Margin Index | Q2 2021

An insight into the UK's Recruitment Margins

HEALTHY RECRUITMENT PROFIT MARGINS IN Q2

Considering the recent rise in COVID-19 infections and the continuing skills shortages, profit margins in the recruitment sector have remained stable throughout. Furthermore, amid the last of the lockdown restrictions being lifted in July and the Government encouraging people to go back into the office, there is still room for growth within sectors held back by these restrictions. However, reports show that UK businesses planning to recruit are still experiencing difficulties with hiring skilled workers. Therefore, it will be interesting to see how margins perform in Q3.

The **Healthcare** sector has seen a drop in Q2 to **27.08%.** Still, a high margin compared to others showing that profits in the healthcare sector may have reached all-time limits and will continue to level out. With about 87% of people having their first vaccination and over 52.2% fully vaccinated, the demand for workers has decreased. It'll be interesting to see how this will change once the restrictions have been lifted.

Construction has seen a slight increase compared to the previous quarter, with a rate of **13.88%.** The rise comes from a 6.6% increase in new work. The main contribution to this growth was private housing and infrastructure, which grew by 7.4% and 9.7%. Alongside this, the increase in repair and maintenance for non-housing (9%) and private housing (4.7%) has contributed to the sector growth.

Hospitality has finally had an increase (4.48%) this quarter to **20.78%.** After some of the lockdown restrictions being eased, the accommodation industry grew by 49.3%, driven by hotel accommodation. In addition, we saw a substantial increase (34%) in the food and beverage services. The growth was driven by pubs, bars and restaurants that offered indoor service after the ease of restrictions. Also, with restrictions on large gatherings continued to ease, event catering and other foodservice activities saw a rise.

The **Commercial** industry has decreased this quarter to **21.67%,** with retail sales decreasing by 1.4%. With the easing of hospitality restrictions, people returned to eating and drinking in restaurants and bars, which has evidently affected the decrease in food stores where sale volumes fell by 5.7%. Additionally, clothing and department stores reported declines of 2.5% and 6.7%. Both decreases have followed strong growth in the previous quarter.

The **Driving** sector has seen a slight decrease to **18.47%.** It is no secret that this industry is dealing with a shortage of drivers. One main reason for this is due to Brexit. The Government announced relaxing how long truck drivers can work as a temporary fix for the shortage. However, there are concerns regarding drivers leaving due to long hours. The shortage has led to an increase in drivers' pay rates, which has caused charge rates to increase. In a recent report, recruiters stated a rise in starting salaries (since 2014) and an increase in hourly pay for temps (highest since 2004).

The **IT** and **Engineering** sectors have increased this quarter to **17.19%** for IT and **21.19%** for Engineering. The Government announced significant investments in green technology and development, along with A £166.5 million cash boost that will drive forward developments, including carbon capture, greenhouse gas removal and hydrogen, creating over 60,000 well-paid green jobs across the UK. Other sectors still invest in technology, and many businesses plan to restart projects. In addition, multiple universities have joined forces on a £13m plan to create the highly advanced workforce needed to lead the digital revolution –otherwise known as Industry 4.0.s, working on many projects to support the UK's journey to net-zero greenhouse gas emissions by 2050. A new overview of the UK's immersive technology has emphasised the potential for rapid growth and investment in these sectors.

The **Sales** & **Automotive** sectors have shown an increase to **24.39%** for sales and **16.82%** for automotive this quarter. In Q2, an increase in businesses from 28% to 44% reported a rise in domestic sales. In addition, an increase in sales of almost 70%, and new car registrations for 2021 have reached 567,000, 30 times higher than April 2020. A total of registrations for Q2 up 39.2% (909,973¬). Plug-in, electric and hybrid vehicles have accounted for 17.2% of registrations (31,981 units). While June's car sales grew by 30.6%, year-on-year fleet registrations grew by 47.8%.

HEALTHCARE

27.08%

-1.49%

CONSTRUCTION

13.88%

0.8%

HOSPITALITY

20.78%

4.84%

COMMERCIAL

21.67%

-1.56%

DRIVING

18.4%

-0.81%

IT

17.19%

1.16%

ENGINEERING

21.19%

1.22%

SALES

24.39%

3.39%

AUTOMOTIVE

16.82%

0.4%

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