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## Q2 2022

### An insight into the UK's Recruitment Margins

The employment rate in the UK - grew by 0.2% in the second quarter to 75.6%, but it remains below pre-coronavirus (COVID-19) pandemic levels. From March to May 2022, job openings reached a new high of 1,300,000. However, the rate of increase in vacancies has slowed. So more than ever, recruiters' experience is needed to assist businesses with recruiting efforts, which the recruitment market is benefiting from. However, with the rise in inflation and the cost of living, recruiters' margins could be expected to decrease.

#### HOSPITALITY

+3.47%

**22.15%**

**Hospitality** has significantly increased to **22.15%**, with over two-thirds (63%) of businesses boosting consumer prices, propelling the sector to a new high of 72.9 on the Tracker's Prices Charged Index. However, labour constraints continue to impede capacity and raise wages to keep teams in place. Furthermore, recruiters aren't missing out on margins with the 3.7% rise, meaning clients are happy to pay a premium for skilled workers. The increase in National Minimum Wage resulted in a 6.6% raise across the board. Could this cause a knock-on effect with margins?

**Commercial** decreased to **22.46%**. According to a recent study, retailers may be ready to experience a worrisome decline as the cost-of-living issue, and stagnating wages eat away at most customers' spendable money. Food shops declined by 1.6% in sales volume during June; decreasing spending in food stores appears to be connected to rising food costs and the cost of living. With people being conscious of what they are spending and less likely to buy nonessentials, the demand for staff has decreased. As a result, we have seen a decrease in margins.

#### COMMERCIAL

-1.97%

**22.46%**

#### OIL & GAS

-0.46%

**22.56%**

**Oil & Gas** has seen a slight decrease this quarter to **22.56%**. Because there is no price cap on non-domestic energy, rises in corporate energy costs will result in higher consumer prices overall. There are also likely to be broader negative economic effects, especially if prices continue to grow. Higher wholesale costs have caused some to predict that the limit may increase by 40-50% in October 2022. However, with the new 25% surge charge announced in May - could we see a decrease in recruitment margins in the upcoming quarters.

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Margin = Sales less payroll costs, which is made up of contractor/temp wages including NI where applicable. Percentage figures shown = margin/sales x 100

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## DRIVING

**Driving** has seen a slight increase to **19.84%**. According to the statistics, the number of people taking practical HGV exams increased by 53.5% in Q4 2021 compared to Q4 2019. The industry is dedicated to expanding access to training and testing for all interested in joining the profession and retaining current employees. This shows that margins and demand for candidates are simultaneously levelling out.

+0.45%

**19.84%**

## HEALTHCARE

-1.07%

**28.07%**

**Healthcare** decreased to **28.07%**. The countrywide shortage of health care professionals and hospitals' reliance on contract labour pushes costs and reduces total earnings. From 2019 to 2022, median hourly salaries for contract nurses climbed by 106% (£64 in 2019 vs £132 in 2022), while wages for hired nurses increased by 11%. With the demand for healthcare professionals increasing and wages rising, we can see margins in this sector taking a hit.

## CONSTRUCTION

**Construction** has seen a slight increase to **0.39%**. As stated by the Office for National Statistics (ONS), construction businesses are giving record incentives to retain skilled workers. According to official estimates, construction workers were paid an average of £89 per week in "non-seasonally adjusted incentives". Despite the high cost of labour and supplies, several projects continued to move forward, resulting in a constant need for workers. As a result, the sector is becoming more balanced.

+0.39%

**14.32%**

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