marginindex
Q3 2017

simplicity

Mapping the UK's Recruitment Margins

Despite the Brexit process creating ongoing economic uncertainty in the UK, private sector growth held steady through the summer, although at a slightly slower pace than expected according to the CBI (Confederation of British Industry). However, consumer facing businesses were reported to have experienced a tougher time due to inflation cutting back spending. Also, productivity growth concerns continue to weigh on investment. Within Recruitment, candidate availability keeps falling, exacerbating staff shortages within regions for specific skills. Job creation is reported to have slipped back a bit from August's peak but overall, companies are still hiring.

Profit margins have increased by 2.92% to 25.97% in Q3 in the Oil and Gas Sector. Whilst the level of employment has fallen over the last two years, the rate of contraction is reported to be slowing down and the industry is seeing more positive signs, such as increased activity west of Shetland. With billions of barrels of oil and gas still to be recovered from the North Sea, The Oil and Gas UK body is calling for fresh investment to drive new activity and help safeguard hundreds of thousands of jobs.

Meanwhile, margins remain relatively unchanged in the Industrial Sector, rising by 0.41% to 13.05% in Q3. UK manufacturing experienced solid growth by the end of Q3 with production and new orders both rising. However, rising commodity prices, the exchange rate and supply chain pressures have meant that input costs have risen to a six month high. Despite these factors, September saw further job creation at manufacturers.

The Sales Sector has seen a 9.91% increase in profit margins to 26.12% in Q3. This coincides with reports of increased sales by UK manufacturers to Europe, the USA, China and Brazil and companies reporting that demand remained solid in both domestic and overseas markets.

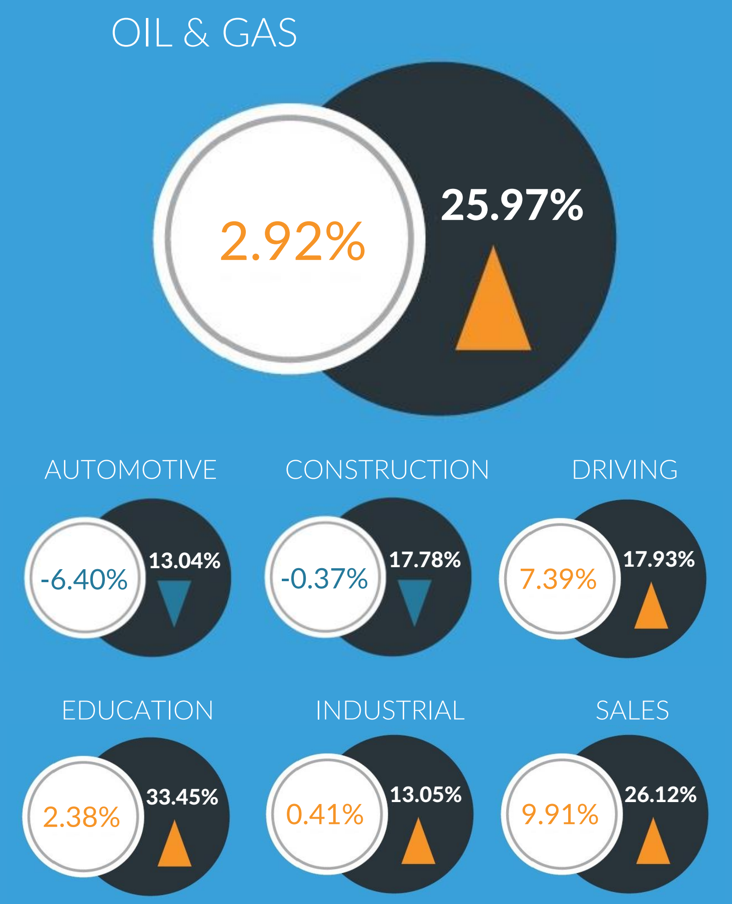
Margins also increased in the Driving Sector by 7.39% to 17.93%.

Despite Brexit challenges, UK Logistics businesses are seeking growth through value added services to clients, greater collaboration through M&A (mergers and acquisitions) and new opportunities presented by technology.

Whilst reports of the UK being in the middle of a teacher retention crisis continue, margins in the Education Sector increased by 2.38% to 33.45% in Q3. In the meantime, UK teaching vacancies are reported to be up nearly a quarter since 2015. However, with no real agreement on a solution to resolving the recruitment crisis, the shortage looks set to continue.

Automotive Sector Margins are down by 6.4% to 13.04% in Q3. Demand for new cars decline for a sixth consecutive month in September as economic and political uncertainties continue. Confusion over air quality plans as well as new car tax rules have also contributed to delays in decision making with new vehicle purchases.

The Construction Sector noted a drop in new work by the end of Q3 with house building the only area to register any expansion. Delayed decision making on new infrastructure projects combined with rising input costs created a weak rate of job expansion. Despite this, margins only dropped slightly by 0.37% to 17.78%.



The Simplicity Margin Index is the only detailed quarterly report on the average recruitment margins across each major employment sector. Brought to you exclusively by The Global Recruiter, the Margin Index is a benchmarking tool used by recruitment owners looking for accurate and timely market intelligence to help them stay ahead of the competition whilst gaining a greater understanding of how well their sectors are performing.

Margin Index

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

Percentage figures shown = margin/sales x 100

For previous Margin Index data please visit simplicityinbusiness.com email **sales@simplicityinbusiness.com** call **01594 888518**