



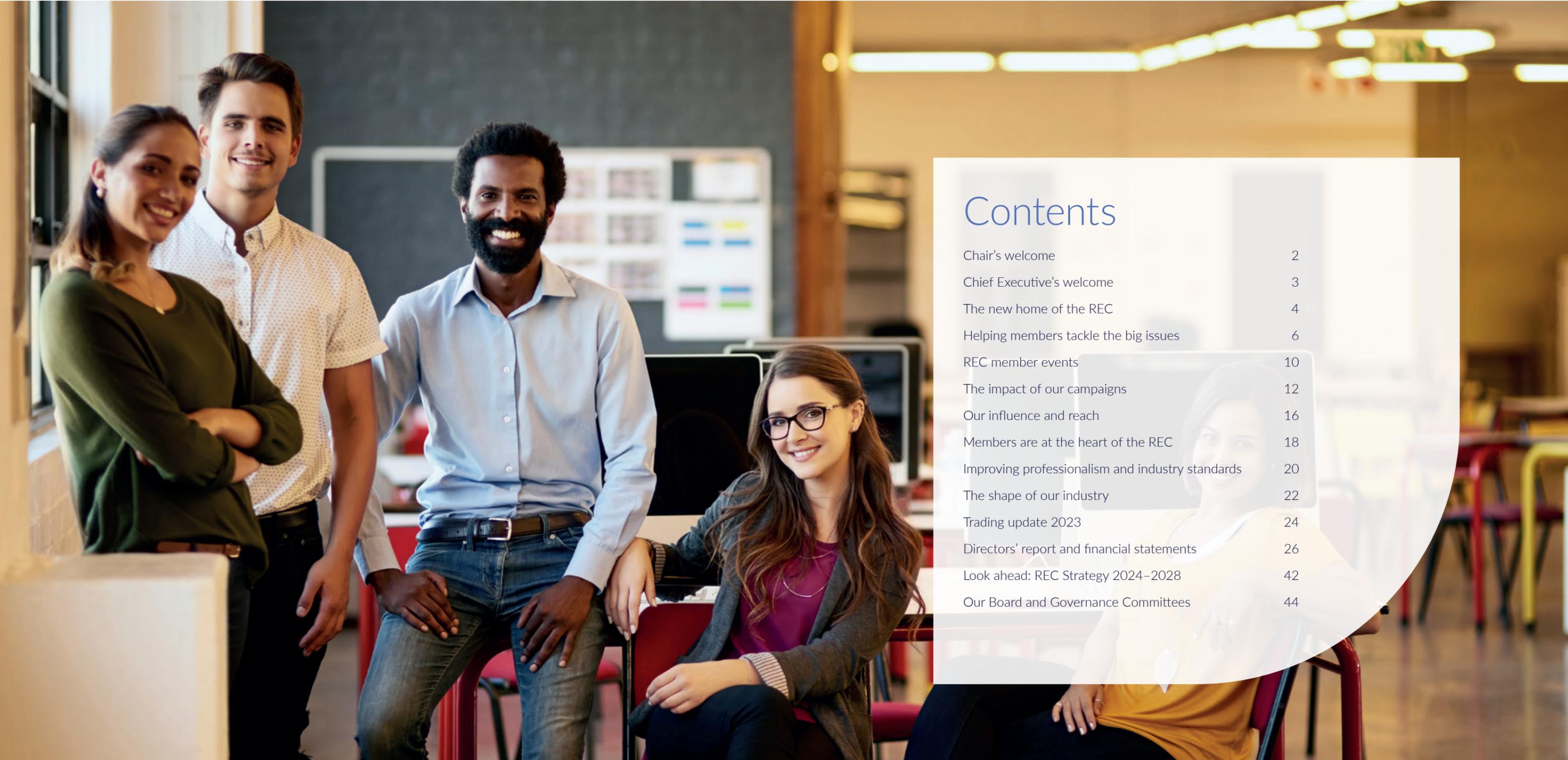
REC

Recruitment
& Employment
Confederation

REC Annual Report and Accounts 2023

Our performance over
the last 12 months





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| Chair's welcome



Michelle Mellor

@MichelleMellor_

michelle-mellor

Welcome to my first Annual Report as Chair. As we navigate the rapidly evolving landscape of the recruitment industry, it is imperative that we embrace change and seize the opportunities it presents. The future holds both challenges and immense potential and it is our collective responsibility to shape it with vision and resilience.

First, I would like to express my sincere gratitude to Sarah Thewlis, my predecessor, for her leadership and dedication during the pandemic and the subsequent recovery period. Her tireless efforts have positioned the REC strongly for the future, despite the headwinds we faced, Sarah's contributions have left an indelible mark on the organisation.

Since taking up the role of Chair, I have been privileged to engage with members of all sizes and collaborate with our exceptional team. Across all stakeholders, we have leveraged their feedback to develop a new strategy for the REC. This strategy, aptly named "Raised Expectations," is centred around the paramount goal of member success.

The recruitment industry is undergoing a transformative journey, influenced by technological advancements, the transition towards a low-carbon economy, changing client expectations and potential shifts in government policies. These evolving dynamics present both challenges and opportunities for recruiters to navigate.

Our strategic approach is built upon three pillars, where the REC can make a unique and invaluable contribution:

Our Voice: We will amplify our voice not only to a new government but also to clients and candidates, advocating for the value our industry generates based on value rather than purely price-based competition.

Our Advice: Building upon the success of our ground-breaking report, "Tech-enabled Humanity," and our comprehensive guide for recruitment businesses on equality, diversity, and inclusion, we will fortify our resources to provide more insightful advice on topics ranging from artificial intelligence (AI) to team development.

Our Professional Focus: Standards and strong professional development are not optional in the world we are moving into. As a professional service with ever-higher levels of regulation and expectation, we all need to step up and the REC is uniquely positioned to help support this endeavour.

The UK recruitment and staffing sector is the third largest in the world, and maintaining this position requires concerted efforts across all three pillars of our strategy. I am excited to collaborate with you, our valued members, as we embark on this ambitious agenda and shape the future of our industry together.

| Chief Executive's welcome



Neil Carberry

@RECNeil

neil-carberry

2023 was a significant year for the REC. As well as welcoming Michelle as our Chair, and developing a new range of business advice products, the REC moved into its new home, a space that offers better value-for-money for members and delivers our team a more fit-for-purpose working environment.

We also made some significant changes to our team, welcoming Maxine Bligh to the REC to lead on member experience and services, and promoting Lorraine Laryea to be our first Chief Standards Officer. Both appointments are critical to the delivery of our strategy. I also want to take this opportunity to thank the REC staff for all their hard work last year in support of members.

Financially, the REC had a good year especially given the slower performance of the sector in 2023 by comparison to the post-pandemic boom. We delivered a surplus which can now be re-invested into member services. As a member-owned organisation, any profit the REC makes is always used to benefit members.

A particular highlight remains corporate member retention, where in 2023 we delivered a second successive year ahead of any pre-pandemic year. I am delighted to say that this trend has persisted in 2024. We never take your support for granted, so thank you for your commitment to the work that we do on your behalf.

In terms of the work of the REC, my highlight was the large-scale return to in-person meetings around the country. September, when we ran a number of regional events as well as our masterclasses with Greg Savage, saw us see 1,000 members! Getting around the country is the most important part of our job – it helps us to understand what we need to do for you.

2023 was a year full of activity. From our seminal report on technology, to our sold-out equality, diversity and inclusion summit, a fantastic RECLive, and our ever-popular awards night – where we celebrate the work that you do – the REC was noisy and visible in backing you, our members.

Our work representing members was no different. We continue to deliver high levels of media coverage for the sector and its important role. Our research has become a touchstone for the Bank of England, and our lobbying has built strong relationships that leave us well positioned, whatever the result of the election.

Your REC entered 2024 in good health. There is a lot to do – but we are positioned to support members' growth for years to come.

All the best to you and your business.



We moved into our new office, close to Tower Bridge, in July 2023. Our new dynamic, multi-purpose space offers the ability to host members for events, whilst providing our colleagues with a workplace that encourages communication and collaboration and embraces our hybrid working policy.

In our office move:



We worked with staff to design an office that supports effective and engaging **in-person working**.



We created a **new broadcast space** to deliver more effective online events.



We **reduced** the floor space by **50%**, thus **saving** approximately **£190,000** per annum in office costs.

The new home of the REC

Helping members tackle the big issues

With members in mind, we launched several pivotal, informative reports and events to support the changing recruitment landscape.



We launched leading-edge business advice resources which were viewed

over **39,000**

times on the website, including our **ground-breaking 'Tech-enabled Humanity' report.**



Our members downloaded over **16,000 pieces** of REC content, including research papers, industry reports, careers advice, infographic summaries, campaign tools and much more.



Our **research hub** gained **30,827 views** – keeping our members up to date on the latest job figures and employment trends.



Our **Talking Recruitment podcast** was listened to more than **21,800 times** in 2023 (an increase of **18.5%** from 2022), sharing the latest topical insight and featuring renowned experts from across the industry. Our podcast was also shortlisted in the 'Best podcast' category at the 2023 Memcom Excellence Awards.



We ran **four Talking Recruitment webinars** across the year, sharing the latest industry insights with all our members.



The REC website had **1,366,416 views** during 2023, with an average of over 26,000 views per week.



REC members **logged into the website** on average **800 times** every month to access member-only resources.



Our legal resources and business support hub were accessed over **260,000 times** by members in 2023.



Our legal team helped members with **7,182 queries**, both through our helpline and over email, saving our members in excess of £570,000 in professional legal fees.



Our award-winning work on the Restart scheme, in partnership with Maximus, saw us place over **2,000 people** into roles with our members from Yorkshire, Derbyshire, Nottinghamshire, Birmingham, London, Wales and Scotland. 67% of people placed through the scheme stay in employment after 12 weeks – when the national average is 29%.

This life changing work was recognised at the **2023 World Employment Confederation (WEC) Awards** in Brussels where we won the award in the social value category.



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Tech-enabled humanity

AI and other emerging technologies are rapidly impacting the way the industry works and connects with candidates. With the needs of our members in mind, in 2023 we published our highly anticipated thought-leadership report '[Tech-enabled humanity](#)', in partnership with MH&A.

Our exclusive Tech Summit welcomed recruitment leaders from the top recruitment businesses to discuss the future of recruitment, insights from the Tech-enabled humanity report, and practical solutions on how to adopt technology effectively.

You can expect more from us on the adoption of tech and AI in 2024 so watch this space.



Our members have already accessed this ground-breaking report online over

2,500 times,
an average of six times a day.

Unlocking the power of inclusive recruitment

In autumn 2023, we launched our ground-breaking [equality, diversity and inclusion \(EDI\) handbook for recruiters](#); built around the needs of our members and designed to help embed good practice across our industry, underpinning the huge difference recruiters make.

Launched at our standing room only EDI summit, where we welcomed almost 100 members and industry leaders, the guide has since been downloaded over 600 times.

Our EDI summit included two highly engaging and practical panel discussions and a captivating keynote from McKinsey & Co's Recruiting Lead, Akida John-Ambrose. Post event, discussions continued across our social channels.

Continuing our member support, our REC EDI Lead has worked directly with dozens of members to provide advice and consultancy services to enable agencies to develop their own EDI strategies and implement best practice.

Developed in consultation with our members in 2023, our innovative EDI open training course, Handling difficult EDI conversations with clients, launched in early 2024 and was sold out immediately.



RECLive23

In 2023 our flagship conference brought together 542 recruitment professionals and over 27 business leaders to explore the challenges expected in the recruitment industry and the opportunities for growth.

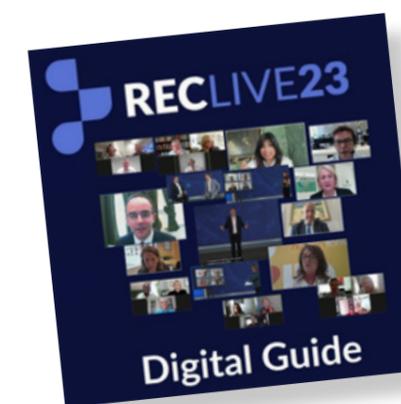
Our [RECLive23 Digital Guide](#) offered members 12 hours of content which highlighted the most relevant, insightful and practical advice from the thought-provoking discussions from the conference.



The on-demand resources have been accessed online

1,614 times

an average of four times a day.



| REC member events



We continued to build our community and relished the opportunity to meet more of our members face-to-face across the UK.



We met members up and down the country, welcoming recruiters to over **20 regional and CEO spotlight events** with over **350 REC members** in attendance in total for the year.



The **REC Awards** went from strength-to-strength as we shortlisted **127 entries, across 19 categories**, and celebrated excellence with **594 people** at the ceremony.



Members are at the heart of the REC and recognising your priority areas, we returned to **in-person sector meetings** in 2023 for our largest sectors, with over **290 members** from the Education, Health, and Social Care sectors attending our seven events.



Over 700

delegates attended our six-city tour with industry expert and author, Greg Savage.

In 2023, we welcomed members to **56 events**



RECLive23

| The impact of our campaigns

We work tirelessly as the voice of our members and profession, speaking up for great recruiters. Throughout 2023, we helped recruiters navigate a changing market and built relationships across Government, the Shadow Cabinet, the devolved nations and local authorities to inform policy and shape our industry.

Overcoming Shortages Parliamentary event, January 2023

Following the launch of our landmark study, **'Overcoming Shortages'**, into the true cost of labour and skills shortages, we hosted a Parliamentary reception early in 2023 which was attended by 52 members and stakeholders, including nine MPs and four Peers.

At our **2023 Parliamentary event**, there were speeches by Guy Opperman MP (Minister of State for Employment), Justin Madders MP (Shadow Minister for Business, Employment Rights and Levelling Up), and the Lord Bridges of Headley MBE (Chair of the Lords Economics Affairs Committee).



The Overcoming Shortages campaign won **Highly Commended** in the category of 'Best Lobbying Campaign' at the 2023 Memcom Excellence Awards.



The Parliamentary reception was attended by **nine MPs** and **four Peers**.



We have built more relationships within Government, and have been developing trust between the REC and the Labour leadership

Engagement on Labour's 'New Deal for Working People'

Speaking up for members has remained at the heart of our campaigns work. We have built more relationships within Government and solidified dialogue with HM Treasury. With a general election imminent, we looked ahead by building more links into the Labour Party, particularly with the Rt Hon Angela Rayner MP, Shadow Deputy Prime Minister, and responsible for Labour's 'New Deal for Working People' agenda. The development of trust between the REC and the Labour leadership has allowed for frank but constructive engagement around future worker rights policies and the importance of flexible work to individuals and to employers. We will be stepping up on this throughout 2024.

Engaging the Minister on upcoming 'predictable hours' legislation

In 2023 we've continued our tireless efforts to advocate for members on crucial issues – such as the Workers (Predictable Terms and Conditions) Bill, now enacted. In a meeting with Kevin Hollinrake MP, Minister of State for Enterprise, Markets, and Small Business, we were able to make the case effectively for extending the period at which a request could be made from 12 to 26 weeks. We also secured the explicit inclusion of umbrella companies within the legislation's scope, safeguarding the interests of our members.

Building influence across party lines

Gearing up for a general election begins long before the hustings. So it was important we had a **strong presence at both the Labour and Conservative party conferences in 2023.** Our Labour panel featured Dame Meg Hillier MP, Chair of the Public Accounts Committee, to whom we were able to express our members' frustrations on the public sector procurement process, particularly in the NHS. Similarly, our Tory conference panel boasted distinguished figures including Guy Opperman MP, Minister of State for Employment, and Chris Skidmore MP, further amplifying our voice on the importance of green skills and the jobs of the future.

Neurodiversity in recruitment

In our ongoing efforts to **promote inclusivity and diversity within recruitment,** we proudly collaborated with Optimize to publish new guidance on neurodiversity in recruitment. This initiative underscores our commitment to fostering environments where individuals of all cognitive abilities are valued and supported.



Our influence and reach



The REC is by far the most impactful voice in recruitment and staffing, and one of the most visible trade bodies in the country – from any sector.

The profile of the REC in the media grew again in 2023, with the media keen to hear recruiters' views on key issues. Offering insight, not just commentary, is at the heart of this success and it achieves a key outcome for our members by shaping client expectations of the market, and positioning recruiters as the professional service experts needed by employers.



We were **regular expert guests on national broadcast media channels**, such as BBC News, Sky News and CNBC.



The REC was featured **949 times on radio and television in 2023** – an equivalent of more than twice a day.



The REC has **maintained its high-profile in the media**, especially on economy, employment and recruitment matters, in 2023.



We have over **107k followers across all our social media accounts**, which resulted in over **1m impressions** in 2023.



On **LinkedIn**, the most important channel for recruiters, we have **78,413 followers**, a **6.5% increase** from the previous year.

Our research is widely used for decisions that matter

The Bank of England's flagship *Monetary Policy Report* (MPR) quotes REC and KPMG's *Report on Jobs* from S&P Global to inform its decisions regarding future fiscal policies. The MPR outlines economic analysis and inflation projections, which the Monetary Policy Committee relies on to determine interest rate adjustments. In 2023, the MPR specifically referenced the reliability of *Report on Jobs* as a lead indicator on the labour market – especially important given the challenges the ONS was facing with the Labour Force Survey.

This highlights the robust credibility of our data and underscores the significance of our labour market perspective within government, by the Bank of England and others, elevating our research voice in critical economic discussions.

We were mentioned in trade and industry press more than

6,400 times

in 2023, or almost 18 times a day!



Clockwise from top:
 Kate Shoemith, *Ian King Live*, Sky News, 25 May 2023;
 Shazia Ejaz, BBC South, 27 Sept 2023;
 Neil Carberry, BBC News at One, 18 April 2023;
The Sun, 17 Feb 2023.

Neil Carberry
 Chief Executive, Recruitment and Employment Confederation

Members are at the heart of the REC

In 2023, our member community continued to grow as we welcomed new members into our network, while welcoming back those who once again renewed their membership to remain part of our community.



We achieved a strong **renewal rate** for corporate members of

91.2%

Given the nature of recruitment as an enterprise sector with many start-ups, this represents a remarkable level of support from our members. Thank you.



We also added

428

new corporate members in 2023, welcoming new members from across our four nations.

Our REC members are distributed across the UK

This is a representation of REC members from across the United Kingdom



Improving professionalism and industry standards

In 2023 we supported your efforts through our rigorous bi-annual Compliance Assessment with a range of resources and seven online support sessions, with 458 members in attendance. Every REC member undertakes our Compliance Assessment.

We take our compliance standards seriously and in 2023 we expelled 40 members for not completing the assessment successfully.

We continue to hold our members to the highest standard and in 2023, breaches against the REC Code of Professional Practice were in the following categories:

Principles:	Percentage
General principles	5%
Principle 1 Respect for laws	5%
Principle 2 Respect for honesty and transparency	47%
Principle 3 Respect for work relationships	5%
Principle 7 Respect for certainty of engagement	16%
Principle 8 Respect for prompt and accurate payment	11%
Principle 10 Respect for confidentiality and privacy	11%



Congratulations

to all of our members who successfully completed our industry-leading assessment!



Our team successfully audited **57** companies, **53** of those companies gained an **REC Audited Education mark** and **4** gained an **REC Audited mark**. Allowing them to demonstrate the highest levels of compliance in their work.



We received 51 complaints against REC members in 2023. **41 of these were resolved by the REC complaints** team, with three referred to the Professional Standards Committee for a hearing.



We provided members with the **latest legal and compliance advice** through our regular Standards Webinar – run twice a year, with over 100 people tuning in online.



756 learners successfully gained professional recruitment qualifications (Levels 2 -5) or an Apprenticeship through our Awarding Body. Congratulations to you all!

We ran **36 training courses**, helping business owners to train **288 of their staff** to succeed in this challenging market.

| The shape of our industry

Our research is widely recognised by the industry and supports leaders in planning the trajectory of their business.



The Industry contribution to UK economy

- ▶ Recruitment's contribution to the UK economy during the period January-December 2022: **£41.3 billion**, up by 13.7% on 2021.
- ▶ The recruitment industry accounted for an estimated **2%** of the UK's total direct GVA in 2022.
- ▶ **£33.9 billion** (82%) was achieved through temporary/contract placement activity.
- ▶ **£7.4 billion** (18%) was achieved through permanent placement activity.
- ▶ **72%** of income came solely from UK-based placements.

Placements

- ▶ **702,950** permanent placements were made by the recruitment industry in the year to 2022. A **28%** increase from previous year.
- ▶ **25.7 million** temporary/contract placements were made by the recruitment industry in the year to 2022.
- ▶ On any given day, there were **976,400** temporary workers on assignment via an agency in the UK.

Enterprises and workforce

- ▶ **29,635** recruitment enterprises were operating across the UK recruitment industry at the start of 2023.
- ▶ **238,608** staff were employed by the UK recruitment industry in 2022.

Industry forecasts

- ▶ **↑ 3.0%** growth in fees for 2023.
- ▶ **↑ 3.0%** growth in volume of clients in 2023.
- ▶ **↑ 3.4%** growth in direct GVA after 2023 in nominal terms.

Source: UK Recruitment Industry Status Report 2022/23.

| Trading update 2023

2023 overview and 2024 update

REC operations in 2023 had an unexpected challenge – an extended period of being without a permanent home. This was caused by our new landlord experiencing significant contractor and supply of materials shortages while they were refurbishing the building, leading to a delay in completing on our lease. This had a positive effect on finances, though a lot of savings were eaten up by the temporary space and staff support costs we faced in navigating this period. Working like this also caused us to delay our return to an in-person conference to 2024. We are now settled into our new home and have clarity on future establishment costs, which are significantly lower than we were paying for the old office due to the reduction in floor space.

Even whilst we were without a permanent office, we were able to continue providing our full suite of products and services to members, taking advantage of our recent investments in digital and technology. Since the summer, there has been a return to more face-to-face courses and events, and the annual REC awards in November 2023 sold out in record time – we even had to squeeze in a few additional tables to try to cope with demand!

Following the end of our last compliance cycle (June 2023) the REC expelled 40 companies from corporate membership for failing to successfully complete the compliance assessment. However, this meant that the vast majority of our members continue to meet or exceed our compliance standards. The current cycle (July 2023 to June 2025) is underway, and many members have already chosen to complete the assessment well before the deadline.

2024 sees the start of our next 5-year strategy period (see page 42 and 43), with ongoing development of our digital/technology capabilities underpinning our ambitious plans to become a more evidenced based, digital first and member focused organisation. In our budget we have allowed for a modest profit for 2024, after allowing for continued improvements to the way we deliver our products and services. This will allow the balance sheet to remain healthy, with a further increase in the level of liquid reserves.

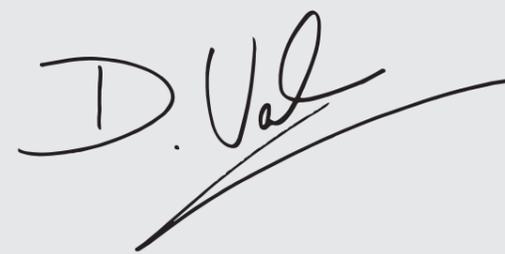
2024 sees the start of our next 5-year strategy period with ongoing development of our digital/technology capabilities underpinning our ambitious plans.

Update on the position as at May 2024

With the UK economy technically in a “minor” recession at the end of 2023, our members are finding things relatively tough (and have been since Q2 of 2023). Continuing high interest rates, high energy costs and the short supply of skills are all problems affecting the wider industry, although there is potentially some easing being forecast later in 2024, at least in the first two areas. On top of this, there is the increase in national minimum wage (NMW) from April, and the knock-on effect on wages of people just above NMW still to take effect. Uncertainty around the political situation is not helping either. We remain confident that the second half of the year will prove more positive for the sector.

At the REC, we have again exceeded expectations with our corporate membership renewals, with above 91% retention for the third year running. On the more challenging side, income from learning and development products is at a lower level than budget, as members conserve cash in a poorer market – plans are in place to redress this in year. Other income streams are on track.

Cost-wise, we are benefitting from the reduced establishment costs as expected, but like most businesses there is pressure on our staff costs due to general wage inflation remaining high. It is also proving harder, and taking longer, to recruit into vacant roles. Despite this, the REC has managed to retain and attract people who are well-positioned to take our strategy forward.



D Vallance
Company Secretary

Directors' report and financial statements for the year ended 31 December 2023

The directors present their report and the financial statements for the year ended 31 December 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- ▶ select suitable accounting policies for the Company's financial statements and then apply them consistently;
- ▶ make judgments and accounting estimates that are reasonable and prudent;
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activities of REC are:

- ▶ Representation of members' needs and views in Whitehall, devolved capitals and in English regions, as well as influential organisations and individuals in the UK and overseas.
- ▶ Provision of members services and benefits to businesses and individuals able to meet strict entry criteria and to conform to the REC Code of Best Recruitment Practice, including offering legal advice helplines.
- ▶ Provision of vocational qualifications and training courses for those who work in the industry, or wish to find employment within the industry.
- ▶ Research and distribution of information demonstrating the social and economic contribution of the recruitment industry to the UK economy.

Reserves policy

The directors have adopted a reserves policy.

This recognises that it is prudent to hold appropriate reserves to enable the company to properly plan its activities and to protect itself against business risk including the loss or serious curtailment of one or more income streams and of serious business interruption. In addition, it is felt necessary to maintain a "fighting fund" to employ expert advisors to protect the interest of members as and when the need arises.

Since 2018, the Board has implemented a reserves policy linked to the organisation's risk register, where the value of reserves held in liquid funds is sufficient to meet the combined value of the major risks identified in the risk register. These risks include the impact of any known external factors on the anticipated trading performance for the current financial period.

The Board reviews the reserves policy and the level of reserves at least once a year in light of current and anticipated levels of income and the company's planned activities.

Results and dividends

The profit for the year, after taxation, amounted to **£126,028** (2022 - loss £70,683).

Directors

The directors who served during the year were:

H Ahmed (appointed 21 June 2023)
N Carberry
L Clark
Dr. G Nair
C Hutchings (appointed 13 July 2023)
P Mellor
S Mirza
S Payne
J Rumble
H Salway (resigned 21 June 2023)
S Seville
J Sibson
S Thewlis (resigned 6 October 2023)

Disclosure of information to auditors

Auditors

The auditors, Haysmacintyre LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 1 May 2024 and signed on its behalf.



D Vallance
Secretary

Independent auditors' report to the members of The Recruitment and Employment Confederation

Opinion

We have audited the financial statements of The Recruitment and Employment Confederation (the 'Company') for the year ended 31 December 2023, which comprise the Income Statement, the Statement of Financial Position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its surplus for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ▶ the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ▶ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of directors' remuneration specified by law are not made; or
- ▶ we have not received all the information and explanations we require for our audit; or
- ▶ the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, employment laws and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- ▶ Inspecting correspondence with regulators and tax authorities;
- ▶ Discussions with management including consideration of known or suspected instances of non compliance with laws and regulation and fraud;
- ▶ Evaluating management's controls designed to prevent and detect irregularities;
- ▶ Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- ▶ Challenging assumptions and judgements made by management in their critical accounting estimates, in particular judgements made in calculating provisions and accruals.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jeremy Beard (Senior Statutory Auditor)

for and on behalf of

Haysmacintyre LLP
Statutory Auditors
10 Queen Street Place London
EC4R 1AG

1 May 2024

Income Statement

for the year ended 31 December 2023

	Note	2023	2022
		£	£
Income		7,288,306	6,916,745
Direct Costs		(1,386,084)	(1,224,635)
Gross profit		5,902,222	5,692,110
Administrative expenses		(5,931,703)	(5,843,761)
Other operating income	3	126,662	123,317
Operating profit/(loss)		97,181	(28,334)
Interest receivable and similar income		35,403	28,874
Fair value movements		(1,665)	(111,980)
Profit/(loss) before tax		130,919	(111,440)
Tax on profit/(loss)	5	(4,891)	40,757
(Loss)/profit for the financial year		126,028	(70,683)

There are no items of other comprehensive income for 2023 or 2022 other than the profit/(loss) for the year. As a result, no separate Statement of Comprehensive Income has been presented.

The notes on pages 34 to 41 form part of these financial statements.

Statement of Financial Position

as at 31 December 2023

	Note	2023	2022
		£	£
Fixed assets			
Intangible assets	6	155,041	365,479
Tangible assets	7	792,746	354,566
Investments	8	1,253,391	1,266,901
		2,201,178	1,986,946
Current assets			
Debtors: amounts falling due within one year	9	1,509,374	1,161,719
Cash at bank and in hand	10	608,047	367,330
		2,117,421	1,529,049
Creditors: amounts falling due within one year	11	(2,794,903)	(2,025,569)
Net current liabilities		(677,482)	(496,520)
Total assets less current liabilities		1,523,696	1,490,426
Provisions for liabilities			
Deferred tax	12	(17,266)	(21,024)
Other provisions	13	(11,000)	(100,000)
		(28,266)	(121,024)
Net assets		1,495,430	1,369,402
Capital and reserves			
Profit and loss account		1,495,430	1,369,402
		1,495,430	1,369,402

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 May 2024.

P Mellor
Director

The notes on pages 34 to 41 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2023

1. General information

The Recruitment and Employment Confederation is a private company limited by guarantee incorporated in England and Wales. The registered office is 20 Queen Elizabeth Street, London, SE1 2LS.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

In assessing the company's ability to continue as a going concern, the directors have considered the company's liquidity position and reviewed cash flow forecasts for the next 12 months.

The Reserves Policy operated by REC over recent years, designed to build Reserves to a level sufficient to keep the business operating even in times of severe economic disruption, has continued. The financial outcome for 2023 was a reasonable profit, with sales income close to budgeted levels and costs below expectations due in part to unforeseen delays in the office relocation. Relocation costs were paid for from working capital (no drawdown from Reserves was required) and we negotiated a rent-free period lasting until September 2024. Reserves therefore remain well above the level required under the Policy. These Reserves continue to be held in liquid assets.

The financial budget for 2024 has again been set at a prudent level, with a modest profit figure predicted for the end of the year. Non-cash items such as depreciation costs and the rent-free period will therefore allow scope either for building cash Reserves further, or for continuing investment in improved systems and member services.

The directors continue to adopt the going concern basis in preparing the accounts.

2.3 Revenue

Revenue represents subscriptions receivable from corporate members, subscriptions received from individual members, fees from professional training and qualifications, insurance commissions, sales of literature, event fees and business partner income net of VAT.

Membership Income

Corporate membership is accounted for in line with the year it relates to being the calendar year.

Individual subscriptions are accounted for over the period to which they relate being one year from renewal.

Professional training, qualifications and event income

These income streams are recognised in the year in which the training, event or qualification takes place.

Sales of literature and insurance commissions

These incomes streams are accounted for on sale of goods/service.

Business partnership income

Business partnership is accounted for over the period of provision of benefits to the customer. Income in respect of the service element is recognised straight line over the period of the business partnership.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Website	33% straight line
CRM System	20% straight line

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	Over the term of the lease
Office equipment	20% straight line
Computer equipment	33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Valuation of investments

Investments in listed company shares are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.7 Debtors

Short-term debtors are measured at transaction price, less any impairment.

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.9 Creditors

Short-term creditors are measured at the transaction price.

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.12 Current and deferred taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The company is liable to taxation on its investment income and other income derived from non members.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- ▶ The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits: and
- ▶ Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

2.13 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Other operating income

	2023	2022
	£	£
Other operating income	<u>126,662</u>	<u>123,317</u>

4. Employees

The average monthly number of employees, including directors, during the year was 70 (2022 – 74)

5. Taxation

	2023	2022
	£	£
Corporation tax		
Current tax on profits for the year	11,018	(16,036)
Adjustments in respect of previous periods	(2,369)	–
	<u>8,649</u>	<u>(16,036)</u>
Total current tax	<u>8,649</u>	<u>(16,036)</u>
Deferred tax		
Origination and reversal of timing differences	(3,758)	(24,721)
Total deferred tax	<u>(3,758)</u>	<u>(24,721)</u>
Taxation on profit/(loss) on ordinary activities	<u>4,891</u>	<u>(40,757)</u>

5. Taxation continued...**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2022 – higher than) the standard rate of corporation tax in the UK of 23.52% (2022 – 19%). The differences are explained below:

	2023	2022
	£	£
Profit/(loss) on ordinary activities before tax	<u>130,390</u>	<u>(111,440)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022 – 19%)	<u>30,668</u>	<u>(21,174)</u>
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,628	26,384
Income not deductible for tax purposes	(18,918)	–
Adjustments to tax charge in respect of prior periods	(2,369)	–
Non-taxable income	–	(2,584)
Exempt ABGH distributions	(2,639)	–
Changes in provisions leading to an increase (decrease) in the tax charge	–	(29,750)
Chargeable gains	(3,535)	(13,633)
Marginal relief	(1,722)	–
Remeasurement of deferred tax changes in tax rates	(222)	–
Total tax charge for the year	<u>4,891</u>	<u>(40,757)</u>

6. Intangible assets

	Website	CRM system	Total
	£	£	£
Cost			
At 1 January 2023	499,268	774,755	1,274,023
At 31 December 2023	499,268	774,755	1,274,023
Amortisation			
At 1 January 2023	443,777	464,767	908,544
Charge for the year on owned assets	55,491	154,947	210,438
At 31 December 2023	499,268	619,714	1,118,982
Net book value			
At 31 December 2023	–	155,041	155,041
At 31 December 2022	55,491	309,988	365,479

7. Tangible fixed assets

	Short term leasehold property	Office equipment	Computer equipment	Assets under construction	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2023	–	–	149,746	253,565	403,311
Additions	326,700	106,976	135,003	–	568,679
Transfers between classes	124,258	66,782	62,525	(253,565)	–
At 31 December 2023	450,958	173,758	347,274	–	971,990
Depreciation					
At 1 January 2023	–	–	48,745	–	48,745
Charge for the year on owned assets	39,369	15,079	76,051	–	130,499
At 31 December 2023	39,369	15,079	124,796	–	179,244
Net book value					
At 31 December 2023	411,589	158,679	222,478	–	792,746
At 31 December 2022	–	–	101,001	253,565	354,566

8. Fixed asset investments

	Listed investments	
	£	
Cost or valuation		
At 1 January 2023	1,266,901	
Additions	183,460	
Revaluations	(196,970)	
At 31 December 2023	<u>1,253,391</u>	

9. Debtors

	2023	2022
	£	£
Trade debtors	965,826	833,415
Other debtors	348,624	77,120
Prepayments and accrued income	194,924	251,184
	<u>1,509,374</u>	<u>1,161,719</u>

10. Cash and cash equivalents

	2023	2022
	£	£
Cash at bank and in hand	<u>608,047</u>	<u>367,330</u>

11. Creditors: Amounts falling due within one year

	2023	2022
	£	
Trade creditors	25,916	94,733
Corporation tax	11,017	7,184
Other taxation and social security	528,029	356,746
Other creditors	32,780	37,536
Accruals and deferred income	2,197,161	1,529,370
	<u>2,794,903</u>	<u>2,025,569</u>

12. Deferred taxation

	2023
	£
At beginning of year	(21,024)
Charged to profit or loss	3,758
At end of year	<u>(17,266)</u>

The provision for deferred taxation is made up as follows:

	2023	2022
	£	£
Capital gains	<u>(17,266)</u>	<u>(21,024)</u>

13. Provisions

	Dilapidation provision	
	£	
At 1 January 2023	100,000	
Charged to profit or loss	(89,000)	
At 31 December 2023	<u>11,000</u>	

In accordance with the lease agreement at 27-45 Dorset House, Stamford Street, London, the Company had to return the premises to the condition in which it was initially rented, and a dilapidation provision has consequently been recognised based on evidence from the landlord. The lease expired on 31st December 2022.

14. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

15. Capital and other commitments

The Company had capital commitments of £17,672 as at 31 December 2023 (2022: £408,078).

At 31 December 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023	2022
	£	£
Land and buildings		
Not later than 1 year	104,538	-
2-5 years	1,193,996	1,367,979
More than 5 years	1,459,547	1,457,195
	<u>2,758,081</u>	<u>2,825,174</u>
	2023	2022
	£	£
Other		
Not later than 1 year	8,608	3,271
Later than 1 year and not later than 5 years	27,976	-
	<u>36,584</u>	<u>3,271</u>

Look ahead

REC strategy 2024 – 2028

Raised expectations: driving member success in a transforming labour market

In the second half of 2023 we began work on a new strategy to take us towards 2030 – the centenary of the REC’s oldest predecessor body. Our new five-year strategy is based on the successful work that we have undertaken to date, and what we learned from the pivot the business made during the pandemic.

Our core purpose remains the same – to support members in making great work happen, through the growth and opportunity they deliver clients and candidates every day.

Our business is to support a successful and profitable recruitment, staffing and talent management sector. The REC’s impact is achieved through our members’ ongoing commercial success and ultimately the prosperity of the UK and those who work here.

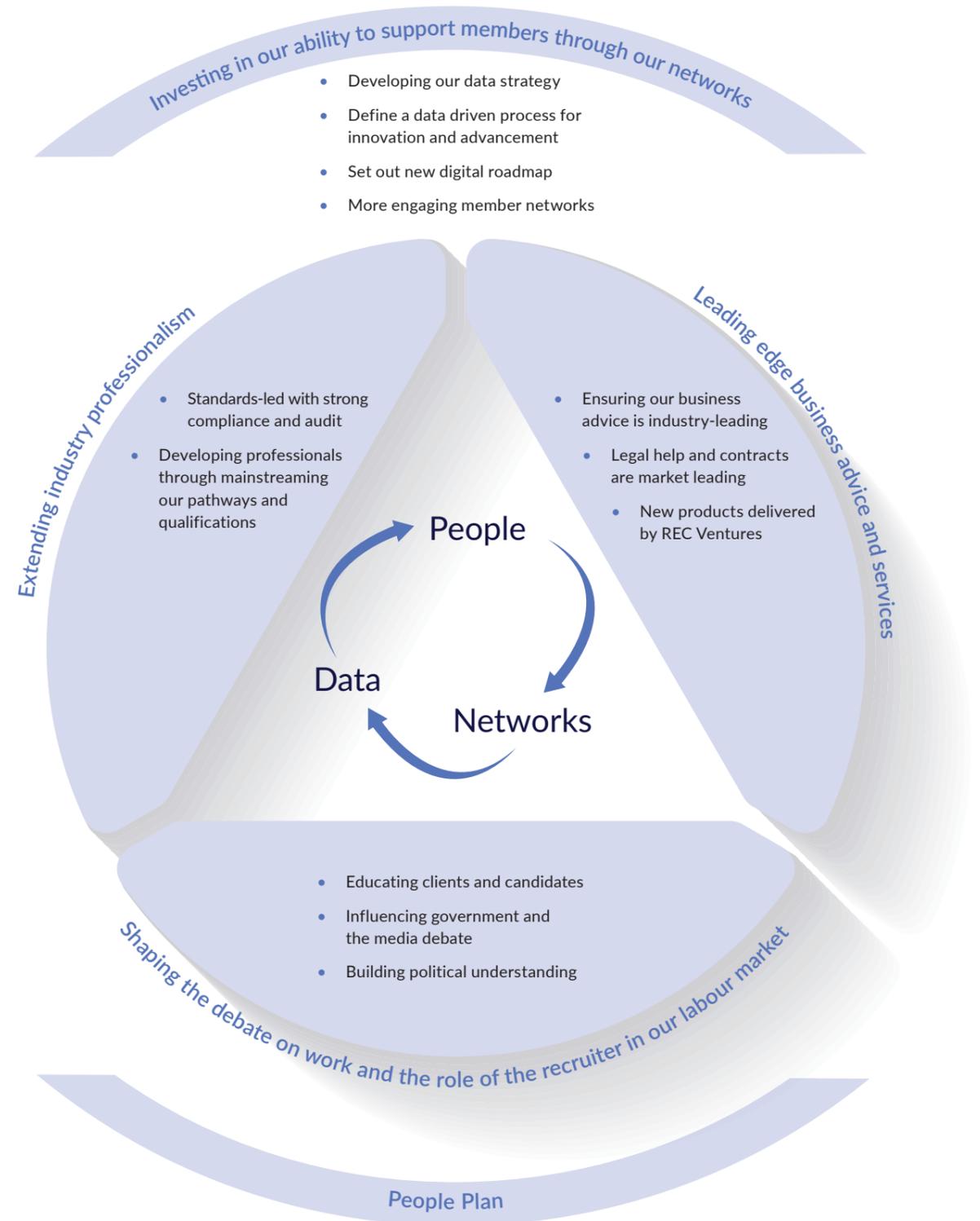
With changing demographics, skills needs and tech trends, we all know that both recruiters and the REC will need to change. Our strategy identifies four key areas to achieve this: using our voice to influence both client and political views of the industry; investing in high quality business advice for members; underpinning the professional status of recruitment, and improving our own technology to better deliver for members.

This new strategy combines improving our digital capabilities while building connections with members in one theme, while the three remaining themes focus directly on our members’ needs – such as engagement, quality services and standards, education, and professionalism. This commitment is underpinned by our people strategy which seeks to attract, develop and engage staff who deliver a high level of customer service and insight for members.



With changing demographics, skills needs and tech trends, we all know that both recruiters and the REC will need to change.

Our five-year strategy



Our people strategy is our critical enabler: staff engagement and development underpin everything we do.

Our Board and Governance Committees

Our Board

Michelle Mellor (Chair)

Co-Founder and former Chief Executive Cummins Mellor

Hannah Ahmed (Appointed 21 June 2023)

CEO, HG Group

Neil Carberry

Chief Executive, Recruitment & Employment Confederation

Laura Clark

Group CEO, OA Recruitment Solutions

Clive Hutchings (Appointed 13 July 2023)

Executive Director & Founder, STR Group

Sakhila Mirza

Deputy CEO and General Counsel, London Bullion Market Association

Dr Gopa Nair

CEO, Leo and Mia Foundation & Group Head of CSR, XA Group

Simone Payne

CEO, 4myschools

Jane Rumble

Chief Executive, UKAD

Sharon Seville

Founder and Executive Head-hunter, First Executive Recruitment

Jon Sibson

Non-executive director and trustee in the housing and education sectors; previously a partner of PwC LLP

Our Board is guided by recommendations from three governing committees, the Advisory Council, and an Employment Policy Committee.

Our Company secretary

David Vallance

Remuneration and Appointments Committee

This Committee oversees appointments, performance and remuneration policy in relation to the Board, committee volunteers and staff.

Andrew Harvey (Chair)

Chair, Non-Executive Director and regulatory panel member

Paul Jacobs

Cofounder and Director, Jump Advisory Group

Michelle Mellor

Co-Founder, Cummins Mellor Recruitment

Nik Pratap

Managing Director, Pratap Partnerships

Fiona Rodford

Executive Vice Chairperson, Zenova Group Plc

Audit and Risk Committee

Audit and Risk gives advice on financial strategy and performance, including the financial reporting and audit processes, and risk management.

Simon Connington (Chair)

Director, The Resourcing Group

Clive Hutchings

Executive Director and Founder, STR Group

Christine Kanu

Chief Financial Officer, Anna Freud

Steve Mercer

Commercial Director, Staffline Recruitment

Simon Moore

Non-Executive Chair

Emma Smith

Group Compliance and Quality Manager, HR GO Recruitment Ltd

Professional Standards Committee

The Professional Standards Committee considers complaints and evidence of non-compliance with REC Codes by corporate and individual members.

Jayne Hambling (Chair)

Head of Quality & Risk Management, Meridian Business Support

Matthew Creagh (worker representative)

Employment Rights Policy Officer, TUC

Aideen Duggan

Founder and Managing Director, Keenan Recruitment

Julie Giles

People, Legal & Compliance Director, The Job People

Carolyn Grant

Managing Director, Allstaff Recruitment Agency

Lucie Jones

Bid Manager, Randstad

David Frankish (Employer Representative)

Founder & CEO Clovis Enterprise Ltd

Jon Sibson

Non-executive Director

In addition to the governance committees listed, there are two member-led advisory committees to the REC:

- ▶ Advisory Council – is our critical friend in the development of products and services for members.
- ▶ Employment Policy Committee – advises on how government policy will affect the recruitment industry, and gives feedback on our campaigns strategies.

You can find the full list of the Board members and more about the governance committees, and the advisory groups online here:

www.rec.uk.com/about-the-rec/board



REC

Recruitment
& Employment
Confederation

The Recruitment & Employment Confederation is the voice of the recruitment industry, speaking up for great recruiters. We drive standards and empower UK recruitment businesses to build better futures for their candidates and themselves. We are champions of an industry which is fundamental to the strength of the UK economy.

Find out more about the REC at www.rec.uk.com

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Recruitment & Employment Confederation

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