



Azure
charitable enterprises

Annual Report 2016

“Improving the lives of people who are disabled or disadvantaged”

Patron, President & Vice Presidents

Patron	The Viscount Ridley
President	N. Robinson MBE JP
Vice President	N. A. Furness FCA
Vice President	A. E. Kilburn OBE FCIH

Charity Trustees/Board of Directors

Chairman	J. Oliphant ACIB
Vice Chairman	G. P. Barnard LLM
Treasurer	R. I. Watson FMAAT
Trustee	I. Hindle BA Hons MEd (<i>appointed 23rd March 2016</i>)
Trustee	I. A. Keddle BSc Hons MSc (<i>appointed 23rd March 2016</i>)
Trustee	M. Jones (<i>resigned 28th January 2015</i>)
Trustee	A. E. Kilburn OBE FCIH
Trustee	C. S. Litchfield BSc Hons
Trustee	E. Morgan BSc FRICS
Trustee	G. W. Robson MA FCA
Trustee	I. T. Turnbull
Trustee	A. Wood

Azure Garden Centre Limited Directors

Chairman	A. E. Kilburn OBE FCIH
Managing Director	P. B. Elliott OBE BA Hons CDipAF
Finance Director	G. Crosby

Azure Business Centres Limited Directors

Chairman	A. E. Kilburn OBE FCIH
Managing Director	P. B. Elliott OBE BA Hons CDipAF
Finance Director	G. Crosby
Director	E. Morgan BSc FRICS

Senior Executive Team

Chief Executive	P. B. Elliott OBE BA Hons CDipAF
Finance Manager	G. Crosby
Printing Manager	A. Lynn BA Hons (<i>retired 31st May 2016</i>)

Company Secretary - G. Crosby is Secretary to the Charity and both subsidiaries

Charity Members (as at 31st Jan 2016)

R. V. Barkes	P. B. Elliott	M. Hine	K. McGill	The Viscount Ridley	J. M. Walker
G. P. Barnard	N. A. Furness	A. W. Hogg	E. Morgan	N. Robinson	R. I. Watson
C. A. Buglass	A. Galbraith	K. S. John	T. D. Morgan	G. W. Robson	A. Wood
G. Crosby	J. Gemmell	C. Jubb	J. Oliphant	H. F. Thornton	
B. Dalton	I. G. Hall	A. E. Kilburn	D. W. Pallett	J. C. Tulip	From 23rd March 2016
M. Davey	J. Hall	C. S. Litchfield	C. Reed	C. H. Turnbull	I. Hindle
Dr. D. P. Dodgson	J. J. A. Handley	A. Lynn	A. Reid	I. T. Turnbull	I. A. Keddle

Chairman's Report

This will be my final report as Chairman as I retire from the role and from the Board at the 2016 Annual General Meeting. I will deal with my normal summary of Azure's achievements and activities first – then conclude with some personal remarks relevant to my long association with the Charity.

In common with many organisations – and certainly all those in the same or similar fields of work – the climate has been and remains extremely challenging.

The main challenges may be summarised as falling into four categories. Firstly, the challenge of delivering a high quality of service provision (something we do extremely well – and not a new challenge at all). Secondly, a diminishing need for personalised support services (as local authorities cancel or reduce the support commissioned for disabled individuals). Thirdly, continuous pressure to deliver the same for less in respect of commissioned housing and other services (as local authorities/government departments struggle to work within their reduced budgets due to cutbacks). Finally, the usual challenge of competing in a commercial marketplace (and where our fortunes are mixed, as the departmental reports confirm).

Whilst having a great deal of sympathy for the position of the local authorities Azure is not immune from complying with its legal obligations – many of which have seen very significant and unavoidable increases in cost. There have been: implementation of pensions auto-enrolment, the need to pay no less than minimum wage for sleepover duties (previously not classed as working time), above inflation increases to the minimum wage on 1st October

2015 and the implementation of the minimum living wage from 1st April 2016. These have massively increased Azure's costs – and, if the government remain true to their word in respect of the living wage, matters will continue to get more difficult year on year.

The Board, cognisant of the above issues, agreed a deficit budget for 2015/2016. It is therefore very gratifying to report that Azure have concluded a much better than budget result – the modest surplus of £3,685. This has not been achieved easily and I pay tribute to all the staff and management who have worked so hard to contribute to that good result. It would be wrong to single out any given department as I am aware that even the departments which have a deficit result have optimised their position and – most importantly – have fully achieved in terms of delivering against Azure's mission.

Having acknowledged the efforts of management and staff I also thank my fellow Trustees/Board members who give their time so trustingly and freely in support of Azure's wonderful work and its outstanding reputation.

In late March 2016 the Board has been joined by two new directors, Isobel Hindle and Ian Keddie, who I am sure will prove valuable additions to the team. The new Board Senior Postholders are introduced on the following page.

The Charity's members are also highly valued – with many going back to the founding days of Azure (then SHAW). Regrettably the last year has seen the passing of Diana Woodhall, the Charity's first employee (as fundraiser) and Dr Peter Dodgson OBE. We are grateful for their past involvement and contribution.

My association with Azure goes back to the mid 1980's when the Charity (then SHAW) banked with the then TSB. Those were the early days of the Charity with requests for modest overdraft facilities, which were unconditionally provided. I was pleased to watch and keep a close eye on the progress of the organisation.

In 2001 Neil Robinson teased me from my early retirement from banking to become a director. I succeeded Neil as Chairman in 2007 – and have now held that role for 9 years. There have been many issues for us to face together (fire, flood and funding cuts to name but three!) but the present position is healthy and the future looks bright.

I have been privileged to be your Chairman and I thank you for entrusting me with such responsibility. Not only has it been a privilege but also an enjoyable honour and pleasure. It has been an incredible opportunity for me to work at first hand with so many highly professional and dedicated people. It is therefore appropriate in this respect that I pay tribute to the senior management team and to staff at all levels within Azure.

I have enjoyed my involvement greatly but it is now time to hand over to others.

I conclude by wishing Azure, and everyone involved, every success for the future.



Joe Oliphant ACIB
Chairman

Chief Executive's comments and tribute to Joe Oliphant

The Chairman's report deals fully with the big issues. Taken in conjunction with the departmental reports a good overview of Azure's position can be achieved. I will not comment further on operational matters but pay tribute to retiring Chairman, Joe Oliphant.

I wish to acknowledge everything Joe has done – and the way in which he has done it. The relationship between Chairman and Chief Executive is critical and I am fortunate that my relationship with Joe over nine years has been first class (as was the case with Neil Robinson in my first ten years).

I meet and speak regularly with Joe and we exchange frequent e-mails.

I have never had any hesitation to be open with Joe – such is his supportive manner. I use him as a “sounding board” – knowing I will get a prompt, constructive and helpful response, always carefully thought through.

By way of a brief pen portrait, Joe, married to Brenda, lives in Ellington. He loves sport and is a very keen golfer. He is also an extremely accomplished musician: playing guitar, keyboards and other instruments. Joe has a home recording studio and has recorded many tracks – all vocals and instruments himself. Joe performs regularly with some friends in local pubs/clubs – often in support of voluntary organisations.

I will miss Joe's support and sound counsel. I and Azure are fortunate for the time he has so effectively afforded us all. On everyone's behalf I wish he and Brenda well for the future.



Azure Board - senior post-holders

The Board confirmed the following as their senior post-holders (effective from the June 2016 AGM).



Chairman
Graham Barnard LLM



Vice Chairman
Geoff Robson MA FCA



Treasurer
Ian Watson FMAAT

In memory - Diana Woodhall and Peter Dodgson



Diana Woodhall, the Charity's first employee, died in August 2015, aged 83. As fundraiser her warm personality coupled with undoubted tenacity proved very effective. Her work, alongside others operating in a voluntary capacity, assisted the Charity to become better established financially and provide the springboard for today's Azure.



Dr. Peter Dodgson OBE, an industrial chemist by profession, was involved as a trustee from 1992 to 1997 and as a director of the Garden Centre during the same period. Peter maintained his membership of the Charity until his death in March 2016, aged 94, following a period of illness. Whilst fit, well into his eighties, Peter was a very keen walker.

Support Services

The high quality housing and community access support continues in the various departments, falling under the stewardship of senior managers Julie Redfern and Sally Robson (with that high quality verified by CQC and other audits/ inspections).

Funding levels combined with employment related changes have kept finances very much to the fore (again). However, the lead taken by Newcastle City Council relating to sleepover rates has facilitated an eventually satisfactory outcome for Azure – with other authorities following Newcastle’s lead.

Two of Azure’s Tynedale residents were flooded out of their home in Corbridge by Storm Desmond in December - the property still under

repair. One of the ladies, Eileen Shell, was temporarily relocated to Keele Drive, Cramlington. She is very happy there and has chosen to stay permanently.

Azure supports around 80 residents and over 90 community access clients around the North East.



Eileen Shell enjoying a Café Azure cream tea with staff member Karen Spencer

Employment Programme

The Employment Programme team, ably led by Elaine Dobson, continue their valuable work to find employment for people with disability within the DWP’s Work Choice scheme – Azure acting as a sub-contractor to the prime contractor Shaw Trust.

Tough targets ensure that the Azure advisers are totally focussed to deliver job and progression outcomes – whilst not losing sight of the individual’s needs and requirements in the associated blizzard of bureaucracy.

The team also support a good number of permanent employees in Azure’s own departments as well as providing valuable developmental opportunities for shorter term employees. Sharon Stokoe, Nurseries Operations Manager, provides a complementary mentoring role for the majority of those employees.

At present great efforts are being made to position Azure effectively in respect of potential future partnerships, as the Work Choice scheme runs to its close in 2017.



Work Choice Adviser Alex Scott providing guidance to David Holdroyd



Sharon Stokoe with Work Choice supported colleague Kevin Allen

Training

Pauline Smith continues to oversee Azure's training activities – delivering some courses “in-house” and by commissioning third party delivery of more specialised courses. The internal training is normally delivered by Pauline or by colleague Helen Campbell.

Extremely important is assessment of qualification and related activity. Additional support for the Care Certificate is provided by Washington's Ruth Pope and by Keele Drive's Jess Farrier.

A critical database of staff training undertaken is carefully maintained – this highlighting when refresh training becomes due. Pauline also oversees the work of the Skills Builder team – led by Toni Fowles. The staff ensure the learners are engaged in a varied but structured range of formal and informal activities –

on site and off site. All designed to develop the learners' range of skills, personal development and achievement of qualifications.



Wayne Charlton watering the homegrown tomato plants



Josh Robson and Christofer Thompson building up new work units.

Landscapes

Manager Derek Thompson is making considerable effort to win new work. A number of initiatives are already showing success - including securing “one-off” work together with renewal of annual contracts from existing satisfied customers.

To assist its marketing efforts Landscapes has: a new printed flyer, a new folder/cover to send out quotations, cross promotions via other Azure departments (particularly the Garden Centre Trade Sales), active promotion by a third party as well as swing signs put out at each site whilst working.

The department has successfully renewed its accreditation as a Safe Contractor and has met the criteria to be members of the Association of Professional Landscapers.



Manager Derek Thompson with Micky Arkle, Lead Hand Tom Hogg and David Brand

Azure Garden Centre Limited

John Taylor and his team continue to further enhance Azure Garden Centre's already strong reputation. This has translated into excellent year on year growth with consequent significant betterment to the financial contribution made towards the Charity's consolidated position (as reported on page 11).

A changed marketing mix has paid off - with increasing use made of the very cost effective medium of social media. Targeted promotion of events using Facebook has proved highly successful and it is to be a key element again in 2016. As well as being cost effective Facebook has proved extremely flexible – with, for example, Azure able to respond very quickly to an unexpected opportunity in the lead up to Christmas bringing in many new customers.

For the year, the overall sales have increased 13% - within which the Café Azure growth has been around 26%. Homeware, giftware and Christmas sales have all grown massively and it is believed there is significant further potential – space permitting.

The growth highlighted is necessitating consideration of significant expansion to the Garden Centre. At times the Café is operating at its absolute limit and despite third party interest there is no scope to accommodate any further shop based sub-lets. Car parking is a further issue to be addressed – both in terms of capacity and site traffic flows. Unused land to the west has been cleared of trees and shrubs and a full site survey has been professionally undertaken to facilitate development planning.

The interior of the shop – and the colourful displays under the canopy sales area – are changed

on a regular basis in keeping with the seasons. There have been a number of very successful “one off” events – particularly at Christmas, with many customer compliments received. The Frozen theme and associated special evening proved highly popular - as was the real reindeer weekend.

Azure Nurseries remains critical to maintaining the ability to grow

a wide range of quality plants – delivering these “fresh” to the Garden Centre when demand is high at the busiest weekends. Clearly such in-house growing assists contribution and is a valuable marketing tool.

Employing a significant proportion of disabled employees, Azure Garden Centre is extremely positive about its future prospects.



The major tree clearance exercise at Azure Garden Centre in Summer 2015



A happy young customer at Azure's successful Frozen event in December

Printing

Market conditions remain extremely difficult – Azure Printing suffering along with other printers as a result of the continued reduction in the use of printed documentation. This is due to; websites, e-catalogues and e-documentation generally. Despite this Azure Printing get regular business from customers – old and new - who recognise the quality, value and service the Azure team provides.

Quality has again been independently verified with Azure Printing meeting the ISO9001 criteria with flying colours at the triennial review.

Manager Allan Lynn retired on 31st May and Senior Graphic Designer Darren Turner has succeeded him. That team continuity will be invaluable. Darren has worked closely with Allan for over 18 years so is extremely familiar with all aspects of operations as well as knowing all the customers.

Darren will be closely supported by experienced colleagues Wendy Avery-Stuckey (Graphic Design) and Gary Alsop (Production) - as well as his other colleagues.

*Azure Printing Manager
Darren Turner ARPS*



Wendy Avery-Stuckey (Graphic Design) with Gary Alsop (Production)

Allan Lynn

Allan has retired after almost 20 years with Azure as Printing Manager. Allan brought a high level of professionalism and the standards in the department are largely attributable to the fine example he has consistently set and to his extensive print trade knowledge. Allan leaves a fine legacy.

Prior to joining Azure Allan had his own printing business, for around 21 years. As well as being a low handicap golfer (starting out at age 12) Allan is, like Joe Oliphant, a keen guitarist. His first guitar at 13 – a piece of wood and elastic bands – motivated him, and at 16 he played as a full time professional for two years, working many clubs around the country.

I have greatly enjoyed working with Allan and will miss his involvement as a senior manager and a valued contributor to the Board meetings.

On everyone's behalf I wish Allan a long, happy and healthy retirement.

Peter Elliott OBE, Chief Executive



Allan Lynn celebrating his retirement with wife Christine

Azure Business Centres Limited

After the “excitement” of the late 2012 flood and the long aftermath, rebuilding much of the Newburn Centre, 2015 has, thankfully, been a relatively quiet year.

Occupancy levels at Gateshead remain high whilst at Newburn progress continues with a steady improvement to occupancy as the months go by. The letting efforts of Denise Webster at Gateshead and George Harden at Newburn are acknowledged – as is the good work at Newburn by our appointed third party letting specialist Gary Robinson of Johnson Tucker.

The year has seen two new staff join the team – Stuart Olley at Newburn and Bernie (Bernadette) Whitfield at Gateshead. Importantly

Stuart is the first Azure supported employee to be appointed by ABC – Stuart having had two successful trial spells at Gateshead.

At both centres the new “Azure style” signage is in place and

super-fast broadband has been operational for some months. A recent addition to the facilities at Gateshead is a shower room (something already in place at Newburn).



Stuart Olley at Newburn



Bernie Whitfield at Gateshead

Syncopa Charity Golf Day 2015

Each year local business consultancy Syncopa sponsors a charity fundraising day – and Azure have been the sole beneficiary in both 2014 and 2015.

The event was held at Bedlingtonshire Golf Club on a gloriously hot and sunny 3rd July with nine teams participating, including a team from Azure. Azure’s players were Chairman Joe Oliphant, Vice President Alan Kilburn, Trustee Eric Morgan and Azure Printing’s manager Allan Lynn.

Syncopa’s proprietor Larry Roberts presented Azure’s Chief Executive Peter Elliott with a cheque for £1,100 after Peter had spoken to the participants at the post competition dinner about the Charity’s work - and had expressed Azure’s gratitude for the kind support of all concerned.



Central Services report

As already noted by the Chairman it is extremely pleasing that the final accounts, as summarised on the facing page, show a small surplus for the year – this a significant betterment over the previous year's results.

A major change to the format of the accounts is as a result of complying with the new requirements of the financial reporting standard FRS102. Should anyone wish to know more about the actual effects of this compliance on the detail of Azure's accounts then this can be facilitated on request.

The clean audit outcome was achieved against tight deadlines – the task made more difficult than ever due to staff shortages in the Accounts/Administration departments. I take this opportunity to acknowledge the excellent work undertaken by the very small team - and the positive uncomplaining attitude shown by all involved.

Funding is an ever present issue. Of particular significance this year has been the need to implement increased sleepover rates for support staff – and to recoup that unavoidable extra cost from the commissioning authorities.

The impact of the new Minimum Living Wage is also being felt and this matter will escalate each year. Whatever else it will

make the difficult task of securing employment for people with disability even harder.

A further government initiative has required Azure to commission an energy survey (under the ESOS scheme). Whilst this has incurred cost it has highlighted some opportunities to make savings through energy efficiency investments – and these will be explored.

Sound IT infrastructure is an absolute requirement for modern organisations and Azure – in all its departments – is highly dependent on these facilities. That dependency will increase as we move, in the near future, towards implementing e-commerce for the Garden Centre. Simon Leonard oversees all the main systems – and, very importantly, the back-up arrangements to protect against any catastrophe. Jonathan Peers is presently undertaking much work in respect of e-commerce (and the Garden Centre web-site and stock systems).

It is pleasing to note that, as promised, both the Azure business centres now have superfast broadband facilities in all lettable offices – this clearly essential to the marketing of the facilities (and the retention of existing licencees). As predicted a year ago occupancy levels have increased

at both centres. Capacity is being approached at Gateshead and there has been massive progress at Newburn.

Central Services plays a key role in support of all Azure's departments – not just those highlighted above and it is appropriate to acknowledge the importance of the work of the entire team.

There will be many challenges to face – and it was always so. Some are perpetual (or so it seems) whilst new ones will continue to arise – often unexpectedly, requiring prompt effective action.

Azure will respond to all the challenges and rise to the opportunities. There are good reasons to be optimistic that Azure will continue to develop and thrive in the future – always in pursuit of its mission.

Geoff Crosby

Company Secretary & Finance Manager



Azure's new headquarters signage reflecting the naming of the building after founder Jean McCallum MBE

Donations and legacies 2015/2016

DONATIONS/LEGACIES UNRESTRICTED

Covenants £100 and under	410
Donations £100 and under	843
Anonymous	330
A. M. Barnes	250
Handley Charitable Trust	1,000
J. Redfern	700
Stephen Middleton Charity Trust	200
D. Pallett	250
Syncopa	1,100
Gift Aid on covenants	253
Total unrestricted donations/legacies	<u>£5,336</u>

DONATIONS/LEGACIES RESTRICTED

3663	330
Bilfinger GVA	300
Chase De Vere	350
Damant ML	2,700
Document Solutions	300
Edinburgh Woollen Mill	330
FES International	330
HBP Montpellier	300
Muckle LLP	330
Napper Architects	350

Northern Counties Insurance	500
Tait Walker	330

Total restricted donations/legacies **£6,450**

The charity is extremely grateful for all the kind donations it has received.

Consolidated statement of financial activities for the year ended 31st January 2016

	2016 £	2015 £
INCOME		
Donations and legacies	11,786	18,696
Income from charitable activities		
Provision of client services	309,639	401,776
Grants receivable	3,898,494	3,883,913
Income from other trading activities		
Commercial trading activities	3,198,775	2,987,290
Other incoming resources		
Investment income	2,818	3,339
Surplus on disposal of fixed assets	3,360	(5,328)
TOTAL INCOME	<u>7,424,872</u>	<u>7,289,686</u>
EXPENDITURE		
Expenditure on charitable activities		
Operation of client services	4,328,073	4,470,394
Cost of raising funds		
Commercial trading operations	3,093,114	2,938,942
TOTAL EXPENDITURE	<u>7,421,187</u>	<u>7,409,336</u>
NET INCOME (EXPENDITURE)	3,685	(119,650)
OTHER RECOGNISED LOSSES		
Reversal of FRS17 provision /actuarial gain (loss) in respect of defined benefit pension scheme	-	34,000
NET MOVEMENT IN FUNDS	<u>3,685</u>	<u>(85,650)</u>
RECONCILIATION OF FUNDS		
Total funds brought forward	3,465,425	3,551,075
Total funds carried forward	<u>3,469,110</u>	<u>3,465,425</u>

Consolidated balance sheet as at 31st January 2016

	2016 £	2015 £
FIXED ASSETS		
Tangible assets	3,489,414	3,559,925
CURRENT ASSETS		
Stocks	236,949	240,103
Debtors	605,037	416,326
Cash at bank and in hand	338,888	538,940
	1,180,874	1,195,369
CURRENT LIABILITIES		
Creditors amounts falling due within one year	703,407	716,266
NET CURRENT ASSETS	<u>477,467</u>	<u>479,103</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	3,966,881	4,039,028
Loans & hire purchase agreements	497,771	573,603
NET ASSETS	<u>3,469,110</u>	<u>3,465,425</u>
FUNDS OF THE CHARITY		
Capital funds	-	95,835
Restricted funds	-	-
Unrestricted funds	3,469,110	3,369,590
TOTAL FUNDS	<u>3,469,110</u>	<u>3,465,425</u>

Trustees' statement

The abridged accounts above are consistent with the full audited accounts which are available on request from the Secretary. The full accounts which have received an unqualified auditors report were approved on 18th May 2016.

J. Oliphant ACIB **Chairman** R. I. Watson FMAAT **Treasurer**

Azure *charitable enterprises*

For further information please contact

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A charitable company limited by guarantee. Registered Charity No. 513149. Registered Company No. 1666027
Registered Office - at address above

www.azure-charitable.co.uk

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Bankers	Lloyds Bank Commercial Banking , 102 Grey Street, Newcastle upon Tyne NE99 1SL Tel: 0845 300 0000
Insurers	Northern Counties Insurance , 476 Durham Road, Low Fell, Gateshead, Tyne & Wear NE9 6BP Tel: 0191 482 1219
Lawyers	Muckle LLP , Time Central, 32 Gallowgate, Newcastle upon Tyne, NE1 4BF Tel: 0191 211 7777
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