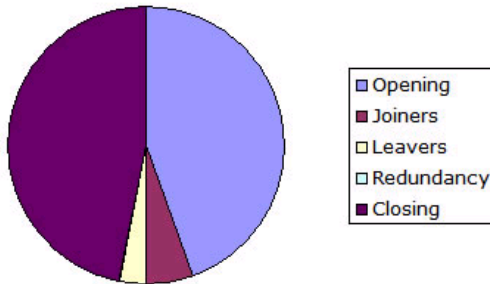


Staff

The following tables give information about the number of staff employed across Traidcraft in the year ended 31/03/07 and staff turnover, training, sickness absence, gender balance and staff benefits (with comparative data where applicable).

Staff movements 2006-2007



Reasons for leaving in 2006/2007:

- To take up a new career opportunity (4)
- Personal Reasons (3)
- Early retirement (1)
- Further Education (1)
- Ill health (1)
- Mutual agreement (1)

Joiners filled vacant posts and newly created posts. There were a further 9 vacancies at 31/03/07 which were a combination of existing and newly created posts.

Staff Turnover

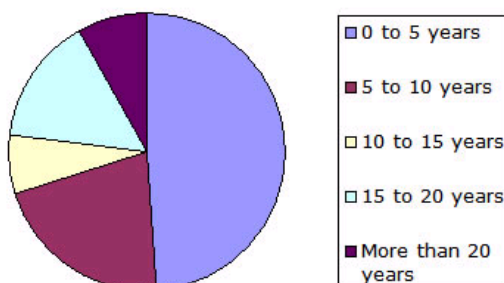
We do not have a specific target figure for this indicator – it is a number that can vary according to the life cycle of the business – but we aim to see a healthy rate of turnover in the work force (neither too high nor too low).

For a number of years we have believed that a rate between 5% and 15% is good and are only concerned if it falls outside this or is regularly close to one or other limit. The figure given expresses the number of leavers in the year as a percentage of the opening numbers.

	2002	2003	2004	2005	2006	2007
Staff Turnover (%)	8.5	9.1	9.0	13.4	9.8	7.0

We also report the length of service of current staff in terms of numbers in each band. It can be seen from this that Traidcraft (which has been operating for 28 years) has a good blend of service lengths and this together with the long-run turnover statistics above, is an encouraging sign that Traidcraft is a good place to work.

Length of service



Grievance Procedure

There were 9 (last year 7) formal grievances raised and resolved during the year.

Permanent Contracts

There are 165 permanent staff employed by Traidcraft. During the year, 4 members of staff successfully transferred to part time (one as part of phased retirement, two in relation to childcare responsibilities and one to return to college on a part time basis).

Seven members of staff are based in Bangladesh and two in Kenya. Two members of staff were on maternity leave at 31 March. One member of staff has been granted permission to work beyond normal retirement age.

Disabled Staff

Traidcraft employs 9 members of staff out of 165 who have notified us of a disability, and there are several others who are known to have disabilities. One member of staff with a disability undertook a phased return to work following long term absence.

Ethnic Minorities

	2002	2003	2004	2005	2006	2007
% Ethnic minority employed by Traidcraft	2.5	1.5	3.7	3.0	2.7	2.6

The above table relates to UK staff only. We have excluded overseas offices as we feel their inclusion would distort information given.

The percentage of UK staff from ethnic minority backgrounds is 2.6%. This compares with the percentage of all ethnic minority groups represented in the Gateshead population of 1.3% at the 2001 national census.

If our overseas offices are included the percentage would be 8.5% (2005-2006: 8.3%).

Sickness Absence

Lower than national average	2002	2003	2004	2005	2006	2007
% days lost due to sickness in Traidcraft	3.0	2.3	2.7	2.8	3.6	3.2

- 9 members of staff have had periods of long term sickness absence amounting to 1.8% of lost potential working time (last year 2.3%). However, due to a change in the sickness reporting procedures, the percentage of days lost due to sickness has declined.
- Figures produced by the CIPD in 2006 show an average of 3.5% of working days per employee lost due to sickness nationally, with the North East of England having one of the highest regional rates of 3.9%. Sick pay cost about £75,000 (last year £64,500).

Gender Balance

We aim to maintain a balance at all levels		2002	2003	2004	2005	2006	2007
Male Employees	Full-time	32	37	38	40	55	61
	Part-time	2	2	1	3	3	4
Female Employees	Full-time	62	69	70	64	71	71
	Part-time	22	25	25	26	27	29
Total		118	133	134	133	156	165

It can be seen that the proportion of men has risen from about 30% to 40% over the past six years, reflecting the increasing number of warehouse staff (a greater proportion of whom tend to be male) recruited to handle the significant growth in turnover experienced during the period.

The executive team comprised six men and two women (same as last year). The wider management team (excluding the executive group) comprised 23 women and 11 men. The balance between male and female employees is 39:61 (2006, 37:63).

Staff Benefits

	2002	2003	2004	2005	2006	2007
Minimum wage paid £	8,750	10,000	10,000	10,400	11,033	11,642
Maximum wage paid £	45,000	47,970	50,368	53,300	57,500	62,000
Differential (Max/Min)	5.14	4.80	5.03	5.14	5.21	5.33
National Minimum Wage £	N/A	8,081	8,658	9,331	9,716	10,293

Pay Award

The basic level of salaries for all staff was increased by 2.25% in April 2006, with additional payments for all those deemed competent in their role (of 1.75%) and further adjustments for some staff which addressed benchmark anomalies, plus the award of one-off bonuses for 13 staff which increased the payroll cost by 5.5% overall. There were two appeals arising from the salary review which were successfully concluded.

The executive group received pay increases of between 4% and 22%, with two members of the team receiving significant increases on promotion to full Board director status, and in line with external comparison data.

Executive Directors salaries are benchmarked on a slightly different basis to other staff. Where other staff salaries are set in comparison with the average of comparable roles in other organisations (commercial or charitable according to the role in question), Executive Directors are benchmarked against comparable roles in the charity sector only, despite many of them having primarily commercial sector responsibilities. This tends to reduce the level of salary paid, but reflects the values-led basis of Traidcraft.

Executive Directors' pay is determined by the Remuneration Committee of the Boards. In 2006 the Committee awarded two members of the team bonuses of £1,250 each.

All UK based staff are eligible to join the Company Group Personal Pension Plan after three months service, provided they have successfully completed their probationary period and have attained 18 years of age. Traidcraft makes contributions of 7.5% of salary for each individual who joins the scheme (a slight increase on 7% in the previous year), and pays a minimum contribution of 3% of salary.

Other Benefits

All permanent and long term temporary staff received a bonus of £30 in vouchers at Christmas 2006 and a Company Christmas lunch and party was held in Company time in December 2006. A Christmas buffet lunch was provided for all staff and their families by Traidcraft, following the annual Carol Service.

All permanent staff have the option of undergoing free confidential three-yearly health checks on site and all staff and their household members have access to a free confidential 24/7 help line where they can get advice on legal, personal and financial matters.

A flexi-hours system operates for all non-operational staff and a flexible annual leave policy for operational staff. There are also season ticket loans available and a childcare voucher scheme.

Training

This Indicator also helps to show whether we are investing sufficiently in the development of the staff of Traidcraft. (It measures the percentage of total salary cost that is spent on training).

559 (last year 517) days training, which represents 3.6 days per employee (last year 3.5 days per employee), took place. 46 days training agreed from the training plan were not completed – mainly because a suitable course was not identified, the member of staff left or the request was superseded or postponed.

The approximate cost of training (before grants received) undertaken during 2006-2007 was £40,000 (last year £49,000) and includes training and travel bursary awards for the year. This is direct cost and does not include the cost of training designed and delivered by Traidcraft staff, travelling costs to training venues or the cost of time spent off the job.

Up to £3,000 in total can be awarded through a training bursary scheme to staff who have vocational training needs which can not be met from the main training budget.

The proportion of total salary cost spent on training is shown below (salary cost means the figure published in the financial statements and does not include pension or Employer's National Insurance costs):

	2002	2003	2004	2005	2006	2007
Proportion of total salary cost spent on training	2.1%	1.2%	3.4%	1.6%	1.6%	0.9%

The current policy of Traidcraft (kept under review in the light of each year's budget) is to allocate a minimum of 1.5% of salary costs to training. This compares with a national average of about 0.5% across the private and public sectors.

The training figure in 2004 was especially high due to the implementation of a new IT system (which, in effect, doubled the training cost for that year). Given the level of external funding that has been sourced to cover training costs we believe this measure is no longer the most appropriate measure to use. In future reports we shall measure training days per employee.

Seven managers embarked upon the external management development programme during the year. Traidcraft core attributes were introduced to enable staff development to become more focused.

Three members of staff have been seconded to other roles during the year with two continuing to do so. Three members of staff acted up into more senior roles during the course of the year.

The Chief Executive continues to present reviews of the business each quarter to all staff at a series of group meetings where questions and feedback are encouraged. Responses to staff feedback received from questionnaires were presented at the all-staff briefing sessions, which continue to be held every Monday at our main Gateshead site with notes circulated to all other staff.

Four members of staff chosen via a draw participated in a trip overseas on one of Traidcraft's study tours, as part of their training and development. One member of staff has been selected to undertake a similar trip in the coming year to Northern Thailand.

Learning Weeks

Three weeks were set aside during the year as "learning weeks" for staff and whilst staff can generally only attend a few of the sessions this is an opportunity to learn about other areas of the business, improve management skills, hear external presentations and share learning and experiences between the staff of the trading company and charity.





As part of one Learning Week, three groups of staff (comprising 47 staff in total) visited Durham prison as preparation for the prisoner placement scheme.

Staff Association

We have again worked closely with Traidcraft's Staff Association to test the views of staff and report back on how the year has been for this critical stakeholder group.

A. Report of the Staff Association Committee for 2006-2007

Background

The Staff Association:

- Represents the interests, opinions and needs of staff
- Acts as a means of communication between staff and Traidcraft senior management
- Provides support to staff in circumstances such as disciplinarys or redundancies, as well as in other personal and work related situations as necessary

The committee meets on a monthly basis and minutes of our meetings are circulated to staff. We discuss issues raised by staff (although individual issues are often dealt with in confidence and are not discussed at committee meetings) and, where appropriate, follow these up with HR and the senior management team. We are also consulted by the senior management team on a variety of issues and are given the opportunity to comment on these.

In addition to the Chair and Deputy, there are six committee members who each have specific roles and responsibilities:

- Working Conditions (People Policies)
- Representing/Accompanying Staff
- Pay and Reward
- Communication

Changes to the Staff Association and Committee

There have been a number of staff changes to the committee during the year. Julia Cantrell took over from Anne Witton as Chair, and Rob Donnelly took her place as Deputy. Carolyn Ord left the committee, and we were joined by Jane Riley to represent Line Managers and Senior Staff.

Activities during 2006-07

During 2006-07 we have particularly focused on two key areas:

1. Increasing understanding and profile of the committee
2. Increasing the effectiveness of the committee

During the year the following progress has been made:

1) Increasing understanding and profile of the committee

- A slot has been introduced in Learning Week entitled 'Your Staff Association Needs You'. The first session, held in January, focused on gathering staff views on what we are currently doing, what they felt we should be doing, and what we could do better. This was extremely useful and has thrown up various issues which will be the focus of future Learning Week sessions
- Staff Association notice boards have been put up in both Kingsway and Queensway, with information on the Association, minutes from our latest meeting, and a suggestion envelope
- A monthly Staff Association surgery has been introduced, where staff can bring up any issues (two committee members hold the surgery on a rotational basis)
- A short leaflet on the Staff Association has been developed for staff, outlining what we do, how we can assist staff, our individual roles, and our contact details
- A Staff Association induction has been introduced for all new staff

These activities seem to be having an effect as committee members are increasingly being approached by staff who want to raise issues or ask for advice.

Most of the issues raised during the year have been individual grievances, and committee members have done their best to advise and support these individuals in the most appropriate course of action.

While staff are understandably concerned about Traidcraft plc performance and what this may mean for them if things do not pick up over the coming

months, no other significant or organisation-wide issues have been brought to our attention over the year.

2) Increasing the effectiveness of the committee

- An external trainer provided two employment law sessions for committee members, to update us on new employment legislation
- Training was provided by an external provider on representing staff and negotiating skills. Committee members have found this training extremely useful when representing staff in disciplinary situations (and we are increasingly being asked to represent and support staff, not just in disciplinary situations but also in other situations where issues need to be resolved, eg with other members of their team or their line manager)
- We have re-allocated our individual roles in the Staff Association following the changes in the committee, and have clarified what the 'communication' role encompasses

Other positive developments this year:

- Following the results of last year's social accounts staff survey we were consulted on the issues it raised and asked for our suggestions for improvement
- Weekly meetings between the Staff Association chair and the Director of HR have been introduced, to increase communication between the Committee and the senior management team
- There has been greater liaison with the Board member with responsibility for staff issues, Alice Ward, and she is planning to attend Staff Association meetings on an occasional basis

Focus for next year

Our focus for 2007-08 will be on the following:

1. Further increasing the profile of the Staff Association among staff
2. Encouraging greater staff input to the committee
3. Increasing our effectiveness

...plus any other significant issues that are raised through the social accounts staff questionnaire.

Conclusion:

The Staff Association committee feels it has made good progress over the year in increasing our profile among staff and maintaining good communication with the senior management team. We aim to build on this during 2007-08 and to work effectively together as a committee towards achieving our aims for the year.

Staff Survey

In addition to the above report, Traidcraft commissioned a survey of all staff to get their views on how they feel and how well they think Traidcraft treats them as an employer.

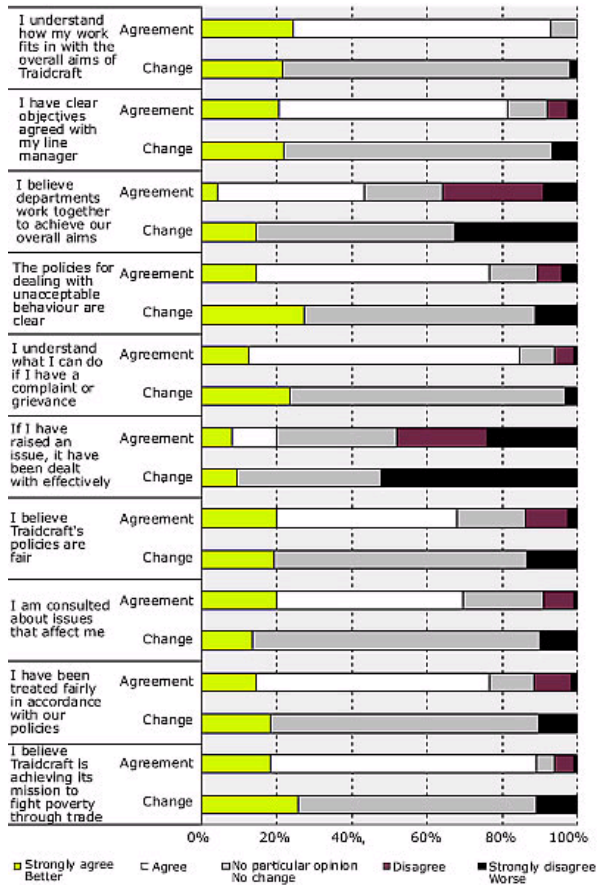
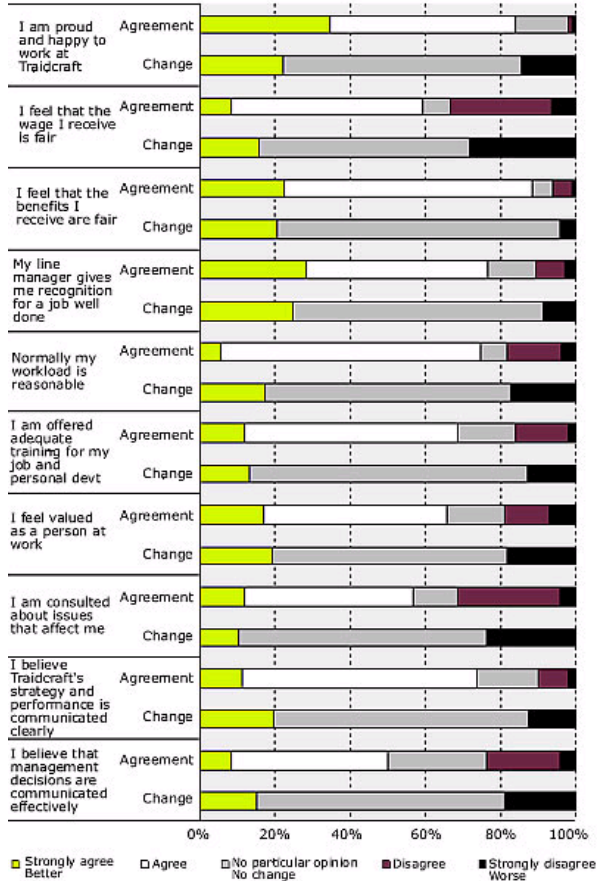
Glasgow based consultancy FMR Research (who undertook the stakeholder survey for Traidcraft leading into the strategic planning in 2005), carried out the survey – asking all staff to complete a questionnaire .

There were 111 replies, giving a response rate of 65% (2006 – 55%, 2005 – 50%), with identical questions to last year plus one additional question being asked. The feedback obtained is shown in the table below.

	Mean	Mean	Mean	Mean	Mean
Statement	06/07	05/06	04/05	03/04	02/03
1) I am proud and happy to work at Traidcraft	4.2	4.3	4.3	4.1	4.2
2) I feel that the wage I receive is fair	3.3	3.4	3.6	3.6	3.3
3) I feel that the benefits I receive are fair	4.0	n/a	n/a	n/a	n/a
4) My line manager gives me recognition for a job well done	3.9	3.9	3.8	3.5	3.5
5) Normally, my workload is reasonable	3.6	3.6	3.5	3.3	3.3
6) I am offered adequate training for my job and personal development	3.6	3.7	3.8	3.3	3.3
7) I feel valued as a person at work	3.6	3.8	3.6	3.3	3.3
8) I am consulted about issues that affect me	3.3	3.7	3.5	3.3	3.2
9) I believe Traidcraft's strategy and performance is communicated clearly	3.7	4.1	3.9	3.6	n/a
10) I believe that management decisions are communicated effectively	3.3	3.6	3.5	3.1	3.3
11) I understand how my work fits into the overall aims of Traidcraft	4.2	4.3	4.2	n/a	n/a
12) I have clear objectives agreed with my line manager	3.9	4.0	3.8	n/a	n/a
13) I believe departments work together to achieve our overall aims	3.0	3.2	3.1	n/a	n/a
14) The policies for dealing with unacceptable behaviour at work are clear	3.8	4.0	4.1	n/a	n/a
15) I understand what I can do if I have a complaint or grievance	3.9	4.1	4.1	n/a	n/a
16) If I have raised an issue, it has been dealt with effectively	2.6	2.5	3.0	n/a	n/a
17) I believe Traidcraft's policies are fair	3.7	4.0	4.0	n/a	n/a
18) I have been treated fairly, in accordance with our policies	3.8	3.9	3.9	n/a	n/a
19) I am clear about what authority I have in my job – I know what decisions I can make on my own and when I must consult a manager	3.8	3.7	3.8	3.5	n/a
20) I believe Traidcraft is achieving its mission to fight poverty through trade	4.0	4.2	4.2	4.1	4.1

5=Strongly agree, 4 = Agree, 3 = No particular opinion, 2 = Disagree, 1=Strongly disagree, d = no response/not applicable

Overview of responses to statements



Against each question staff were asked to indicate whether, during the past year, they thought there had been an improvement, stayed the same or got worse. The change column in the above table measures the responses.

The Concluding Comments section of the report from FMR seeks to summarise the principal conclusions to be drawn from the survey.

The process this year achieved an improved participation rate from staff. It is difficult to state categorically why this was the case, but it can generally be considered to be a positive step for more staff to engage in the survey.

Ratings of Traidcraft as an employer overall (7.4 out of 10) and on specific aspects tested are still high, but the scores for specific statements tested were generally less positive than last year's, as fifteen of the nineteen statements retested (a new one was added this year) received lower mean scores than last year.

The findings were somewhat contradictory, however, as more people who gave a view on whether things had improved, stayed the same or deteriorated in the past year felt that it had improved rather than got worse for thirteen out of twenty statements, with five receiving more negative than positive scores and two receiving the same number of better and worse scores.

It is difficult to attribute hard and fast reasons for the lower overall ratings, and in reality it is probably due to a number of factors. The changed profile of staff members who responded is a consideration, as a higher number of staff responded and a higher proportion of Operations staff also responded this year, but they were less positive in their responses than those from some other teams.

A number of other issues may affect the general morale of Traidcraft staff, which might have an impact on responses. These might include, for example:

- the poorer financial performance of the company in the last year;
- the fact that the new strategic plan has been in place for a year so is less 'fresh' and may already need to be revised/actions revised because of changes in the external environment;
- the fact that the Make Poverty History campaign was over a year ago and, whilst it increased awareness of fair trade issues, others may be seen to have benefited from this more than Traidcraft; and
- there is still a lot of work to do to address poverty overseas.

That said, the organisation should not be complacent and must consider what staff have fed back via the survey. The key findings section includes the full spectrum of comments and suggestions staff have made for improvement. Key areas of concern which it is recommended that the Board and Senior Management Team consider are as follows:

- Joint working between departments needs to be improved. Staff members are keen for this to happen, with better, more open communications between different teams, considering what the organisation is trying to achieve and working together to achieve that.
- Twice as many staff this year in comparison to last year felt that they are not consulted about issues which affect them and this is exacerbated by management decisions, strategy and performance not always being perceived to be communicated to staff as well as they could be.
- The above points should not be done at the expense of speeding up decision-making, however, as staff are keen to see the number of meetings which do not move things forward reduced, and the speed with which the organisation responds to opportunities and changes in the external environment increased. Staff are keen for Traidcraft to be a focused and dynamic organisation, with a strong vision, strategy and action plans with clear responsibility for delivery.
- The rate of pay is still an issue for some staff, particularly for those in Operations who perceive others within the organisation being paid well, or having flexi-time when they do not.
- There continue to be mixed views on Human Resources issues – some feel they are too rigid and others feel they are applied with too much flexibility. The number of comments on Human Resources issues and the style of the HR team appears much reduced this year from last year and the overall tone appears to be less negative. However, overall agreement with the statement 'I believe Traidcraft's policies are fair' dropped by 14% from last year and nearly half (48%) of those who had raised an issue were still unhappy about the way in which it had been addressed.
- One in five respondents (19%) do not feel valued as a person at work, compared to 14% last year. This year, 19% considered this to have improved in the previous twelve months whilst 18% considered this to have become worse. Last year's better/worse responses were more positive, as 23% considered it to have improved and 14% to have deteriorated. It should be noted that, whilst Traidcraft should strive to ensure that all staff feel valued, it is unlikely that any organisation would receive 100% agreement to this statement.

Given that responses were moving in a positive direction until this year, next year's survey will be particularly important in determining whether this year's results were a 'blip', a more accurate picture of what staff think given the improved response rate/ higher representation from different departments or whether they show more serious ongoing staff concerns which might require greater action to address.

Feedback to staff on the findings of the staff survey and any actions as a result of it is the next key step in the process, following consideration by the Senior Management Team and Board.

Directors' Comment

We have been greatly encouraged by the increased number of staff who gave their views this year and are heartened that staff perceived that things were improving in most areas, following a year when we took a range of actions to respond to some of the concerns raised in last year's survey.

We are disappointed however that the majority of scores have shown a decline since last year and acknowledge that the difficult trading year has been a concern for staff.

While scores remain at a level that most employers would be proud to achieve we will not be complacent and, building on this wider engagement of staff, we will seek to address issues of communication and other key areas of concern by working in partnership with the Staff Association.

We also note that the scores themselves may have been affected by the greater sample size, and it is encouraging that on most questions staff are perceiving improvement rather than deterioration.

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