

REED IN PARTNERSHIP LIMITED

STRATEGIC REPORT

For the year ended 30 June 2020

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 Employment Services, Business Support, Skills, Preventative Health, Advice and Guidance, and services providing support to young people.

Within its employment services sector the Reed in Partnership Limited Group (which includes Reed in Partnership Limited and its subsidiaries and is referred to hereafter as the “Group”) delivers the Work and Health Programme and Intensive Personalised Employment Support programme in the North East of England, Work and Health Programme in South London, the Steps 2 Success programme in Northern Ireland and six ESF-funded employment programmes in Hertfordshire, Greater Cambridge and Greater Peterborough, Cornwall, London and The Marches. The Group recently commenced delivery of the Job Entry: Targeted Support expansion of the Work and Health Programme to support the growth in recently unemployed participants as a result of the COVID-19 pandemic.

By working closely with employers, Jobcentre Plus, Jobs and Benefits Offices, 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, as at June 2020, has supported over 164,000 participants into work.

On behalf of the Department for International Trade and through its joint venture, Employment 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.

Reed in Partnership Limited also 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.

On behalf of the Careers and Enterprise Company and Team London, the Group deliver the London Enterprise Adviser Network programme across Central, West and South London. The programme helps young people build the skills and experiences they need to lead successful futures by linking senior business volunteers with school or college careers provision.

As a subcontractor to Migrant Help UK, the Group supports the delivery of the Advice, Issue Reporting and Eligibility contract which supports asylum seekers given leave to remain in the United Kingdom with initial settlement activities.

Through its subsidiary, Reed Wellbeing Limited, the Group delivers integrated preventative health contracts for local authorities in Leeds, Haringey and Cheshire East focusing on adult weight management, smoking cessation and other health improvement interventions. The Group also delivers the NHS Diabetes Prevention Programme in three areas, and will commence delivery in four further areas in December 2020. In addition the company recently commenced a pilot programme for NHS England to deliver Low Calorie Diet support to participants with Type 2 diabetes in South Yorkshire.

As noted above, Reed in Partnership Limited has recently commenced delivery of the Job Entry: Targeted Support expansion of the Work and Health Programme in both North East England and South London to support participants made recently unemployed as a result of the COVID-19 pandemic.

Furthermore since the end of the financial year the Company has been awarded a place on the DWP Commercial Agreement for Employment and Health Related Services (CAEHRS) for all five regional lots in England, as well as in Wales, Scotland and the national lot. The inclusion of the Company on the Framework, which is due to be in place for a maximum of five years, will enable to the Company to bid for new contracts commissioned by DWP in the coming years.

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STRATEGIC REPORT (continued)

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Business review, principal activities and future developments (continued)

Additionally, the Company will seek to continue to diversify its services, broadening the sectors in which it operates and the commissioning bodies it works alongside. As an example, since the end of the financial year Reed in Partnership Limited has been awarded a new contract with the Ministry of Justice to deliver its CFO Activity Hubs service in London from March 2021

Through its subsidiary company, Reed Wellbeing Limited, the Group will expand its delivery of National Diabetes Prevention Programmes alongside continuing and extended integrated health services that it currently provides.

The Directors are confident that over the next twelve months the Group will undergo a period of expansion in terms of the number of contracts it delivers and the regions in which it provides its services. This will see growth in the Group's turnover, as well as a significant expansion in its operating infrastructure and its human resource capacity in order to enable it to continue to successfully deliver its programmes.

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 28 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 16.

The Reed in Partnership Limited Group made a profit before taxation of £1,701,937 for the year (2019: profit of £872,122) and retained a profit for the financial year of £1,358,374 (2019: profit of £614,814) for the year.

The directors do not recommend the payment of a dividend (2019: £nil).

Key performance indicators

Key performance indicator	2020	2019
Gross margin ¹	39.6%	36.9%
Net margin ²	2.9%	1.0%
Return on capital employed (ROCE) ³	8.7%	3.3%

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 18 of the financial statements shows the Group's net asset position at 30 June 2020 is £16,735,938 (2019: £15,377,564).

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STRATEGIC REPORT (continued) **For the year ended 30 June 2020**

Principal risks and uncertainties facing the Reed in Partnership Limited Group

Covid-19 risk and business response

Like all businesses, during 2020 the Group faced the unprecedented challenge of the Covid-19 pandemic.

The Group acted swiftly and efficiently to effect a seamless transition to homeworking. This ensured that business interruption was minimised and that the Group was able to continue to satisfy its contractual obligations to its customers.

In particular, the Group was able to transform its delivery models from face-to-face delivery to remote and online delivery. This protected the safety of co-members and programme participants alike while also ensuring the Group was able to deliver its key services of significant community value.

Additionally the Group engaged constructively and collaboratively with its commissioners and key sub-contractors to restructure the funding models of its contracts. This enabled the Group to continue to provide its core services while minimising the impact on its co-members. The company did make limited use of the Coronavirus Job Retention Scheme where there was a clear diminishment in business activity and contractual funding as a result of the pandemic.

The Group made use of business rate relief schemes and VAT and PAYE deferrals in order to manage its cashflow. This allowed the business to invest in initiatives to prioritise co-member health and wellbeing by running freely available remote working and return to office based working seminars.

The Group's sound financial management ensured that the company was able to enter the Covid-19 period with a strong financial position that enabled it to robustly withstand the financial pressures of Covid-19 and to ensure it remained well-placed to develop its business and take advantage of new opportunities.

As noted in the Business Review, the Group has recently commenced delivery of the Job Entry Targeted Support expansion of the Work and Health Programme to provide support to participants made recently unemployed as a consequence of Covid-19.

The Group remains financially stable, adequately resourced and well-placed to withstand any further Covid-related restrictions that may be imposed upon it. Furthermore the Group anticipates an expansion to its business over the next year and as such should be able to effectively and efficiently mitigate and minimise the adverse consequences of a sustained global pandemic.

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 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.

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.

The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Group's

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STRATEGIC REPORT (continued) For the year ended 30 June 2020

Credit risk (continued)

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

Section 172 Statement

This Statement sets out how the Board of Directors of Reed in Partnership Limited ("the Board") comply with the requirements of Section 172 of the Companies Act 2006 and how these requirements have impacted the Board's activities and decision making during the financial year ending 30th June 2020 ("FY20").

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.

All Reed in Partnership 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 also implemented 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 have been 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, local communities, suppliers, central and local government, customers and shareholders. A Stakeholder Map, identifying internal and external stakeholders, has been created and is used by the Board when making key business decisions. The Stakeholder Map may be found on the Company's website.

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STRATEGIC REPORT (continued) For the year ended 30 June 2020

Section 172 Statement (continued)

The formal training provided to Directors, the standardisation of board papers, the introduction of a Stakeholder Map, and the implementation of Principal Decisions have ensured the Board understands the importance of its key stakeholders.

A number of Principal Decisions were taken by the Board across FY20. Examples of these decisions include the approval of the 2020 Strategic Plan and Investments and Reed in Partnership's response to the Covid-19 pandemic. The latter required Reed in Partnership to implement appropriate cost reduction measures, including the furloughing of Co-Members (REED employees), negotiations with landlords on office rent, and accessing Government cash support saving schemes such as the Business Rates Relief scheme and the deferral of VAT and PAYE.

Other Principal Decisions taken by the Board during the year included approval of capital expenditure and forecast cashflow for significant new business prospects (including for DVSA Driving Theory Test bids and DWP JETS submission). In making these Principal Decisions, the Board considered all of REED's aforementioned stakeholders as appropriate. REED'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 the year a Principal Decision entered into by the Company was to approve the financial investment required in respect of a potential new contract to deliver driving theory tests on behalf of the Driver and Vehicle Standards Agency. In determining whether to approve the financial investment required the Company actively engaged with and considered the impact on its key stakeholders.

A presentation was submitted to the Company's Board of Directors which sought to gain approval for the capital and revenue investment required covering investment in new premises, additional employees required and long term supplier contracts that the company would be required to enter into to support service delivery. The impact on the Company's employees was considered, identifying the importance of securing new and longer-term contracts to provide both job security and opportunities for personal and professional development to current and prospective co-members.

During the bid process the Directors engaged with potential key suppliers who would be integral to certain aspects of the contract delivery on successful award. This involved working collaboratively to ensure all requirements of the contract and its associated benefits to all parties were mutually understood at the outset to enhance the overall quality of the bid submission.

Finally, when bidding for any new contract the Company considers the impact any successful award would have on its ability to maintain its service levels to its current customers. As part of this presentation the Directors were able to conclude that the Company would invest in sufficient capacity to manage and deliver this programme alongside its existing obligations to other customers.

All other Principal Decisions taken by the Company during the year went through a similar process of stakeholder engagement.

The Board is committed to being an employer of choice and to ensuring Co-Members' wellbeing and voice are front of mind. Reed in Partnership operates 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 employees. There is also two-way communication via the Chairman's online blog and, introduced during FY20, frequent vlogs by the Managing Director to explain company progress through the pandemic. New digital communication routes have also been established utilising Microsoft Yammer as a quick and accessible channel for feedback.

During FY20, REED adopted a Customer First strategy focusing on the development of customer relationships. In support of this, REED appointed a Group Customer Experience Officer to champion engagement with customers and the importance of the customer view in decision making. This is demonstrated through various customer KPIs presented to the Board and has helped strengthen the importance of positive business relationships at Board level.

Reed in Partnership also maintains ISO 14001 and Carbon Neutral status which focuses on the environmental impact of the business.

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STRATEGIC REPORT (continued)

For the year ended 30 June 2020

Section 172 Statement (*continued*)

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

Success with Co-Members

James Reed made three pledges on International Women's Day 2018, which the business made good progress against during the financial year:

- I pledge to introduce talks, seminars and webinars once a quarter, which will be run by successful women, to encourage and inspire the women in the business.
- I pledge to grow and sustain a female mentoring system to provide the women who work at REED with a system of support and advice.
- I pledge that REED will seek to have women make up 50% of its senior leadership team over the next 3-5 years. They will be there because they are good at their jobs.

Additionally, in FY20 Reed in Partnership exceeded their targets for BAME representation in their workforce and introduced Inclusion Champion roles to support the Belonging and Inclusion strategy. Following feedback received from Co-Member satisfaction surveys, Reed in Partnership introduced enhanced Maternity Pay benefit across the business. Co-Members voted Reed in Partnership a great place to work with 4.0 stars on Glassdoor. James Reed was voted one of the Top CEOs in 2019 on Glassdoor for the second year running.

Success with Environment and Communities

REED has been an environmental champion for a long time. Since 2005, REED has maintained Carbon Neutral status and, through ISO14001, demonstrates that effective environmental management is in place. REED's many environmental achievements have been set out in the Reed Global Limited (10169598) annual report under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Reed in Partnership delivers services on behalf of the UK Government, with key clients being the Department for Work and Pensions, the NCS Trust and NHS England. All Reed in Partnership services are delivered in communities to support participants to achieve positive outcomes. During the year Reed in Partnership supported 64,060 people through their programmes, including 6,171 individuals into work.

Reed in Partnership is committed to the fair treatment of all. Reed in Partnership has retained its Disability Confident Leader status and has signed the Armed Forces Covenant.

REED publishes its tax strategy on-line and HMRC has categorised REED as low tax risk. REED was also invited to provide information into the Independent Review of the Modern Slavery Act.

In furtherance of REED's charitable ethos, Co-Members had the opportunity to nominate a charity to receive a priority application to the Big Give Christmas Challenge 2019.

Success with Suppliers

Reed in Partnership manage a partner network and flow funder contractual terms to subcontractors to ensure transparency and fairness.

Reed in Partnership champion the elimination of unfair payment practices to small businesses. Across the year, Reed in Partnership averaged a 21-day payment period to suppliers.

During FY20, Reed in Partnership's Supply Chain Management processes were independently assessed against the Government's Merlin Standard and scored 90% (excellent).

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STRATEGIC REPORT (continued) **For the year ended 30 June 2020**

Environment

The Company operates within the REED Group's policy with regard to the environment. This is to ensure that it understands and effectively manages the actual and potential environmental impact of its activities. The Group's operations are conducted such that it complies with all legal requirements relating to the environment in all areas where it carries out its business. During the period covered by this report, the Group has not incurred any fines or penalties or been investigated for any breach of environmental regulations

The Group's Streamlined Energy & Carbon Report may be found on the Company's website.

Modern Slavery Statement

The Board has approved the Group's policy on Anti-Slavery and Human Trafficking, and Anti-Corruption and Bribery which may be found on the Company's website.

On behalf of the Board



Steven Beggs
Director

22 December 2020