

Randstad Public Services Limited

Strategic Report For the Year Ended 31 December 2022

Introduction

The directors present their strategic report on the company for the year ended 31 December 2022.

Principal activity

The company's principal activity during the year continued to be that of an employment business, hiring out temporary and permanent staff for clients, and the principal activities were hived-up into its fellow subsidiary company, Randstad Solutions Ltd, on 31 August 2022, after which the company ceased trading.

Review of the business

As shown in the company's statement of comprehensive income on page 14, the company's revenue has decreased to £64,740,000 (2021 - £78,088,000). This is mainly related to transfer of business to group company during the year effective 01 September 2022. The company generated a gross profit of £13,265,000 (2021 - £15,938,000), received a waiver of group company loan of £4,000,000 (2021 – £nil) which is shown as Financial Income. The company also incurred a profit before taxation of £3,356,000 (2021 – loss before taxation £1,346,000).

Position of the business

The company's net assets and shareholders' funds were £2,345,000 (2021 – net liabilities £2,421,000) at the end of the year.

Key performance indicators

Progress of the business is assessed via the changes in gross profit percentage compared to the prior year. Performance is shown below with prior year comparatives expressed as percentages.

	2022	2021
Gross profit percentage	20.5%	20.4%

Please see above, review of the business section, for additional analysis of year-on-year movement.

The directors do not believe any further analysis would aid the users' understanding of the performance of the company.

Principal risks and uncertainties

The company reports regularly to Randstad NV on all areas of risk. The company's operations expose it to a variety of risks. The company's management has examined all major risks to its business and considers the main risk to be that of the general economic landscape and uncertainty and how this could affect the future profitability of the company.

As the economic environment remains challenging, recruitment companies need to remain agile and diversified in order to take advantage of future opportunities and avoid risk. Against the backdrop of the continued high cost of living, post-Brexit challenges and the negative impact of inflation, client and candidate hesitancy could remain in the short-to-medium term. The longer-term impacts of the economy remain uncertain. Technological disruption continues to threaten traditional staffing business models and may accelerate as pressures on costs increase. Innovative business models continue to emerge. An increased focus on engagement models for temporary workers, in particular the gig economy, increases the potential for legal, tax and regulatory changes in the medium term, particularly if there is a change of Government in the UK. Such changes are likely to bring with them an increased compliance burden (at least initially), and potentially a change in established client and candidate engagement practices. These do however also provide opportunities for compliant staffing companies who are able to adapt quickly to changes in the market.

Randstad Public Services Limited

Strategic Report (continued) For the Year Ended 31 December 2022

Principal risks and uncertainties (continued)

A description of the key risks, and mitigating action taken to protect the company against them are as follows:

General Economic Uncertainty

While the country is still recovering from the unprecedented impact of the Coronavirus pandemic, rising inflation, a cost of living crisis, a myriad of challenges caused by Brexit, the war in Ukraine and political controversy in the UK, there is uncertainty about the short, medium and long term impacts this will have on the economy. This has a knock-on impact on client and candidate confidence, both of which are critical for the recruitment sector.

The Randstad business is diversified across multiple sectors. It is weighted towards temporary recruitment which appears to be more resilient than permanent recruitment in the short term.

Technological Disruption

New business models continue to emerge that threaten to disrupt parts of the client and candidate matching process. Emerging models threaten specific parts of the process e.g., candidate screening, which presents a risk of disintermediation.

Globally, Randstad continues to invest in early-stage startups through the Randstad Innovation Fund. Locally, we continue to adapt our business models to incorporate appropriate technological solutions to enhance value to clients and candidates.

Regulatory Change

Employment and worker rights is an area which attracts a risk of regulatory change. In many cases, regulation is influenced by traditional employment models and can often be inappropriate for modern, flexible employment models requiring significant internal commitment to ensure continued compliance. High-profile legal cases around employment status and worker rights increase the likelihood of further legal and regulatory change.

Globally we continuously monitor changes in labor laws and regulations across the various jurisdictions and analyze the potential impact of regulatory changes on our operations and workforce.

Reputational Risk

As with most companies, the risk of adverse publicity arising from failure to deliver in line with expectations (whether that be contractual, regulatory or behavioral) poses a threat to our corporate reputation.

We have experienced teams managing and overseeing delivery, compliance and reputation management. Identified shortcomings are subject to remediation and prevention measures and controls.

Cyber Threats

Cyber-attacks pose an increasing threat to all businesses, including in the recruitment industry, and it is likely that these threats will persist or increase as more technology is introduced into processes and supply chains.

We have a team of experts who continuously monitor IT equipment and applications for cyber threats. All the employees need to complete mandatory yearly training on phishing attempts and cyber attacks.

Randstad Public Services Limited

Strategic Report (continued) For the Year Ended 31 December 2022

Directors' statement of compliance with section 172(1)

The Directors of the company act in good faith, to promote the success of the company for the benefit of its stakeholders as a whole, in line with one of our Group's core values, "the simultaneous promotion of all interests". The annual statement of our ultimate shareholding company, Randstad Group NV, sets out in detail how we operate to provide value for clients, talent, employees, investors, suppliers and society. Specifically, the Directors of this subsidiary have regard for the following matters:

- a) The likely consequences of any decision in the long term:
 - The Directors have set out a clear strategy for the business over the medium and long term for creating value and growth, which has been shared with staff and shareholders, the key pillars of which are set out below:
 - Technology - investing in new technologies, in order to better connect clients and candidates, by making processes smart, simple, and efficient; and
 - Humanity - being passionate about supporting people and organisations and by creating an experience that is more human, creating that personal connection.
 - Sustainable profitability – to ensure that the business generates sufficient profits by focusing growth on profitable sectors and managing our cost base
 - All significant decisions are agreed by the board within the context of the strategic plan.
- b) The interests of the company's employees are recognised and valued by the Directors through a variety of mechanisms, including;
 - Regular Leadership team webinars, team and department meetings, and conferences;
 - Actively seeking employee feedback through Employee Network Groups, Q&A sessions, an open culture, and a regular anonymous survey which allows all issues to be raised and tracks employee engagement across a number of key factors; and
 - The provision of learning and development opportunities for staff, covering hard and soft skills, as well as management training and mental health.
- c) The need to foster the company's business relationships with suppliers, customers and others by ensuring all stakeholders are treated within the spirit and detail of the Randstad Group ethics policies and core values.
- d) The impact of the company's operations on the community and the environment, including consideration of climate change through supporting appropriate Energy Savings Opportunities Scheme recommendations, supporting Electric Vehicles where appropriate with an 'EV first' car policy, supporting a wide variety of charities under the Randstad with Heart initiative, and the Randstad Group VSO scheme. The company has also published a social responsibility statement, available on its website.
- e) The desirability of the company to maintain a reputation for high standards of business conduct, through the organisation's values, culture and ethical standards, as set out in the company's business principles, which are published on its website. Our core values represent the foundation of our culture: to know, to serve, to trust, to strive for perfection, and simultaneous promotion of all interests. They help us develop, grow and better serve our clients, talent and other stakeholders.
- f) Since the company is a wholly owned (indirect) subsidiary of Randstad NV, it only has one shareholder; accordingly, the need to act fairly between shareholders is not applicable for the company, although Randstad NV's annual report does set out how it engages with key stakeholder groups, including shareholders, in its "Key Material Topics" section.

Randstad Public Services Limited

Strategic Report (continued)
For the Year Ended 31 December 2022

Going concern

These financial statements are prepared on a basis other than that of a going concern due to the fact that the trade and assets of the company were hived-up into its fellow subsidiary company, Randstad Solutions Ltd, on 31 August 2022, after which the company ceased trading.

Approved by the Board and signed on its behalf by:



D Bruce
Director

Date: 7 September 2023