

Choosing and Using a Recruitment Agency

Business Information Factsheet
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Introduction

Recruitment agencies help employers find people to work on a temporary or permanent basis in their business. A typical recruitment agency handles the search for and shortlisting of candidates for a job and provides guidance throughout the interview and hiring process. There are various types of agencies, ranging from providers of temporary staff to executive search and headhunters. Some agencies specialise in specific sectors, such as IT, hospitality or healthcare. It is important to choose the right agency for the specific needs of the business and to brief and monitor them properly.

This factsheet explains how to find and select a recruitment agency, how to brief the agency and how to assess its effectiveness. It provides information about costs as well as advice on what to do if any problems arise.

What services does a recruitment agency provide?

Recruitment agencies offer a range of different services so it is important to choose an agency that will provide exactly what the business needs. An agency's role is to help with the recruitment process, but in general the aim is to provide a business with suitable candidates and it is the employer's responsibility to make the final decision on which candidate to hire. The agency usually handles the recruitment process up to the interview stage but will still be able to provide advice and guidance after this point. For more information about conducting job interviews see BIF213, A Guide to Planning and Conducting a Job Interview.

Agencies usually hold databases of potential candidates and will match those candidates to specific job requirements. Agencies will also advertise the job vacancy online, or via Jobcentre Plus. Executive search agencies often try to recruit candidates employed elsewhere by a direct approach known as headhunting.

Typical services provided by a recruitment agency include:

- Candidate search, using advertising or a database of jobseekers, or through direct approach through networking, social media and LinkedIn.
- Screening of candidates, using CVs, application forms, aptitude tests and initial interviews.
- Carrying out legal checks, including verifying a candidate's identity and eligibility to work in the UK, confirming their qualifications and obtaining references.
- Recommending suitable candidates and explaining why their skills and experience make them right for the vacancy.

Some agencies provide additional related services, including:

- Advice about the labour market, salary rates and other considerations.
- Help with creating a thorough and appropriate job description.
- Arranging interviews with recommended candidates.
- Post-recruitment administration, including rejection letters.

Some larger recruitment agencies also provide more wide-ranging services, such as human resources consultancy and outsourcing.

How to find a recruitment agency

There are hundreds of recruitment agencies operating in the UK, some specialising in particular local areas or industry sectors.

The Recruitment and Employment Confederation (REC, www.rec.uk.com) maintains an online directory of its members (www.rec.uk.com/member-directory/details-rec-members), which can be searched by agency name, location and sector. The Association of Recruitment Consultancies (ARC, www.arc-org.net) is a professional association that represents recruitment firms. It publishes a list of members at www.arc-org.net/about-arc/238239/current-members.

There are also specialised recruitment agency directories including Agency Central (www.agencycentral.co.uk). Jobfit (www.jobfit.co.uk) is a website that helps employers to search for recruitment agencies in their sector and local area.

Selecting a recruitment agency

Key considerations when selecting a recruitment agency include:

- **Cost.** How much does the agency charge? Can the business afford to use a large agency, or would it make more financial sense to use a smaller independent or online agency?
- **Sector.** Does the agency have specialist knowledge of the business sector, or will a general service be sufficient?
- **Location.** Does the agency need to have specific knowledge of the local area, or does the employer need to recruit on a national or international basis?
- **Services.** Which recruitment services does the business need? Will a basic candidate search and screening suffice, or is more in-depth help needed?
- **Screening.** How detailed is the agency's screening process? Does it carry out interviews and aptitude tests or check references?
- **Qualifications and experience.** Does the recruitment consultant have the qualifications and experience to manage the employer's recruitment needs adequately?
- **Recommendations.** Can the agency supply references or testimonials, or is a recommendation available from a reliable source?
- **Equality and diversity.** Does the agency have a clear equal opportunities policy for candidates?

- **Professional standards.** Is the agency a member of an industry body, such as REC, which promotes high standards and requires adherence to a code of conduct?
- **Complaints procedure.** Does the agency have a complaints procedure if something goes wrong? If the agency is an REC member, they may use the REC's complaints procedure.

Briefing a recruitment agency

The recruitment agency will need to be given information about the vacancy and the type of person required for the role. It is important to present them with a detailed brief at the start of the recruitment process. The brief should contain a full description of the job role (job description) and specifications for the ideal candidate (person specification). Some agencies will help to compile a brief, while others, particularly online agencies, will provide a questionnaire.

Key elements that a brief should contain include:

- **A detailed job description** - including the job title, that covers every duty the job involves.
- **A person specification** - describing the personal and technical skills, experience and qualifications required to carry out the duties.
- **Working pattern** - including the hours, location, and who the job holder will report to.
- **Contract terms** - including, for example, whether the job is permanent or temporary, full time or part time.
- **Pay and benefits** - including salary, pension, holiday entitlement, and any bonus arrangements.
- **Timeframe** - providing the agency with a deadline for the new employee to be appointed.

The more information that is included in a brief, the easier it will be for the agency to find suitable candidates.

Under the Conduct of Employment Agencies and Employment Businesses Regulations 2003, recruitment agencies must obtain a minimum amount of information before they can begin to introduce candidates. This includes:

- The identity and the nature of the business.
- The date by which a candidate needs to start work and the duration of the work.
- The location, type and position of the job to be filled.
- The experience, training and qualifications needed by potential candidates.

Monitoring and assessing a recruitment agency

Although a recruitment agency will carry out much of the work involved in the recruitment process, it is important to monitor their progress continually.

A written contract between the employer and the agency, agreed at the beginning of the relationship, will ensure that both parties are aware of their rights and responsibilities. Areas the contract should cover include:

- **Retention terms** - whether the agency will be retained for a set period of time or the employer will use the agency on a one-off basis.
- **Service provided** - outlining what the search will and will not involve, for example stating that the agency will find and introduce candidates, but that the responsibility for the hiring decision will remain with the employer.
- **Fees** - stating the amount payable and the schedule of payment. The amount charged is usually a percentage of the appointed candidate's first year's salary.
- **Liability** - clauses that limit the agency's liability, for example by placing ultimate responsibility for checking candidate references with the employer.
- **Termination** - circumstances in which the agreement can be terminated (for example if the employer rejects a certain number of potential candidates) and any fees that will be payable.

If the agency is a member of a professional association, their industry codes of best practice can give employers confidence that the service provided by the agency will meet certain minimum standards. The REC publishes a Code of Professional Conduct that all members agree to observe. The Code requires agencies to:

- Agree clear terms of business with the employer.
- Comply with all relevant legislation.
- Ensure candidates are suitable for the vacancy.
- Check references for all temporary staff.
- Respect the employer's confidentiality.
- Be accountable for their actions.

Recruitment agency fees

Recruitment agency fees vary according to the sector, local area and type of contract. Fees should be agreed with the agency at the beginning of the relationship in order to avoid any misunderstandings later. Typical fees charged by recruitment agencies include:

- **Permanent worker recruitment.** This is typically carried out on a retained or ad hoc basis. Retained work is generally charged at a fixed fee, normally payable in three instalments (upon commission, upon submission of a shortlist and on acceptance of a candidate). Ad hoc work may be charged as a percentage of the first year's salary of the worker. Rates vary and are normally higher for more senior positions with typical rates ranging from 20% to 30%.
- **Temporary worker fees.** Employers will usually need to pay the worker's basic salary plus a percentage fee to the agency. This fee will vary but is likely to be between 15% and 25% of the basic salary.
- **Temp to perm fees.** If an employer decides to hire a temporary worker on a permanent basis they may need to pay the agency a 'temp to perm' fee. Again this will vary, but a typical fee could be 20% of the first year's salary.
- **Costs.** Employers may need to cover additional costs associated with their recruitment needs, for example for advertising and research. These should be agreed in advance between the employer and the agency.

Some agencies offer a rebate if their candidate fails to meet expectations or resigns soon after taking up their post. REC members are required to offer rebates, but conditions do apply, for example invoices must be paid within a fixed period of time.

Dealing with problems and complaints

Reputable recruitment agencies should have a formal complaints procedure and will inform employers about this before signing a contract. If there is ever any reason to be dissatisfied with the service received from an agency, in the first instance a complaint should be made to the agency and they should be given the opportunity to resolve matters.

Agencies that are REC members are subject to REC's complaints and disciplinary procedure. If any REC member breaches the REC code of professional practice, or otherwise provides unsatisfactory service, a complaint can be made to the REC Professional Standards team. Go to www.rec.uk.com/employer/clientdisputes for more information.

All recruitment agencies, regardless of whether they are REC members, are bound by UK legislation, specifically the Employment Act 2008 and the Conduct of Employment Agencies and Employment Businesses Regulations 2003. The Employment Agency Standards Inspectorate (EAS) regulates recruitment agencies, and complaints can be reported to them. Any agency that commits an offence that is in breach of employment legislation can be prosecuted.

Hints and tips

- The agency should be able to demonstrate experience of the relevant industry sector or location.
- Before choosing an agency, an initial meeting should be held with the individual who will be managing the search to check they have suitable skills, experience and qualifications.
- Provide as much information as possible in the brief to help the agency find the most suitable candidates.
- Agree a written contract with the agency so that both parties are clear about the service being provided.
- Check whether the agency is a member of the REC and must adhere to its code of professional practice.

Further information

BIF036 Checklist for Recruiting Staff

BIF084 A Checklist for Inducting a New Employee

BIF129 An Introduction to Employing Part-time Workers

BIF213 A Guide to Planning and Conducting a Job Interview

BIF246 A Guide to Hiring Temporary Workers

BIF336 Employer Sponsorship of Work Visa Applications

Useful contacts

The Recruitment & Employment Confederation (REC) is a professional body representing recruitment agencies in the UK. It publishes an online directory of members.

Tel: (020) 7009 2100

Website: www.rec.uk.com

The Association of Recruitment Consultancies (ARC) is a trade body representing recruitment firms in the UK. It publishes an online directory of members.

Tel: (01273) 777997

Website: www.arc-org.net

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