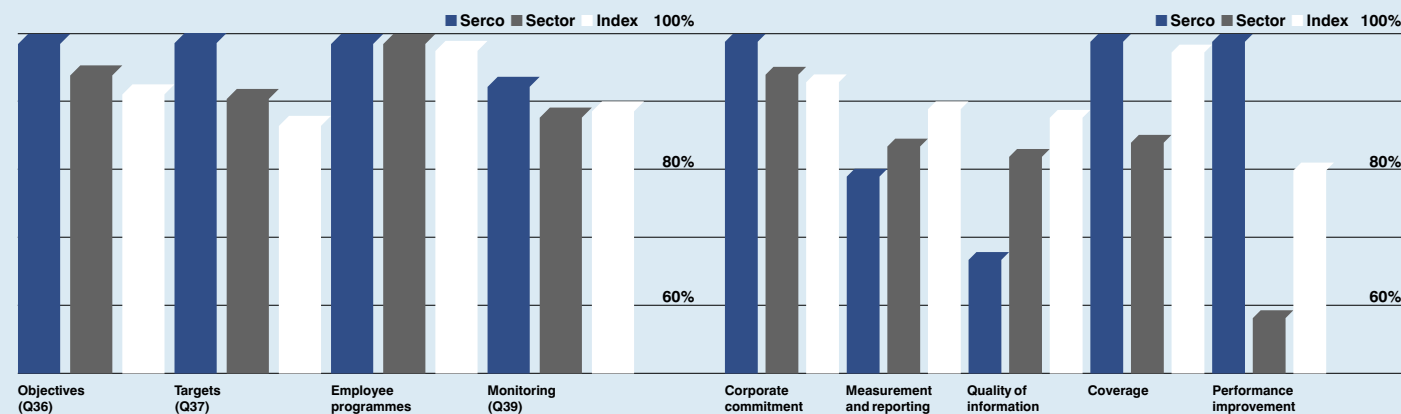
■ After active engagement with staff and the embedding of several initiatives over the last few years, we have kept both physical and verbal staff assault rates below target. Physical assault rates are 33% better than 2007 and verbal assault rates are 27% better.

■ In 2008, Ashfield Young Offenders Institution became the first facility in the UK to achieve National Healthy School status. This Department of Health-led initiative not only aims to make students healthier but also help them get the most out of life.



## Workplace Management

Fig 1. BitC 2007 Corporate Responsibility Index

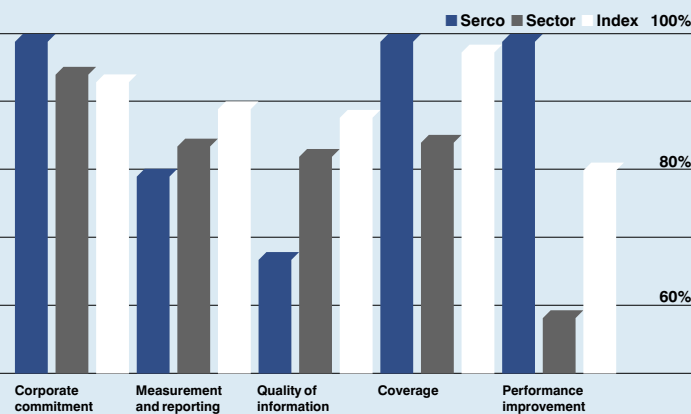


■ The BitC 2007 Corporate Responsibility Index introduced a new workplace index under which

we received platinum banding with a score of 95% (See Figs 1 and 2 for breakdown).

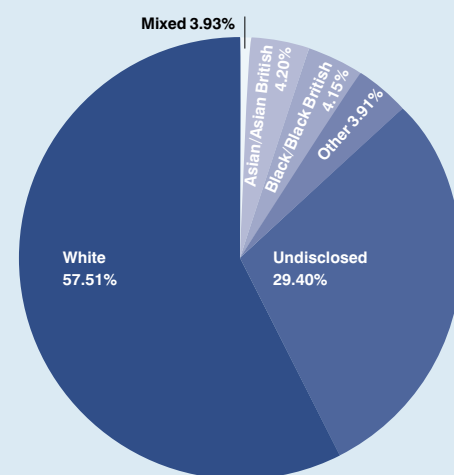
## Employee Welfare

Fig 2. BitC 2007 Corporate Responsibility Index



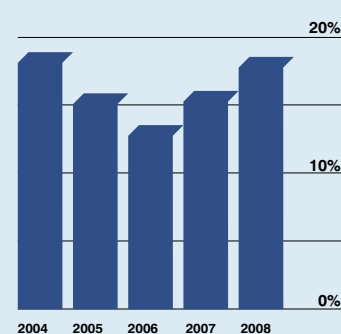
## % Ethnic Breakdown

Fig 4. 2008



## % Staff Turnover

Fig 3. 2008



At the end of 2008, we had more than **50,000** employees worldwide

■ Staff turnover increased by **13.28%** in 2008 (see Fig 3). One of the factors for the increase was the inclusion in 2008 of the first full year's data for Asia Pacific. While data collection for starters and leavers improved during

2008, it remains a challenge. We are addressing this through the Excellence in People Administration programme.

■ During the year, we saw the ethnic diversity of the Group widen, with minorities making up **13.09%** of our employees

(see Fig 4 for breakdown).

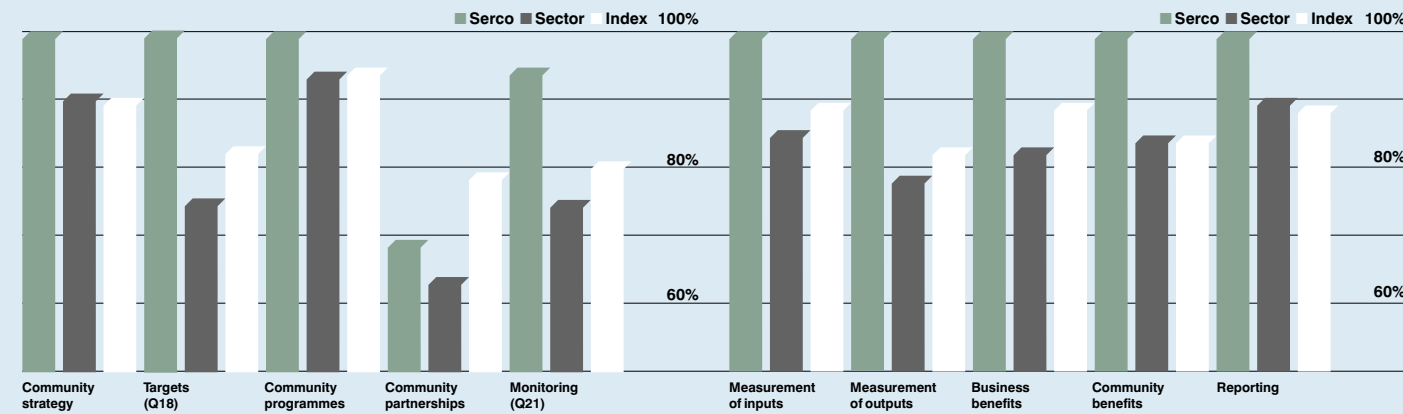
■ The rate of absenteeism in 2008 was **0.12%** worse than in 2007. This was caused by the inclusion of the first full

year's sickness data for Asia Pacific in 2008.

■ The number of female employees at Serco increased by 1.32% to 34% in 2008.

## Community Management

Fig 1. BitC 2007 Corporate Responsibility Index

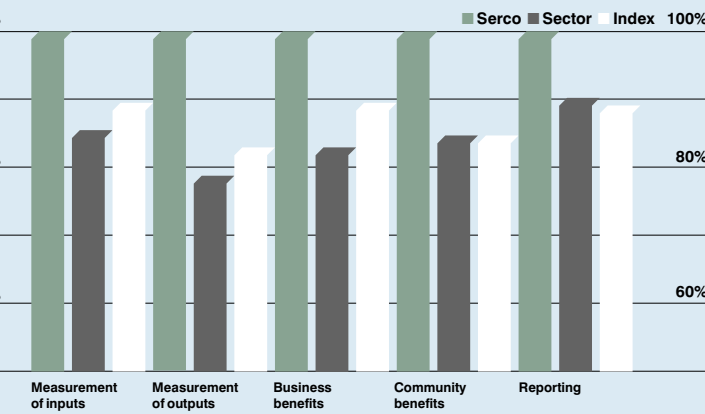


■ The success of our community strategy has been reflected once again in the BitC Corporate Responsibility Index. For the second year running, we achieved a gold overall rating (90%).

This year, a new community index was introduced as part of the overall index, and we scored highly, achieving platinum status (96%). See Figs 1 and 2 for breakdown.

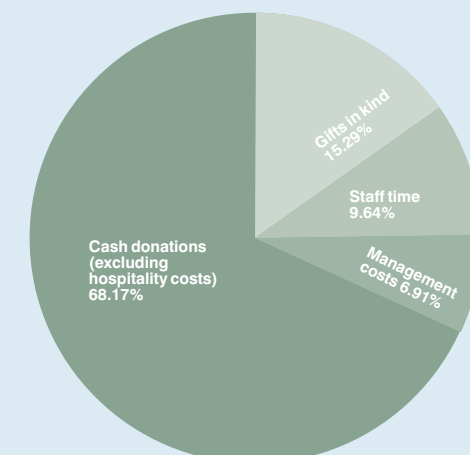
## Community Investment

Fig 2. BitC 2007 Corporate Responsibility Index



## Community Investment Breakdown

Fig 3. 2008



**£1,767,168**

Serco invested £1,767,168 in community projects in 2008. This represents 1.3% of pre-tax profits, exceeding our target of 1% (see Fig 3 for breakdown).

■ Serco National Physical Laboratory (NPL) and Airbus Filton were recognised by the Business in the Community Awards for Excellence, each receiving a Big Tick Award for the second year in a row.

■ Serco North America was recognised by the Department of Defense Office of Small Business Programs for Excellence in its support of increasing subcontracting for disabled war veterans.

■ More than 120 individuals and teams of young people from disadvantaged backgrounds benefitted directly in 2008 from the annual £10,000 Serco Bursary to the Duke of Edinburgh's Award.

## Overview

■ We launched the Pulse Awards in 2007 to recognise examples of excellence or improvement in business operations, safety and environmental initiatives and leadership. They also recognise our wider responsibilities to

society, the environment and the communities we serve. This might be through significant contributions made to charitable or community organisations. In 2008 the first award winners were announced. Out of a total of 243 nominations received, 118 were

recognised with a divisional award and 48 were recognised with a Global Pulse Award. ■ In 2008 the National Physical Laboratory won the Women in Science and Engineering (WISE) 'Investor in WISE' award, which gives public recognition to

companies that encourage girls and young women into science, engineering and construction. ■ There were no cases brought against us for anti-competitive behaviour; corrupt or unprofessional behaviour; or human rights during 2008.

## Overview

■ Reflecting how we manage our business, our devolved approach to the way we support local communities and charities allows us to support many different worthy causes around the world. We encourage our employees to

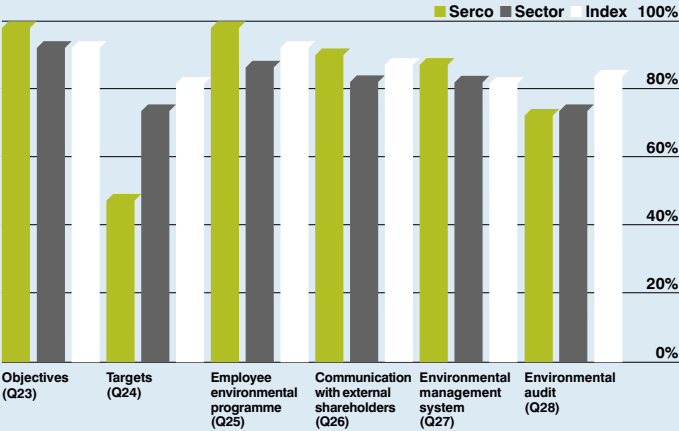
get involved and so the charities we support are largely selected by them. During 2008, we provided support to more than 250 charitable organisations. Some of the major charities included the Duke of Edinburgh's Award, the Prince's Trust, the

Africa Foundation, Soldiers, Sailors, Airmen and Families Association, Military Child Education Coalition, MacMillan Cancer Support and the Scouting Association. We have set ourselves an objective during 2009 to improve reporting in this area.

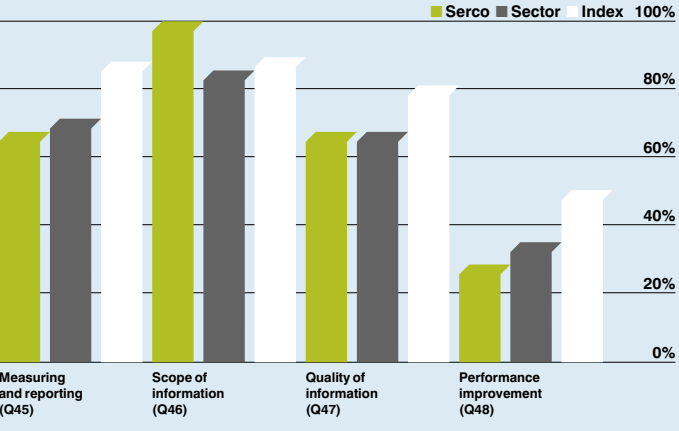
■ In Australia, Serco has received Gold Star status in the Australian Corporate Responsibility Index, assessed jointly by the St James Ethics Centre in partnership with the UK Business in the Community.



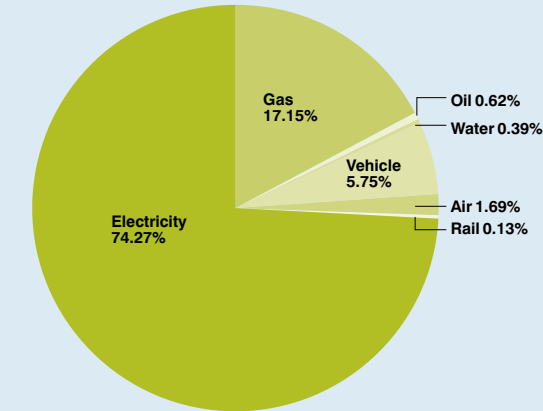
Environment Management  
Fig 1. BitC 2007 Corporate Responsibility Index



Waste and Resource Management  
Fig 2. BitC 2007 Corporate Responsibility Index



Breakdown of kg CO<sub>2</sub> by type  
Fig 3. 2008



**89%** was our overall score (see Figs 1 and 2 for breakdown) in the BitC Corporate Responsibility Index for environmental management. This received a Silver banding and was an improvement on the previous index, where we scored 79.5%.

■ In 2008 Serco generated **257,324,087 kg CO<sub>2</sub>**,\* equivalent to 257,325 tonnes CO<sub>2</sub>. Fig 3 provides a breakdown of this figure by type, showing that the majority (74.27%) of Serco's CO<sub>2</sub> emissions resulted from electricity usage. We will focus on this area in 2009. Reflecting our current business makeup, the UK was responsible for 94.97% of this.

\* Our data remains provisional until at least three months after year-end as utility bills and other financial issues can take that long to process.

■ After being recognised with a **Big Tick Award** in the Environment Category for the second year running in the Business in the Community (BitC) Awards for Excellence for its ongoing improvement in tackling climate change,

Serco Leisure was invited by BitC to showcase its energy initiatives and run a workshop as part of HRH The Prince of Wales's May Day Business Summit on Climate Change 2008. ■ Employees at Serco

Maidstone won an award in Kent County Council's **One Tonne Carbon Challenge** for using public transport, car sharing, walking to work and reducing energy use. ■ Serco Leisure Bolton won the **Tackling & Adapting to**

**Climate Change** Category of the Groundwork Business and Community Awards 2008 for work carried out throughout the contract, employee commitment and initiatives progressed in order to reduce carbon emissions.

### Overview

■ In 2008, we increased the number of ISO 14001 certificates across our business by three. These now cover some 26% of our business.

■ While we have historically reported some of our CO<sub>2</sub>

emissions, 2008 saw a significant step forward with a comprehensive review of our environmental performance indicators and the capture of accurate environmental data. This has provided a baseline of our performance that we will use to

benchmark future environmental performance against.

■ We received no environmental fines or enforcement notices in 2008, but reported two environmental incidents to the UK Environment Agency. Both related to oil spills. The more

significant one was a discharge of 1,700 litres of diesel from a storage tank contaminating soil next to our office in Birmingham. A quick response and thorough clean-up resulted in the Agency being satisfied with the remedial action taken.

# The year ahead

## The challenges we have set ourselves for 2009

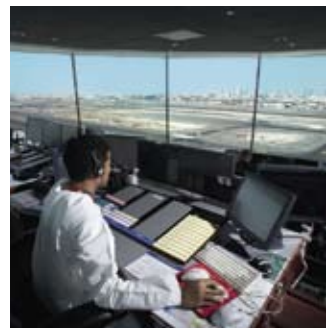
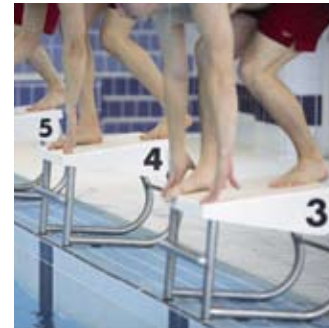
Health, Safety and Well-being	
OBJECTIVE	COMMENT
We will deliver a year-on-year improvement on our staff reportable injury rate	Using data captured on ASSURE™ to review root causes, to identify specific initiatives, to improve performance and to verify independently the accuracy of data entered by divisions through a robust audit process
Health and safety management systems are aligned and integrated across the company and meet the requirements of BS OHSAS18001	2009 – all UK divisions operating under a single health and safety management system  2010 – all non-UK divisions apply this common system

People	
OBJECTIVE	COMMENT
We will repeat the engagement survey across the whole group	This will be the first repeat of the survey carried out in 2007 and we will be seeking improved response and engagement rates
We will support our employees in acquiring basic literacy and numeracy skills, and in working towards their first full Level 2 qualification in an area that is relevant to their business	Given that government funding is available to support such skills development, we will be offering encouragement, practical support and easy-to-access programmes to ensure employees get the skills they need
We will ensure occupational health standards are defined for key principal health risks	Complete a review of occupational health standard requirements in 2009 and publish those relating to key identified risks

Community	
OBJECTIVE	COMMENT
We will build on work commenced in 2008 to develop our current common methodology and framework in order to assess the social impact of our community investment	Two pilots completed by the end of 2009 in the application of a defined framework
We will actively develop the talent and employment opportunities for people from disadvantaged groups	UK vacancies with base salaries up to £25k per annum will be advertised through Jobcentre Plus as suitable for disadvantaged jobseekers  We will identify current best practice and develop guidelines for the effective and sustainable employment of ex-offenders

Environment	
OBJECTIVE	COMMENT
We will deliver a carbon management plan that demonstrates reductions in our use of electricity, gas and fuel	Divisional plans will have been developed by December 2009, focusing on key initiatives
We will create a Sustainable Procurement Action Plan across all UK divisions	Action plan will be place by the end of 2009 to ensure sustainability is a key factor in purchasing decisions alongside cost, quality and delivery. Best practice shared with non-UK divisions in 2010
Water conservation will be promoted across Serco with efficiency devices and initiatives used where assessment has shown benefit resulting in reuse or reduction in water consumption	Key sites are identified and water use reduction strategies will be in place by the end of December 2009





Please email your feedback or write to us at the address below, including your:

- Name
- Address
- Phone number(s)
- Job title (if appropriate)
- Organisation (if appropriate)
- Association with Serco, if any (customer, partner, shareholder, employee, potential employee, service user, academic, researcher)

By email: [gail.johnson@serco.com](mailto:gail.johnson@serco.com)  
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For more information  
 go to [www.serco.com](http://www.serco.com)

## Tell us what you think

We welcome your feedback on our work and the content of this report. Did reading it:

- Improve your understanding of our ethos and our employees?
- Give you a better understanding of the diversity of the areas in which we operate?
- Provide a clear overview of our operational impact on society and people?
- Tell you enough about our past performance and future objectives?

"Our governing principles do much more than guide our actions, they are central to the way we operate."

Christopher Hyman, Chief Executive, Serco Group plc

### We foster an entrepreneurial culture

We are passionate about building innovative and successful Serco Businesses. We succeed by encouraging and generating new ideas. We trust our people to deliver. We embrace change and, by taking measured risks, encourage creative thinking.

### We enable our people to excel

Our success comes from our commitment and energy to go the extra mile. We are responsible to each other and can expect support when we need it most. We expect our people to achieve more by recognising and harnessing the power of individuals. We value people for their knowledge, ideas and potential to contribute.

### We deliver our promises

We do what we say we will do to meet expectations. We only promise what we can deliver. If we make mistakes we put them right. We are clear about what we need to achieve and we expect to make a fair profit.

### We build trust and respect

We build respect by operating in a safe, socially responsible, consistent and honest manner. We never compromise on safety and we always operate in an ethical and responsible manner. We listen. In doing so, we treat others as we would wish to be treated ourselves and challenge when we see something is wrong. We integrate with our communities.

We would like to thank the many people who kindly provided their help and support to our journalists during the research, writing and production of this review.



[www.serco.com](http://www.serco.com)

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