

Exploring our impact

...on the environment

Step aboard a Northern Rail music train to see how Serco is greening up transport networks worldwide

...on people's well-being

Travel from Newham to Norwich and beyond to discover how Serco teams are giving people a healthier outlook

...on a safer world

See how Serco's expertise is raising safety standards wherever it counts: on land, at sea and in the air

...on diverse communities

Meet the professionals who are helping to build bridges between people facing the challenge of change



Bringing service to life

“ It gives me great pleasure to introduce Serco's 2007 Corporate Responsibility Review, which comes at an interesting time in the development of our business as new markets open up and new business models are developed.

Our vision is firmly fixed on being the leading service company in our chosen markets. We must meet this challenge by continuing to grow a responsible business. But sustaining our success depends on staying true to the governing principles that our writer, Patrick McKenna, explores in this review.

We gave Patrick an open brief to travel throughout Serco in his quest to establish whether a private sector business listed on the London Stock Exchange can have a public service ethos. After all, we do so much and have a great deal to be proud of.

While highlighting our strengths, his findings also identify areas for improvement.

Measuring the real impact of our work in the wider community is not something we have previously focused on. But even though our quest for excellence to date may look impressive, we know we have more to give. So we are putting in place new and different measures to help us become even more effective.

Meanwhile, I am confident that this review offers an accurate portrait of the people who embody the public service ethos that makes Serco such a special business. ”

Christopher Hyman
Chief Executive,
Serco Group plc

Private sector,
public service



Contents

6 Groovy trains

What is the connection between Huddersfield, *Hey Jude* and a more sustainable approach to rail transport?

10 On track down under

See how Santa is helping to reach remote communities in the outback



12 Carry on, matrons

In Newham and beyond, Serco health professionals are transforming lives

15 Healthy relationships

Meet the man putting the human factor into hospital care



18 Nuclear know-how

An exclusive report into how Serco is committed to building trust and respect



21 Action stations!

Serco's aviation and marine specialists are playing a crucial role in keeping the UK's armed forces fighting fit

24 Across the divide

Meet the people who are helping to build community cohesion by breaking down prejudice in Britain's multi-ethnic cities and boroughs

29 Wild frontier

Goose Bay, Labrador is among Canada's most remote areas, but Serco is at the heart of community affairs



30 A continuous journey

What will it take to sustain Serco's public service ethos?

32 Serco's 2007 performance

How effectively did Serco meet last year's objectives?

34 Targets and objectives

A summary of what Serco achieved in 2007 and what it plans for 2008



Can the private sector really have a public service ethos?



A personal quest

Patrick McKenna is a freelance corporate copywriter with a particular interest in corporate responsibility issues and the private sector's involvement in delivering public services. Having written Serco's last two corporate responsibility reports, the business gave him an open remit to meet first-hand the people who have made the business one of Britain's most admired companies.

Values in action

I set out on my quest to find evidence of Serco's values in action. These are defined in four governing principles, which are comprehensively explained on www.serco.com. They shape the way the company operates and underpin its public service ethos.

- We foster an entrepreneurial culture
- We enable our people to excel
- We deliver our promises
- We build trust and respect

There's no doubt that Serco's extraordinary diversity and global reach make it a remarkable business. Not only is it helping to raise standards in schools and prisons across the UK, but it is responsible for controlling air traffic across large tracts of the Middle East.

It operates railway networks in London, across the north of England and Australia as well as the National Traffic Control Centre in Birmingham. It also collects revenue from parking meters in California. Not only does it provide services to hospitals in the UK and Hong Kong, but its scientists make sure the BBC pips are always on time. It is also a member of the consortium that manages the UK's Atomic Weapons Establishment (AWE). And in the US, Serco people are responsible for making sure that personal possessions belonging to service people killed in action are returned to their families in a fit state. Yet, what binds these diverse activities together is that they all bring service to millions of lives every day – often in surprising, sometimes extraordinary ways.

Although it has already achieved so much to be proud of, Serco gives the impression that it can deliver even more. Having achieved double-digit growth every year since it floated on the London Stock Exchange in 1988, it has become a case study in business excellence. In 2007, its profits rose 17% to £123 million on a

turnover of £2.8 billion, up 10.3% on the previous year. This growth is likely to continue, with Serco winning over 90% of its contract rebids and a forward order book worth £14.7 billion. Significantly, most of its business comes from the public sector. Clearly, Serco could never have become so successful without knowing what makes the public sector tick.

A passion for public service

As www.serco.com explains: "We've prospered over the past 40 years only because we've been imbued with a spirit of public service. Public service accounts for over 90% of our business. If we couldn't convince our customers that we understand what public service is all about, we would not still be here. And we will only succeed in the future if we and our staff continue to deliver not only high-quality services and value for money, but also the values and passions that motivate public sector managers."

As a values-led business, Serco has built its public service ethos around four governing principles: fostering an entrepreneurial culture, enabling its people to excel, delivering its promises and building trust and respect. These remain a strong foundation as the business continues to expand, especially across the US, Australia and the Middle East. Clearly, there are challenging times ahead as Serco becomes more international and more complex.

The challenge of growth

Before setting out on my quest, I wanted to know how Serco plans to keep expanding and prospering without diluting the public service ethos that has been the foundation of its success so far. I also wanted to know how it plans to ensure that the strength of its public service ethos remains consistent across continents, borders and cultures.

I discussed the forthcoming challenges with Christopher Hyman, Serco's Chief Executive. "Our business has certainly reached an interesting point in its development as new markets open up and new business models are developed," he agreed. "I am extremely proud of what our people have achieved to date. They have demonstrated what we are capable of and now we are determined to achieve even more by releasing our full potential. The aspirations and ambitions we set out with have inspired innovative ways of enhancing our services, and innovation will always be the key to improving people's lives. But as we strive to innovate and deliver even better services, we must always stay true to our values."

Serco already understands the importance of reviewing and refreshing the way it operates. As Robert Smith, Serco's Director of Assurance, told me: "Several years ago, we re-examined our values. Rather than changing them, we decided to re-state them clearly as our four governing principles. These values are now embedded in everything we do and they will remain as valid as ever as our business enters the next stage of its development."

Among other challenges, this will involve focusing even more closely on the issue of sustainability, which is already integral to our public service ethos."

Towards a sustainable future

That is why Serco has spent the last year challenging its thinking to really understand what sustainability means to the business, its processes, decision making and performance management. This thinking has focused particularly on how it impacts on society, the environment, its use of resources, commercial performance and its people.

As Christopher Hyman says: "We have always been a responsible business supported by a values-driven culture. However, at the same time, we also know that we need to fine-tune our business model to make it even more sustainable."

A personal journey

Having written Serco's corporate responsibility report for the last two years, I have developed a detailed understanding of the theory behind its governing principles. But when I was invited to write my third corporate responsibility report, I wanted more than theory. I wanted to experience Serco's governing principles first-hand, to see for myself how they are actually benefiting the people who depend on the services that Serco is paid to deliver.

We agreed that I would focus on four sectors: transport, health, nuclear and education. These are the areas where the crossover between the public and private

sectors is growing fastest, and where pressure to deliver greater value from tighter budgets is intensifying. I was particularly grateful for Serco's co-operation because I knew it came at an interesting point in the company's development. It also came at an important point in the debate over the involvement of the private sector in delivering public services.

In some countries where Serco operates, this debate doesn't take place because the very concept of a public service ethos is unheard of. In other countries, notably Britain and the US, the debate continues. To some, the private and public sectors have become two sides of the same coin. To others, they are mutually exclusive and should stay that way. With the argument set to run and run, it was time to get out on the road to discover for myself whether a private business such as Serco really can have a public service ethos. ■

"We are extremely proud of what we have already achieved, but we also know that we have so much more to give. Consistent delivery and innovation are fundamental to unlocking our full potential. Ultimately, our success will be measured by the strength of loyalty we show towards our governing principles. Our future depends on living them to the full, and that's what we enjoy most."

Christopher Hyman,
Chief Executive, Serco

A few facts about Britain's most admired services company

In 2007, Serco was named Britain's most admired services company for the fourth year running in *Management Today's* annual poll. It was also named as the fourth most admired company in any sector, putting it up there alongside top companies such as Marks & Spencer, Tesco and Sky and ahead of other household names such as Sainsbury's and Rolls Royce.

Yet in 2006, *The Guardian*, one of the UK's most respected newspapers, called Serco "probably the biggest company you have never heard of". Here are a few facts about the business:

Serco employs more than 48,000 people in over 30 countries... they work in Europe, the US, south-east Asia and the Middle East... with a forward order book that stands at £14.7 billion, the business provides support services to hospitals, prisons and schools... operates traffic management systems worldwide... provides a secure computer and software support service to all 66 UK law enforcement agencies... manages 192,000 square miles of airspace in five countries... employs 5,000 scientists... provides defence support services in the UK and international markets... transports more than 275,000 passengers everyday on London's Docklands Light Railway... and maintains the aeroplanes that fly the Queen.

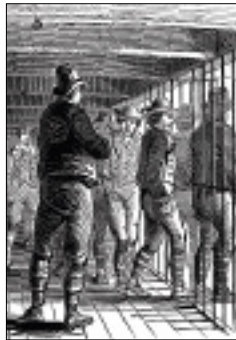
"Not even the best contract in the world will give someone a heart and soul"

I begin my quest with a visit to Gary Sturges, Executive Director of the Serco Research Institute. His office is near London's Chancery Lane, close to the world famous Old Bailey law courts. I begin our conversation by commenting on the sight of so many Serco prison vans in the area.

“A hundred and fifty, 200 years ago, those prison vans could have been privately operated ships taking prisoners to Australia on contract,” Gary tells me. The subject is close to his heart: Gary's great, great grandfather was transported to Australia in the 1840s, for stealing books.

“There's nothing new about using the private sector to deliver public services,” he continues. “But there will always be resistance to it and that resistance is often cultural. In Denmark, fire brigades and ambulance services have been privatised for generations. But they regard the management of prisons as off-limits to the private sector. The postal service in Germany was private for hundreds of years, and they were one of the first to liberalise their postal market again in recent decades. But just look at the reaction in Britain when people talk about privatising the Post Office.”

But isn't resistance to privatising public services down to people's perception that it means profiteering? “Let's do the maths,” says Gary. “We routinely deliver cost savings of 20%, so that a profit margin of 5% to 10% is quite modest by comparison. Of that profit, we pay back a significant proportion in corporation tax, and many of our shares are owned by ordinary mums and dads through pension funds.” As Gary emphasises, outsourcing public services will only work if the contract is right. “The first convict fleet to Australia had a death rate of 3%. The second had a death rate of 40%. The difference was



good people. Not even the best contract in the world will give someone a heart and soul.”

So where has Serco been most successful at combining its heart and soul with the principles of private enterprise? “In the prison sector,” says Gary, without hesitation. “Take the Ashfield Young Offenders' Institution (YOI), for example (see page 17). Its director, Vicky O'Dea, is right when she says that transforming it into the UK's best YOI comes down to combining good people with good management systems. Her team is ingrained with a public service ethos, but the systems that support them are rooted in the private sector.”

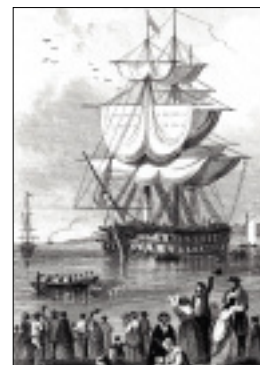
Serco's own research indicates that public service managers enjoy working in the private sector because it gives them greater accountability and autonomy. Not only does this enable them to get the best out of their people, but it also fosters innovation and speeds change.

squarely down to the contract design. The principle still applies. A good contract gives government the incentives that you need to motivate people. But a good contract only gets you so far. You also need

What about the weaknesses?

“This business is full of amazing people doing amazing things, but the evidence is often based on anecdote,” says Gary. “One of Serco's weaknesses is that we haven't spent enough time developing ways to simply measure the value we bring to people's lives. But when you are dealing with people's lives, measuring progress is often difficult. Success is down to small human-scale breakthroughs rather than eureka moments. Just look at how much emotional investment goes into changing the relationship between a prisoner and a prison officer.”

Interview over, I tell Gary more about the purpose of my quest and where it will be taking me. “On your way,” he suggests, “ask yourself whether we're delivering public services to make money, or whether we're making money to deliver public services. The answer should become obvious. ■”





Training for a greener future

Governing principle:
Delivering our promises

Business focus:
Transport

Sub-focus:
Environment

Northern's Passenger Charter, published in December 2007, promises that the company is "dedicated to the continual improvement of our environmental performance". I wasn't expecting Geoff Lawson and his guitar to be part of fulfilling this promise. But Northern's passenger statistics suggest that the business is indeed benefiting the environment by attracting more people onto the railways.

Next stop: Huddersfield

Outside the railway station, I come face to face with a statue honouring the town's most famous son: Harold Wilson – twice Britain's prime minister and a member of the post-war Labour government that created the welfare state. What would the man who personified old-school British socialism have to say about privatising public services? Another debate for another time, perhaps. My immediate aim is to establish how true Serco is to its governing principle: We deliver our promises, specifically when it comes to the environment. Serco's website is very clear on the issue. It states: "We make every effort to minimise any negative impact that our operations might have on the environment. Our commitment to sound environmental management is enshrined in our governing principles and embedded throughout our management system. Over the years, it has become integral to our culture and continues to define Serco as a safe, socially responsible and environmentally aware business." >>



Serco's governing principle

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.



Above: There's method to the tuneful mayhem aboard Northern's celebrated music trains. Figures indicate that the network's passenger numbers have grown by at least 20% since 2004

But surely the nature of Serco's business means that it doesn't always have control over environmental impacts? After all, around two-thirds of its contracts are based on its customers' premises. I raise the point with George Baxter, head of Serco's environmental management team. "It's true that environmental factors are often out of our hands," he notes. "But we still have a responsibility to work with our customers and sub-contractors to shape sound and sustainable environmental practices. We do that by setting a good example and building constructive partnerships."

The pressure to cut the environmental cost of travel has never been greater. As a major player in the rail sector, Serco clearly has a leadership role to play in promoting the environmental benefits of getting from A to B by train. Its rail portfolio includes Australia's Great Southern Rail (GSR) as well as the Docklands Light Railway (DLR) in London and Merseyrail on Merseyside, both in the UK. Since December 2004, Serco has also operated Northern Rail in a 50:50 joint venture with the Dutch train operator, NedRailways, which is also its joint venture partner at Merseyrail.

With over 4,700 staff and 472 stations, the Northern network is one of the biggest in Britain. Stretching more than 1,600 miles, it carries over 80 million passengers every year, serving a number of major cities including Manchester, Leeds, Newcastle, Sheffield and Sunderland. En route, it runs through some of Britain's most sublimely beautiful countryside, providing direct access to no fewer than three National parks: the Peak District, Yorkshire Dales and North Yorkshire Moors.

My quest to find out whether Serco is keeping its environmental promises begins on the 19.32 train between Huddersfield and Manchester Victoria. I step aboard into bedlam. From one end of the carriage, a busker launches into *Hey Jude*. From the other end of the carriage, he is joined by swaying passengers drinking from glasses freshly charged with white wine and real ale. Northern's staff do nothing to intervene.

In fact, they positively encourage it. That's because I'm aboard one of the celebrated music trains that have become such a popular feature of the Northern schedules.

"They're world-famous," says Paul Salveson, the joint venture's Head of Government and Community Strategies.

"We've had jazz quartets, blues bands, folk groups and even theatre groups performing on board. TV crews come from all over the world to film them and local people love them, too."

"Northern Rail stands out in its systematic approach to engaging with the wider community."

Judging panel, 2007 Community Rail Awards

All good fun, but what's so green about singing along to *Hey Jude* on packed commuter trains? "Simple," Paul assures me. "They are all part of our efforts to build closer links with the communities we serve. Putting the railways at the centre of community life is the first step towards encouraging more people to leave their cars at home and take the train. And that's good for the environment."

The North of England takes its rail heritage very seriously. The locomotive was invented here and placed the region at the epicentre of the Industrial Revolution. Times may have changed, but the love affair is as strong as ever. Northern is probably unique among train operators for having its own staff history group and Paul Salveson has recently written a rail history book.

Among others aboard the music train, I meet Neil Williams, founding member of

Friends of Glossop Station – FoGS to their friends. "This probably sounds strange to someone from London," he advises me. "But round here, your local railway station is as important as the pub."

To enthusiasts such as Neil, the link between the railways and the local community is alive and well and they plan to keep it that way. Their dedication is not lost on Northern, which continues to forge strong links with a proliferation of community volunteers, who are equally dedicated to caring for their local stations and encouraging people to use trains as the greenest form of public transport.

Clearly, the joint venture's offensive is doing great things for community morale. But is it actually encouraging more people to leave their cars at home and travel by train? Yes – and in some style. In 2007, Northern was voted best public transport operator of the year in the National Transport Awards. The judges specifically praised Northern's success in raising its passenger numbers by 20% since 2004 while also increasing customer satisfaction. Their citation also noted the vital contribution that Northern's local alliances had played in its success. The joint venture then went on to win three awards at the Community Rail Awards ceremony in September 2007, including overall winner. It also received a Big Tick from Business in the Community (BitC) for supporting rural regeneration through its Community Rail Partnerships, as well as winning the national BitC Award for Excellence for Rural Action.

Inspired innovations such as music trains are part of a holistic environmental management system that the joint venture is currently developing under the leadership of Karen Booth, Environmental Manager. "It's important for us to understand that sound environmental management is not a question of mopping up one-off oil spills," notes Karen. "It involves developing a long-term strategic mindset that treats the separate parts of our business as an integrated and fully sustainable whole. That means joining up the design of our infrastructure with our supply chain through

to the relationships we develop with passengers and communities. It means coming up with better ways of filling spare capacity through smarter pricing on more environmentally efficient trains. It's no good encouraging people to catch a train if they end up playing sardines. After all, we must deliver our promises."

UK train operators are not the only people wising up to the challenges of sustainable travel. In the US, where the car has always been king, there is a quiet revolution going on when it comes to providing people with more environmentally friendly travel options. "With oil prices over \$100 a barrel, we now have to take green issues seriously," admits Keith Hulbert, Serco's Virginia-based Vice President of Transportation. "In fact, we haven't got a choice. The days of cheap gas and limitless government spending on new roads are well and truly over."

Serco has been working closely with forward-thinking cities such as San Francisco to develop pioneering solutions that take in the whole traffic management cycle. "It's an area that is growing fast," notes Keith. "Once we have perfected our solution, we can replicate best practice across the rest of the country."

Innovative thinking on traffic management in the US, adds Keith, is matched by a growing emphasis on improving the country's public transport infrastructure, notably its rail and bus networks. This trend is equally conspicuous in Canada, where Serco is working on the development of more environmentally sustainable travel options. In Vancouver, for example, the business is involved in designing the systems that will be used to operate the city's Canada Line, an automated rapid transit service scheduled to go live in time for the 2010 Winter Olympics.

With pleasing symmetry, the man heading up Serco's rail team in Vancouver is Jim Gates, who also played a key role in the development of London's Docklands Light Railway (DLR). Another award-winning rail network in the Serco portfolio, the DLR is integral to the Mayor of London's long-term transport strategy with its emphasis on improving the capital's environment and air quality.

While Northern's heritage is rooted in the Industrial Revolution, the DLR is part of London's more recent ascendancy into the world's premier financial capital. But for all their obvious differences, the DLR and Northern Rail face many similar challenges, especially when it comes to reaching marginalised communities in deprived urban areas. And like Northern, DLR continues to embrace these challenges with innovations such as its DLR Community Ambassadors and the highly successful 'yourailway' campaign, which is designed to show local people how the DLR can help to improve their lives.

The same question arises: are these efforts actually delivering results? Once again, the answer is yes. In 2007, the DLR announced that it had carried over 60 million passengers a year for the first time in its 20-year history. In other words, it attracted 12% more passengers than the previous year while also managing to raise its customer satisfaction ratings. What's more, an independent report published in July 2007 announced that the DLR extension to London City Airport had produced significant environmental benefits, with around 120,000 fewer taxi rides and 288,000 fewer car journeys reducing carbon emissions by over 156 tonnes. The report by business support consultancy Innovacion revealed that 49% of passengers using London City Airport had

Awards won by Northern Rail 2007

- Public Transport Operator of the Year, National Transport Awards
- Best Transport Operator, Merseyside Transport Awards
- Overall Winner, Community Rail Awards
- Business in the Community Award for Excellence for Rural Action
- Train Operator of the Year, National Cycle-Rail Awards

used the DLR to get there, the highest proportion of passengers carried by any airport rail link in the UK.

On the return train journey from Huddersfield to London the next day, I take time out to read up on Serco's early history. With an ironic twist, it turns out that the business won its first public service contract in 1964 – the year Harold Wilson first entered 10 Downing Street. It wasn't just any contract either, and it didn't come at an ordinary time. It was a contract to maintain the UK's Ballistic Missile Early Warning System at RAF Fylingdales, and it came as the Cold War was threatening to boil over.

The contract had been operating for almost a year before Wilson's election victory. But even if he didn't start Serco's involvement at the heart of the UK's defences, he didn't stop it either. It seems that the private sector's role in national life has been valued for some time. ■



Left: Serco has worked hard in recent years to win the trust of local communities to DLR, which sometimes feel marginalised



Above and right: In Australia, Serco pays as much attention to engaging local communities as it does on its UK rail networks and elsewhere. The arrival of Great Southern Rail's Outback Christmas Train has become an annual highlight among some of the country's most remote communities



Bringing Santa and the stars to the outback

Wherever they operate, Serco's rail networks place enormous emphasis on working with local communities wherever they live. In Australia, the arrival of Great Southern Rail's (GSR) Outback Christmas Train has become an annual highlight among people living along the 4,352km Indian Pacific line between Sydney and Perth.

For the last eight years, the train has brought Santa Claus and some of the country's favourite performers to audiences in some very remote areas. Along the way, company and communities have collectively raised thousands of dollars for the Royal Flying Doctor Service of Australia (RFDS).

As GSR's Publicity and Events Manager Sophie Dent explains: "Inviting people to free concerts by stars like Jimmy Barnes and his son David Campbell is our way of thanking people for the support they give us. If it wasn't for them, we wouldn't have a business. Coming together is also a brilliant way of raising funds for the RFDS, which provides such indispensable support to rural communities."

Between Sydney and Perth, the Outback Christmas Train travels through Bathurst, Broken Hill, Adelaide, Watson, Rawlinna and Kalgoorlie. Says Sophie: "City communities are relatively easy to reach. But the people in remote Australia are just as important to us." ■

"This probably sounds strange to someone from London. But round here, your local railway station is as important as the pub."

Neil Williams,
founding member, Friends of
Glossop Station

Northern reinvents the railway station

Northern Rail's eco stations are set to revolutionise the way railway stations are designed and used. Station buildings that have outlived their useful life and have no historical value will be demolished and replaced by purpose-built structures designed and constructed using sustainable materials. The way the eco stations work will also be fully sustainable with solar panels, wind turbines and rainwater harvesting systems to flush toilets.

But the most radical feature of the eco station concept is the role the stations will play at the heart of community life. Acting as the green hub of the towns and villages they serve, eco stations will become an outlet for organic produce and a place to hire eco-friendly cars and bicycles. Work is already underway on transforming four potential sites in Lancashire into the UK's first eco stations.

"We have to be realistic. Cars aren't going to disappear.

But reducing congestion improves air quality, and keeping traffic moving is essential to keeping the economy moving."

John Rushton, Managing Director,
Serco Rail Technology Services



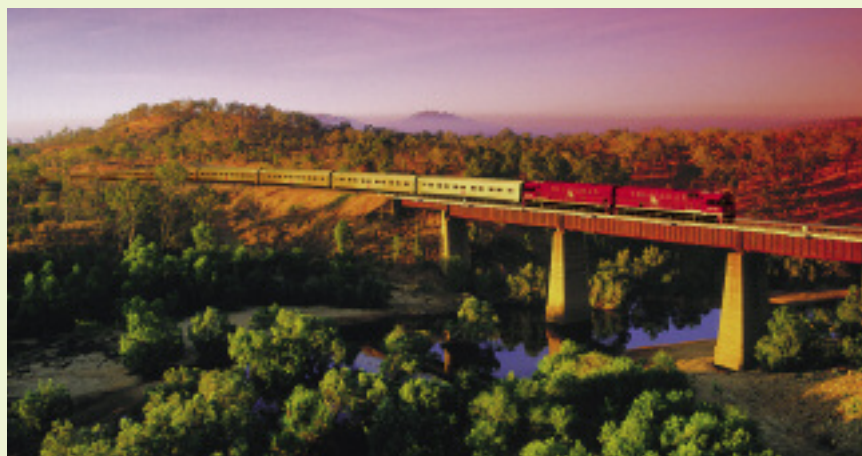
Road versus rail: squaring the circle

Here's an apparent contradiction. On the one hand, Serco-managed rail networks around the UK are encouraging people to leave their car at home and take the train. On the other hand, the Serco-managed National Traffic Control Centre (NTCC) outside Birmingham is making it easier for people to travel by car by reducing congestion. Can the business really deliver promises it makes on railways as well as roads?

I ask Serco Managing Director of Rail Technology Services, John Rushton, to square the circle. "We have to be realistic," he says, "Cars are not going to disappear from our roads. The fact is that reducing congestion improves air quality. What's more, keeping traffic moving is essential to keeping the economy moving."

According to the figures, the NTCC appears to be providing a service that motorists certainly value. Managed by the Highways Agency, www.trafficengland.co.uk keeps

Driving environmental improvements across Australia



In 2006, Serco joined forces with the Committee for Economic Development of Australia (CEDA) on a research paper exploring more effective ways to manage the country's increasingly scarce water resources. Published in February 2007, *Water That Works: Sustainable Water Management in the Commercial Sector* featured input from leading players in Australia's water debate. They include Gary Sturgess, former adviser to New South Wales Premier Nick Greiner and now currently Executive Director of the Serco Research Institute.

As operator of the country's Great Southern Rail (GSR), Serco is also leading national efforts to green up Australia's rail system. Recently, for example, it took decisive steps to refurbish its ageing power vans that drive GSR trains across the country. After 30 years' service, the vans were becoming inefficient and environmentally unsound. Breakdowns and oil leakages had reached unacceptable levels and maintenance costs were escalating.

GSR's management opted to refurbish the power vans and fit them with new fuel-efficient, environmentally sound generator sets. It selected a Detroit-based supplier, which agreed to provide three state-of-the-art generators for a pilot programme. As well as cutting fuel costs by over 20%, the new power vans delivered significant environmental benefits including:

- reduced noise levels well below Australian standard requirements
- lower gas emissions
- reduced oil consumption
- no oil leakages.

Recognising these achievements, the Australian National Electrical Contractors' Association (NECA) named the project its best small-scale electrical project for 2007. Commenting on its success, GSR's Chief Executive Tony Braxton-Smith says: "Rail is already one of the most environmentally friendly modes of transport. Our business is leading the way in Australia when it comes to further enhancing the environmental efficiency of our national passenger rail services."

drivers up to date with conditions on England's motorways and major roads. By March 2005, the site was recording around 250,000 page impressions (or page downloads) every month. By February 2008, this figure had reached 12 million.

This increase was matched by the number of planned and unplanned events handled by the NTCC. In January 2004, it was logging a monthly average of 800 planned events, such as roadworks, and 600 unplanned events, such as road accidents. By January 2008, these figures stood at 4,000 and 2,500 respectively.

The NTCC uses this type of data to pioneer innovative information services such as Travel Times on Variable Message Signs (TTVMS). This service sends around 1.5 million automated messages to variable road signs around the UK's motorway network monthly. The messages help drivers to make more informed travelling decisions by telling them how long it will take to reach their destination. Public feedback on the service has been highly positive. As one motorist commented: "The service manages my expectations and actually influences me to drive within the speed limit." ■

The next stop on my quest is the Norfolk and Norwich University Hospital in the UK (pictured), where Serco is responsible for all facilities management.

En route to Norwich, I visit Newham in East London, where Serco operated a pioneering community matron contract until the end of 2007. Serco is still working with the local health authorities in Newham on other initiatives, while its community matrons have transferred to the neighbouring borough, Tower Hamlets.

One of Serco's governing principles is enabling our people to excel. I am visiting Norwich and Newham because I am keen to meet people who can show me evidence of this principle in action. Because my search focuses primarily on the health sector, I am keen to establish how successfully Serco applies this principle to its medical staff, the people who support them as well as the patients they care for.

Newham is undergoing a radical transformation, driven principally by London's preparations for the 2012 Olympic Games. This may be one of the country's poorest boroughs, but there is a tangible sense of change in the air as I arrive at the new-look Stratford Station. Now that the station's splendid redevelopment is complete, the area's wider regeneration continues to accelerate. With Serco's help, Newham Primary Care Trust (PCT) has also taken bold steps to reinvent the way it delivers healthcare to its population through its pioneering community matron programme.

Serco's involvement with the programme started towards the end of 2005. Working alongside community matron colleagues from Newham PCT, three Serco community matrons – Yvonne Fenn, Sue Cullen-Bryant and Tess Kasiban – spent the next two years bringing new hope to patients. This team of advanced practitioner-level nurses deliver people-centred services to patients with long-term conditions such as heart failure, diabetes and respiratory problems in their preferred place of care which is generally their own homes. >>

Power to the



people

Governing principle:
Enabling our people
to excel

Business focus:
Health

Sub-focus:
Community, health,
well-being

Serco's governing principle

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.

All three matrons have now transferred to neighbouring Tower Hamlets, where they are implementing a similar programme as part of a Serco contract. But Serco's relationship with Newham PCT proved to be a genuine partnership, with both parties contributing to building innovative home-based health and social care services. Alongside the patient's GP and a multidisciplinary team of health and social care professionals, the community matron operates as the patient's 'case manager', organising all the care that he or she requires on a planned, long-term basis. Designed to give patients the know-how and confidence to manage health at home, according to a recent study, the community matron scheme helped to cut hospital admissions to Newham General Hospital significantly. An initial evaluation report on the programme tells an encouraging story:

- emergency hospital admissions down by 26%, with the more experienced team members achieving reductions of up to 40%
- A&E visits down by 16%
- non-routine GP visits and appointments with practice nurses, etc., down by up to 57%.

Thanks to these achievements, the service has proved very cost-efficient, and – most importantly – patients are happy with the quality of care it gives them.

I first met Tess in Stratford, where she was busy catching up on her administration using a laptop loaded with case management software specifically designed by the PCT and Serco for its community matron contract. The Newham statistics are certainly impressive, we agree. But do community matrons really make a difference to people's quality of life, I ask her. "Oh gosh, yes!" Tess replies. "One of the biggest challenges we face in such a diverse area is building a rapport with patients from different cultural backgrounds. Depending on individual



Above, right and below: Tess Kasiban (above and right) and Sue Cullen-Bryant bring new hope to patients as community matrons in East London



"If we're not excelling, our patients aren't excelling either."

Tess Kasiban, Serco Community Matron, Newham, UK



The vibrant heart of Serco

One lesson my quest taught me was that there is nothing abstract about Serco's governing principles: they are an integral part of working life at every level of the business. And when people are recognised by their peers' for living the Serco principles, that recognition counts for a great deal.

In 2007, the business launched the Pulse Awards, which are designed to celebrate the very best qualities and achievements of Serco people, their customers and partners.

The Pulse Awards, which build on the success of Serco's Chairman's Recognition Awards, are closely linked to its four governing principles. They recognise people who excel at innovation, inspire through their leadership, demonstrate outstanding commitment and make an exceptional impact on communities, the environment or issues such as safety and ethics. In addition, a special heart award celebrates the most heroic acts of bravery and courage, where people save lives or overcome formidable obstacles to achieve their goals.

circumstances, we use a variety of communication techniques. But once you win your patient's trust, they really trust you."

Tess and her colleagues have helped to give people new hope, with many patients commenting on the peace of mind and reassurance the community matrons have brought them. Among them is John Jones. Eighteen months ago, his life was pretty grim. Aged 76, he lived alone, suffering from serious respiratory problems and heart failure. Then Tess took over his case and according to Mr Jones: "My life has been transformed. I know I still have serious health problems, but at least I feel it is under control and I can be more positive."

Tess personifies the caring qualities that many associate with people in the National Health Service (NHS) and it is clear that joining a private business has not taken away her compassion and commitment. I ask her about the relationship between public and private sectors. "When we started, some people in the NHS had doubts about a private sector business providing health services," she tells me. "But now everyone can see the benefits. We are working in genuine partnership with the NHS; both contributing to the success of the community matron service. This job has given me the freedom to get out and about and concentrate on the quality of care that I give patients."

Becoming a community matron has also given Tess the chance to move her own career forward. Serco is now working with Newham Primary Care Trust to develop a community nursing information service. The matrons' shared achievements are good news for patients, wherever they happen to live. For as Tess puts it: "If we're not excelling, our patients aren't excelling either. We are here to deliver what our patients really need: a sustained change in the services they receive."

East Anglian excellence

From Newham, I travel to Norwich. "They're not like us, the people who work up there," says my taxi driver as we drive from the main station to the Norfolk and Norwich University Hospital. "It's the way they care," he adds.

"I know," I reply. "Doctors and nurses are a special breed."

"I'm not talking about doctors and nurses," replies the taxi driver. "I'm talking about the people who look after the place."

The 1,000-bed £225 million Norfolk and Norwich University Hospital certainly takes some looking after. The largest single-build hospital in England, it has 27 operating



Above: Chris Paul personifies Serco's public service ethos at the Norfolk and Norwich University Hospital

theatres, 27 wards, 65 staff changing rooms, 1,640 windows, 3,500 rooms, 4,800 doors, 2,820 car parking spaces, 40 miles of water pipes, 1.8 million bricks, 20 lifts, 13,320 light fittings, five miles of shelving, 1,200km of electrical cabling, 15,962 signs, 16,000 trees, 50,000 shrubs, 745 toilets, one restaurant and three cafes. This place is the size of a small county town. Those responsible for cleaning and maintaining it are employed by Serco as part of a facilities management contract covering building and ground maintenance, catering, car park management, portering, security, cleaning, laundry and waste disposal.

Change for the better

Keen to learn why they left such an impression on my taxi driver, I am greeted in reception by Chris Paul, Serco's Manager of Customer Relations at the hospital. According to his own assessment, Chris is straight from the old-school public sector mould. Once a staunch union man, he was suspicious of putting public services out to contract. Although he remains full of praise for the public sector's nurturing strengths, he eventually realised that pressure to get better value for money out of NHS budgets meant change was inevitable. But when that change came in the shape of Serco's 35-year contract, resistance from outside Serco was almost tangible. According to Chris, the situation only began to settle when Keith Buet took over as Contract Manager.

Keith arrived to find a fragmented group with low morale and no sense of direction. Over the next three years, his leadership skills instilled a sense of purpose and vision that has created a winning team. "People in my position have an important role to play as mentors," Keith later tells me. "Serco is a people business and people need leadership. It's my job to make sure we've got the right leaders in the right positions at the right time."

A thriving legacy

Keith has now moved to a different role in Serco, but his legacy endures through his successor, Martin Payne. Under Martin's leadership, the Serco team at the Norfolk and Norwich are driving diverse initiatives that are helping people to excel inside and outside of Serco. Their work involves building links with a diversity of groups including the local business community, school children, prisoners and mothers returning to the job market. Among the most inspiring schemes involves providing employment opportunities at the Norfolk and Norwich for people who were previously homeless. Two of those to benefit from this initiative now have permanent jobs in the hospital kitchens.

"At the same time, Serco is also offering local youngsters the chance to excel through our apprenticeship programme"

Martin Payne, Contract Manager, Norfolk and Norwich University Hospital

Like the other catering staff, as well as the hospital cleaning staff, they will be given the opportunity to attain professional qualifications. And if staff choose to switch paths by training to become a medical professional, Serco gives them every encouragement. At the same time, Serco is offering young people the chance to excel through its apprenticeship programme, which covers key areas such as engineering and estates management. As Martin explains: "We employ around 600 people here. In a challenging commercial and agricultural economy, that makes us a major employer. As well as creating opportunities for youngsters, our apprenticeship programme represents an investment in the long-term future of this >>



Above: At the Norfolk and Norwich University Hospital, Serco runs a scheme offering previously homeless people job opportunities, another example of how the business is helping local people to excel

contract. After all, we're here for 35 years and our older people are already looking towards retirement."

For many, hospitals are difficult places in which to be. But when I leave the Norfolk and Norwich, my notebook is packed with evidence that Serco is making life easier here by enabling its people to excel.

During my research into the debate over using private sector companies to deliver public services, I encountered an argument suggesting that commercial contracts

disrupt the human relationships that are so crucial to delivering those services, especially health. On our way back to reception, I plan to ask Chris whether he believes this argument has any validity. In the end, I can't get the question in edgeways, and I don't have to.

During our walk, Chris takes the opportunity to engage every second person we pass. By the time we reach reception, he has turned our short walk into a master class in human relationships and the only person to suffer any disruption is me. ■

Skilling up the Serco way

Developed in partnership with UK Government departments, trade unions and training providers, Skills4U offers Serco staff the chance to brush up their literacy, numeracy and language skills while continuing with their workplace learning. Launched in 2004, the scheme has been instrumental in enabling Serco people to excel.

By the end of 2007, the number of learners taking part in Skills4U training had reached 728, a significant increase since 2005. The number of people assessed under the scheme has risen over the same period to 3,072. By the end of 2007, 32 Serco contracts had signed up to the scheme and 493 people had achieved a qualification.

Skills4U progress since 2005

Total in training	Total assessed	Total contracts operational
As at Dec	As at Dec	As at Dec
2005 214	2005 1,142	2005 12
2006 447	2006 2,807	2006 24
2007 728	2007 3,072	2007 32



Nayab's will to win

What have football managers and the UK's NHS facilities management got in common? More than you'd think, according to Nayab Haider, Serco's front of house manager at the Norfolk and Norwich University Hospital.

"Football managers always make news on the back pages," he says. "NHS managers always make headline news on the front pages. We're all in the public spotlight and we can't afford to make a mistake."

If you want proof that Serco enables its people to excel, Nayab is your man. After an early career in catering, he made the switch to facilities management with Serco, where he thrived under the leadership of his mentor, Keith Buet, Serco's former contract manager at the hospital. "Keith was brilliant," says Nayab. "Then again, Serco is full of people who believe in your talents." "I'm very ambitious," notes Nayab, who now handles an annual budget of over £8 million. "Serco gives me the freedom to change things and the support to keep me focused. Remember, we're looking after people's health and controls are essential."

Last year, the Norfolk and Norwich University Hospital Trust supported Nayab's nomination for the Young Facilities Manager of the Year award from the UK Facilities Management Association – a vote of confidence that speaks volumes about Serco's relationship with the Trust. In the end, Nayab was voted runner up. "I'm well proud of my award," he says. "But disappointed at the same time. When you come that close to winning, you want to go all the way." ■

Ashfield: where excellence starts on the inside

In 2007, Vicky O'Dea, Director of the Serco-run Ashfield Young Offenders' Institution (YOI) in the UK, was named People's Champion at the Confederation of British Industry/*Real FD* magazine Human Capital Awards.

The award recognises Vicky's role in transforming a prison once condemned by the Government's Chief Prison Inspector, Anne Owers. That was back in 2002, before Serco took sole control of Ashfield, the biggest juvenile centre in Europe. In 2006, Owers named it the best YOI in the country, specifically commending staff for looking "beyond the fine print of the contract".

Indeed, one of the principle factors behind Ashfield's turnaround was a strategic decision taken after the 2002 report to improve staff morale by developing their potential. Of 490 staff at Ashfield, 66 have completed leadership or management courses and 217 more are on their way.

The YOI also employs 60 teachers and 30 learning support assistants dedicated to educating some of the most damaged, vulnerable and difficult youngsters in society. "These youngsters will only succeed if their teachers are able to motivate them," says Head of Learning & Skills, Elaine Pope. "That's why we place so much emphasis on our teachers' personal and professional development. All our teachers now hold professional qualifications or are working towards them. Our learning support assistants are starting a similar programme in January 2008."

The strategy is working. The number of qualifications achieved by youngsters at Ashfield has risen dramatically from 641 between April 2004 and March 2005 to 5,533 between April 2006 and March 2007.

"This makes sense on two fronts," says Vicky. "First: the service we provide to the public through the way that we address the young people's offending behaviour is second to none. Second: the economic sense is evident when we witness staff turnover falling from 48% (2002) to 17% (2007). Staff enjoy this work, stay longer, get better skills and it is a 'win-win' for everyone."



Above: The Birmingham International Airport fire fighters who won the 2007 National Inter-Airports Football Tournament after a hard-fought final against London City Airport

Morale takes off at Birmingham International Airport

On 9th September 2007, a team of fire fighters from Birmingham International Airport in the UK stepped up to collect the winners' trophy after a hard-fought final against London City Airport in the National Inter-Airports Football Tournament. The victory marked a dramatic turnaround in morale among fire fighters at Birmingham International. In January 2007, Serco took over all fire and rescue activities at the airport through BHX Fire and Rescue Limited, a joint venture company with the airport's management. At the time, the fire fighters felt unsure about their futures. Although their professionalism on duty had never been in question, the airport's operating company felt a takeover would give the fire fighters better job opportunities while enabling the airport to concentrate on its future.

But how did morale rise so dramatically? "Fire fighters are very proud people," notes Paul Ankrett, the new Fire Service Manager. "In the early days we concentrated on getting our fire fighters their pride back. Working jointly with the airport management, Serco progressively settled people's concerns over various issues and explored new ways to move the business forward. They even asked the staff what they would change if they could and then gave me the freedom to manage those changes." The fire fighters responded brilliantly. As well as designing their new uniforms and badge, they redecorated their station from top to bottom, hanging its walls with archive pictures – a symbol of a proud heritage that had been somewhat forgotten. What's more, Birmingham International's fire fighters are now fully engaged with their colleagues in other parts of the local authority fire services, joining forces on various charity initiatives.

This success story is also Paul's success story. After ten years in the ranks, he won promotion to the top job after a rigorous selection process. He was then instrumental in ensuring that BHX Fire and Rescue became the first privatised fire and rescue business at a UK major passenger airport to gain accreditation from the Civil Aviation Authority.

"Before joining the airport as a fire fighter," says Paul, "I spent ten years as a manager observing how the private and public sectors deal with people. Public or private, the secret to getting the best out of people is exactly the same. It's about empowering them and treating them with respect. Yes, you can give someone great terms and conditions. But if they come into work the next day to find management hasn't bothered to put any soap in the staff toilets, their terms are easily forgotten and respect for their employer goes with it. Attention to detail is what has made Serco a success at BHX." ■

"Public sector or private sector, the secret to getting the best out of people is exactly the same. It's about empowering them and treating them with respect."

Paul Ankrett, Fire Service Manager, BHX Fire and Rescue



Safety
first,
last and
everything



Governing principle:
Building trust and respect

Business focus:
Nuclear

Sub-focus:
Safety, regeneration,
sustainability

According to its list of values, Serco is committed to building trust and respect in a safe, socially responsible, consistent and honest manner. "We never compromise on safety," it says, "and we always operate in a responsible and ethical manner."

As ethical debates go, they don't get much more contentious and emotive than the debate over the nuclear industry. Alongside its two equal partners – British Nuclear Fuels and Lockheed Martin – Serco is part of the consortium that manages the UK's Atomic Weapons Establishment (AWE) on behalf of the Ministry of Defence (MoD). (This photograph shows cleaning and maintenance taking place inside one of the AWE's Mogul X-ray machines, which are used for research.)

The consortium, AWE Management Limited (AWEML), carries out its work under government-owned, contractor-operated arrangements. The day-to-day management and operation of AWE sites is undertaken by AWE plc, AWEML's subsidiary and the nuclear site licensee.

The AWE's headquarters stand on a 750-acre site at Aldermaston in Berkshire, UK. From here, AWEML is responsible for the design, manufacture and decommissioning of Britain's nuclear warheads. The AWE has been managed by contractors since 1993. AWEML took over the contract in April 2000. As allowed for under an option in the original agreement, the MoD extended AWEML's term from 10 to 25 years in 2003.

I was keen to establish how the business is building trust and respect in an area where safety failures are simply not an option and communication is of the essence. I begin by meeting Ian Downie, Serco's Strategic Development Director, who is also currently Chairman of AWEML. >>

Serco's governing principle

We build trust and respect

We build trust and 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.

I begin my interview with Ian by asking him whether Serco's involvement in the nuclear industry is incompatible with its ethical, values-driven culture. "We recognise that this is a highly controversial, sometimes difficult area," he tells me. "Serco thinks long and hard about ethical decisions wherever it does business. Through our joint venture at AWE, we believe that we are delivering a public service on behalf of a democratically elected government and playing an important role in the defence of the UK.

"AWEML is essentially a special purpose vehicle, formed specifically to bid for the AWE contract. AWEML has no parent company allegiance and no single partner has any unilateral influence in managing the contract. However, each partner has specific expertise to bring to bear on AWE plc's collective direction. And each partner is equally committed – I would add highly committed – to delivering AWE outputs in a safe, secure and sustainable manner. These imperatives represent our enduring top priorities.

"We recognise, too, that we must win the trust and support of a wide range of stakeholders. Looking first to our customer, the MoD, we have worked hard to sustain confidence and form a true partnering arrangement with them. Working together, we have operated AWE aiming for maximum transparency to gain the trust of our other stakeholders. The AWE management team started by publishing a 10-year environmental plan explaining how AWE was going to develop over the coming decade in an environmentally sustainable manner. Clearly, we had to do this without compromising national security or classified information.

"The second stakeholder area is our staff. Their support and drive is vital to us as an organisation. We are working hard to create a work environment that allows our people to excel and to gain recognition from both their peers in the business and the worldwide scientific community. The recognition of the strength of the

scientific base at AWE is growing year on year, with many of our people recognised as leading experts in their fields. Most of our staff live locally, which leads to our third stakeholder group, our neighbours."

Avril Burdett has been a member of AWE's public relations team since 1990 and remains a crucial link with the local community. "Things have changed radically since I started," she tells me. "In my early days, the information stopped on the inside of the fence. You weren't even allowed to tell people that you worked at the AWE. Of course, there is no question of compromising national security or classified information. But within these constraints, we are determined to maintain an 'open door' approach to communicating with our neighbours."

"It used to be very hard to find out what was going on behind the fence at AWE. Wherever possible, it now keeps our community fully up-to-date with everything on site. Its attitude is altogether more open and very reassuring."

Councillor Bill Cane, AWE Local Liaison Committee Co-ordinator

To this end, AWE promotes a Local Liaison Committee (LLC), which has just held its fifty-first meeting. Comprising around 40 representatives from parish level upwards, the committee convenes four times a year to discuss all concerns that arise. "They are a group very willing to challenge," says Avril. "Winning their trust has been a long, careful process. At the beginning, we worked hard to reassure people about the level of risk they faced if something did go wrong on site. We now have debates within the LLC which go much wider and deeper because of the openness and trust that has been established."



Above: Around 90 schools are part of AWE's Schools Liaison Programme, bringing scientists and school children together

So what are AWE's neighbours most concerned about now? "Traffic," replies Avril. "There is currently a major construction drive underway on site, which means more vehicles. We are working hard to deliver a travel and transport plan which minimises disturbance for the local community. For example, the waste from demolishing the old buildings is being crushed and re-housed on site to avoid unnecessary traffic movements. This is better for the environment and our neighbours, as well as being an economic solution."

In the meantime, AWE also pays careful attention to safeguarding the environment. Its latest environmental report (www.awe.co.uk/images/environment) provides a comprehensive analysis of its environmental performance in key areas such as air, water, waste management, energy, landscaping, travel and transport, ecology and biodiversity as well as archaeology and heritage. As the report concludes: "A new era of construction brings new challenges... AWE is embedding highly skilled environmental professionals at all levels in the organisation, ensuring decisions are right first time. Our radioactive discharges are at an all-time low and legacies are being successfully managed to reduce the risks for current and future generations."

As Ian emphasises: "Our attitude is that open, honest communication is essential to building trust and respect with all our stakeholders, especially our staff and contractors, the regulators and our local community. Without our neighbours' support, we simply wouldn't be able to operate. So, we strongly advocate being as open as we can be without compromising national security." So does he ever lose sleep over concerns that something might go wrong at Aldermaston? "Not at all," Ian tells me. "AWE is operated according to the very highest standards of nuclear safety and we have a team of highly experienced and qualified people in place to make sure the systems are appropriate – and work." ■



Above: Taking science back to school – AWE staff are closely involved with schools in their local community through the establishment's Schools Liaison Programme. There are around 90 schools involved in the scheme and each has its own AWE representative. As well as giving talks and leading classroom activities, the representatives play an important role in encouraging youngsters to take up careers in science. In addition, AWE loans schools specialist scientific equipment through the Schools Liaison Committee, which also publishes a regular newsletter to keep staff and pupils up to date with its packed programme

"It's difficult to apply objective measurements to winning trust and respect. But the UK Government's decision to entrust the management and operation of the AWE to the joint venture comprising Serco, Lockheed Martin and BNFL for an additional 15 years is compelling evidence of its faith in the partners."

Ian Downie, Chairman, AWE Management Limited (AWEML)

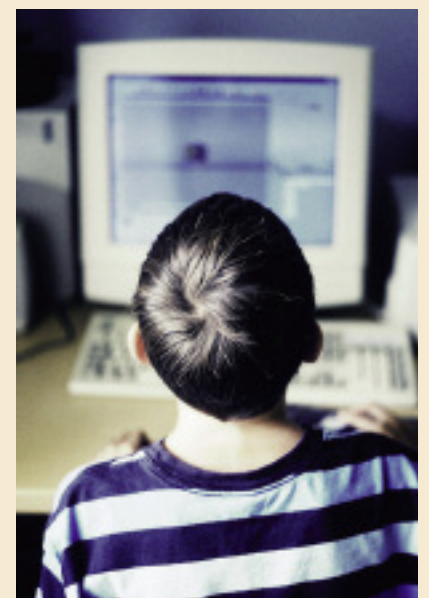
Leading the fight against online predators

In January 2008, the BBC's flagship investigative reporting programme Panorama broadcast a disturbing report highlighting the dangers faced by youngsters online. *One Click From Danger*, the report highlighted cases of predators grooming children using social networking sites. It also highlighted how the Child Exploitation and Online Protection (CEOP) Centre is helping to make cyberspace a safer place for youngsters worldwide.

Funded by the UK Government, CEOP provides online and offline support and advice for parents and children on internet safety. It also tracks offenders in partnership with enforcement agencies worldwide. The centre went live in April 2006 and Serco has supported its work from the start.

As Serco's Yogen Patel explains: "Serco is contracted to keep the centre's IT infrastructure on the cutting edge. That means staying one step ahead of online predators, who are masters at exploiting technology for the worst possible reasons."

This work continues. In October 2007, UK Home Secretary, the Right Honourable Jacqui Smith MP, opened CEOP's new Behavioural Analysis Unit (BAU). Designed, equipped and run by Serco, the BAU is dedicated to improving our understanding of how sex offenders behave and operate.



Building trust and respect at sea and in the sky

Serco's aviation and marine teams are playing an essential role in keeping Britain's armed forces fit for purpose.

Under the Naval Air Command Multi-Activity Contract (NACMAC), Serco pilots from the Fleet Requirements Air Direction Unit (FRADU) at RNAS Culdrose, fly Hawk T1 jet aircraft during military exercises designed to give personnel aboard Royal Navy warships the most realistic possible training. As part of the same contract, which started in 2004, Serco pilots from the 750 Naval Air Squadron fly Jetstream T2 aircraft to train potential observers for the Fleet Air Arm.

"One day, we could be simulating missiles over the Mediterranean," says FRADU member Rick Clowes. "Next day, we could be simulating an attack on a Royal Navy vessel off Scotland." Wherever they are and whatever they are doing, Serco aircrews and aviation engineers are part of an embedded safety culture. Indeed, FRADU has been so successful at building trust and respect with its customer that it is routinely called on to provide naval training support to Britain's allies.

Meanwhile, Serco Denholm continues to provide vital marine services support to Britain's armed forces through its new 15-year PFI contract with the MoD. Under this contract, Serco Denholm manages, operates and maintains around 110 vessels at Portsmouth, Devonport and on the Clyde. Its remit involves providing tugs and pilot boats to move Royal Navy vessels in and out of port; transferring passengers and crews to and from ships; loading stores; and transporting naval armaments. In addition, the contract supports a range of military operations and training.

It has also placed Serco Denholm in charge of a programme to replace around 30 ageing vessels with newly-built vessels over the term of the contract. From April 2008 the contract will expand to incorporate the Royal Maritime Auxiliary Service (RMAS).

Among other challenges, this will involve integrating 200 new employees into Serco Denholm's 600-strong workforce, along with eight additional vessels. A range of new services will include the design, replacement and maintenance of moorings and navigational marks, a team of divers, and operating a worldwide support ship.

Notes Dave Rhodes, Serco Denholm's Senior Assurance Manager: "We have built up and established strong working relationships with our customer since 1996

by providing excellent marine services delivered by professional staff. And we have an outstanding safety record. As we enter this new era of marine services, there are new and greater challenges and risks to manage. We are confident we have the experience, the systems and, importantly, the people to meet these challenges." ■

Right: Hawk undergoing refuelling at RNAS Culdrose



Serco's role in a nuclear future

Serco's nuclear expertise is not confined to the nuclear defence sector. Serco Technical and Assurance Services, for example, has established a sound reputation for its work in the civil sector where - among other initiatives - it is closely involved in decommissioning nuclear sites from Britain's nuclear past. Towards the end of my quest, the UK Government gave its formal backing to a new generation of

nuclear power stations. Addressing MPs, Business Secretary John Hutton stated that nuclear power was the safest and most affordable way to secure Britain's energy supplies while also fighting climate change. Significantly, he also said that while the Government would help to streamline the planning process and identify suitable sites, responsibility for building and then operating the power stations safely would be entrusted to private sector companies. This potentially provides exciting opportunities for Serco. ■

Serco's Category 10 simulator is the real thing

Towards the end of 2007, the Serco-owned International Fire Training Centre (IFTC) at Durham Tees Valley Airport, UK, took delivery of the first fire training simulator capable of training fire and rescue personnel to tackle incidents involving the new generation of wide-bodied Category 10 aircraft.

Currently, the world's only Cat 10 aircraft is the triple-decker Airbus A380 super jumbo, which completed its maiden commercial flight in October 2007. With almost 200 Airbus A380s on order, IFTC expect to be inundated with bookings from airport customers around the world as they prepare to enter the Cat 10 era. Standing over 12 metres at its highest point, it is one of the world's biggest aviation fire simulators and was custom-built in the UK by Kidde Fire Trainers in Chesterfield.

IFTC finalised the designs following extensive consultation with its staff, customers and suppliers. As Neil Gray, IFTC Aviation Co-ordinator, says: "The final result certainly looks the part. To make it as realistic as possible, we designed it in two sections to make it look like a broken aircraft. The front end is based on a Cat 10 aircraft while the back end is based on a Cat 8 aircraft, which many of our airport customers still host."

Known on site as Firebird, the multi-million pound investment, 170-tonne simulator has generated worldwide interest among aviation professionals and made headline news in the aviation press. According to Neil: "We've also heard that 'plane spotters around the world are logging onto to Google Earth to zoom in for a closer look at our world first."



AWE: the world's first nuclear disarmament laboratory?

As my journey through Serco concluded, the UK Defence Secretary Des Browne placed the AWE at the centre of his plans for greater international engagement on nuclear disarmament.

"For the first time, I am proposing to host a conference for technical experts from all five recognised nuclear states, to develop technologies for nuclear disarmament," said Mr Browne.

"At the centre of this offer are the skills and expertise of UK scientists at the Atomic Weapons Establishment. Those skills will form the basis of pioneering technical research into nuclear disarmament – to become a 'nuclear disarmament laboratory'."

Acting decisively to put things right

In any business, it is inevitable that things won't always go to plan. But there is clear evidence that when things go wrong, Serco moves quickly to rebuild trust and respect by putting things right.

In 2006, Serco won a contract to provide an out-of-hours doctor service to over 300,000 people on behalf of the Cornwall and Isles of Scilly Primary Care Trust (PCT). The contract, Kernow Urgent Care Services, initially faltered and questions were asked in Parliament. But Serco's response was decisive and effective.

With the emphasis on enhancing staff morale and development, the business put matters right and Serco's team of more than 150 doctors, 30 nurses and around 150 support staff are gaining the public's trust and respect.

Quoted in the *Western Morning News*, Cornwall's regional newspaper, Dr Jon Tilbury, Vice-Chairman of the PCT's professional executive committee, noted in September 2007: "The committee is delighted that Kernow Urgent Care Services continues to sustain significantly improved performance." A meeting between Serco managers and local MPs was equally

positive. By the end of 2007, complaints were falling significantly as the team started to win an increasing number of patient plaudits.

At the start of 2008, the Cornwall and Isles of Scilly PCT announced that Kernow Urgent Care Services was performing well above nationally required standards and had emerged as one of the best performing services in the country.

Safety drive

During 2007, Serco took steps to bring the road maintenance sector in line with the rail industry by developing a roadside safety training package for people working on or near highways.

Finalised towards the end of 2007, the package is being introduced across all Serco's highway maintenance contracts. It also received positive feedback from the Highways Agency and Serco hopes that it will eventually be introduced throughout the UK roads industry.

Lesley Calladine is Director of Assurance at Serco Integrated Transport. As she comments: "One of the private sector's strengths lies in its ability to drive through urgent changes quickly, often leading the public sector in the process." ■

Where respect is due

Serco is working hard to win the trust and respect of the travelling public across all its rail networks. This means acting on people's safety concerns, especially on networks that run through tough urban environments. In north-west England, for example, the Serco-operated Merseyrail network is leading the industry with its efforts to make people feel safer on its trains, which have suffered high levels of anti-social behaviour for years.

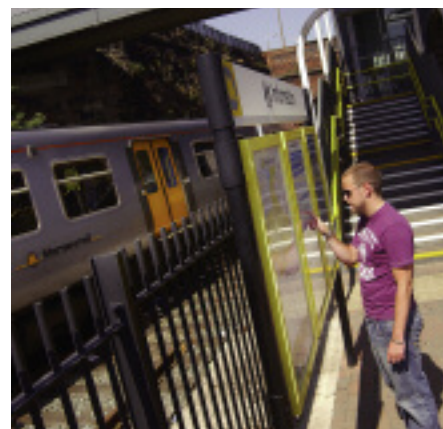
Fifty-seven of Merseyrail's 66 stations are now accredited to the Government's Secure Stations scheme. In addition, Merseyrail has given its staff the authority to issue formal warning notices to passengers committing by-law offences such as putting their feet on seats. The move has attracted public controversy, newspaper headlines and heated debate in online passenger forums. Public opinion remains divided on Merseyrail's zero tolerance approach, but rising passenger numbers suggest it is working.

There is evidence of a change in the behaviour of passengers following the widespread publicity, with a big reduction in the number of incidents being reported. What's more, several other urban rail operators have contacted Merseyrail with

a view to implementing the zero tolerance approach on networks across the country.

Meanwhile, Merseyrail recorded 29.6 million passenger journeys in 2007 compared with 24.6 million passenger journeys in 2003. This means that passenger numbers have grown by 20% since the franchise began. To encourage more people to travel by train, the network has also made an additional 350 car parking spaces available at its stations – an increase of around 10% over the same period. ■

It leads the industry... but public opinion still remains divided on Merseyrail's zero tolerance approach to anti-social behaviour. Rising passenger numbers, however, suggest it is working.



Above: At the Secure Stations awards ceremony in December 2007, the Serco-operated Merseyrail and Docklands Light Railway networks won awards recognising their commitment to the scheme and the work they do with other agencies to reduce crime at their stations



Touching lives across divided communities

The Schools Linking Project is an outstanding example of a private sector business living the public service ethos while giving its people the freedom and support to be creative and innovative in their work. With Serco's support throughout, the scheme is evolving into a stand-alone not-for-profit organisation staffed by several members of the team that pioneered it.



Governing principle:
Fostering an
entrepreneurial culture

Business focus:
Education

Sub-focus:
Community, well-being,
learning

The final journey in my quest takes me to Bradford. I want to see for myself whether Serco's governing principle – we foster an entrepreneurial culture – is actually improving the lives of a community living on the fault lines of multi-cultural Britain, contending with racial, cultural and religious differences. For Bradford is a hugely diverse city, where children from white communities and Asian communities seldom have the chance to socialise. Where schools and their communities are polarised, this creates community tensions

that impact on social cohesion in some areas. Serco has been at the heart of this complex, sometimes volatile social mix since 2001, when it was appointed to turn around Bradford's schools after the council-led education authority was condemned by Ofsted inspectors. Since then, Bradford schools have continued to improve steadily. Even so, Serco's involvement with education in Bradford has not always been welcome. While hard work on both sides is helping to build trust, no-one is pretending that getting this far has been easy.

Building links
But in spite of any problems, Education Bradford has been working on its own initiative to develop a remarkable scheme with the potential to heal fragmented communities well beyond Yorkshire. Known as the Schools Linking Project, it epitomises Serco's talent for reinforcing its public service ethos with an entrepreneurial culture. >>

Serco's governing principle

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.

Established in 2001 by Angie Kotler, a highly experienced Education Bradford teacher, the Schools Linking Project is designed to build friendships and understanding between schools from different sides of Bradford's cultural divide. Building on lessons learnt from similar work in Oldham, the Bradford scheme has been so successful that, with Serco's full support, it is evolving into a stand-alone not-for-profit organisation aiming for charitable status by the end of 2008 and devoted exclusively to introducing the scheme through local education authorities across the UK.

Angie Kotler vividly recalls the defining moment when she realised she had no option but to set up the Schools Linking Project. "It was a real wake-up in the middle of the night moment – and it came at a very traumatic time," she remembers. "We had just lived through the Bradford riots in the summer of 2001 and then 9/11. Yet getting local youngsters from across the cultural spectrum to talk about how ethnic polarisation impacted on their lives was almost impossible.

"I was visiting Eldwick School, which had been very successful at using drama and the creative arts to give primary pupils a chance to be heard. We brought them together with pupils from Girdlington Primary and the effect their collaboration had was electrifying. At last, we had given these young people a voice and they were telling the world that they wanted an end to the rioting, the violence, the fear. It was then I realised that if we could give all our youngsters the same freedom and tools to express themselves, then we could work wonders when it came to building bridges between communities. The memory of that moment still sends a shiver right through me." Angie's vision has become very real: over 100 schools currently network in this way across the Bradford district.

Before travelling to Bradford, I spoke to Jani Rashid, Head of Diversity and Cohesion at Education Bradford and Angie's former line manager. Dedicated to promoting opportunities for community

cohesion, he is responsible for working with schools and community partners on equality, diversity and cohesion across the district's schools. His team of staff includes faith tutors, who support the delivery of religious education through faith assemblies and by raising awareness and understanding of Bradford's diverse faiths. A rich bank of support, the Interfaith Education Centre provides schools with resources and practical advice to promote community cohesion. Its partners include the local District Faiths Forum, which comprises representatives from no fewer than six faiths.

Chipping away slowly

"We have to be realistic," says Jani. "The type of work we are doing takes time and patience. It's about chipping away slowly against prejudice and misunderstanding. The same applies to the Schools Linking Project: there are no quick fixes and educating people at an early age is critical in developing tolerance and respect for one another. But the project is a step in the right direction and Serco deserves credit for being there from the start. Quite simply, the project would not have grown so big, so quickly and so successfully without Serco's support."

"Serco deserves credit for being there from the start. Quite simply, the project would not have grown so big, so quickly and so successfully without Serco's support."

Jani Rashid, Head of Diversity and Cohesion, Education Bradford, UK

But as Jani emphasises, the Schools Linking Project is not the only initiative addressing cohesion and race-related issues in Bradford. In evidence, he lists over 20 programmes and partnerships that Education Bradford is currently using to build better understanding between people from different backgrounds. As he adds: "The Citizenship curriculum offers schools a real opportunity to equip young people with the knowledge to challenge some of the myths and stereotypes that impact on communities – and become better global



Above: Yolande Armstrong (left), a member of the Schools Linking Project team

citizens." Elsewhere, Serco's education teams are actively involved in building community cohesion in Walsall and Stoke-on-Trent.

By now, however, I am eager to see how the Bradford's Schools Linking Project actually works. The short answer is that it works with deceptive simplicity. But according to Yolande Armstrong, a member of the team behind the Schools Linking Project's success, preparation is everything. Before their first meeting, children from each school introduce themselves to each other through letters. Crucially, the meetings themselves are always arranged on neutral territory in venues such as sports centres and museums, where children can focus on shared activities as they get to feel comfortable with each other. The first session is followed by up to five further sessions.

My visit began at the Cliffe Castle Museum in Keighley. Here, pupils from Thorpe Primary School, a school with a predominantly white British intake, are due to meet their peers from St Stephen's Primary School, where most pupils have a Pakistani heritage. The journey towards mutual understanding begins awkwardly enough, but slowly, imperceptibly at first, the dynamics begin to warm. Leaving the first group to their activities, we reach a second group at the Richard Dunn Sports Centre on the outskirts of Bradford just in time for lunch. After a session on the five-a-side football courts, the children's inhibitions have vanished and they are mixing more freely. The walls around them are hung with posters asking them what they think of the morning's activities. Between sandwiches, the children write their answers on notes and stick them to the posters. Their impressions are both touching and revealing.

"What have you enjoyed most so far this morning?" asks one poster. "Meeting a new



friend called Hiram from Asia," is one response. "What's the best thing you've learnt this morning?" asks another poster. One of the responses reads: "The Year Four children from Farnham are fantastic." Another poster asks: "How would you have made the morning better?" "I would have started playing with my new friends sooner."

Measuring success

Watching the children interact is inspiring, but as Yolande explains, it is difficult to gain an objective measure of how successful the Schools Linking Project has been. In the short-term, at least. In 2005, an independent report revealed that on average pupils taking part developed 2.6 new cross-cultural friendships each.

"But we no longer measure success according to the number of friendships formed," notes Yolande. "You don't have to be friends with someone from a different background to live side by side." As she points out, it will take some time before anyone can judge whether the Schools Linking Project has made a long-term difference to breaking down prejudice and misunderstanding.

On the train back to London, I reflect on all my visits over the past six weeks. By now, I can say with certainty that public servants are not confined to the public sector. To argue otherwise is an insult to the thousands of ex-public servants working for businesses such as Serco, who are still touching ordinary lives in

Above: From small beginnings in 2001, the Schools Linking Project continues to have a profound impact on communities in the UK. In Bradford, it is recognised as an important step forward in promoting community cohesion in schools. Among the scheme's greatest strengths is the guidance it offers to teachers and pupils on how to handle misunderstandings, prejudice and preconceptions

extraordinary ways through initiatives such as the Schools Linking Project. But can such a simple initiative really make any difference to a world filled by so much prejudice and misunderstanding? I'm not asking for giant leaps, just small steps. As if to answer my question, I come across one of the children's responses in my notebook: "The best thing I've learnt today," it reads, "is that being different isn't scary." ■

"Being part of the Together for Children partnership makes getting to work in the morning worthwhile.

The scheme is making a tangible difference to less advantaged families. This is the sort of work that really shapes lives for the better."

Elaine Simpson, Managing Director, Serco Education and Children's Services



Above and below: There is strong evidence that Education Walsall is changing children's lives for the better. In 2006, for example, its annual performance assessment rose to Grade 3 (good) from Grade 0 in 2002

Education Walsall and Together for Children: two more success stories

By giving its people the freedom and support to be creative and innovative in their work, Serco's entrepreneurial culture is helping to improve thousands of lives throughout the UK. Its partnership with the authorities in Walsall, for example, has transformed local schools beyond recognition.

As in Bradford, Serco was called in to manage a crisis. In 2002, the Government ordered Walsall to outsource the management of its schools, which Ofsted had condemned as "very poor". Within three years, this rating had been reversed to "highly satisfactory". Since then, Walsall schools have gone from strength to strength. By 2007, its primary pupils were achieving the borough's best-ever english, maths and science results and out-performing other similar areas. Ofsted even named Walsall as the UK's most improved Local Education Authority (LEA) – ever.

Pioneering partnership gives children a better start

Building on Education Walsall's success in particular, Serco is improving life for some of the UK's most deprived and vulnerable children as leader of the Together for Children partnership (TfC). This partnership brings together children's services organisations CareandHealth, ContinYou and 4Children with national programme management experts PA Consulting Group. TfC was appointed in October 2006 by the UK Government to help England's 150 local authorities develop and operate Sure Start Children's Centres nationwide. These centres are one-stop shops for children aged 0-5 years and their families. Their purpose:

to improve children's lives by joining up the services that are designed to give them a decent start in life.

Is the partnership delivering? Apparently so. In October 2007, TfC conducted its second satisfaction survey, seeking the views of local authorities and regional and national Government. Over 88% of local authority respondents said they were satisfied with TfC's overall performance.

Impressive enough. What's more, the way this contract is delivered sounds like a very innovative example of Serco's entrepreneurial culture in action.

"Yes, it is quite unusual," says Amanda Best, Director for Knowledge Management at TfC. "Although Serco is the Government's principal contractor, we won the business on the strength of the partnership we offered as part of our bid. We recognised that we could deliver a much stronger service by working through a mixed consortium that brings together the best skills, experience and knowledge in this sector.

"In practical terms, we sub-contract with four widely differing organisations, two of which are national charities. But each partner was selected to bring something special to the partnership. On a day-to-day basis, we have a mixed team of people from Serco, the two charities and the other two private sector companies working flexibly together with a clear, shared vision. This partnership wasn't a Government requirement. It was our innovative solution." And what about the unique strengths that Serco brings to the partnership? "Absolute passion," says Amanda. "Sure, going above and beyond the letter of the contract is integral to this type of work. But no contract can pay people to show the sort of commitment that our people show". ■



Working wonders in Walsall

Working with the local authority and the community, Education Walsall has helped to achieve:

- a major improvement in national test results
- a drop of over 50% in exclusions from its schools
- £35 million of additional funding for pilot programmes and through winning bids
- a very significant fall in absence from school

Taking the initiative out on the frontier



"When Serco first came to town, some of us may have been a little sceptical. But Dusty Miller and his team are part of our community now. When we need them to step up to the plate, they're right there for us." John Hickey, Minister of Labrador Affairs, Canada.

Since 1997, Serco has provided operations and maintenance support to the Canadian Forces at the 5 Wing Airbase in Goose Bay, Labrador. Under the leadership of their manager, Dusty Miller, Serco staff have used their initiative and worked intensively over the years to build relationships with the local community, going well beyond the letter of their contract along the way.

Over the years, Serco has been particularly active at creating business and job opportunities in the area, especially for members of the aboriginal communities who make up 35% of the local population. According to the evidence, these efforts are bearing fruit. Recently, for example, the business joined forces with local authorities and trade unions to train local people as professional fire fighters. As a result, three people landed fire fighting jobs at 5 Wing. Online editions of *The Labradorian*, a local newspaper (www.thelabradorian.ca), carry regular reports on Serco's other job-creation successes.

"I don't want to blow our own trumpet," Dusty tells me when I ask him whether Serco's efforts impress the locals. "Ask our community leaders first-hand."

"Right now, Serco's involvement in our community is stellar," says Perry Trimper, chair of the Goose Bay Citizens' Coalition. "We're a pretty isolated community with a frontier attitude. When it comes to extending our horizons and attracting new opportunities, we need all the support we can get from multi-nationals like Serco."

Perry's comments are echoed by other community leaders, including Al Durno, Town Manager in the Happy Valley-Goose Bay Mayor's Office. "Serco is a fine corporate citizen," he assures me. "You don't go to many sports or arts events without seeing their logo."

Relations have not always been so cordial, which makes Serco's achievements even more notable. As Perry says: "Serco's arrival inevitably ruffled a few feathers round here. Naturally, its efforts to build bridges are driven by an element of self-interest. It is here for the long-term so being a good corporate citizen makes business sense. But we're certainly shaking hands and when Dusty and his team get involved, the results they deliver are dramatic."

"Good dramatic?" I ask.

"Always."

Entrepreneurial culture: a question of semantics

Before leaving for Bradford, I raise a semantic concern with Gail Johnson, Head of Social Responsibility for Serco. Doesn't the term 'entrepreneurial culture' conjure images of slick businessmen chasing short-term profits? "Not in the Serco context," explains Gail. "To us, encouraging an entrepreneurial culture means empowering our people by giving them the freedom and support to be creative and innovative in their work. This enables them to deliver the best possible service to our customers"

To some in the business, this can-do approach to making things happen is Serco's defining strength. Kevin Lavery, Serco Solutions Chief Executive, is among them. "What our entrepreneurial culture adds to the public service ethos is freedom, accountability, discipline, clarity and a respect for competition. "We encourage our people to be creative and come up with innovative solutions that will deliver a better public service, whether that's through the application of new technology or through simply changing the way we do things." ■

One for the future

Worldwide, Serco people are using their initiative to support communities living through tough times. In the US, for example, Serco North America is actively forging links with the Military Child Education Coalition (MCEC). The MCEC is a charity devoted to smoothing the disruption experienced by the children of military families as they frequently move around the world with their parents. There are two million military-connected children who are affected by separation from a deployed parent as well as frequent school moves. This issue is very real: the average military child changes school six to nine times during their primary years alone.

"Serco people work on US military bases around the globe in various support roles," explains Calvin Russell, Director for Army Logistics, based at Serco's North American HQ. "They're in the right place and they've got the right skills to make a real difference. We're planning to give them the chance to help military children on a voluntary basis. Our relationship with MCEC is still young, but it's certainly one for the future."

The journey continues...

"We are determined to keep on improving people's lives by pioneering new and effective services. Our innovations are underpinned by a deeply ingrained public service ethos, which is based on our governing principles. We can only achieve more by staying true to these governing principles."

Christopher Hyman,
Chief Executive, Serco

I set out on my quest through Serco to answer one question: Is it possible for a private business to have a public service ethos? In other words: is it possible for those working in a multi-national, profit-driven business to show the same level of commitment and compassion that we normally associate with public sector employees?

In Serco's case, the answer is an emphatic yes.

Not entirely surprising, perhaps. After all, a high proportion of Serco people began their careers in the public sector. Moving to the private sector does not mean they lose their vocation. Nor does it mean they surrender their commitment to improving people's lives.

On the contrary, managers taking part in research conducted by the Serco Research Institute reveal that the private sector empowers them to support people more effectively because it gives them greater autonomy, more accountability and a closer relationship with their staff. (See www.serco.com/institute).

Celebrating strengths

Serco's public service ethos is brought alive by its four governing principles: fostering an entrepreneurial culture, enabling its people to excel, delivering its promises and building trust and respect. Throughout my journey, I found strong evidence of these principles in action. In the UK, for example, school children are thriving under the guidance of Serco's education specialists in Bradford and Walsall. In the US, Serco people are providing invaluable support to families living with the disruption of military life. From Hong Kong to London and Norwich, Serco health professionals are giving patients new hope. From Yorkshire to British Columbia via the Australian outback, Serco is pioneering new ways of

reducing the environmental impact of travel. And worldwide, the business is successfully building trust and respect among customers and communities, acting decisively to put things right if they ever go wrong.

Room for improvement

As expected, my journey also revealed areas where Serco can do more to live up to its values. This will involve focusing on: measuring the impact of its activities; strengthening its people's skills and capabilities; and continuing to embrace the principles of sustainable development. Although my journey is now over, Serco's journey continues as it sets out to develop these areas and to build on its strengths.

People first

Serco places a major emphasis on recruiting, developing and rewarding talent. At the same time, it recognises that it has work to do when it comes to reinforcing its people's basic skills, nurturing its leaders and addressing the issues of workplace diversity. According to Andrew Thompson, Head of Performance Management, work on all three priorities is well underway. "During 2008, there will be a strong focus on sustaining the flow of basic skills into our business," he says. "Not only will that mean recruiting people with the right skills, it also means anticipating the skills we will need to support our future expansion and acting accordingly."

In parallel, preparations are underway to open a centre of excellence dedicated to capturing and passing on the day-to-day skills that make Serco unique. The business is also revitalising its leadership strategy to ensure it has the high-calibre people it needs to sustain its achievements. Meanwhile, it is also exploring new ways to improve the well-being of its employees and find more effective ways to measure and report on health in its workplaces.

Serco continues to win one out of two bids and nine out of 10 rebids. This success rate demonstrates the enduring strength of its public service ethos.

Measuring impact

I am conscious that my conclusion is based on subjective evidence gathered through a series of interviews, phone calls and visits to Serco contracts around the world. This has produced a compelling story, but relatively little in the way of hard facts based on objective measurement. Gary Sturgess, Executive Director of the Serco Research Institute, had alerted me to this weakness at the start of my journey: "We haven't spent enough time developing ways to measure the true value we bring to people's lives or the impact of our activities," he warned me. This weakness applies particularly, but not exclusively, to Serco's environmental performance.

At the end of my journey, I raise the issue with Robert Smith, Serco's Director of Assurance. "Environmental awareness in the business is strong and growing," he tells me. "But we have a way to go before we can be truly confident in our environmental management systems and the data we collect and report.

"There are pockets of excellence and examples of plans and intentions. But overall, we all need to give the environment the same level of attention as we give to our more established health and safety and risk management systems." As Robert continues: "We know we're good at what we do. But we have to be able to measure and demonstrate the success of our public service ethos. More and more of our stakeholders want hard evidence. We must listen to what they want and be able to demonstrate the value a private enterprise can deliver through its public service ethos."

This process is already underway. For example, Serco's divisions are implementing new measures to assess their carbon footprint. This exercise will form the basis of systems designed to measure and then manage this area of the business.

Evolution not revolution

This is part of a wider review to ensure Serco's processes, decision-making and performance management are fully aligned with both responsible and sustainable business practices. As Robert Smith explains: "We are challenging our thinking around all aspects of sustainable development. That means managing our business performance according to the social value and environmental impact of our activities, how efficiently we use resources, the commercial value we create and the importance we place on our people."

Commenting on the challenges ahead, Christopher Hyman says: "The world is constantly moving forward, and standing still is not an option. Our markets are becoming more sophisticated, the needs and expectations of our customers are changing and so are our people.

"We have a responsibility to move forward with them, ensuring that our thinking, our behaviours and our actions reflect the positive trends around us. We firmly believe that preserving our governing principles is the key to building on what we have already achieved as a responsible and sustainable business. By staying true to them, these four principles will act as a compass, guiding us through the challenges ahead towards achieving our vision." ■

"We're proud of what we have achieved so far. But given our aspirations, we know there is more to do."

Robert Smith,
Director Assurance, Serco

"At the start of my journey, I was asked to consider whether Serco delivers public services simply to make money. By the end of my journey, it was clear that Serco makes money to deliver better public services."

Patrick McKenna

Skills: a call to action

Serco recognises that creating a skilled workforce is critical to its own success as well as the future of the UK economy. In January 2008, its Chief Executive, Christopher Hyman, joined other business leaders in signing an open letter to the UK Government calling on ministers to work in partnership with the private sector to close the widening skills gap.

"It is clear that we need to continue our efforts in developing the skills and capabilities of everyone to rise to what the [UK] Prime Minister has called the 'talent challenge'," notes the letter, published in the *Financial Times*, Britain's leading business newspaper.

Serco's performance during 2007

Health and safety

Serco's reportable injury rate for 2007 is 979 per 100,000 employees and represents a 10% improvement in performance compared to 2006. This is in line with a longer term positive trend since 2004, with an overall performance improvement over the last four years of 16.5%.

Serco's lost time incident rate continued to fall in 2007 to 1745 incidents per 100,000 employees. This is a 9.5% improvement on 2006. The average lost time per incident remained stable at 10.09. Benchmarked against the UK Labour Force Survey, this is 40% better than the national average.

A focus for 2008 will be the identification of suitable benchmark data for lost time incidence rates.

Environmental awareness

Environmental awareness in Serco is strong, but it is also aware that it needs to improve its environmental management systems. However, it's rating in Business in the Community's (BitC) Environmental Index is gradually improving. In 2006 it achieved silver status with a rating of 79.5% against a bronze rating attributed to it in 2005 at 75%.

During 2007, Serco business units consolidated their environmental processes with a view to registering their environmental management systems to the ISO 14001 environmental management standard. Serco Integrated Services has achieved divisional registration and Serco Integrated Transport has established a Steering Group, which reports to the Divisional Board, to advise and assist its contracts with a view to obtaining certification in 2009.

Serco Leisure contracts continue to make significant savings on carbon due to good management and new initiatives, resulting in a saving of 2,746 tonnes of CO₂. In addition, 34,431 M³ of water has been saved against the 2006 consumption representing a direct saving of 386.7 tonnes of CO₂ by the water companies and an indirect saving to Serco and its customers.

Social responsibility

The key performance indicator Serco uses to measure its social responsibility performance is its community investment. Its level of community investment in 2007 was £1,066,527, a 13.1% increase on Serco's community investment in 2006. This represents an investment of 0.9% of Serco's pre-tax profit.

The results of the 2006 BitC Corporate Responsibility Index were announced in May 2007. Once again, Serco improved its position in the rating which increased to 91% against 86% for 2005. This placed Serco in the gold rating band (with platinum being the highest, followed by gold, silver and bronze). For the first time, Community had a separate rating and Serco achieved platinum status with a rating of 97%.

External awards and recognition

Serco won recognition from a number of external bodies during 2007:

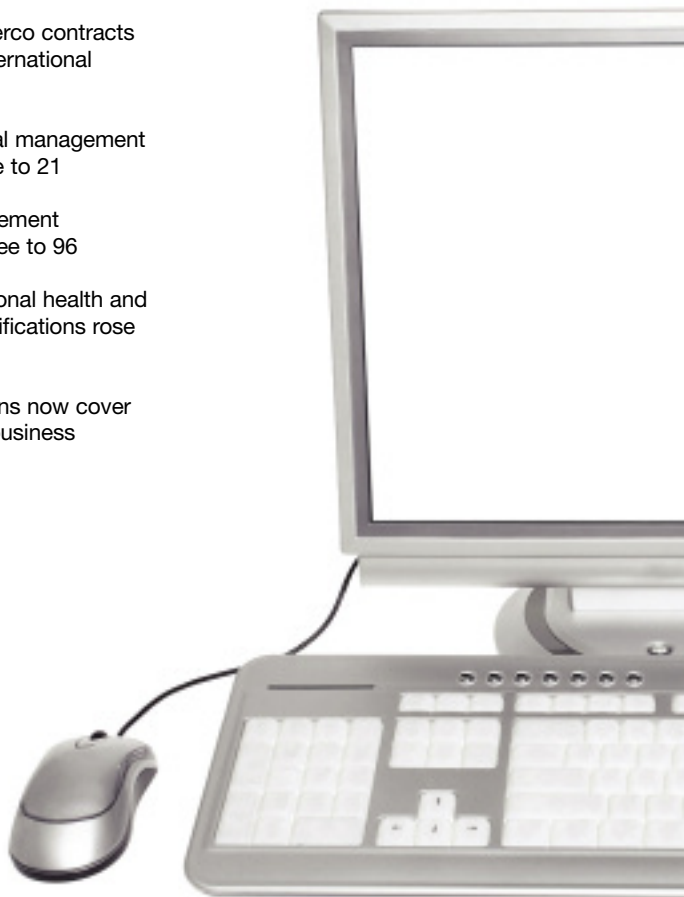
- 15 awards from the Royal Society for the Prevention of Accidents
- 17 awards from the British Safety Council
- HMP Kilmarnock, UK – SHAW (Scotland's Health at Work) Gold Award
- Serco Illawarra, New South Wales, Australia – BlueScope Steel Global Award, best performing contracting company for zero harm and occupational health performance
- 2007 Secure Stations Awards – DLR was recognised with four additional awards and Merseyrail with one additional award. By the end of the year, DLR had 38 secure stations awards and Merseyrail had 57.
- HMP Dovegate, UK – Staffordshire Ambulance Service NHS Trust, Trust commendation for assistance at a road traffic accident
- Hassockfield Secure Training Centre, UK – County Durham PCT Heartbeat Award in recognition of the provision of healthier food choices and excellent standards of food hygiene
- BitC Awards for Excellence for Rural Action (Northern Rail) and six Big Ticks (Airbus Filton, HMP and YOI Ashfield, National Physical Laboratory, Northern Rail, Skills4U (re-award) and Serco Leisure).

External certifications

An increasing number of Serco contracts achieved certification to international standards during 2007:






- ISO 14001 environmental management certifications rose by five to 21
- ISO 9001 quality management certifications rose by three to 96
- OHSAS 18001 occupational health and safety management certifications rose from seven to 12
- Quest quality certifications now cover 95% of Serco's leisure business

Full details on Serco's performance against its key performance indicators are provided at www.serco.com






Targets and Objectives

Progress against 2007 targets and objectives




Key:	Achieved 	Failed 	On target 	Ongoing 	New 
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Targets	Comment	Status	Timeline
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Health and safety

Improve the capture of the data entered onto ASSURE™	Data entry has improved and the time to enter data has improved by 43% since Q1 2006		Dec 07
Improve the quality of management information derived from ASSURE™	Additional measures were identified and tracked by quarter for 2007		Oct 07
Develop best practice to improve on lost-time causes	Data available through ASSURE™ – best practice guide to managing work-related stress developed and will be implemented in 2008		Oct 07




People

Roll-out an employee engagement survey to remaining divisions	Engagement survey completed in every division		Dec 07
Implement a development programme for top talent	Group-wide leadership strategy launched in September 2007 and development programmes designed to underpin the strategy		Dec 07
Establish and pilot a coaching programme that will develop leaders as coaches	Programme launched and running following successful pilot		Dec 07

Community

Community investment is accurately recorded and reported through ASSURE™	ASSURE™ upgrade allows for data capture and divisions will be reporting through ASSURE™ in 2008		Dec 07
Details on CR actions undertaken are consistently captured	ASSURE™ upgrade allows for data capture and divisions will be reporting through ASSURE™ in 2008		Dec 07
Review CR strategy	Strategy reviewed and expanded to address broader sustainability issues which is in early stages of development		Jun 08

Environment

Provide divisional environmental aspects and impacts assessments on ASSURE™	All divisions have captured some impacts – ongoing to capture all identified impacts		Dec 08
Support business in identifying greenhouse gas emissions and resource reduction plans	Serco and The Carbon Trust have commissioned an in-depth study of Serco Leisure's carbon footprint to identify opportunities for emissions reduction – other divisions implementing a carbon survey		Dec 07
Audit environmental reporting systems and Process effectiveness	Audit identified that the quality of environmental data capture has improved, but still needs work to make it complete		Mar 08

Targets and Objectives

New targets and objectives for 2008

This represents a small selection of our targets and objectives

Targets	Comment	Status	Timeline
Health and safety			
To fully implement and maintain a reporting mechanism for all safety indicators	All divisions are reporting required information through ASSURE™	✿	Dec 08
To ensure a robust suite of crisis management plans exist and have an appropriate testing regime	Each division will be required to review current plans to determine if there are any gaps and confirm action is taken where necessary	✿	Dec 08
A reduction in reportable events by 5% against the 2007 baseline	This will represent a 5% reduction in RIDDOR reportable injuries on the confirmed data from 2007	✿	Dec 08
People			
Follow up on employee engagement survey with divisional actions plans	Action plans drawn up to address particular issues that divisions wish to improve on	✿	Jun 08
Deliver leadership strategy for top talent with integrated development, talent management and performance management programmes	Top 400+ leaders subject to new performance and talent review process based on the leadership competency model	✿	Dec 08
Launch Serco Business Academy to provide consistent induction and development in core business skills	All divisions using training information and guidance provided by the Serco Business Academy to support the development of staff	✿	Dec 08
Community			
Develop our approach to the measurement of social impact	Tool available for use across the business to identify and monitor social impact of our operations	✿	Dec 08
Review of Serco Foundation	Review and agree future role of the Foundation	✿	Dec 08
Implement a group-wide community campaign	Guidance to families in relation to the dangers that the internet poses to children	✿	Dec 08
Environment			
To fully implement and maintain a reporting mechanism for all environmental indicators	All divisions are reporting required information through ASSURE™	✿	Dec 08
Complete work to identify all environmental aspects impacts across the business	Environmental aspects and impacts reported through ASSURE™	✿	Dec 08
Roll-out revised sustainable procurement policy in line with new procurement strategy	Align roll-out of new procurement structure with sustainable procurement principles	✿	Dec 08

Tell us what you think

We would welcome your feedback on this review. We'd be interested, for example, in finding out whether it:

- Improved your understanding of Serco's culture and our employees
- Gave you a reliable assessment of our strengths and weaknesses
- Reported clearly on our operational impact on society
- Told you enough about our past performance and future objectives

We are also interested to hear your views on whether a private sector business can have a public service ethos.

Please e-mail 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 etc.)

By e-mail: gail.johnson@serco.com

By post: Gail Johnson
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Also, please visit our website
www.serco.com for more information

Education Walsall

23%

more pupils with 5
good GCSEs



Docklands Light
Railway

257%

more passengers

A&E visits fall

16%

after Newham
introduces
community matrons

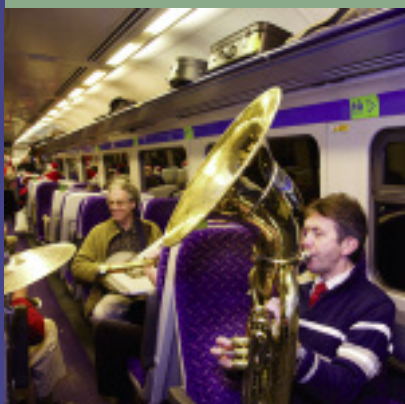


For Serco, corporate responsibility is about living the values and principles that govern the way we operate and behave.

Our 2007 community
investment rises

13.1%

versus 2006



Britain's most
admired services
company for the

4th

year running

Our 2007
reportable injury
rate falls

10%

versus 2006





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