RECRUITMENT AGENCY LAUNCH PROGRAMME · MODEL YOUR MARGIN AND FLOAT

Temp margin & float model

A simple sheet to size your margin and working capital.

01 The two rates

Every temp margin starts with two numbers per hour: what you bill the client, and what the worker earns.

Charge rate — what will you bill the client, per hour?

Your headline rate to the client, before VAT.

Pay rate — what will the worker be paid, per hour?

The gross rate the temp actually receives.

02 On-costs

The pay rate isn't your only cost. As the employer of a PAYE temp you carry these on top — budget for them before you quote.

Holiday pay (typically 12.07% of pay)

Accrued for every hour a temp works.

Employer's National Insurance

Payable on earnings above the secondary threshold.

Pension (auto-enrolment, from 3% of qualifying pay)

Once the worker is eligible and enrolled.

PREFER THIS DONE FOR YOU?

Want your back office built properly?

It's one of the things we build — hand it over and skip the DIY. · digitalroyalty.co.uk

Talk to us

True cost per hour (pay rate plus the on-costs above)

This is what the worker really costs you.

03 Margin and markup

Two ways to describe the same gap. Margin is profit as a share of what you charge; markup is how much you add to pay. Clients ask for one or the other.

Gross profit per hour (charge rate − true cost per hour)

Margin % (gross profit ÷ charge rate)

The figure most agencies track internally.

Markup % (charge rate ÷ pay rate)

The figure clients often try to cap in a tender.

04 The payroll float

You pay the temp weekly but wait 30–60 days for the client. That gap is money you must fund — before your first placement, not after.

Weekly wage bill once you're at target headcount

Days between paying the worker and the client paying you

Add your invoice terms to how long clients really take.

Working capital the float ties up

Roughly the weekly wage bill times the number of weeks you're out of pocket.

PREFER THIS DONE FOR YOU?

Want your back office built properly?

It's one of the things we build — hand it over and skip the DIY. · digitalroyalty.co.uk

Talk to us

WE CAN DO THIS FOR YOU

Margin reporting and a live view of your payroll float are exactly the kind of back-office system we build for agencies. **digitalroyalty.co.uk**

05 Perm rebate terms

On a permanent placement you invoice one fee — but most terms refund some of it if the hire leaves early. Decide your scale before you sign a client.

Your perm fee (% of first-year salary)

Commonly 15–30%, depending on level and niche.

Rebate scale — what you refund if a hire leaves

e.g. 100% in weeks 1–4, 50% in weeks 5–8, nil after 12.

Rebate or free replacement — which will you offer?

A replacement protects your cash better than a refund.

PREFER THIS DONE FOR YOU?

Want your back office built properly?

It's one of the things we build — hand it over and skip the DIY. · digitalroyalty.co.uk

Talk to us