

EVOLUTION OF MID-TIER ACCOUNTANCY FIRMS

2026 RESEARCH FINDINGS



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CHIEF EXECUTIVE'S FOREWORD



The UK mid-tier sector is no longer in transition, it is in the middle of a structural reset.

Consolidation, private equity investment (PEI) and the accelerating impact of technology and artificial intelligence (AI), are not emerging trends;

they are reshaping how firms grow, how they operate and how professional careers are built. At the same time, firms are grappling with sustained regulatory pressure and a more complex risk environment, while trying to maintain growth.

This year's research shows a sector that is confident and ambitious but increasingly differentiated. Some firms are scaling rapidly through external capital and acquisition. Others are making a deliberate choice to remain independent, using identity, culture and specialism as strategic strengths. At the same time, operating models are being redesigned: traditional linear career paths are giving way to more specialist, modular and technology-enabled structures, while expectations of the future accountant are shifting decisively towards judgement, interpretation and ethical oversight.

These changes bring opportunity, but they also raise fundamental questions for the profession. How do firms balance growth with culture? How can technology be integrated responsibly at pace? How should talent be developed and retained when roles, skills and career pathways are evolving so quickly? And how can professional standards and public trust be sustained across an increasingly diverse set of firm models?

This report forms the third year of ICAEW's research into the evolution of mid-tier firms. Over that time, it has become an important way for us to listen to, understand and support a vital segment of the UK accountancy profession. By tracking trends year on year, the research allows us not only to observe change, but to test assumptions, identify points of divergence and ground debate in evidence rather than anecdote.

For ICAEW, this research is not simply descriptive. It directly supports ICAEW's *Direction 2030* strategy by deepening our understanding of the challenges and opportunities facing mid-tier firms. It enables ICAEW to remain resilient to market shifts and to tailor our support so that we sustain a relevant and compelling value proposition for member firms. The insight gathered also informs ICAEW's policy work, ensuring the priorities of mid-tier firms are represented to government and regulators, and reinforcing our role as a strong, credible and evidence-led influential voice for the profession.

I encourage firms to use this report not just as a benchmark but as a prompt for reflection and debate: about strategy, about investment choices, and about the kind of profession we want to build for the next generation.

I would like to thank the firms that contributed their time and insight to this research. Your participation plays a vital role in shaping our work and helps ensure our support remains practical, relevant and grounded in real experience.

A handwritten signature in black ink that reads "Alan Vallance". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Alan Vallance
Chief Executive

EXECUTIVE SUMMARY

PRIVATE EQUITY AND CONSOLIDATION

Consolidation remains a defining feature of the mid-tier landscape. Acquisition activity is widespread and appetite for further M&A over the next three years is strong, particularly among private equity (PE)-backed firms. Nearly half of firms are now PE-backed, representing a substantial increase over recent years.

PE is widely seen as an enabler of scale through providing funding for acquisitions, tech and talent, and for commercial discipline through clearer KPIs and investor scrutiny. However, views across the sector remain polarised. Firms are split on whether PE is beneficial for the profession overall, reflecting concerns around culture, autonomy and long-term incentives.

Fewer independent firms are considering external investment for the first time. Some now view independence as a deliberate strategic choice and a differentiator in attracting clients and staff.

TECHNOLOGY, AI AND THE FUTURE OPERATING MODEL

Tech and AI are central to firm strategy. Almost all firms report that tech plays a key role in delivering their strategic objectives, and the majority have a tech strategy that explicitly includes AI adoption.

While use is currently moderate, firms overwhelmingly expect AI and automation use to increase significantly over the next three years. AI is already used across core service lines as well as for internal knowledge management and client support. Upskilling is recognised as essential and relatively few firms feel confident in assessing the workforce implications of AI.

Operating models are evolving accordingly. Firms expect to increase the recruitment of specialists, particularly in tech, data analytics and sustainability,

and some also expect to increase their use of alternative resourcing models such as outsourcing and offshoring.

TALENT AND THE FUTURE PROFESSIONAL

The talent environment is characterised by transition. Recruitment and retention challenges have eased, but the focus has shifted to future-proofing skills, managing generational differences and sustaining leadership pipelines.

Firms broadly agree that AI will reduce demand for some early-career roles, compress mid-level positions and increase expectations of senior professionals. Despite this, most do not anticipate an overall reduction in the recruitment of junior roles, instead expecting changes in the balance between graduates and school-leavers.

Confidence in the profession remains high. Most firms expect demand for accountants to continue, albeit within a redefined profession. The role of the accountant is increasingly expected to move away from routine compliance and reporting towards judgement, systems thinking and ethical oversight.

GROWTH PROSPECTS AND REGULATION

Most firms report recent fee growth, driven primarily by deeper client relationships, and most expect continued growth over the next three years.

However, regulatory constraints continue to influence growth strategies. Audit regulation is the most frequently cited barrier, particularly audit majority and control requirements, which many firms consider misaligned with increasingly diversified business models.

A NOTE FROM THE AUTHORS

JULIE SMITH
Practice Member
Engagement Director



KAT HEARN
Senior Technical
Practice Manager



When we began work on the 2024 survey, firms were still dealing with the after-effects of the pandemic amid political and economic instability. Our aim was to establish a clear baseline to understand both the current position of mid-tier firms and how their leaders viewed the future.

In 2025, we built on that foundation by tracking year-on-year trends and exploring consolidation and growth in more depth.

This year's research continues to track key trends while focusing more closely on the impact of tech and AI on operating models, and firms' perceptions of the future of the profession and its workforce.

Our approach has been consistent year on year with a focus on UK firms with 11-249 principals. In 2026, the survey¹ was shared with the leaders of 110 firms, with 35 firms responding (32%), a participation rate broadly consistent with previous

years. Respondent firms were roughly evenly split between smaller (up to 20 partners), medium-sized (21-50 partners) and larger (over 50 partners) mid-tier firms.

The findings provide a structured view of how the mid-tier is responding to a changing operating and regulatory environment. They highlight areas of convergence across firms, where challenges are widely shared, as well as points of divergence where approaches, priorities and confidence levels differ. The research plays an important role in testing assumptions and grounding anecdotes in evidence, helping to validate what firms believe to be true about the market, to identify where pressures are easing or intensifying, and to provide direction as firms look ahead.

If you would like to discuss the methodology or findings further, please contact kat.hearn@icaew.com.

CONCLUSION

Overall, the findings point to a mid-tier sector that is confident, adaptive and ambitious, but increasingly diverse in structure and approach. Firms are redesigning their operating models to respond to consolidation, tech and AI, while seeking to maintain professional values and trust.

I encourage firms to use this report not just as a benchmark but as a prompt for reflection and debate: about strategy, about investment choices, and about the kind of profession we want to build for the next generation.

ALAN VALLANCE, ICAEW CHIEF EXECUTIVE

¹ For clarity, the 2026 findings referred to throughout this report are based on the survey fieldwork conducted from 23 February to 15 March 2026.

CONSOLIDATION ACTIVITY

ACQUISITIONS CONTINUE TO DOMINATE

74% of firms have acquired another firm, with 40% doing so within the last year. 64% of these firms have over 50 partners. Looking ahead, acquisition appetite remains strong, with 74% expecting to make acquisitions in the next three years and 60% having already discussed this at board level.

Intentions differ by ownership structure: 94% of PE-backed firms plan to make acquisitions, versus 58% of independent firms, and board-level discussions have been held at all PE-backed firms, compared with only 32% of independent firms, suggesting that PEI is the primary driver of consolidation. [\(Chart 1.1\)](#)

Among firms likely to engage in M&A activity in the next three years, and broadly in line with last year, expanding the client base remains the leading driver (89% versus 92% in 2025). However, motivations linked to talent have fallen back noticeably year on year. For example, the driver accessing talent to meet capacity demands dropped to 46% (from 72%), while those relating to succession planning and expanding skillsets fell to 38% (from 68%) and 65% (from 84%) respectively. [\(Chart 1.3\)](#)

For the minority of firms who would be unlikely to pursue M&A in the next three years, concerns centre on cultural and ethical alignment, maintaining a distinct identity and values, a preference for controlled organic growth, and the perceived risks of M&A compared with organic expansion.

PRIVATE EQUITY ENABLES M&A

PEI in the mid-tier continues to rise, with 46% of firms having now secured PEI, up from 25% in 2025 and 12% in 2024, with 14% accepting investment in the last year [\(Chart 1.1\)](#).

For these firms, motivations centre on growth through M&A and talent investment, both of which were cited by 82% of firms this year. Other motivations included a more attractive risk-reward proposition for senior management (76%) and funding for tech investment (75%). In all these aspects firms report realising positive outcomes because of the investment.

Although only 50% of firms saw PEI as a way to provide senior management with an exit strategy, 75% reported this as a positive outcome of the investment. Positive outcomes in obtaining strategic expertise and operational efficiencies also exceeded expectations [\(Chart 1.4\)](#), with those efficiencies including clearer KPIs and faster integration of acquisitions [\(Chart 1.5\)](#).

In 2025, PE-backed firms identified only two challenges associated with accepting investment: increased scrutiny, reporting and governance from investors (44%), and increased regulatory scrutiny (34%). Both are cited in 2026, but by less firms (25% and 6% respectively) and new challenges have emerged including cultural integration and alignment (25%), the pressure to maximise returns (13%) and a loss of autonomy over long-term strategy (13%). No PE-backed firms reported any loss of clients or negative impact on talent as a result of PEI. [\(Chart 1.6\)](#)

LESS INDEPENDENT FIRMS LIKELY TO ACCEPT PEI IN THE NEXT THREE YEARS

20% of firms are likely to accept PEI in the next three years [\(Chart 1.1\)](#) and most of these firms are already PE-backed. Only 5% of independent firms are likely to accept PEI (2025: 15%), suggesting that appetite for PEI may be reaching a plateau across the firms responding.

FIRMS LOOKING TO REMAIN INDEPENDENT

79% of independent firms state that they do not intend to pursue PEI in the next three years. All cited concerns around cultural and ethical alignment and a desire to preserve their firm's distinct identity and values.

Succession considerations were also a significant influence, with 87% highlighting concerns about the impact of PEI on progression to senior roles. 80% also expressed concern about the broader impact of PEI on the profession, and the same number said they had no need for external financing. In contrast, only 13% of firms cited concerns around regulatory scrutiny as a significant factor. ([Chart 1.7](#))

A small minority (16%) of independent firms have not yet decided whether to pursue PEI, with this uncertainty primarily driven by a desire to retain flexibility and autonomy.

THE IMPACT OF CONSOLIDATION ACTIVITY ON THE FUTURE OF THE SECTOR

Looking ahead, and notwithstanding that firms were evenly split on whether the trend of PEI is beneficial for the sector overall (40% positive, 40% negative), 71% agree that PEI and external capital will become more common sources of finance over the next three years. PE-backed firms scored more highly on these statements than independent firms with 75% (versus 11%) seeing the trend as beneficial and 94% (versus 53%) anticipating more external capital as a source of finance.

There is also broad agreement (63%) that consolidation will create a more polarised market by 2030, characterised by fewer large firms, a diminished middle, and more smaller firms. ([Chart 1.8](#))

ICAEW LENS

SARAH GHAFFARI
Director of Practice



Private equity continues to be an influential force in the accountancy sector, though the pace and nature of activity appear to be evolving. New PE-backed transactions have continued into 2026, but at lower levels than the peak years of 2024-25. The more notable development is the growing role of established PE-backed firms as consolidators, with a sustained focus on acquiring regional and small to mid-tier practices. Alongside this, PE-to-PE sales are becoming more common, suggesting a maturing market with clearer and more established exit routes.

At the same time, consolidation is not the only strategic response. A number of firms remain firmly committed to the traditional partner-owned model and are increasingly using this as a point of differentiation, particularly in relation to culture, long-term stability and professional

ELAINE GRIFFITHS
Director, Regulatory Practice



identity. As a result, the sector is evolving along multiple paths. The partnership model is no longer the default structure for mid-tier firms, and growth strategies now range from rapid, externally funded expansion to more gradual, organic development.

This diversity brings opportunities but also prompts reflection on how career pathways, resilience and professional standards are supported across different ownership models. Looking ahead, discussion may also broaden beyond private equity. In other markets, IPOs and alternative sources of capital have played a more visible role, raising questions about whether the UK market may follow. Over a longer horizon, moreover, current consolidation dynamics may shift again as market conditions and firm demographics continue to change.

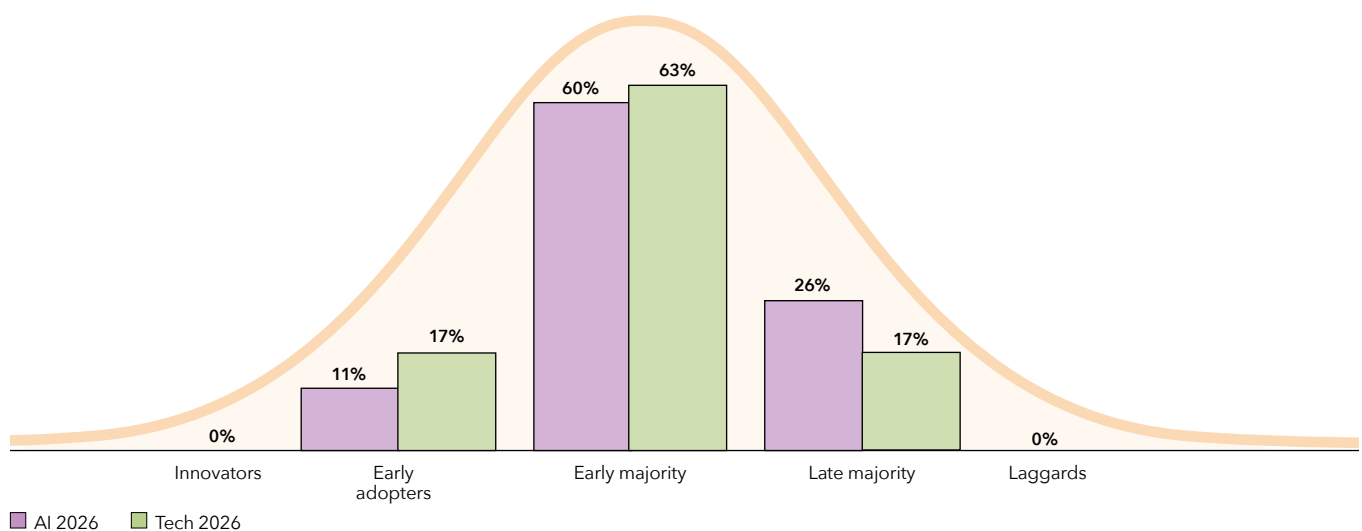
TECHNOLOGY, TALENT AND THE OPERATING MODEL

AI AND TECH ADOPTION AT THE RIGHT PACE

When considering their position on each of the AI and tech adoption curves, firms were slightly more cautious on AI than on tech. Just 11% described themselves as early adopters² of AI compared with 17% for tech and most positioned themselves in the early majority³ for both AI (60%) and tech (63%). Conversely, a higher proportion placed themselves in the late majority⁴ for AI (26%) than for tech (17%). There has been little change in firms' self-assessment of tech adoption since 2024 when 60% of firms also categorised themselves as early majority. [\(Chart 2.2\)](#)

Most firms believe they are adopting AI and tech at the right pace (68% and 77% respectively), and they are investing in upskilling accordingly (66%). However, only 17% of firms agreed that they are able to assess the impact of AI on their workforce; 34% disagreed. [\(Chart 2.1\)](#)

AI AND TECH ADOPTION [\(Chart 2.2\)](#)



2 Early adopters are the tech-savvy enthusiasts who follow innovators and are quick to adopt new technologies.

3 The early majority are the first significant wave of mainstream consumers who adopt a technology.

4 The late majority are those who adopt technology after the initial hype has subsided, and it has become accepted as a common part of everyday life. See [Chart 2.2](#) for all adoption curve definitions.

AI USE EXPECTED TO INCREASE

AI use is widespread across firm activities, though typically at moderate rather than extensive levels. Use was highest for internal knowledge management/technical research and client management (both 88%), but most firms also use it for audit (77%), accounting (75%) and tax (66%) delivery. [\(Chart 2.3\)](#)

Firms identified greater integration into existing tools and software as the key enabler of increased AI use (49% ranked it first; 77% in their top three) alongside staff training and upskilling staff (17% and 63% respectively). [\(Chart 2.4\)](#)

Almost all firms expect increased use of AI (95%) and automation (91%) in their operating models. [\(Chart 2.6\)](#)

91%

of firms agreed that tech plays a key role in their firm's strategic direction and 86% said their tech strategy explicitly includes AI adoption.

[\(Chart 2.1\)](#)

CYBER SECURITY RISKS SEEN AS INCREASINGLY SIGNIFICANT

92% of firms view cyber security risks as increasingly significant and 88% believe their leadership teams have a strong understanding of these. All firms agree they have appropriate processes and controls in place and 91% report being able to obtain appropriate cyber security insurance without significant difficulty. [\(Chart 2.5\)](#)

AI is just the latest version of technology to change the role of humans in society - history shows there will be winners and losers on route but if you re-skill and remain relevant to consumer and business demand you can continue to prosper.

2026 RESPONDENT

ICAEW LENS

LOUISE COLEMAN
Chief Membership Officer



The profession is in the midst of a deliberate redesign rather than incremental adjustment. Firms are reshaping operating models to support scale, specialisation and resilience, with growth in partner numbers, the use of alternative resourcing models, and targeted recruitment of specialist expertise sitting alongside rapid advances in automation and AI. This reflects a shift away from traditional, linear firm structures towards more modular and flexible models that can respond to changing client needs, skills shortages and cost pressures, while still maintaining professional standards and oversight.

The challenge for firms is not simply adopting new technologies or operating structures but ensuring that these changes are integrated coherently and responsibly. The gap between tech adoption and understanding its impact on people is notable. As AI becomes embedded across core activities, firms will need to strengthen their ability to assess workforce implications, support effective upskilling and maintain trust, judgement and ethical oversight at scale. How successfully firms align technology, talent and operating models will be central to sustaining quality, resilience and confidence in the profession as it continues to evolve.

EVOLVING OPERATING MODELS: MORE SPECIALISTS AND MORE SCHOOL LEAVERS

74% of firms expect to increase the number of non-chartered accountants with specific expertise that they recruit (Chart 2.6), with all citing the recruitment of data analytics expertise and the majority referencing tech (96%). Other specialist roles for which recruitment is expected to increase include those relating to sustainability (42%), regulation (38%) and financial advice (35%). (Chart 2.7)

At trainee level, firms expect a shift in the balance between graduates and school leavers. 49% of firms expect to increase the number of school leaver trainees, whereas 40% expect to decrease the number of graduate trainees (Chart 2.6). Firms highlighted several factors influencing hiring decisions, primarily increases in employer National Insurance contributions, changes to the Level 7 apprenticeship funding and the impact of employment rights legislation. 26% of firms identified the impact of changes to the apprenticeship funding as a top three talent challenge. (Chart 2.8)

More firms anticipate an increase in offshoring (40%) than outsourcing (29%). While patterns were broadly similar across PE-backed and independent firms for other shifts in the operating model, PE-backed firms were significantly more likely to expect to increase outsourcing (50% compared with 11%). (Chart 2.6)

SHIFTING TALENT CHALLENGES: FUTURE-PROOFING SKILLS AND GENERATIONAL DIFFERENCES

23% of firms highlighted future-proofing skills as their top talent challenge, with 43% putting it in their top three. AI assurance was rated the most significant skills gap (46% of firms) followed by data-related skills, sustainability-related reporting skills, and resilience, each cited by 34% of firms. (Chart 2.9)

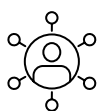
Generational differences and contrasting work ethics was identified as a top three challenge by 54% of firms (2025: 58%) and 20% now rank it as their number one challenge, up from 6% in 2025.

The changes to funding of apprentices have resulted in modifications to our trainee hiring plan.

2026 RESPONDENT

Challenges around succession planning continue to feature, with 49% identifying this as a top three challenge, but difficulties in attracting and recruiting qualified staff fell from being a top three challenge for 67% of firms in 2024 to 46% in 2026. For retention challenges the fall was more marked, with only 20% citing this as a top three challenge in 2026, compared with 60% in 2024. (Chart 2.8)

FUTURE OPERATING MODELS



Increased recruitment of non-chartered accountants with specific expertise

74%



Increased use of automation

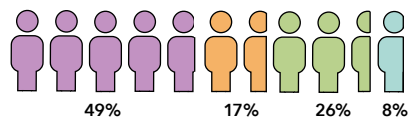
91%



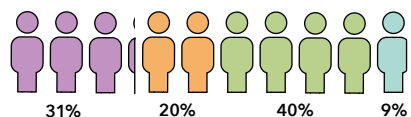
Increased use of AI

94%

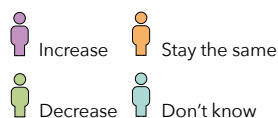
TRAINEE SCHOOL LEAVERS



TRAINEE GRADUATES

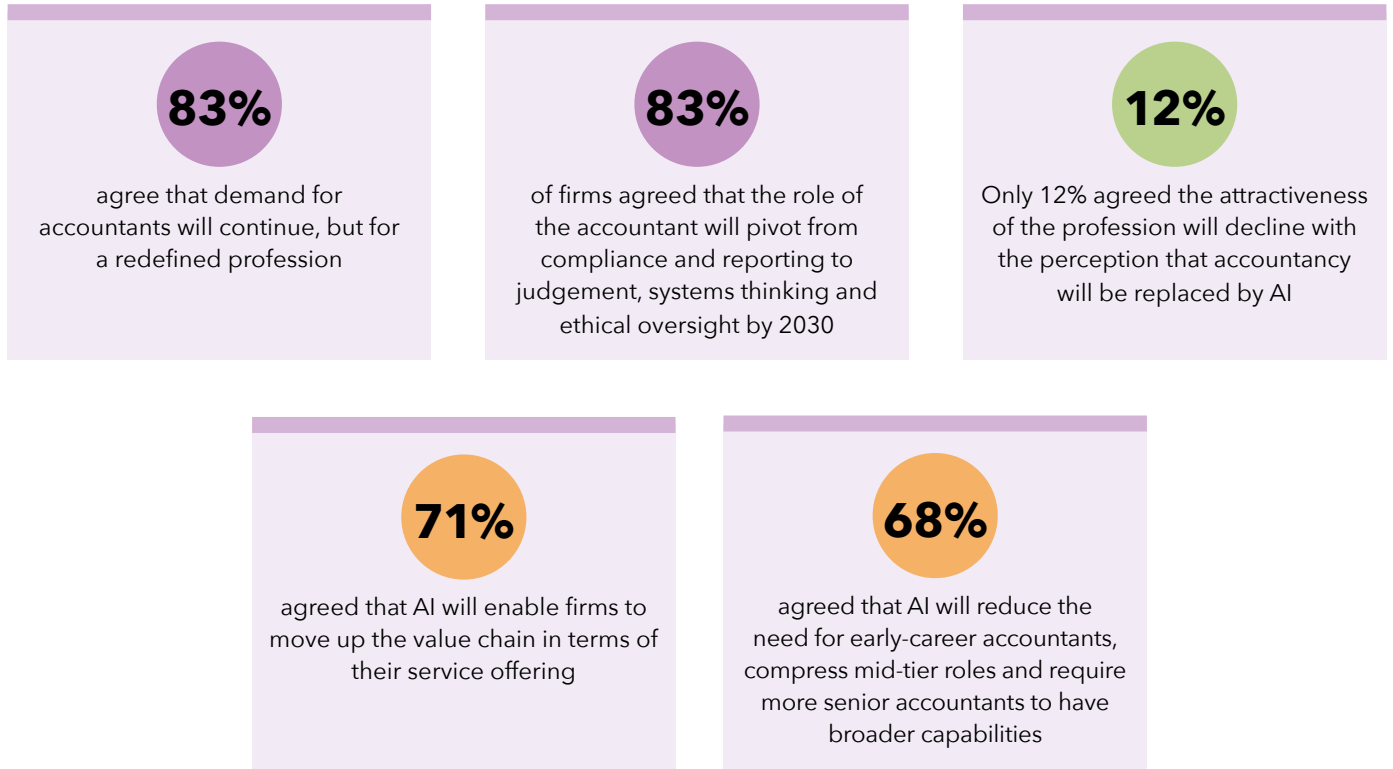


KEY



THE FUTURE ACCOUNTANT

(Chart 2.10)



ICAEW LENS

DANA DAY
Chief Learning Officer



The talent picture that emerges is one of transition rather than constraint. As immediate recruitment and retention pressures recede, the focus is shifting to questions of continuity, capability and coherence: how firms sustain leadership pipelines, reconcile differing expectations across generations, and adapt long-established career structures to new operating realities. These are not short-term labour market issues but structural ones, shaped by growth, changing business models and evolving professional identities.

At the same time, the concentration of skills gaps in areas such as AI assurance, data and sustainability, alongside relatively low concern

about leadership capability, suggests a profession redefining where it believes risk and value sit. Technical judgement, oversight and interpretation are increasingly seen as differentiators, while the nature of early-career roles is expected to change as technology absorbs routine work. This creates both opportunity and tension: firms remain confident in the profession’s long-term attractiveness, but the challenge will be ensuring that career pathways, development models and leadership expectations evolve quickly enough to support a more senior-skilled, judgement-led profession without narrowing access or weakening the pipeline over time.

MACRO TRENDS AND GROWTH

PRIVATE EQUITY AND AI ARE THE LEADING DRIVERS OF CHANGE FOR THE PROFESSION

PEI continued to be the most significant macro trend driving change in the accountancy profession in the UK for mid-tier firms in 2026, with 89% identifying it among their top three, consistent with 2025 (86%) and well above 2024 levels (57%).

66% of firms place the impact of generative AI in their top three, up from 42% in 2025 and 40% in 2024. 26% selected it as their number one trend.

By contrast, although 37% of firms still included regulatory and compliance change in their top three trends, this represents a sharp fall from 72% in 2025 and 64% in 2024, and this year no firm selected it as their top trend.

Talent challenges also continued to ease, cited by 29% of firms as a top three trend, compared with 36% in 2025 and 52% in 2024. ([Chart 3.1](#))

As firms grow and diversify, and as audit thresholds have risen over the years, fewer individuals are getting audit qualified. Wrong decisions are therefore being made regarding structures, promotions etc which is and will continue to have a negative impact on growth and profitability.

2026 RESPONDENT

POSITIVE FEE GROWTH LAST YEAR AND FOR THE NEXT THREE YEARS

94% of firms reported fee growth in their last financial year (2025: 100%; 2024: 93%).

79% attribute this growth to increased spend from existing clients, a contributing factor which has been trending upwards since 2024 (2025: 69%; 2024: 64%). 79% of firms also cite growth in fees from new clients, a factor which conversely has fallen in prominence from 95% in 2024 and 94% in 2025.

Fee growth based on increased charge-out rates has fallen significantly over time, with just 58% of firms citing this in 2026, compared with 64% in 2025 and 82% in 2024. ([Chart 3.2](#))

Looking forward, 94% of firms expect fee growth over the next three years.

One-fifth of firms saw opportunity for growth in remaining independent, using this as a differentiator to attract clients and talent. Several firms also continue to prioritise organic growth, supported by brand strength, service quality and deeper client relationships.

In addition, tech and AI-enabled change are widely seen as an opportunity for growth, particularly through re-engineering service delivery, creating capacity for higher-value advisory work and offering technology-enabled solutions to clients.

LITTLE CHANGE IN SERVICE LINE OFFERINGS

Firms' core service line offerings have remained largely unchanged year on year, with tax, accounting, audit, advisory and payroll continuing to dominate. Around one-fifth of firms said that their single biggest opportunity for growth was to expand their existing offering of tax or audit.

Sustainability-related services continued to grow gradually, with 43% of firms now offering these services, up from 36% in 2025. A further 23% of firms plan to introduce sustainability-related services⁵, slightly down on 2025 levels. Across both current and planned offerings, the primary focus is on sustainability advisory work, followed by external assurance or third-party verification. ([Charts 3.3, 3.4 and 3.5](#))

26% of firms neither offer nor plan to offer sustainability-related services. The main barriers cited were a lack of client demand and insufficient expertise or resources, consistent with last year's findings.

Outside sustainability, appetite for expansion into other service areas remained limited. 14% of firms plan to introduce consultancy services, while 11% expect to begin offering tech/app advisory including cyber services. ([Chart 3.3](#))

REGULATORY CONSTRAINTS ON GROWTH

Audit regulation was the most frequently referenced regulatory constraint on growth. Firms highlighted the audit majority rules as increasingly misaligned with the way mid-tier firms are structured and grow, especially as firms diversify and audit becomes a smaller proportion of overall activity.

Several respondents noted that these rules can drive costly and time-consuming restructures that comply with the letter of regulation but do not necessarily enhance audit quality, and can distort decisions around promotion, governance and firm structure.

Concerns were also raised about the attractiveness of the PIE audit market, with respondents citing disproportionate regulatory burdens and ongoing uncertainty around PIE definitions and audit reform.

Several firms referenced anti-money laundering requirements as a constraint on growth, highlighting the cost and resource demands of administration, systems and client onboarding, alongside concerns about proportionality and the proposed transition of AML supervision to the FCA.

Employment costs and regulation are also highlighted as constraining growth, in particular, Employer National Insurance contributions and anticipated changes to employee rights legislation.

Firms also pointed to Level 7 apprenticeship funding changes as a barrier to developing talent.

Across responses, firms emphasised that the issue was not always the regulatory standards themselves, but a desire for a more proportionate, risk-based and growth-conscious approach that better reflects firm size and risk profile.

ICAEW LENS

IAIN WRIGHT
Chief Policy and
Communications Officer



The 2026 findings point to a mid-tier sector that is firmly growth-oriented but increasingly disciplined about how that growth is achieved. Growth strategies centre on strengthening core services, expanding selectively by geography, deepening client relationships and using technology to improve delivery and create capacity for higher-value work, rather than pursuing broad diversification.

Realising this growth potential will depend in part on whether the policy and regulatory environment enables, rather than constrains, these ambitions.

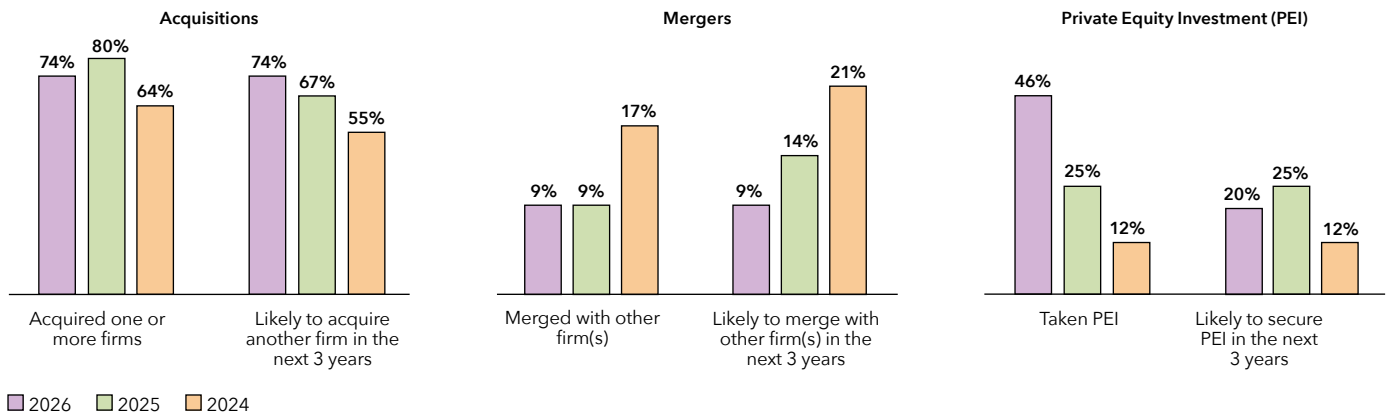
Firms are clear they are not seeking lower standards, but a 'rush to quality' that is powered by a more proportionate, risk-based and growth-conscious framework that reflects firm size, service mix and actual risk. Given the pressing need for the UK to unleash growth in our leading sectors and 20 years on from the passing into law of the Companies Act, public policy has a real opportunity to support mid-tier growth by modernising ownership and governance rules, ensuring proportionality in regulation and supporting workforce development; helping firms to invest, innovate and scale, while strengthening competition and resilience across the UK professional services market.

⁵ Note: The UK Sustainability Reporting Standards were published on 25 February 2026 while the survey was live.

APPENDICES

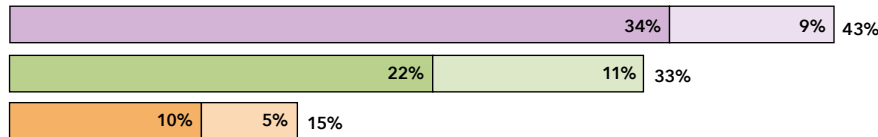
CONSOLIDATION ACTIVITY

1.1. CONSOLIDATION ACTIVITY: PAST AND FUTURE



1.2. FIRM STRUCTURES

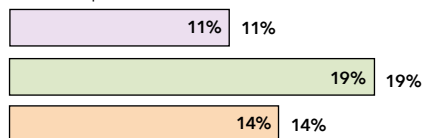
Limited Company



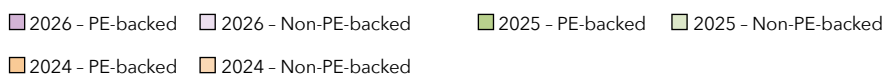
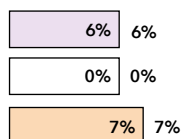
Limited Liability Partnership



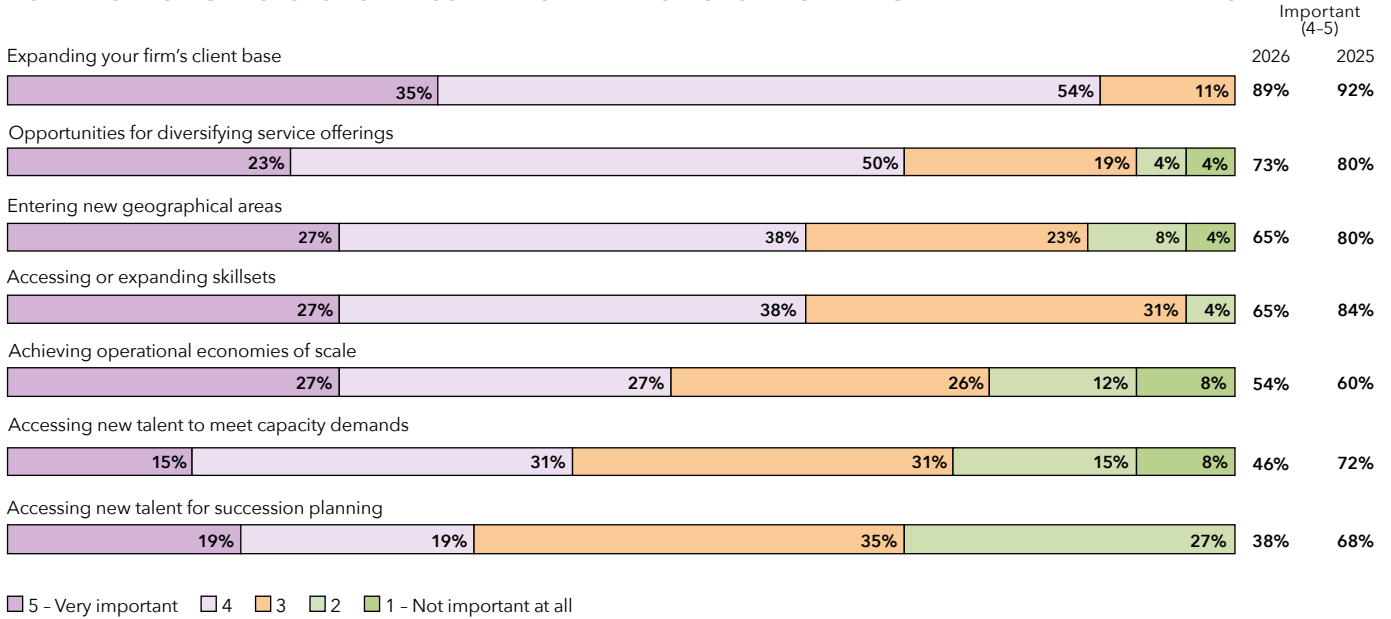
Partnership - 2026



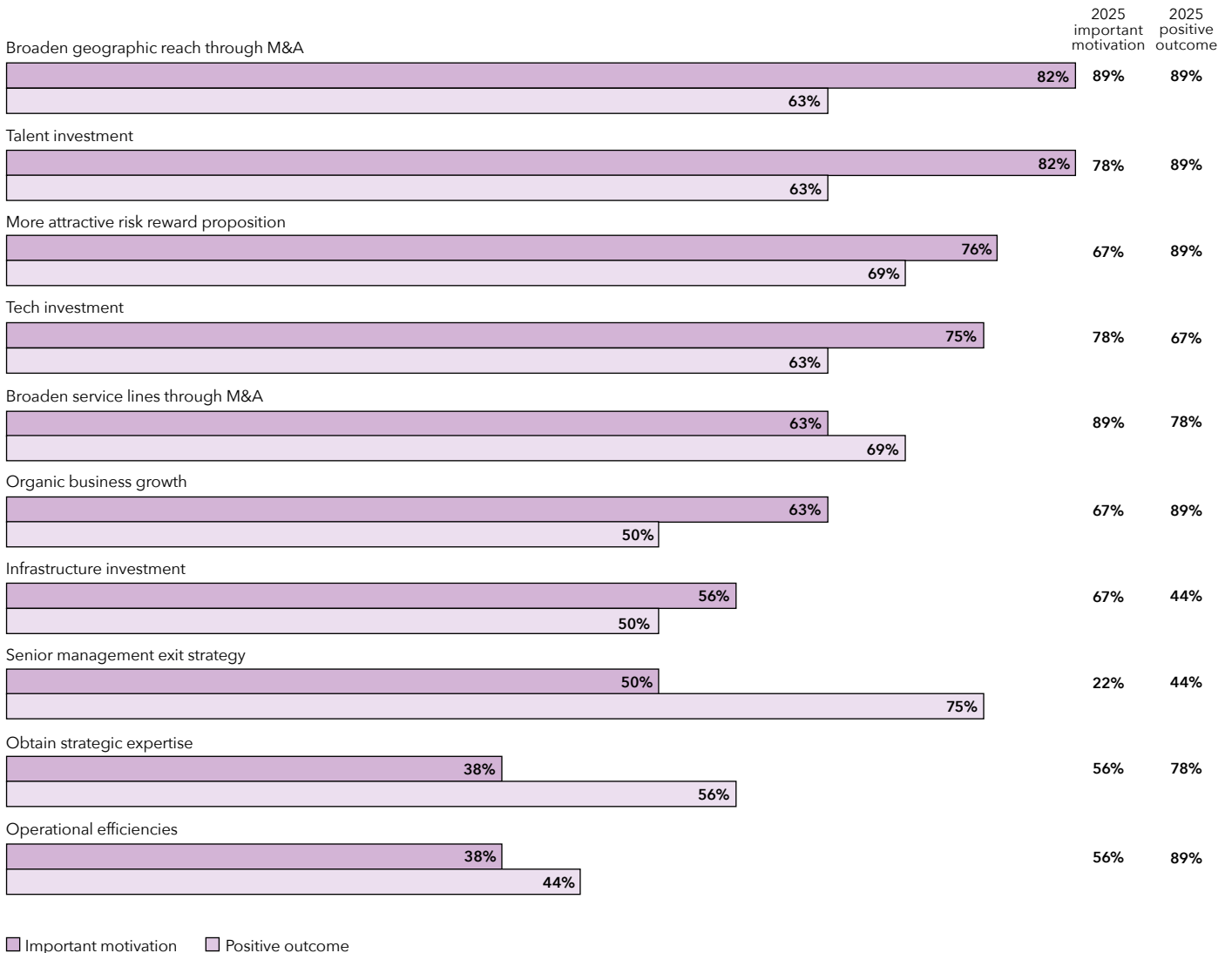
Other



1.3. INFLUENCING FACTORS FOR THOSE FIRMS LIKELY TO ACQUIRE OR MERGE IN THE NEXT THREE YEARS

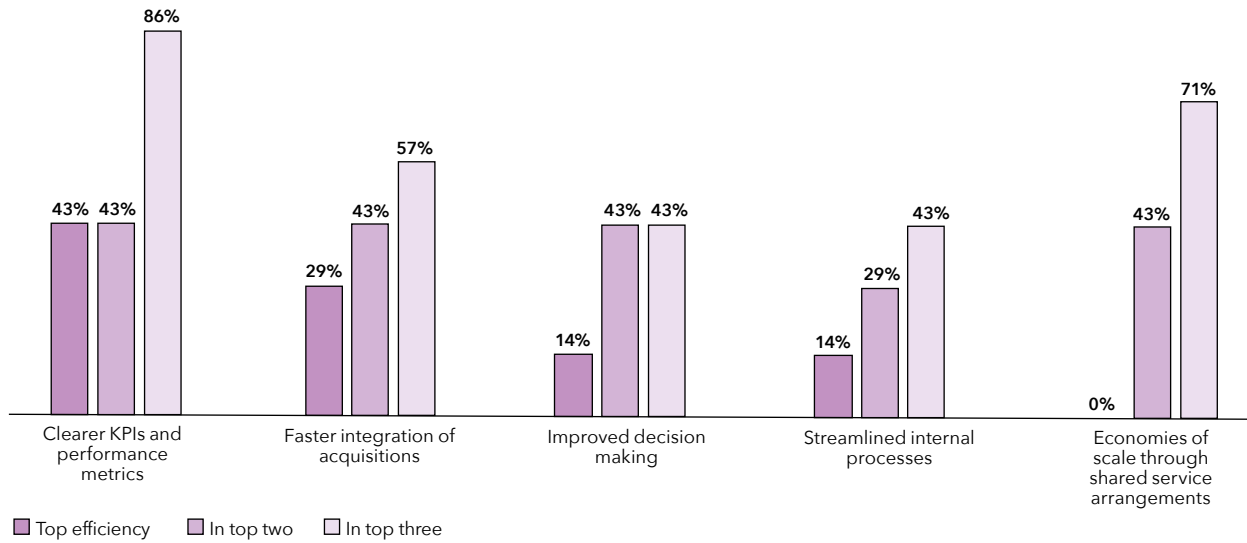


1.4. MOTIVATIONS FOR FIRMS ACCEPTING PEI AND POSITIVE OUTCOMES FROM INVESTMENT

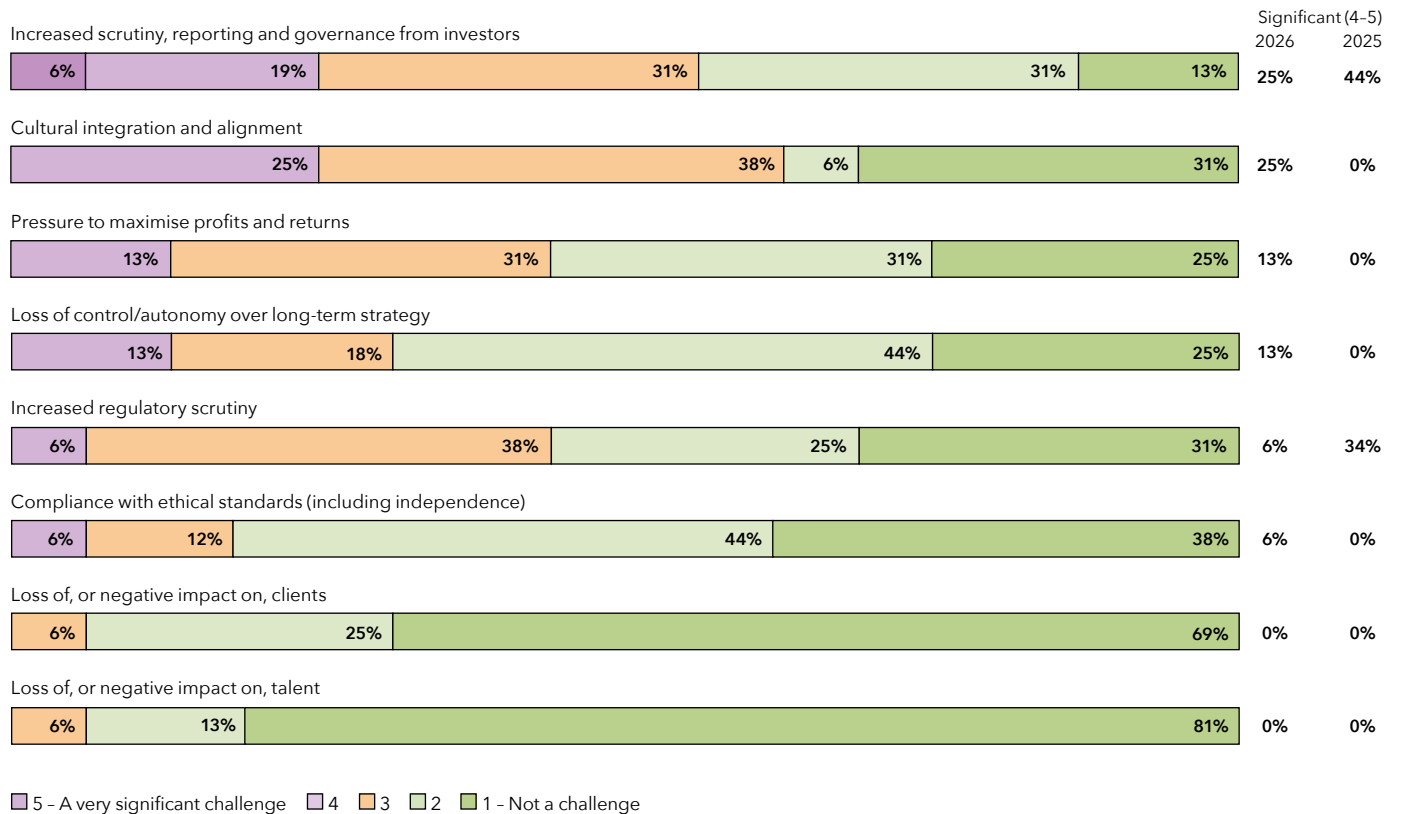


1.5. OPERATIONAL EFFICIENCIES ACHIEVED FROM PEI

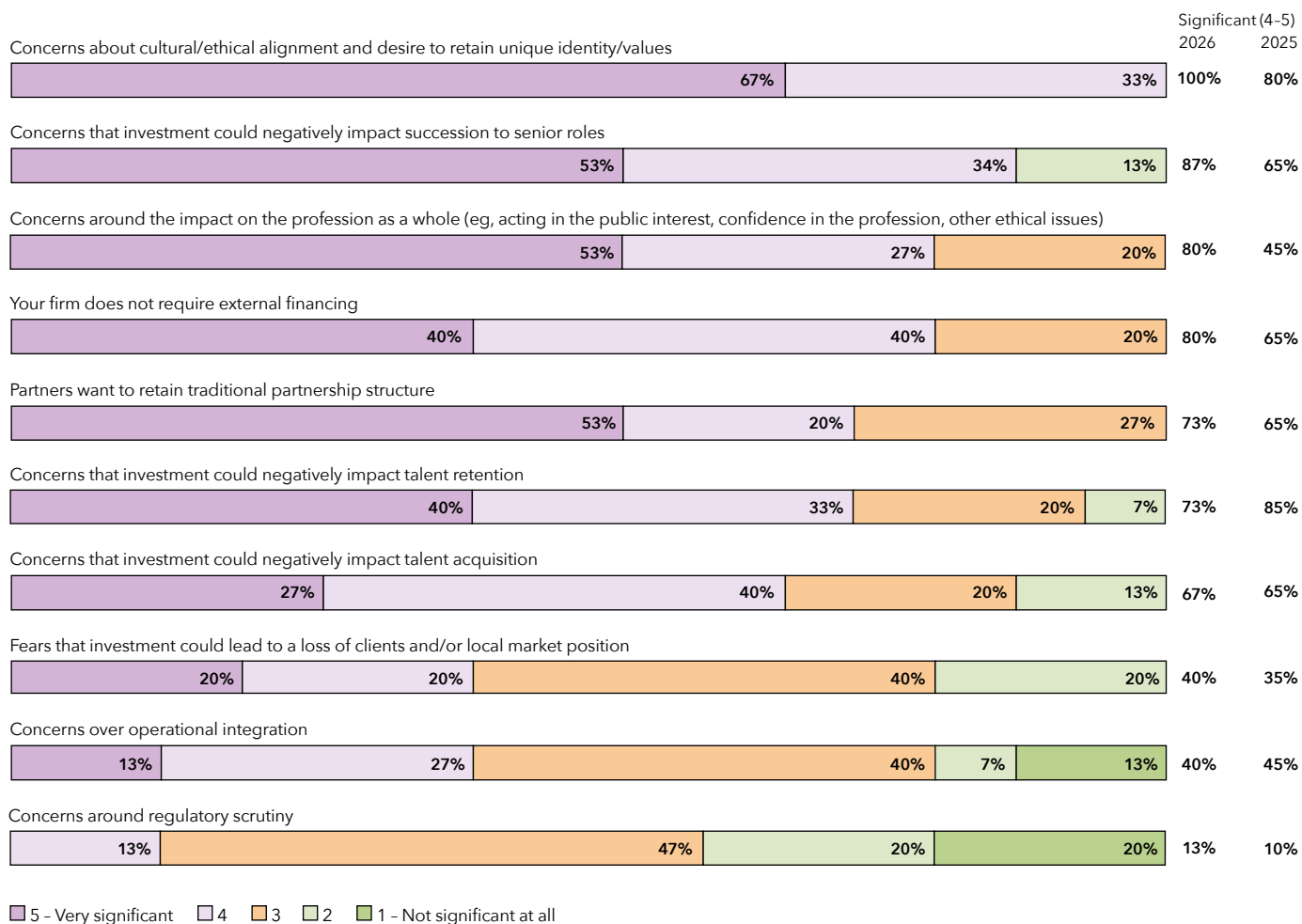
Of the 44% of PE-backed firms reporting positive operational efficiency outcomes (Chart 1.4), the specific areas of efficiency are outlined below.



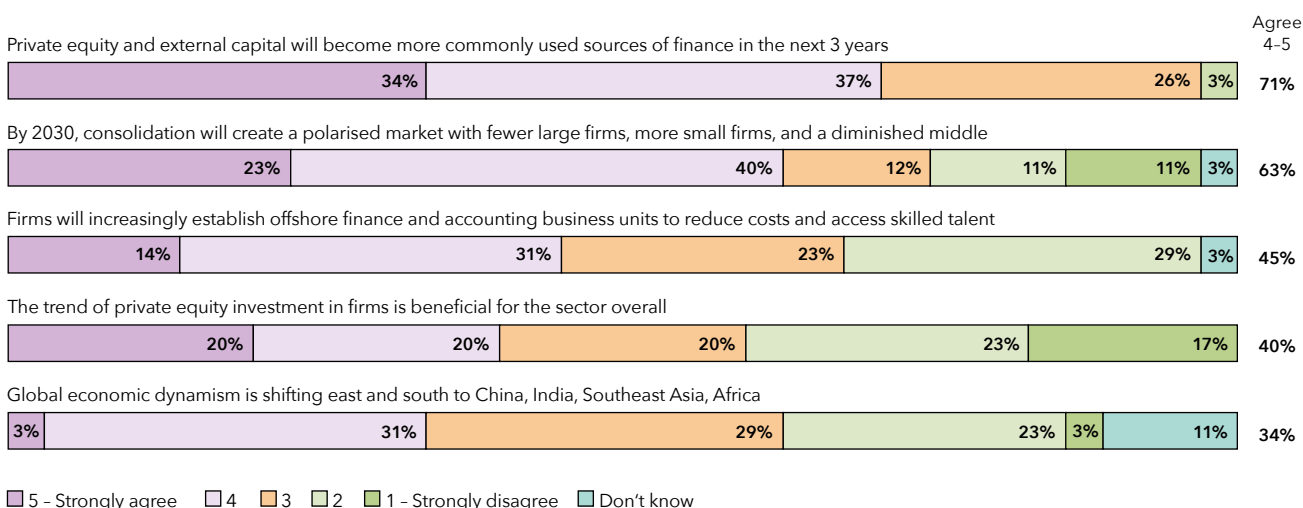
1.6. CHALLENGES FACING FIRMS HAVING SECURED PEI



1.7. REASONS WHY INDEPENDENT FIRMS ARE NOT ATTRACTED TO PEI

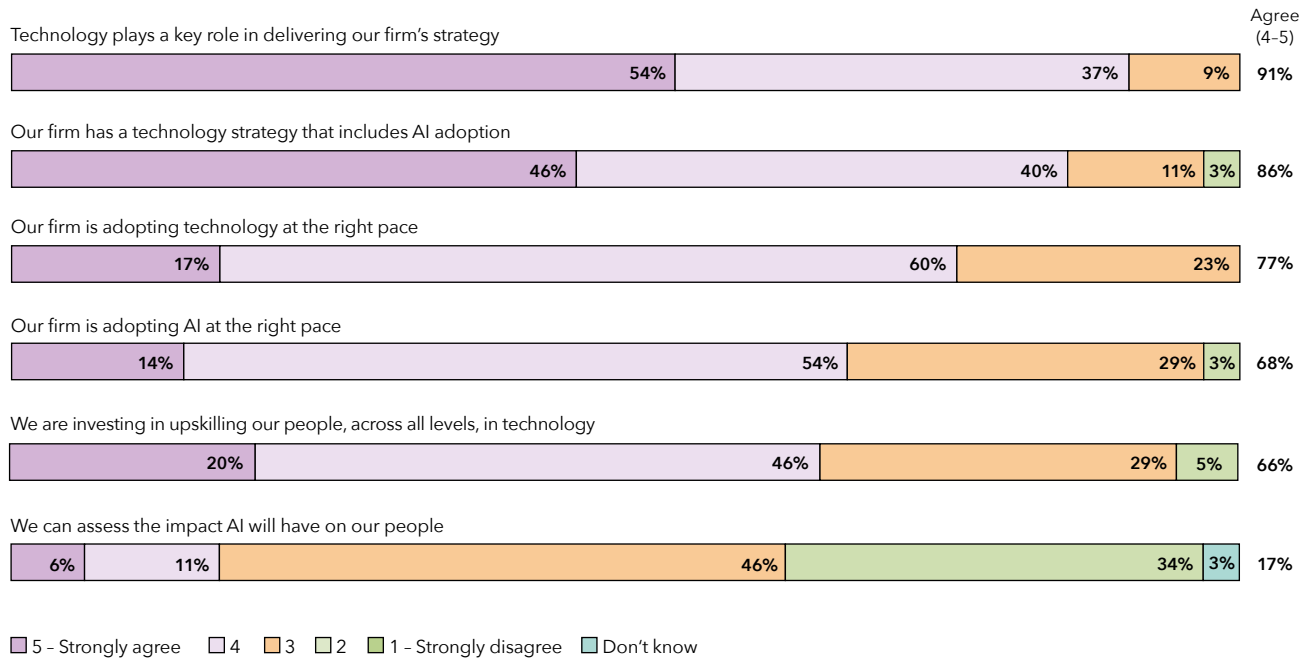


1.8. THE IMPACT OF CONSOLIDATION ON THE FUTURE OF THE SECTOR

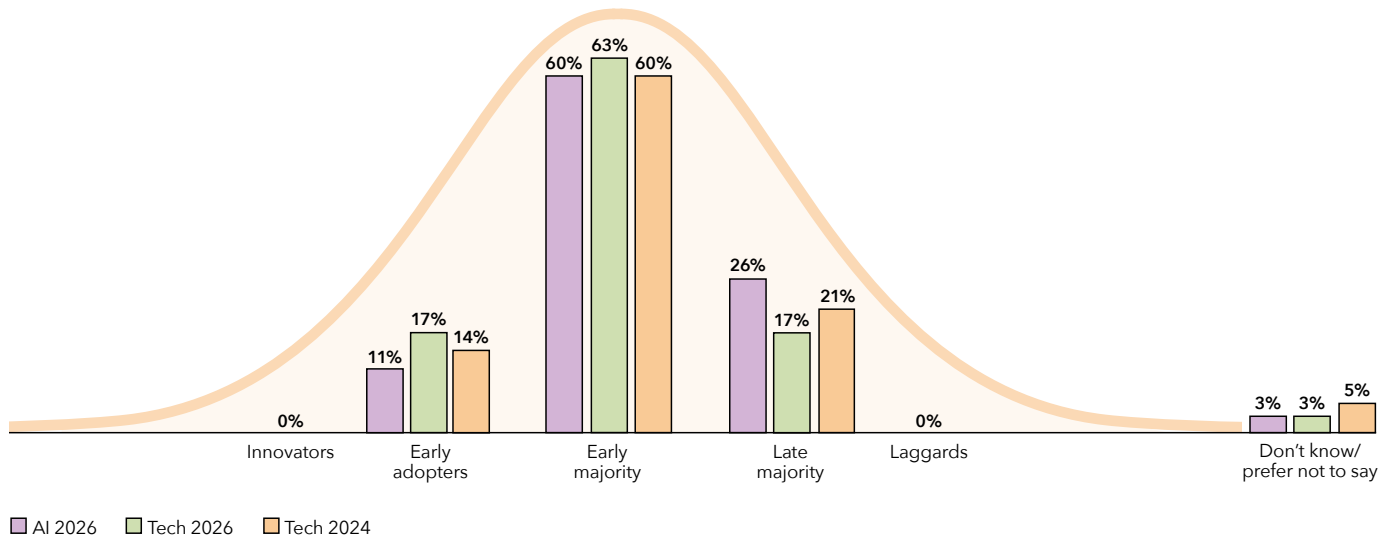


TECHNOLOGY, TALENT AND THE OPERATING MODEL

2.1. TECH AND AI IN THE FIRM

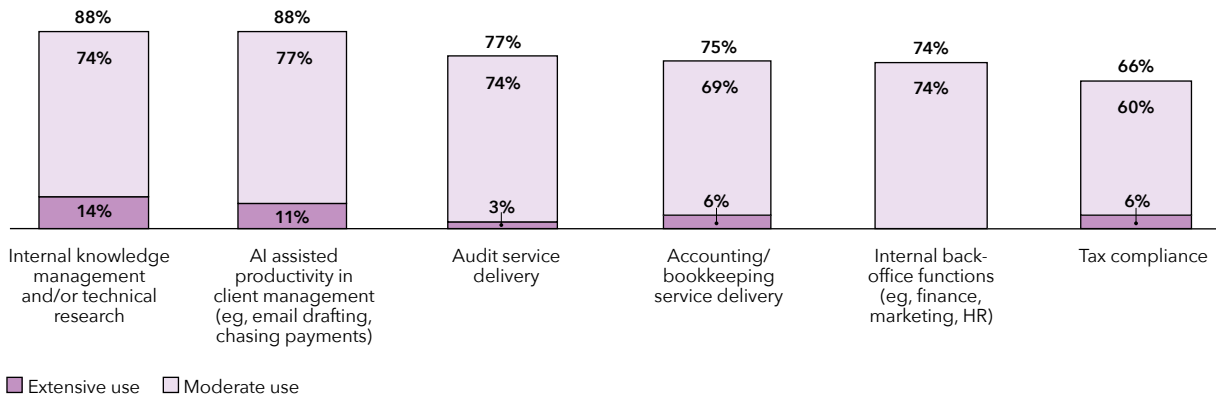


2.2. AI AND TECH ADOPTION

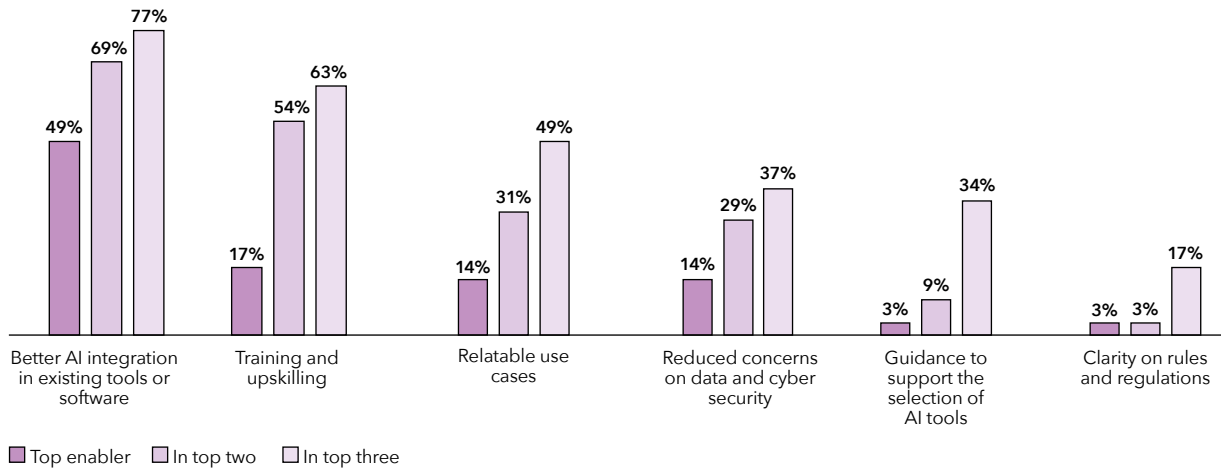


- Innovators are the very first individuals to embrace and adopt new technologies.
- Early adopters are the tech-savvy enthusiasts who follow innovators and are quick to adopt new technologies.
- The early majority are the first significant wave of mainstream consumers who adopt a technology.
- The late majority are those who adopt technology after the initial hype has subsided, and it has become accepted as a common part of everyday life.
- Laggards are the last group to adopt new technologies, that continue to use their existing solutions until they are no longer viable or available.

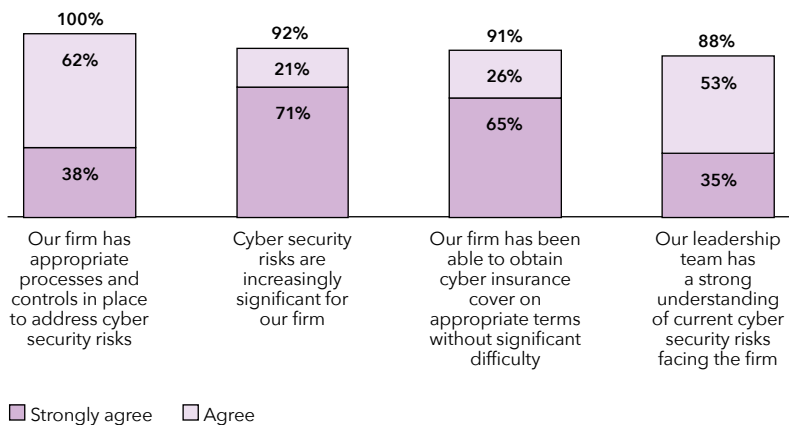
2.3. AI USE



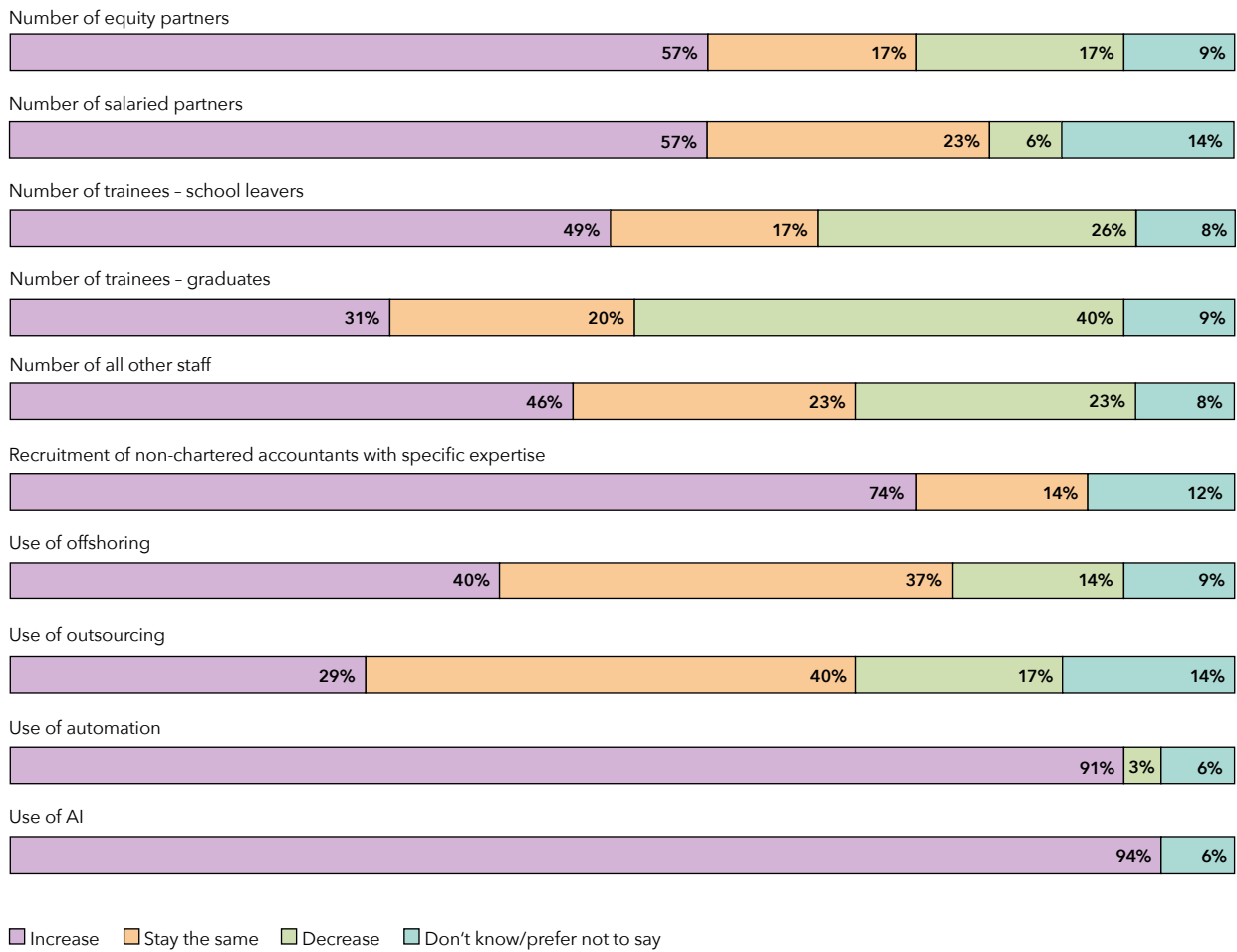
2.4. TOP ENABLERS FOR INCREASED AI USE



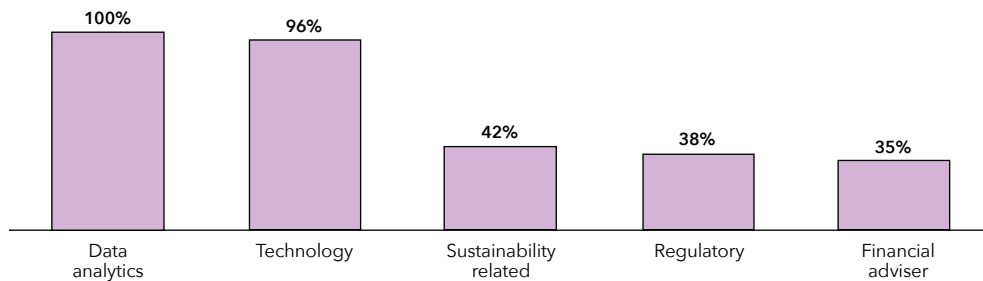
2.5. APPROACH TO CYBER SECURITY



2.6. FUTURE OPERATING MODELS: LOOKING TO THE NEXT THREE YEARS

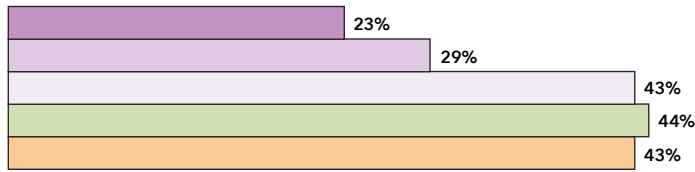


2.7. AREAS OF EXPERTISE SOUGHT THROUGH RECRUITMENT OF NON-CHARTERED ACCOUNTANTS

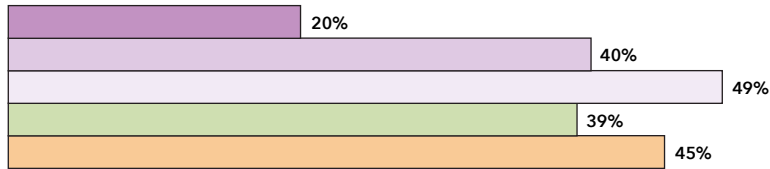


2.8. TOP THREE TALENT CHALLENGES

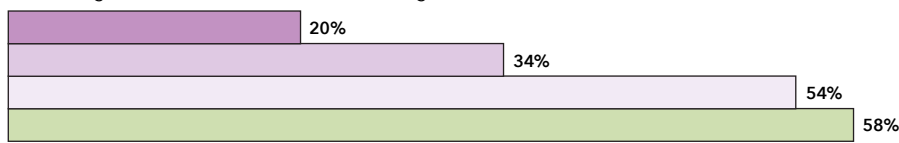
Future-proofing skills



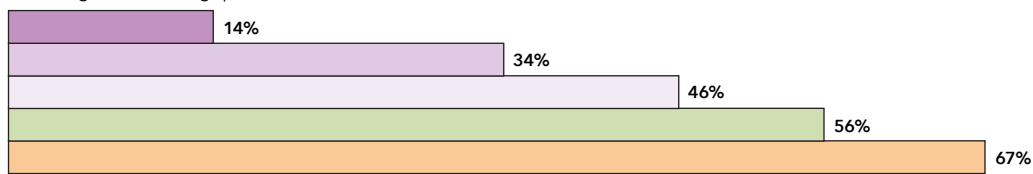
Succession planning for senior leadership roles



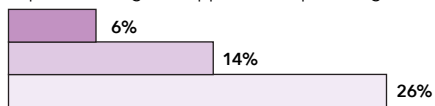
Contrasting work ethos/attitudes across different generations*



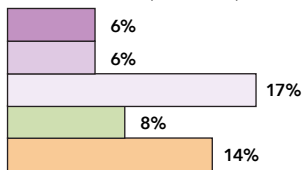
Attracting and recruiting qualified staff



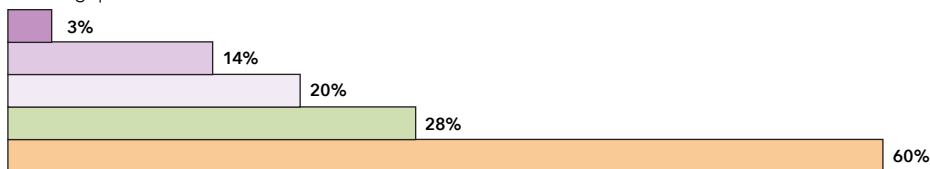
Impact of changes to apprenticeship funding*



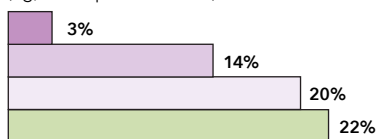
Attractiveness of partnership



Retaining qualified staff



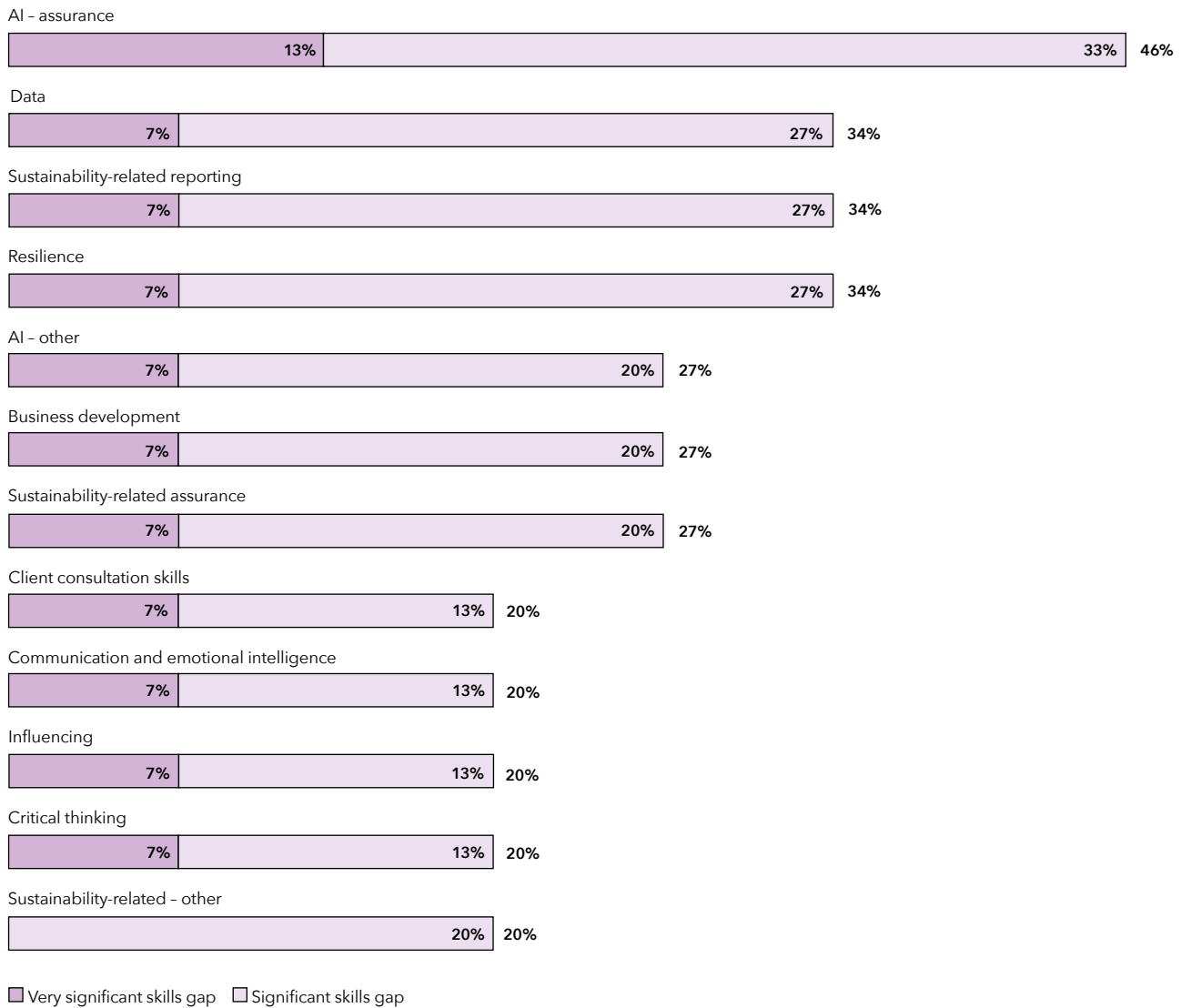
Impact of remote working on professional skills (eg, inadequate soft skills)*



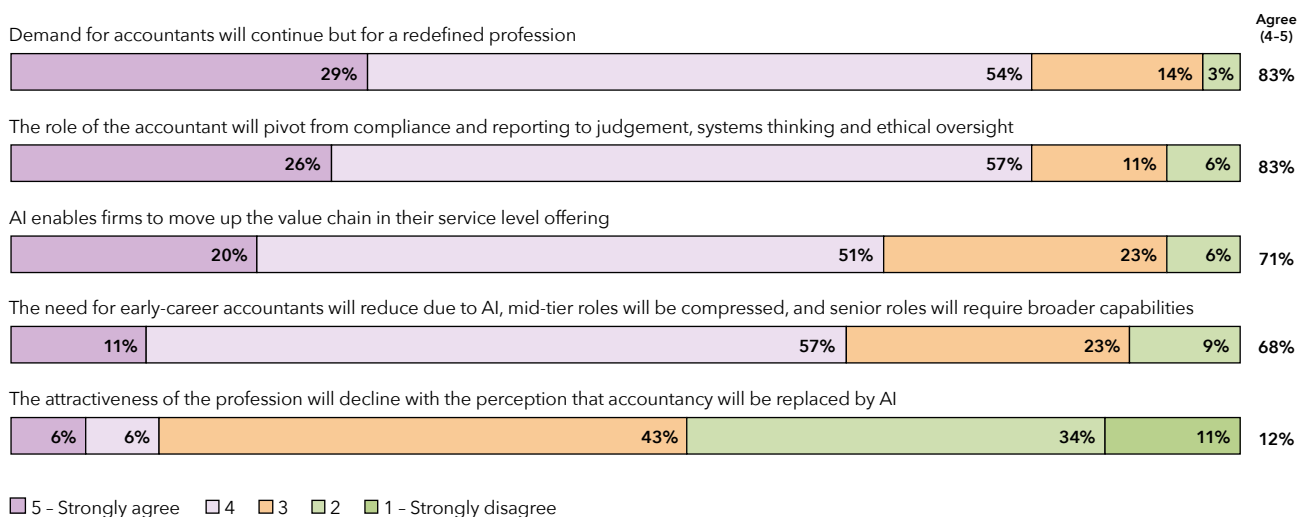
* Full comparative data not available

■ Top challenge 2026 ■ In top two 2026 ■ In top three 2026 ■ In top three 2025 ■ In top three 2024

2.9. SKILLS GAPS IDENTIFIED BY FIRMS THAT SELECTED FUTURE-PROOFING SKILLS AS A TOP THREE TALENT CHALLENGE

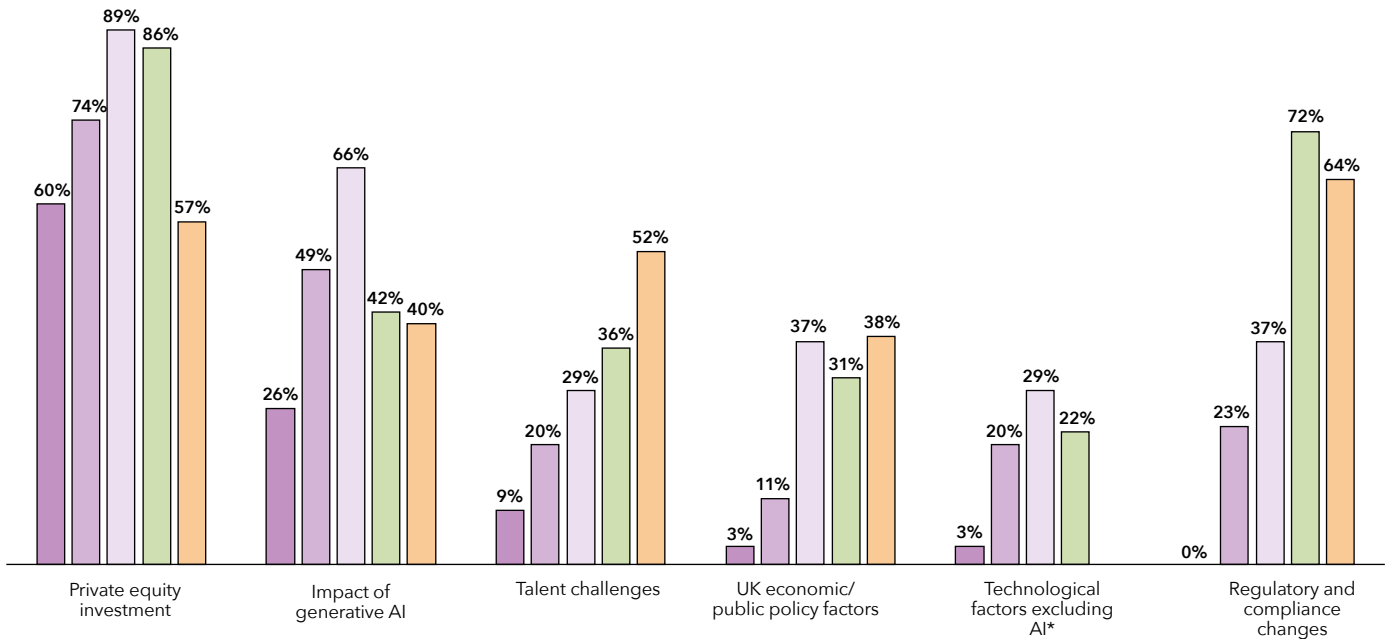


2.10. THE PROFESSION OF THE FUTURE



MACRO TRENDS AND GROWTH

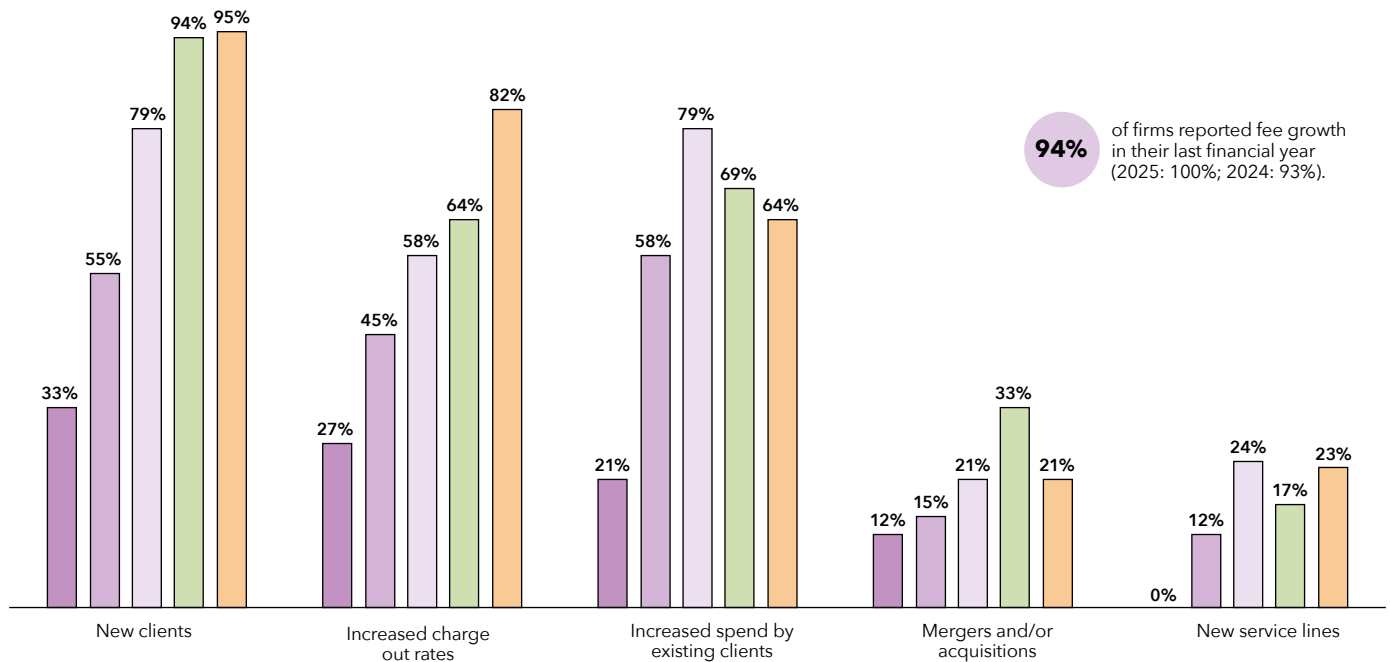
3.1. TOP THREE MACRO TRENDS IMPACTING THE ACCOUNTANCY PROFESSION



*2024 comparative data not available

■ Top trend 2026 ■ In top two 2026 ■ In top three 2026 ■ In top three 2025 ■ In top three 2024

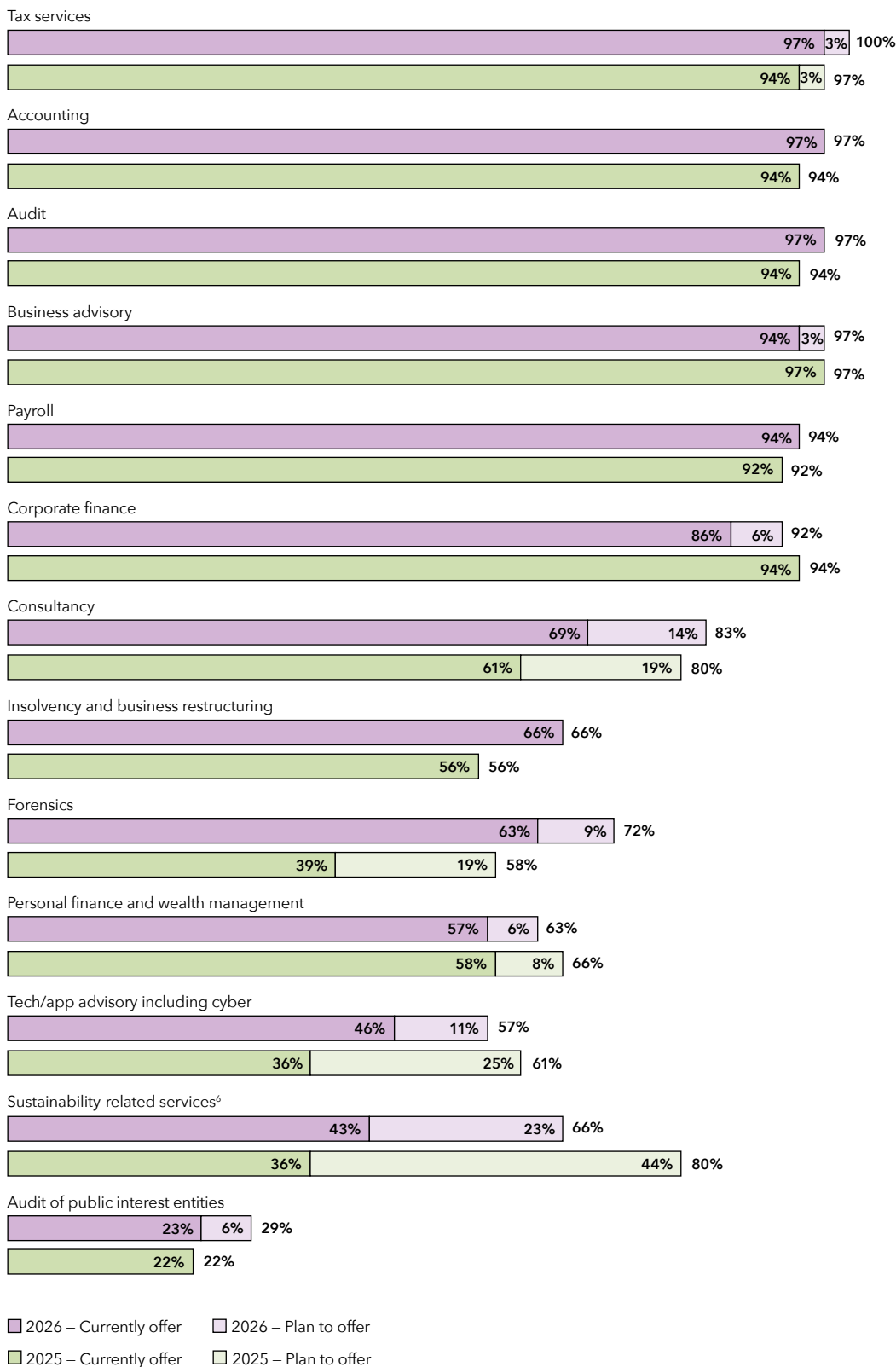
3.2. TOP THREE CONTRIBUTORS TO FEE GROWTH IN THE MOST RECENT FINANCIAL YEAR



94% of firms reported fee growth in their last financial year (2025: 100%; 2024: 93%).

■ Top contributor 2026 ■ In top two 2026 ■ In top three 2026 ■ In top three 2025 ■ In top three 2024

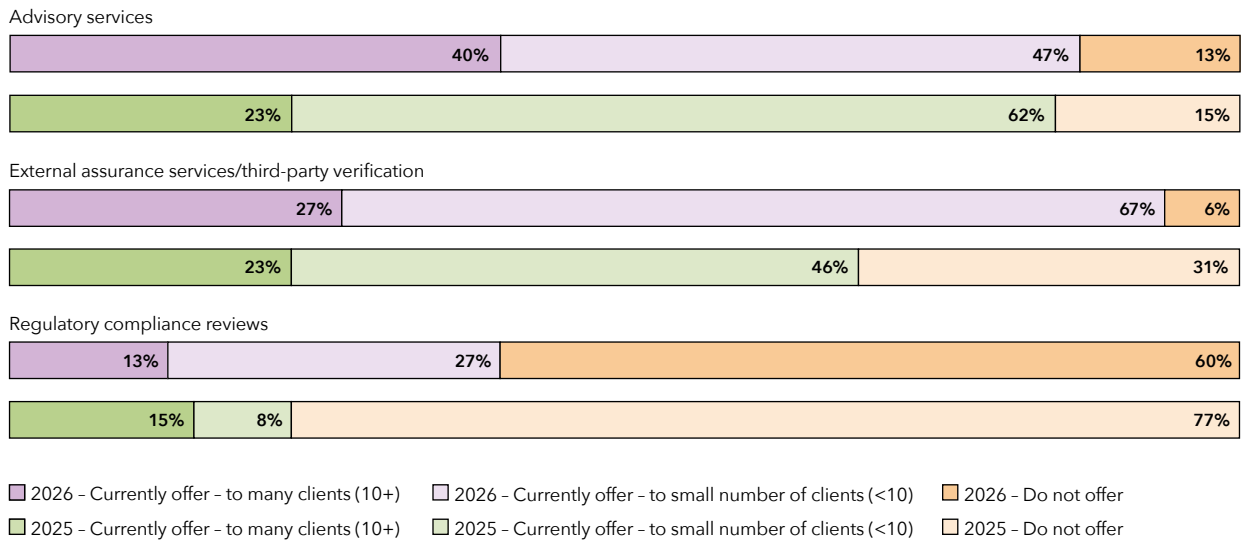
3.3. SERVICE LINE OFFERINGS



⁶ Note: The UK Sustainability Reporting Standards were published on 25 February 2026 while the survey was live.

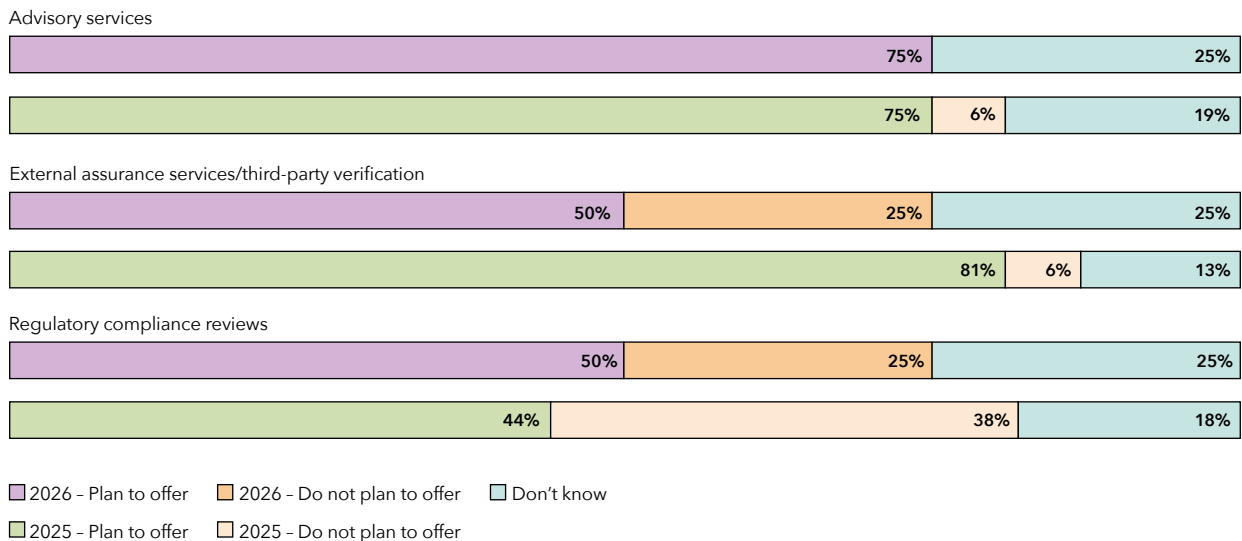
3.4. CURRENT SUSTAINABILITY-RELATED SERVICES

Of the 43% (2025: 36%) of firms currently offering sustainability-related services, the chart below shows the type of service offered.



3.5. PLANNED FUTURE OFFERING OF SUSTAINABILITY-RELATED SERVICES

Of the 23% (2025: 44%) of firms that plan to start offering sustainability-related services in the next three years, the chart below shows the type of service planned.



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* includes parent companies. Source: ICAEW member data March 2026, Interbrand, Best Global Brands 2025