



Our Social Value

a FirstGroup report



An introduction to FirstGroup

FirstGroup is a leading private sector provider of public transport. We provide easy and convenient mobility, improving quality of life by connecting people and communities.

Our services are a vital part of society – transporting customers for business, education, health, social and leisure purposes. We create solutions that reduce complexity, making travel smoother and life easier.

Our businesses are at the heart of our communities, and the essential services we provide are critical to delivering wider economic, social and environmental goals.

First Bus is the second largest regional bus operator in the UK, providing nearly 900,000 passenger journeys a day.

We serve two-thirds of the UK's 15 largest conurbations, including major urban areas such as Glasgow, Bristol and Leeds, with a fifth of the market outside London.

First Bus employs more than 13,500 people and operates 4,900 buses from 53 depots across the UK.



First Rail is the UK's largest rail operator, providing 550,000 passenger journeys a day across our long-distance, commuter, regional and sleeper services.

We have four Government-contracted operations (Avanti, GWR, SWR, TPE) and two open access operations, Hull Trains and Lumo.

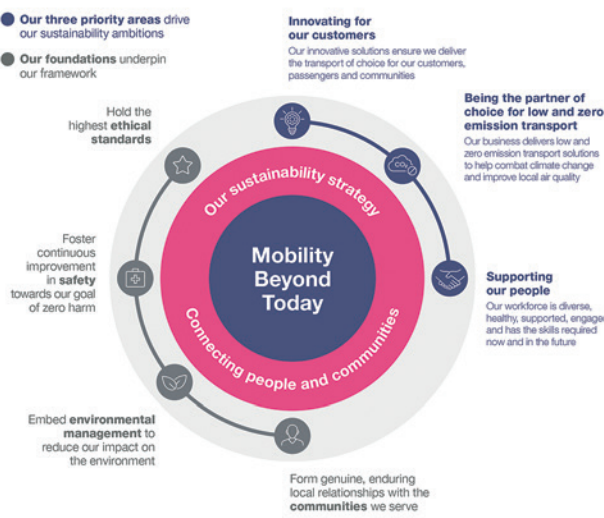
First Rail employs 17,500 people and operates a fleet of 3,800 rail vehicles from 419 stations across the UK.

Mobility Beyond Today

Our ambition is to be the partner of choice for innovative and sustainable transport, accelerating the transition to a zero-carbon world.

Mobility Beyond Today is our Group-wide strategic framework for sustainability.

Recognising that climate change is the greatest long-term challenge of our times, we have committed to accelerate the change in the transport sector through leadership in three priority areas: innovating for our customers, being the partner of choice for low- and zero-emission transport, and supporting our people.



An introduction to Social Value



FirstGroup and our businesses play a critical role at the heart of our communities. The essential services we provide are crucial to delivering wider economic, social and environmental goals. This report demonstrates that our businesses are contributing to local prosperity and growth against the backdrop of the pandemic.

Social value is a term used to define the wider economic, social and environmental effects of an organisation and its actions. An organisation adds social value by contributing to the long-term wellbeing and resilience of individuals, communities, and society in general.

More specifically, for FirstGroup, one way we add social value is by supporting prosperity, growth and jobs in the communities we serve, for example through local employment (direct and in our supply chain), local procurement and community engagement programmes. We also play a critical role in reducing congestion on the roads, improving air quality and facilitating the transition to a zero-carbon world.

We have worked with the Centre for Economics and Business Research (Cebr) to identify in a clear, robust and evidence-based way how exactly we add value and how much we contribute in a given year.

The following results are based on FirstGroup's activities during the latest financial year from 1 April 2021 to 31 March 2022 (FY 2022). While some performance at the beginning of the year was still affected by the pandemic, the report highlights significant areas of value added and further opportunities from increasing modal shift from private cars to public transport.

Starting with our economic footprint, during FY 2022 we generated £1.44bn of gross value added (GVA) contribution to the UK economy and spent £2.44bn on goods and services provided by UK firms.

We are a major employer all around the UK with approximately one third of this employment falling within the 25% of local authority districts that have the highest rates of unemployment.

We enable passengers across the UK to travel to their destination – whether for work, education, leisure, or other purposes, and directly reduce congestion when they travel with us.

The study conducted by Cebr estimates that over the last year FirstGroup's bus and rail services have saved the UK economy £1.3bn in congestion costs. This is calculated using values provided by the Department for Transport (DfT) for costs of congestion per vehicle for cars and buses. With higher occupancy figures in buses than in cars, the cost of congestion per passenger is much lower in buses – so First Buses prevent more congestion than they generate. Rail removes vehicles from the road and does not create any road congestion itself, so the congestion cost saving per passenger kilometre travelled is greater. Similarly, travelling by bus or train helps reduce carbon emissions and saves the UK economy an estimated 900,000 tonnes of carbon emissions a year.

This report contains several more examples of the positive economic, social and environmental contributions FirstGroup makes to UK society.

To allow for comparison pre- and post pandemic, we have also used certain findings from our previous Cebr study covering the FY 2020 financial year (to March 2020.)

Section 1: Economic Impact¹

The starting point for this report was identifying the economic contributions made by FirstGroup to the UK economy. Direct contributions include revenue and Gross Value Added (GVA) as key performance indicators. Revenue is the entire cost of sales and GVA is solely the specific ‘value adding’ contributions made by FirstGroup to the wider economy through the goods and services produced.

In the analysis, we also captured the aggregate economic footprint, combining direct value generated with indirect and induced economic impacts. Indirect value is generated when FirstGroup purchases goods or services needed to operate, which in turn creates revenue and jobs in our upstream supply chain. Induced value is generated when employees associated directly or indirectly with FirstGroup’s activities, spend their earnings in the wider economy.

Our businesses make a significant economic contribution, both directly and indirectly



Direct impact: The value generated, and jobs supported, directly by FirstGroup

Indirect Impact: The value generated, and jobs supported, in domestic industries that supply FirstGroup

Induced impact: The value supported in the wider economy when employees associated with direct and indirect impacts spend their earnings in the wider economy

Aggregate impact: Direct + Induced + Indirect



	FY 2022	FY 2020
Direct GVA (£m)	£1,440m	£1,385m
Aggregate GVA (£m)	£4,542m	£3,866m

- GVA (Gross Value Added) for the Group is **£1,440m**.
- Aggregate economic footprint (direct + indirect + induced) is **£4.54bn**.
- For every £10 of GVA directly generated by FirstGroup in the UK, a further **£21.55** of GVA is supported in the wider economy.

	FY 2022	FY 2020
Direct Revenue (£m)	£3,915m*	£3,601m
Aggregate Revenue (£m)	£9,603m	£8,281m

- In FY 2022, First Rail generated approximately **£3,136m*** in revenue.
- In FY 2022, First Bus generated approximately **£779m*** in revenue. (Aircoach revenue has been excluded in this UK analysis, as operations are primarily based in the Republic of Ireland.)
- For every £10 of revenue directly generated by FirstGroup in the UK, a further **£14.53** worth of revenue is supported in the wider economy.

	First Bus	First Rail
Direct Revenue (£m)	£779m*	£3,136m*
Direct GVA (£m)	£525m	£915m

We carried out analysis on our procurement spend and mapped our supply chain to understand the benefit of our spend for both UK-based firms and UK SMEs – small to medium sized enterprises who employ no more than 500 people. From here, we were also able to work out the number of full time-equivalent (FTE) jobs supported in these organisations and the GVA generated as a result.

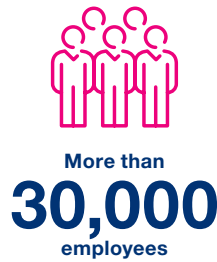
- Value created through spend in our supply chain (including SMEs):
- FirstGroup spent **£2.44bn** on procurement from UK-based firms in FY 2022.
 - Of this, approximately **9% (£210m)** was spent with UK-based SMEs in FY 2022.
 - This supported **1,640** FTE jobs in these organisations and around **£110m in GVA**.
 - In addition, FirstGroup supported **£4.18bn** of downstream revenue in FY 2022 and **£1.31bn** of GVA, when FirstGroup services were purchased by other firms to use as inputs to produce their own final goods and services.

¹ Due to the specific way in which the Cebr analysis is carried out in, there are some differences between the values contained in this report compared to the FirstGroup’s Annual Report and Accounts 2022. These cases are indicated with an *.

The differences are explained by the following three factors: a) FirstGroup has 70% ownership share of South Western Railway and Avanti West Coast. The Annual Report and Accounts as well as the human resources data reflect the full operations for each operating company, however Cebr’s data apportions 70% of the economic contributions of each operating company to First Rail (and hence FirstGroup), b) Cebr includes Network Rail performance regime compensation in revenue figures for First Rail, and c) for each respective metric, Cebr attributes proportionally a share of FirstGroup’s wider operations, for example Holdings and Properties, to either First Rail or First Bus.

Section 2: Employment benefits

FirstGroup is a major UK employer, providing a range of opportunities across the UK in both our First Bus and First Rail divisions. Not only do we provide direct employment through our businesses, but through our extensive operations and supply chain we also generate additional, indirect and induced employment.



We create jobs, both directly and indirectly across the UK

- FirstGroup directly employs 26,343² (FTE) employees in the UK.
- Aggregate FirstGroup employment accounts for the equivalent of **60,895** people. This is made up of direct employment, jobs generated through our spend in the supply chain (indirect effect), and jobs supported in the wider economy thanks to spending by employees associated directly or indirectly with FirstGroup activities).
- For every 10 jobs directly generated by FirstGroup in the UK, a further **13.1** jobs are supported in the wider economy.



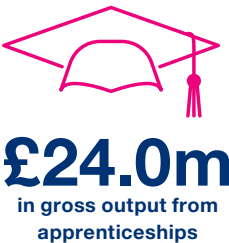
We create employee compensation, both directly and indirectly across the UK

- The wider economy benefits not only from the direct compensation received by people employed by FirstGroup, but also from the indirect compensation received by people employed in our supply chain, and induced compensation received in jobs supported as a result of wider spending.
- For every £10 in compensation paid to FirstGroup employees in the UK, a further **£11.84** worth of compensation is supported in the wider economy.
 - FirstGroup aggregate employment compensation is **£2.9bn**, made up of the direct, indirect, and induced employment compensation impact layers.

	First Bus	First Rail
Direct Employee Compensation (£m)	£436m	£877m
Direct Employment (FTE jobs)	11,812	14,531

We support employment across the UK, including many deprived communities

- As a major public transport provider, FirstGroup provides services across the UK. This in turn means we employ people throughout the country, including areas of higher deprivation, or where other employment opportunities are more limited. The level of deprivation in each local authority is based on the Index of Multiple Deprivation (IMD) a nationally produced statistical release by the Department for Levelling Up, House and Communities. The indices cover 39 specific living conditions for individuals
- In this analysis, we mapped FirstGroup's employment to show where our colleagues live, to help understand our geographical spread.
- FirstGroup employs people in **97%** of UK local authority districts, including all 20 of the most deprived in England e.g., Blackburn, Bradford, Hackney, Hull, Middlesbrough, Oldham, Stoke-on-Trent and Wolverhampton.
 - This is **364 of the 374 local authority districts in the UK.**
 - In the three local authorities with the highest FirstGroup employment levels (Bristol, Leeds, Cornwall), an average of one in every 357 FTE jobs is directly generated by FirstGroup.



- We also ranked each of the 374 local authorities in the UK in terms of their respective unemployment rate (defined as the number of unemployed people divided by the economically active population).
- **Nearly one third of FirstGroup's employment falls into the 25% of local authority districts experiencing the highest rates of unemployment.**

We provide opportunity through apprenticeships

- FirstGroup offers a range of apprenticeship opportunities across the UK, in both our First Rail and First Bus divisions. The apprenticeship programmes provide a way of growing the engineering and operational skills that are vital to our businesses, as well as providing social mobility opportunities to young people.
- Based on average apprenticeship output by industry group, research by Cebr estimates that the 733 apprentices employed by FirstGroup produced **£24.0m** in gross output over the last year.
 - Factoring in subsidies and training costs, this translates to a net gain of **£13.0m** in GVA, equivalent to a GVA boost of £17,802 per apprentice.



In our bus division, we have partnered with Reaseheath College, Cheshire, to set up the UK's first bus and coach engineering academy for training apprentices on the next generation of zero emission vehicles.

The academy has just completed its first term with an intake of 22 apprentices.

Erin Hind, who completed her four-year apprenticeship in June 2021 and now works as a night shift mechanic in the company's Blantyre depot, said:

"I started my apprenticeship when I was 16 and it was great. You got to learn alongside fantastic people and earned a living at the same time.

Everyone at First Bus is so helpful and they really look after the apprentices.

The vast majority of people who started their apprenticeship in the same year as me have continued into a full time job which shows just how much we all enjoyed being part of it."

² For this analysis, only full-time equivalent (FTE) roles were used in the modelling. FTE is a unit to measure the number of employed persons, while standardising for the differing number of hours worked per week by some employees. A full-time worker is counted as one FTE, while a part-time worker gets a value in proportion to the hours they work per week versus the hours worked by a full-time employee. In total, across all role types, FirstGroup employs more than 30,000 people.

Section 3: Wider societal and environmental benefits

We are helping to facilitate modal shift

We are taking action to combat climate change and improve local air quality by delivering low and zero emission mobility solutions for our customers. One of our goals is to eliminate the carbon emissions associated with our operations in line with the latest climate science and for our operations to be net-zero by 2050 or earlier.

Our public transport services are reducing the numbers of journeys taken by car

The vital role of public transport has never been clearer in helping to address the challenges of climate change, facilitating modal shift from private cars and air travel to buses and trains with lower per-passenger mile environmental impact. In the absence of either First Bus or First Rail services, some or all journeys would need to be made by private cars or air travel, which would produce externalities such as greenhouse gas emissions, air quality pollutants, accidents, and congestion.

*This number is likely driven by reduced passenger occupancy as a result of covid-19 restrictions.

- Our public transport services are offering alternative transport options, helping to deliver a modal shift from cars to public transport.
- Of the 193m annual passenger journeys currently undertaken on First Rail, 87m would be carried out by car in the absence of our services. (This number excludes child tickets).

Road congestion is one of the externalities caused by additional traffic on the road network. Each person will consider their own benefits and costs for making their journey, but will not necessarily consider the impact of congestion on others. In our analysis we have used the Department for Transport’s (DfT) values for costs of congestion per vehicle kilometre for cars and buses to work out what congestion costs are saved thanks to FirstGroup services. The congestion costs are based on the value of the travellers’ time lost and increase in vehicle operating costs associated with delays to journeys caused by congestion.

Table 1. Headline modal shift statistics for Bus and Rail, FY 2022

		First Bus	First Rail
CO2e emissions (tonnes)	Generated	256,096	549,311
	Alternative transport modes	250,409	1,500,863
	Saving	-5,686*	951,552
NOx emissions (tonnes)	Generated	472	1,686
	Alternative transport modes	561	2,890
	Saving	89	1,204
Costs of road congestion (£ million)	Generated	£73.5	£0
	Alternative transport modes	£186.1	£1,148.8
	Saving	£112.5	£1,148.8
Active travel (million km)	Generated	178.7	167.7
	Alternative transport modes	121.2	68.7
	Benefit	57.5	99.0

Source: FirstGroup and Cebr analysis

Our services are helping to tackle climate change

- We make substantial contributions to the UK’s carbon reduction commitments through the provision of public transport services.
- Annually, First Bus and First Rail services combined emit more than 0.81m tonnes of CO₂e (total greenhouse gas emissions in equivalent terms of grams of CO₂). The alternative modes that would be used if public transport wasn’t available would emit 1.75m tonnes – more than double. This means our services help to avoid nearly 900,000 tonnes of CO₂e emissions a year.
- NOx emissions are one component of our air quality impact. In terms of NOx emissions, First Bus services emit approximately 470 tonnes of NOx, avoiding more than 89 tonnes of emissions compared to alternative modes of transport (predominantly private cars). First Rail services emit nearly 1,700 tonnes of NOx, avoiding just under 1,204 tonnes of emissions relative to alternative modes.



This year we completed the transformation of our flagship Caledonia depot in Glasgow, to create the UK’s largest electric vehicle charging hub.

160 state-of-the art rapid charging points were installed in FY 2022, following years of development and planning, supporting First Bus’s commitment to zero emission by 2035.

Further expansion will see the depot able to host an additional 200 vehicles and charging points, giving the depot a total capacity of 350 charging points when complete.

We help to reduce congestion in our towns and cities

- Thanks to our public transport services, we delivered a **£1.3bn** congestion saving.

Our services generate walking trips for customers, be it to a bus stop or a railway station, requiring more physical activity than a private car and thereby supporting people’s health and wellbeing.

- Due to the fact that it is unlikely for our services to be door to door, our customers often must walk a short distance to a bus stop or train station.
- The study estimates that these journeys, which people otherwise wouldn’t do, generate **157m** more kilometres of physical activity a year, helping to improve people’s physical and mental wellbeing.



157m
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Our services delivered a
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About Cebr

For over 25 years the Centre for Economics and Business Research (Cebr) has supplied independent economic forecasting and analysis to hundreds of private firms and public organisations.

Our Economic Advisory team specialises in economic impact assessments, having advised several government departments as well as FTSE and multi-national firms on a range of topics.

Cebr's Forecasting team delivers award-winning forecasts of the UK and global economies, helping our clients stay ahead of the game in anticipating future economic developments.

For further information about Cebr, please visit www.cebr.com

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