

# Margin Index | Q3 2020

An insight into the UK's Recruitment Margins

## Recruitment Margin: Stability on the horizon

The Second Quarter of 2020 was undoubtedly one that a lot of us will never forget and hopefully one not to experience again. We saw quite an unstable recruitment market, with most sectors experiencing extreme lows in activity. But in Quarter Three, we have seen some excellent recovery and recruitment margins have managed to stabilise.

**Education** and **Healthcare** are two sectors that we all know have been the most consistent during what has been a rollercoaster of a year. Both sectors have recorded some of the highest margins this year and currently sit steady at 31.84 per cent.

After receiving a big blow around May time, the **Construction** industry has bounced back. Since sites started opening again in June, margins have been stable between 19-20 per cent ever since. And although the commercial side of construction is not quite back to where it was earlier in the year, residential and house building has seen a massive increase in activity. The discounted stamp duty rates have pushed forward new build projects, and the rise in people working from home, has seen a rise in property alterations.

**Driving** and **Commercial** sectors both showed strong security with a small margin increase of 0.16 per cent in Quarter Three. Margins still aren't quite back to where they were in Q1 2020 (Driving 20.87 per cent and Commercial 24.36 per cent), but they are slowly and surely increasing. Commercial was slightly harder hit during the depths of the crisis, with reduced workforce requirements in that sector. But with substantial online sales increase, the driving and logistics sector has continued to be one of the more stable sectors, delivering at a time of crisis.

The **Engineering** community has played a vital part during the pandemic, innovating to not only help other industries adapt but also save lives. The sector saw a decrease during the first quarter but no further reductions and has remained stable with margins of 14.87 per cent in Q3.

Q3 has seen **Catering** make a drastic comeback, with a margin increase of 13.33 per cent to 31.48 per cent. The easing of the lockdown and the 'Eat out to help out' scheme was a lifeline for the catering sector but what will Q4 bring, with the closure of pubs and restaurants again in November? Will they adapt to keep margins up?

We also saw the **Sales** and **Industrial** sectors bounce back with margin increases. Again, this will have had something to do with the easing of lockdown, with industrial businesses increasing the workforces to fulfilling supply and demand, and sales environments opening their doors again. It will be interesting to see how both sectors perform in the last quarter of 2020, during the latest lockdown restrictions, specifically Sales.

One sector that has surprised us is **IT**. During Q2 IT was our focus sector, that saw an increase in margins of 2.45 per cent to 19.76 per cent. This is mostly due to the demand for adapting businesses to work remotely and more efficiently during the lockdown period. The IT margins have decreased to similar pre-COVID figures of around 17 per cent, in Quarter Three. Therefore, the demand for IT reduced slightly as we started to come out of a restricted period.

The Recruitment Market has most definitely seen peaks and troughs during 2020, and we still have a long journey ahead of us to full recovery. Still, the industry is showing some strong stability going into 2021.

### HEALTHCARE

31.84%

0.81%

### EDUCATION

31.84%

-0.06%

### CONSTRUCTION

19.53%

-0.79%

### DRIVING

19.38%

0.16%

### COMMERCIAL

21.13%

0.16%

### ENGINEERING

14.87

-0.06%

### CATERING

31.48%

13.33%

### SALES

23.78%

1.66%

### INDUSTRIAL

18.75%

3.23%

### IT

17.21%

-2.55%

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](#)



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