developments
turnover
placements
sales
information
trends

2004/5 Annual Recruitment Industry Survey

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Welcome

Dear Reader

The year ending March 2005 provided the UK staffing industry with some significant challenges especially during the latter part of this period. GDP growth came under increasing pressure, retail sales volume declined dramatically and there was a significant slowdown in public sector expansion.

Historically, the staffing industry has been able to compensate for economic weaknesses through structural growth but this is now proving increasingly difficult.

This year's Annual Recruitment Industry Survey results reflect this picture. Overall, there has been a 4.2% drop in industry turnover and within this there has undoubtedly been a significant switch to permanent business. Of course, this aggregated view hides significant sector-based and geographical variation but there is no escaping from the conclusion that our industry needs to evolve if it is to drive future growth and buck the trend towards commodity pricing.

So how can we succeed in a changing world? Some will undoubtedly be able to prosper by responding quickly to new market opportunities or by migrating to new business platforms, such as HR out-sourcing. For most recruitment firms however, success will depend on the quality of their service proposition. And it is here that REC membership is increasingly making a real difference.

Raising standards and driving quality has remained at the heart of the REC's strategy for the past 12 months and during this period we have delivered some remarkable achievements. The REC Audited programme now provides clear recognition for firms seeking the highest levels of professionalism whilst the launch of the Degree in Recruitment Practice with Middlesex University has taken individual professional development to a new level of opportunity. The new Industry Research Unit is delivering a stream of reliable and useful research to help firms make informed business decisions. The Diversity Pledge is now available to support best practice in a key area for our industry. All of these initiatives have emerged over the last year and all provide REC members with the opportunity to develop a high quality, innovative service proposition for clients.

So what will the future hold for the staffing industry? There are signs that we are moving through the economic cycle faster these days and there is every possibility that we will progress through the current staffing cycle into a period of relatively high demand for temporary staffing in the near future. There remains significant opportunity for recruitment firms that can demonstrate first class service credentials and, as ever, the REC will remain at the vanguard of this movement, providing Members with the support and tools they need to help them achieve excellence.

Finally, I would like to thank the Research Unit for their work in putting together an excellent Report. I hope you find the results informative.

Yours sincerely

Gareth Osborne

Gareth Osborne
Managing Director, REC

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Executive Summary

Overview

The results of the 2004/05 REC Annual Industry Survey show a decline in the demand for temporary/contract labour and a marked switch to permanent business. Overall, there has been a 4.2% decline in total industry turnover, which now stands at just under £23.5 billion.

This reduction in overall turnover, for only the second time in the history of the survey, is mirrored by government VAT data.

The long term view suggests that growth is likely to return to the industry once the economy has further strengthened. However, these findings may well be an early indicator that the days are now over when structural change buffered the industry from the full impact of adverse economic conditions. Driving future growth may well be increasingly difficult.

Total Industry Turnover

2000/2001	£22,890m
2001/2002	£24,249m
2002/2003	£23,000m
2003/2004	£24,514m
2004/2005	£23,477m

Temporary Recruitment

Overall turnover for temporary/contract recruitment fell 11% to £20.3 billion for the period ending 31st March 2005.

This is likely to be a reflection of conditions in the wider UK economy together with continued high levels of competition and demand-side pressure on margins.

Volumes fell even more sharply for the same period. Numbers of temporary workers on recruitment firm's payroll fell by 20% to just over 1.2 million for the November monitoring period.

Permanent Recruitment

In contrast, permanent recruitment has grown significantly since 2003/04 with total turnover increasing to just over £3.2 billion. With permanent recruitment now accounting for nearly 14% of total industry turnover, it is clear that many recruitment firms have made a strategic switch to permanent business over the past twelve months (although some of this increase is probably accounted for by historical under penetration in some 'permanent rich' sectors).

Employees

The 2004/05 survey results show that the total number of staff employed in the recruitment industry has remained relatively static with just a 2.7% increase overall headcount. Beneath this headline figure, there has been an increase in consultants specialising in permanent business and a reduction in the number of administrative staff.

Introduction

The REC Recruitment Industry Survey is the most comprehensive and widely used source of information on developments in the UK recruitment industry. Produced annually, this survey is an invaluable source of data for market planning. Data from the Report is widely used by lobbyists in Whitehall and Brussels and by owner/managers within the recruitment industry to help assess their performance in the current market place.

The Annual Survey is used by the REC to help demonstrate the economic value of the recruitment industry to key stakeholders and to secure a fair and balanced legislative framework. The aim of the survey is to identify and track performance and trends in the UK recruitment industry, providing a unique record of changes over time. The data from the survey is designed for everyone working within the recruitment industry as well as those commentators and stakeholders with a vested interest in its positive development.

Methodology

A questionnaire was sent to the existing database of over 13,000 recruitment firms in the UK in October 2005. The questionnaire was designed to obtain the key information needed in a simple format. A few changes were made to the questionnaire used for the 2003/04 survey to improve the accuracy of the data and facilitate the response process. Most questions however, were retained in their previous format to provide consistency with previous years.

A total of 660 replies were received, of which 544 were usable and provided the basis for this analysis. This represents a significant (31%) increase in the number of useable responses received from the previous survey. A copy of the questionnaire is included in this report as an appendix.

Respondents were asked to give information on the size of their organisation, according to the number of branches they owned or controlled. Information on responses by company size is provided below.

The analysis groups respondents into four bands: single branch operators, small multiples (2-9 branches), medium multiples (10-34 branches) and large multiples (35 or more branches). The survey asked respondents to indicate revenue levels for their temporary and permanent businesses. Respondents were also asked to split revenue and number of placements/number of temporary/contract staff by market sector.

Government Turnover Enquiry

1994	£6,775m
1995	£8,134m
1996	£9,843m
1997	£13,304m
1998	£15,744m
1999	£18,597m
2000	£22,888m
2001	£23,387m
2002	£22,300m
2003	£23,675m
2004	£22,958m

REC's 2005 Review

This year's Annual Industry Survey results reflect some of the broader issues that have affected the industry in 2005. Growth has continued but fierce competition and the rise of new contractual arrangements has put further downward pressure on margins. Against this backdrop, the importance of a high quality service proposition and a fair legislative framework has never been more important.

Throughout 2005, the REC has developed and launched a series of major new initiatives to help its members meet these new challenges. Here are just a few of the REC accomplishments in 2005:

Raising Standards

REC Audited

The REC's Code of Good Recruitment Practice is the standard that all REC members commit to. But many good recruitment businesses were looking for something more tangible to prove to their clients that they were living up to this commitment. That's why the REC have worked together with the independent audit firm SGS to develop and deliver a robust audit package that checks an agency's compliance with the Code and with the regulations governing the industry. In it's first year, REC Audited has already generated extensive interest from agencies, with over 150 applications received.

Degree in Recruitment

With the high staff turnover and low barriers to entry in the recruitment industry, there has been an ongoing concern about finding quality consultants who are committed to a career in recruitment. Working with Middlesex University Business School, the REC has taken the first step in overcoming this challenge by creating the first ever Degree in Recruitment. Structured around work-based learning with individual support from specialist tutors, the Degree is designed to raise standards within the Recruitment Industry. The Degree backs up the REC's own existing qualifications, with the existing Diploma in Recruitment Practice being equivalent to year 1 of the Degree.

Innovative Support

RITE

The UK's first ever industry-specific enterprise support service, the Recruitment Industry Taskforce for Enterprise (RITE), was launched in January 2005 to great acclaim. RITE offers recruitment business owners access to meaningful, effective business support from industry experts. The RITE offering has already grown since its launch and now includes a range of services comprising:

- **The RITE Start-Up service** – an intensive support service for start-up recruitment businesses
- **The RITE Consultation and Analysis Report service** – for owners of existing recruitment businesses
- **The RITE Toolkit** – a practical 'no nonsense' suite of information, templates, checklists and sample documents, suitable for recruitment businesses of all sizes.

RE-Source Candidate Database

Emerging online recruitment technologies are enabling employers to attract, screen and manage job seekers directly, via their own corporate websites. This could have a major impact on candidate flow to the recruitment industry and the demand for its services.

The RE-source candidate database was launched by REC in March 2005 to ring-fence a proportion of the online job-seeking community exclusively for REC members – counteracting these threats and enabling members to fill vacancies and assignments more cost effectively.

RE-source already has in excess of 580 member clients and accrues candidates in line with its clients' requirements, making it the most relevant source of active candidates on the internet.

REC Regions

Recruitment is a local business – more often than not, business development and growth depend upon your connection to the local community and your ability to sell to clients at a local level. That's why, in 2005, we have introduced REC Regions. With Regional Directors appointed and events and activities taking place in each of the 12 areas of Britain, we can help agencies to stay aware of and respond to issues in their area and to learn about best practice from local suppliers and clients and respond quickly to regional issues.

Diversity Charter

As the British workforce undergoes a process of rapid change, the REC has been working to make sure recruitment businesses are ahead of the curve. This year, along with our partners JobCentre Plus, REC has introduced a Diversity Pledge that agencies can sign to demonstrate their commitment to attracting a diverse workforce. We have developed an online Diversity Diagnostic to help companies understand the strengths and weaknesses of their diversity policy. Within 10 years, only 20% of the UK workforce will be white males below the age of 55, so reaching out to non-traditional candidates is no longer a nicety but a necessity for success in recruitment.

Leadership and Communications

Industry Research Unit

This year we set up an Industry Research Unit to improve the quality and range of research in order to fully understand the social and economic value of the recruitment industry.

The Unit has already taken the research agenda forward by publishing a comprehensive academic Literature Review of recent research on agency workers and a major new study on satisfaction levels amongst agency workers. In January 2006, the Unit launched three new tracking studies with employers, agencies and agency workers.

Brand Development

In 2005, the REC embarked on a major profile raising campaign with the business community to help them understand the core values that they can expect when they use an REC member agency namely that (our members are serious about: standards, operating ethically, accountability and being well informed).

The REC launched this campaign at this year's CIPD conference, and, so far, over 140,000 Human Resources professionals have been directly contacted.

One in a Million Award

For the 5th year in a row, REC hosted the One in a Million Award – a nationwide competition recognising some of the best temporary workers in the country. New in 2005, the REC gave awards in 10 different sector categories. Our overall winner, Anne Marie DeVaney was an outstanding care worker based in Glasgow. The One in a Million Award is given as part of National Temporary Workers Week, a nationwide initiative during which hundreds of recruitment agencies take the opportunity of thanking and rewarding their temporary workforce.

Recruitment Matters

This year the REC has introduced Recruitment Matters – a 60-page monthly publication with the mission to inform, challenge, inspire and lead the recruitment industry. Relevant, timely information about the industry is key to helping member businesses operate profitably and effectively. It was Recruitment Matters' ability to deliver this that inspired the CBI's Trade Assocation Forum to award it Magazine of the Year 2005.

Lobbying

The REC's team maintains regular dialogue with Government and EU officials at all levels, highlighting the significant contribution made by the recruitment industry to the UK labour market. In the past year, our lobbying team have been especially proactive and effective at addressing members concerns about the EU Agency Workers Directive, representing members interests relating to the Gangmasters Licencing Act, encouraging with the Criminal Records Bureau to improve the service they deliver to our members, and working closely with the government on issues of procurement and diversity.

Crunching the Numbers... In 2005, the REC had:

7,832 Corporate Members

5,479 Individual Members

70 Permanent Staff Dedicated to Serving Members

3,500 People Attending REC Training Courses and Seminars

2,160 People Taking REC Qualifications and Becoming Qualified Recruiters

514 Industry Complaints Managed

22,500 Calls to the Legal and HR Helpline

31 Recruitment Business Partners

75 Years Representing the Recruitment Industry

Legislation & Lobbying - 2004/2005

A key function of the REC is to take forward legitimate industry concerns with regards to proposed domestic and EU legislation that could have a direct impact on the UK recruitment industry.

2005 has again been a busy year for the REC's External Relations team with activity focused on strengthening our bargaining position in Brussels whilst helping to ensure that new UK policy-making is informed and fair. The launch of the new Industry Research Unit made a significant contribution to this process by starting to deliver a flow of 'hard data' upon which to pin the industry's arguments.

Summary of Legislative Developments in 2005

Agency Workers Directive

Over the past 12 months, the Agency Workers Directive (AWD) has remained blocked under the Luxembourg and UK Presidencies of the EU but remains a possible concern for the UK recruitment industry. The Directive is not on the list of proposals to be dropped, but the Commission has for the first time hinted that the content of the proposed Directive could be reviewed.

During 2005 the External Relations team spent time meeting with key decision-makers and influencers in the new EU accession states. This campaign has been well received and is helping to ensure an informed, pro-agency lobby in Brussels.

This process was further supported by continued dialogue with MEPs. In June, the REC raised its profile by holding its Board meeting in Brussels, providing additional opportunities for lobbying.

New Age Discrimination Laws for 2006

In January 2006 important new laws will be introduced to help prevent age discrimination. The recruitment process has been identified as a major area for potential discrimination and the new laws will directly impact on all UK recruitment firms.

The REC was heavily involved in the consultation processes that led to this new legislation and has taken an active role in helping the industry prepare for these changes. Details of the new requirements together with best practice advice has been communicated to members through a series of information leaflets and seminars.

The REC's work in the general area of diversity and equality has continued to gain momentum – in particular, through the on-going work of the REC's Diversity Forum, its partnership with JobCentre Plus and the development of the Diversity Charter.

Summary of Other Activity

Public procurement remained a key issue for recruitment firms in 2005 and the REC fed a detailed response in to the Government's consultation on procurement procedures. At a sector level, the REC has been in regular contact with organisations such as the NHS Purchasing and Supply Agency (PASA) over forthcoming contracts for the supply of healthcare workers into the NHS.
We have also written to the Small Business Service and other stakeholders highlighting our general concerns over the impact of current procurement procedures on the industry and on smaller agencies in particular.

Over the last year, the External Relations team responded to a number of official Government and EU consultations covering a range of issues including Immigration Policy, Criminal Records Bureau (CRB) consultation on registered bodies, national minimum wage, better regulation and the impact of demographic change across the EU. All these consultations will result in policy developments over the coming year that will have a direct impact on the work of recruitment firms in all sectors of the UK economy.

The REC continues to work to strengthen its relationship with all areas of government. In 2005, they were actively involved in discussions with seven different government agencies including the Home Office, DEFRA the Department of Work and Pensions, the Department for Education and Skills and the DTI.

Recruitment Industry Sales

Permanent Recruitment Turnover

The findings show an 88.5% growth in permanent recruitment fees since 2003/2004. This represents the highest growth since the start of this survey topping the 39.9% increase in 1999/2000. Although some of this increase can be attributed to the fact that this years survey included a more representative sector base than in 2002/2003 (including some sectors with a higher mix of permanent business) the figures undoubtedly reflect a marked and widespread switch to permanent placements. This is most likely explained by difficulties in sustaining previous levels of temporary/contract business and a continued increase in specialisation in a tight labour market.

Temporary/Contract Turnover

This years results show a reduction in overall temporary/contract turnover. The 11% dip is likely to reflect continuing high levels of competition and pressures on margins in this sector combined with difficult economic conditions, especially in the first quarter of 2005.

Total Industry Turnover

The combined turnover from permanent recruitment and temporary/contract recruitment shows a 4.2% decrease on the previous year. This is only the second time in the history of the survey that a negative growth figure has been recorded although the decline is not as marked as the 5.1% decrease of 2001/2002. The decline certainly reflects the broader economic environment and, perhaps, signals that the industry can no longer rely on structural growth to compensate for weakness within the wider economy.

Permanent Recruitment Turnover

2001/2002	£1,661m
2002/2003	£1,583m
2003/2004	£1,704m
2004/2005	£3,211m

Temporary/Contract Turnover

2001/2002	£22,588m
2002/2003	£21,418m
2003/2004	£22,810m
2004/2005	£20,265m

Total Industry Turnover

1999/2000	£18,430,531,049
2000/2001	£22,890,724,639
2001/2002	£24,249,182,904
2002/2003	£23,000,862,762
2003/2004	£24,514,528,954
2004/2005	£23,476,518,361

Summary of Recruitment Industry Turnover 2002 – 2005

	2002/2003 (£)	2003/2004 (£)	2004/2005 (£)	% change
Total Industry Turnover	23,000,862,762	24,514,528,954	23,476,518,361	-4.2
Turnover from Permanent Business	1,583,202,843	1,704,033,122	3,211,000	+88.5
Turnover from Temporary/ Contract Business	21,417,659,919	22,810,495,831	20,265,000	-11.2

Summary of Recruitment Industry Business Share 2002 – 2005

	2002/2003 (£)	2003/2004 (£)	2004/2005 (£)	% change
Permanent Business Share of Total	7.0%	6.7%	13.7%	+7%
Temporary/Contract Business Share of Total	93.0%	93.3%	86.3%	-6.7%

Recruitment Industry Volumes

Permanent Recruitment Volumes

2001/2002	519,761
2002/2003	518,344
2003/2004	565,581
2004/2005	654,203

Permanent Recruitment Volumes

Note: volume reflects the number of permanent placements made in the twelve-month period ending March 2005.

The volume of permanent placements increased again in 2004/2005. The 16% increase is nearly double the growth rate recorded for the previous period although the increase in volume remains significantly less than the increase in turnover for this area.

Temporary/Contract Recruitment Volumes

2001/2002	1,336,699
2002/2003	1,434,098
2003/2004	1,516,323
2004/2005	1,218,813

Temporary/Contract Recruitment Volumes

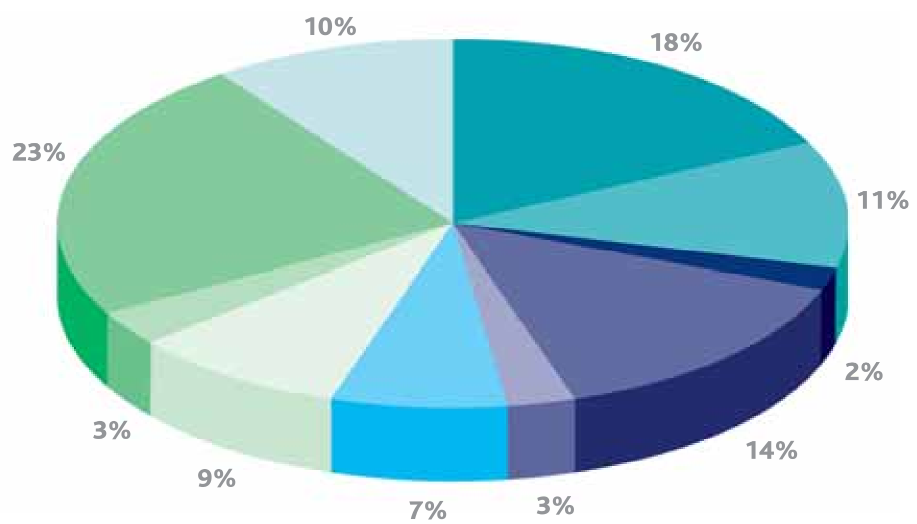
Note: volume reflects the number of temporary/contract workers on firm's payroll for a set week in November 2004.

The findings show that a total of 1,218,813 temporary/contract workers were on firm's payroll in the given week in November 2004. This figure represents a 20% drop on the number recorded for the previous year.

This figure is likely to be distorted, to some extent, by the temporary/contract using several recruitment firms to gain work and by temporal/seasonal influences.

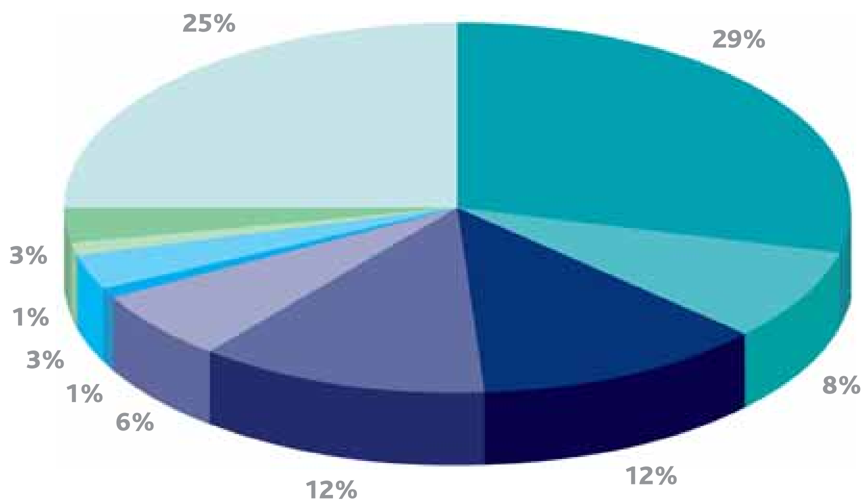
Volumes Broken Down by Occupational Sector

Temporary Placements



18%	Secretarial/Clerical
11%	Computing/IT
2%	Accounting/Financial
14%	Technical/Engineering
3%	Hotels & Catering
7%	Education/Teaching
9%	Nursing/Medical Care
3%	Drivers
23%	Other Industrial/Blue Collar
10%	Other

Permanent Placements



29%	Secretarial/Clerical
8%	Computing/IT
12%	Accounting/Financial
12%	Technical/Engineering
6%	Hotels & Catering
1%	Education/Teaching
3%	Nursing/Medical Care
1%	Drivers
3%	Other Industrial/Blue Collar
25%	Other

Staffing and Sales Ratios

Total Number of Staff Employed

2001/2002	82,594
2002/2003	90,805
2003/2004	96,625
2004/2005	99,188 (2.7% increase)

Total Number of Staff Employed

The survey records the number of staff working at branch/site level in the recruitment industry. The 2004/2005 findings show a small (2.7%) increase in the number of staff employed by recruitment firms down from a 6.4% increase for 2003/2004. The new total number of staff employed by the industry is 97,750.

Staff Activity

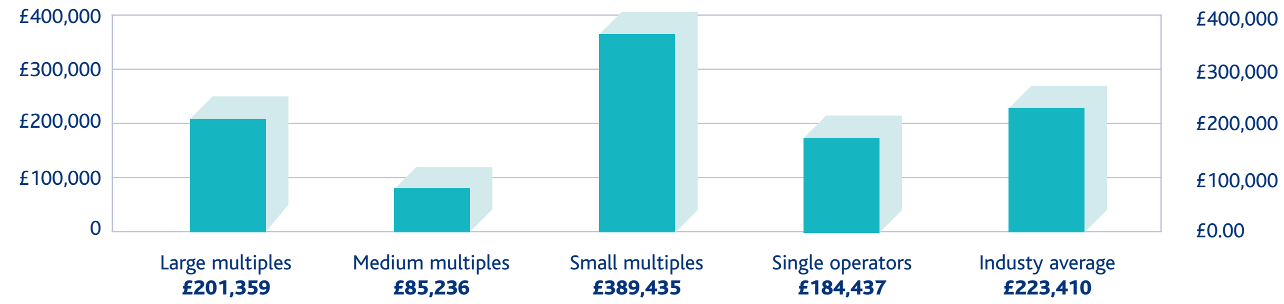
01/02	02/03	03/04	04/05	
-	-	20,713	17,969	Admin Staff
-	-	11,599	14,806	Management Staff
21,675	22,465	20,500	18,257	No. of Consultants Working on Both Temp and Permanent Business
22,488	24,883	25,372	26,450	No. of Consultants Working Solely on Temp/Contract Business
15,886	17,382	18,441	21,706	No. of Consultants Working on Permanent Business
60,049	64,730	96,625	99,188	Total

Breakdown of Staffing Levels

The overall trend in staffing levels masks significant variation within individual job grades. Since the 2003/04 survey, there has been a significant increase (17%) in the number of consultants dealing with permanent business, a marked decline (-13%) in the number of administrative staff and a small increase in the number of consultants specialising in temporary/contract business.

Permanent Sales and Volumes per Branch

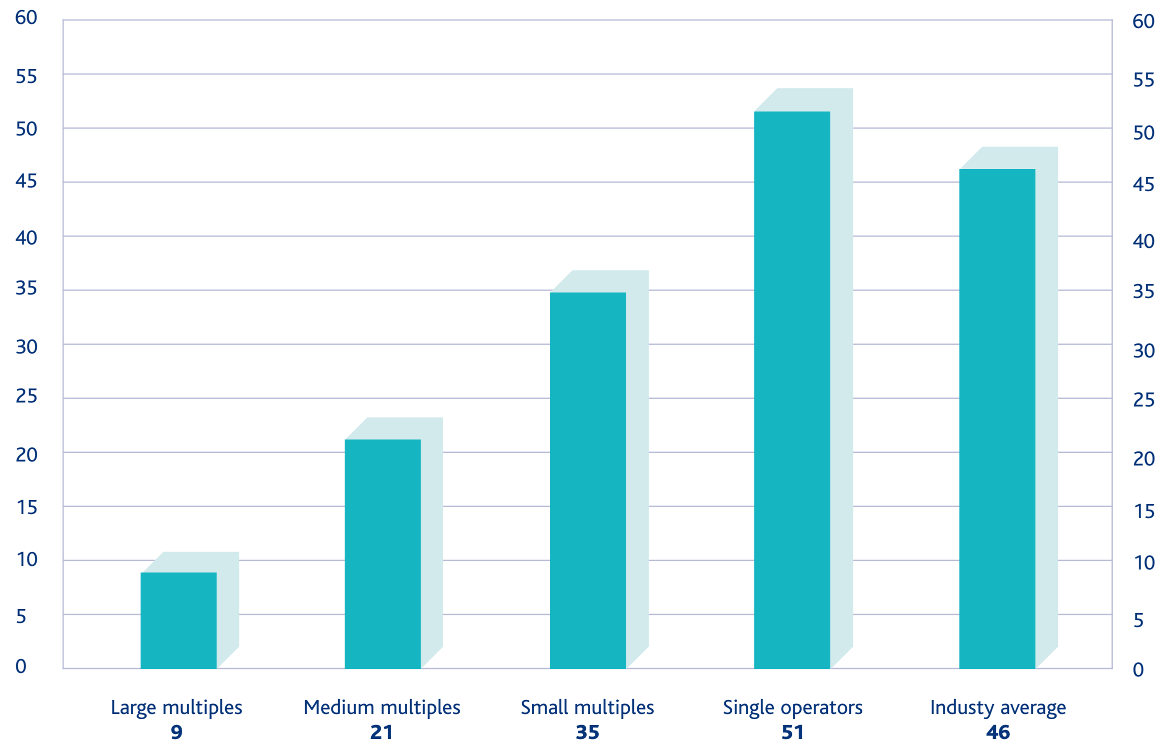
Permanent Recruitment Sales per Branch



Permanent Recruitment Sales and Volumes per Branch

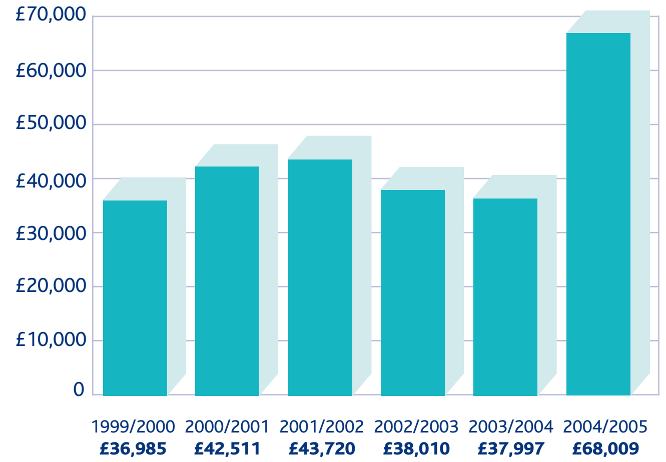
The branch level 'map' of permanent recruitment sales reveals an interesting picture with most of the growth occurring in large and small multiples. Medium multiples and single operators report a decline. Interestingly, permanent recruitment volumes per branch show an inverse pattern with medium multiples and single operators showing strong positive growth.

Permanent Recruitment Volumes per Branch

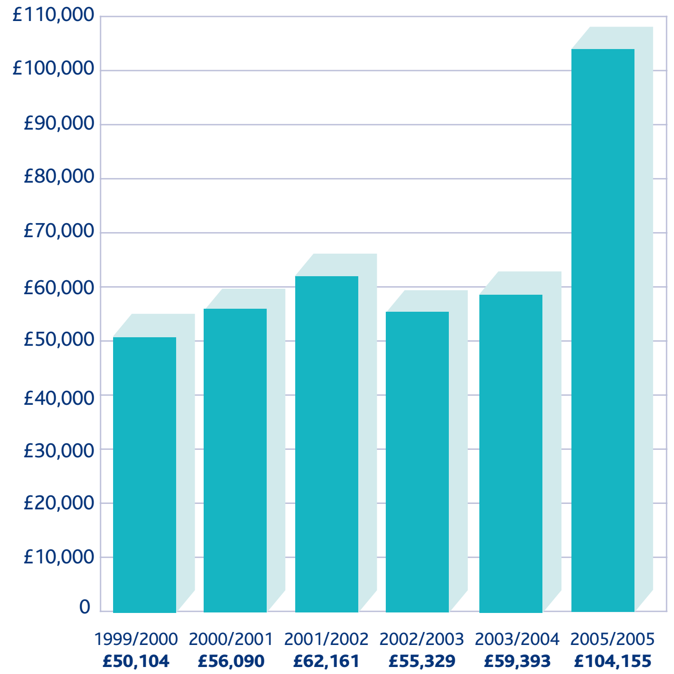


Permanent Sales and Volumes per Employee/Consultant

Permanent Recruitment Sales per Employee (average)



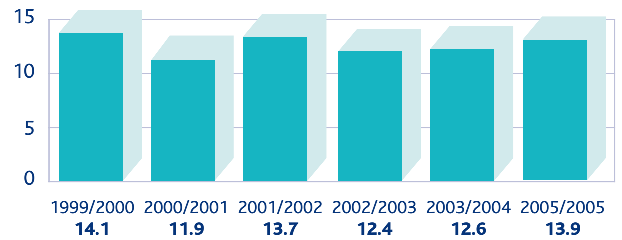
Permanent Recruitment Sales per Consultant (average)



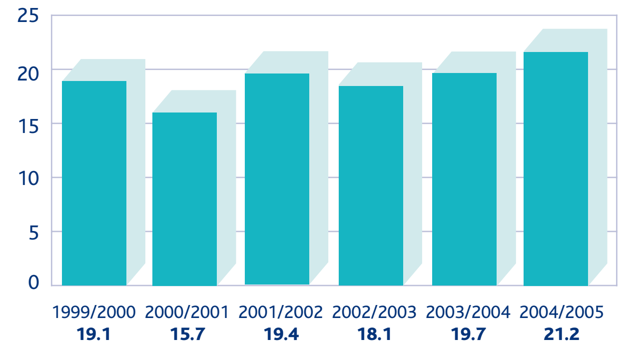
Permanent Sales per Employee/Consultant

The figures tracking permanent recruitment sales and volumes over time show a step change in recruitment sales per employee and per consultant (with increases of 78% and 75% respectively) and a continuation of the recent trend towards increased permanent recruitment volumes per employee and per consultant.

Permanent Recruitment Volumes per Employee (i.e. number of placements)

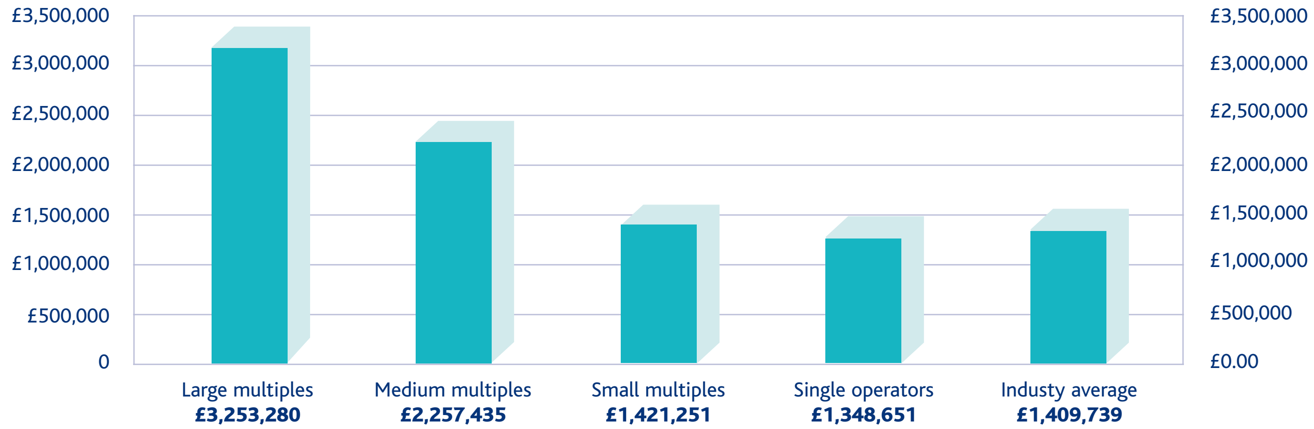


Permanent Recruitment Volumes per Consultant (i.e. number of placements)

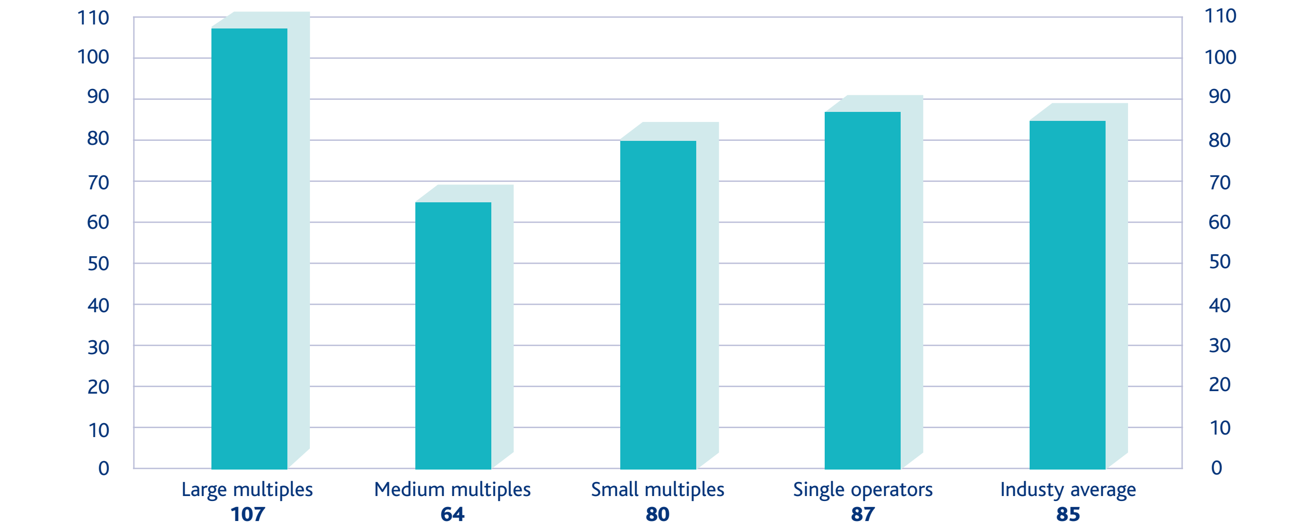


Temporary Sales, Workers and Turnover per Branch

Temporary Recruitment Sales per Branch (£m)



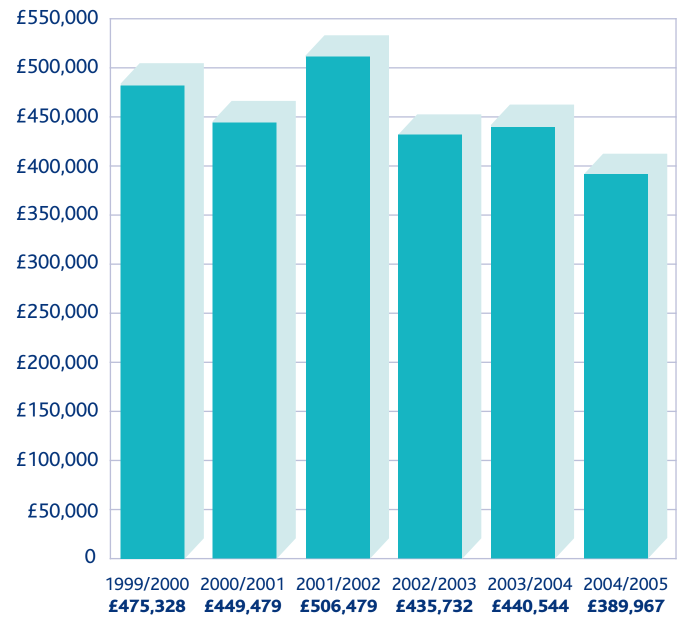
Temporary Workers per Branch



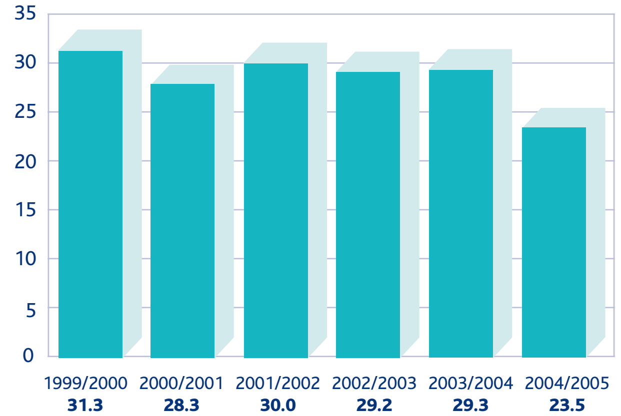
Total Turnover per Branch

Temporary Sales and Workers per Employee/Consultant

Temporary Sales per Employee (average)

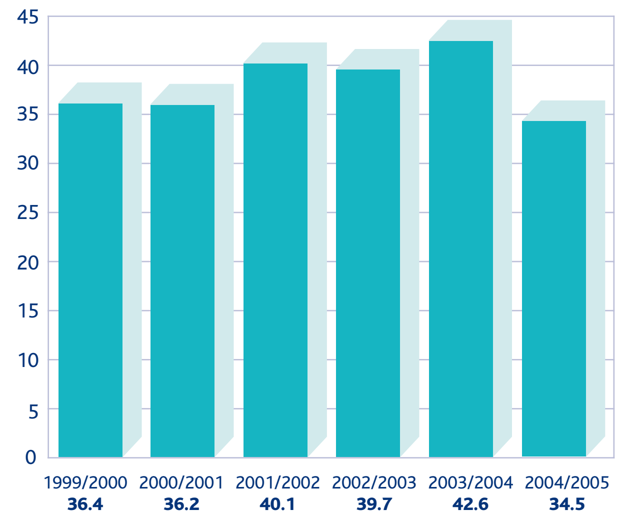


Temporary Workers per Employee (average)



Temporary Sales per Consultant (average)

Temporary Workers per Consultant (average)



Temporary Sales per Employee/Consultant

These charts provide additional detail on temporary/contract sales for 2004/2005. They further illustrate the drop in average sales per employee for key occupational grades and a similar dip in the ratio of recruitment firm employees to temporary workers.

UK Recruitment Industry Survey – 2005

Please help us to determine the size and value of the UK recruitment industry by completing this questionnaire.

Please ensure all information relates only to UK activities.
If precise figures are not available please give an estimate and label "EST".

YOUR AGENCY

Firstly could you please indicate which one of the following best describes this site? *Please tick one box only*

- ☐ Head office with branches elsewhere - Please provide data on ALL BRANCHES WITHIN YOUR COMPANY (including this site)
- ☐ Subsidiary branch with head office elsewhere - Please provide data on your branch alone
- ☐ Single site company - Please provide data on your branch alone

NB: Please note, when providing information in any section of this questionnaire, the above instructions apply.

BUSINESS LEVELS - UK

	Previous Year (2004) (i.e. year ending between April 2003 and March 2004)	Latest Year (2005) (i.e. year ending between April 2004 and March 2005)
Total permanent placement fees invoiced (excl. VAT)	£	£
Total temporary/contract invoiced sales (excl. VAT)	£	£
Net margin on permanent placements	%	%
Net margin on temp/contract employment	%	%
Total gross payments made to and on behalf of temp/contract workers (including employers NI)	£	£

How many temporary workers transferred to permanent jobs (with the same employer) in the last year (year ending between Apr 2004 and Mar 2005)	

PERMANENT AND TEMPORARY/CONTRACT BUSINESS BY SECTOR

	Permanent		Temp/contract	
	Number of permanent placements in the UK last year	Revenues from permanent placements in the UK last year	Number of temp / contract staff engaged in employment on 21/11/04 (please report staff on payroll, not on register)	Total billings from temp / contract employment in the UK last year
TOTAL				
Secretarial/clerical				
Computing/IT*				
Accounting/Financial				
Technical/Engineering				
Hotels & Catering				
Education/Teaching				
Professional/Managerial*				
Nursing/Medical/Care				
Drivers				
Other industrial/blue collar				
Recruitment-to-recruitment				
Other				

*include workers out on contract but not on payroll

INDUSTRY STAFFING

Please indicate the number of recruitment consultants and other staff employed on UK recruitment activities at the end of the last financial year.

Note: Exclude temporary staff but count part-time staff as half a full-time staff member. Directors working as recruitment consultants should be reported in one of the first three categories listed below.

Number of staff employed at end of 2004 financial year	
Permanent recruitment consultancy only	
Temporary/contract consultancy only	
Both permanent and temporary consultancy	
General administration only	
Management	
TOTAL	

OPERATIONAL LOCATIONS

How many UK operational locations does your company have?	

RECONTACT

Would you be willing to take part in further research at all?	Yes ☐

Please return to BMG Research by **Friday 16th September** to Fax no: **0121 333 6800** or **in the envelope provided.**

For all queries please contact Rhian Dent on 0121 333 6006

The information you provide on this questionnaire will be treated in complete confidence by BMG Research according to the Code of Practice of the Market Research Society.

Thank you for your time.

All respondents receive a complimentary copy of the survey findings

Dear Reader,

The creation of the Industry Research Unit in September 2005 was an important milestone for the REC and the recruitment industry. For the first time, it gives decision makers, government and commentators access to a regular stream of reliable data.

The launch also marked a new approach to research at the REC with greater emphasis on generating robust, objective and accessible data. Existing research publications have been reviewed and improved accordingly. The monthly 'Report on Jobs' title has been re-launched in a new format in January 2006 and the Annual Industry Survey itself has undergone a major overhaul. The underlying methodology for the survey has been enhanced and a leading market research agency appointed to undertake the research. There is scope for further improvement, but I am encouraged by the results of these changes. The response rate for this year's survey is up by 31% on the 2003/04 survey, allowing greater confidence limits to be applied to the data, especially at the sector level.

I am grateful for the positive reception and support that the new Unit has received from the Industry and indebted to the Managing Director and Board of the REC for making this research a reality.

Going forward, I am confident that the Industry Research Unit will make a positive difference by enabling a fully informed assessment of the social and economic role played by recruitment firms, by enhancing long-term planning and by underpinning future lobbying activity.

Finally, and most importantly, I would like to take this opportunity to thank all those firms who made this report possible by contributing to this year's survey.

I hope you find the results useful.

Yours sincerely

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