

# Margin Index Q2 2018

## An insight into the UK's Recruitment Margins

Despite economic and political uncertainty, companies are still hiring across sectors, with opportunities in both permanent and temporary roles. However, persistent candidate shortages have created a surge in pay rises as employers compete for workers needed for growth. With UK employment at a record high "it's a candidate's market out there" according to Neil Carberry, REC Chief Executive.

Margins in the **Industrial** Sector increased by 7.65 per cent to 22.5 per cent in Q2 with rates of growth in both domestic and overseas markets reported to be broadly steady by June. However, input cost inflation, trade tariffs, the exchange rate and Brexit uncertainty continue to weigh heavily on manufacturers. Despite this, employers have kept hiring with June seeing the highest rate of staffing levels in Q2.

The **Construction** Sector's margins remain largely unchanged, decreasing by 0.23 per cent to 15.47 per cent in Q2. Strong client demand meant that Q2 ended on a high note. Job creation in June was at its highest in over a year. However, material cost pressures, higher transportation costs, longer supplier lead times continue to challenge the industry.

Margins continue to rise in the **Driving** Sector increasing by 3.64 per cent to 25.6 per cent in Q2 as the shortage of skilled drivers continues.

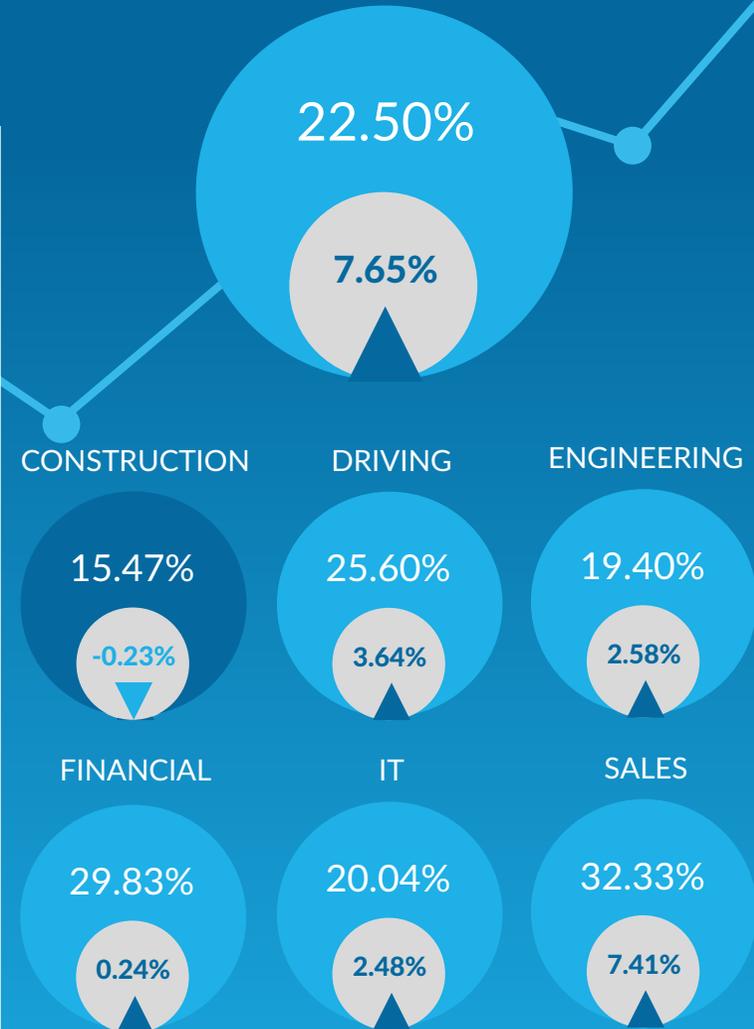
**Engineering** has been one of the best performing sector's for permanent jobs in Q2 with margins increasing by 2.58 per cent to 19.4 per cent. A chronic shortage of engineers at all levels combined with the reported need for 1.8 million new engineers by 2025 means the pressure is on to find ways to attract more people into engineering.

Margins remain steady in the **Financial** Sector with a 0.24 per cent increase to 29.83 per cent in Q2. Demand for compliance roles remain high as regulatory change moves into the spotlight. The rise in contractors and the growth of Fintech and Digital companies has further reduced the pool of available talent for traditional finance companies.

The **IT** Sector has seen margins increase by 2.48 percent to 20.04 per cent in Q2 with demand outstripping supply for new IT skills. Cybersecurity specialists remain in short supply. Looking to the future, spending on IT is expected to increase significantly in the Financial Services market to support new services.

Margins in the **Sales** Sector increased by 7.41 per cent to 32.33 per cent in Q2. Demand for staff continues to rise especially for those who have international experience and are 'tech savvy'. An increase in new export business was reported in June partly linked to increased sales to mainland Europe, China, South America and Australia.

### INDUSTRIAL



Margin = Sales less payroll costs, which is made up of contractor/temp wages including NI where applicable.

Percentage figures shown = margin/sales x 100

Need to calculate your margins? Try our [Margin Calculator](#)