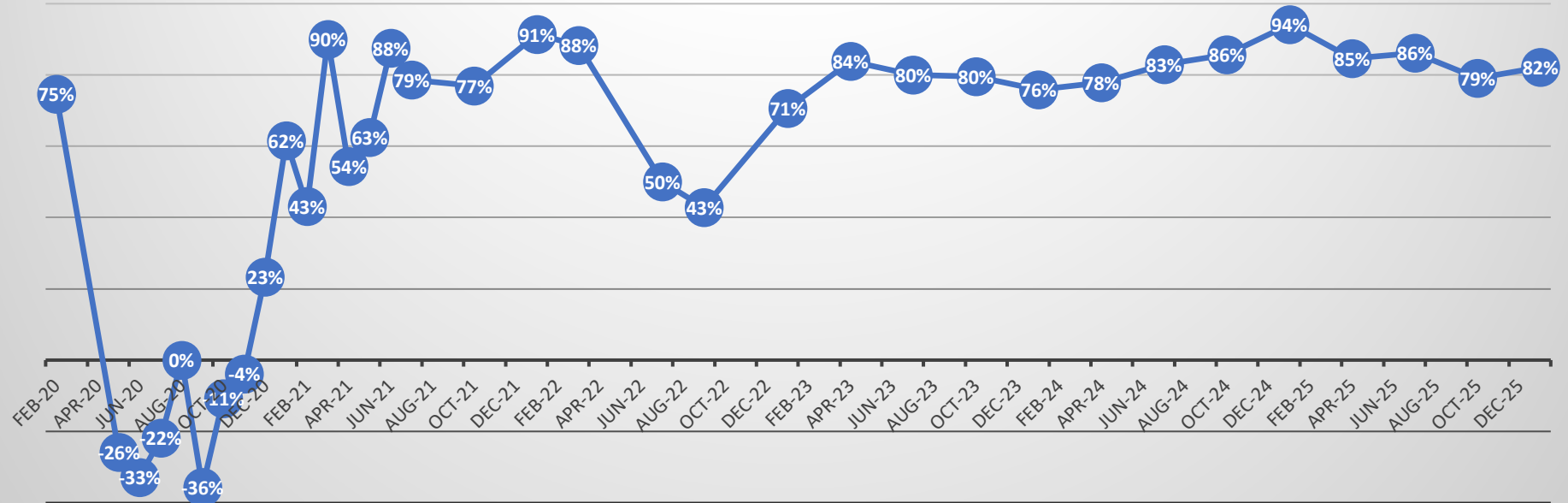




Winter 2025 Quarterly Sector Trends Tracker of CEOs and C-Suite members at mainly mid-sized professional firms
Completed by 92% of the 79 members of the Forum's Tracker Research Panel between 22 Dec 2025 and 22 Jan 2026

Managing Partners' Forum Confidence Index (2020 to 2025) Net expansion/contraction in projected levels of activity over next year

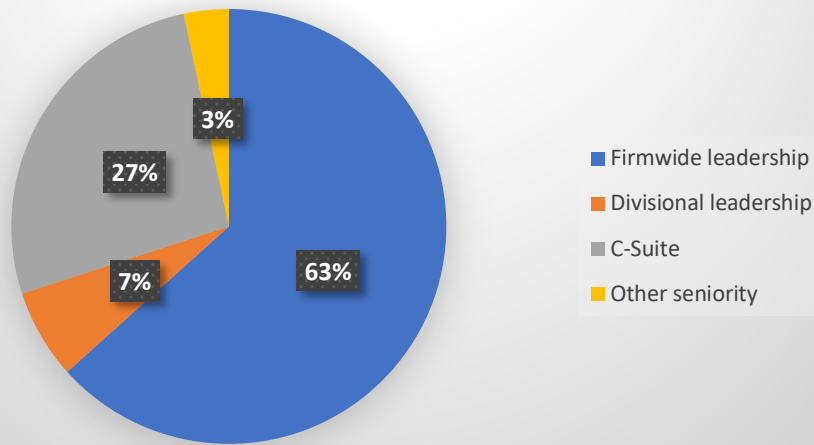


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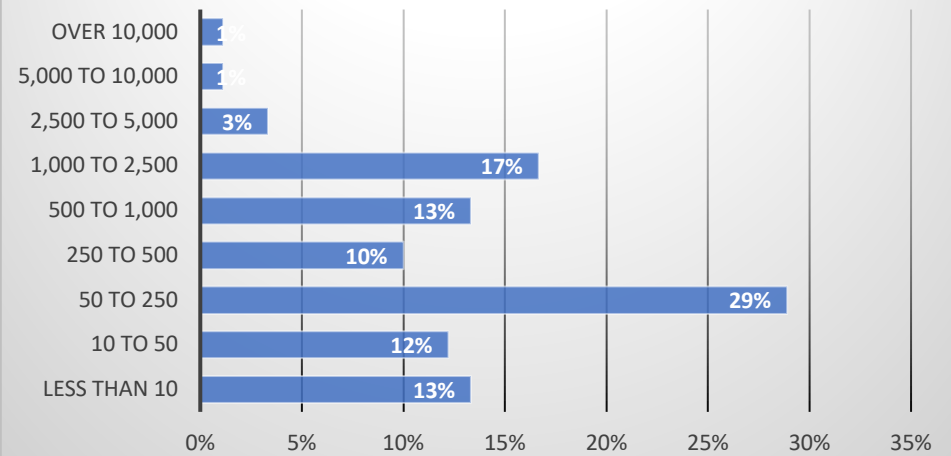
Commentary

1. The Winter 2025 Sector Trends Tracker was completed between 22 December 2025 and 22 January 2026 by an impressive 92% of the 79 members of the tracker research panel of CEOs and C-Suite members at mainly UK mid-sized professional services firms.
2. The Confidence index shows a modest improvement (82% - up from 79%). The current index is made up of 89% of firms projecting expansion over the next 12 months and 7% contraction. Projected net expansion in new workflow is down from 86% to 84%. Net Headcount projections have is unchanged at 44% - this quarter 58% projecting expansion and 14% contraction.
3. 'Finance & cash flow' continues to carry most weight at partner/director discussions (64% up from 60%), followed by 'Marketing and new business generation' at 56% up from 51%; 'Operational performance' at 50% down from 53%; 'People and the firm as an employer' at 41% down from 56%. By contrast, 'Operational efficiency' remains the top priority for management (61% up from 56%), followed by 'Developing people's skills and capabilities' (55% up from 46%); and 'Use of technology' (53% up from 44%). As regards the constraints that are preventing firms from achieving optimal growth performance in the current economic climate, 'Margin erosion' (64% up from 48% in two quarters); 'Poor economic outlook' (56% down from 61%); followed by and 'Fee pressures' (53% up from 48%). 'Political uncertainty' has back to 27%. 'Employee turnover' is back to 14% from 23%, compared with over 70% for much of 2022.
4. 'Making change happen' (66% up from 58%) is the management activity that is seen as contributing most to helping a firm achieve its goals. This is followed by 'Getting the best from the team' (63% down from 67%) and 'Communicating effectively' (53% down from 61%). As regards the dominant management style, 80% (up from 72%) chose 'Challenge & support' with 0% selecting 'Command & control'.
5. As regards being on track for success, the scores for own firm and key clients have both fallen – 55% from 63% for clients; 72% to 70% for own firm, with the gap increasing from 9% to 15%. 25% of firms believe that remote working has increased productivity, with 19% saying that it has decreased. By contrast, over 50% said that remote working had increased productivity in the Autumn 2021 tracker.
6. Client sectors representing more than 10% of revenues include professional services (46% of firms); financial services (40% of firms); technology (23% of firms) and local/central Government (17% firms).
7. 72% (down from 74%) of firms are looking for about the same amount of office space over the next 12 months, with 13% looking for more, and 18% for less space. Only 5% of employees work full time at the office, with 91% working between a quarter and half the time at home.

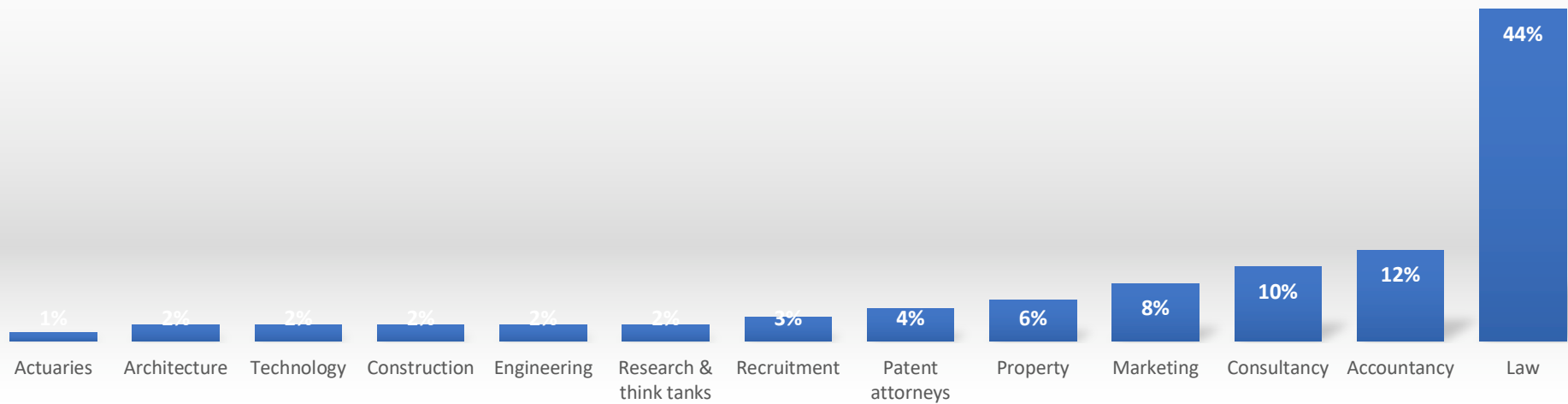
Seniority



Headcount

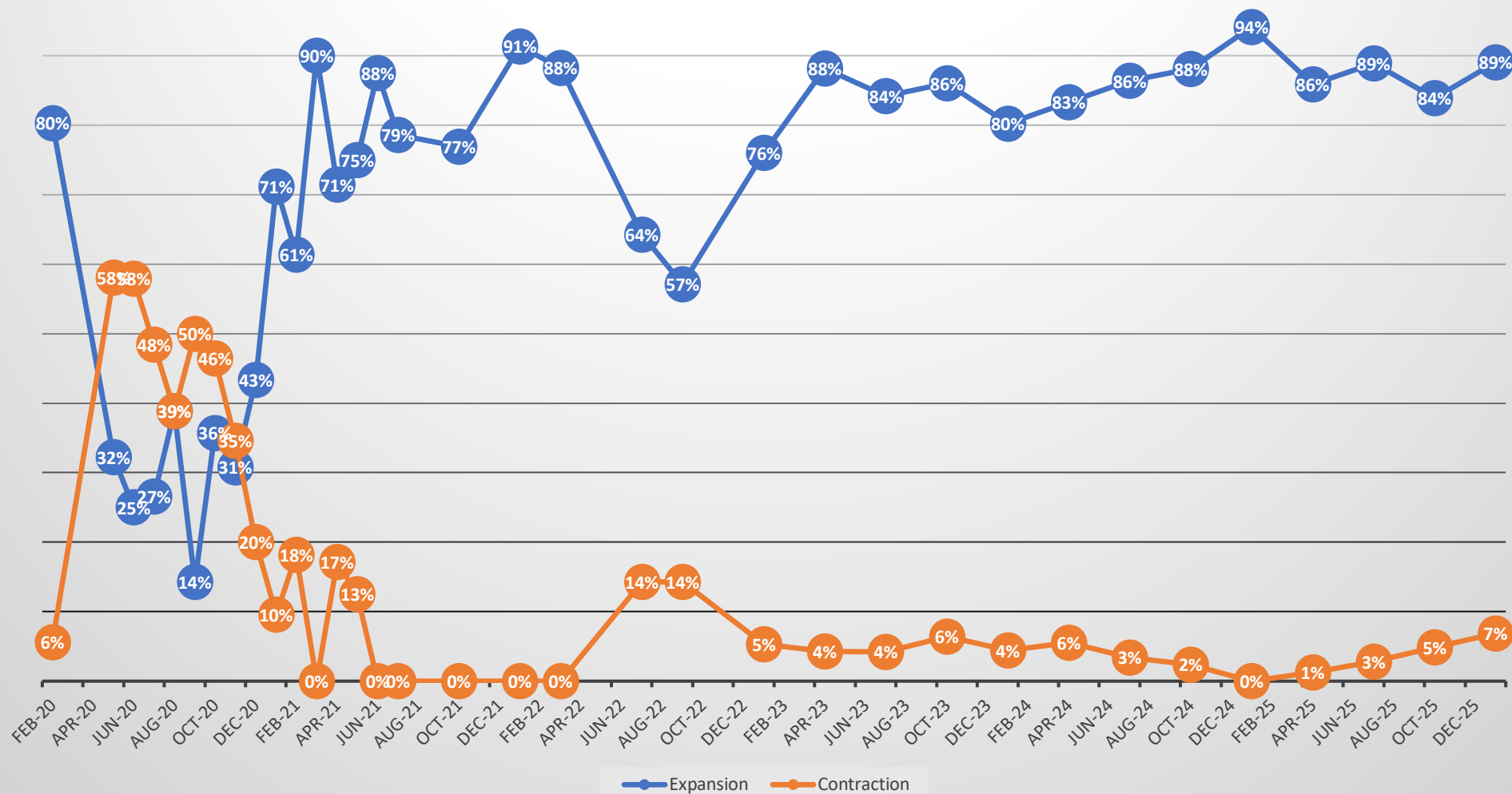


Sector



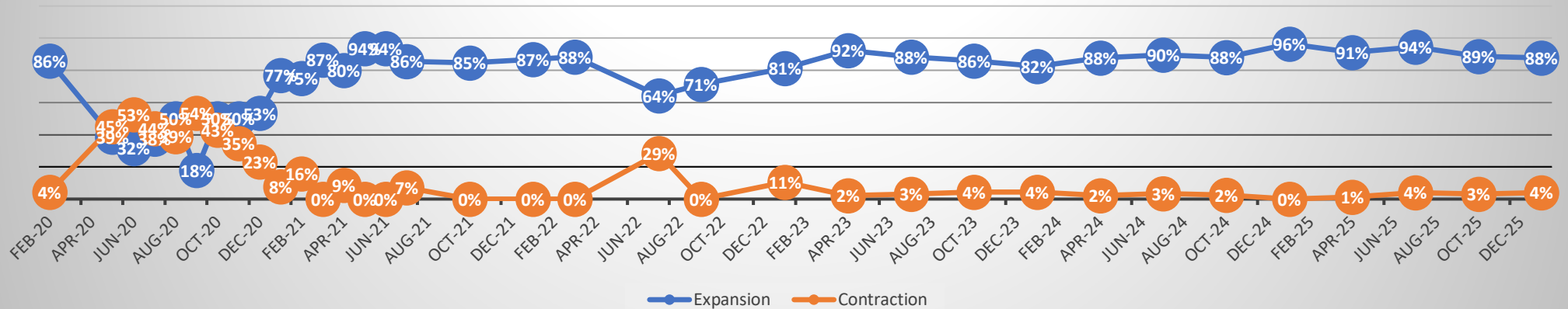
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Do you expect to expand or contract the level of activity at your firm over the next year?

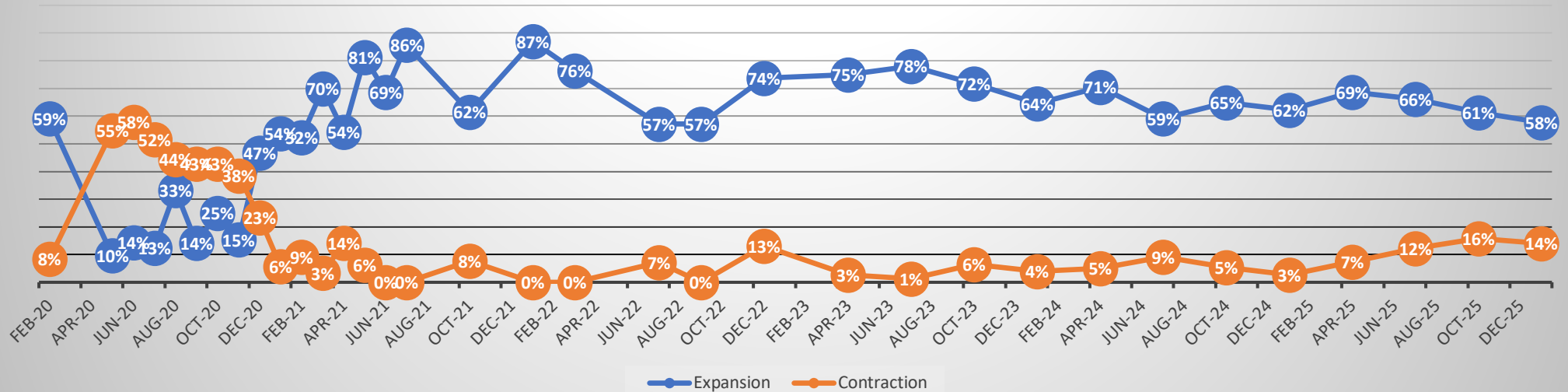


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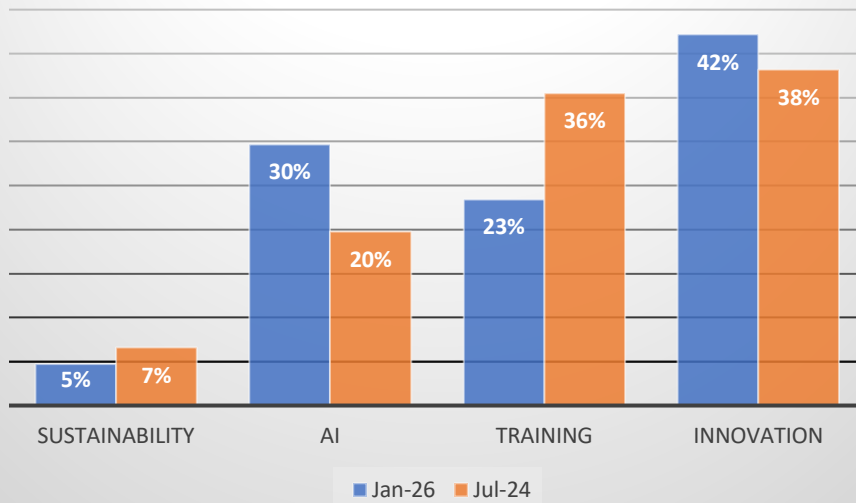
Do you expect to expand or contract the flow of new work to your firm over the next year?



Do you expect to expand or contract the headcount of your firm over the next year?

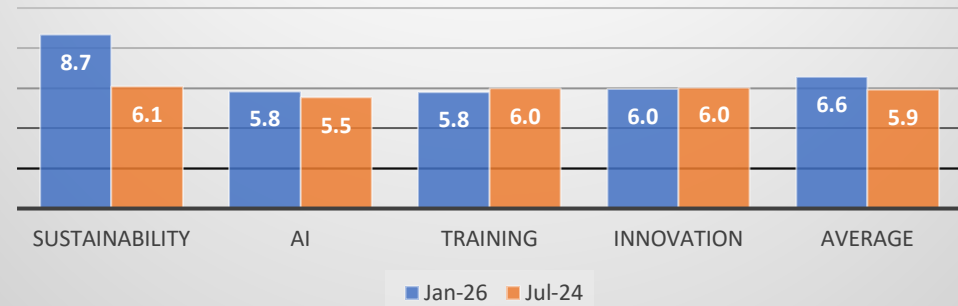


Most important theme for the firm

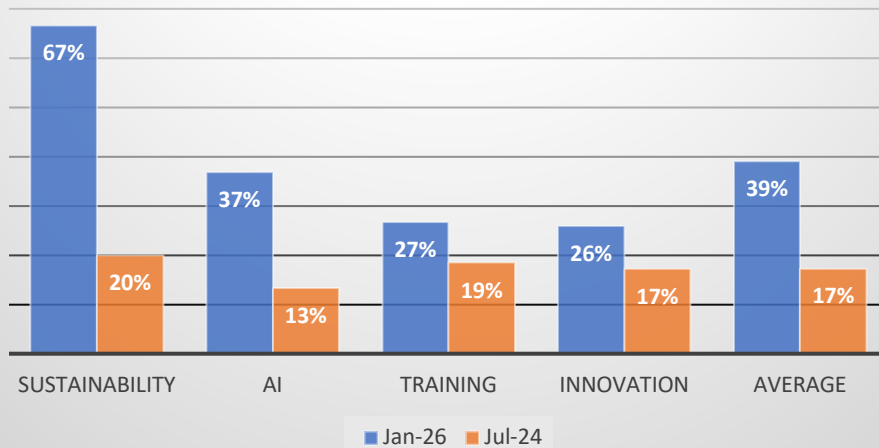


To what extent do you think your firm is taking a market-leading approach to developing and deploying each theme?

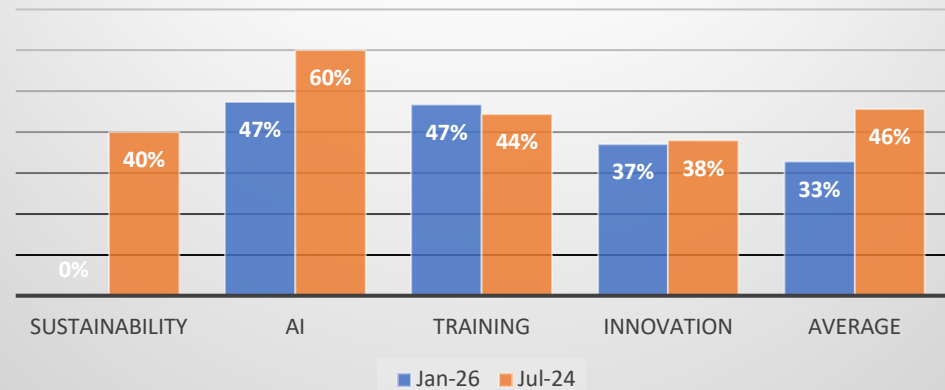
Range: 0 = significantly behind peers; 10 = significantly ahead of peers



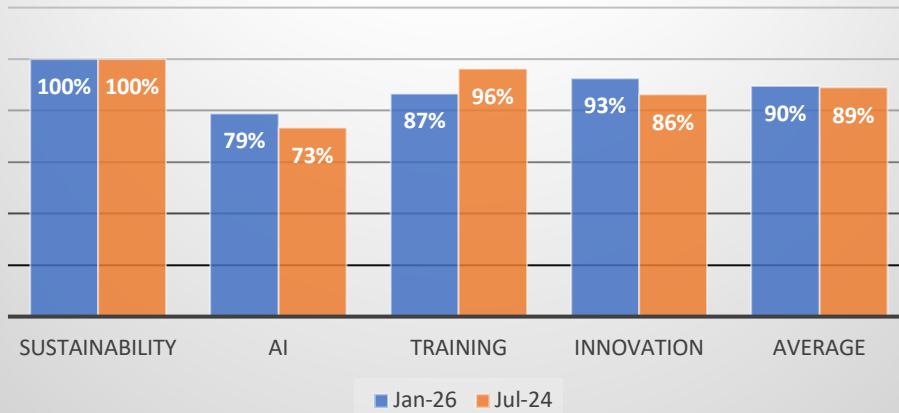
Respondent is leading on the theme at their firm



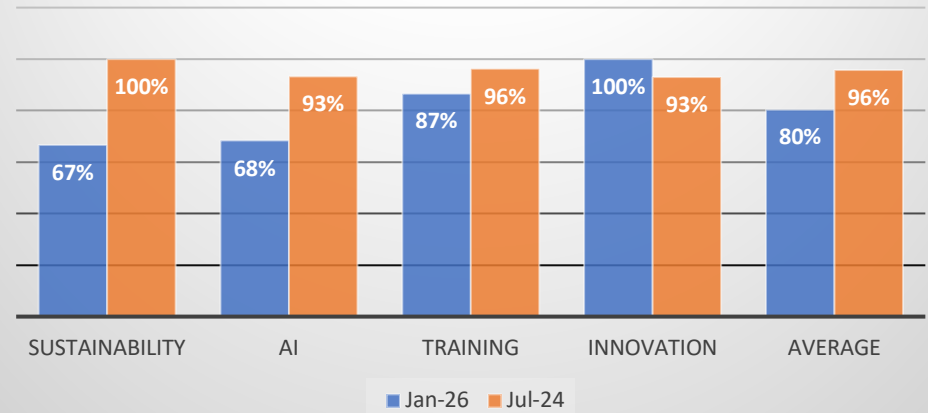
We have a cross-functional committee to lead on it, in which my function plays a key role



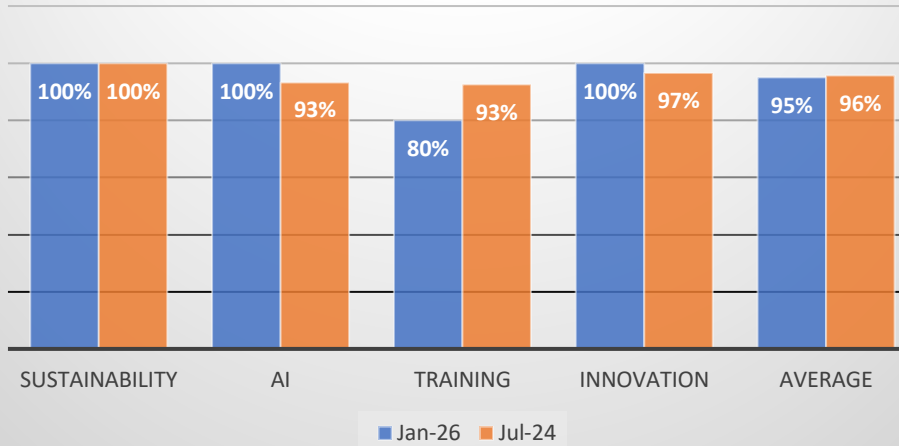
Our firm's clients expect us to deploy it in our interactions with them



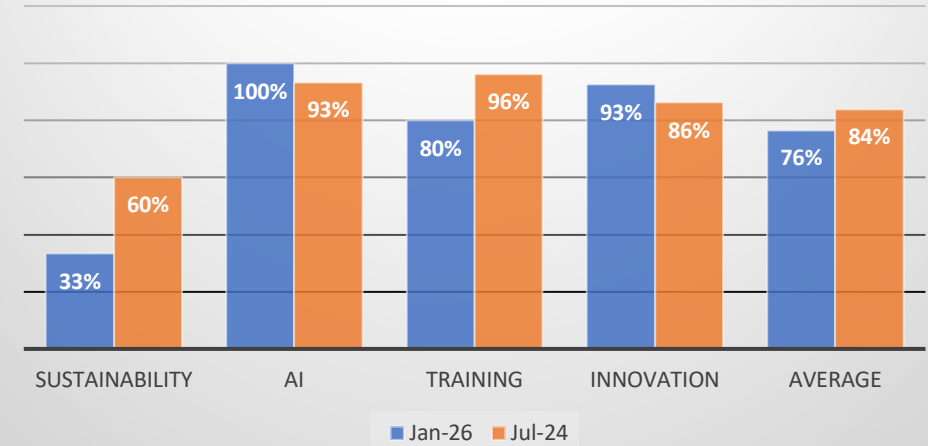
Investing in it will help our firm grow market share



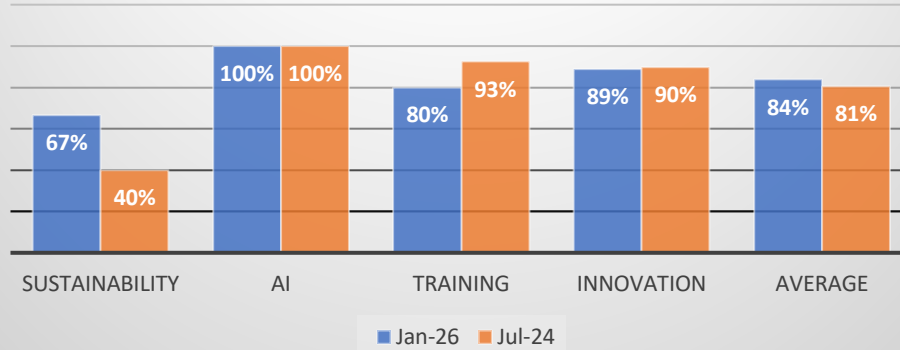
It is a critical part of our growth strategy



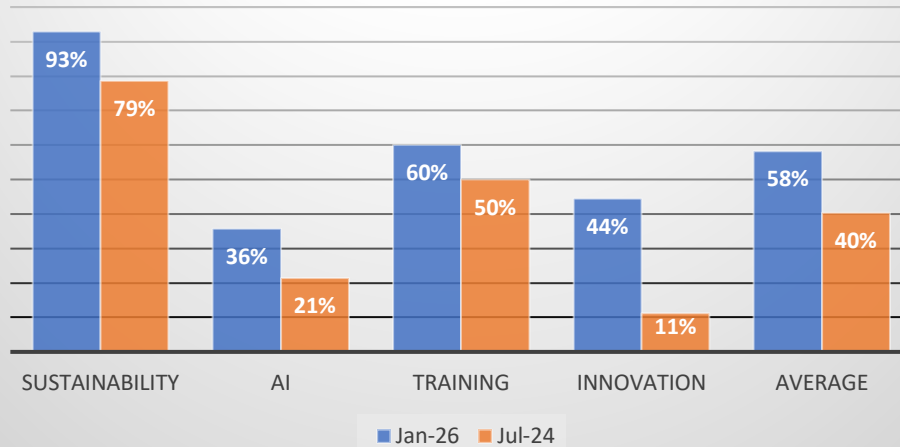
It will result in increased productivity among our firm's front line advisers



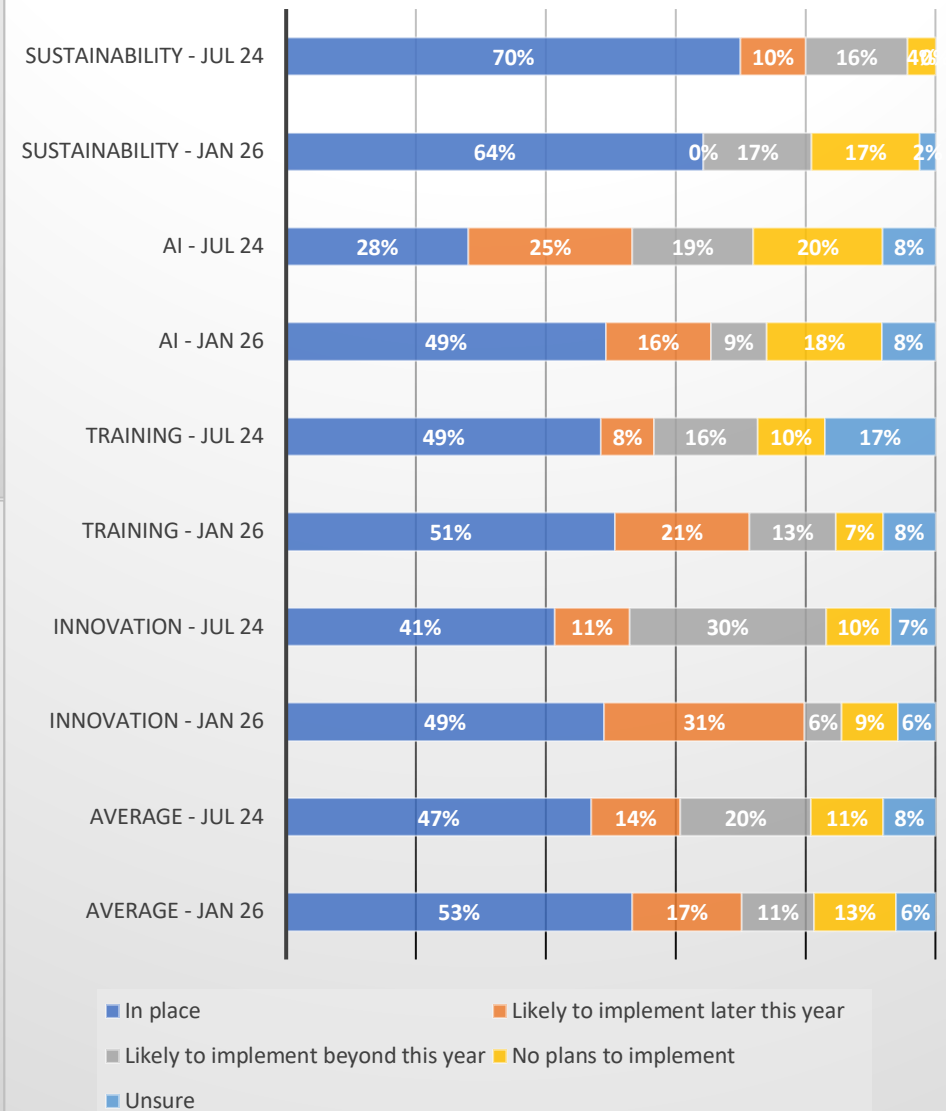
It will result in increased productivity among our firm's business services teams



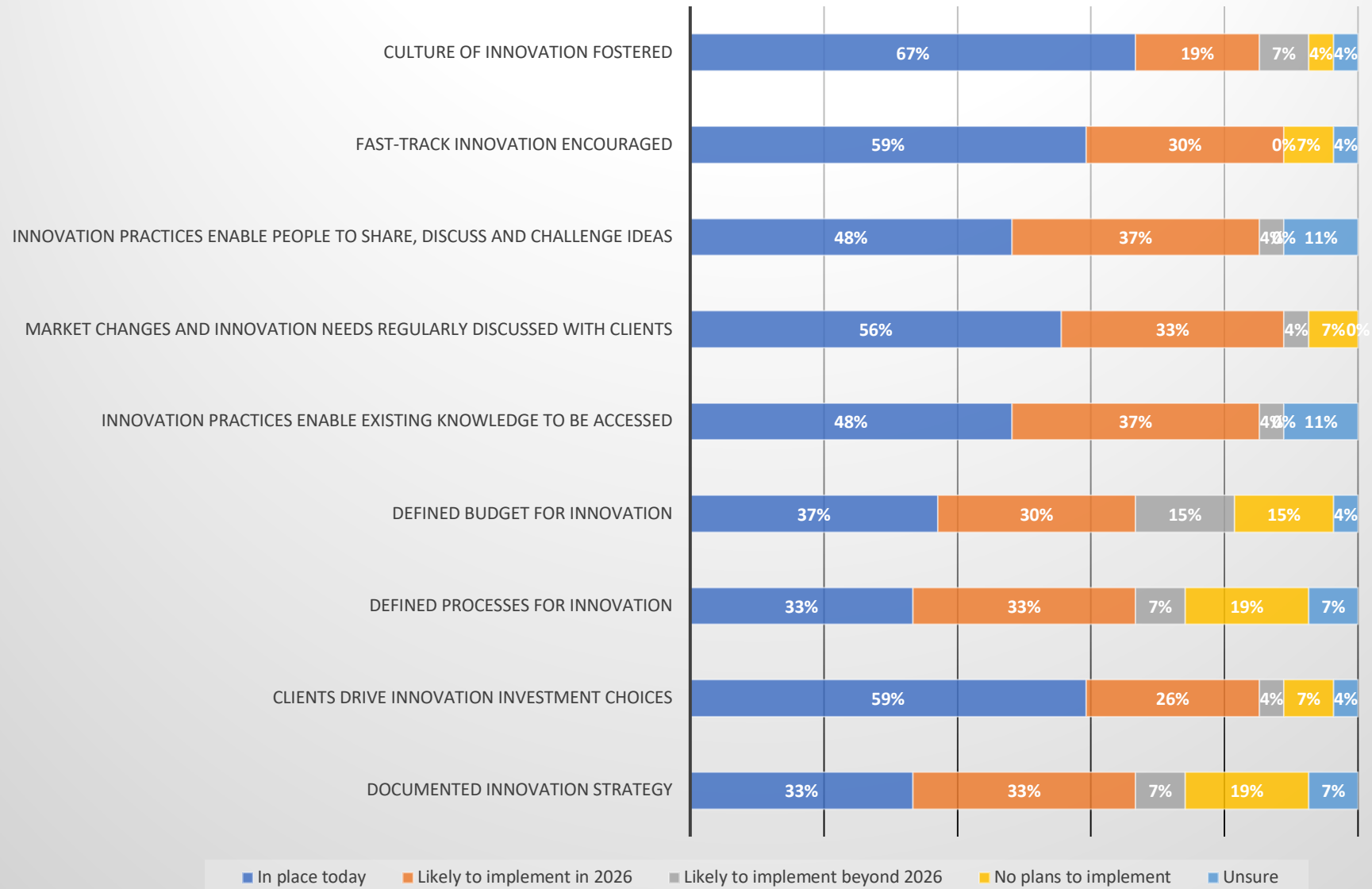
More than 50% of best practice activities are in place



Extent best practices are in place

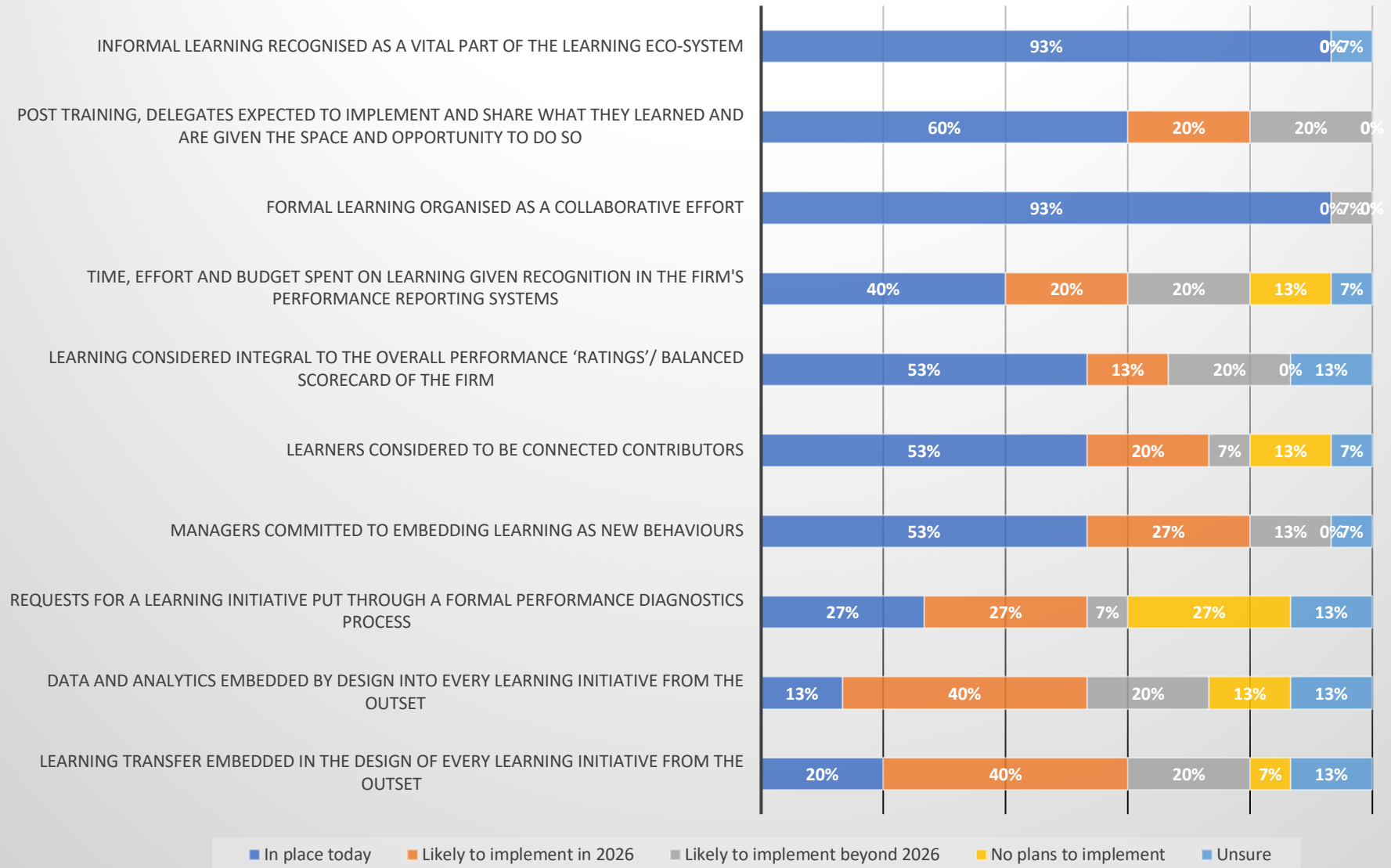


Innovation implementation plans - January 2026 (27 firms)

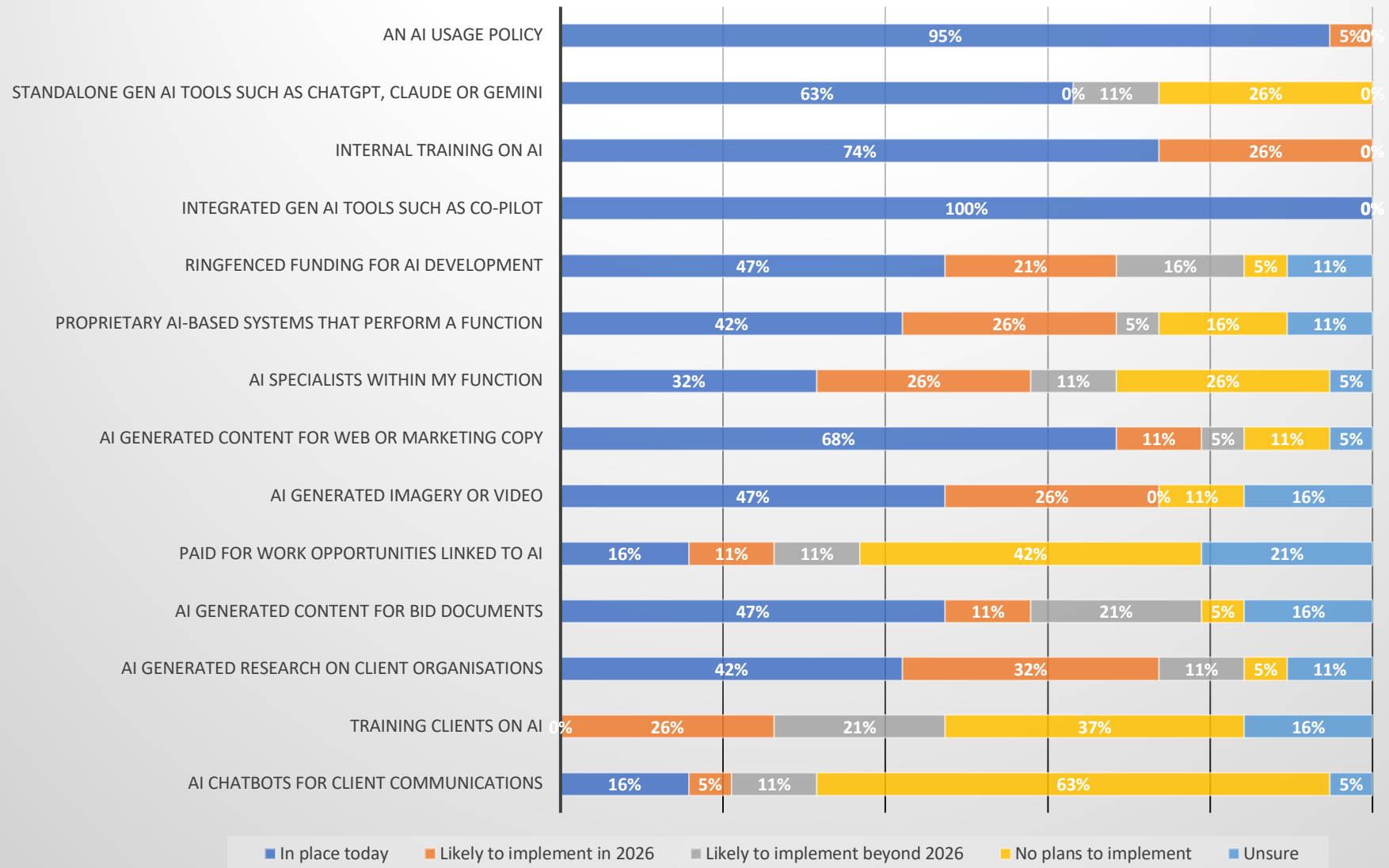


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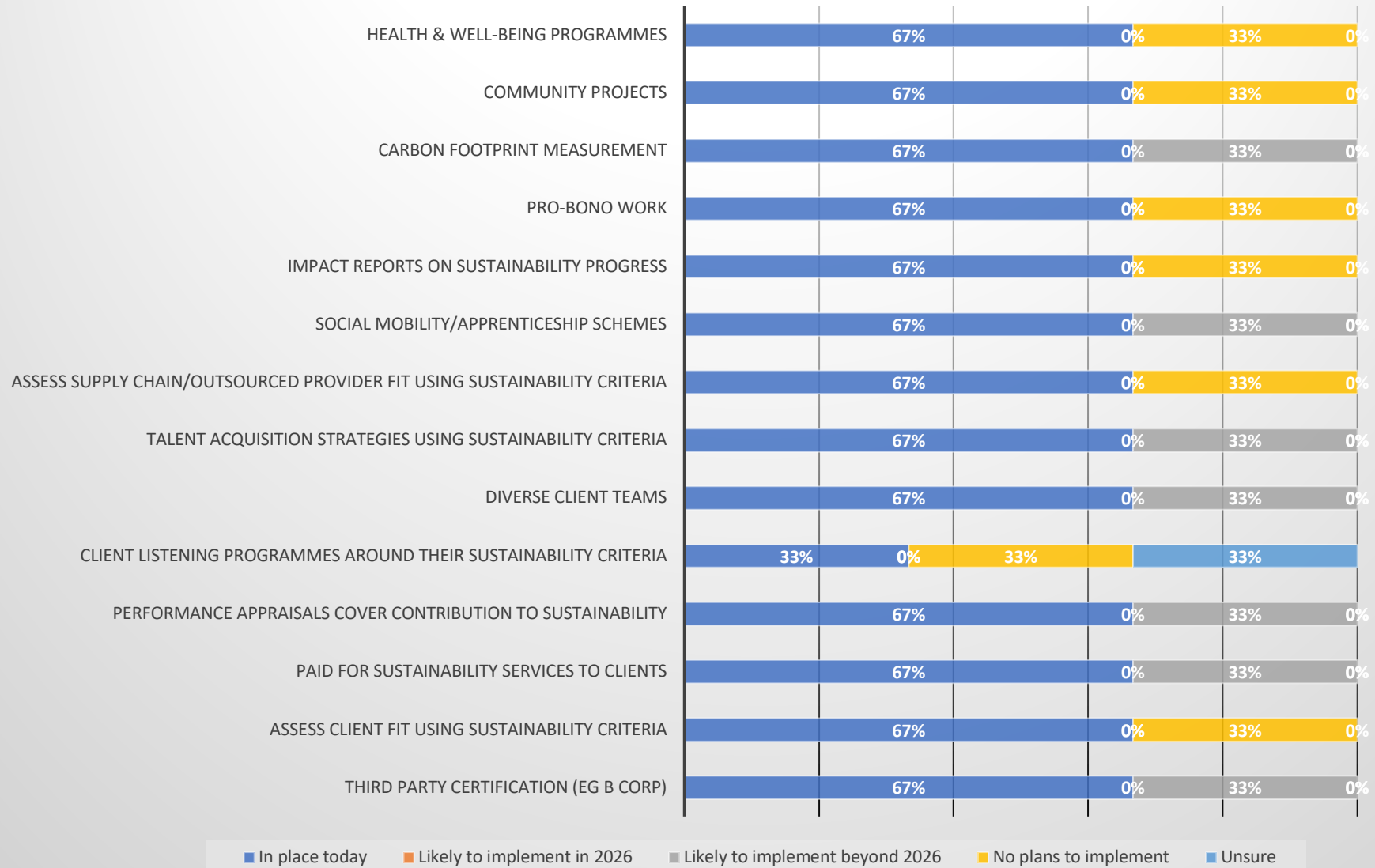
Training implementation plans - January 2026 (15 firms)



AI implementation plans - January 2026 (19 firms)

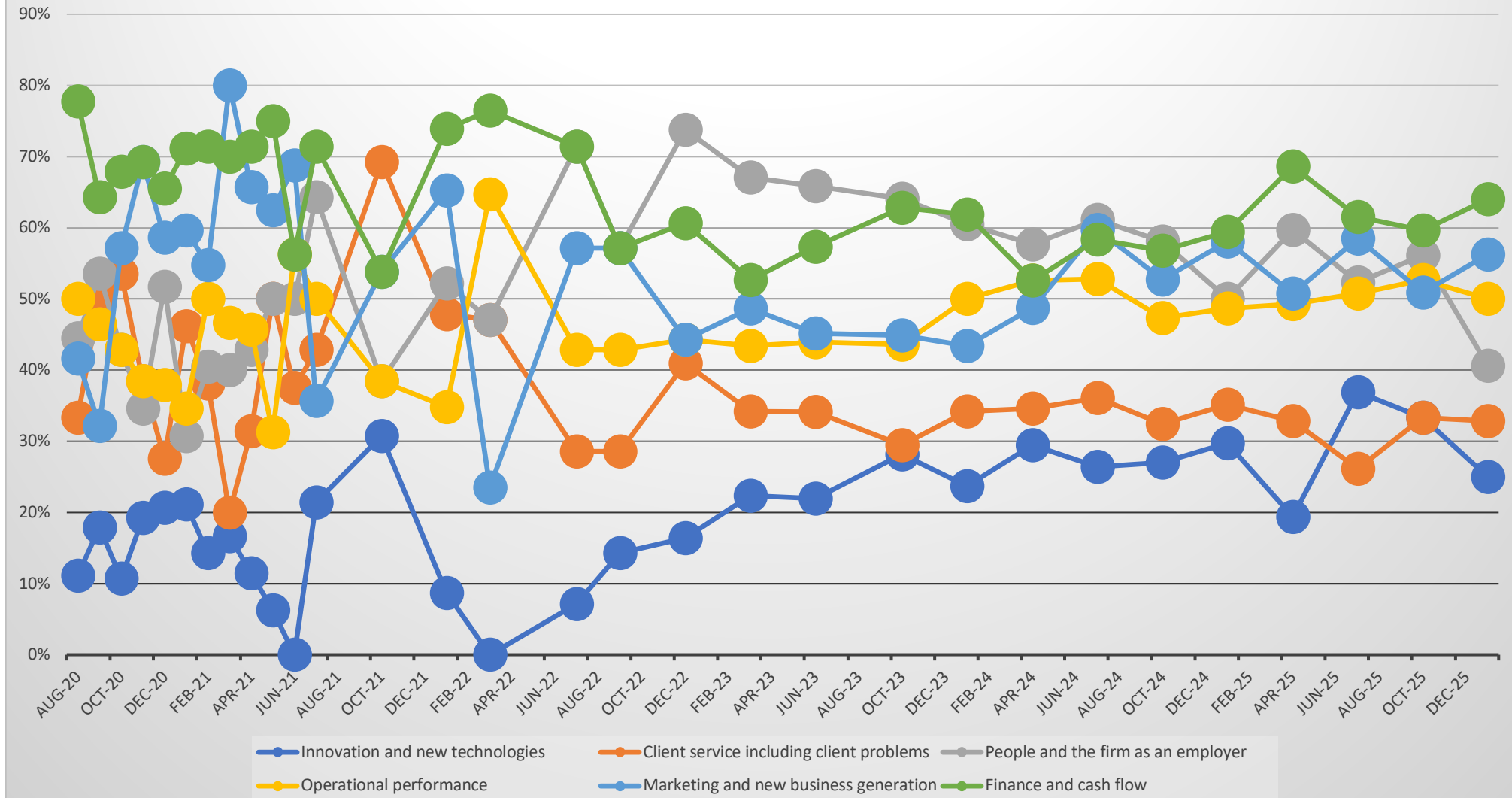


Sustainability implementation plans - January 2026 (3 firms)

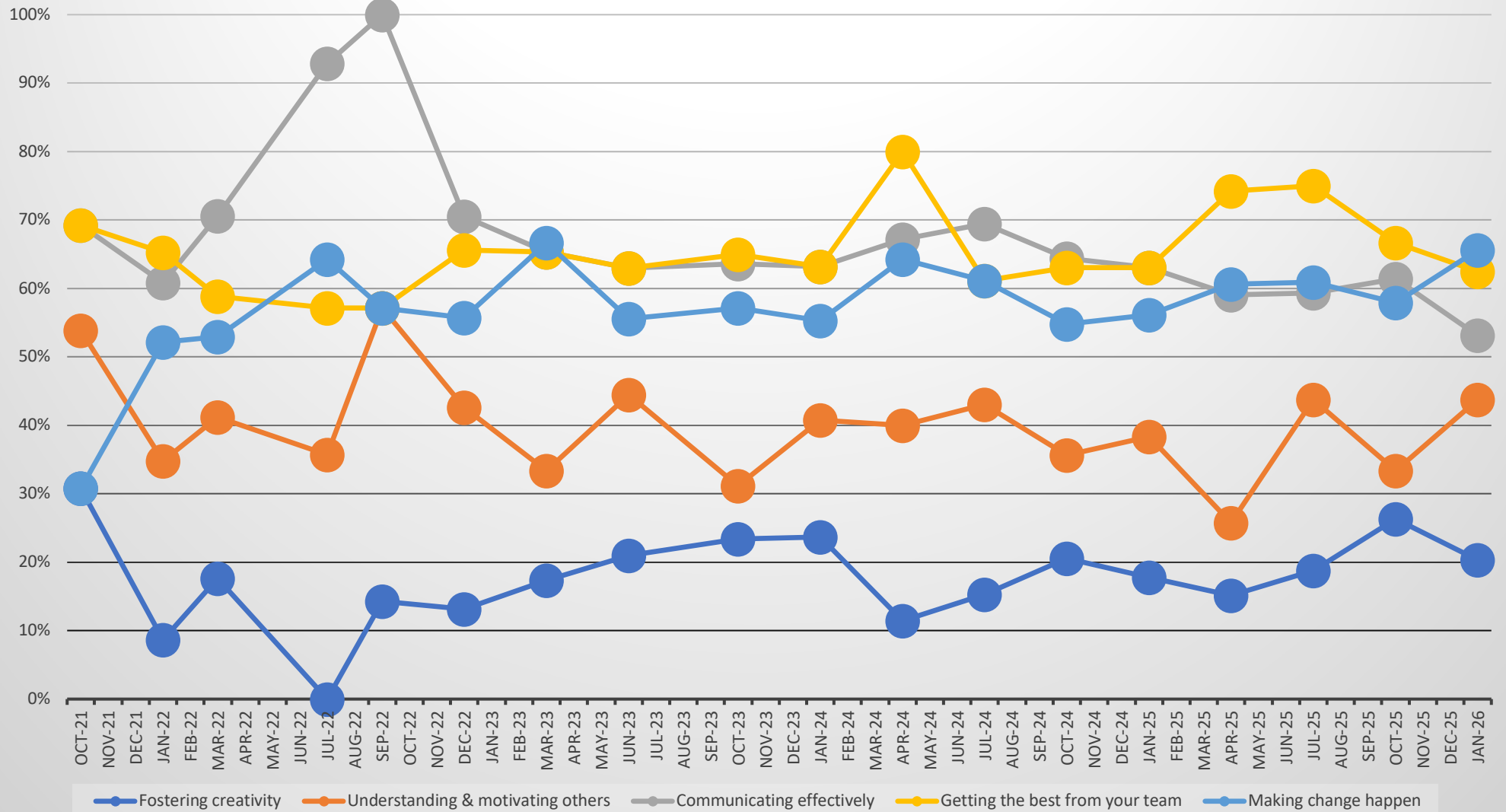


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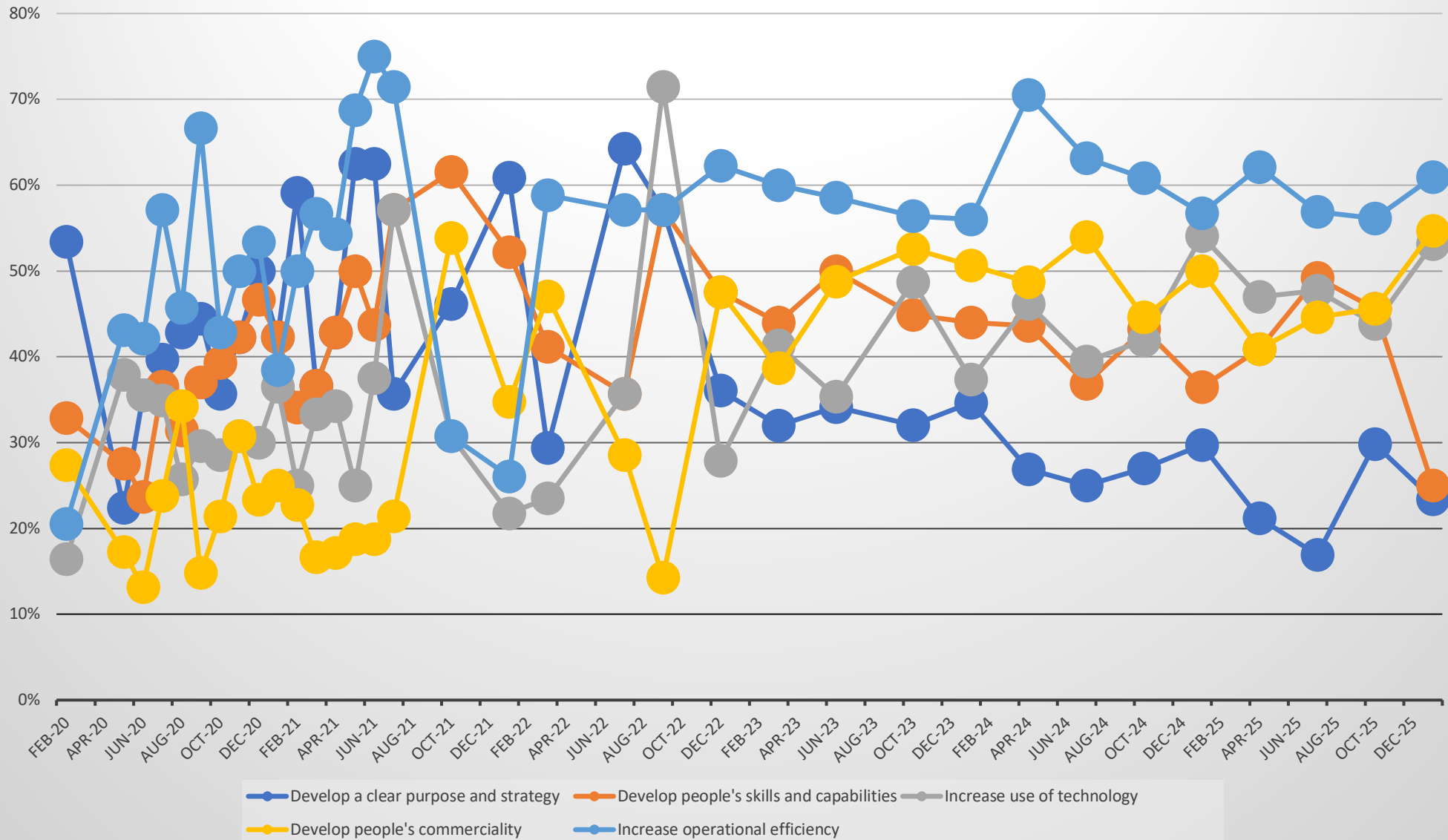
Which are the THREE areas that normally carry the most weight during partner/director discussions?



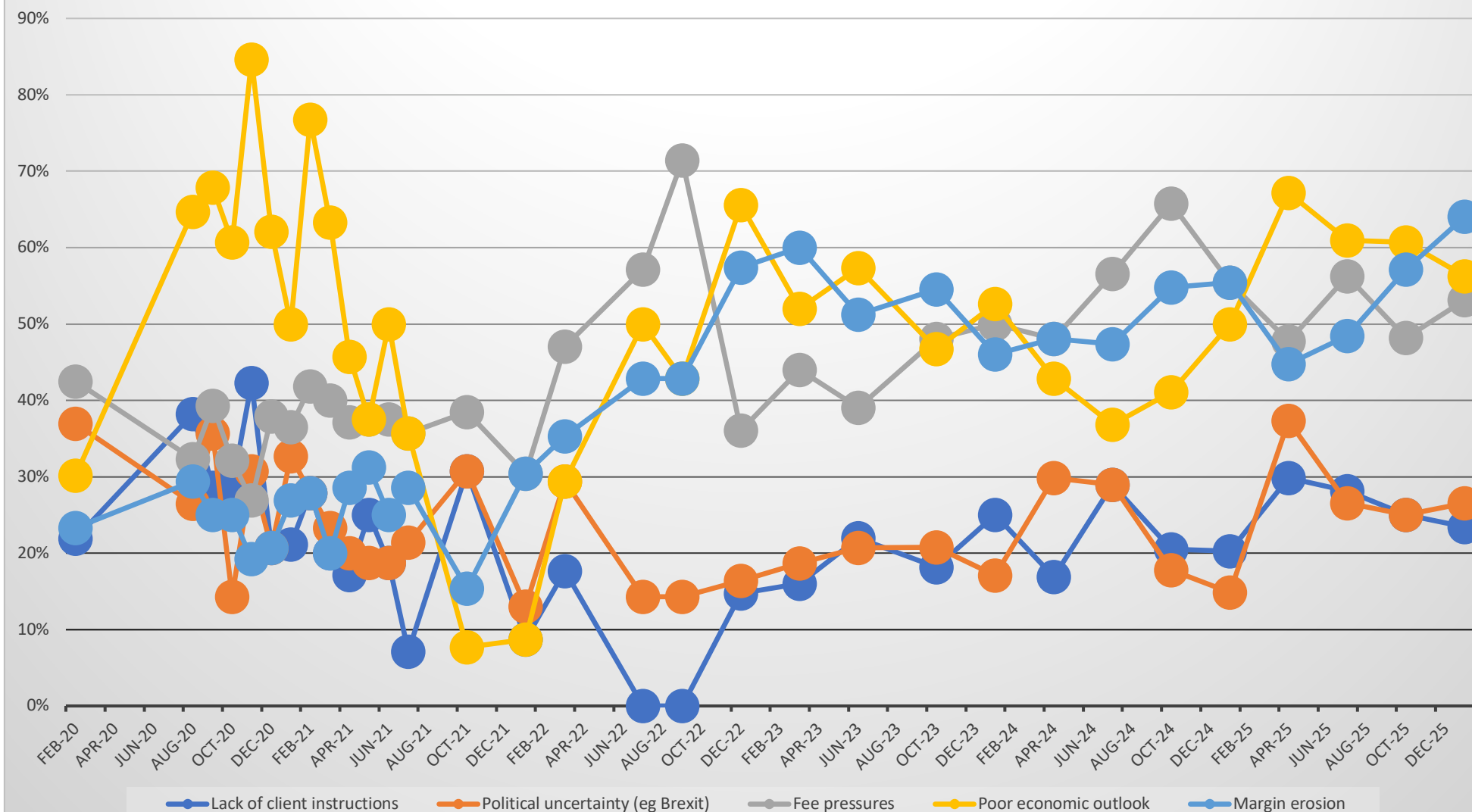
Which THREE management activities do you consider will contribute most to helping your firm achieve its goals?



Select the THREE top priorities for your firm over the next twelve months

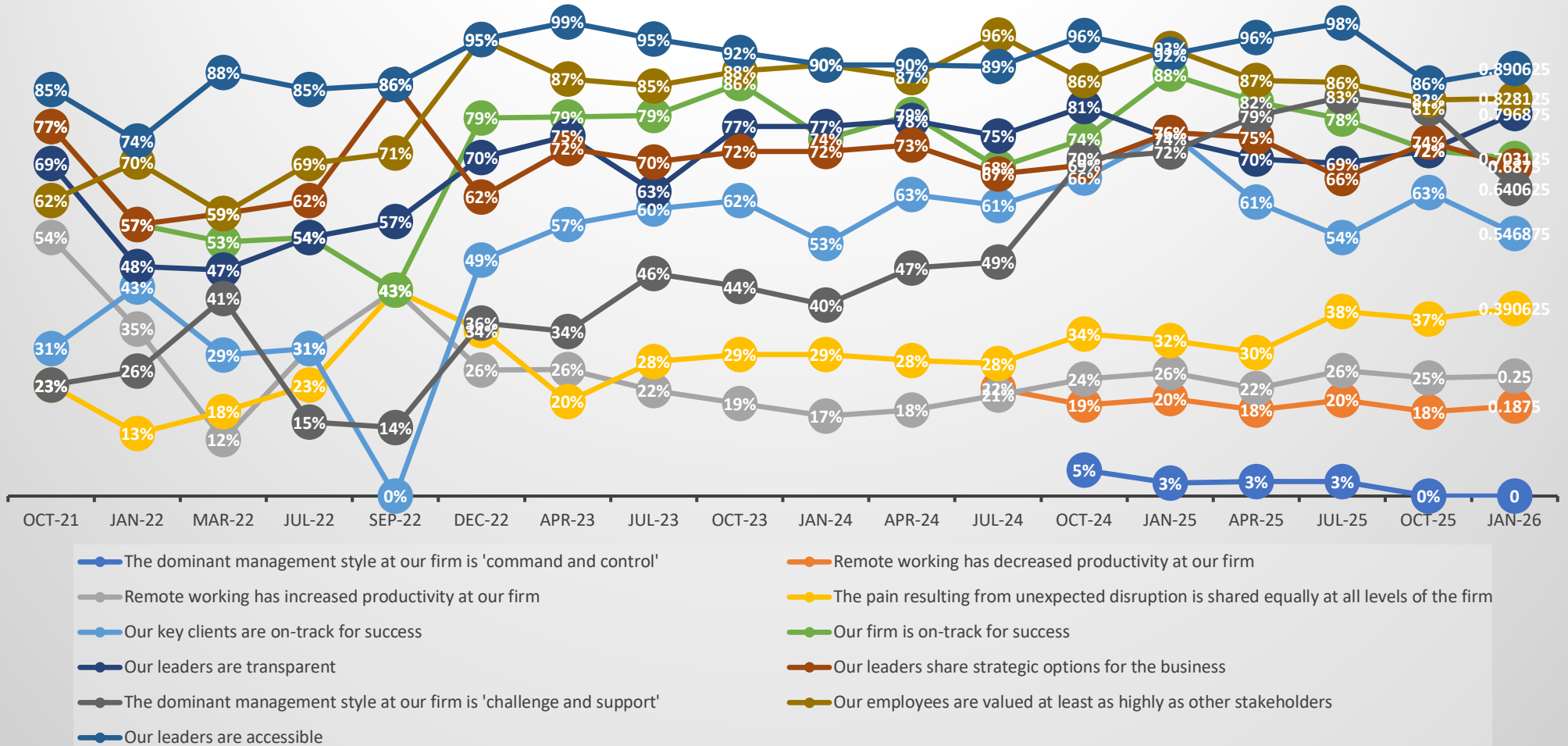


Which are the THREE constraints that are most preventing your firm from achieving optimal performance in the current economic climate?

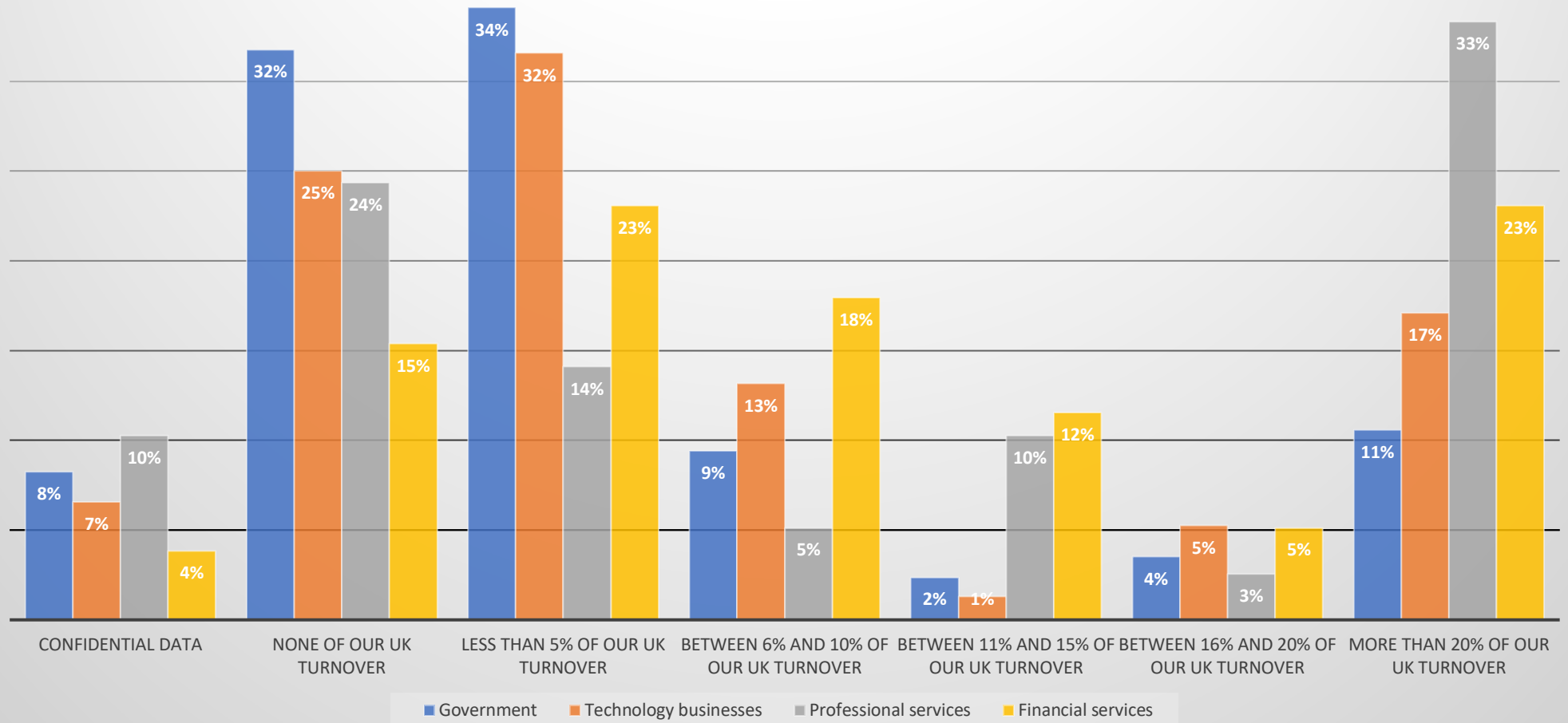


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Which of these statements are true for your firm?

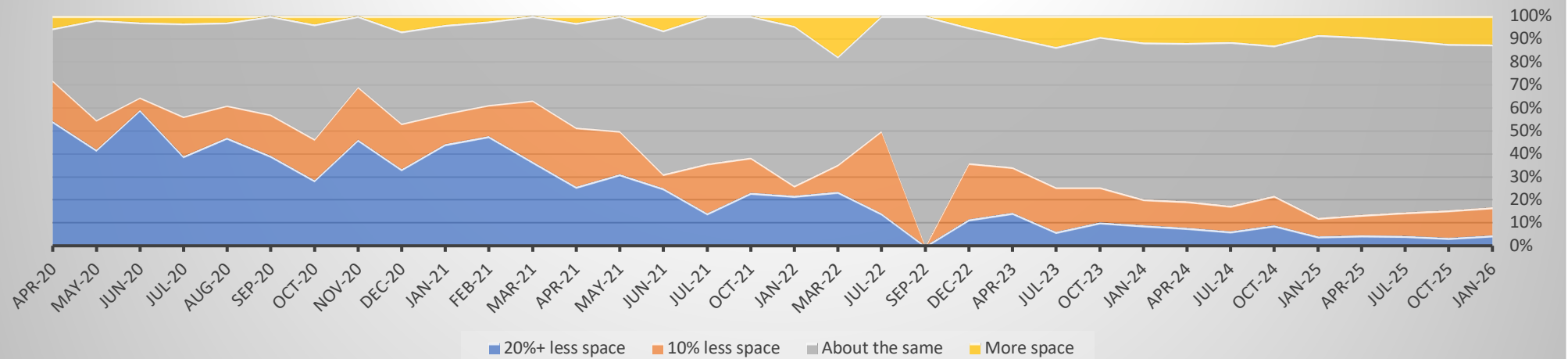


Approximately what percentage of your firm's UK turnover is derived from other firms in specific industries (where respondent headcount >10)

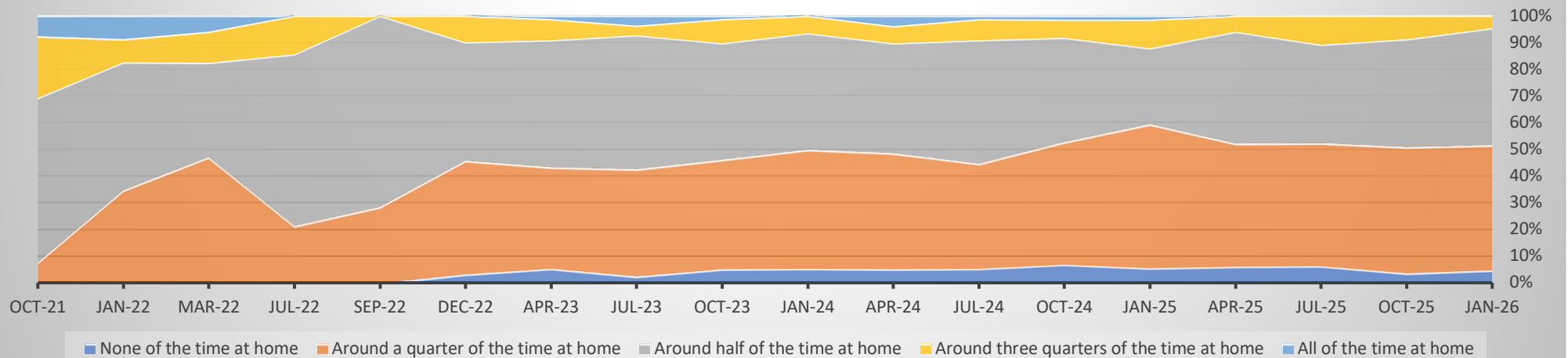


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Do you anticipate changes to your office space requirements over the next year?



On average, how much of the time are your people likely to be working from home over the next year?



Messages to Government (verbatim)

- Remember the demands on directors of small businesses - the last budget again increased dividend taxation which is how many small business owners pay themselves. The tax burden is becoming increasingly an issue - and reducing the incentive to grow a business. Many colleagues in smaller businesses have decided to quit running their businesses as this burden has increased. That's a loss on many fronts.
- The government needs to create an environment for growth quickly as it is non-existent at present and currently is doing the opposite. We are looking at contraction in the current year as many areas are simply not profitable anymore and without a wider growth agenda we cannot support them any longer.
- I think the economy is performing better than the general impression given by the media. Not exactly humming along but definitely improving. This may be that people have got bored about holding back and are just getting on with stuff.
- Stability as always, clarity on building regs and Net Zero Strategy.
- Same as before. Long term investment, don't water down net-zero efforts. The only addition I would make is the Govt needs to get better at communicating strategy and benefits of its approach to the electorate.
- Continue to develop relations with the EU to lower barriers of doing business with the EU.
- Given the huge majority and the fact that we are 4 years away from an election, i was hugely disappointed with the lack of courage demonstrated at the last budget. There was an opportunity to be radical and try to improve our economic outlook. I might not have agreed with it all but a chance has been missed.
Nationalisation of infrastructure? Re introducing a government funded council house programme? incentives for commerce and industry to invest? They need to pick some strategies and go for it.
- Continue to prioritise Professional Services as a key element of UK's Industrial Strategy
- UK Government needs to urgently develop policies to encourage entrepreneurship as all recent policy changes have reduced risk & reward in the business sector e.g. minimum wage increases, employers' national insurance rises, IHT changes to business, pension fund taxation changes, the Employment Rights Bill

- To achieve growth in the economy and the consequential increase in tax revenue the govt must reduce the tax burden on businesses and free them to use their own retained capital ie the reduced tax to build the company. Also, employees are increasingly demotivated by the sheer scale of tax taken from their pay. Again this needs reducing to allow them to afford their domestic costs, enjoy the fruits of their hard work, and through that process tax revenue will grow with increased economic activity. At the moment there is low confidence and deep frustration that some in work with children has to earn a salary of say £60-70k to match someone on benefits with the same number of children in terms of available cash after tax/ni and given the free services available to the person on benefits which are not available to the worker. This demotivates the employees and indeed pushes some below the 16hrs a week (2 days) threshold for benefits when they would prefer to work full time ie 5 days. These are the real issues in the economy the reason for poor growth and inadequate tax with a far to high benefits bill. In addition, we need proper commercial banking for the SME sector without personal guarantees for everything this again reduces economic risk taking and entrepreneurial endeavour.
- Acknowledge the polycrisis. Acknowledge the uncertainty over AI's impact on jobs. 10X the investment in education and training across the population. Mobilise the unused workforce of asylum seekers waiting processing - help them find jobs and turn from a societal cost to a net contributor. Develop a real Britain 2030 vision.