

REED IN PARTNERSHIP LIMITED

STRATEGIC REPORT

For the year ended 30 June 2022

Business review, principal activities, and future developments

Established in 1998, Reed in Partnership Limited (the “Company”) exists to deliver services that positively transform people and their communities, focused on public service contracts in areas including Employability, Health and Wellbeing, Assessment Services, Justice, Business Support, Skills, Advice and Guidance, and services providing support to young people.

Within its Employability division the Reed in Partnership Limited Group (which includes Reed in Partnership Limited and its subsidiaries and is referred to hereafter as the “Group”) commenced delivery of the Restart Scheme contracts in the North East and Humber and Home Counties Areas. In addition, the Group delivers four Restart Scheme subcontracts in Derbyshire, West Midlands, South London and Cornwall. The new contracts have contributed substantially to the growth in the Group’s turnover during the year, the increase in number of employees and the substantial expansion of the Group’s fixed infrastructure.

Alongside the Restart Scheme, the Group delivers in the North East of England the Work and Health Programme, the Job Entry Targeted Support expansion to support the growth in unemployment arising from the COVID-19 pandemic, and the Intensive Personalised Employment Support programme. In South London the Group delivers the Work and Health Programme and the associated Job Entry Targeted Support contracts. The Group has continued to deliver its six European Social Fund (“ESF”) funded employment programmes in Hertfordshire, Greater Cambridge and Greater Peterborough, Cornwall, London, and The Marches during the year and has provided services to the prime provider to support the delivery of the Job Entry Targeted Support programme in Scotland.

By working closely with employers, Jobcentre Plus, local authorities and specialist agencies, as well as teaming up with many local community and voluntary partners, it specialises in programmes designed to break down barriers to employment. Reed in Partnership Limited helps people who have been long-term unemployed to overcome barriers to work, helping them achieve real, positive and lasting change in their lives.

The Group has delivered services to support individuals who have been long-term unemployed since it was established and has supported more than 250,000 participants into work.

Its Assessment Services division delivers the Driving Theory Test Network on behalf of the Driver and Vehicle Standards Agency across Northern Ireland, Scotland and Northern and Eastern England. Delivery commenced in September 2021 and has proved a successful venture for the Group delivering a higher volume of tests than initially contemplated to clear the back-log attributable to the COVID-19 pandemic.

Through its subsidiary, Reed Wellbeing Limited, the Group delivers preventative health contracts for local authorities in Leeds, Haringey, Cheshire East and Stoke focusing on adult weight management, smoking cessation and other health improvement interventions. The Group also delivers the NHS Diabetes Prevention Programme (“NDPP”) in seven areas and has expanded its operations in 2022 by securing new NDPP contracts. The company delivers a pilot programme for NHS England to deliver Low Calorie Diet support to participants with Type 2 diabetes in South Yorkshire and has secured a contract with Norfolk County Council to deliver health check services to its residents.

Through its Citizen Services division, Reed in Partnership Limited delivers the Government’s National Citizen Service Management Partner contracts in the East of England and West Midlands, providing the opportunity for young people to engage in team building activities and design and deliver social action projects that benefit their local communities. The company also supports NCS through delivery of a Recruitment Partner Service in London.

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STRATEGIC REPORT (continued) For the year ended 30 June 2022

Business review, principal activities and future developments (continued)

It also delivers a contract commissioned by the Ministry of Justice that supports the rehabilitation of offenders in Lewisham and Croydon, alongside a contract to support people who have recently been granted asylum and a number of skills and training contracts that support and empower young people and those not currently in employment, education or training.

On behalf of the Department for International Trade and through its joint venture, Enterprise Growth Solutions Limited, it provides business start-up advice and support services to SME businesses in the Yorkshire and Humber region to export to overseas markets. The company ceased delivery of its contract on 30 June 2022.

During the year a subsidiary of Reed in Partnership Limited took advantage of Section 479a of the Companies Act to be exempt from an audit as Reed in Partnership Limited has guaranteed all its outstanding liabilities. Note 29 gives the details of the subsidiary whose liabilities have been guaranteed.

Trading results and dividends

The Reed in Partnership Limited Group's trading results are set out in the consolidated income statement account on page 18.

The Reed in Partnership Limited Group made a profit before taxation of £27,128,834 for the year (2021: profit of £3,926,753) and retained a profit for the financial year of £21,716,386 (2021: profit of £3,188,668).

The directors do not recommend the payment of a dividend (2021: £nil).

Key performance indicators

Key performance indicator	2022	2021
Gross margin ¹	49.0%	46.2%
Net margin ²	13.8%	5.3%
Return on capital employed (ROCE) ³	61.4%	18.0%

Notes to KPIs

¹Gross margin is calculated as gross profit as a percentage of Group turnover.

²Net margin is calculated as Group operating profit as a percentage of Group turnover.

³Return on capital employed (ROCE) is calculated as operating profit over total assets less current liabilities.

Reed in Partnership Limited is a subsidiary of Reed Global Limited, which manages its operations on a divisional basis. For this reason the directors believe that disclosure of further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the group is disclosed in the annual report of Reed Global Limited, which does not form part of this report.

The Consolidated Statement of Financial Position on page 20 of the financial statements shows the Group's net asset position at 30 June 2022 is £41,640,991 (2021: £19,924,606).

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STRATEGIC REPORT (continued) For the year ended 30 June 2022

Principal risks and uncertainties facing the Reed in Partnership Limited Group

Covid-19 risk and business response

During the year to 30 June 2022 the challenges and commercial uncertainty associated with the Covid-19 pandemic continued to recede as the Group was able to embed previously made changes to its ways of working to adapt to the needs of its customers, programme participants and employees.

The Group has embedded a policy of hybrid working within its standard practices and has adapted its delivery models to capture the longer-term benefits of new ways of working developed during the Covid-19 pandemic.

While the Group believes the risk of further business disruption arising from the Covid-19 pandemic to be low, its sound financial management coupled with healthy balance sheet position has ensured that it is well-placed to withstand any further adverse impact that may arise.

Russia-Ukraine conflict risk

Beyond the challenges to the broader macro-economic environment and the inflationary and cost-of-living pressures it has placed on the UK more generally, the conflict in Ukraine has not had a significant impact on the Group's core business activities. While the Group has experienced an increase in its operating costs, mainly related to property infrastructure, energy, and utilities, due to inflationary pressures, its core business and key contracts remain relatively unaffected by the conflict.

While the duration of and extent of the disruption caused by the conflict remains uncertain, the Group is well resourced and has a secure and diverse contract base (including a strong opportunity pipeline) to reasonably expect to be able to withstand any further impact caused by the conflict.

Changes in government policy risk

The Group delivers public services on behalf of various government agencies. There is therefore a risk that it could be adversely affected by changes in government policy. This risk is mitigated by the Group's ability to manage its cost base during periods of uncertainty and change.

Financial instruments risk

The Group has some exposure to financial risk, however this is considered to be low and consequently it does not use derivative instruments to manage these exposures.

The Group's principal financial instruments comprise sterling cash and bank deposits together with trade debtors and trade creditors that arise directly from its operations as well as intercompany balances with other companies in the Reed group.

The main risks arising from the Group's financial instruments can be analysed as follows:

Credit risk

The Group's principal financial asset is amounts owed by other group companies, as well as trade debtors and accrued income, which represent the Group's major exposure to credit risk in relation to financial assets.

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STRATEGIC REPORT (continued) For the year ended 30 June 2022

Credit risk (continued)

The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are predominantly members of the Reed Global Limited Group or government departments.

Liquidity risk

The Group's policy has been to ensure continuity of funding through the operation of its Reed Global Limited Group treasury function.

Cash flow interest rate risk

The directors consider there is little exposure to cash flow interest rate risk.

Consideration of climate change

In preparing the financial statements we have considered the impact of climate change. There has not been a material impact on the financial reporting judgments and estimates from our considerations, consistent with our assessment that climate change is not expected to have a meaningful impact on the viability of the group in the medium term.

Section 172 Statement

This Statement sets out how the Board of Directors ("the Board") of Reed in Partnership Limited ("the Company") complies with the requirements of Section 172 of the Companies Act 2006 and how consideration of stakeholder interests has impacted the Board's activities and decision making during the financial year ending 30th June 2022 ("FY22").

Section 172 of the Companies Act 2006 states that Directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the company's employees,
- c) the need to foster the company's business relationships with suppliers, customers, and others,
- d) the impact of the company's operations on the community and the environment,
- e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly between members of the company.

These duties are designed to ensure that directors act in such a way as to promote the long-term success of the company by delivering and creating sustainable shareholder value as well as contributing to wider society.

The Reed Group ("Reed") comprises Reed Global Limited and its subsidiaries, including Reed in Partnership Limited ("the Company").

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STRATEGIC REPORT (continued) For the year ended 30 June 2022

Section 172 Statement (continued)

All Company Directors have received training on their responsibilities and accountabilities. They are also supported by the Company Secretary in terms of how they carry out their duties, in particular, under Section 172. The Board has standardised Board papers and a formal approach to declaring conflicts of interest to ensure directors act fairly and in the interests of the relevant company. As a family business, the requirements of Section 172 are well understood and adhered to by directors due to the nature, ethos, purpose, and vision of the organisation.

Principal decisions are defined and formalised as part of Board meetings. Reed has adopted a two-tier approach whereby all decisions with a specified material impact or which could lead to national media attention are considered in relation to Section 172 by directors, with certain decisions also being accompanied by written evidence that the principles of Section 172 have been considered.

Engaging with stakeholders to deliver long term success is a key focus for the Board. The Board is very aware of the environment in which the company operates and, in particular, the stakeholders it needs to engage with including but not limited to employees ("co-members"), local communities, suppliers, central and local government, customers and shareholders. A Stakeholder Map, identifying internal and external stakeholders, has been created and may be found, along with other relevant statements, on the Company's 'Corporate Governance' page on its website: <https://reedinpartnership.co.uk/corporate-governance>.

A number of principal decisions were taken by the Board across FY22. Examples of these decisions include commitments to improve the working environment for the Company's co-members in line with the Board's strategic objective of ensuring that the company remains a great place to work, making considerable financial investment in software to improve the services that the company provides to both its commissioners and its participants, and the decision to engage with third party consultants to support the business development activities of the Company and expand its markets and product offerings.

In making these principal decisions, the Board considered all of the Company's aforementioned stakeholders as appropriate. Aligned with Reed's objectives, the Board's main objectives were to ensure continuing high standards of business conduct and to protect the long-term viability of the business. The impact of principal decisions will be monitored in future Board meetings to continuously assess their effect on the Company and its stakeholders in the medium to long term.

During FY22 the Board made a principal decision to take measures to improve the work-life balance of its co-members. In reaching these decisions which would enhance the working environment and provide additional rewards to its co-members, the Board actively considered the needs of its co-members, demonstrating a visible commitment to making the Company a great place to work. Co-member input was sought via feedback surveys, including a 'January Tidy-Up' ideas seeking survey, as well as Director and Senior Leadership Team engagement via roadshows. Feedback from both of these engagements defined which measures the Board opted to take.

The Board agreed to reduce co-member working hours while also reducing the core hours each day to afford greater flexibility to its co-members. The Board also decided, in addition to its normal reward and recognition policies, to give each co-member a salary increase in salary as a direct response to the on-going cost of living pressures. Furthermore, the Board elected to award each co-member a bonus in the form of retail vouchers redeemable at a broad range of high street stores, to recognise the significant impact our co-members have had on the successful delivery of our programmes across the financial year.

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STRATEGIC REPORT (continued) For the year ended 30 June 2022

Section 172 Statement (continued)

The Board recognises the importance of recruiting and retaining talented co-members in order to strengthen its relationships with its commissioners and customers. Without its team of dedicated, highly motivated, and skilled co-members, the Company would be unable to provide effective and transformative services to commissioners and participants. The decisions made by the Board to enhance the working lives of its co-members are critical to enable the Company to meet its mission of transforming people and their communities in order to fulfil its obligations to its external stakeholders.

Additionally, during FY22, the Board agreed to invest in a dedicated software tool to receive, analyse and report on feedback from its participants on the services that it provides. This commitment to invest in such a service is part of the Board's commitment to continually improve its service delivery. The decision to make this investment was made after considering the needs of various stakeholder groups, the potential of the investment to have a positive impact on these groups and to provide specific and quantifiable benefits to address their needs.

As a consequence of being able to receive and monitor feedback in real-time and on a daily basis following the investment, the Company is able to ensure that it can adapt its services to meet the evolving needs of its customers and maximise benefits to both its customers and shareholders.

The Board remains committed to ensuring that the Company provides a diverse catalogue of services to a broad range of commissioners. To achieve this the Board actively seeks new opportunities in a number of sectors that align with the overall objectives, values, and mission of the Company. This is driven by a commitment to enhance the opportunities available to its co-members and to ensure that the Company is well-equipped to renew and replace new contracts to retain and redeploy staff.

By encouraging a more diverse and broad range of commissioners to whom the Company provides its services, the Board is able to appropriately manage its risks and lessen its reliance on individual contracts and customers. In doing this the Board is able to ensure that the Company is not only able to maximise the returns to its shareholders but also benefit existing customers and uphold long-term sustainability of Company revenue.

In order to achieve goals that align the Board's own objectives with those of its key stakeholders, the Board has made the principal decision to invest on a short-term basis in third party consultants to develop new business opportunities, with the aim of enabling the business to flourish in the long term and to provide services that actively benefit its principal stakeholders and the communities in which it operates.

The Board is committed to being an employer of choice and to ensuring co-members' wellbeing and voice are front of mind. The Board ensures the operation of programmes to listen to the views and feelings of co-members, which include monthly surveys that are facilitated centrally. These ensure that the Board have the information necessary to act in the interest of their co-members and use this feedback to support their principal decision making.

The Board has ensured a number of successful engagement schemes which have been developed during the last financial year. These include:

Success with employees

Two-way engagement with employees ("co-members") is a priority for the Board. The Company's Managing Director, Rhodri Thomas, continues to engage co-members through our periodic Together Bulletin, and via

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STRATEGIC REPORT (continued) For the year ended 30 June 2022

Section 172 Statement (continued)

Strategy Presentations and company-wide updates delivered in-person by the Board across the office network. This ensures the Board have a visible presence within the Company and are able to promote the Company's performance, its values, and its co-member initiatives alongside progress against the Company's strategic plan.

The Company received an excellent co-member satisfaction rating of 8.5/10 for FY22. Following feedback received from the co-member satisfaction surveys, and the success of the Company, the Board awarded co-members with a cost-of-living salary increase and a gift in the form of retail vouchers to recognise their achievements as part of a principal decision they made.

The Company won three awards in FY22 relating to it and the Board's engagement with its co-members from the UK Employee Experience Awards 2022. These include a gold award for Best Talent Management Programme, which took into account the Board's investment in various management academies to develop co-member skills, and the promotion of 217 co-members into new roles across 2021 and 2022. The Company also achieved a silver award for Diversity and Inclusion, and a bronze award for Best Large Company to Work For.

The Board is committed to the fair treatment of all and demonstrated this in FY22 by ensuring that the Company retained its Disability Confident Leader status and continued its commitments to the Armed Forces Covenant. In addition, the Board supported Reed in achieving a Bronze level award in the Defence Employer Recognition Scheme, which demonstrates Reed's commitment to being an armed forces-friendly employer.

Further details on how the Board pro-actively interacts and measures its engagement with employees may be found within the Employee Engagement Statement within the Director's Report, and within the Stakeholder Map on the 'Corporate Governance' page of the Company's website.

Success with Environment and Communities

The Company delivers services on behalf of the UK government, with key clients being the Department for Work and Pensions, the Driving and Vehicle Standards Agency, the NCS Trust and NHS England. All services provided by the Company are delivered in communities to support participants to achieve positive outcomes. During FY22 the Company supported 2,010,556 people through their programmes, including 51,396 individuals into work. In addition, 1,821,471 candidates sat assessments in our network of test centres. Participants gave the Company a net promoter score of 51.3 for FY22, which indicates a strong performance from the Board in its management and engagement with communities.

The Board continues to champion for the environment by ensuring the Company remains Carbon Neutral and upholds its ISO14001 certification. The Board has continued to move the Company forward with its targets in relation to Reed's overall Carbon Reduction Plan, which can be found on the Company's 'Corporate Governance' page on the Company's website. This Carbon Reduction Plan, along with the Board's responsibility toward Reed's many environmental achievements were considered by the Board when making principal decisions in FY22.

Reed's many environmental achievements have been set out in the Reed Global Limited (10169598) annual report under the Companies (Director's Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Further details on how the Board pro-actively interacts with and measures its engagement with the environment can be found within the Environment section of the Strategic Report.

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STRATEGIC REPORT (continued) For the year ended 30 June 2022

Section 172 Statement (continued)

The Board has supported Reed in the continuation of its tax strategy which is published on-line and can be found via the Company's Corporate Governance page on its website. HMRC has categorised Reed as low tax risk.

Success with Suppliers

The Board ensures the Company manages a partner network and flows funder contractual terms to subcontractors to ensure transparency and fairness.

The Board champions the elimination of unfair payment practices to small businesses. Across FY22, the Company averaged an 18-day payment period to suppliers, demonstrating an improvement in line with the Board's commitment to fair treatment of its suppliers.

Further details on how the Board pro-actively interacts and measures its engagement with suppliers and other stakeholders may be found within the Other Stakeholder Engagement Statement within the Director's Report, and within the Stakeholder Map on the 'Corporate Governance' page of the Company's website.

Environment

The Board ensures that the Company operates in alignment with Reed's policy regarding the environment. This policy continues to be adopted by the Board as it ensures that the Company understands and effectively manages the actual and potential environmental impact of its activities in tandem with the other Reed companies. The Board ensures that the Company operates in a way that ensures compliance with all legal requirements relating to the environment in all areas where it carries out its business.

During FY22, the Company did not incur any financial penalties or investigation for any breach of environmental regulations. The Board inputs into an overall Streamlined Energy and Carbon Report (SECR) for Reed, which may be found on Reed's website and in the financial statements of Reed Global Limited (10169598). Further details on how the Board pro-actively interacts and measures its engagement with the environment can be found within the 'Success with Environment and Communities' section of the Section 172 Statement within the Strategic Report.

Modern Slavery Statement

The Board has approved Reed's Modern Slavery Statement which can be found on the Company's website.

On behalf of the Board



Steven Beggs
Director

16 December 2022