

Margin Index | Q1 2021

An insight into the UK's Recruitment Margins

VACCINE ROLL-OUT SUPPORTS STABLE MARGINS

With lockdown lasting most of Q1 2021, we expect a tough quarter. With the UK vaccine roll-out, everyone over 18 offered a vaccine in Q2 (by the end of July). So positivity about the UK's activity picking up after that.

Almost half of the UK already have had their first dose of vaccination for Covid-19. It is no surprise that **Healthcare** has had a drop in Q1 to **28.57%**. With infection rates decreasing, the healthcare industry has less pressure and fewer people needing medical assistance. It'll be interesting to see how this will change once the restrictions are eased and lifted.

Construction has seen a more significant decrease compared to the previous quarter with a rate of **13.08%**. With the tender prices falling, building costs increase due to firm demands and inflationary pressure from Brexit. Consumer prices have increased due to lower activity and demand during the pandemic, which has placed pressure on profit margins. Hopefully, the industry's output will be supported by improving investor confidence and investments in transport, renewable energy, residential and commercial infrastructure projects.

Surprisingly with the UK entering Lockdown in January, **Hospitality** has managed to keep its own with only a minor drop (2.24%) to **15.94%**. Some hospitality businesses are adapting as much as possible to stay open and keep the industry going. With Lockdown restrictions easing in April and the rest to open up in late June, it will be curious to see the following quarter results.

The **Commercial & Driving** industries had another resilient quarter with an increase to **23.23%** and **19.28%**. With the increase in savings and level of pent-up demands due to the pandemic, it isn't implausible to argue we are on the verge of strong economic growth. Arguably, the retail sector is the most significant property-casualty of the pandemic; this being said, it will have the most interesting opportunities in 2021. With 40,000 vacant retail units across the UK, repurposing empty stores in homes and city logistic hubs is at the top of the agenda.

The **Legal** industry has seen an excellent increase to **28.34%**. Retention rates for Legal trainees remained high as most trainees stayed with their primary firm. Since last quarter there has been a gradual increase in the demand for M&A and Dispute lawyers. Lockdown restrictions have created many issues within the business world – including insolvency, reconstruction and contracts.

Engineering has seen and continuing to make changes within the industry for the better, as we can see with an increase to **19.97%**. Many organisations have changed products and services for their survival; this will continue through 2021. Sustainability is something that the industry, among others, will be focusing on. With the UK government set to invest £4billion to help create 250,000 'green jobs', engineering will see new jobs emerging. 2021 is looking positive for this industry.

With high demands for **IT** last year, the sector seems to be stabilising this quarter showing a slight decrease to **16.03 %**. The Government announced the 'Help to Grow' scheme, which will focus on SMEs adopting digital tech and providing them with MBA-styles training to boost innovation and future growth. It will be interesting to see what the budget announcement will do for this industry.

The **Industrial** sector has shown an increase to **20.72%** this quarter. With the Government support, including the low-carbon industrial sector investment, the upcoming months look promising for this sector. We did wonder whether supply-chain delays caused by BREXIT might cause the industry some problems, but it doesn't seem to have been affected.

HEALTHCARE

28.57%

-0.15%

CONSTRUCTION

13.08%

-4.82%

HOSPITALITY

15.94%

-2.24%

COMMERCIAL

23.23%

1.45%

DRIVING

19.28%

1.14%

LEGAL

28.34%

5.26%

ENGINEERING

19.97%

3.4%

IT

16.03%

-2.63%

INDUSTRIAL

20.72%

0.41%

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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