



PROFESSIONAL
CONTRACTORS
GROUP

membership survey

2006



Membership survey 2006

Introduction

Member feedback is extremely valuable for PCG's management team in setting objectives and developing strategies, and the membership survey that we commission every year gives us the chance to:

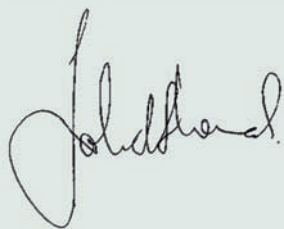
- gain a better understanding of PCG's current membership profile
- listen to members' concerns
- gauge the level of satisfaction with PCG across a range of core activities
- test the response to some potential new products and services
- assess how well the communications processes are working.

PCG's 2006 annual membership survey elicited 1,179 responses. This is a small decrease on last year's survey, but still represents nearly 10 per cent of the membership, which is a good sample size. I would like to thank all those members who took the time to complete and return their surveys, and I am delighted to share with you a summary of the findings.

Comparisons are drawn against previous years' data where possible, although in some instances the questions may not be identical. Furthermore, some results were compiled from free text answers rather than multiple choice, meaning that hard numerical analysis cannot be expected, but a general feel and indication can be gleaned from the interpretation.

We asked a few new questions this year – about annual turnover, where the business was based and whether members worked from home, and whether they had a website for their business. All this information helps us to understand our diverse constituency of freelance members better.

I was particularly pleased to note that our efforts to improve communications with the PCG membership have paid off; this aspect now ranks second in the satisfaction stakes, and has dropped from second to tenth in the list of members' dislikes.



John Thomas
Chief Executive

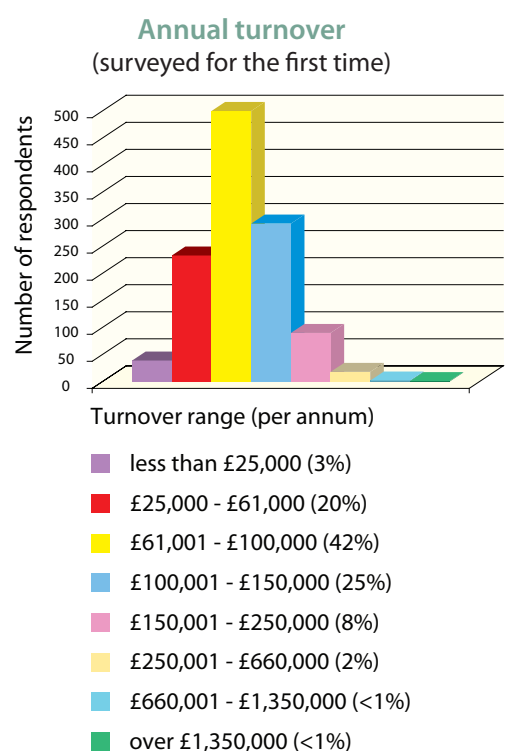
About PCG members

PCG members are mostly long-term freelancers, well qualified and experienced:

- 72% are aged between 35 and 54 years, and 18% are aged 55 or over.
- 41% have been freelancing for 10 years or more, and 31% for 5-10 years.
- 88% are currently in contract, compared to 87% in 2005 and 81% in 2004.
- 60% have a bachelor's degree or equivalent, 42% have a professional qualification, 27% have a technical qualification, 21% have a master's degree, and nearly 4% have a doctorate.

Mode of operation

- Although nearly 94% operate through limited companies, 24% said they would prefer a different business model. Reasons cited for adopting the limited company form include commercial necessity, tax advantage and limited liability.
- Sole traders were the next largest group at less than 3% of respondents, but nearly 20% said that this would be their preferred business model if regulations and tax measures did not preclude it.
- 44% have a website and a further 17% plan to get one, whilst 5% consider it irrelevant to their business.
- Whilst 12% have their own offices, home is the primary place of work for 17% and a further 8% partly work from home and sometimes at client sites. The majority, 60%, mostly work from client sites.
- 20% of member businesses have two or more fee-earners and 53% have two or more employees.



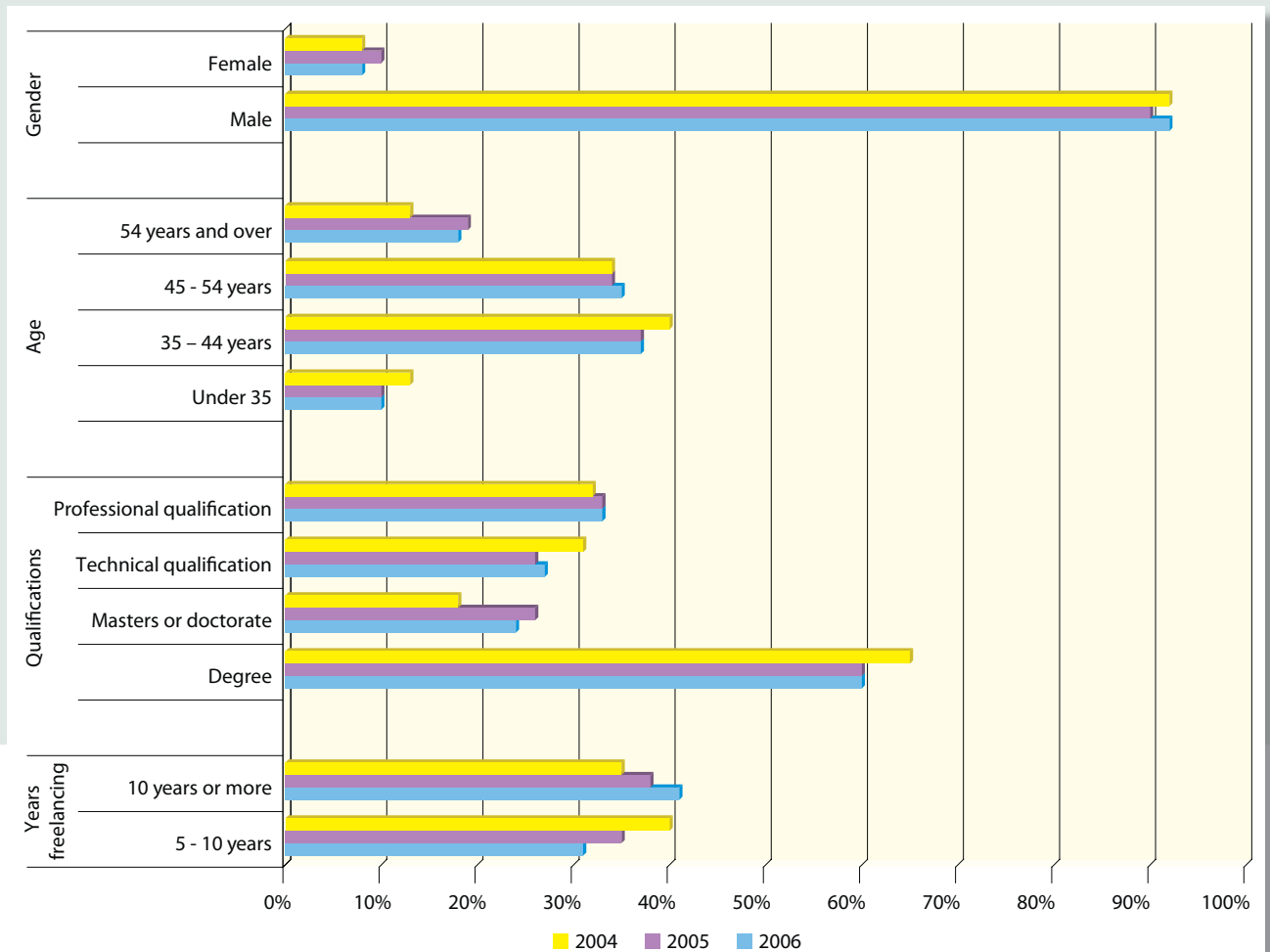
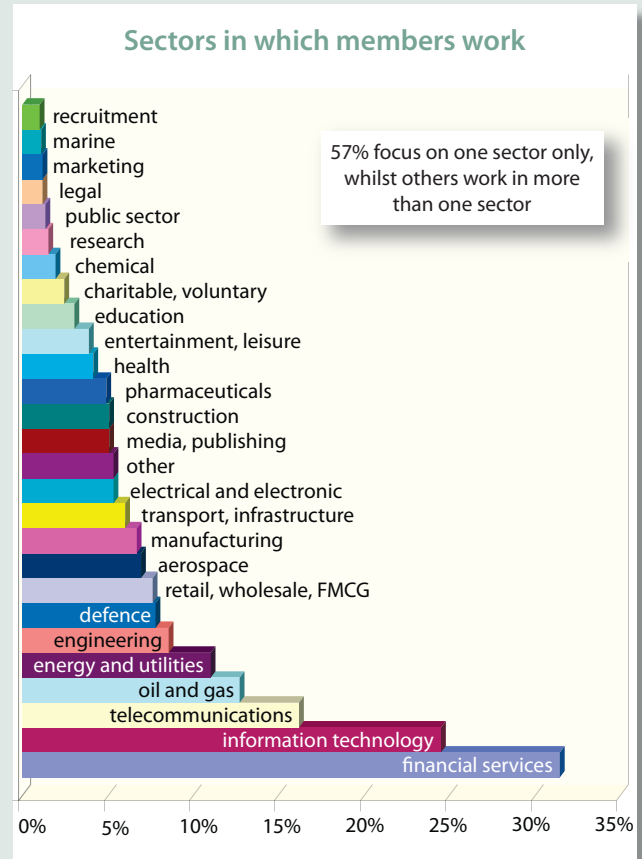
About PCG's members

Nature of work and sectors

- The broadening of PCG's appeal across a range of disciplines is highlighted by the fact that 49% of respondents are IT workers, compared to 73% in 2004. This shift may, in part, be due to this year's question being better targeted, with the inclusion of options such as engineering and project management.
- 18% are in engineering, 16% in project management and 6% in management. 31% work in the finance sector, compared to 16% in 2004, when the IT sector held the top spot at 37%, now 25%.
- The proportion working in telecommunications has risen to 16% from 5% in 2004, and in the oil and gas sector to 13% from 7% in 2004.

Performance and expectations

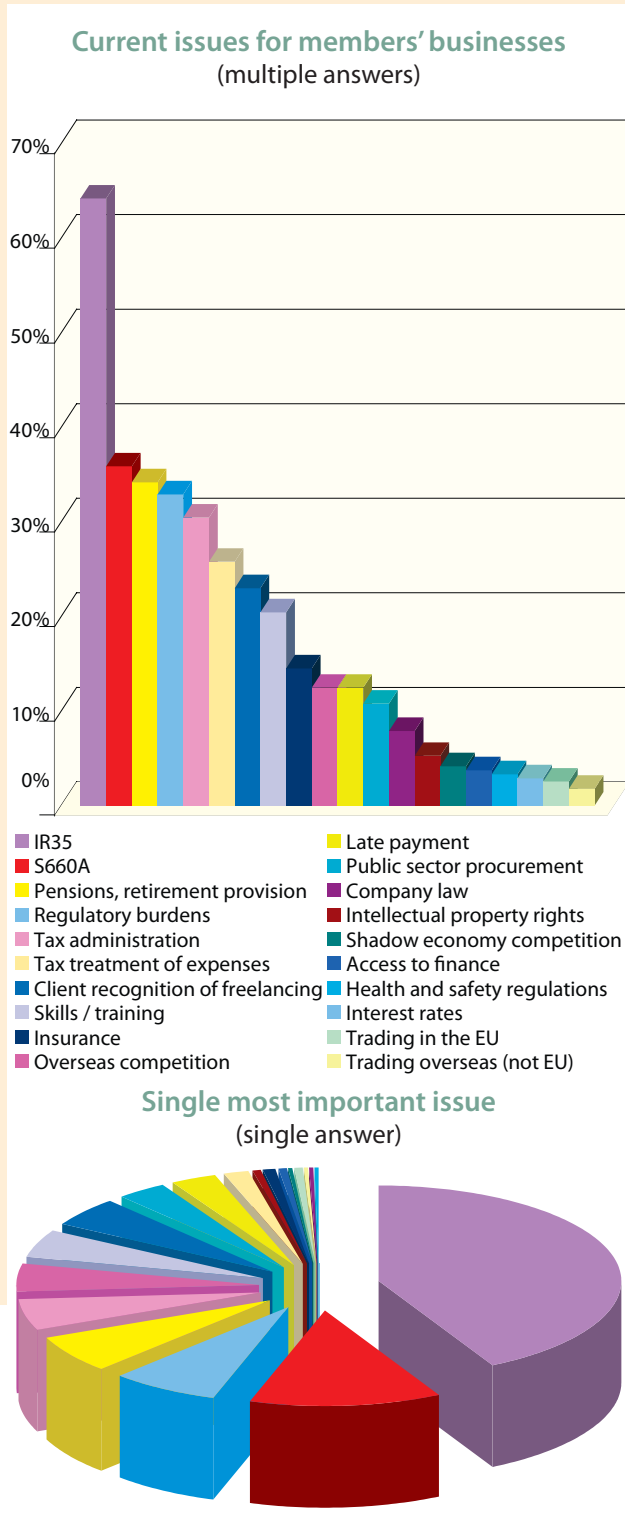
- 52% enjoyed an increase in turnover, and 48% an increase in net profits.
- 21% suffered a decrease in turnover and 25% a decrease in net profits.
- 82% expect their turnover to stay the same or increase next year.
- 42% had an increase in business opportunities and 38% expect an increase next year.
- 22% anticipate an improvement in the overall economic climate next year, 60% think it will stay the same, and 18% expect a downturn.



Concerns

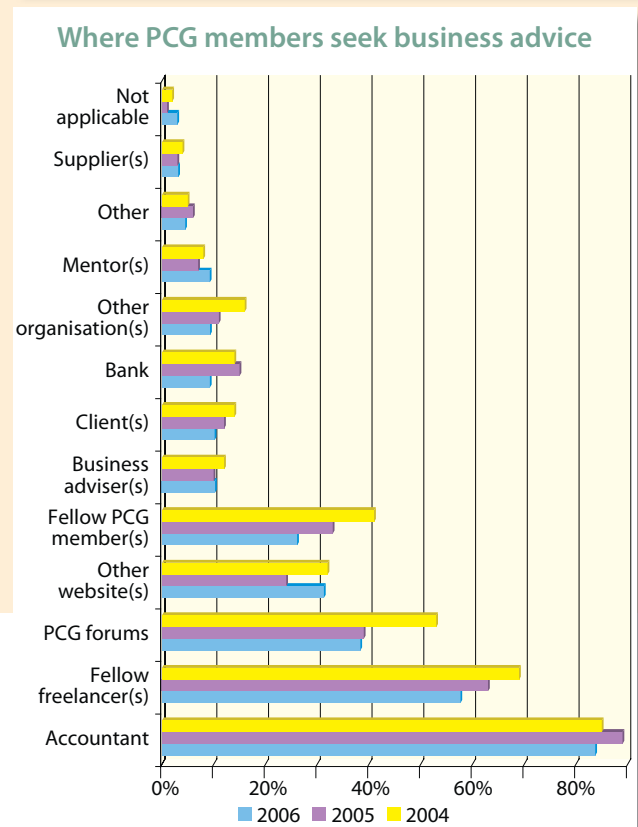
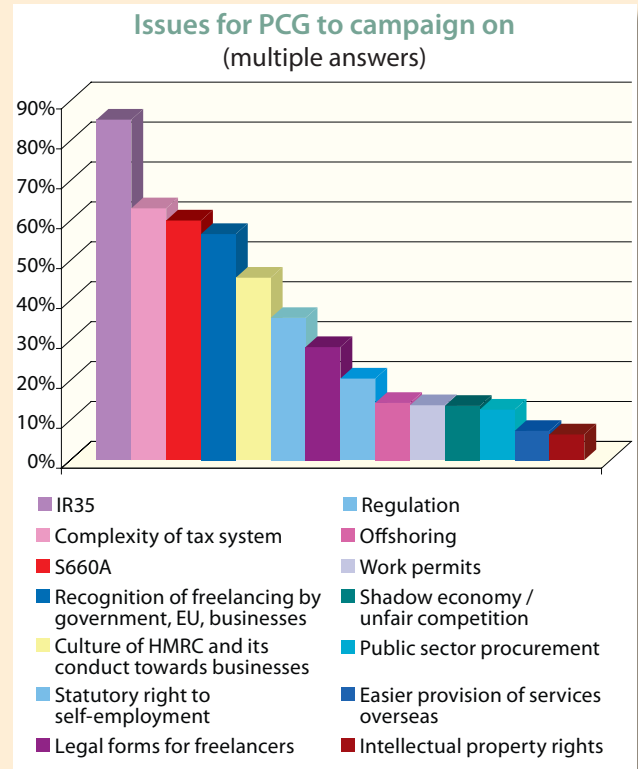
Current issues

- IR35 still leads as the single most important issue of concern, followed by S660A, regulatory burdens and pensions / retirement provision.
- 54% think there are barriers to training, mainly in terms of price and tax treatment.
- As in previous years, accountants are the most popular source of business advice, followed by fellow freelancers and the PCG forums. Banks and business advisers are the chosen source of advice for less than 15% of respondents.



Campaigning

- 50% identified IR35 as the single most important issue for PCG to campaign on, with over 85% selecting it where multiple answers were permitted.
- 14% rated the complexity of the tax system as the single most important issue.
- S660A and the recognition of freelancing by government, EU and business ranked joint third.



Satisfaction levels

What members most like about PCG

"Genuine, positive, professional and helpful attitudes."

"The tax problem support service. Superb website – informative and helpful. Contract templates – ideal. Ashridge Virtual Learning and info online."

"It gives me the confidence to continue to run my business independently and not cave in to government or other organisations."

"Feel safe in the face of IR35, very well informed. Robust, credible lobbying body on all fronts. Raises awareness of importance of flexible workforce."

"The insurance and advice in with the membership fee, the sense of camaraderie and of feeling there are others out there in the same boat, is worth a lot more."

"The pool of expertise and information."

"Sense of belonging to a group of like-minded people with common issues and concerns."

"PCG has been an invaluable source of information. I am a 'one-man band', and it also gives me a feeling of belonging in the business world. Somewhere to turn."

"Advice on legal and tax matters, analysis of government legislation."

"Provides the best and most relevant advice to freelancers through a number of channels."

"Lots of useful info within one place, plus links to related service providers."

"Clear, well researched information. Determined and enthusiastic staff and contributors."

"The wealth of information on the website – forum, contracts, guides and the fact that I feel that this organisation is supporting me to reach my professional and financial goals."

"You look after our well-being and the insurances for IR35 and S660A are great."

"Source of information. It covers every aspect of everything my business needs. Better and more reliable than my accountant. Worth every penny."

"Unites people in the same position who have no say as individuals but have influence as a collective."

"Reassurance there's an organisation responsive to contractors' needs because they change."

"Knowing that someone is directly supporting what I do and trying to make people realise how important we are to the UK economy."

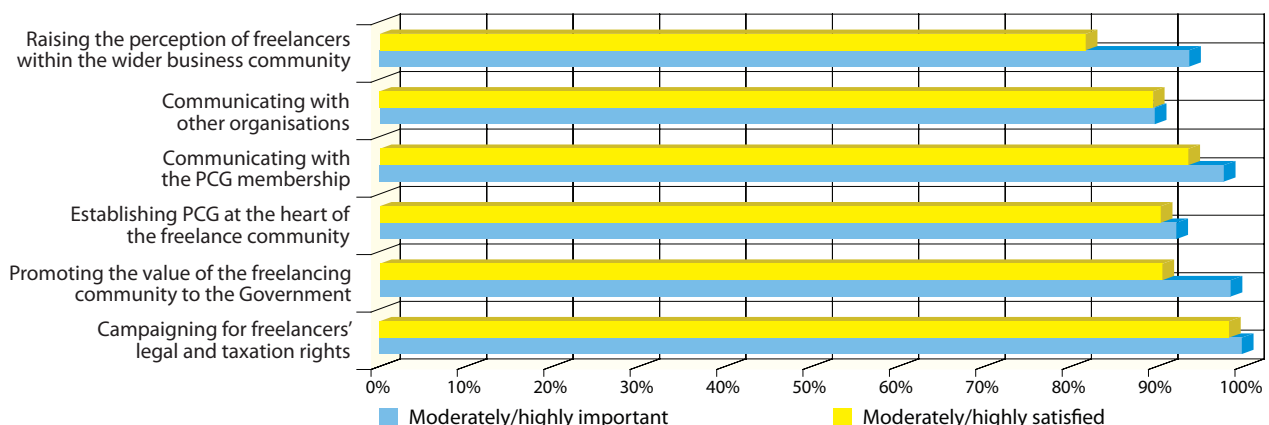
"Representation of professional consultants in a complicated world. Assessing new legislation and translating into easily read guidance."

"Very active and effective lobby group. Great champion of contractor and freelance community."

"Membership gives a great deal of reassurance that I would get the very best level of support and guidance in the event that HMRC came knocking on my door."

"Great suite of products. Invaluable source of legal and commercial advice. The fact that it provides a single, coherent voice representing freelancers to government and other businesses."

Satisfaction with PCG's delivery of its objectives



Products and services

The value of member feedback

PCG is continually evaluating new products and services to offer members, and the annual membership survey provides the ideal opportunity to establish which existing products, services and benefits are perceived by members to be valuable, which ones should be dropped, and which new ones they would like to be offered.

Member feedback has been the driver for the introduction of the following new products, services and initiatives during the past year:

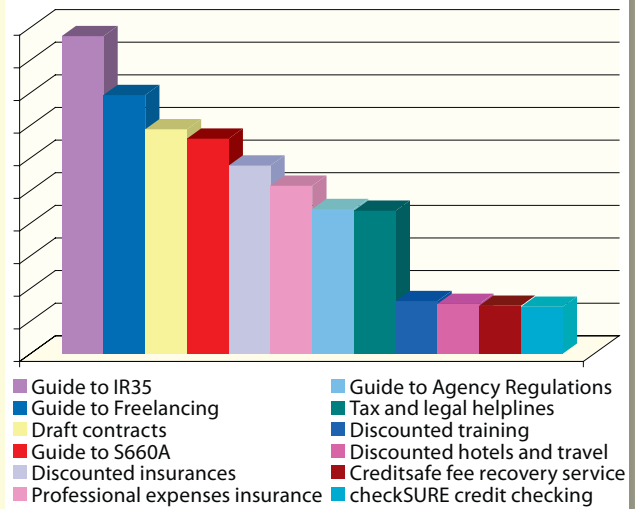
- PCG (QA) accreditation scheme for accountants
- Jury service expenses insurance cover
- Discounted vehicle buying service
- Vehicle financing
- PCG (QU) quality umbrella scheme

New products and services

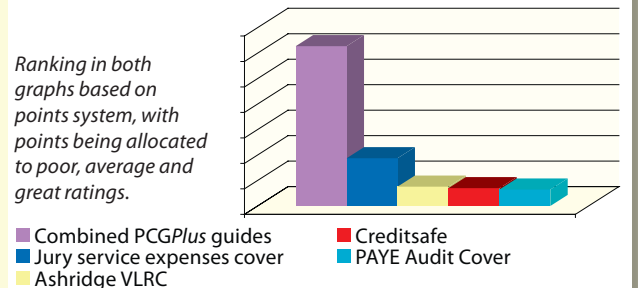
This year's survey showed that members were most interested in:

- Pensions
- Training
- Mortgages for freelancers
- Income protection insurance
- A business-to-business portal

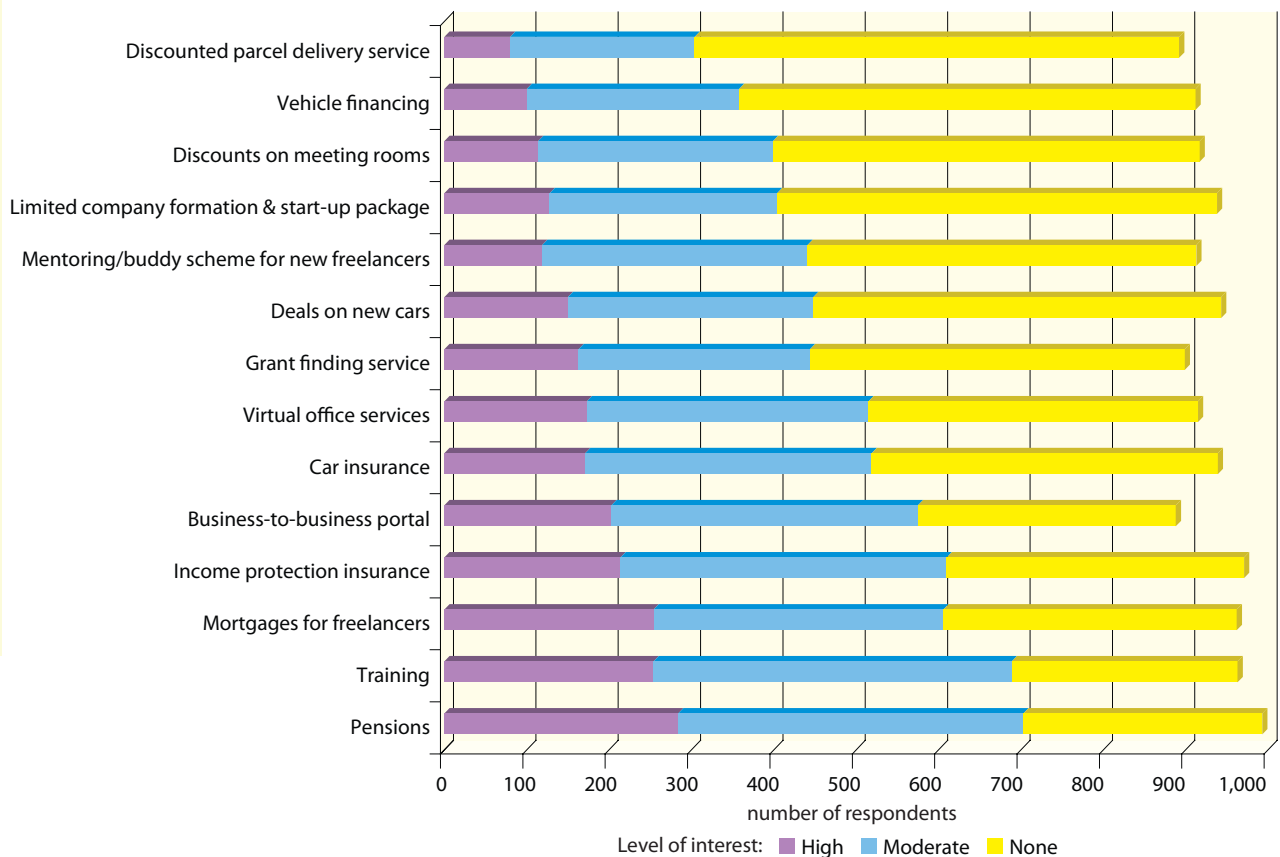
Rating of standard member benefits



Rating of PCGPlus member benefits



Levels of interest in new products and services



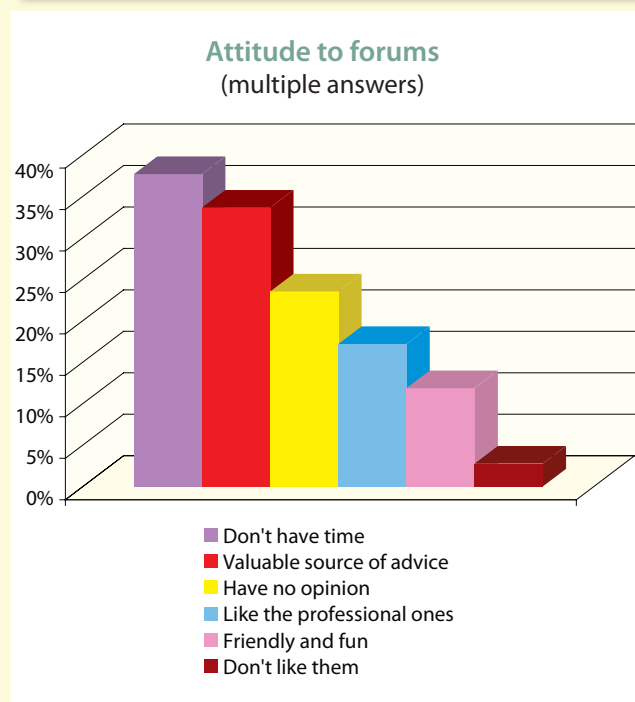
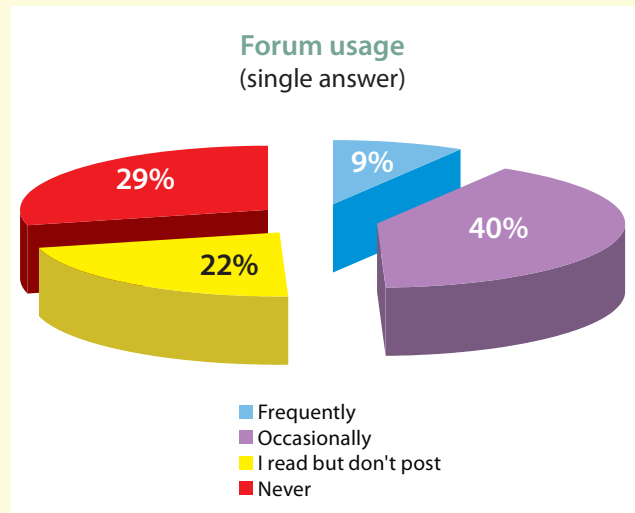
Communications

Engaging with PCG

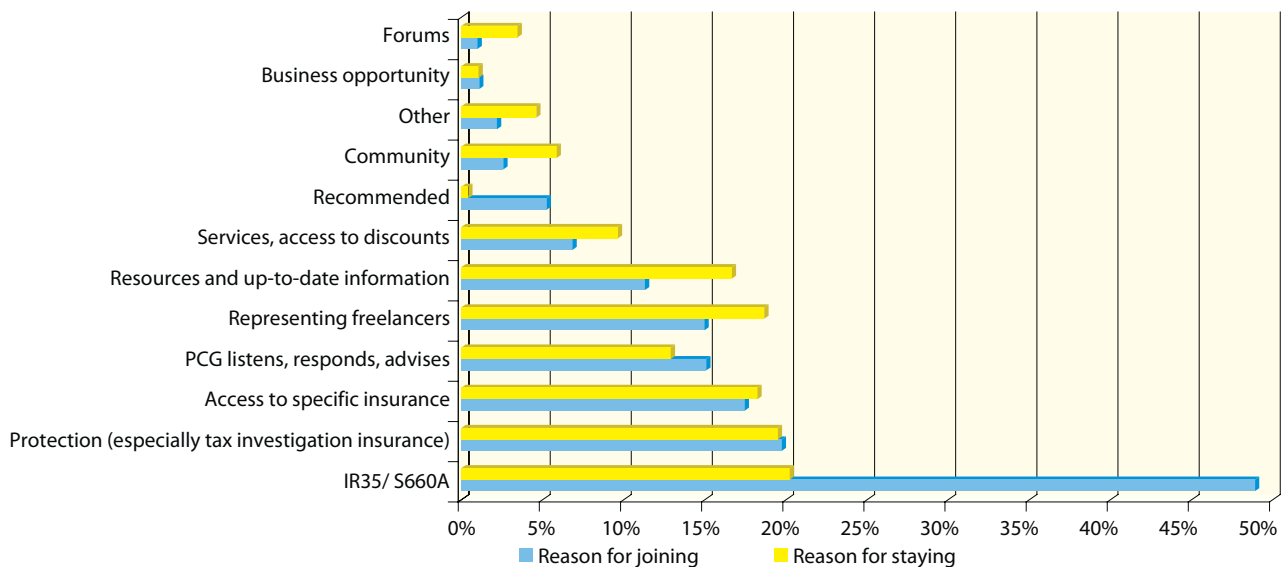
- Forum usage is up, and 56% of forum visitors post, compared to 2004, when just 38% said that they posted.
- 22% of respondents say that they read the forums but do not post.
- 34% find the forums a valuable source of advice, 38% do not have the time to use them, 17% like the professional forums, and 12% think they are friendly and fun (multiple answers permitted)
- Over 87% read the regular newsletter, visit the PCG website and read the *Freelancing Matters* magazine.

Reasons for joining and for staying

- Interestingly, the survey shows that people's reasons for joining PCG and their reasons for staying differ widely.
- IR35 and S660A was by far the largest factor, and drove 49% to join, but was cited by only 19% as the reason they stay. Once members are aware of all PCG can offer, other factors become more relevant.
- Many respondents noted the feeling of 'protection' they received from joining and being a member of PCG, commonly referring to 'fear' of tax investigation.
- Insurances are a key factor both in attracting members and in retaining them.
- Whilst representation of freelancers was a strong area for attracting members, it became more valued once they were members.
- Access to resources and up-to-date information is the aspect that sees the largest upwards shift in importance and is a key factor in retaining members.
- Other aspects that influence members' decisions to stay include access to discounts, the feeling of belonging to a community and the forums.



Reasons for joining and for staying as a member (analysis of free text responses)





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About PCGG

The Professional Contractors Group (PCGG) is the not-for-profit trade association for freelance consultants and contractors in the UK.

The value of freelancing

One in seven workers in the UK choose to work for themselves and freelancing has become the preferred way of working for the very best talent in every sector.

Our aim is to win proper recognition of independent freelancers, who provide industry with a flexible workforce, generate wealth and make a valuable contribution to the economy.

Our members

Our members work in a wide variety of sectors, including information technology, oil and gas, transport, engineering, finance and banking, management consultancy, marketing, media, telecommunications, construction and pharmaceuticals.

We work to promote our members commercially and support their development, actively developing tools, services and relationships that will assist them. Our objective is to help members improve and enhance their business prospects and continually improve the professionalism of the freelance community and the way in which it is perceived.

Member benefits

We offer our members a broad range of services, including cover under our insurance policies, legal and tax helplines, comprehensive guides, draft contracts and regular events.

Representation

We represent freelance consultants and contractors in the UK on matters relating to regulations, taxation, economics, employment and other issues that affect them.

In seeking to exert influence, our policy team engages in direct discussion with senior Ministers and civil servants, participates in consultation exercises, forges relationships with unions and other organisations and produces a comprehensive range of research and policy papers. In line with our case law strategy, we also support a selection of cases for our members each year.

For further information

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