

WS Atkins plc
Human Resources Review 2010

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pages 36 to 41 of our Annual Report 2010

ATKINS



Plan Design Enable

Human Resources Review

Our people

Our success depends on our ability to attract and retain the most talented professionals in their respective fields and to provide an environment in which they are able to apply their skills and experience in addressing our clients' varied needs.



Overview

As a professional services organisation, remaining an employer of choice is a prerequisite for our success. Achieving this depends on our ability to attract and retain the most talented professionals in their respective fields and to provide an environment in which they are able to apply their skills and experience in addressing our clients' varied needs.

Our people performance is evaluated alongside other aspects of performance (financial, technical, safety and client engagement) during monthly, quarterly and annual business reviews. This evaluation involves tracking a range of metrics for headcount growth, retention, stability and employee engagement alongside reviews of the skills and capabilities of our people against an assessment of the future needs of the business. We also take note of the results of internal and external surveys.

Whilst 2009/10 was a very difficult year for many of our staff, with significant headcount reduction particularly in the first half of the year, we have worked hard both to maintain a positive employment environment and to continue to develop the skills of individuals and the capabilities of the organisation as a whole. Our performance is summarised in the sections below.

Headcount

Headcount reduced in-year from 18,017 on 1 April 2009 to 15,601 by the year-end, a fall of 13%. Of this, approximately 600 people were already under notice at the start of the year, giving an in-year reduction of 1,816 staff from an adjusted opening headcount of approximately 17,400, a reduction of 10% (see Figure 1).

The overall reduction in headcount masked strong performance in several businesses, notably in the energy business which saw growth driven by our continued successes in the nuclear, oil and gas and renewable markets, but was affected in particular by:

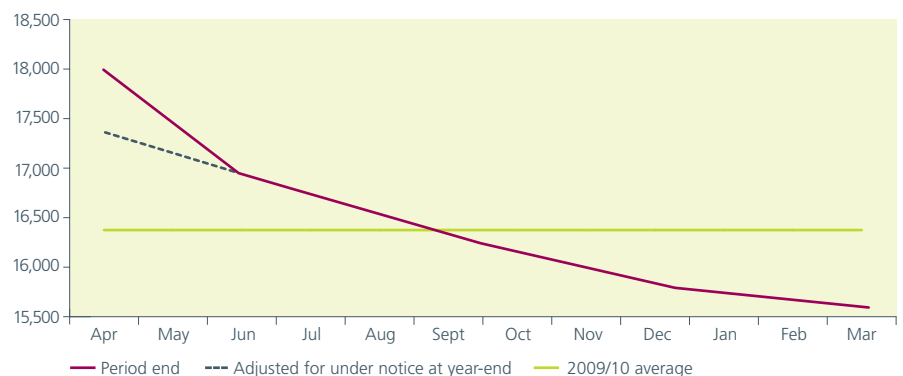
- headcount reduction in the Middle East in anticipation of lower activity
- restructuring in our water business
- a general reduction in headcount in most other parts of the business as we sought to improve efficiency.

The level of staff reductions was significantly lower in the fourth quarter and we remain confident that overall headcount has now stabilised and will begin to increase from the half-year onwards.

We recognise that many colleagues have been affected by these reductions and we have worked to alleviate the impact wherever possible. Most importantly we have endeavoured to redeploy those affected to vacancies elsewhere in the Group. Where this has not been possible, due to a mismatch of either skills or geography, we have provided those leaving the Group with outplacement support. Nevertheless, the impact has been significant for many former colleagues and it is sadly the case that career opportunities in the wider market remain very limited for those in certain professions.

Whilst vacancy levels across the Group remained substantially below those seen in recent years, our recruitment performance was good with 1,228 new staff joining during the year: 1,129 via open recruitment and 99 via TUPE transfer.

Figure 1: Headcount 2009/10



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We maintained our commitment to graduate development, albeit with a substantially reduced intake of 105 trainees (2008/09: 150). Our credentials as a graduate recruiter in the UK were underlined by an improved ranking to 37th place in the Times Top 100 Graduate Employers (up from 69th in 2008) and our success in being named Most Popular Recruiter in the Construction and Civil Engineering category at the Target National Graduate Awards for the fifth year. This award is the largest graduate recruitment survey in the UK with feedback gathered through an online campus survey of 90,000 undergraduates over a four-month period ending in January each year.

We were also pleased to be recognised at the UK's Recruiter Awards as Best Recruitment Team.

Retention

Staff turnover was at a record low during the year. Whilst to a large extent this reflected wider market conditions, our relative performance against our peers gives us confidence that it also reflected our credentials as an employer of choice.

Turnover by region was as follows:

Business area	2010 Turnover	2009 Turnover
UK	6.5%	10.0%
Middle East	15.6%	14.7%
China	16.1%	17.9%
USA	9.0%	10.2%
Europe	6.2%	8.9%
Atkins	8.6%	11.4%

As shown above, performance improved significantly in the UK, Europe, USA and China. The only area where performance remained relatively unchanged was the Middle East where for a period there was a general loss of confidence in the region affecting all organisations. We continue to monitor retention trends closely.

We also monitor the stability of our workforce using a stability index (the number of staff with more than one year's service at the end of the financial year as a percentage of the headcount at the beginning of the financial year).

The stability index for the Group was 80.6% (2009: 84.3%). The indices for the individual regions were as follows: UK 85.8% (2009: 82.7%), Middle East 65.1% (2009: 76.9%), China 74.1% (2009: 75.3%), Europe 80.5% (2009: 87.4%) and USA 78.8% (2009: 81.5%).

We continue to use a third-party consultant to receive and report independently on feedback from those employees who voluntarily leave the Group. It is encouraging to see that over 80% of those who completed the questionnaire said that they would both consider coming back to work at Atkins and would recommend Atkins as a place to work. Compared to last year, fewer leavers have expressed dissatisfaction with either their job or Atkins as the primary reason for leaving.

Improved ranking to 37th place in the Times Top 100 Graduate Employers (up from 69th in 2008)



For more information visit www.atkinsglobal.com/graduates

Most popular recruiter in the construction and civil engineering category at the Target National Graduate Awards for the fifth year



For more information visit www.targetjobsawards.co.uk

Employee engagement

We continued to invest in internal communications during the year, mindful that maintaining a proactive, two-way exchange of information with staff is critical to maintain staff support, understanding and motivation during a period of economic uncertainty when colleagues are saying goodbye to their friends and, in many areas of the Group, are experiencing pay freezes. The first half of the year saw an increased appetite for the consumption of news and information about the Group, particularly through audiovisual channels. However, towards the year-end we experienced a slight dip in penetration figures for our internal communications channels, which shows us we have to work harder to maintain staff engagement.

Against this background and in addition to internal communications activities which focused on exchanging and broadcasting information about our vision, values and strategy to colleagues, we stepped up our programme of employee engagement to ensure that colleagues understand what actions are being taken to enable us to remain successful and the role they play in contributing to this.

For the past seven years, we have conducted an annual survey across the Group (called 'Viewpoint') to measure employee engagement. During this time, we have used the survey to measure our performance against a stable set of indicators, thus providing excellent data on both our absolute and relative performance as a Group and within and between businesses and regions. This has proved invaluable in allowing us to highlight areas of good practice and areas where we may be falling short of our high expectations.

The latest survey was conducted in April/May 2010 and so provides an up-to-date assessment of our performance. The survey is open to all our staff worldwide and can be completed in several different languages. Overall 76% of staff completed the survey with a reduction in the Employee Engagement Index (EEI) from 75 to 73. Whilst this only takes the EEI back to the same level as 2008, it is disappointing and provides several useful pointers as to where we need to do better.

Similarly, we were disappointed for the first time in six years to drop out of the Sunday Times Top 20 Best Big Companies to Work For ranking. Having reviewed the results in detail, we have concluded that this was as a result of several factors, most particularly our failure to explain sufficiently well the context within which we have had to take a number of hard decisions in relation to redundancies, pay awards and cost reduction. We have recognised the need to engage staff at every level on these issues, not simply those in senior management roles.

Investment in people

We continue to place considerable emphasis on developing the skills and capabilities of our people. Whilst training spend was down on previous years, there has been an annual training investment of £16.7m during the year and through careful prioritisation we have been able to maintain investment in those areas of greatest importance.

Our suite of client relationship skills and project management courses has been modernised and improved. Importantly, as part of these improvements, the knowledge and skills associated with engaging with clients on carbon critical design have been added and embedded into the content of the courses.

During the year a new Group-wide career development framework was successfully launched. This framework brings greater clarity on how to navigate a career path in Atkins, and reinforces the fact that the Company can provide interesting and rewarding careers to individuals whether their contribution has a technical, project management or business management bias.

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There has been a focus on engaging more with talent and talent management at all levels: management development centres, development dialogue and the senior management development programme are proving to be vital tools through which we identify, engage and develop talent at middle and senior levels (250 individuals participated in 2009/10). We also continue to invest in people management skills with 1,300 managers attending our portfolio of courses dedicated to this.

Improvements have been made to the systems, processes and resources dedicated to supporting learning and development. The combination of improvements to our learning management system and the establishment of a central learning and development centre of expertise will enable better visibility and access to our training courses, more robust reporting, tighter management of training costs and closer alignment of training activity with business needs.

The priority for graduate development this year has been to improve communication with the graduate community. This was achieved through various means, including a redesign of our graduate intranet site, regular intranet articles congratulating those who have achieved chartered status or professional qualifications, and an increase in email updates and stakeholder presentations about the graduate development programme.

In 2009 Atkins achieved accreditation for its employer-managed further learning programme from the Joint Board of Moderators. The programme enables bachelor-level graduates to gain the necessary training to achieve chartership, and represents a valuable offering to our graduate recruits. This programme is being formally launched during 2010.

Technical excellence is a strategic imperative for Atkins and we continue to invest in the technical networks established 18 months ago to join up skills embedded in our market-facing businesses. The networks perform an important governance function for our technical work and provide a focus for improving our skills, design methodologies and tools. Through the networks, we have effectively trained staff to design using the new Eurocodes which were introduced from April 2010. The success of the first tranche of networks has encouraged us to launch recently a further three networks.

Strategic relationships with universities continue to enable us to access emerging thinking and technologies of relevance to our markets. We continue to deliver modules on undergraduate and postgraduate teaching programmes and to mentor research projects, which enable us to build strong relationships with students and raise Atkins' profile as a desirable company to work for.

Reward

As announced a year ago, we took a decision to defer the April pay review until October 2009, when a full review was undertaken. As a result, salaries increased in the few market sectors experiencing upward pay movement but remained broadly flat for much of the Group.

The April 2010 pay review was conducted within the context of strong business performance in some of our businesses, but continuing challenging market conditions in others. Overall pay levels rose by 2% across the Group, with increases appropriately targeted to respond to significant pay pressure in some areas without affecting competitiveness in those sectors of the market where salaries at best remain flat. As a result, 55% of staff received an increase.

The executive bonus scheme, which covers approximately 850 senior staff, provides the opportunity to increase pay to the upper quartile for the sector by meeting demanding financial and personal targets. In addition, many senior staff also receive an annual share award, providing an incentive to deliver sustained long-term performance.

A discretionary bonus scheme covers the wider Atkins population and pays a bonus to approximately 30% of staff in each year, recognising individual contribution and performance.

More than 100 Atkins engineers act as ambassadors for STEMNET



For more information visit
www.stemnet.org.uk

We continue to work closely with the Trustees of the Group's defined benefit pension schemes to ensure that the schemes are appropriately funded and that liabilities are managed effectively. A change was implemented for the members of the Atkins section of the Rail Pension Scheme which has allowed members who wish to do so to choose a lower-cost option in exchange for a cap on final pensionable salary.

We have sought to strengthen further the Board of Trustees for the Atkins Pension Plan, the largest scheme within the Group, to increase its investment expertise, and we have already commenced a dialogue with the Board regarding the 2010 triennial valuation.

We were delighted to achieve the National Association of Pension Funds' quality mark for the defined contribution section of the Atkins Pension Plan. This confirms that the Plan is considered competitive with respect to Company contribution levels and is managed and administered to a high standard of governance.

Diversity

It is essential that we attract, retain and develop talented individuals who reflect the diverse nature of the areas in which we work. Success in this regard is critical for us in order to build a balanced workforce to meet our clients' needs, to broaden our skills base and to address a growing skills deficit in the science and engineering disciplines.

In July 2009, Keith Clarke, as chairman of the Construction Industry Council (CIC), delivered a diversity report that rallied the industry to unite and increase representation of women and ethnic groups. We are now able to show that over the past five years we have seen an increase in the number of women in both managerial and senior technical and professional roles in Atkins.

Gender diversity is visible through our external work with organisations, industry bodies and clients to promote greater participation, particularly by women, in the science, engineering and technology (SET) sectors. All business Board directors have received formal training around diversity and discrimination awareness, which is being cascaded to their teams. Employees can also access an online training module on practical steps they can take to promote equal opportunities.

Alun Griffiths, Group HR director, continues to chair the Industry Board of the UK Resource Centre, the Government's lead organisation for the provision of advice, support and policy consultation regarding the under-representation of women in science, engineering, technology and the built environment.

Our work to encourage young people into engineering is supported by strong links with schools and colleges, and by our sponsorship of Insite magazine, which is distributed to schools and young engineers' clubs. We have more than 100 engineers acting as ambassadors for STEMNET (Science, Technology, Engineering and Mathematics Network), promoting engineering in schools and attending after-school clubs to provide a snapshot of life as an engineer.

HR modernisation

We have made significant progress during the year with the implementation of our HR modernisation programme, one of several business improvement initiatives for the Group. The objective of this is to improve the accessibility of services for our people whilst streamlining the HR service for the organisation. Via the implementation of new technology and transition to a new operating model, we have been able to reduce the costs of HR by over 25% whilst increasing value to the organisation. A particular priority is to increase the focus on resource planning to ensure that we plan, develop and retain the skills and resources necessary to meet our future needs.



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