



Proving It?

Our Social Accounts 2003 / 2004



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Introduction to our Social Accounts 2003/2004

Welcome to the FRC Group's sixth set of social accounts, reflecting our activities from the 1st of April 2003 to the 31st of March 2004 – the year of our fifteenth birthday celebration.

We still call these pages our social accounts but really we feel that, with the quality and range of data that we are now able to collect and report on, "triple bottom line" accounting would be a better description of what we are doing.

Through social, environmental and financial accounting we aim to prove the added value of what we achieve through the daily activities of our seven social businesses. The following pages contain data and feedback from the people who matter to us that demonstrate how well we have performed against our three bottom lines: the social benefits of our work, our environmental impacts and of course the financial bottom line that allows us to continue to do good things.

In many areas we have exceeded the targets that we set for 2003/2004 and inevitably there are areas that we still need to improve on.

We believe that triple bottom line accounting is a discipline of integrity, an essential element of a social business. How can we define ourselves as such if we are not able to prove the social value we add to our products and services in comparison to private sector competition? We are certain that triple bottom line accounting provides us with the systems and data to both make and measure improvements. It also highlights where we need to make extra effort to improve performance and really achieve our social, environmental and financial goals.

This year we have concentrated on making the triple bottom line matter in the day to day running of our businesses. We now produce integrated monthly management accounts that report on all three bottom lines for each of our businesses to the Board, the Leadership Team and the Managers and Team Leaders who make things happen at ground level. These are included in Appendix 1.

As ever, this has been a challenging year to report on. Our activities continue to diversify and it is becoming increasingly difficult to find measures of performance that are comparable year-on-year, because our social and environmental impacts change along with the good things that we do.

We believe this to be, however, an accurate reflection of the work that we have done over the last financial year. Read on. Enjoy.

The Leadership Team

Liam Black

Alison Ball

Shaun Doran

Tony Rowan

July 2004



What and who we are for

We do good things, running businesses that promote equality and create livelihoods for people who really need them.

We seek to achieve social, environmental and financial benefits by operating commercially viable social businesses in a range of markets.

We are a values led company trying to live and work creatively, passionately, bravely and professionally. We will be as open, honest and accountable as we can with all the people who matter to us. We want always to learn and to help others learn from us.



The Furniture Resource Centre

At the heart of our Group is the Furniture Resource Centre, which is a registered charity. Founded in 1988 and based in Liverpool we provide a one stop furnishing service to registered social landlords throughout England and Wales.



amovingexperience

An expansion of the Furniture Resource Centre's services to registered social landlords, **amovingexperience** offers registered social landlords a people-centred removals service for their tenants. We move people, not just furniture.



Revive Stores

Revive, our high street store in the centre of Liverpool, opened in 1998. It retails pre-loved furniture direct to the public offering discounts to people on low-income. In December 2003 we opened our second store in Widnes.



Bulky Bob's

In 2000, we launched Bulky Bob's, a trading subsidiary and a furniture recycling company that collects bulky household waste on contract to Liverpool City Council. Bulky Bob's also out-sources items of furniture and white goods for reuse, refurbishment and recycling. In April 2003 Bulky Bob's began a contract with neighbouring Halton Borough Council.



The Cat's Pyjamas

In early 2001, we launched the Cat's Pyjamas, a joint venture company with Urban Strategy associates that provides learning experiences in the realities of running a social business.



Ben & Jerry's

In October 2003 we opened the first Partnership outside of the USA, offering employment and training to socially excluded young people and selling great ice cream.



Green-works

Green-works is an office furniture recycling franchise selling low-cost, high quality second hand office furniture to local small and medium sized enterprises and voluntary sector organisations.

Our businesses are all based in England's Northwest. The Furniture Resource Centre, **amoving** experience, our administration, customer service and group logistics teams, the Cat's Pyjamas along with Bulky Bob's and Green-works are all based on the same site by the side of the river Mersey in Liverpool. Our Revive stores are in Liverpool city centre and in central Widnes, and our Ben & Jerry's Partnership is in Chester city centre.

A map of our group structure and brands can be found on page 7.

A brief history

FRC was created in inner city Liverpool 15 years ago to support low-income families to get hold of decent furniture so they could create homes for themselves and their families. Today we continue that work, as well as finding various ways to offer livelihoods to people shut out of the labour market.

We combine a passion for social, personal and environmental change with entrepreneurial flair. We are a group of social businesses, achieving our social and environmental goals by inventing and sustaining commercially viable enterprises and willing to verify independently the good things that we claim to do. We strive in all we do to be transparent and accountable to all the people who matter to us and to be true to our values of bravery, creativity, passion and professionalism.

Growth, Turnover and Grant Income From 1993 to 2004

Company	Income 2003/2004
The Furniture Resource Centre	£3,569,664
Bulky Bob's	£807,111
The Cat's Pyjamas	£381,956
Total	£4,758,731

Our group income of £4.8 million for 2003/2004 represents a decrease of 5.6% on 2002/2003. This can be attributed to a reduction in selling prices in our one stop furnishing service, due to the increasing competitiveness of the market. This year 93% of our income was earned from the sale of our services, goods and ideas. The remaining 7% was from grant income. At the 31st of March 2004 we had 86 employees, 26 (30%) of whom were staff on 12-month training contracts from hard-to-reach groups.

Year	Turnover £	% Grant income	% Sales income	Staffing average	Unrestricted funds profit/(loss) £
1993/94	264,941	84	9	17	11,543
1994/95	689,816	54	46	25	(839)
1995/96	1,190,551	29	68	24	12,631
1996/97	1,881,062	19	79	38	17,591
1997/98	3,035,277	11	84	51	116,047
1998/99	3,143,800	20	80	62	(76,752)
1999/00	5,762,293	9	91	71	436,595
2000/01	6,682,950	7	93	100	517,294
2001/02	7,490,451	10	90	104	431,299
2002/03	5,045,661	4	96	74	28,265
2003/04	4,758,731	7	93	78	(11,124)

We are showing a loss in 2003/2004 not because our businesses are unprofitable, but because of a number of one-off costs that occurred during the year. These included:

- Redundancy payments following a restructure in April 2003
- Redundancy payments to our upholstery team in October 2003
- A one off-payment to our landlord for ending the lease early on Bulky Bob's original premises

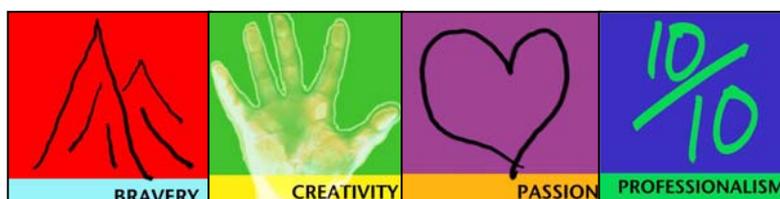
Being accountable and transparent in our activities is important to us. We also want to learn from our successes and our failures. We have produced these accounts to determine the following:

- How well did we meet our social and environmental objectives?
- Did we live up to our values?
- Did we achieve the priorities and targets we set ourselves last year?
- Have we communicated effectively with the people who matter to us?

These accounts, plus *Greening It?*, our environmental accounts, and *We Do Good Things*, our summary social report, can be viewed and downloaded from our website www.frcgroup.co.uk. Please visit it and give us your feedback.

Our Values: beliefs in action

Our values are Bravery, Creativity, Passion and Professionalism.



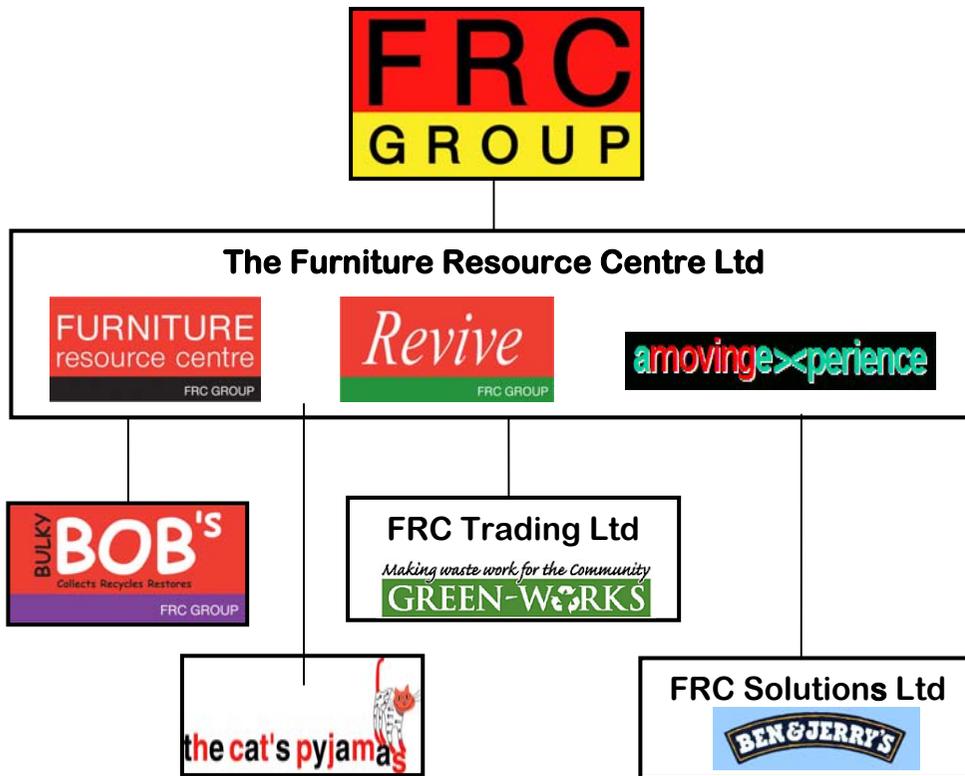
Our Group values are about the way in which everyone at the FRC Group works. They are beliefs in action. We work hard to encourage all of our staff to champion the values and we reward those who work in ways that demonstrate them.

We look for Bravery, Creativity, Passion and Professionalism from all of our staff, in all that we do. It is increasingly important that we work hard to reinforce this and ensure that all of our employees have a clear understanding of what these four values mean to us as we diversify; opening new sites and employing people who are not exposed everyday to the existing organisational culture.

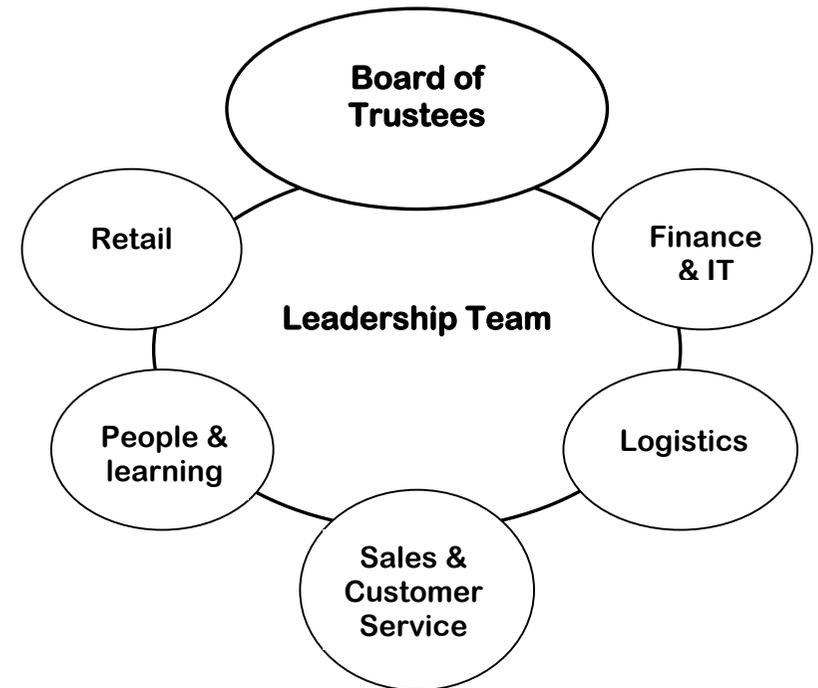
We have devoted a full section to reporting on the ways we have worked on our values in 2003/2004. This can be found on page 71 of these accounts.

The Furniture Resource Centre Ltd is a registered charity and company limited by guarantee, which has created and wholly owns 3 trading subsidiaries and half owns the Cat's Pyjamas.

Company Structure and Brands June 2004



Organisational Structure June 2004



The Headlines

Our Objectives and Priorities for 2003/2004

The following pages give a summary of whether or not we achieved the priorities we set ourselves against each objective in 2003/2004. These results are then explained in detail in the full accounts that follow. We have set priorities for ourselves in 2004/2005 relating to a new set of objectives that better reflect our current realities. These new objectives are discussed on page 21, and our priorities can be found on page 78.

Key	
	We got there
	We almost got there
	We missed the mark

Objective 1

To provide furniture to enable disadvantaged people to access accommodation by offering:

- a. A One Stop shop furnishing service for Registered Social Landlords and Local Authorities
- b. Discounts on goods at Revive Stores to people on low income

How well did we do in 2003/2004?

-  Investigate new payment methods for the supply of furniture so more customers can offer furnished accommodation
-  Encourage customers to gain detailed feedback on the benefits of furnished accommodation from tenants
-  Maintain 70% of sales to low income households at Revive stores

Objective 2

The recruitment and training of long term unemployed people by:

- a. The provision of Intermediate Labour Market places in Logistics
- b. The provision of employment for long-term unemployed people with the Furniture Resource Centre Group
- c. Developing relationships with employers across the region to promote the recruitment of staff on training contracts from the FRC Group

How well did we do in 2003/2004?

-  Achieve our target of at least 80% of trainees into jobs
-  Maintain our zero drop out rate in induction
-  Have face to face conversations with 10 leading employers on Merseyside about the potential recruitment of our trainees
-  Continue to track our leavers for up to 2 years and report the results of this
-  Recruit 40% of our trainees from the BME communities in Liverpool
-  Invent and begin worthwhile youth job and training opportunities in our Ben and Jerry's store

Objective 3

The reuse, refurbishment and recycling of household items from the bulky household waste stream by:

- a. The collection and segregation of household waste by Bulky Bob's
- b. The sale of pre-loved goods in Revive
- c. The refurbishment of wooden furniture by Oakmere Youth Training
- d. The transfer of white goods to CREATE for reuse, refurbishment and recycling

How well did we do in 2003/2004?

-  Maintain our 32% recycling rate for all goods collected in Liverpool
-  Exceed our 20% recycling target for our work in Halton
-  Continue the pursuit of more environmentally sustainable options for the reuse or recycling of the residual waste sent to landfill
-  Agree two new Bulky Bob's partnerships by 1st of April 2003

Objective 4

To create a culture based on a fair and empowering working environment for employees by:

- a. Ensuring that all paid employees have satisfactory terms and conditions
- b. Offering training and personal development opportunities to all employees of the group
- c. Adopting and implementing an effective equal opportunities policy
- d. Adopting and implementing an effective health and safety policy

How well did we do in 2003/2004?

-  Launch an updated How's it Going (HiG) process for all staff in September 2003
-  Improve the way training needs are identified through the HiG process
-  All staff and trainees are to go through the HiG process by the end of November 2003
-  Increase the number of staff members recruited from ethnic minorities from 3% to 6% of the total workforce
-  Regularly communicate to staff on health and safety issues

Objective 5

To treat our customers and suppliers fairly by:

- a. Having clear and mutually agreed objectives
- b. Responding to customer and supplier feedback
- c. Keeping customers and suppliers up to date on business developments

How well did we do in 2003/2004?

-  Get feedback from customers that we are easy and fair to do business with 100% of the time
-  Get feedback from suppliers that we are easy and fair to do business with 100% of the time

Objective 6

To operate good environmental practices in the running of our businesses by:

- a. **Complying with relevant environmental legislation**
- b. **Monitoring all environmental impacts of our business**
- c. **Minimising waste arisings, seek to recover, reuse and recycle as much as is economically practical and ensure that the remainder is disposed of responsibly**
- d. **Influencing suppliers of services and goods to reduce their own impact upon the environment**
- e. **Enhancing awareness of relevant issues amongst, staff and others who have an interest in our business**

How well did we do in 2003/2004?

-  **Introduce further training for all of our staff on the importance of reducing our the Group's environmental impacts**
-  **Continue working to minimise energy and material consumption across the Group**
-  **Research areas such as pollution and toxicity impacts that to date have not been investigated**
-  **Decide a clear approach to our suppliers on measuring their environmental performance**

Objective 7

Influencing the shape and development of social policies relevant to the achievement of the FRC Group's charitable purpose by:

- a. Lobbying of local, regional and national decision makers
- b. Active involvement in key networks shaping the development of the social economy
- c. The development and promotion of best practice in setting up and running social businesses

How well did we do in 2003/2004?

-  Continue to seek high profile speaking and media opportunities to promote the work of the FRC Group
-  Continue to support the development of the Merseyside Social Enterprise Sector with our Leadership team member on the Board of Liverpool Plus
-  To secure Phoenix Fund backing for Cat's Pyjamas for the next 2 years
-  Launch new Cat's Pyjamas products and services such as Big Cat and the Cat's Pyjamas Club

Economic Impact

How well did we do in 2003/2004?

-  To carry out a more in-depth study of the economic impacts of the work of the FRC Group both locally and nationally

Values

How well did we do in 2003/2004?

-  Work with Team Leaders to agree a set of definitions that make clearer the types of actions we are looking for from staff to illustrate values behaviours
-  Relaunch our HiG process in September 2003 including clear definitions on values behaviours
-  Continue our annual values awards voted on by all the staff in the Group
-  Continue to communicate our values to all of our stakeholders

Our Methodology

This has been yet another exciting year of change and challenge for the FRC Group, throughout which we have worked hard to include any new impacts of our activities in our accounting systems from the outset.

Our social and environmental accounting was co-ordinated in 2003/2004 by the Group's researcher, using the model developed over the last five years by our Head of People and Learning.

Data was collected on a monthly basis as an integral part of our business practices. Because our activities have continued to diversify it is has been difficult to compare certain aspects of our performance with 2002/2003 because our social and environmental impacts change along with the good things that we do.

Feedback from the various groups of people who matter to us was obtained using a number of different methods, by a variety of the group's employees. Examples include postal questionnaires, telephone interviews, face-to-face interviews and staff focus groups.

For the third year running, we undertook a tenant survey for one of our registered social landlord customers. This year we offered to do this for Helena Housing. The purpose was to gain direct feedback from tenants to assess the extent to which the Furniture Resource Centre's furnishing service makes a difference in the lives of people on low incomes and in housing need. Due to constraints of time and resources, a self-completion and return by post questionnaire was sent to a sample of 200 of Helena Housing's tenants from a range of postcodes in the St Helens area. As an incentive, a £10 postal order was sent out to all those who completed and returned the questionnaire.

Some stakeholders were involved in the design of questionnaires: Helena Housing in the design of the tenant survey and Halton Borough Council in the design of the Bulky Bob's householder questionnaire.

This year we approached 12 different groups of people who matter to us and asked them for feedback on our performance in 2003/2004 (See Appendix 2). In total we issued 346 postal questionnaires and had varying return rates depending on the group, ranging from 61% to 24%. We carried out 55 face to face interviews and 48 telephone interviews. We also ran five focus groups with employees.

We didn't send out questionnaires to the people in our circle of influence this year, but instead asked 23 of them whether they would be willing to take part in a face-to-face interview.

All the questionnaires used were based on those used in 2002/2003 but reviewed to take into account changes in our activities and priorities for this year. This year we asked for feedback from Bulky Bob's householders in Halton rather than in Liverpool. Changes were made to our staff questionnaire, our Furniture Resource Centre customer questionnaire and the tenant questionnaire. We did not ask all of the people in each group of people who matter for feedback, rather concentrating on those with whom we have a closer, more consistent relationship therefore enabling them to give high quality, reliable feedback.

Questionnaire analysis was carried out by the FRC Group's researcher, a placement student from Liverpool Hope University and a PhD student from Liverpool John Moores University.

In February 2004, we anonymously surveyed 83 staff, both permanent and on training contract, plus volunteers about working at FRC Group, using a comprehensive questionnaire. The completed questionnaires were independently analysed by a PhD student at Liverpool John Moores University's School of Computing and Mathematical Sciences.

The staff questionnaire replies indicated that a number of issues merited further exploration with small groups of staff. Five different groups were chosen in order to represent different categories of staff within the company. In March 2004, 32 employees participated in focus groups independently facilitated by Paul Jones of the Department of Applied Social Science, Liverpool John Moores University. He explored issues such as training and development, communication and performance appraisal. These were all issues that had received much better feedback in the questionnaire following changes that had been made in response to feedback in 2002/2003.

We are now in the fourth consecutive year of measuring our environmental impacts. This year, we were aiming for the first time to meet quantifiable targets identified through our environmental management system (EMS). A separate set of environmental accounts, *Greening It?*, have again been produced which can be found on our website www.frcgroup.co.uk

For the second year running we have tried to measure the wider economic impact of the FRC Group's activities on the Merseyside area, and our contribution to the social economy. We used the New Economics Foundation's Local Multiplier 2 (LM2) tool to do this, along with other techniques such as estimating the savings to the state through benefits no longer paid to, and income tax and National Insurance now paid by, the people that we support into employment.

Finally, we have reported how well we have done on the priorities we set the Group for 2003/2004. 😊 represents a target met, 😐 where we made some progress but still aim for more and ☹️ where we missed the mark.

The FRC Group

Social Objectives for 2003/2004

- 1. To provide furniture to enable disadvantaged people to access accommodation**
- 2. To recruit and train long-term unemployed people**
- 3. To reuse, refurbish and recycle household items from the bulky household waste stream**
- 4. To create a culture based on a fair and empowering working environment for employees**
- 5. To treat our customers and suppliers fairly**
- 6. To operate good environmental practices in the running of our businesses**
- 7. To influence the shape and development of social policies relevant to the achievement of the Furniture Resource Centre's charitable purposes**

2003/2004 – of innovation and ice cream

In our 2002/2003 social report we described the manner in which the FRC Group was repositioning itself as a provider of social business solutions in a range of markets rather than a furniture provider with some interesting sidelines. We feel that we have been successful in this, identifying new services to offer existing customers and new opportunities to support a wider range of people in excluded groups, rolling out the Bulky Bob's / Revive package to local authorities outside Merseyside, and selling our learning and experience from running social businesses to people both in the UK and abroad.

Solutions for social landlords and low income families

The Furniture Resource Centre is no stranger to change and this year has been no exception. In 2002/2003, we reported that our core market in furnishing social housing tenancies was shrinking rapidly and in some areas was already saturated. We realised that a new approach was required to deal with the market changes and at the beginning of the year restructured our sales and marketing function in order to do this, with a stronger focus on direct selling to customers and parts of the country we had not yet reached.

Turnover of this business decreased by 24%, following a 40% drop in 2002/2003. But our new approach is starting to show some signs of success. We have won 6 new customers in Yorkshire, one of the largest regions in England and an area that we had barely touched until this year. We are doing more work in the midlands. The demand for furnished tenancies may have dropped with our existing customers, but there are plenty more out there that our previous approach to sales had simply failed to find.

We have also done very little business in the past in the southeast, England's most densely populated region by far. We believe that it is not economically viable to service this area from Liverpool and also we do not want to compromise our drivers' quality of life by asking them to do overnight deliveries and spend time away from their families and friends.

We investigated a potential solution to this in the shape of the Room Service Group¹, who offer a similar one-stop furnishing service to ours but at the opposite end of the market – they furnish luxury properties for highly paid executives working away from home. The solution rested on the fact that they are based in the southeast and face the same logistical problems in the northwest that we do in their area. We intended to act as their logistics function in the north, and they would reciprocate for our business in the south. Unfortunately, changes in their business have meant that they were unable to offer a logistics service for us although we do now carry out deliveries for them, generating extra income that enables us to do more good things for more people.

We also reported in 2002/2003 that we were facing increased competition and reduced margins. We committed ourselves to responding to a market that was changing by introducing new ranges and services to meet our customers' needs. We invented **amoving**experience, a removals service for registered social landlords, which is proving to be a success and accounted for 3% of the Furniture Resource Centre's income over the year. We are also pioneering an increasingly flexible range of services around furniture rental and the management of our customers' existing furniture stock, so that where new furniture is no longer a requirement we are still able to offer our customers and their tenants a useful and reliable service.

We have, as a result of our efforts, done business with a total of 19 new customers. We are confident that the Furniture Resource Centre remains the leader in a market that we

¹ www.roomservicegroup.com

invented over a decade ago, although we accept that the market is smaller and more splintered.

Meanwhile, our Revive store in Liverpool city centre has continued to supply the city's low-income families with the best furniture bargains around. Although our furniture is available to the general public at large, our pricing structure continued to ensure in 2003/2004 that the vast majority went to exactly the people we exist to support.

In December 2003 our second Revive store opened in Widnes and since then we have been embracing the challenge of repeating our success in Liverpool in a smaller, quieter location. The Widnes store does not get the passing trade of its high street counterpart in Liverpool, but if the people of Widnes and Runcorn won't come to us – well, you can read more about Revive on the Road on page 29.

Solutions in waste management and recycling

Bulky Bob's continues to be a successful, high profile social business offering a top quality service to both local authorities and their householders. It is a perfect example of the triple bottom line in action: reaping great social, environmental and financial returns through the employment and training created, the bulky household items diverted away from landfill and the contracts with the local authorities.

On 31st March Bulky Bob's began collecting further up the river Mersey in the borough of Halton, encompassing the towns of Runcorn and Widnes on either side of the river's banks. Both contracts consistently out-perform their reuse and recycling obligations and have a level of official complaints so small that they are only a fraction of a percentage of the number of calls made.

We believe Bulky Bob's to be a shining example of a social business delivering a public service in an innovative way that adds far more value than the traditional private and public sector alternatives. Others do too. In September 2003, the UK Social Enterprise Coalition published *There's more to business than you think: a guide to social enterprise*, highlighting case studies of best practice in social business, of which Bulky Bob's was one. An increasing number of local authorities are showing an interest, and rolling out Bulky Bob's to other councils in the UK is a key part of the FRC Group's long-term strategy. However, such are the many and varied obligations of the public sector that this is taking longer than we had at first hoped, although we are hopeful that Bulky Bob's marque three will be established by September 2004.

This year we have also begun to investigate the possibility of opening a franchise of Green-works, another successful social business based in London. Green-works hold contracts with large businesses with premises within the City of London to remove unwanted office furniture. This furniture is very often of a high quality, and is sold on at low cost to local small businesses and voluntary organisations. We are looking at the possibility of finding markets for this furniture in the northwest, but we are not yet ready to report further on this business.

Solutions for unemployed people

The great news is that the end of March 2004 saw unemployment in Liverpool and the rest of the UK at a record low. This does not mean that we can rest on our laurels and consider ourselves part of a job well done. We believe that we need to work even harder and be increasingly creative in order to support the hardest to reach people who are still without equality of opportunity even in a buoyant labour market.

In 2002/2003, the opportunities we were able to offer people were predominantly in our logistics team: hard manual work that appeals almost exclusively to men. The opening of our Ben & Jerry's ice cream Partnership in Chester city centre in October 2003 has enabled us to reach out to a new group of people: it is ideal, fun work for young people who have missed out on the opportunities intended for people their age in school or college because of personal difficulties in their lives. We will continue to seek out ways of offering opportunities that appeal to different groups of people.

The company

2002/2003 was a very challenging year, during which several difficult decisions were made and some employees struggled to come to terms with changes in our businesses and the people that worked in them. 2003/2004 has seen the dust settle and the fruit of those difficult decisions begin to ripen.

As we celebrated at FRC's fifteenth birthday party by handing out a cash gift to every member of staff, our numbers were beginning to rise again as a result of our expanding logistics activities. At 31st March 2004, we employed 86 people, compared to 76 at the same time the previous year.

We have opened two new sites: one a replica of an existing successful model, Revive, and one, Ben & Jerry's², a brave new enterprise and a massive leap away from furniture. At the moment, as is so often the case with any business start-up, neither of these new ventures is quite the success we would like them to be, but as ever there are lessons to be learned. We spent too much money on the interior of Ben & Jerry's, requiring a high level of sales to recoup the costs and delaying opening until October so that we missed the record hot summer. Would we have done things differently if we knew then what we know now? Maybe. Will we do things differently next time round, applying what we now know from experience? Absolutely.

In September 2003, one of our key suppliers and fellow social businesses, Dove Designs, approached us with a proposal for manufacturing and supplying us with all the upholstered goods for the packages sold by the Furniture Resource Centre. Upholstery had been central to FRC's activities almost from the outset and was a huge part of the organisation's culture. Many of the upholstery team were long-serving members of staff. However, since our activities began to diversify, this one small operation seemed to fit awkwardly in a company based on logistics and the fact of the matter was that accepting the proposal from Dove would save us a lot of money.

Our upholstery team were given a period of consultation during which they were given the opportunity to come up with an alternative solution to outsourcing their work. Several members of the team worked on a business plan based on our existing upholstery team forming a co-operative and taking on the work themselves. The FRC Group supported them in this process by paying for independent business advice. They were not able to compete with the original offer, and Dove Designs began manufacturing our suites in October 2003. All members of the upholstery team were offered the choice of being redeployed to our logistics team or a redundancy package of one month's salary for every full year of service, to maximum of 6 years. Two people opted to stay and four took redundancy. Dove Designs subsequently employed in similar jobs some of those who chose to leave.

We recognised this year that our seven social objectives, listed on page 18, were no longer an accurate reflection of our increasingly diverse activities. Also, though they

² www.benjerry.co.uk

were accurate and right for the time, they are not interesting or catchy enough to be noticed and remembered by every member of staff. In January 2004 the Leadership Team, Managers and Team Leaders began a process of deciding what and who we are for, and how that can be articulated to all the people who matter to us. In 2004/2005, we are working toward four simple group objectives, which better reflect our current realities, with more specific objectives for each business. Our next set of social accounts will report on our performance in relation to these, which can be found, along with the priorities we have set ourselves to enable us to achieve them, on page 78.

We have long understood that strong, clear leadership of any organisation, and especially one trying to balance three bottom lines, is crucial. Flip this coin over to the other side, and we also understand that it is fatal to rely on the personality, vision and ambition of one individual. The FRC Group has a strong Leadership Team with a group of talented managers and team leaders supporting them. A lot of effort has been put into ensuring that we do not fall over when one of our supports is removed. This has been demonstrated by the maternity leave of our Head of People and Learning, a member of the Leadership Team, whose absence, though definitely noticed, has been covered smoothly.

It will be demonstrated even more clearly in 2004/2005, when our Chief Executive of the last 6 years, showing the bravery required to know when it is time to go, moves on to new challenges and leaves the FRC Group in the hands of his Leadership Team colleagues.

So, how well did we do on our social and environmental objectives for 2003/2004...?

Objective 1

To provide furniture to enable disadvantaged people to access accommodation by offering:

- a. A one stop furnishing service for Registered Social Landlords and Local Authorities
- b. Offering discounts on goods at Revive Stores to people on low income

Getting furniture to people in need so they can create a decent home for themselves and their families is how the FRC Group began and remains central to much of our work. We currently do this through two of our businesses:

- The Furniture Resource Centre offers a one stop furnishing service for registered social landlords and local authorities looking to furnish the properties they rent out, as well as other, related services such as furniture rental, stock management and **amoving**experience, our home removals service.
- Our high street store Revive sells “pre-loved” furniture collected by our Bulky Bob’s service directly to the public and offers discounts to low-income customers.

Furniture Resource Centre Customers

In 2003/2004 we furnished 3,428 properties for our registered social landlord customers compared to 3,336 in 2002/2003, an increase of 3%. However, due to reduced margins as a result of increased competition in the market, we saw a further decrease of 24% in sales income despite furnishing more homes. There was a small growth in new services like **amoving**experience, which accounted for 3% of the Furniture Resource Centre’s income in 2003/2004.

This year, 65% of sales were to local authorities, 23% to housing associations, 3% to arms length management organisations and 3% were customers of **amoving**experience. The remaining sales were to miscellaneous groups such as hostels. Our top-spending customers for the year were Birmingham City Council, Helena Housing, New Prospect Housing, Liverpool City Council and Safe Haven; an organisation based in Yorkshire that houses asylum seekers and refugees and which is a new customer of ours in 2003/2004.

**In 2003/2004
we furnished
3,654
properties,
an increase
of 9.5%**

Because of the shifting market and the new services that we have begun to offer to our social landlord customers, it is more critical than ever that we gain feedback from them about our services.

In March 2004, we asked 33 customers who had spent over a certain amount with us during the year about the service they had received from us in 2003/2004. 8 replied, representing a 24%, (30%, 2002/2003) return rate. 50% of these were local authorities and 50% were registered social landlords, representing a total housing stock of over 82,000 properties and almost 3,000 furnished tenancies between them.



75% of the customers who replied (52%, 2002/2003) cited housing management issues such as letting out voids and tenant retention as the main reason for offering furnished accommodation. 50% (66%, 2002/2003) also offer it to meet the needs of vulnerable tenants such as homeless people or asylum seekers families.

This year, a further 25% stated that meeting tenants' needs is the only reason they offer furnished accommodation. This demonstrates that by furnishing properties for

these customers we are continuing to achieve our objective of getting furniture to the people who need it.

Our customers said furnished accommodation offered the following advantages:

“Furnished tenancies help to make difficult to let properties more appealing and help to let properties to those who do not have any other means of obtaining furniture”

“Furnished tenancies are essential for our client group”.

“Instant home, gives people a start in homemaking”

“People who have nothing can move straight into a tenancy”

“The package is of a high quality and stops the problem of the tenant being refused furniture grants which could lead to the termination of the tenancy.”

While 25% stated that there were no disadvantages to offering furnished accommodation, other customers cited the following drawbacks:

“Time spent administering the scheme”

“Malicious damage”

“It is sometimes difficult to recover costs from current and outgoing tenants”

Asylum seekers, who once made up almost 30% of tenants whose homes we furnished, accounted for 17% in 2003/2004, a decline that we had anticipated. We have seen a growth in sales in areas of the country that traditionally have been quiet for us, with new customers buying from us in Yorkshire and the midlands. Our agreement with the Room Service Group means that we completed one major project in the southeast so far, and in turn we have delivered 32 packages of Room Service furniture in the northwest.

We have also begun to deliver furniture on behalf of another private sector client: the Liverpool-based Room Store³. We won this business through the visible professionalism of our logistics crews within the city, and were approached by the Room Store's

³ www.theroomstore.co.uk

management. The Room Store sells designer furniture to the city's wealthier residents, and although this could be seen as at odds with our own objectives, we chose to do it because of the experience this kind of delivery service can offer our staff, and because the extra income allows us to do more good things elsewhere.

Priority 2003/2004

Investigate new payment methods for the supply of furniture so more customers can offer furnished accommodation - 😊

In December 2003 we began providing two of our existing customers with alternative methods of obtaining and paying for furniture. One customer has begun renting furniture packages from us rather than buying them outright, enabling them to receive our existing one stop furnishing service without the up-front cost. They pay a weekly rental charge for the furniture for a minimum of 12 weeks. If they choose to keep the furniture, they can either settle the balance outright or continue weekly payments until the balance is cleared, at which point a transfer of ownership takes place.

We have also begun to manage one customer's existing stock of furniture on their behalf, which they have built up over several years of doing business with us. When furniture is no longer required in one of their properties, we now take it back and store it in our warehouse until that customer requires that furniture again in another property. This stock management service reduces the amount of brand new furniture that customer needs to purchase, therefore enabling them to better manage their budget.

At least three of our top-spending customers have expressed an interest in the stock management option in conversations with our sales team, so we feel confident going forward that there is a genuine market for these services.

Tenants

Priority 2003/2004

Encourage customers to gain detailed feedback on the benefits of furnished accommodation from tenants - 😊

31% of tenants would not have been able to take the tenancy had it not been furnished

We consider it good practice to gain feedback from the tenants who receive and live with our furniture. Through this work we aim to find out the extent to which our service (i) helps people in housing need to set up a decent and comfortable home, and (ii) helps providers to let property and stabilise tenancies. Between 2000 and 2003, we have surveyed a total of 413 tenants of Liverpool City Council, Birmingham City Council and Salford New Prospect Housing.

In March 2004 we extended this work to St Helens and targeted 200 tenants of Helena Housing, our 2nd highest spending customer. We have also had discussions with two other customers about new ways of getting tenant feedback and are hoping to start this work in 2004/2005. The response rate from Helena Housing tenants was 48%.

Of those who replied, just 6% were working, 21% were sick or disabled, 67% were under 40 years of age and 37% were single. While 60% stated that they had never been homeless, 27% had been homeless just before taking up the tenancy. These results are consistent with the surveys from previous years and demonstrate that our customers have all provided furnished accommodation for individuals disadvantaged in some way.

In response to the question "Do you feel the package is affordable", 41% of tenants agreed that it was while 27% were not sure. 31% would not have been able to take up their current tenancy had it not been furnished and 60% intended to stay for over three years. 81% of the tenants who replied were given the option of furnished or non-furnished accommodation.

Tenants made these comments about the ways in which furnished accommodation had benefited them:

"I was homeless and had nothing to start a fresh with; with my three children this was the only way I could move straight into a house."

"After 22 years of marriage I walked out with nothing, so I don't know what I would have done with out the furnished accommodation I was offered."

"The situation my children and myself were in, this house and your furniture was simply a gift from god."

The following comments were also made with respect to the drawbacks of furnished accommodation:

"I have nothing bad to say, it has been a great help. However I do not know what to do with the furniture as I start collecting my own."

"Furniture should be replaced free after 4+ years, given to the tenant free or being given the option to have them removed and buying own furniture instead. The stove, fridge and washing machine should be given free after a few years."

"if I stay in this house for over 10 years (example) the furniture will not belong to me!"

"Ok when first moved in, know I am working I am finding it expensive."

"If I went back to work I would struggle to pay for it!"

This is now the fourth successive year in which our survey has found that a furnished tenancy is of real benefit to tenants and provides them with a standard of accommodation that they would have been otherwise unable to afford.

This year's survey also reinforced the main weakness of furnished accommodation: that tenants' circumstances often change and at some stage they will want to buy their own furniture. We reported in our social accounts for 2002/2003 that we had worked with our customers to try to increase the flexibility of our furnishing service, but that we had not been successful. Social landlords are under-resourced, and though we know that our service does not currently allow for tenants to return furniture once it is no longer required, our customers are not yet able to offer the kind of flexibility required to make this possible.

amovingexperience customers

In 2003/2004 amovingexperience moved 325 tenants from one property to another on behalf of registered social landlord customers. This can be very tiring, difficult work as many tenants have large amounts of furniture and possessions to be moved, and sometimes pack their belongings themselves in unsuitable containers. Also, when tenants live on the upper floors of blocks of flats, the time spent taking furniture up and down in lifts can make the day very long. Out of 325 moves we received 37 complaints due to accidental damage, 9 of which were overturned on investigation and 28 of which settled with the tenant. The most we spent on repairing a damaged item was £135.

115 of these moves were from and to properties owned by the Liverpool Housing Action Trust, who were pleased with the service they received from us and agreed to us undertaking a telephone interview with one of the tenants we had moved. The tenant had been moved from one tower block flat to another. He stated that he had a lot of delicate wooden furniture, and some large items that he did not think would fit through the doors and into the lift. The move was completed successfully, however, and the tenant stated that our team were both on time and helpful. This is nice feedback to have, but we realise that for feedback to be of any real value we need to talk to a representative sample of tenants and this will be a priority in 2004/2005.

Low Cost Goods to Low-income Households at Revive

In our Liverpool Revive store we continued to offer quality pre-loved and low-price ex-catalogue furniture at discount prices to low-income households. Our pricing policy of giving a 10% discount on the cost of goods to customers in receipt of benefit and a 20% discount to customers who come to us through a referral agency continued to target our bargains at the people who needed them. Referral agency customers also get a free delivery.

This year the number of customers who shopped in Revive decreased by 13% to 3,408. Sales on the other hand remained very constant at £152,672. We are achieving the same value of sales by selling to fewer customers. This is because over a quarter of sales were from ex-catalogue furniture that, although sold in Revive at a much lower cost than the catalogue price, is still more expensive than our pre-loved bargains.

We continued to source and sell ex-catalogue stock in 2003/2004 in order to keep enough furniture on the shop floor to meet demand from our customers. Unfortunately, by doing this, we are selling less pre-loved stock and to fewer customers, therefore to some extent undermining the social purpose of Revive. 69% of Revive Liverpool's income from furniture sales this year was from the sale of pre-loved items and 31% ex-catalogue stock.

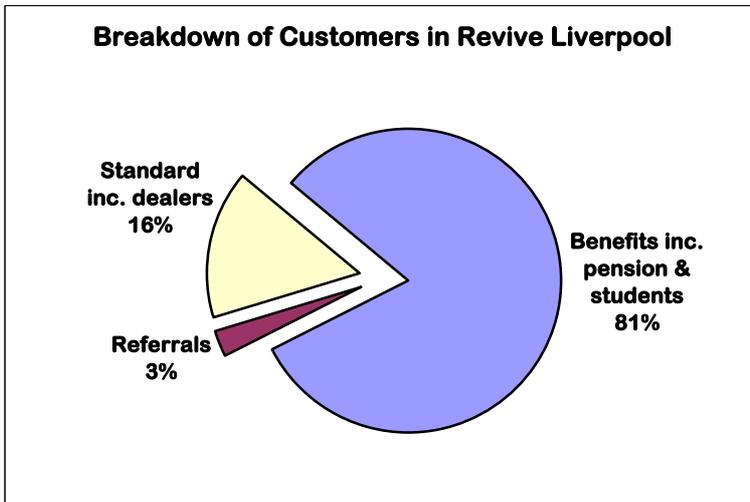
Priority 2003/2004

Maintain 70% of sales to low income households at Revive stores – 😊

82% of sales in financial terms were to low-income households this year, an increase on last year's figure of 71%. In 2003/2004, 81% (63%, 2002/2003) of the people who bought from Revive Liverpool were in receipt of benefit, students or pensioners and a further 3% (8%) came through referral agencies, giving a total of 84% (71%) of purchases being made by people on a low income. The remaining 16% received no discount, as they did not claim to qualify.

What this shows is that although we had fewer customers, of the 3,408 people who did buy, a higher percentage came from low-income households in 2003/2004 than in the previous year (or indeed in any year). Of those low-income households, however, fewer were in really desperate need and came through a referral. The number of customers from referral agencies has slipped back down to 3% from 8% in 2002/2003, when we had a

lot of contact with agencies and posted out discount vouchers to them. Because of the resources required to contact over 100 referral agencies, we did not put the time in with them this year. It seems that to keep referral agencies bringing their clients to Revive, we need to constantly remind them of our presence. Another potential factor in this is that many referral agencies are staffed by volunteers, and as a result perhaps messaging to their client groups can be inconsistent.



In February 2004 we interviewed 49 Revive customers on the shop floor. 74% (77%, 2002/03; 76%, 2001/02) of them were women, 51% were retired, 20% were working, 14% were unemployed and 6% were students. The remaining 8% were of various other statuses. This profile of our customers is almost unchanged from our last survey in 2002/2003.

71% of them had visited Revive before and 69% (65%; 63%) knew that we offered a discount scheme. 76% (73%) commented that the quality of goods on sale was excellent or very good. 65% (73%; 71%) of our customers had travelled to the shop by bus and 51% (45%; 67%,) said they had first noticed the shop as they had passed by on the bus. 78% had visited the shop during the previous 6 months (43%; 45%). The main reasons they gave for visiting the shop were as follows (*Figures in brackets are for 2002/2003*):

84% of purchases were made by people on low income

- 22% (10%) to get a bargain
- 4% (23%) in great need of furniture
- 8% (7%) because Revive sells what they want
- 39% (66%) just to have a look around
- 4% (9%) because they had shopped there before

We also asked our customers where they thought our furniture came from. While 51% thought it was donated and 8% thought that it was recycled in some way, just 2% already understood the link between Bulky Bob's and Revive. We asked them what they thought about the work of Bulky Bob's and Revive:

"Worthwhile"

"Good for families who can't afford higher prices"

"People in low income bracket can get good furniture at low price"

"Good to recycle, gives people chance to have a nice home"

Revive is clearly still helping the FRC Group meet its social aims. A record 84% of our customers were from low-income households, and many return time and again to catch the best bargains. However, only 3% of customers came through referral agencies this year, and only 4% of those surveyed came because they were in great need of furniture. We need to strike the balance between offsetting our stock with ex-catalogue furniture and making sure we are still offering the best bargains we can.

Revive in Halton

In December 2003 we opened our second Revive store in Widnes, as part of the contract that Bulky Bob's holds with Halton Borough Council. The premises are much smaller than our Liverpool store, and in a far quieter location away from the main shopping area. The fact that the store is smaller is not a great concern as Halton has a smaller population than Liverpool, so there are fewer collections made by Bulky Bob's and therefore less good quality pre-loved furniture to sell on. However, we are very fortunate in Liverpool to have a store in such a busy, high street location with much passing trade from the nearby bus stops. Revive in Widnes has none of these advantages.

When our Widnes store opened in December 2003, sales began slowly and totaled £4,802 by 31st March 2004. However, 49% of these sales were in March alone, indicating that sales will increase as more people become aware of the store. 82% of sales were to people on low income. The total number of customers was 96, of which 65% were in receipt of benefit and 15% were referrals, giving a total of 80% on low income. The Widnes store is reaching Revive's target customers, but is not yet reaching enough of them. Of course, the mountain did not come to Muhammad...

Revive on the road

Revive is a brilliant way of meeting our social objective of getting furniture to people on low-income, however; while our Liverpool store has proved that it can do so and consistently make a small profit, there will never be enough surplus to engage in high profile advertising campaigns. So we knew that we needed to find another way of letting the people of Halton borough know where the best furniture bargains were to be found.

One Saturday per month since March, we have loaded up one of our wagons with pre-loved furniture bargains and set up shop in the Palacefields community centre in Runcorn. Local residents are leafleted in the week beforehand to drum up custom. In this way we hope to raise our profile in the area so that our would-be customers know where to come, although we will not be able to report on the extra income generated by this until the next financial year. In addition to this, we are working with potential referral agencies in the area, including the nearby Jobcentre, to try and get the Revive message out to more of our target customers. We are confident that Revive can be a success in Widnes; it is simply a case of letting people know that we are there.

Objective 2

The recruitment and training of long term unemployed people by:

- a. The provision of Intermediate Labour Market places in Logistics
- b. The provision of employment for long-term unemployed people with the Furniture Resource Centre Group
- c. Developing relationships with employers across the region to promote the recruitment of staff on training contracts from the FRC Group

Offering real jobs and training to long-term unemployed people remains a key objective for our businesses. We passionately believe that getting a job is one of the best ways out of social exclusion. People come to us on training contracts for 12 months and earn a salary for doing real work, gain a clear work ethic and a set of transferable skills and qualifications that increases their employability when they leave.

In 2003/2004, we offered meaningful, salaried employment to long-term unemployed people in our group logistics team, where they gained experience of delivering new and pre-loved furniture for the Furniture Resource Centre and Revive, of working as a member of our collection crews on Bulky Bob's and of helping to move tenants as part of the **amoving** experience team.

Also, in January 2004, the first group of young people from socially excluded backgrounds began work as ice cream scoopers in our Ben & Jerry's store.

Priority 2003/2004

Achieve our target of at least 80% of trainees into jobs - ☹️

Over the course of 2003/2004 we employed 48 (33, 2002/03) different people on 12 month training contracts in logistics. Of those who left, 69% went into jobs this year, compared with 89% in 2002/2003. While still higher than Liverpool City Council's Intermediate Labour Market Programme, which achieved 65% into jobs in the same period, this is a disappointing figure for us though we believe we understand the reasons why we have missed our target.

**69% of
leavers went
into jobs
this year**

Unemployment is at a record low and we are now attempting to employ and train some of the much harder to reach groups who have not yet made it into the labour market. We have found that we have needed to become stricter with our staff on training contracts on matters of discipline. There is a delicate balance to be struck between supporting people back into the workplace and the commercial realities of running a successful business.

In 2003/2004, we introduced Here's the Deal, a series of

commitments that both the FRC Group and a member of staff on training contract agree to fulfil. For example we agree to pay them on time and deliver all the training agreed in their training plan, and they agree to turn up on time, treat their colleagues with respect and commit to their training plan. The flip side of this is that we also keep our promise if a member of staff fails to stick to the Deal: they may be subject to our disciplinary procedure. In 2003/2004 we had to terminate the contracts of 5 staff on training contracts and sacked 1 over a disciplinary matter. A further 3 failed to complete their contracts due to health problems. This is 19% of the trainees employed during the year. It should be noted that some of these people still went on to find further employment after leaving us, however, having been in long term unemployment previously. A copy of the Deal can be found in Appendix 3.

Our training programme is in logistics. There is a high demand for professional LGV Class II licence holders in the labour market, and in the past we have had little difficulty finding jobs for our leavers. Now however, we are recruiting people who do not yet hold a car licence and training them for their car theory tests and licences while they work as loaders on the wagons. Due to the length of time it takes to obtain a car licence, people are leaving us with fewer skills and qualifications than in previous years, and there are fewer opportunities out there for them in the labour market.

The challenges of running a profitable group of businesses that gives great service to its customers while offering real work opportunities to the people who really need them are becoming increasingly tough to manage. This is compounded by the fact that the new business we have taken on with private sector customers such as the Room Store demands a wider set of skills from our logistics staff. We are required to meet increasingly high and diverse customer demands while delivering quality training to harder to reach groups. In response to this we have introduced a two-tier working system where new staff on training contracts work solely on Bulky Bob's, which requires less experience, until they have built up the skills required to work in other areas.

The Provision of Intermediate Labour Market Places and Employment for Long-Term Unemployed People

Over the course of the year 2003/2004 we employed 48 different people on salaried training contracts in our group logistics team.

On 31st March 2003 we had 15 staff on training contracts. We recruited four times during the year in April, July and November 2003 and again in March 2004, taking on a total of 33 trainees. Throughout the year 26 left and on 31st March 2004 we had 22 trainees working in our logistics team.

We continued to use European Social Funding (ESF) to fund 45% of the employment and training costs of our intermediate labour market programme. This year we match funded £67,454 from the FRC Group's sales income, along with an extra £50,000 from Liverpool City Council and £23,197 from Kensington New Deal for Communities. We prefer to match the majority out of our own pocket to minimise the restrictive conditions that funders can impose on our business.

**91% had
been
unemployed
for over 12
months**

Of the staff on training contracts recruited in 2003/2004, 9% (19%, 2002/03; 40%, 2001/02) had been unemployed for 6 to 12 months, 73% (81%, 2002/03; 32%, 2001/02) for 12 to 24 months, 12% for 24 to 36 months and 6% had been unemployed for 4 years or more.



55% (67%, 2002/03; 70%, 2001/02) of staff on training contracts in the year were between the ages of 26 and 45 and 12% (30%, 2002/03) were over 45 years old. 33% were between the ages of 18 and 25.

We were again unsuccessful this year at attracting any women into our logistics team. Following our work with black and ethnic minority communities, some women did apply, but unfortunately they were not the most suitable candidates for the job. As this is now the only

intermediate labour market programme that we offer, 100% of our recruits from long-term unemployment were men.

Priority 2003/2004
 Maintain our zero dropout rate on the trainee induction programme – 😊

For three years' running we have met our target of a zero drop out rate on induction. This is a 10-day programme to introduce staff on training contracts to their new colleagues, begin training and build confidence and a work ethic.

We take their feedback very seriously and ask our staff on training contracts how they feel after their first day on the induction programme and again at the end, to measure the impact the programme has on their attitude and confidence.

After the first day the following comments were made about how they felt:

"A bit nervous but after 1 hour got to know a few lads and felt fine"

"Nervous"

"Happy to have a job, but slightly nervous"

"I was a little bit nervous, but the people made me feel at ease. They made me feel welcome."

At the end of induction course the following responses were given:

"Happy!"

"Better, I feel I know about the job and can do it with confidence."

"More at ease with people and have a greater understanding of the working environment."

"Happy. I feel part of the team."

Qualifications gained

As well as job related qualifications such as LGV Class II, ADR (carriage of hazardous goods), and Fork Lift Truck licences, we offer a further five qualifications in Computer Literacy and Information Technology (CLAIT), Manual Handling, Health and Safety, First Aid and Essential Food Hygiene. Where necessary, staff on training contracts can also pass their car theory test, gain their UK car drivers' licence and gain a certificate in English as a Second or Other Language.

In 2003/2004, our 48 staff on contracts gained a total of 211 (218, 2002/03; 224, 2001/02; 223, 2000/01) qualifications between them. 15 of these staff were recruited in the previous year and so will already have achieved further qualifications. This is an average of 4.4 (6.6; 5.6; 5.7) qualifications each – a decrease on the performance of previous years but nevertheless a significant number considering that 9 of them did not complete their training.

Once again the achievements and contribution of staff on training contracts were acknowledged at our Annual Staff Awards ceremony in July 2003.



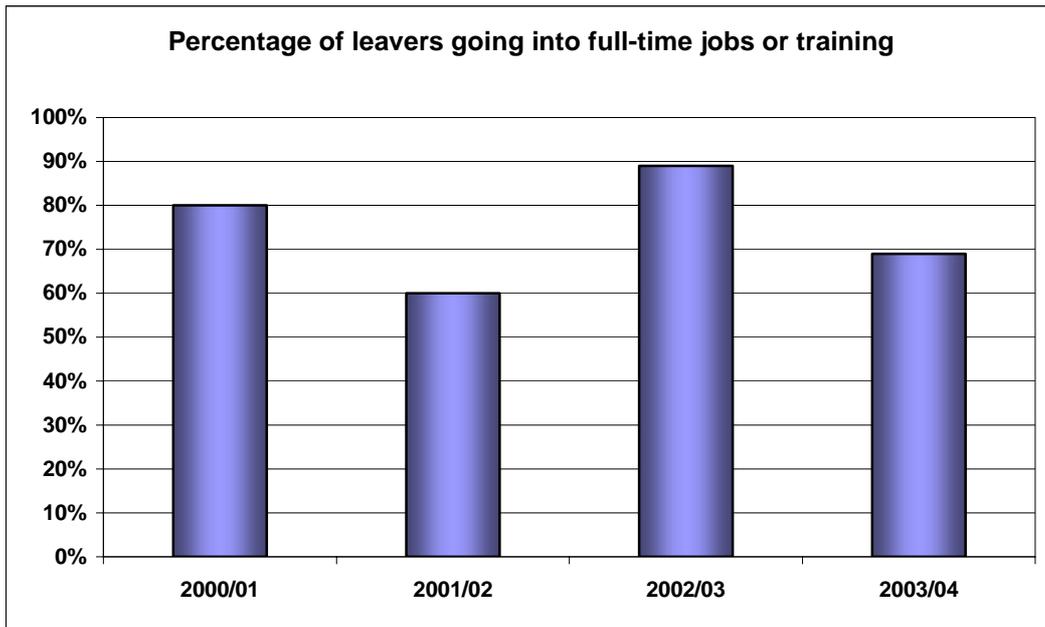
Developing Relationships with Employers

Priority 2003/2004

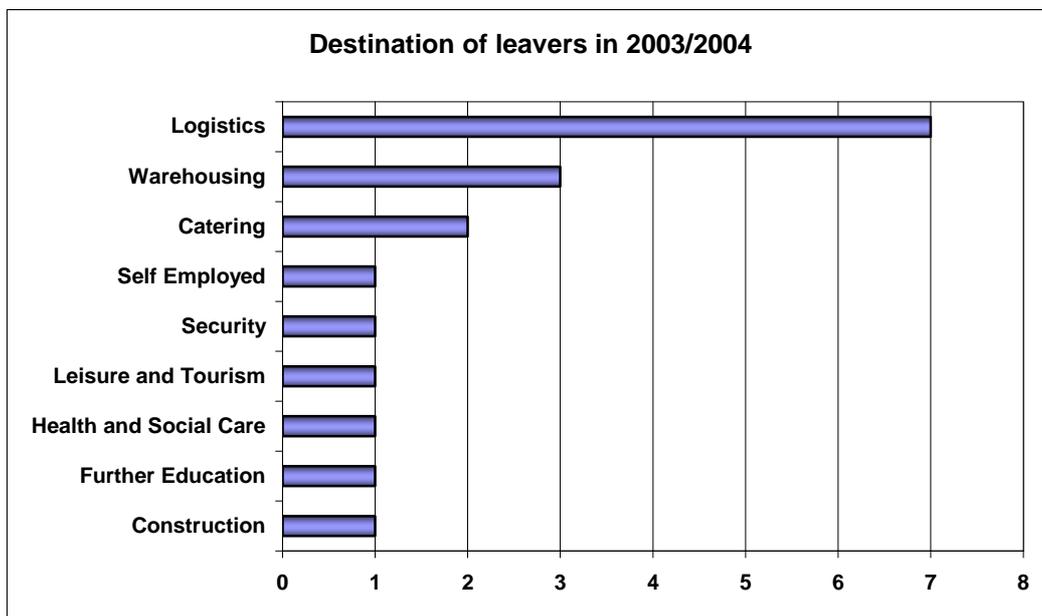
Have face-to-face conversations with 10 leading employers on Merseyside about the potential recruitment of our trainees - ☹️

We have not met this target. Staff on training contracts attended job-search sessions during the later months of their 12-month contract and every effort was made to support them into further employment, but due to the number of relevant jobs advertised in the

press and the job centre it has not been necessary to have face-to-face discussion with employers.



In 2003/2004, of the 26 staff on training contracts who left our programme 17 went into jobs and 1 went into further education. Of those who went into jobs, 59% (78%, 2002/03) were employed in logistics or warehouse roles using the job-related skills they had gained at FRC.



Tracking our leavers

Priority 2003/2004

Continue to track our leavers for up to 2 years and report the results of this – 😊

To measure the effectiveness of our training at getting long-term unemployed people into sustainable jobs we continued to track each of our leavers for two years. We sent them questionnaires three, six, twelve and twenty four months after they had left. A total of 84

questionnaires were posted over a 2-year period. 43 were returned, a response rate of 51%. Of those returned, some were from the same people who were responding to questionnaires sent at different time intervals, so the overall number of individuals who responded was 32. The tracking process gave the following results:

- 66% went into jobs or further education immediately upon leaving FRC
- 72% were in jobs or further education at the time of responding
- 75% thought that their training at FRC had helped them to get a job, and
- 72% thought that they had used the training gained at FRC since leaving
- 90% would recommend FRC's training programme to a friend

This data confirms that our training for long-term unemployed people not only gets a high proportion of its graduates into work at the end of their time with us, but that they are then able to sustain this employment and remain in work going forward into the future. This is confirmation that our training programme genuinely increases people's employability.

Diversity

Priority 2003/2004

Recruit 40% of our trainees from the BME communities in Liverpool - ☹️

In our 2002/2003 social accounts we reported that 91% of staff on training contracts described themselves as white and none of them were registered disabled. To address this, in March 2003 we started a programme to increase the diversity of groups we recruit from onto our training programme, working closely with various agencies within the city of Liverpool.

In 2003/2004 we recruited a total of 33 trainees, 8 of whom were from black or minority ethnic (BME) communities. This equates to 24%, a massive increase on the previous year but nevertheless only a little over halfway to our target of 40%. Perhaps it was a little ambitious for us to try and achieve this target in 12 months, as we have genuinely worked hard to build relationships with BME communities and offered classes in English as a Second or Other Language to attract people whose English was poor.

**24% of
trainees
recruited
were from
ethnic
minorities**

Last year we reported that the challenges within all our new business opportunities would be to maintain our previous success at getting our trainees into jobs when they leave us, and to offer training opportunities to people from BME communities, many of whom would not have English as a first language. These challenges have proved to be very real, and we have had limited success in meeting them. In 2004/2005, it will be a real test of our values to see whether we can improve the outcomes for our trainees without compromising our commercial activities.

Opportunities for young people

Priority 2003/2004

Invent and begin worthwhile youth job and training opportunities in our Ben and Jerry's store - 😊

The doors of our first Ben & Jerry's Partnership opened in October 2003, later than planned because of problems with the shop-fit. We agreed the terms of a contract with a voluntary organisation that works with socially excluded young people, for the provision of the specialist personal support required to work with youth. In November 2003, ten of the young people that they had been working with began a 6-week induction programme as potential recruits for the store, and finally, in January 2004, four of them, all aged sixteen and seventeen, began work as ice cream scoopers on a 12-month training contract.

The young people loved the work, were incredibly keen and enthusiastic and visibly grew in confidence. For three of them, this is still the case, but it has not been plain sailing.

We feel that the support organisation let us down. They avoided signing the contract we had agreed with them and, in April 2004, made redundant the member of staff assigned to our young people, with whom they had built a close and trusting relationship. Our own People Development Team is now providing the necessary personal support.

We knew that young people would bring with them a set of difficulties that we had not dealt with before. One left suddenly in March for personal reasons.

Because of delays with the fitting out of the shop, training contracts did not begin until January, the quietest time for seasonal ice cream sales. We have struggled to keep the scoopers busy, and will again towards the end of their twelve months in the autumn and winter months of 2004. We will not replace the young person who has left our programme, instead taking on temporary scoopers while sales are higher during the summer, allowing us to operate with a skeleton staff during the quieter winter months.

For our next recruitment of young people, we will rethink the training we are able to offer, and invent a more intense training programme over a shorter period covering the summer months only. With experience comes knowledge, and in any further Ben & Jerry's stores we open in the future we will know how to get it right from the outset.

Objective 3

The reuse, refurbishment and recycling of household items from the bulky household waste stream by:

- a. The collection and segregation of household waste by Bulky Bob's
- b. The sale of pre-loved goods in Revive
- c. The refurbishment of wooden furniture by Oakmere Youth Training
- d. The transfer of white goods to CREATE for reuse, refurbishment and recycling

Bulky Bob's operates a bulky household waste collection service on contract to Liverpool City Council and neighbouring Halton Borough Council. The contract in Liverpool has been in place since June 2000 and the Halton contract began on 31st March 2003.

This year we exceeded our recycling targets for both contracts, reusing more of the items collected than ever before.

Priority 2003/2004

To maintain our 32% recycling rate for all goods collected in Liverpool - 😊

Since launching in June 2000, Bulky Bob's has carried out 140,711 collections of bulky household waste in Liverpool. This year 38,749 collections were carried out and 35% of all the tonnage collected was either reused or recycled.

The service also continued to pass items on to a range of outlets, including our own Revive stores, Create Liverpool, another furniture charity on Merseyside and a local antique dealer.

Priority 2003/2004

To exceed our 20% recycling target for our work in Halton - 😊

Halton Borough includes the towns of Widnes and Runcorn on opposite sides of the river Mersey, plus the outlying villages surrounding them. Its population is much smaller than that of the City of Liverpool. Since it began work there on March 31st 2003, Bulky Bob's has carried out 12,247 collections and reused or recycled 24% of the tonnage collected.

The Collection and Segregation of Bulky Household Waste

Our performance 6th June 2000 - March 31st 2004

	2000/2001	2001/2002	2002/2003	2003/2004	
				Liverpool	Halton
Total visits	29,201	42,332	43,092	43,457	14,029
Completed collections	25,925	37,811	38,226	38,756	12,247
Aborted visits	3,276 (11.2% of total visits)	4,521 (10.6% of total visits)	4,866 (11.3% of total visits)	4,701 (10.8% of total visits)	1,782 (12.7% of total visits)
Tonnes collected	2,031 (69% increase on anticipated)	2,729	2,923	2,951	990
Tonnes tipped	1,777	2,143	1,982	1,931	762
Tonnes recycled	254	607	949	1,021	228
% Recycled (by tonnes)	12.5 %	22%	32%	35%	24%
Complaints	2	5	8, 3 upheld	9, 5 upheld	1, 0 upheld

In Liverpool we increased our recycling rate for the third consecutive year to 35% compared to 32% in 2002/2003. Four years of operation have allowed us to make improvements in systems and efficiency along the way. The learning we have already had in Liverpool allowed us to exceed our targeted 20% recycling rate in Halton in its first year of operation.

The number of aborted visits when we have not been able to complete a successful collection has decreased this year in Liverpool to 10.8% on last year's figure of 11.3%. In Halton the figure was slightly higher at 12.7%. A visit is aborted when a householder is not at home, has not put the goods out for collection or has already disposed of the goods in another way.

This year we had 9 complaints in Liverpool; all were investigated, 4 were overturned and 5 were upheld. In Halton we had just one complaint, which was overturned.

Priority 2003/2004

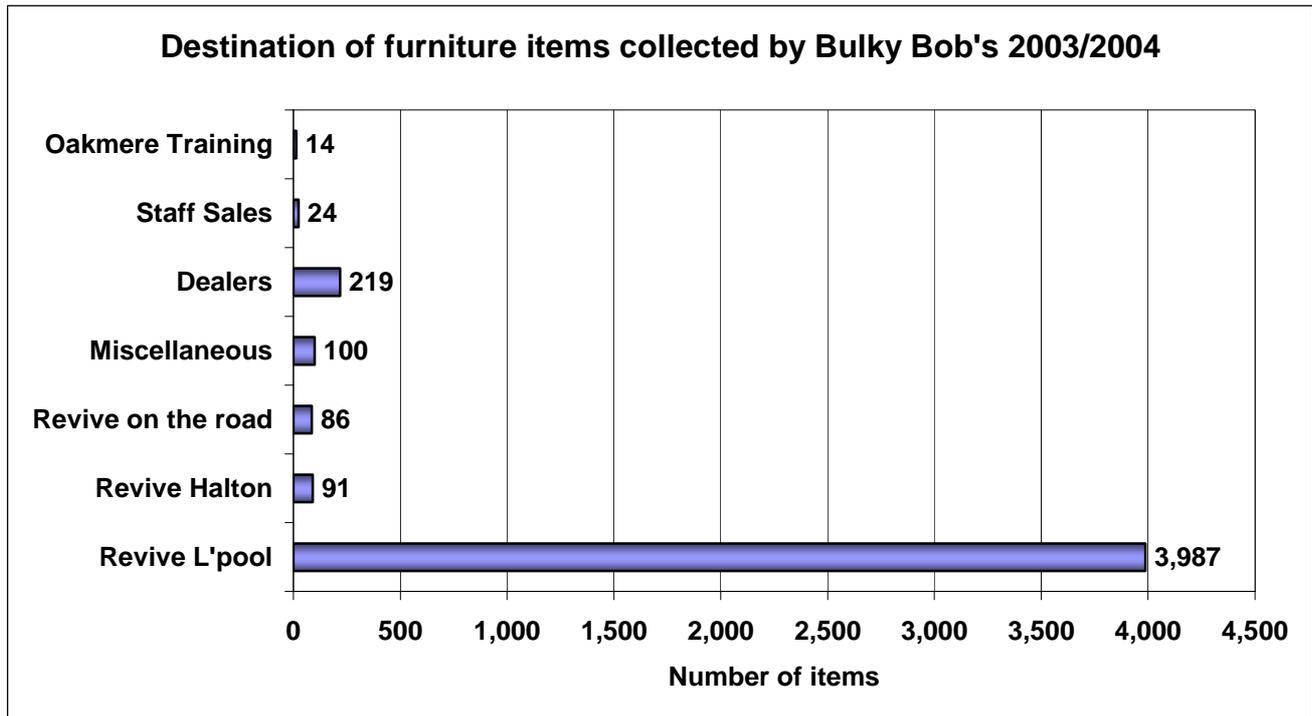
To continue the pursuit of more environmentally sustainable options for the reuse or recycling of the residual waste sent to landfill - ☺

Despite the 1,249 tonnes reused and recycled in total, the remaining 1,931 tonnes collected in Liverpool and 762 tonnes in Halton went to landfill. We continued to keep a close eye on developments in recycling technology and to think creatively about how to dispose of the waste that we cannot reuse in a sustainable way, but in 2003/2004 we did not take up any new disposal methods.

Reuse, Refurbishment and Recycling of items

We continued to outsource the goods that Bulky Bob's collects, both in Liverpool and in Halton, for reuse and recycling. Reusable furniture was cleaned and went to Revive for sale to the public. From April through to December 2003, furniture from both collection services was sold on through our Liverpool Revive store while we searched for suitable premises for a second store in Halton. In late December, our store in Widnes opened and furniture collected in Halton Borough was taken there for resale.

White goods such as fridges, freezers and washing machines and brown goods such as televisions were sent to CREATE⁴. CREATE is a Liverpool-based social business with a white goods refurbishment workshop employing salaried trainees.



In 2003/2004, a total of 4,521 furniture items were reused. The vast majority of these goods, 4,164 or 92% (74%, 2002/03) went directly to our Revive stores once cleaned. A further 534 ex-catalogue items were also assembled in Bulky Bob's warehouse and sent for sale in Revive. In 2002/2003, 4491 items of furniture were reused in Revive – more than this year. The figures for 2003/2004 show that rather than supplementing the pre-loved furniture sold in Revive, ex-catalogue furniture is actually being sent to Revive in place of pre-loved stock.

0.2% of items were sent to Oakmere Training, a New Deal training centre for young people, for repair and refurbishment this year. 0.5% (1%, 2002/03) of items were sold to FRC Group staff and volunteers and 2.2% were sold to various other people such as suppliers. 4.8% went to a local furniture dealer.

Bulky Bob's also outsources white goods (cookers, fridges, freezers and washing machines) for reuse and recycling. CREATE takes all the white goods collected by both Bulky Bob's contracts. They then select what they can reuse and send the fridges and freezers to a stockpile to await shredding to remove all CFC gases, in accordance with the

**26,444 items
were reused
or recycled
in total**

⁴ www.createuk.com

Regulation (EC) No. 2037/2000 on substances that deplete the ozone layer. The remaining unwanted white goods are scrapped and the metal recycled.

In 2003/2004, a total of 21,673 (15,701, 2002/03) white goods were collected by Bulky Bob's and sent to CREATE, 17,721 from Liverpool and 3,952 from Halton. Of these, 35% were refurbished and sold through CREATE's own store and through Revive.

New services

Priority 2003/2004

Agree two new Bulky Bob's partnerships by 1st of April 2004 - ☹

Many see Bulky Bob's as an example of best practice in social business and in partnership working with the public sector. In 2003/2004 it featured in the Social Enterprise Coalition's publication *There's more to business than you think* and on the local government Improvement and Development Agency website (www.idea.gov.uk).

Although we held discussions with 8 interested local authorities over the year, of which 2 expressed an intention to start up a partnership with Bulky Bob's, we have not yet formally agreed any new Bulky Bob's partnerships (The contract with Halton was agreed and reported on in 2002/03). The wheels are in motion, however, and we are hopeful that the next contract will be operational by September 2004. Local authority waste management contracts are often long-term, and in some cases there is no option but to wait until the existing contract ends before Bulky Bob's can be considered.

Also, Bulky Bob's goes against the grain of what many local authorities are aiming for – to put out waste management as a single long term contract to one organisation, who then sub contracts different services as necessary. This makes a huge range of public services much easier for a council to manage. With Bulky Bob's, however, we are asking councils to split off one small waste management function and treat it in a very different way, and this may be something that council officers find uncomfortable.

Bulky Bob's continues to offer an excellent all round service, hitting all three of our bottom lines. We are confident that we will continue to achieve good reuse and recycling rates, and are committed to pursuing more environmentally sustainable options than sending our residual waste to landfill.

Objective 4

To create a culture based on a fair and empowering working environment for employees by:

- a. Ensuring that all paid employees have satisfactory terms and conditions
- b. Offering training and personal development opportunities to all employees of the group
- c. Adopting and implementing an effective equal opportunities policy
- d. Adopting and implementing an effective health and safety policy

The FRC Group aspires to create a fair and empowering culture for its employees. We began the reporting period with 81 staff on 1st April 2003 and ended it with 86 staff on 31st March 2004.

Throughout the year a total of 48 (18, 2002/03) new staff members started and 54 (18) left. Of the 48 new starters, 28 were on temporary contracts in the logistics team. These temporary positions were created to cover periods between one group of staff on training contracts leaving and the next starting, and also because extra staff were need to cover the high level of **amoving**experience work that took place from September to December. We have since reassessed our staffing requirements for this work and recruited a number of vehicle loaders on permanent contracts. This year's high level of starters and leavers should therefore be a one-off and we expect these figures to drop again in 2004/2005.

Of the 54 leavers 2 retired, 9 were made redundant, 1 had their contract terminated due to ill health and 20 were temporary contracts that came to an end. In addition, 26 staff on training contracts left and a further 33 were recruited, along with 4 young people for our Ben & Jerry's Partnership. At 31st March 2004, the FRC Group employed a total of 86 people and had 5 volunteers. During the year we created 9 new posts. The salary for each new post was benchmarked using the Reward Group, who we retain to advise us on rates of pay for new posts and re-structured jobs. Over the course of the year 162 (112) people were on our payroll at various times.

By December 2003 all permanent staff had taken part in the How's it Going (HiG) process to discuss their performance at work with their team leader. In February 2004, we asked staff for feedback on their terms and conditions, their involvement in decision-making, their training, their team leaders and supervision, equal opportunities and the FRC Group values. In March and April 2004, we followed up any issues raised in more depth in focus group discussions.

**Over the
year we
employed
162
people**

In October 2003 we awarded all our permanent staff a 2% cost of living pay rise. This was determined by the performance of the business. In November 2003, as part of the Group's fifteenth birthday celebration, we also awarded all permanent staff members a one off net cash gift of £150. Our volunteers each received £20.

How's it Going?

Priority 2003/2004

Launch an updated HiG process for all staff in September 2003 - 😊

The How's it Going (HiG) process is our staff appraisal system. Team leaders use it with their staff to have a two-way conversation about their work throughout the year, about any values awards they may have received, where they missed the mark and to determine any training required. To make this process as worthwhile as possible we encourage openness and honesty from team members and team leaders. In 2002/2003, in an effort to move towards a performance-related bonus, we introduced a scoring system against values behaviours into HiG. We received a lot of honest feedback about the process, the consensus of opinion being that it had created too much paperwork and for some it was complex and daunting.

In 2003/2004 we abandoned the bonus system and held a series of meetings with team leaders to successfully redesign the process. The major changes made were:

- Much simpler, clearer definitions of our values
- Sections specifically relating to the number of times a member of staff had met each value were removed
- More emphasis was put on target-setting

Priority 2003/2004

Improve the way training needs are identified through the HiG process - 😊

This year, HiG asked much clearer questions to identify work-related, personal development and out-of-hours training needs and aspirations and included feedback on training needs from both the staff member and the team leader.

In our staff questionnaire, 59% of those who replied felt that HiG was a fair opportunity to discuss their training needs and aspirations.

Priority 2003/2004

All staff and trainees are to go through the HiG process by the end of November 2003 - 😊

It is true that the vast majority of permanent staff had been through the redesigned HiG process with their team leader by the end of 2003. Permanent staff and training staff attended team HiG sessions run by their team leader. However, at least 2 permanent members of staff did not attend any HiG sessions at all.

In our staff questionnaire, 69% of those who replied thought that HiG was a fair opportunity to discuss their progress at work, the same response as the previous year. 69% also thought HiG was a fair opportunity to discuss how they felt about their job and 65% how they felt about their team leader. Those who gave negative responses to these questions were all either team leaders or members of the logistics team.

The following are some of the comments made about HiG this year:

“Excellent opportunity to discuss your own future and the needs of the business”

“It was much simpler and less intimidating this year. I think that the effort put into HiG has finally paid off and it is now a great performance evaluation”

“Some parts do not lend themselves to a productive “work” review. There is no space for feedback from T/L to staff in a structured format.”

“It’s maturing – but there are still too many differences in style between team leaders.”

“‘How’s it going’ is good as it enables you to take stock, make adjustments where necessary and generally assess the job. Also better now that it is not bonus related.”

“It is very pleasing to know that the team leaders shows so much interest in each individual, trainee or member of staff.”

“Better than last time, always room for improvement.”

“Improvement on previous year although still fairly long and arduous on occasions. Needs to be more opportunity for team leaders to feed back comments to staff. All one way at the moment.”

The comments show that the abandoning the bonus scheme, simplifying the process and reducing the paperwork involved were all popular decisions. However, there is evidence that the team leaders carrying out the process would like more opportunity for them to give feedback to their staff, and we will review this before the next round of HiG towards the end of 2004.

Staff Feedback

In February 2004, we asked 83 staff and trainees employed to complete a staff questionnaire. What did they think of pay, terms and conditions, training, supervision, involvement in decision-making, equal opportunities and diversity throughout 2003/2004? In March and April 2004 further in depth discussions were held with a range of staff in five focus groups.

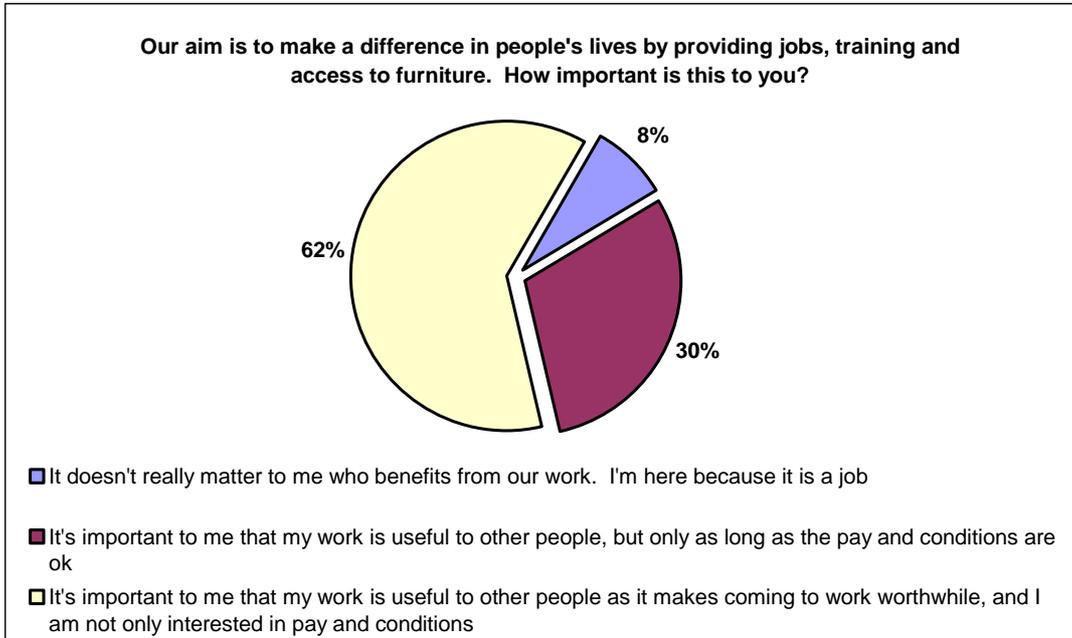
92% of staff regard our social mission as important

This year we put a lot of effort into clearly explaining to our staff the purpose and methodology behind the questionnaire. Some people were suspicious about the level of anonymity: completed questionnaires are analysed and retained by John Moores University and only the results are made available to FRC Group. We also redesigned the format of the questionnaire and rewrote it in plainer English. We offered to have the questionnaire translated for 5 members of staff whose first language is not English, although all declined the offer.

The effort paid off and 51 staff from all levels and teams across the group completed the questionnaire. This was an encouraging return rate of 61% after a disappointing 44% return in 2002/2003. The results of both the questionnaire and the focus groups are discussed below.

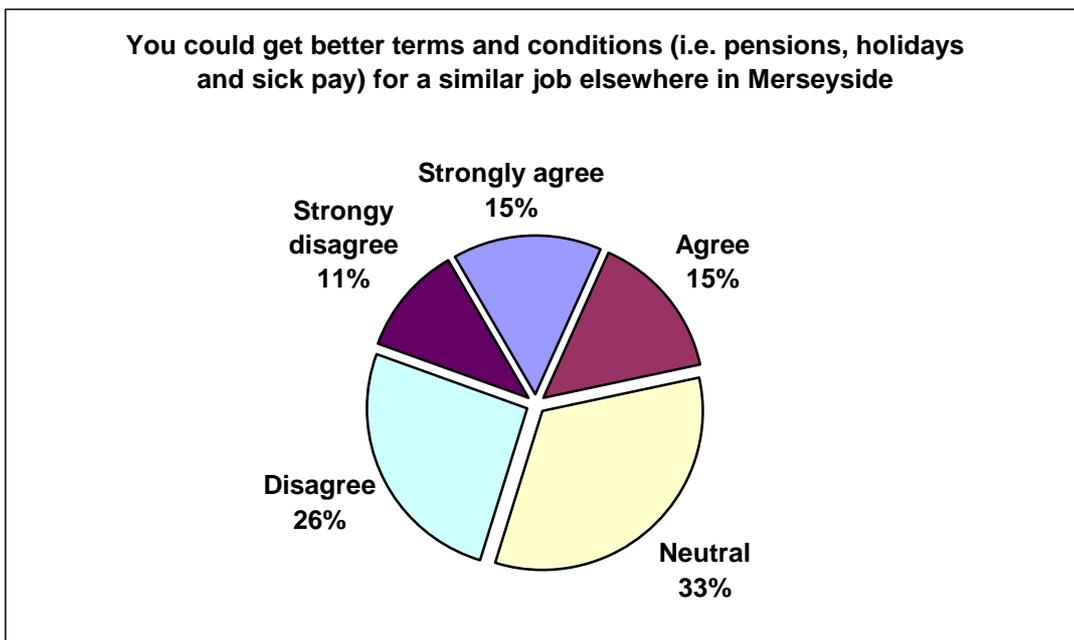
Making a difference

We asked our staff *“Our aim is to make a difference in people’s lives by providing training, jobs and access to furniture. How important is this to you?”* 92% replied that the fact that their work is useful to other people is important to them. This is consistent with previous years when 97% (2002/03) and 95% (2001/02) gave a positive response to a similar question.



Pay, terms and conditions

We asked our staff if they believed they could get better terms and conditions (i.e. pensions, holidays and sick pay) for a similar job in another company on Merseyside. 30% (10%, 2002/03) said yes, 37% (45%) said no and 33% (45%) did not know.



We then asked what it was that made people stay if they thought they could get better terms and conditions elsewhere. Staff were able to tick as many reasons as they agreed with from the options given. 77% of those who replied stay because they really like the people that they work with and 55% get great job satisfaction. 53% stay because we are really making a difference and we really help people. Only one person stays at FRC because they do not think that they could get another job elsewhere. Other reasons given for staying were as follows:

“Because I find my job really interesting and I am given some great opportunities”

“Job prospects (promotion)”

“Because management (team leaders) are very sympathetic and understanding.”

“Opportunities are endless. Support excellent.”

“I stay because I get motivation and encouragement in my work place and I enjoy, I love my job.”

“I stay to gain experience and to learn from other people within organisation and external agencies.”

Training and Personal Development

We believe that developing the workforce is good for developing a social business and that well trained and motivated staff will enable our business to achieve its triple bottom lines more effectively.

Throughout 2003/2004 we continued to deliver all of our staff training and personal development through our University for the People. Our University, based on site at our Liverpool head office, delivers job related training through the day and after work courses for staff who want to develop their skills and interests whether job related or not. We spent £50,920 (£50,955) on training courses for staff in 2003/2004. We secured £50,000 of funding from the national SkillWorks programme to cover the cost of training and personal development opportunities for our staff up until 31st March 2005. We also secured £12,000 from Project Myriad, a local initiative aiming to deliver high quality training to small businesses.

**86% of staff
said they
have had
enough
training to
do their job**

This year the University delivered 58 (55, 2002/03) different courses from health and safety to horse riding, from back management to snowboarding and from sight seeing to singing. 96 (70, 2002/03) staff members attended at least one course during the year and 100% of team leaders and office-based staff said they had attended at least one course. We asked our staff to tell us how useful their training had been.

62% (82%, 2002/03) of staff said that they had found the training they had received during 2003/2004 to be excellent or good. Although a decrease on the previous year, we still consider this to be a significant figure and it is still higher than both 2001/2002 (56%) and 2000/2001 (45%). 73% (70%, 2002/03) of staff said that the training they had received had been useful in helping them do their job and 86% said that they had received enough training to do their job. This shows that the training the University has delivered over the last two years has really had an impact; the majority of our staff felt well enough trained to do their jobs, but maintaining a high level of quality and is becoming a challenge.



Supervision

It is important that staff get support and guidance from their team leaders. Last year we received negative feedback about the level of support available and reported that we must work harder to improve on it. We asked staff to respond to a series of statements relating to their team leaders. *(Figures in brackets are for 2002/2003.)*

- 67% (41%) said they got a good level of information on FRC activities
- 61% (47%) said they got good personal support
- 69% (50%) said they got constructive feedback
- 44% (50%) said supervision helps plan work

Overall, we have really improved in this area. Our staff clearly feel better supported than in the previous year, and we need to continue the good work to ensure that this remains the case and to further improve in this area. However, fewer staff said that supervision helps with planning workloads this year, and the negative responses in this area came mostly from team leaders and logistics staff. 88% (78%) of staff believe they belong to a supportive team. 60% (75%) of staff said they had a say in decision-making and 57% (55%) thought their ideas were taken seriously.

Health and Safety

Priority 2003/2004

Regularly communicate to staff on health and safety issues - 😊

Last year we were able to report that we had introduced a series of different means of communication on health and safety matters, and that as a result confidence amongst staff in health and safety matters had really increased. We knew that to maintain this we would have to be creative in the ways that health and safety issues were communicated and reinforced during the year.

In 2003/2004 we continued to use the variety of measures introduced during the previous year to communicate about health and safety: designated notice boards, newsletters and

flyers, the intranet and team meetings. We trained our Logistics Team Leader in the Institute of Occupational Safety and Health Managing Safely certificate. All relevant staff attended a manual-handling refresher session and all of our staff attended a mandatory health and safety awareness refresher session in February 2004. Refresher sessions were designed to be interactive in order to retain people's attention and we will continue to run them for all staff in 2004/2005.

After each session, we asked staff to give a mark out of ten for different aspects of our health and safety performance. The average scores were:

- Accident rate: 6/10
- Communication of health and safety: 8/10
- Training in health and safety: 8/10
- Overall action on health and safety: 8/10

These scores show that overall our staff have a high opinion of the way that their health and safety are taken care of at FRC. Our accident rate scored a little lower than the other things we asked staff to score. Around half of our staff are employed in the logistics team, doing hard and often dirty manual work, and so minor accidents inevitably do happen. We do everything reasonably practicable to minimise risks and we invite staff to suggest ways of making the jobs they do safer. The following comments were made during awareness sessions:

"The accident rate is due to the nature of the work, there's nothing more we can do about it."

"I work in the warehouse on my own." (This is no longer the case).

"I think it's quite good as companies go."

"More people need training in how to use fire extinguishers."

"You should put more health and safety information on walls and notice boards."

"I think generally we're a good company now, you don't hear the moans that you used to."

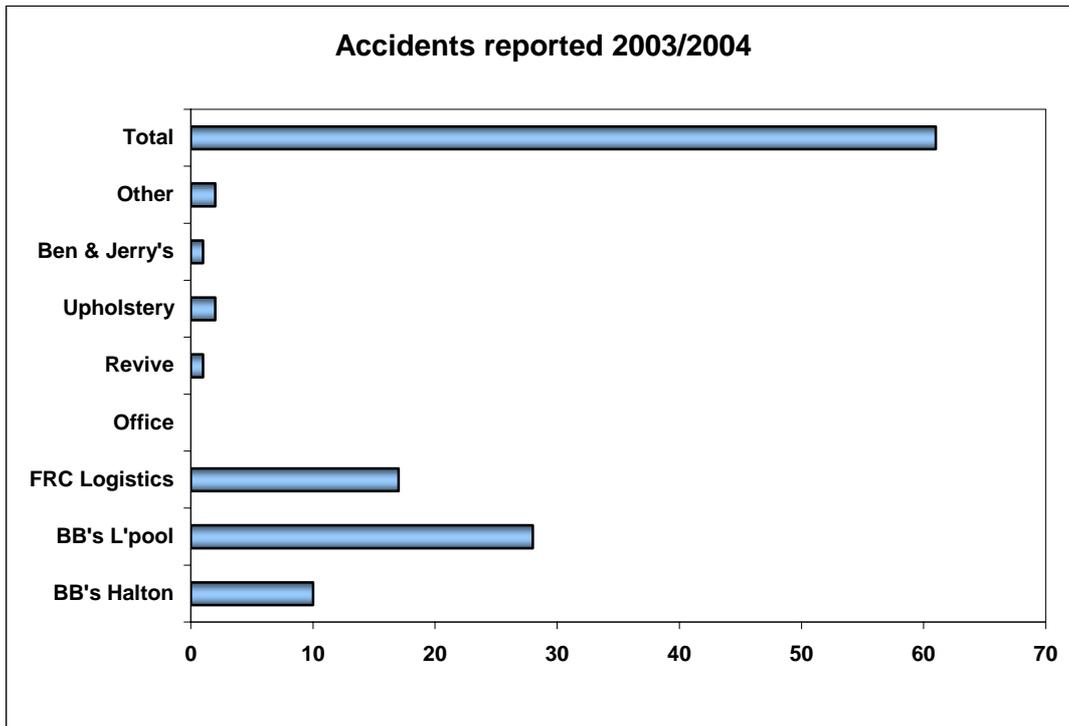
We continued to encourage staff to report all accidents and to record the details in a database and are now able to compare accident statistics over a two-year period.

Our staff gave us 8/10 for the way we look after their health and safety

The total number of accidents reported during 2003/2004 was 61 (40, 2002/03), the majority of which, 90% (80%), again occurred within the logistics team. This equates to 0.78 accidents reported per employee in 2003/2004, compared with 0.54 in 2002/2003. There are a number of possible reasons for this increase, the main ones being that the type of work that our logistics team undertakes has become more diverse and that the turnover of staff in logistics was very high over the course of the year due to the recruitment of 28 temporary loaders. Both these issues resulted in staff having less experience in the job they were doing and therefore being more likely to have an accident.

75% (57.5%) of the accidents reported were not serious enough to prevent the person from working. 8% (20%) were minor but restricted the person in some way for a short period, 10% (17.5%) required a hospital visit and 7% (5%) resulted in the person being off work for longer than 3 days. This year we were obliged to report 8 accidents to the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR).

38% of accidents resulted in a superficial cut, 30% in bruising, 23% in a mild sprain or strain and 3% resulted in a fracture. The most common cause of accidents was being hit by dropped or falling furniture while loading or unloading a wagon.



In August 2003, we introduced an accident investigation policy. Any accident that was reportable under RIDDOR or unusual in any way was investigated. From the introduction of the policy up to the 31st March 2004 we investigated 5 accidents.

We retained our clean record and had no prosecutions for health and safety at work offences.

Equal Opportunities and Diversity

Priority 2003/2004

Increase the number of staff members recruited from ethnic minorities from 3% to 6% of the total workforce - 😊

The FRC Group strives to be an equal opportunities employer and to encourage diversity.

On the 31st March 2004, the ratio of male/female staff was 3:1, unchanged from the previous year. Amongst the 13 people with managerial or team leader responsibilities this ratio was again unchanged at 1:1, with only one of them from an ethnic minority background.

94% (78%, 2002/03) of our staff believe that we treat people fairly and do not discriminate against people because of his/her colour, sex or religion.

In a city where it is estimated that 8% of citizens are from ethnic minority backgrounds, 3 (4%) of our employees on 31st March 2003 were from such groups. Then, throughout 2003/2004 we recruited 8 people from ethnic minority groups and 1 left. In total we employed 11 people from ethnic minority groups over the year and 10 were still employed on March 31st 2004: 12% of our total workforce.

In March 2004, of the 7 FRC Board members all were white British; 5 were men and 2 were women. In 2002/2003 4 were men and 2 were women, all white British.

We have made real progress in the area of diversity this year. The percentage of our staff from ethnic minority groups is now higher than that of the city of Liverpool. However, although we have succeeded in recruiting trainees from ethnic minorities only 1 member of staff at a management / team leader level described themselves as coming from a minority group. We will continue to try and attract people from ethnic minority groups in 2004/2005.

**On 31st
March, 12%
of our
workforce
was from an
ethnic
minority**

Development Opportunities

Last year we reported on our Alchemy programme, a means by which we tried to encourage staff members to become more socially entrepreneurial. We did not run Alchemy again in 2003/2004, but instead asked managers and team leaders to “pitch” for the opportunity to take on one of a number of projects that the Leadership Team had identified as good ideas but did not have the free time to work up. Six managers and team leaders pitched for four projects between them, two on their own and two pairs working together. The two pairs were both successful and have now been asked to go ahead with their projects, including any necessary research, marketing and administration and the production of a business plan and strategy.

Also, we decided to interview key policy and decision makers in the social economy this year to seek quality, in depth feedback about our work. We gave this opportunity to managers and team leaders, and 4 of them carried out interviews with 6 key people between them.

Objective 5

To treat our customers and suppliers fairly by:

- a. Having clear and mutually agreed objectives
- b. Responding to customer and supplier feedback
- c. Keeping customers and suppliers up to date on business developments

We are committed to treating our customers and suppliers fairly and to responding to their feedback so that we are always great to do business with.

Our Customers

In 2003/2004 we had more than 61,000 customers across all of the FRC Group's activities. We continued to seek feedback from more and more different customers and suppliers as our activities diversified.

Priority 2003/2004

Get feedback from customers that we are easy and fair to do business with
100% of the time – 😞

While we did seek feedback from all of our customer groups, with the single exception of the ice cream fans in Ben & Jerry's, we failed to directly ask whether or not we were easy and fair to do business with and therefore cannot report on this. We did not ask for feedback from customers in Ben & Jerry's because it does not necessarily affect them or matter to them that the FRC Group does good things; unlike the rest of our customers the product that they are buying is a luxury item. Perhaps we will look at our relationship with this group of people more in the future.

The Furniture Resource Centre

At the Furniture Resource Centre our restructured sales team and new sales strategy meant that the ways that we regularly engaged with customers changed. The familiar faces were gone and more time was spent with new and potential customers than with existing customers.

In March 2004, we asked our Furniture Resource Centre customers about the services we had provided for them during 2003/2004. Feedback this year was much less positive although, at 24%, the return rate of questionnaires was very small and so the sample is not very reliable. Many of these customers have been buying from us for some time, and have seen many similar questionnaires from us in previous years. We think that they have "questionnaire fatigue" and we need to rethink the way that we ask for feedback in order to get a better return rate in future.

Just 25% of those customers who replied said that we acknowledged their orders within 24 hours. This was 97% in 2002/2003 and 84% in 2001/2002. 25% said we did this most of the time, 25% sometimes, 12.5% occasionally and 12.5% never.

71% said that the courtesy of our delivery staff was excellent (28.5%) or very good (43%). This was 97% in 2002/2003. The remaining 28.5% said that it was good.

63% (38% said always, 25% most of the time,) of our customers said that their queries are responded to promptly. This was 93% in 2002/2003.

43% of customers were satisfied with the regularity of review meetings with us and 57% were not. One customer said they had never had one and one did not know what they were.

There are two plausible explanations for this less than positive feedback. One is that the majority of our customers are happy with our service and did not feel the need to return the questionnaire, while those who did return the questionnaire did so in the main because they had issues to resolve. The other is that we no longer have a member of the sales team dedicated to working with our existing customers and carrying out regular reviews, and so they genuinely feel that our service has worsened. There may also be other reasons that we just have not thought of. We do not know the extent to which these factors influenced the feedback above and need to work hard in 2004/2004 to improve on this.

However, the following comments were also made:

“Overall a good service.”

“Communication is excellent:- very ‘on-the-ball’ – always a pleasure to speak to the staff.”

“Excellent relationship with all drivers and delivery men.”

During the year, we also received unprompted feedback from some of our customers. Examples include:

“Very impressed with the service, delivery staff and efficiency of the company. The drivers couldn't have been more helpful - specially with moving the furniture upstairs and unpacking. Please convey our thanks to your staff.”

“Thanks for everyone's hard work and cooperation, Safe Haven were very impressed with the initial properties your firm completed.”

“I am pleased to report that arrangements with FRC are working very well at the present time and any minor hiccups are being resolved quickly.”

Bulky Bob's

In March and April 2004 we telephoned 46 Halton householders from whom Bulky Bob's had collected furniture during 2003/2004 and asked for feedback on the quality of our service.

61% (85%, 2002/03) said that our drivers were very polite or polite. 61% (84%) also said that the drivers were very helpful or helpful. 35% (15%) were unable to comment on this because they were not in when the collection took place.

As well as the householders of both Liverpool and Halton, the two respective councils are important customers of our bulky household waste collection contracts. Throughout 2003/2004 members of the Bulky Bob's team met with Council Officers on a regular basis.

We asked for feedback from the Waste Management and Customer Service teams at Liverpool City Council and Halton Borough Council. They said:

"It's been really good. When there's been problems [Bulky Bob's] has sorted them more or less straight away."

Elaine Rotherham, Acting Call Centre Supervisor, Halton Borough Council

Revive

In March 2004, we surveyed 49 customers at Revive and asked them about our service and customer care. 69% (65%, 2002/03) understood that Revive is trying to help out those most in need of furniture. 74% of customers said that we do not need to sell any other products than we do already, 41% rated the quality of the goods as excellent and 35% rated it as very good.

65% (74%, 2002/03) said the store looked bright and friendly and 69% said that staff were very helpful and polite. They also made the following comments about our staff:

"Very reasonable prices"

"Brilliant idea"

"Manager is very polite"

"Excellent, helps people like myself"

"Staff are very friendly, always smiling"

The Cat's Pyjamas

Delegates who had taken part in a Cat's Pyjamas event gave the following feedback:

"You created expectations I did not know I had."

"We were told at the beginning to view this a shopping trip, collecting items along the way to put in our basket – I needed a trolley, since I have come away with much more knowledge, insight and thirst to learn more. Well done will recommend this to others!"

"I appreciate the honest and extensive advice and opinions."

Our Suppliers

This year we continued our commitment to using local suppliers and buying from other social businesses. Our annual spend with the top 20 suppliers to the whole group was £2,048,373, of which £1,406,056 (69%) was spent with suppliers in Merseyside and a further £233,961 in the wider northwest. 15 of the top 20 suppliers were based in the

northwest and of these 12 were from Merseyside, plus one each from Cheshire, Cumbria and Lancashire.

During the year we used 6 social business suppliers. We continued to work with our neighbouring social business Dove Designs. Up until September 2003 they supplied frames for our upholstered furniture whilst offering employment and training opportunities for people with mental health problems. In October 2003 they began supplying us with finished upholstered products instead, greatly increasing the amount we spend with them whilst incurring large savings within our own business.

Priority 2003/2004

Get feedback from suppliers that we are easy and fair to do business with 100% of the time - 😊

In April 2004, we surveyed our 23 key suppliers of products and services to the FRC Group about doing business with us in 2003/2004. For the first time, we included all of the group's suppliers of all services, rather than just suppliers of furniture for our one stop furnishing service, but only the furniture providers responded. Next year, we will investigate new ways of engaging with our service providers.

14 of the 23 suppliers surveyed were furniture providers, and 50% of these replied, representing £778,282 (38%) of our spend. 100% stated that we were either very easy (29%) or easy (71%) to do business with and all stated that we were fair on agreements and prices, with the exception of one response of "Don't Know" to this question. In addition:

- 86% (85%, 2002/03) said that we worked with them to set clear and mutually agreed objectives.
- 57% (54%, 2002/03) said that they had an opportunity to give feedback on their working relationship with us.
- 71% (70%, 2002/03) said that we listened to their suggestions.
- 86% (73%, 2002/03) said that we respond to their feedback.
- 57% (85%, 2002/03) said we had been particularly supportive to them. Reasons were:

"Any problems, very supportive and keen to work things out."

"We've had sufficient orders from FRC."

"Orders are sent in time. Payments are on time."

"FRC do listen to our comments and advice."

We have maintained good working relationships with our suppliers this year, and have also received very positive feedback from the majority of our customer groups. However, with the Furniture Resource Centre it is clear that we need to work harder to maintain good relations with our existing customers as well as new and potential customers. Also, we had poor response rates from our postal surveys with some of these groups this year and need to address this in future. One of our new objectives is to be great to do business with, and we are committed to making this reality.

Objective 6

To operate good environmental practices in the running of our businesses by:

- a. Complying with relevant environmental legislation
- b. Monitoring all environmental impacts of our business
- c. Minimising waste arisings, seek to recover, reuse and recycle as much as is economically practical and ensure that the remainder is disposed of responsibly.
- d. Influencing suppliers of services and goods to reduce their own impact upon the environment
- e. Enhancing awareness of relevant issues amongst, staff and others who have an interest in our business

The priorities in terms of our environmental performance that we set ourselves last year were:

- To introduce further training for all of our staff on the importance of reducing our environmental impacts
- To continue working to minimise energy and material consumption across the Group
- Research areas such as pollution and toxicity impacts that to date have not been investigated

We are pleased to report that FRC Group has maintained its clean environmental record and has no prosecutions for breaking environmental legislation in 2002/03.

Priority 2003/2004

Introduce further training for all of our staff on the importance of reducing our environmental impacts - ☺

We know that we can't reduce many of our environmental impacts without the buy-in of our employees. It has to be a group effort. We made it a priority in 2003/2004 to make sure that each and every one of our employees understands the impacts that our activities have on the environment – and what they need to do to help us to reduce them. This year, all of our employees, including those on training contracts and volunteers, were required to attend an environmental awareness session linked to the work that they do. Environmental awareness remains an integral part of the induction programme for each new member of staff. This year, we want to develop these sessions into a rolling programme of awareness raising events to keep us all on the ball.

Priority 2003/2004

To continue working to minimise energy and material consumption across the group - 😊

This has been a challenging year for measuring our impact on the environment. As our companies continue to diversify, so does the range of activities taking place at our head office in Liverpool. It is becoming increasingly difficult to find measures of performance that are comparable year-on-year, because the things affecting our environmental impacts change along with the good things that we do.

We have not met all of our targets and we've had a positive impact where we hadn't planned to. Some of the "misses" are disappointing because of the energy we have put into staff training and awareness this year, but in most cases targets have been missed because of changes in our activities rather than because we have taken our eye off the ball.

We continued to use our environmental management systems in 2003/2004 to measure the environmental impacts of all of our activities on a monthly basis. We measured the impacts of two sites: FRC Group's Liverpool head office, including all the FRC Group businesses and admin functions based there, and our Liverpool Revive store. These will be referred to from hereon as FRC and Revive. The Revive store in Widnes and our Ben and Jerry's PartnerShop in Chester will be reported on in our 2004/2005 accounts when a full year's data is available.

The impacts measured are: carbon dioxide emissions; energy use; transport; materials and waste; water use, and finally the positive impacts of our reuse and recycling activities. More detailed information about our specific targets for each impact can be found in our environmental accounts, *Greening It?* at www.frcgroup.co.uk

Carbon Dioxide Emissions

Why do we need to reduce carbon dioxide emissions?

Carbon dioxide is the main "greenhouse gas" causing global warming. Global warming is changing the weather all over the world. Some scientists fear that, before too long, some places will become too hot for their native plants and animals to survive, meaning that many species are likely to become extinct and the land will be unsuitable for human occupation.

As well as this, melting ice in places such as Antarctica and Greenland are causing sea levels to rise, leading to more and more land being covered by water.

Small, low-lying islands are under threat of being submerged, meaning that the people who live there, along with those whose land is turning into desert, will become "environmental refugees" in search of a new place to live.

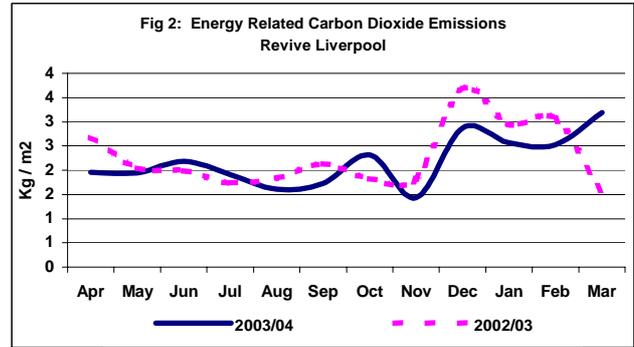
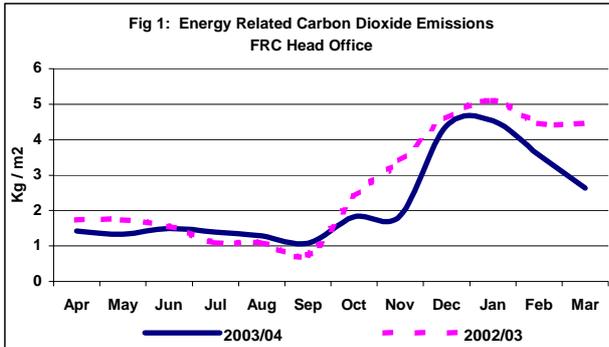
Closer to home, many low-lying parts of the United Kingdom are also at risk of regular flooding, meaning raises in house insurance and huge spending on flood defences. Global warming is already affecting our homes, our wallets and our lives.

How does the FRC Group contribute to global warming?

The FRC Group creates carbon dioxide (CO₂) emissions in two ways: through the use of electricity and gas in our buildings and by using petrol and diesel in our vehicles.

Our contribution through energy use

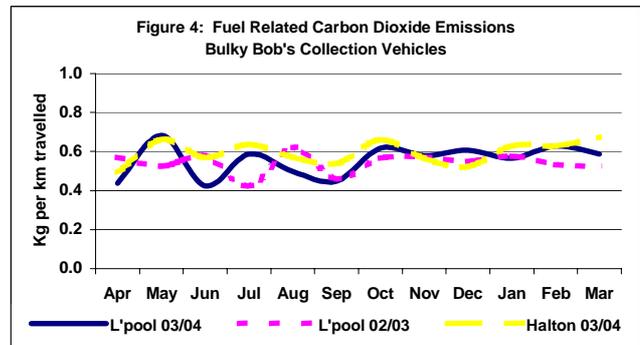
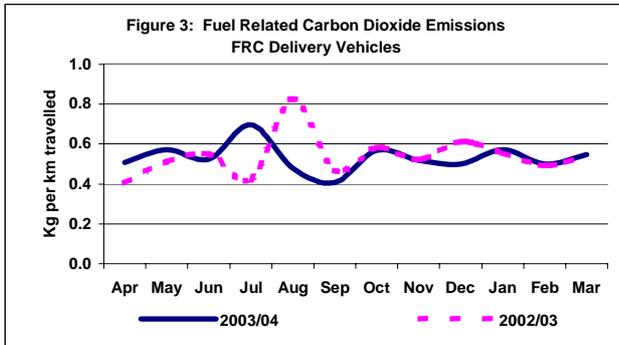
Figures 1 and 2 compare CO₂ emissions from energy use over the last two financial years. At both FRC and Revive, emissions were lower during 2003/2004 than they were in 2002/2003. The graphs show that this is the case over most of the year, and that it is not simply the result of one exceptional month.



There are obvious increases in emissions in both cases during the winter months, which is the result of central heating. Lower emissions at FRC have been achieved in 2003/2004 because gas use has reduced rather than electricity use, and this is discussed in more detail in the next section, on Energy Use.

Our contribution through vehicle use

Figures 3, 4 and 5 compare CO₂ emissions created by our logistics activities over the last 2 financial years. For detailed discussion of our fuel use and logistics activities please read the chapter on Transport.

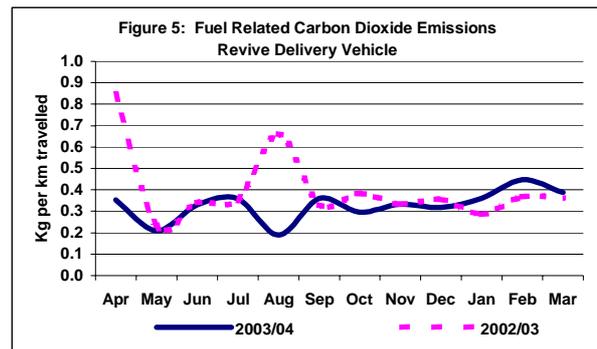


FRC's average emissions have remained almost constant over the two years, with the average amount of CO₂ created per km travelled in 2003/2004 being 0.54kg compared to 0.53kg in 2002/2003. Also, because we have travelled slightly fewer miles this year, the total CO₂ created dropped from 104 tonnes to 102 tonnes. We are pleased with this as FRC's wagons are now used for a variety of activities rather than just deliveries. There is more discussion on this in the chapter on Transport.

Again, there is little change in Liverpool Bulky Bob's average CO₂ emissions over the two-year period, with 0.56kg per km travelled compared to 0.54kg in 2002/2003. However, due to an increase in collections in Liverpool and the introduction of a new contract in Halton, total emissions rose from 56 tonnes to 89 tonnes. We must work hard to ensure that all of our vehicles are as fuel-efficient as possible to minimise the impacts of introducing new businesses.

As Bulky Bob's in Halton only began operating in April 2003, a year-on-year comparison is not yet possible.

Figure 5 shows that CO₂ emissions from the Revive delivery vehicle were generally lower during 2003/2004 than 2002/2003, and indeed the average dropped to 0.33kg/km from 0.36kg/km. However, the graph also shows a small but steady rise in emissions from August 2003 to February 2004, which needs monitoring to ensure that no further increase takes place. Also, total emissions over the year rose by 4% from 75.9 tonnes to 78.9 tonnes.



Of course it is not just our vehicles that create CO₂ emissions, but also those of our customers and suppliers. This year, the Cat's Pyjamas began asking delegates to give information relating to the transport used and distance travelled on their journey to and from our events. They are encouraged to car share or use public transport to reduce emissions. We now, using the service provided by www.futureforests.com, estimate the total emissions created by travel to and from our events and plant enough trees in a managed forest to neutralise them. Since November 2003, the Cat's Pyjamas has planted 6 trees to offset the CO₂ created by 3 events.

We also believe that there are wider benefits of this policy. By performing this exercise and feeding back the information to our delegates we are making people think about their effect on global warming and having an influence outside of our organisation.

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Energy Use

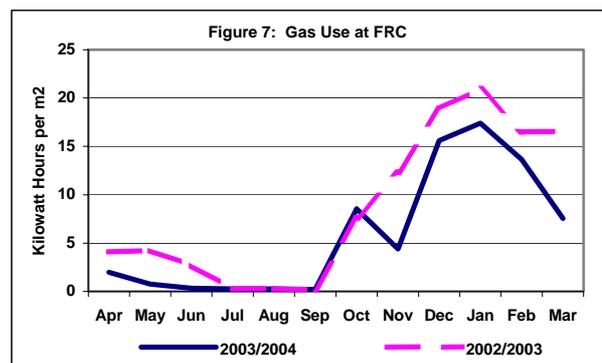
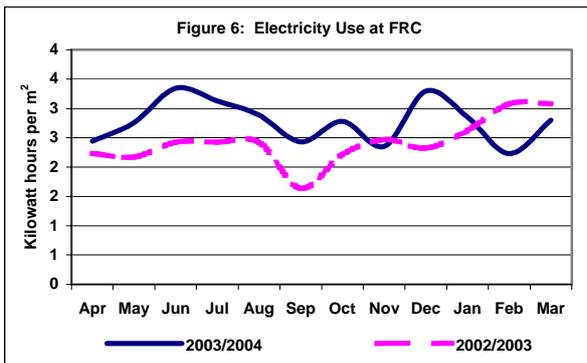
Why are we worried about our energy use?

Using energy is one of the main ways that we are contributing to global warming, which has already been discussed. Also, most of our energy in the UK, and indeed in most of the world, comes from non-renewable sources such as coal and oil. That means once it's gone, it's gone. Even before it is gone it would mean drilling and digging up areas of real natural significance to get to the last of it, at vast expense. For these reasons, reducing energy and switching to a renewable source such as hydro, wind and solar power are two of the most important things we can do to protect the environment.

This section explains in more detail about gas and electricity use at both our FRC and Revive sites. Each site uses gas for hot water and central heating and electricity for their lighting and power. Currently neither of our electricity suppliers provides a significant amount of renewable energy, although Powergen operates a subsidiary dedicated to producing renewable energy and have been awarded in the past for their environmental reporting. We have looked at renewable suppliers, but sadly, even without the penalty of the climate change levy, they are still more expensive than their mainstream competitors.

Has the FRC Group used less energy this year?

Unfortunately, electricity use at FRC has increased by 14.5%. This is a real disappointment, as we have worked hard to raise awareness of environmental issues with our staff, running training sessions and introducing simple measures such as signs reminding people turn lights off when they leave a room. The average number of employees based at the site over the year has increased a little, with 78 in 2003/2004 compared with 71 the previous year, but this increase is in logistics – people who are out of the building for most of the day. The amount of electrical equipment in use has not increased; in fact following the outsourcing of upholstery we no longer use an air compressor.



One suggested reason for the increase is the record hot summer of 2003: the air-conditioning was put to good use during this time. Figure 6 does show that electricity use peaked in June and remained high in July and August, although there is also a high in December. This second high is because, due to a series of break-ins, FRC temporarily employed a security guard overnight until extra security hardware could be fitted, and so the building was in use for 24 hours a day instead of the usual 10 or 11 hours. In future we will ensure that the air conditioning is only used when absolutely necessary, and that on these occasions it is used in the proper, most efficient way.

It's not all bad news though. Gas use at FRC has decreased by 32%, compared to a 61% rise in 2003/2003. This is mainly because upholstery production ceased in October 2003, and an unintentional benefit of this was that the two large, gas fired heaters in the old production area were barely used over the winter.

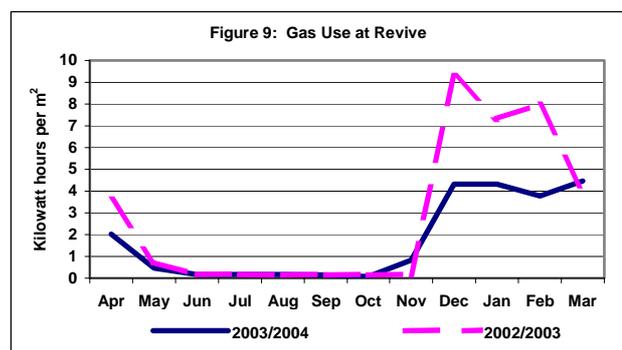
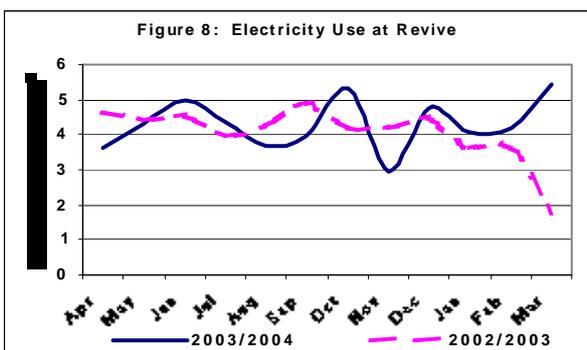


Figure 8 shows that electricity use at Revive, although it fluctuates from month to month, generally stays within 3 and 5 kilowatt hours per square metre. The fluctuation is puzzling, as there is little electrical equipment at Revive other than lighting and the till, which are on all day, every day that the store is open. It may be due to something as simple as the metres not being read on exactly the same day each month.

At Revive, it seems that environmental awareness training has paid off. The store manager had a comprehensive service done on the boiler. Gas use for central heating over the winter was much lower in 2003/2004 than the previous year, and overall gas use dropped by an impressive 61.6%.

Transport

What's the problem with road transport?

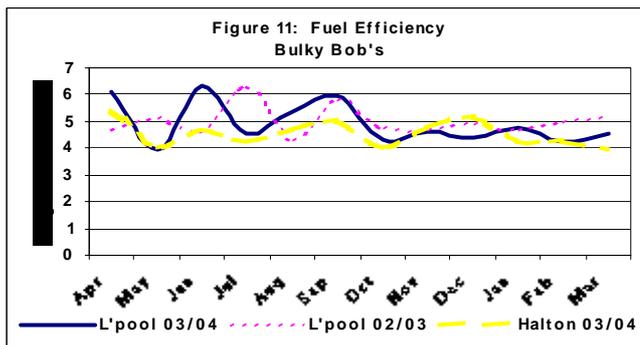
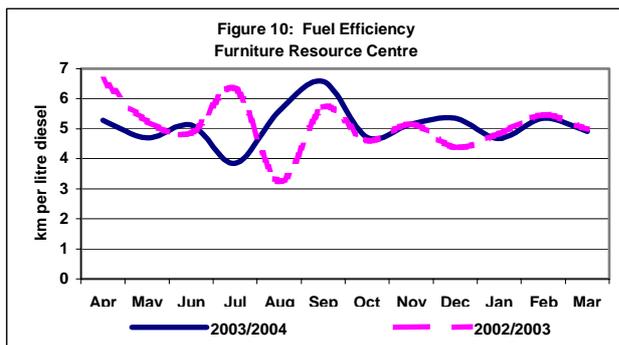
Transport has considerable and various impacts on the environment:

- Burning diesel as fuel produces yet more carbon dioxide, the main “greenhouse gas” responsible for global warming.
- Vehicle emissions contain carbon monoxide and other harmful gases that contribute to air pollution and can have adverse health effects when inhaled.
- Vehicles also create traffic congestion, which as well as the obvious affects on people’s time and quality of life also increases the amount of diesel consumed and emissions produced, as vehicles are on the road longer and are less efficient when driven in lower gears.
- Most of the world’s oil, from which petrol and diesel are made, is controlled by a small number of countries and we are becoming increasingly dependent on them for our fuel, making the oil market very volatile.
- And finally, like our non-renewable electricity supply, oil won’t last forever. We have to look at different, cleaner fuels or, even better, at other ways of getting from A to B.

What impact do our vehicles have?

In 2003-2004, FRC Group operated a fleet of 17 vehicles in total. Furniture Resource Centre has two 7.5 tonne vehicles and two 12 tonne vehicles, delivering furniture throughout the North of England and across the Midlands five days per week. Our curtain fitter also uses a smaller sprinter van. FRC’s wagons are now also used by amovingexperience, moving tenants of Liverpool social landlords from one place to another to allow repair work to be carried out. This is short distance driving within the city, and so we expected it to be less fuel-efficient. In 2003/2004 this business really took off and we carried out 325 such moves.

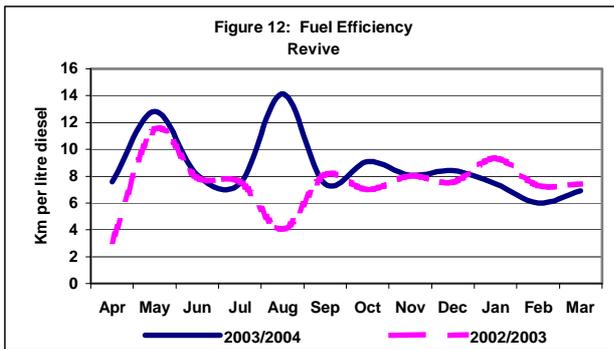
Figure 10 shows that despite carrying out this different work, the fuel efficiency of the Furniture Resource Centre’s vehicles has remained at a similar level.



Bulky Bob's in Liverpool continues to operate with five 7.5 tonne box vans performing household collections five days per week. Bulky Bob's in Halton is a smaller operation, with just two 7.5 tonne vehicles.

On average over the year, Bulky Bob's in Liverpool has maintained a similar level of fuel efficiency to the previous year, with a slight drop to 4.8 kilometres travelled per litre of fuel used from 5.0 in 2002/2003. The two vehicles used in Halton are the least efficient in the business and this needs to be looked at.

Revive has a dedicated 4.5 tonne vehicle, performing customer deliveries in and around Liverpool six days per week.



The average distance travelled per litre of fuel used by the Revive van in 2003/2004 was 8.1km, making it by far the most efficient vehicle in the group. It is also the only part of the business where fuel efficiency has increased (by 9.5%) rather than decreased this year. However, a close eye needs to be kept on this, as Figure 12 shows that, from September 2003, this trend has begun to reverse.

All of the above are diesel vehicles. There are also four company cars, all running on unleaded petrol, although one of these is not used for business purposes. Two of these cars are used regularly as transport to and from properties belonging to our social landlord customers, for various purposes including to measure carpets and to drop off people to help with house moves. They are also used regularly by other members of staff from all areas of the Group for a wide variety of purposes.

Unfortunately, although accurate records are kept of the amount of unleaded petrol used in these vehicles, it is much more difficult to accurately count and allocate the mileage done and there is no information available about the fuel efficiency of our company cars.

However, all four company cars are due for renewal in summer 2004 and we intend to replace them the most economical model available on the market, preferably a dual fuel or diesel engine that will run on bio-fuel as it becomes more readily available.

There has been a lot of investment in the UK in the generation of bio-fuels and it is likely that bio-diesel will soon be more readily available on the forecourt. When this is the case, we will trial the cleaner fuel in our wagons as well as company cars. Currently, the only way to run our fleet on bio-diesel would be to store the fuel on site, and the health and safety implications of this have prevented us from seriously considering it.

In 2003/2004 we maintained our policy of purchasing locally wherever possible to reduce transport impacts, with 64% of the money FRC Group spent on products and services in 2003/2004 paid to suppliers within Merseyside and a further 13% in the wider Northwest region.

Material Use and Waste

It's not just a load of old rubbish

The things we use in our everyday lives impact on the environment in many different ways. For starters, we are using up many of the world's natural resources faster than they can be replaced, because we use so much. The processes that turn raw materials into finished products often use high levels of energy and chemicals that are damaging to the environment, and create harmful emissions. Another problem is the distance products are transported before they are sold, especially if this involves air travel, because of the impacts of transport discussed in the last chapter. Finally, there is the problem of the waste created by the product itself and its packaging.

Waste is a huge problem. In the UK we throw away more each year than we did the year before, even though more recycling is taking place. Most of the landfill sites currently available will be full in two years' time, and many cities are already forced to transport their waste to other parts of the country for disposal, as they have run out of suitable holes in the ground.

Also, burying our waste in holes in the ground produces greenhouse gases, pollutes land and water and creates hygiene problems. Throwing things away and replacing them unnecessarily also means that the impacts of manufacturing and transportation are increased.

Much of what we throw away isn't waste at all, but in fact could easily be used as raw material for making something else.

FRC Group's material use

FRC Group's use of materials falls into two main categories: the materials used in our supply chain to manufacture the products we sell and the packaging used on it, mainly furniture and now also ice cream, and the use of materials by our administration functions, particularly office paper.

Our supply chain

In March 2004, we wrote to the 14 key suppliers of the furniture, white goods and household items that make up the packages we sell to social landlords, asking them to fill in a simple questionnaire about their business, products and relationship with us. We asked them whether they had a current environmental policy and, if so, to send us a copy. We also asked whether they have or are working towards an accredited environmental management system such as ISO 14001. 50% replied. For the first time this year, we also sent the questionnaire to 9 key service providers, such as our landlords, solicitors, accountants and insurers. None of these organisations replied.

In 2004/2005, we intend to find new ways to engage with many of our stakeholders. Postal questionnaires are useful for some groups, but are often not seen as a priority by busy organisations and we recognise that a new approach is required in future.

Of the suppliers who did reply, 86% stated that they did have an environmental policy, compared with 75% in the previous year. For the first time, one supplier stated that they are working towards an accredited environmental management system.

This supplier, HJ Berry & Sons, provides us with wooden dining furniture and has a good track record regarding environmental issues. 95% of their timber is sustainably produced

in the UK and they have a policy of planting one native tree for every dining set bought. All their new designs can be made in a 100% recyclable option. The Furniture Resource Centre is one of their top 10 customers, and we are pleased to be able to do business with such a concerned, forward thinking company. HJ Berry agrees:

“HJ Berry have a very strong environmental ethic and seek sustainability at every turn. We are pleased to be dealing with FRC who share many of our ideals.”

In 2003/2004 we maintained our policy of purchasing locally wherever possible to reduce transport impacts, with 64% of the money FRC Group spent on products and services in 2003/2004 paid to suppliers within Merseyside and a further 13% in the wider Northwest region.

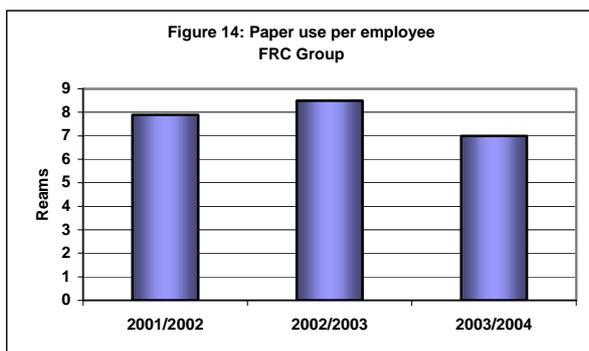
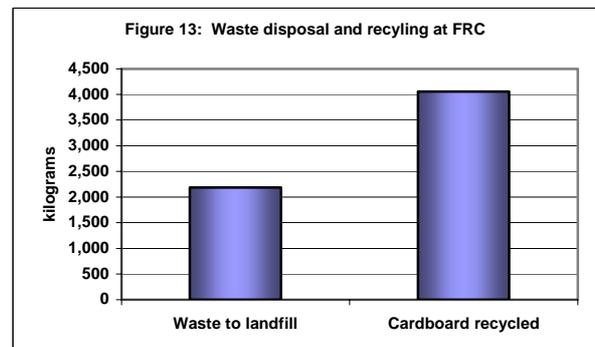
Ice cream

A new challenge for us this year has been the introduction of Ben & Jerry’s ice cream into our supply chain. We are limited as to the amount of work we can do here, as the product is not ours. Currently, all of Ben & Jerry’s ice cream is produced in Vermont, USA and shipped over to Europe, although there is a possibility of production beginning in Europe in the future. Some ingredients in the ice cream are transported a long way from source, such as vanilla from Indonesia, but there is a trade off as the vanilla is fairly traded, giving a better deal to the producers. However, we have had some influence. The coffee used in the PartnerShop when it first opened used a large amount of plastic packaging and was not fair trade. Ben and Jerry’s have now agreed to switch to a fair trade supplier not just in our shop, but also in all its UK franchises.

Packaging waste

Furniture Resource Centre provides an unpacking service upon delivery of furniture. The waste packaging, predominantly plastics and cardboard with some polystyrene and wood, is then returned to FRC where plastics and cardboard are baled and sold on for recycling. Wood is now saved and used for miscellaneous purposes on site. Polystyrene and other general waste generated on site is currently disposed of to landfill. As we no longer dispose of wood to landfill, the amount of waste land-filled by weight is now very small.

Figure 13 shows the estimated kilograms of waste sent to landfill compared to waste recycled in 2003/2004. However, this data is incomplete as a problem in our administrative systems means that we cannot report on the amount of plastic recycled, only cardboard. However, even without the plastics data we are still able to report that we recycled more of our waste by weight than we sent to landfill.



Paper

At the FRC Group we encourage all of our employees to minimise their paper use, only printing when necessary and printing on both sides of a sheet wherever possible. Where only one side of a sheet is printed on, this paper is saved and reused as scrap. Paper that has been used on both sides is then recycled.

This is one area where our awareness raising sessions seem to have paid off. Figure 14

shows that the number of reams of paper used per employee has dropped from 8.5 in 2002/2003 to 7.0 in 2003/2004. That means 750 fewer sheets of paper per person being used.

Conservatree⁵ state that one ream of paper is equivalent to 0.6% of a tree. Based on this equation, FRC Group used 3.3 trees for their A4 photocopy paper in 2003/2004, compared with 4.0 trees in 2002/2003 and 4.4 trees in 2001-2002.

Our photocopy paper is virgin rather than recycled, but is ECF approved (chlorine free) and made from wood from sustainable forests. Our pre-printed stationary is recycled from 100% post-consumer waste from local waste streams, in a chlorine free process. Our toilet paper is made from 100% recycled paper and is free from dioxins and organochlorines.

Junk mail in the post and via fax causes a lot of waste paper. This year we have added our address and fax number to the mail and fax preference service database to prevent us from receiving unsolicited mail in the future.

Other types of waste

While packaging and paper are our two largest waste streams, we recognise that there are other types of waste that we can also do something about. This year we have introduced a bin in our staff kitchen to be used for recycling food and drink cans. We also donated 7 computer screens that were no longer needed to 3TC, a Liverpool-based social business that sells reconditioned computers at low cost.

Water

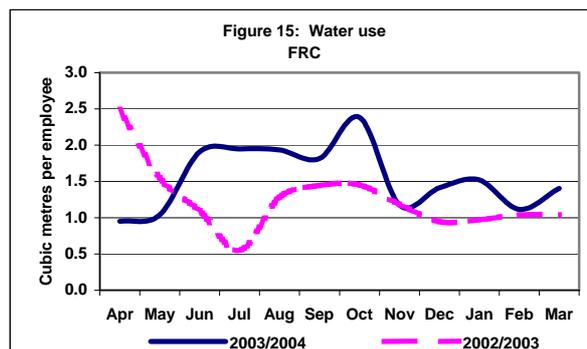
Why worry about water?

It is easy in the modern industrialised world to take a clean, constant supply of water for granted, but it is not that simple. As global warming makes our summers warmer, droughts and restrictions in water use could become more likely. Also, it takes a huge amount of energy to treat water and make it of a good enough quality to drink, and even more to pump it around the country to homes and businesses. So using more water means using more energy, and therefore contributing more to global warming.

We also pollute our water every time we flush it down the plughole, drain or toilet. Cleaning products. Paint. Oil. Diesel. Leachate from rotting waste that has been buried in the ground. All of these and many more are ways that our water becomes polluted because of our activities. The more we pollute it, the more we have to clean it up and so the cycle continues.

Water use in the FRC Group

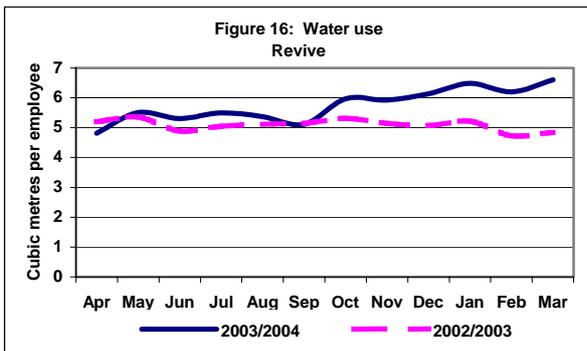
Our water use is pretty basic. Both FRC and Revive have kitchen, toilet and washing facilities. FRC also uses water to clean the group's vehicles using a pressure hose and cleaning agent. Other than this, there are no processes undertaken on site that use water or polluting agents. Our cleaning materials all contain plant extracts rather than bleach or other harsh, man-made chemicals.



⁵ www.conservatree.com

Figure 15 shows that water use per employee has been consistently higher in 2003/2004 than in the previous year, with a particular high use period between June and October 2003. During this same period, the number of employees in the Group dropped below the average for the year of 78, rising again in November to 85. What this suggests is that, in fact, FRC uses a similar amount of water regardless of the number of employees on site.

This is almost certainly due to the fact that our logistics team are out of the building for most of the working day and so will use less water than office based employees, and when a group of logistics trainees leave or are taken on this will distort the amount of water used per person.



Overall water use at FRC increased from 1,059 cubic metres in 2002/2003 to 1,429 in 2003/2004. This is because, following the start-up of Bulky bob's in Halton in April 2003, we now have 17 wagons to keep clean rather than 15. Each wagon is washed roughly twice per week.

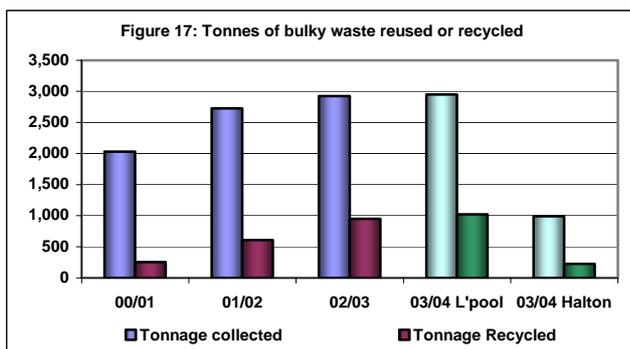
Figure 16 shows that water use in Revive was also higher in 2003/2004 than in the previous year, and is still increasing. This is difficult to

explain and will require further investigation, plus further awareness raising exercises with employees in the store.

Our Positive Environmental Impacts

There are certain activities within the FRC Group that are actually helpful in reducing environmental damage rather than having a negative impact. These are:

Firstly, we reduce the amount of furniture going to landfill through Bulky Bob's collections and resale at Revive.



Bulky Bob's in Liverpool has increased the tonnage of waste recycled each year since its creation in June 2000. In 2003/2004, the fourth year of operating, 34.6% of the bulky waste collected was reused or recycled instead of being sent to landfill. Our Halton Bulky Bob's reused or recycled 24% of tonnage collected. In total, Bulky Bob's has diverted 3,060 tonnes of waste away from landfill since June 2000.

Of the total items diverted from landfill by Bulky Bob's, the number reused was 12,099 (10,967) and the number recycled 14,095 (10,550, 2002/03). Items classed as reused are furniture items sold in Revive or passed on to other dealers, including white goods refurbished and sold on by CREATE. CREATE is a Liverpool-based social business that refurbishes white goods and employs salaried trainees. They take all of the white goods collected by Bulky Bob's. Items recycled are solely those white goods which are scrapped by CREATE and their parts recycled.

Secondly, we reduce the amount of brand new furniture being produced and sold by offering our social landlord customers stock management options. This also means the life cycle of our existing furniture is extended.

This service was introduced in December 2003 and is being regularly used by our second biggest customer. So far 65 items have been brought in to our warehouse for subsequent reuse.

Priority 2003/2004

Research areas such as pollution and toxicity impacts that to date have not been investigated - ☹️

Once again, although we intended to investigate these impacts more fully in 2003/2004, they have taken a back seat to more pressing issues. It is not that we don't consider these to be serious issues, but rather than they are much less significant to the FRC Group than other matters.

Objective 7

Influencing the shape and development of social policies relevant to the achievement of the FRC Group's charitable purpose by:

- a. Lobbying of local, regional and national decision makers
- b. Active involvement in key networks shaping the development of the social economy
- c. The development and promotion of best practice in setting up and running social businesses

As a leading social business, the FRC Group is committed to developing the UK's social economy. We have remained active in lobbying policy makers and influencers through media work and speaking engagements of increasingly high profile. We have also promoted the development of best practice in social business and the development of networks through the Cat's Pyjamas and our new consultancy, FRC Solutions.

Why do we do this? For starters, we are a successful, high profile social business that has been around for 15 years, lots of people are interested in us and we are often given the opportunity to speak up. In addition to this, the leadership of the FRC Group believes passionately in social business and is keen to promote the pros and cons of running one. We also enjoy a good debate and are not averse to provoking one if we feel an issue demands it.

Our Influencing and Policy Development Work

Priority 2003/2004

Continue to seek high profile speaking and media opportunities to promote the work of the FRC Group - 😊

This year we presented on our work as a social business and in social reporting at numerous major conferences including the Ethical Corporation magazine conference on Corporate Social Reporting, the keynote speech at the Community Recycling Network's annual conference and the European Equal Programme conference on strengthening the social economy in Antwerp.

We had numerous articles in the national and regional press including the trade journals of the social economy. We continued to feature regularly in *New Start* and *Regeneration* magazines and our Chief Executive continued his monthly "*Dear Jude*" column in *Social Enterprise* magazine.

We published a book to celebrate our fifteenth birthday entitled *15 lessons learned the hard way*, a series of contributions from 15 of the people who matter to us discussing some of the challenges we have overcome to still be here today. Below are some examples of the feedback it received:

“The most stimulating publication I have received possibly ever! My Board and I will unashamedly learn from and use this. Congratulation! What a fantastic tribute to FRC, to the sector, to Merseyside and to the staff.”

John Hollis Davies
Social Partnership and (then) Chair of Liverpool Plus

“Thank you very much for the copy of your booklet, ‘15 lessons learned the hard way’, sponsored by the Esmee Fairbairn Foundation. It is excellent. I read most of the booklet as soon as I got in in a single sitting, sat down on my FRC sofa!”

Councillor Kiron Reid
Anfield, Liberal Democrat

The Cat’s Pyjamas has also published a book, *There’s no business like social business*,⁶ which draws on years of hands on social enterprise experience and encounters with social entrepreneurs from around the world, and is full of insights into how to start up and sustain successful social business ventures.

Our social report for 2002/2003 was again short listed for Best Social Report in the Social Reporting Category of the ACCA UK Awards for Sustainability Reporting, following our success in winning the award in the previous year.

This year we chose to seek high quality feedback through interviews with a small number of influencers and policy makers in the social economy, in place of the blanket questionnaire of previous years. In January 2004 we asked 23 people from social businesses, grant-making organisations, central and local government, the private sector, regeneration agencies and the media if they would be willing to take part and during February and March we carried out 6 interviews.

We asked for feedback on the quality of our services, our objectives and whether they were key in choosing to work with the FRC Group, what they had learned from us and whether this had changed what they did in any way. We also asked what they had not liked about the FRC Group and for feedback on our new objectives.

Interview responses showed that this particular group of people who matter to us tends to be aware of high profile individuals within the group rather than the work of FRC as a whole. It was also clear that, although people this group of people who matter has a broad understanding of the FRC Group and its objectives, their knowledge of our activities and specific objectives is limited. The following are some of the comments that were made:

How was the quality of service or interaction with FRC Group?

“All members of staff are very friendly and project a positive image of the business.”

“Not happy with an individual on the Leadership Team which is now a barrier to further working with FRC.”

“Interaction with Liam mainly – excellent speaker who tells it like it is.”

⁶ *Fifteen lessons learned the hard way* and *There’s no business like social business* are available from GillF@frcgroup.co.uk

What do you think of our social objectives?

"[FRC] should revisit [objective] number 2 and provide training of a more sustainable nature e.g. plumbing, joinery, electrical, general handyman."

"Objectives are general and high level, hard to know what they mean in practice."

"All admirable points but were not instrumental in making the decision to work with FRC."

"...[Social objectives are] nice to be associated with."

"It's refreshing to see that FRC's objectives are embedded in the organisation."

What, if anything, have you learned from the FRC Group?

"FRC raises the bar in terms of working with the social enterprise sector."

"The importance of having the right people in a business."

"The importance of social and environmental reporting."

What have you not liked?

"The company is helped by having a 'politician' as a CEO"

"Liam uses the column in Social Enterprise Magazine as a blatant advertising opportunity."

Our Networking

Priority 2003/2004

Continue to support the development of the Merseyside Social Enterprise Sector with our Leadership team member on the Board of Liverpool Plus - ☹️

Liverpool Plus is the City Council's arms length agency set up to foster growth and development of Liverpool's social economy. Our Chief Executive left the steering group of Liverpool Plus in June 2002 but our Head of People and Learning joined the board of non-executive directors of Liverpool Plus Ltd in February 2003. Unfortunately, there were differences of opinion over the future strategy and function of Liverpool Plus and we no longer have any formal representation within this organisation.

The Cat's Pyjamas

The Cat's Pyjamas runs programmes to immerse budding social entrepreneurs in the realities of managing and leading a social enterprise.

Priority 2003/2004

Launch new Cat's Pyjamas products and services such as Big Cat and the Cat's Pyjamas Club - 😊

In 2003/2004 the Cat's Pyjamas ran 4 of its core events in Merseyside and 1 in Bristol, plus 1 master class in social accounting, a one-off social accounting conference in London and 5 bespoke events for individual organisations. In March 2004, we ran Big Cat, a weeklong study tour of inspirational businesses providing solutions to social problems in South Africa. 21 key people from within the UK social economy travelled with us to South Africa and in total 342 people benefited from the learning they gained on the Cat's Pyjamas' events.

Priority 2003/2004

To secure Phoenix Fund backing for Cat's Pyjamas for the next 2 years - ☹

The Cat's Pyjamas secured funding in 2002 from the first round of the Phoenix Fund to develop its programme of events. Following analysis of the impact of the first round of the Phoenix Fund, the Cat's Pyjamas was the only organisation that had gone on to become financially sustainable after receiving its backing. Nevertheless, we were unsuccessful in securing further backing from the second round of the fund, and as a result have had to make adjustments in the way our programmes are developed and run. Some of our riskier ideas for future events have been put on hold and as our core events are no longer subsidised they must all be financially viable in their own right.

It is also becoming more difficult to sell our core events. We consistently get very high quality feedback from our delegates, so this is not the reason. Although social enterprise has enjoyed a high profile following the support this Labour government has given it, it still accounts for a tiny proportion of businesses, and perhaps the market for our core event is reaching saturation. We will keep a close eye on this in 2004/2005.

The Cat's Pyjamas also produces its own social report, which will be available later in the year.

FRC Solutions⁷

Last year we reported that we had given advice and support to a small number of fellow social businesses. In 2003/2004, we made the decision to build on our experience and reputation and increase the amount of support that we gave to organisations seeking to learn from us. FRC Solutions offers consultancy designed to meet the needs of individual organisations, at a strategic level. We are a "critical friend", offering insights and advice based on our own experience. FRC Solutions has already worked with Beth Johnson Housing Group in Stoke on Trent amongst others and is investigating a partnership with another consultancy to give us an inroad into the private sector, who we believe we can assist in improving their social agenda.

⁷ A point of clarification: FRC Solutions is the trading name for our consultancy and must not be confused with FRC Solutions Ltd, the registered company that trades as Ben & Jerry's.

Measuring FRC Group's impact on the local economy

Priority 2003/2004

To carry out a more in-depth study of the economic impacts of the work of the FRC Group both locally and nationally - ☹

Last year we investigated the impact that our activities have on the local economy for the first time. We used the New Economics Foundation's⁸ Local Multiplier 2 (LM2) tool to do this and achieved very positive results: 79% of the FRC Group's income was redistributed into the local economy through payments to suppliers and staff wages. In 2003/2004, we wanted to use the full version of the local multiplier tool, LM3, to investigate how much of that money then stays within the local economy once it has been spent by the people that we paid it to, and for how long.

To carry out LM3 would require detailed consultation with, and a high participation rate from, both staff and suppliers, which would take more time and resources than were available this year. Consequently, for the second year running we carried out the LM2 exercise, measuring the proportion of our own income that was paid to staff and suppliers in Merseyside. This year, we have expanded on this slightly by then stating how much of what we spent stayed within the wider northwest and how much went to suppliers elsewhere in the UK.

As with last year, we have also calculated the amount of money spent with social businesses in 2003/2004. This is not part of the local multiplier, but relevant information for the FRC Group nevertheless.

Our economic impact in Merseyside

Our economic impact on the Merseyside Economy can be considered in two ways: the money spent directly with Merseyside-based suppliers and the wages paid to our employees who lived within Merseyside during 2003/2004.

Suppliers

44% (43%, 2002/03) of all the suppliers of goods and services used by the FRC Group during 2003/2004 were based in Merseyside. However, several of these rank among the suppliers with whom we spent the most, so 64% (62%, 2002/03), or £1,761,718, of the money we spent stayed within Merseyside.

A further 13% of the money we spent on goods and services was paid to suppliers based in the wider northwest, meaning that 77% in total was paid to suppliers in our overall region.

12.8% (5.8%, 2002/03) of the money spent locally was with social businesses based in Merseyside. This percentage has increased due to the decision to outsource our upholstery production to Dove Designs. Dove is fourth on the list of suppliers with whom we spend the most and we expect to increase our business with them in 2004/2005 after a full year of buying our suites from them. Nationally, 8% of our total spend was with social businesses.

⁸ www.neweconomics.org

Staff wages

Over the course of the financially year 2003/2004 we employed an average of 78 members of staff at any one time and total net wage payments were £902,779. Net payments have been used, as this is the money that actually reaches people's bank accounts; National Insurance, Income Tax and other statutory payments are not included.

This year, we employed 7 people who lived in Halton to work on the Bulky Bob's contract there, and 6 people who lived in Chester and worked in our Ben & Jerry's Partnership. One further member of staff who works at FRC's head office in Liverpool lived in Warrington. The wages paid to these people equate to £69,252, or 7.7% of the total salary bill, being paid to people living outside of Merseyside, predominantly in Cheshire.

The remaining £833,527 (92.7%) of the salary bill was paid to staff that lived within Merseyside.

Contribution to the Merseyside Economy

Together, the money we spent on goods and services with Merseyside suppliers plus the wages that we paid to staff living in Merseyside resulted in £2,595,245 being passed back into the local economy. This is 55% (61%, 2002/03) of the total group income for the year. This percentage has decreased because roughly 14% of our staff lived outside of Merseyside during the year following the opening of Ben & Jerry's and Bulky Bob's in Halton.

If we consider our local area to be a 25-mile radius of Liverpool, and include all of our staff and suppliers in this area in the calculation, then our contribution to the local economy increases to 59% of our total income for the year.

It is disappointing that we have been unable to do further research into this area this year. In 2004/2005 we plan to begin collating the LM2 data monthly, freeing up more time to do more detailed analysis of our wider economic impacts.

**59% of
our Group
income
stayed
within
the local
economy**

Rewarding Our Values

Throughout 2004 we continued to encourage a shared understanding and commitment to our set of four core values. They are our beliefs in action.

We have encouraged, acknowledged and rewarded behaviour and commitment where staff have been brave, creative, passionate and professional. Following feedback from our staff last year, we have rethought how this is done in some instances to ensure that we are doing this successfully.

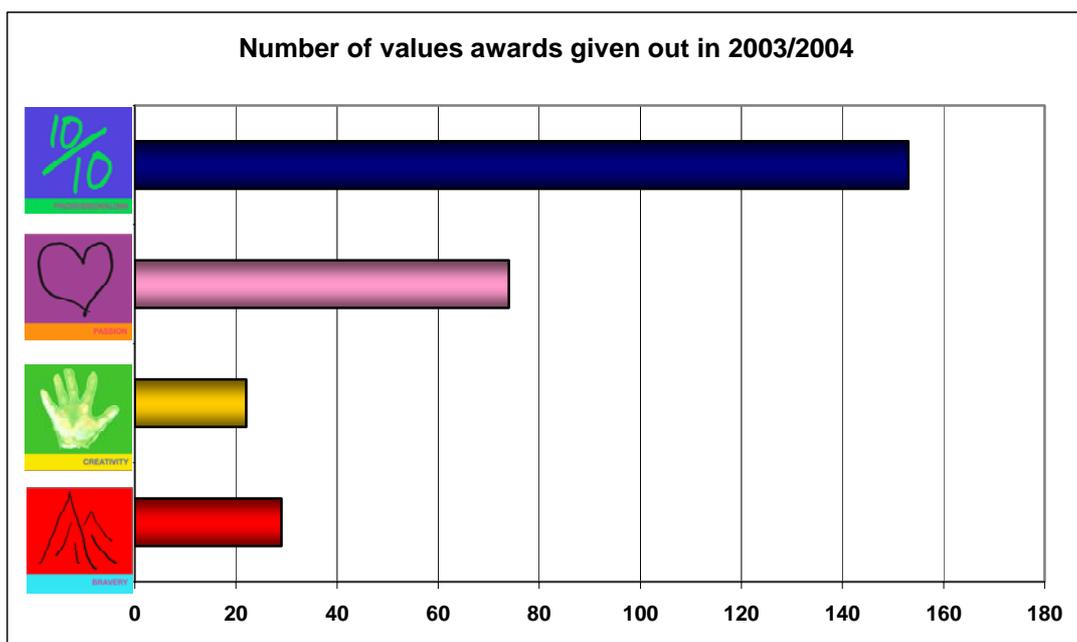
Recruitment

We are still committed to attracting and recruiting the right people to maintain the shared culture of the group, although the way we do this is now different for different posts.

In 2003/2004 we continued to run Values Days during the recruitment process for certain jobs, and we still believe that this process helps us to see the beliefs and passions of applicants so that we can identify the people that will contribute positively to our culture. However, where this used to be done for every position we recruited for, during 2003/2004 we chose to limit it to certain posts. All applicants for posts of a management or team leader level are required to take part in a values day. For other posts, whether a values day is required or not is now decided on a case-by-case basis.

Staff Values Awards

We continued to acknowledge and reward behaviour that demonstrated the values. Team Leaders gave out small amounts of money to individual employees who had done particularly well. When this is done, work stops for a few minutes while a little speech is given and the cash is handed over in an envelope showing the value that is being rewarded. The envelope will usually contain a hand written message from the team leader explaining what the reward is for. The names of all those who have received a values award are pinned up on a dedicated notice board, which is updated monthly.



We gave out 238 values awards over the year

Throughout 2003/2004 we rewarded 278 (138, 2002/03; 17, 2001/02) members of staff for their demonstration of our values. Of these, 29 (16) were for Bravery, 22 (22) for Creativity, 74 (30) for Passion and 153 (70) for Professionalism.

This year, we acknowledged feedback from staff that team leaders are not always aware of every instance where a values award would be appropriate, and so some people miss out. To address this, we placed a Values Box in our canteen area, into which members of staff are invited to nominate colleagues for a values award, clearly stating the reason why they deserve it.

Annual Values Awards

Priority 2003/2004

Continue our annual values awards voted on by all the staff in the Group - 😊

Once again this year we invited all our staff to nominate the colleagues that they thought had been the most brave, creative, passionate and professional. A panel of judges drawn from across the group considered every nomination and voted anonymously for the four winners. A fifth category of Employee of the Year was decided by selecting between those employees who had received at least one nomination for three or four different values. There were 12 such employees this year. The winners will be announced at our summer event, which at the time of writing is still to be held.

Priorities 2003/2004

Work with Team Leaders to agree a set of definitions that make clearer the types of actions we are looking for from staff to illustrate values behaviours - 😊

Relaunch our HiG process in September 2003 including clear definitions on values behaviours - 😊

This year we did not award performance bonuses based on the values. Team leaders were involved in a series of sessions during which the How's it Going process was redesigned following the feedback we had received from staff, and the revised process was launched in September 2003. This is discussed in more detail under Objective 4.

Staff Feedback

Feedback from staff surrounding the values was very positive this year, supporting our belief that the values are genuinely understood and shared by our staff. The following feedback and comments were given as a result of the staff questionnaire and focus groups this year:

68% (63%, 2002/03) of respondents agreed that, as a company, *“the people here are passionate and really believe in helping low-income families and unemployed people.”*

68% (66%) of respondents agreed that *“as a company we are **creative**, we come up with good new ideas and find clever ways of dealing with problems.”*

72% (66%) of respondents agreed that, as a company, *“we are **professional**, the quality of what we do is consistently high and we are always trying to improve.”*

59% (58%) of respondents agreed that, as a company, *“we are **brave**, we face up to problems, we’re not afraid to take risks and admit when we are wrong.”*

The real evidence that our values are shared and understood is the way our staff felt after receiving a values award. 87% (88%) of respondents said that they had received a values award in 2003/2004. 44% (61%) of these felt motivated by the award and a further 44% (18%) were pleased to have received it, giving an overall 88% of those who received an award finding it a positive experience compared to 79% in 2002/2003. Only 2% felt embarrassed at receiving an award this year, compared with 11% in 2002/2003. 50% (66%) thought that there were times when team members should have got awards and did not, although as already discussed we have now introduced a Values Box to overcome this problem. 36% of staff said that they had used the box to nominate a colleague for a values award.

We asked staff to respond to the statement “Our aim is always to get better at living out our values and rewarding staff. Do you have any suggestions about how we could do this? Some of their comments were:

“Organise ‘values workshops’ to promote our values and give examples of good and bad situations”

“I think we do it very well already”

“Make them bigger and less frequent”

“Make sure across the board team leaders award people when they deserve them”

Priority 2003/2004

Continue to communicate our values to all stakeholders - 😊

This year, we communicated our values to the people who matter to us in the following ways:

- By displaying our values on all our stationary, company information and business cards
- In presentations and speeches to various interest groups
- Through job advertisements and our recruitment process
- At our annual award ceremony, attended by staff and guests
- Through media articles
- At Cat’s Pyjamas events
- In our social report and social accounts for 2002/2003
- By acknowledging and rewarding our staff

This year our staff questionnaire and focus groups showed that our staff are happy to work here and stay because they share our values and believe in our objectives and the work that we do.

Our Board of Directors

In 2003/2004 we had a board of seven non-executive directors. One new member was elected to the board in May 2003 and the other members remained unchanged from the previous year. Five of the board are based in the northwest and they come from a variety of backgrounds. Five are from the private sector, one has a housing background, and another works in the Health Service. All are from senior management levels.

This year four of our board members gave feedback on how well they thought the Group had performed in 2003/2004 against its social and environmental objectives. They all rated the Group as having been either very effective or effective on meeting each of our social and environmental objectives. They also made the following additional comments:

On providing furniture to low income families

"I think the service at an operational level is excellent but we need to be more alive to the changing market and customer base."

"Only [effective, as opposed to very effective] because we still don't fully understand the scale and extent of our market and its future direction."

On employing and training people from social exclusion

"Excellent at an operational level but a review at a strategic level is required to ensure we keep up the pace and don't lose our direction on this. The most important social aspect of our work is providing employment and acting as a model and inspiration to other potential social businesses."

On reusing and recycling bulky household waste

"The impact of our work in this area is tremendous and should be widely promoted. This recycling, opposed to collection and disposal, should form a major part of our future programme."

On creating a fair and empowering working environment

"As a board member I believe we should review all these areas annually, and look to update them every 2/3 years."

"I'd like to say very effective, but it is quite difficult to judge from my position."

On treating customers and suppliers fairly

"I think we improved over the year."

On operating good environmental practices in all of our businesses

"Getting better – difficult objective to meet 100%."

"...I recollected few if any discussions at Board around these areas – do we need a regular update on this one?"

On influencing the social economy

"The current Leadership Team have developed good practice in this area and the various workshops and seminars do us proud. I would like to see follow up work and/or advice available to develop more social businesses, as I am not convinced that the country/government knows what to do next on this."

"I think FRC works very hard at this and I wish we could be more effective – but it takes the cooperation of others to achieve this, however hard we try."

On being a board member

"I very much enjoy my time with the Board and Team, I am delighted to have the opportunity to be a part of FRC Group."

"I feel privileged to be part of a great team who do great things."

We also asked whether our new set of objectives were an accurate reflection of the work of the FRC Group. All responded that they were either very accurate or accurate.

We asked the Board if they were well informed, felt valued and had adequate opportunities to influence policy. All gave positive responses to these questions. We had positive responses to all of these questions.

At 31st March 2004 the FRC Group board members were:

Graham Morris	Ex CEO of Rolls Royce. He is now an automotive consultant.
Barry McKenzie	Ex Group Financial Director, Silentnight Holdings. He is now a local magistrate.
Kim Crowe	Director of Organisational Development, Mersey Care NHS Trust
Jim Donovan	Executive Director of Corporate Affairs, Women's Royal Voluntary Service
Gaynor Asquith	Director, ABRA Regeneration Consultancy, Manchester
Erik Bichard	CEO, National Centre for Business and Sustainability, Manchester
Chris Watson	Senior Fellow at the Centre for Urban and Regional Studies, University of Birmingham; and Chair of Mercian Housing Association.

The people who mattered to us in 2003/2004

There are 13 different groups of people who matter to us across the group. The social accounting process has once again shown how valuable their feedback on our activities is for our businesses. More details about how and when we got feedback from them can be found in the map in Appendix 1.

Our staff

Across the FRC Group we employ full and part time staff, staff on permanent contracts and yearlong training contracts, and volunteers. On the 31st March 2004 we had 60 permanent staff, 26 staff on training contracts and 5 volunteers.

Board Of Directors

We have 7 non-executive directors. Five are northwest based and they come from a variety of backgrounds. Five are from the private sector, one has a housing background and another works in the Health Service. All are from senior management levels.

Furniture Resource Centre Customers

Furniture Resource Centre customers are local authority housing departments, central purchasing, policy and development departments, void management departments and social services. Housing Associations, Arms Length Management Organisations (ALMOs), hostels and foyers are also customers.

amovingexperience customers

This year we worked with 9 social landlords to move their tenants safely and comfortably from one home to another.

Tenants

Our Furniture Resource Centre customers offer accommodation to their tenants and in 2003/2004 we furnished 3,654 properties across the UK for over 100 customers. Also, we performed 325 house moves for amovingexperience tenants.

Bulky Bob's Local Authority Partners

Bulky Bob's bulky household waste collection service has stakeholders in Liverpool City Council's Waste Management Team, Liverpool Direct: the city council's call centre, Halton Borough Council's Waste Management Team and also their call centre.

Bulky Bob's Householders

In 2003/2004 Bulky Bob's completed a total of 51,003 collections for householders in Liverpool and Halton.

Revive Customers

Our Revive stores are in Liverpool City Centre and Widnes. This year Revive had a total of 3,504 customers from the following groups: members of the public, people in receipt of benefit (including students and pensioners), referral agency clients and dealers.

FRC Group Suppliers

We have 23 key suppliers of goods and service to the FRC Group. Of these, 14 are suppliers of furniture to the Furniture Resource Centre's one stop furnishing service. 18 are based in the northwest and 15 are based in Merseyside.

Influencers and Policy Makers

Another group are those who influence the development of policy with regard to the social economy. They are from a range of groups: politicians, the media, funders, other social businesses and related organisations. This year we asked 23 individuals in organisations ranging from government to private business if they would take part in interviews and we actually carried out 6.

Cat's Pyjamas Customers

This year the Cat's Pyjamas ran 13 events and 342 individuals attended. They came from a variety of backgrounds: funders, policy makers, media, voluntary and community groups, social businesses and the private sector.

FRC Solutions Customers

FRC Solutions is the newest of our activities, and we were not in a position to seek feedback from our consultancy customers for this year's social accounts. We will do so in 2004/2005.

Other People Who Matter

One group of people who matter to us who we have again failed to seek feedback from this year are the funders and customers of our training programmes, such as job centres. Getting people into work is one of our key objectives and we will prioritise getting feedback from these people next year.

Our objectives and priorities for 2004/2005

To be a great place to work

To achieve this we will:

- Review HiG⁹ to ensure continual improvement of the process
- Ensure that all staff members go through HiG by the end of November 2004
- Seek further funding for training and personal development
- Maintain a level of at least 8% of our total staff from ethnic minority backgrounds
- Reduce our accident rate by 10% from 0.78 accidents reported per employee to 0.70
- Continue to acknowledge and reward our staff for living out our values
- Continue our annual values awards voted for by all the staff in the Group

To give great service to our customers

There are separate objectives and priorities for each business under this main objective. These are listed below.

To be great to do business with

To achieve this we will:

- Make sure our customers think we are easy and fair to do business with 100% of the time
- Make sure our suppliers think we are easy and fair to do business with 100% of the time
- Find new ways of seeking feedback from customers and suppliers to measure this

To be great for people and the planet

To achieve this we will:

- Achieve the specific environmental targets set out in our environmental accounts, *Greening It?* (www.frcgroup.co.uk), for example reducing CO₂ emissions from electricity use at FRC by 5%
- Introduce a rolling programme of environmental awareness raising events for employees
- Introduce a sustainable purchasing policy

⁹ How's it Going? (HiG) is our performance appraisal process

- Carry out a more in-depth study of the economic impacts of the work of the FRC Group both locally and nationally
- Continue to communicate our values to all of our stakeholders

As well as these, each of our businesses has their own objectives, as follows:



- a. To offer furniture to help low income families to make a home
- b. To work with Registered Social Landlords to develop stock management solutions and services to improve their tenants' lives
- c. To give jobs and training to long term unemployed people

This year we will:

- Work with social landlord customers to investigate new ways of gaining feedback from tenants in furnished accommodation
- Reach our target of at least 70% of staff on training contracts into jobs.
- Reduce the dropout rate on our 12 month training programme from 19% to 15%, excluding those who leave early into a job or further education
- Continue to track our leavers for up to 2 years and report the results of this
- Recruit 25% of our trainees from the BME communities in Liverpool



- a. To offer local authorities a bulky household waste collection service with social and environmental benefits
- b. To reuse and recycle as many household items that we collect as we can
- c. To give jobs and training to long term unemployed people

This year we will:

- Maintain our 35% recycling rate for all goods collected in Liverpool
- Exceed the current 24% recycling rate in Halton
- Continue the pursuit of more environmentally sustainable options for the reuse or recycling of the residual waste sent to landfill
- Agree two new Bulky Bob's partnerships by 1st of April 2005
- Reach our target of at least 70% of staff on training contracts into jobs.
- Reduce the dropout rate on our 12 month training programme from 19% to 15%, excluding those who leave early into a job or further education
- Continue to track our leavers for up to 2 years and report the results of this
- Recruit 25% of our trainees from the BME communities in Liverpool



- a. To offer furniture to help low income families to make a home
- b. To sell the furniture collected by Bulky Bob's
- c. To offer a city centre location to other social enterprises in retail
- d. To provide work experience for young people

This year we will:

- Take Revive “on the road” at least 4 times
- At least maintain the current level of 84% of customers on low-income



- a. To give jobs and training to socially excluded young people
- b. To influence Ben & Jerry's on social and environmental issues

- Redesign the job and training programme for young people offered in Ben & Jerry's



- a. To help people who want to learn from us and other businesses like us
- b. To work with the private sector to help them to be more socially and environmentally responsible
- c. To reduce the environmental impacts of our events

This year we will:

- Cat's Pyjamas priority to be agreed pending discussions about the Cat's Pyjamas direction and focus in the future

FRC Solutions

To share our learning and experience with other businesses who want to make a difference

This year we will:

- Complete at least 20 days of consultancy through FRC Solutions
- Continue to seek high profile speaking and media opportunities to promote the work of the FRC Group



- a. To reduce waste by reusing unwanted office furniture
- b. To provide low cost, high quality office furniture to small local businesses

This year we will:

- Sell £15,000 worth of furniture, making Green-Works financially sustainable

Looking To The Future

The major internal change we will have to come to terms with is the departure of our Chief Executive, Liam Black. Liam is leaving in July after a ten year association with FRC. He leaves the company in pretty good shape and his departure will make the board and the Leadership Team reflect on what sort of leadership is appropriate now for this stage of FRC's journey. Liam took over from the founder six years ago and has driven the business and cultural changes which now underpin the FRC Group. He brought a distinctive and high profile style to the role and really put FRC on the national and international maps. The Board has agreed to let the dust settle before deciding if a high profile figurehead Chief Executive is what we now need. Certainly in the short/medium term the business will be ably run by the Leadership Team. Is a collective style of leadership without a single identified Leader possible or desirable?

We will also recruit up to three new board members to continue providing the very high quality of governance from which FRC has benefited these last five years.

With regards to our business activities we do not plan any new ventures this year (at the time of writing anyway!) as the Leadership Team have had precious little time to sit down and process ideas, although we will be getting our Green-Works and FRC Solutions ventures fully up and running. 2004/05 will be make or break for our Ben and Jerry's PartnerShop experiment and will also see a considerable refocusing of the Cat's Pyjamas. The year will also verify (or not) that Bulky Bob's is exportable outside of Merseyside.

On the training front we will continue to reach out to those at real disadvantage in the labour market, maintaining our high levels of representation from the city's refugee community.

**FRC Group
June 2004**

Appendix 1: Our Triple Bottom Line Management Accounts

	Apr 03	May 03	June 03	July 03	Aug 03	Sept 03	Oct 03	Nov 03	Dec 03	Jan 04	Feb 04	Mar 04	TOTAL	
PROFIT/(LOSS)														
Furniture Resource Centre	-11,202	-14,890	-17,041	21,586	14,013	687	-17,007	4,772	-18,848	-20,577	-13,278	47,969	-23,817	
Bulky Bob's	6,058	5,421	5,854	5,696	4,483	2,681	-14,949	7,550	10,887	12,251	13,562	13,806	73,300	
FRC Solutions	0	0	0	0	0	-8,709	-6,166	-5,722	-9,543	-11,698	-8,383	-10,182	-60,403	
FRC Group total	-5,144	-9,469	-11,187	27,282	18,496	-5,341	-38,122	6,600	-17,504	-20,024	-8,099	51,593	-10,920	
CUMULATIVE PROFIT/(LOSS)														
Furniture Resource Centre	-11,202	-26,092	-43,133	-21,547	-7,535	-6,848	-23,855	-19,083	-37,931	-58,508	-71,786	-23,817		
Bulky Bob's	6,058	11,479	17,333	23,029	27,512	30,193	15,244	22,794	33,681	45,932	59,494	73,300		
FRC Solutions	0	0	0	0	0	-8,709	-14,875	-20,597	-30,140	-41,838	-50,221	-60,403		
FRC Group total	-5,144	-14,613	-25,800	1,482	19,977	14,636	-23,486	-16,886	-34,390	-54,414	-62,513	-10,920		
ONE STOP SERVICE														
Sales	Actual	287,148	221,170	202,801	304,906	258,620	204,782	274,604	249,743	193,814	199,388	220,163	318,192	2,935,330
	Budget	258,790	260,885	262,979	265,073	267,167	269,262	271,356	273,450	275,544	277,639	279,733	281,827	3,243,705
GP% Excl Mov Ex	Actual	28.9%	26.3%	27.6%	32.2%	31.3%	32.8%	33.2%	36.5%	31.3%	27.2%	22.4%	38.7%	
	Budget	26.7%	26.0%	25.7%	23.0%	22.5%	22.0%	19.2%	19.2%	19.2%	19.2%	19.2%	19.2%	
Properties furnished		305	258	256	342	292	284	309	268	235	259	321	299	3,428
Moving Experience removals		6	11	16	24	17	45	32	35	6	36	70	27	325
Fuel efficiency (km/litre)		5.3	4.7	5.1	3.9	5.6	6.6	4.7	5.2	5.4	4.7	5.3	4.9	
CO₂ emissions (kg / km)		0.51	0.57	0.52	0.70	0.48	0.41	0.57	0.52	0.50	0.57	0.50	0.55	

		Apr 03	May 03	June 03	July 03	Aug 03	Sept 03	Oct 03	Nov 03	Dec 03	Jan 04	Feb 04	Mar 04	TOTAL
REVIVE LIVERPOOL														
Sales	Actual	12,656	15,220	14,012	12,393	12,286	12,346	12,643	14,889	12,624	11,521	10,729	11,381	152,699
	Budget	13,452	13,452	13,452	13,452	13,452	13,452	13,452	13,452	9,352	11,452	13,452	13,452	155,324
Customers		342	312	323	296	281	258	283	279	221	256	263	291	3,405
Energy usage (kWh per m²)		5.7	4.8	5.2	4.6	3.8	4.1	5.4	3.8	9.1	8.4	8.0	9.9	
Fuel efficiency (km/litre)		7.6	12.8	8.1	7.5	14.1	7.4	9.1	8.1	8.4	7.4	6.0	6.9	
CO₂ emissions (kg / km)		0.35	0.21	0.33	0.36	0.19	0.36	0.29	0.33	0.32	0.36	0.45	0.4	
REVIVE HALTON														
Sales	Actual										910	1,531	2,362	4,802
	Budget										6,545	7,315	8,085	21,945
BULKY BOB'S														
<u>Liverpool</u>														
Profit/(loss)	Actual	4,847	3,897	3,865	4,378	3,779	3,326	-16,897	7,174	10,770	9,857	10,824	11,692	57,511
	Budget	4,089	4,089	3,412	3,384	3,381	3,380	3,195	3,014	7,483	7,483	7,483	7,490	57,882
Completed collections		2,826	3,181	3,352	3,750	3,185	3,431	3,469	3,180	2,790	3,092	3,250	3,243	38,748
Total items collected		1,896	1,756	1,932	1,818	2,220	1,943	2,001	1,898	1,274	1,972	1,930	2,154	22,793
% weight recycled and reused		38.4	35.3	37.7	32.1	36.3	32.8	33.0	31.6	26.2	37.7	35.6	37.1	
Fuel efficiency (km/litre)		6.11	3.93	6.31	4.57	5.38	5.98	4.34	4.62	4.42	4.75	4.26	4.57	
CO₂ emissions (kg / km)		0.44	0.68	0.42	0.59	0.50	0.45	0.62	0.58	0.61	0.56	0.63	0.59	

		Apr 03	May 03	June 03	July 03	Aug 03	Sept 03	Oct 03	Nov 03	Dec 03	Jan 04	Feb 04	Mar 04	TOTAL
Halton														
Profit/(loss)	Actual	1,211	1,524	1,989	1,317	704	-645	1,948	375	120	2,394	2,739	2,114	15,789
	Budget	-1,254	-248	671	744	821	975	955	1,041	730	805	959	1,112	7,310

Completed collections	890	1,074	1,065	1,223	1,020	934	1,174	937	905	950	1,012	1,063	12246
Furniture items collected	411	365	391	366	419	388	442	414	397	450	413	501	4956
% weight recycled and reused	23.0	24.0	23.7	17.9	24.4	21.1	23.0	21.9	24.4	26.6	21.2	25.4	
Fuel efficiency (km/litre)	5.44	4.05	4.72	4.21	4.68	4.98	4.05	4.74	5.13	4.26	4.27	3.97	
CO₂ emissions (kg / km)	0.49	0.66	0.57	0.64	0.57	0.54	0.66	0.57	0.52	0.63	0.63	0.68	

FRC GROUP

People and Culture

Total no of staff on payroll *	79	72	67	75	76	71	71	85	80	79	92	94	
No full time	52	51	54	50	50	48	59	50	49	49	58	54	
No part time	6	6	6	6	6	6	9	14	11	11	6	6	
No of leavers	9	4	0	6	1	3	7	10	3	1	3	6	53
No of new starters	1	3	3	2	1	1	21	3	1	4	9	2	51
University students	73	6	36	12	22	23	12	3	27	57	63	40	374
Accidents reported	6	6	9	2	6	5	3	5	5	2	5	8	62
Accidents investigated					1	2	0	1	0	0	0	1	5
Total values awards	4	40	21	3	6	28	24	41	11	33	29	38	278
Bravery	2	3	2	0	0	2	2	4	2	4	2	6	29

	Apr 03	May 03	June 03	July 03	Aug 03	Sept 03	Oct 03	Nov 03	Dec 03	Jan 04	Feb 04	Mar 04	TOTAL
Creativity	0	2	4	0	1	0	2	1	2	4	2	4	22
Passion	0	10	3	1	0	8	10	15	2	4	9	12	74
Professionalism	2	25	12	2	5	18	10	21	5	21	16	16	153

* Numbers of full-time staff and part time staff given are the total employed during the month and so may not tally with the number of staff on the payroll as this number is taken as a snapshot in time.

ILM

Trainees on payroll	22	15	13	22	20	17	14	23	22	20	18	22	228
Trainees recruited	8	0	0	9	0	0	0	9	0	0	0	7	33
Qualifications achieved	16	32	8	56	5	9	6	34	8	9	9	19	211
Leavers	1	7	2	0	2	4	3	1	0	2	2	3	27
Leavers into jobs	1	6	1	0	1	0	1	0	0	1	1	3	15

FRC Group

Energy usage (per m²)	4.4	3.5	3.7	3.4	3.2	2.6	9.0	6.8	18.9	21.0	20.8	10.3
Waste landfilled (kg)	168	210	168	168	210	168	210	168	168	210	168	168
Waste recycled (kg)	1,660				1,000				700		700	
Paper use per person (reams)	0.8	0.6	0.9	0.8	0.4	0.7	0.6	0.6	0.6	0.7	0.5	0.3
Water use per person (m³)	1.0	1.0	1.9	2.0	1.9	1.8	2.4	1.2	1.4	1.5	1.1	1.4

CASH BALANCES

Furniture Resource Centre	893,587	844,445	913,600	953,825	801,265	963,435	818,804	770,342	965,604	809,763	778,802	778,744
Bulky Bob's	317,982	403,606	368,523	242,069	261,711	201,554	226,542	157,609	165,895	181,856	196,543	144,761

	Apr 03	May 03	June 03	July 03	Aug 03	Sept 03	Oct 03	Nov 03	Dec 03	Jan 04	Feb 04	Mar 04	TOTAL
FRC Solutions	0	0	0	0	36,493	36,491	42,641	5,422	1,241	6,620	5,017	2,298	
FRC Group total	1,211,569	1,248,051	1,282,123	1,195,894	1,099,469	1,201,480	1,087,987	933,373	1,132,740	998,239	980,362	925,803	

DEBTORS

Furniture Resource Centre	709,835	616,856	631,953	670,225	793,074	641,227	749,306	807,046	684,867	663,059	698,901	720,678	
Bulky Bob's	89,979	44,714	81,970	154,426	141,794	176,753	169,617	224,178	200,363	202,431	211,592	194,605	
FRC Solutions	0	0	0	0	0	39,151	13,378	15,098	21,492	17,424	3,920	7,526	
FRC Group total	799,814	661,570	713,923	824,651	934,868	857,131	932,301	1,046,322	906,722	882,914	914,413	922,809	

CREDITORS

Furniture Resource Centre	558,933	425,715	523,553	561,806	511,372	508,904	497,149	471,080	553,452	397,594	375,863	378,971	
Bulky Bob's	344,886	379,279	375,534	315,745	317,849	288,282	305,202	284,710	260,497	268,646	281,564	202,492	
FRC Solutions	0	0	0	0	75,000	88,083	155,277	124,616	136,929	148,978	140,662	150,302	
FRC Group total	903,819	804,994	899,087	877,551	904,221	885,269	957,628	880,406	950,878	815,218	798,089	731,765	

NET ASSETS

Furniture Resource Centre	1,939,877	1,919,647	1,897,278	1,913,621	1,922,432	1,917,872	1,895,650	1,895,205	1,871,140	1,845,346	1,851,844	1,869,602	
Bulky Bob's	84,203	88,934	93,617	98,174	101,760	103,893	91,946	97,986	106,590	116,391	127,241	138,286	
FRC Solutions	0	0	0	0	0	-8,708	-14,874	-20,597	-30,140	-41,838	-50,220	-60,402	
FRC Group total	2,024,080	2,008,581	1,990,895	2,011,795	2,024,192	2,013,057	1,972,722	1,972,594	1,947,590	1,919,899	1,928,865	1,947,486	

Appendix 2: People Who Matter to the FRC Group

Category	Sub-group	Number	Where based	How consulted	Replies
FRC Group Staff	Permanent	60	Liverpool, Widnes and Chester	Anonymous questionnaires sent out to 83 staff February 2004	51 returned 61% rate
	Training Contract	26			
	Volunteers	5			
Furniture Resource Centre customers	Local Authorities Registered Social Landlords	125	National	Postal questionnaire sent to 33 top spenders March 2004	8 returned 24% rate
	The Room Store	1	Liverpool	Face-to-face interview April 2004	
	The Room Service Group	1	Southeast		
amovingexperience customers	Registered Social Landlords	9	Liverpool	Informally during conversations with FRC Group staff throughout year	
Tenants	Local Authorities Registered Social Landlords	3,654	National	Postal questionnaires sent to 200 Helena Housing tenants March 2004	95 returned 48% rate
	amovingexperience tenants	325	Liverpool	Telephone interview June 2004	
Bulky household waste collection service customers	Liverpool City Council Waste Management			Telephone interview	All interviewed in June 2004
	Liverpool Direct				
	Halton Borough Council Waste Management			Face-face-interview	
	Halton Call Centre			Telephone interview	
Bulky Bob's Householders	Liverpool householders	38,756	Liverpool	Telephone interviews with 46 householders March 2004	46 completed
	Halton Householders	12,247	Halton		
Revive Customers	Liverpool Store	3,408		Face-to-face interviews in store	49 completed
	Halton Store	96			

Category	Sub-group	Number	Where based	How consulted	Replies
Customers for training of the long term unemployed	Liverpool City Council Kensington New Deal Employment agencies			Not consulted	
Suppliers	FRC Group goods and services	9	Merseyside North West National	Questionnaires to 23 suppliers	7 returned 30% rate
	Furniture suppliers	14			
FRC Board		7	North West National	Email questionnaire May 2003	3 returned 43% rate
Influencers	Media Politicians Social Economy Private Sector Funders Charities Churches Councillors Regeneration Regeneration Environmental		National	Requested face-to-face interviews with 23 people March and April 2004	6 completed 26% rate
FRC Solutions Customers			National	Not consulted	

Appendix 3 Here's the Deal



Here's the deal....

We will.....

At all times treat you fairly and with respect

Pay you on time, every time

Provide the tools for the job

Deliver the training we promise

Review your progress every six-weeks

Include you in all aspects of company life

Provide you with job search support

Give you support when you ask us

Signed on behalf of FRC Group:

Name:

Date:

You will.....

At all times treat your colleagues fairly and with respect

Turn in for work on time, every time

Give our customers excellent service

Commit yourself to your training

Take part in job search

Ask for help when you need it

Enjoy yourself and get the most out of your year

Pledge: FRC Group is fully committed to offering you quality training. Your training will be as agreed in your Personal Performance Plan. FRC Group will train you to the recognised standard in your area of work, all qualifications you are working towards shall be listed in your plan.

***I agree to work towards the goals as set out in my
Personal Performance Plan***

Signed by training staff

Name:

Date: