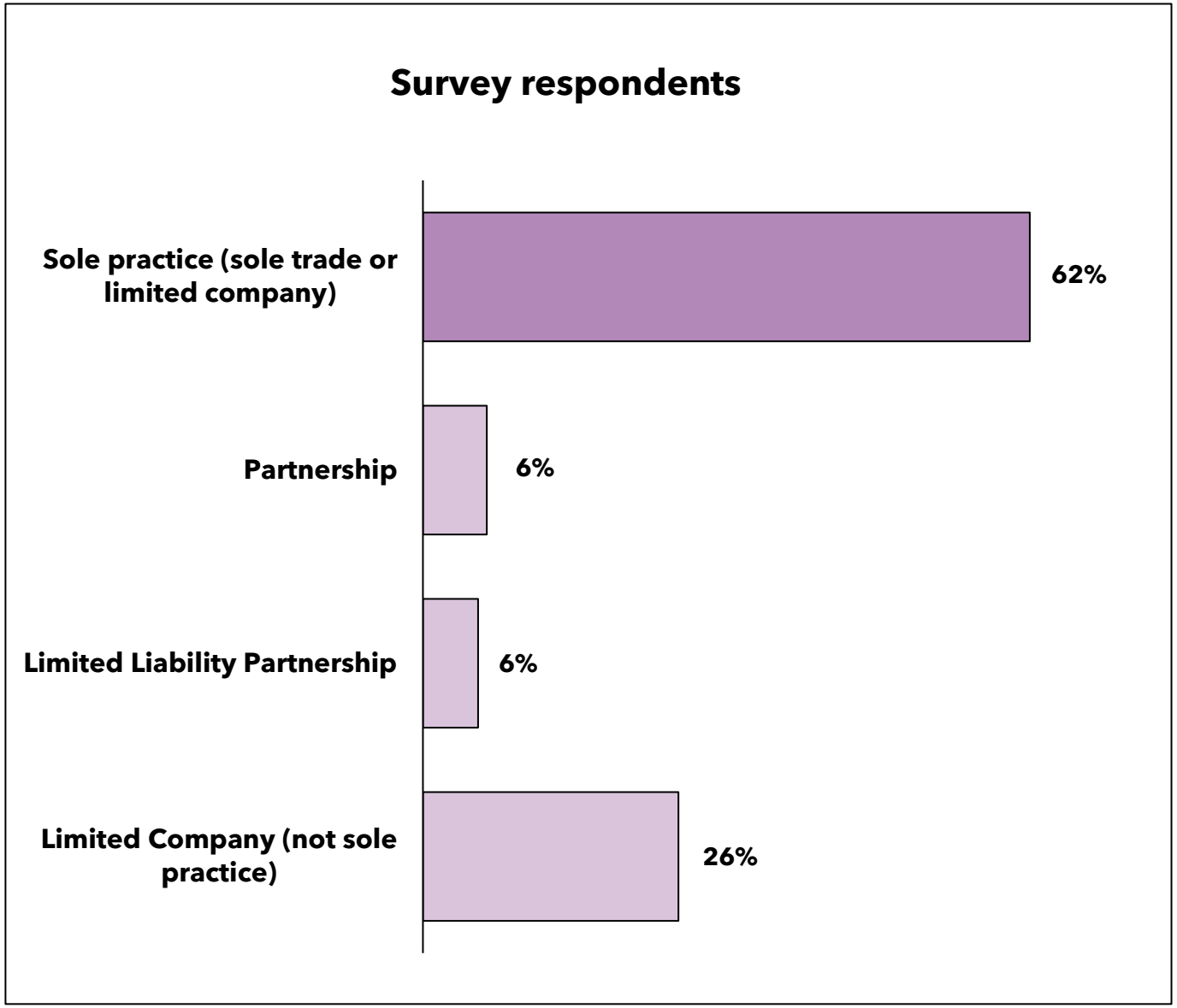
SOLE PRACTITIONERS AND SMALL FIRMS IN FOCUS 2026

One profession. Many perspectives.



About the research



- Practising Certificate holders from **over 9,000** ICAEW member firms with between one and ten principals invited to take part. Only one response per firm was permitted.
- Fieldwork took place in **August 2026**.
- An **8% response rate** was achieved.
- Responses came from sole practitioners, small firms with up to four principals, and small firms with five or more principals, broadly reflecting the composition of the wider firm population.

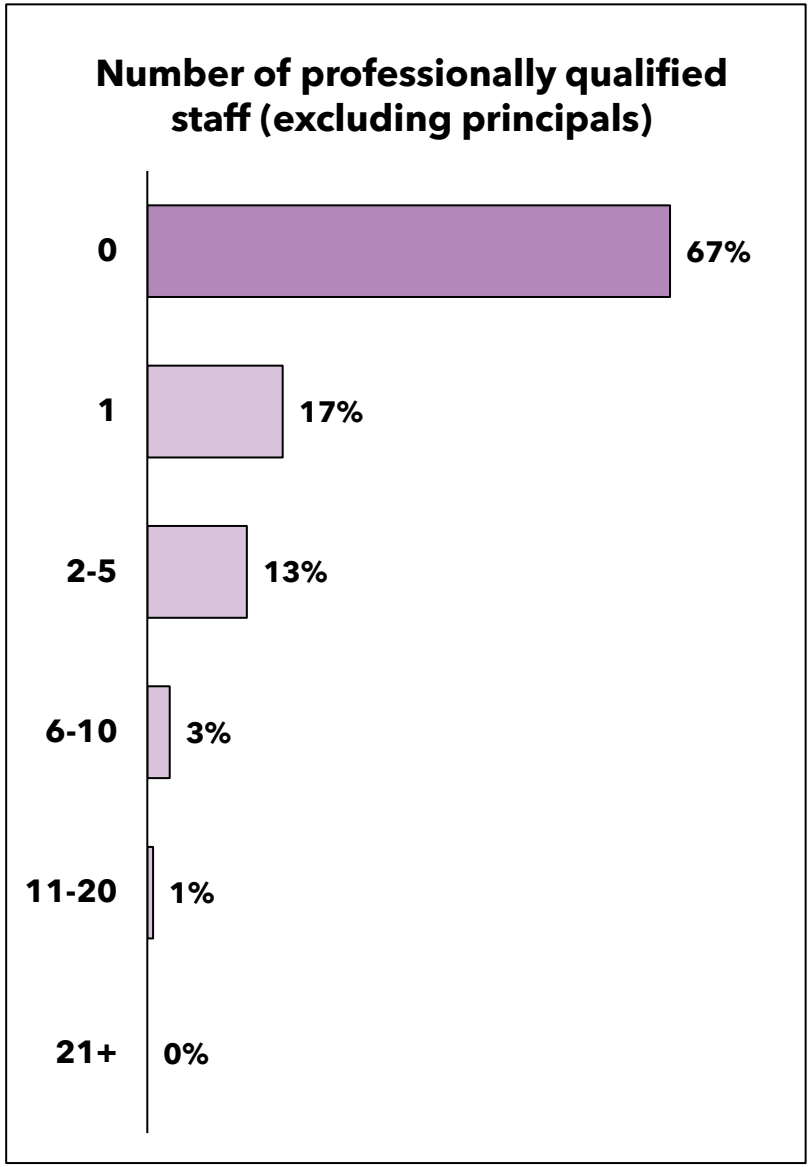
In partnership with

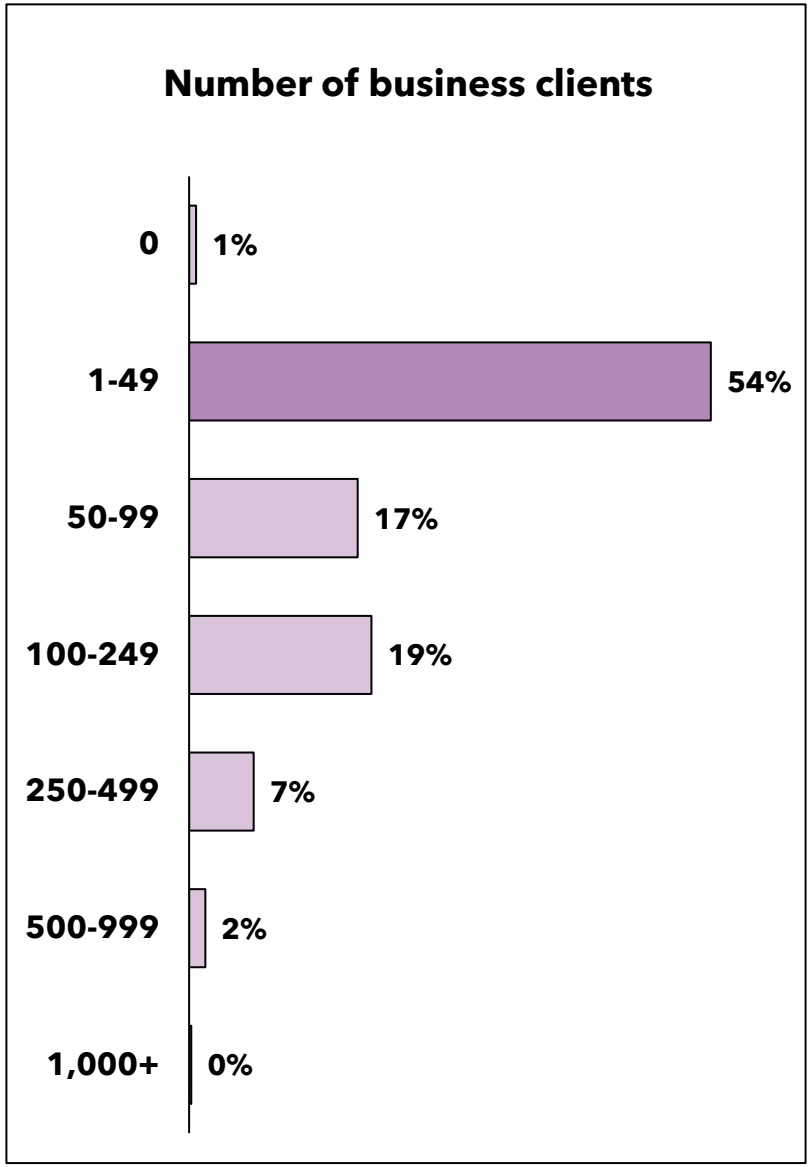
IRIS

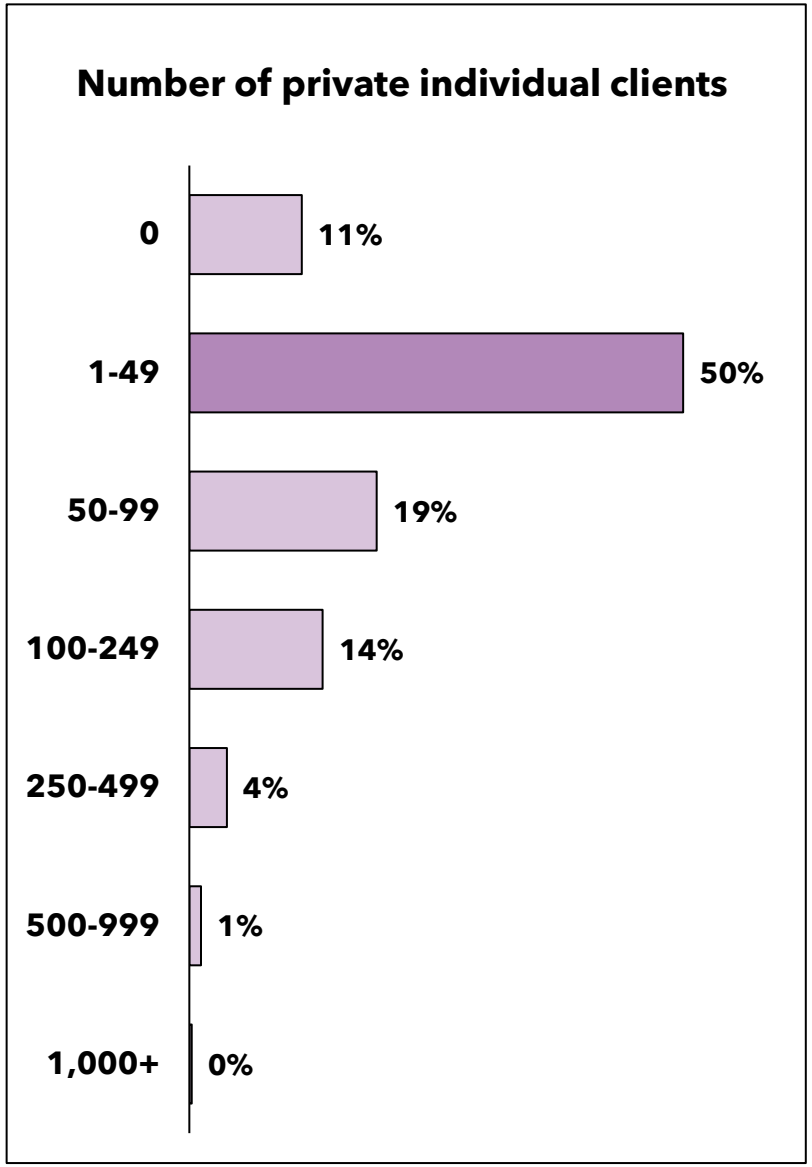


ABOUT OUR SOLE PRACTICES

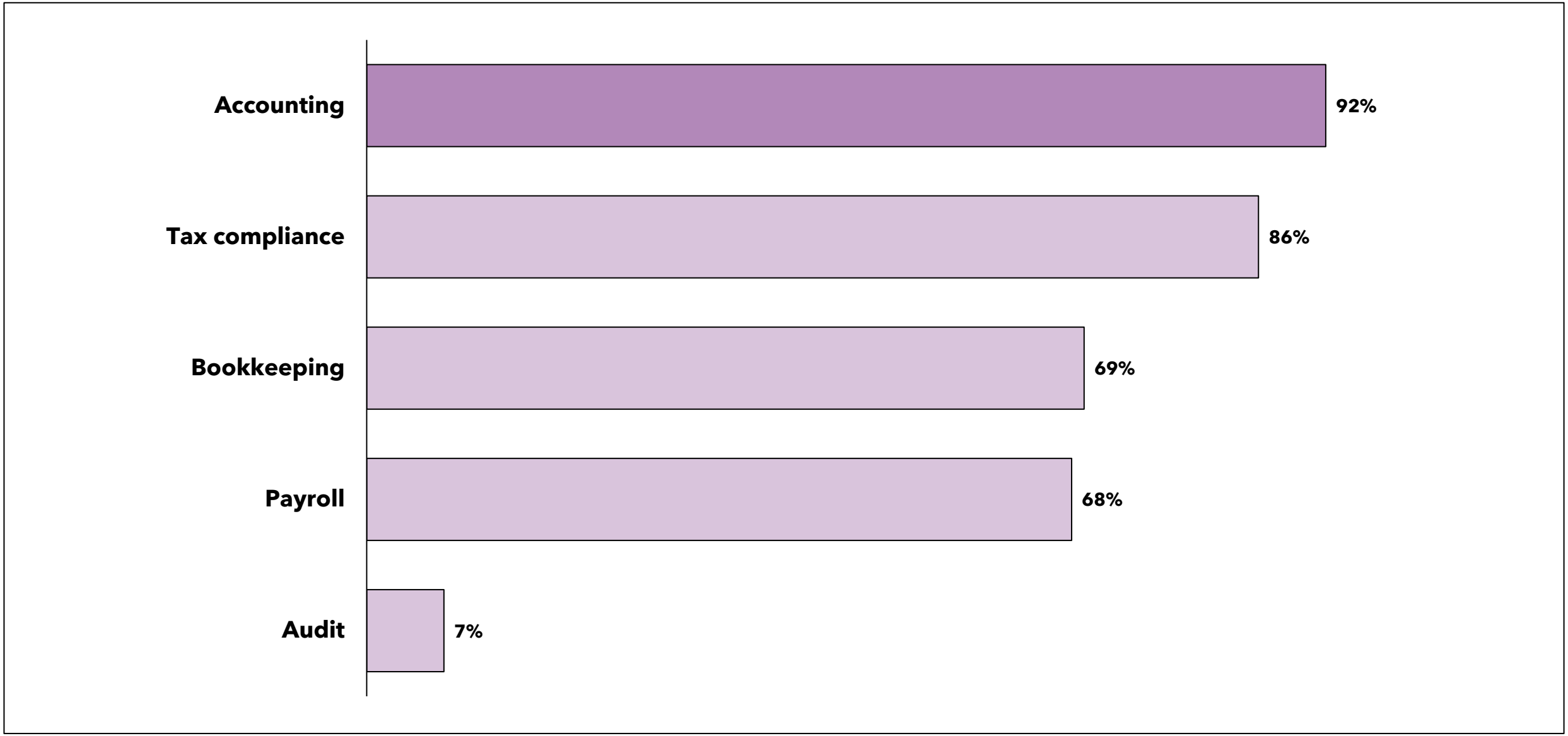
Understanding sole practices



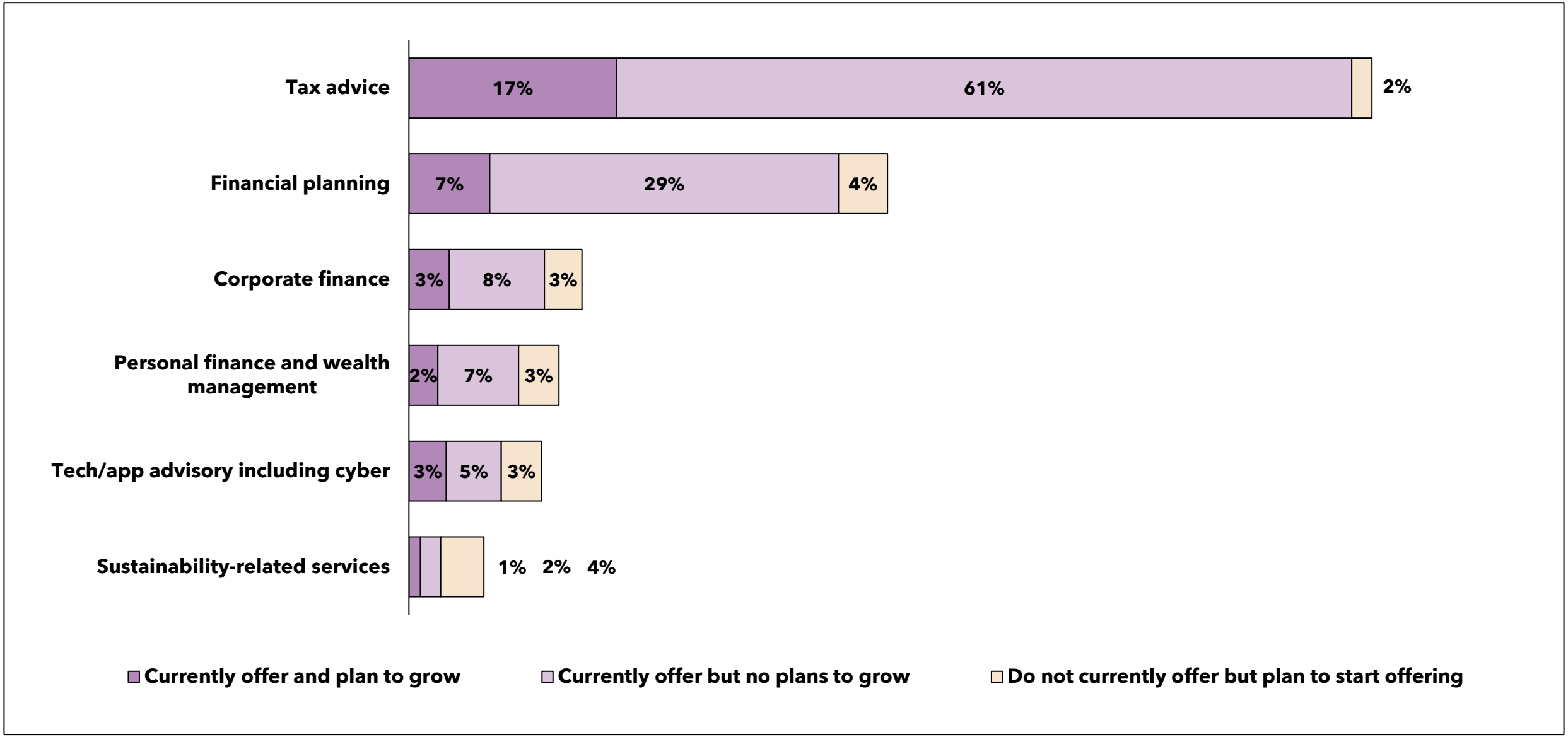




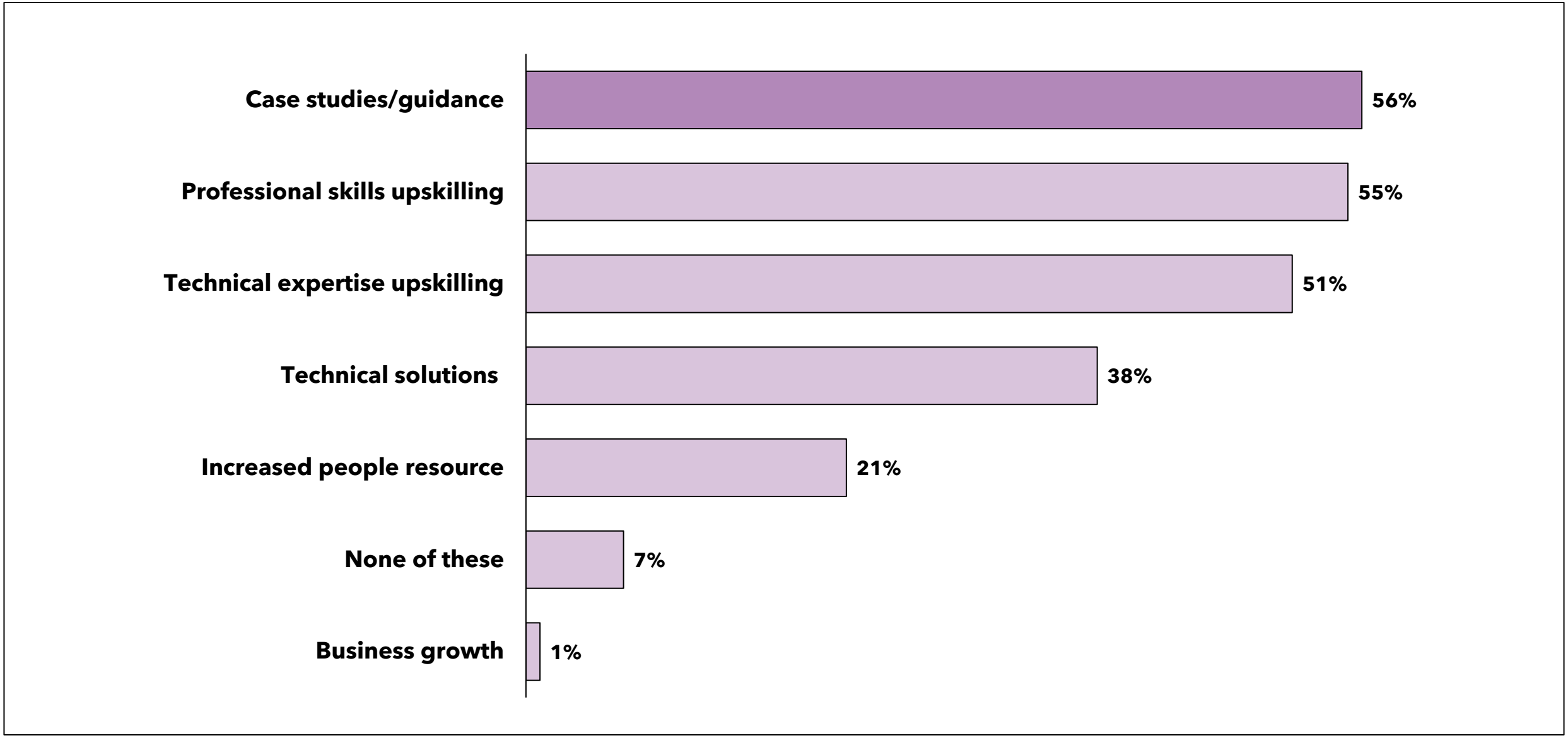
Sole practices: core service lines currently offered



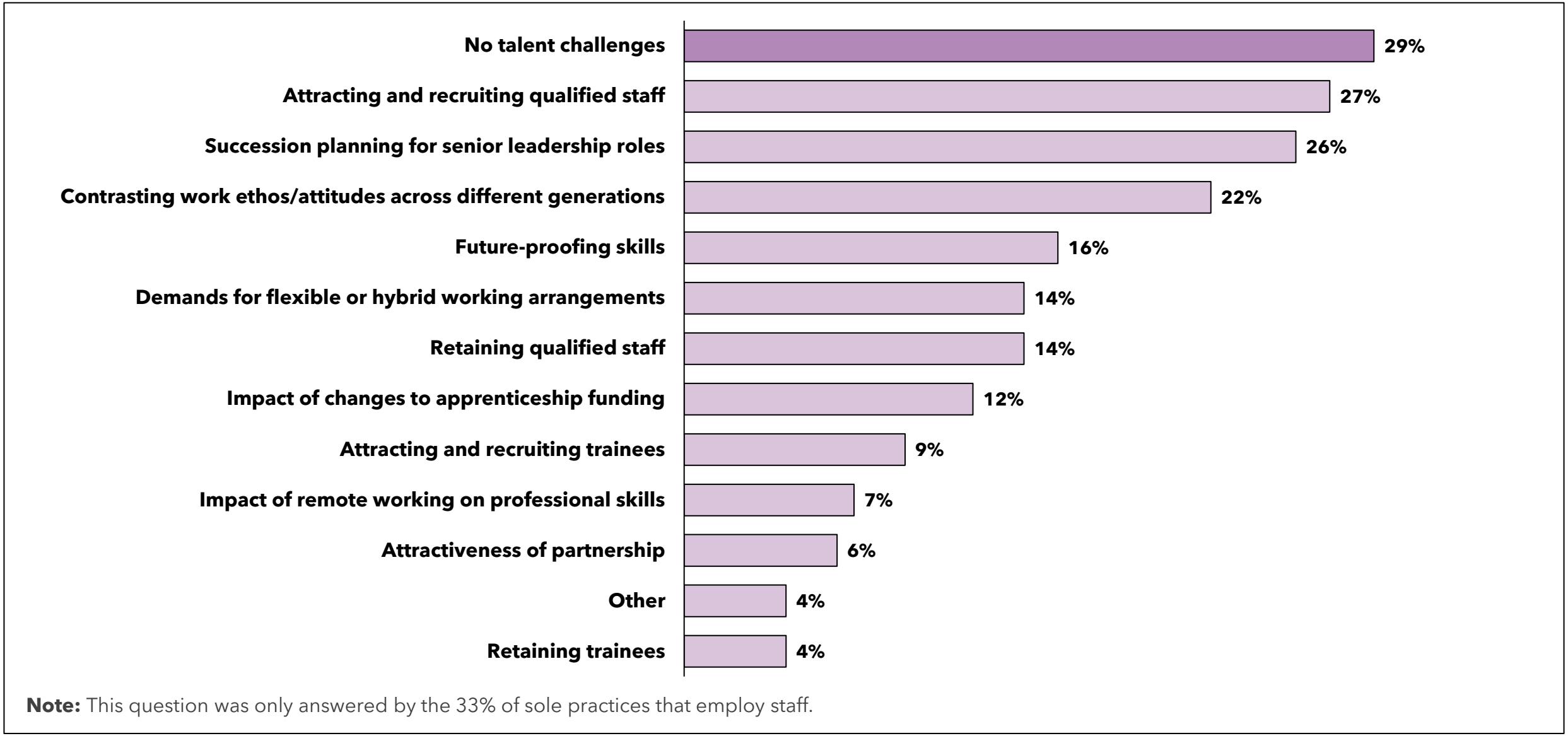
Sole practices: current advisory service lines offered and plans for future growth



Sole practices: top enablers to grow advisory services

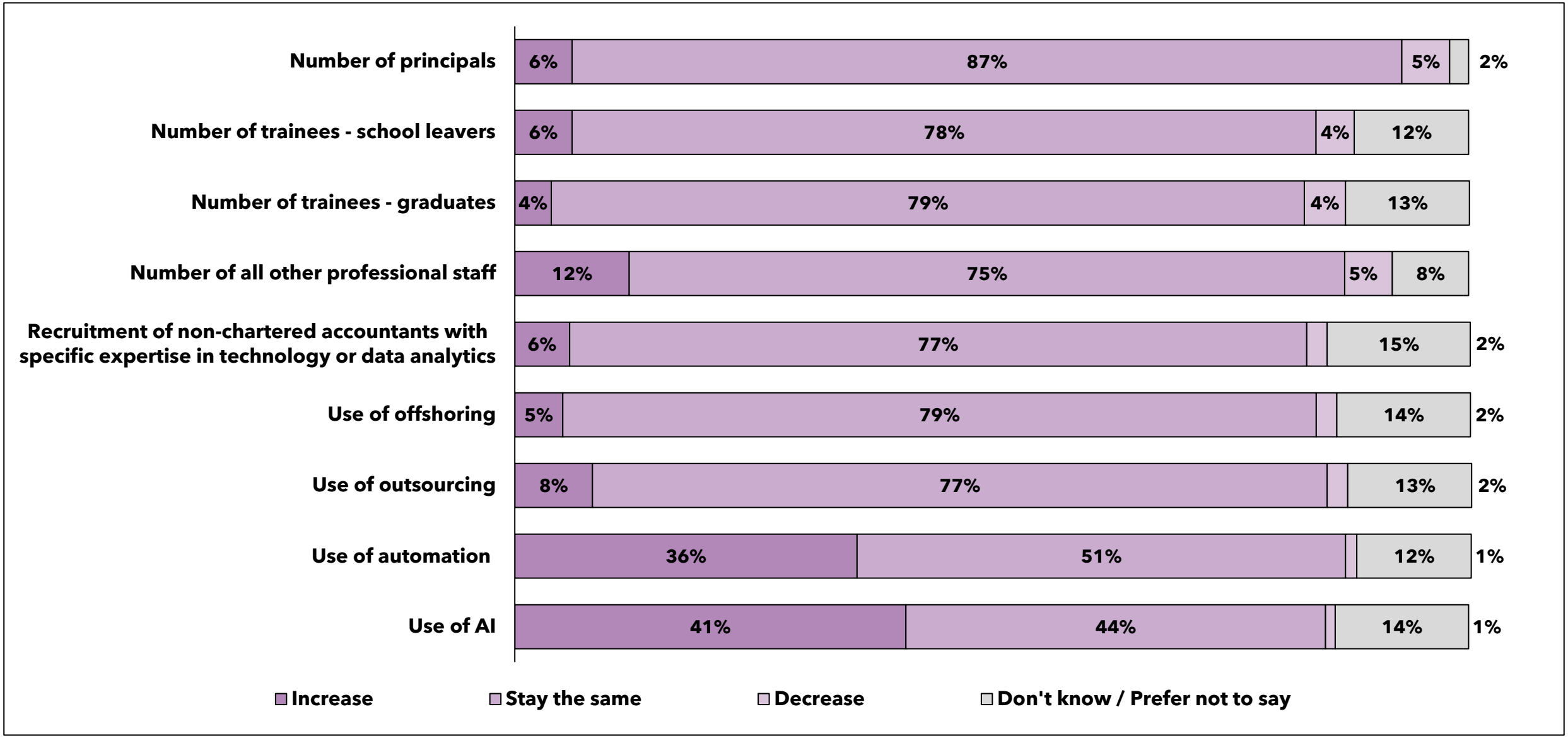


Top talent challenges faced by sole practices (selected as one of their top three talent challenges)



Note: This question was only answered by the 33% of sole practices that employ staff.

Sole practices: anticipated changes in operating models

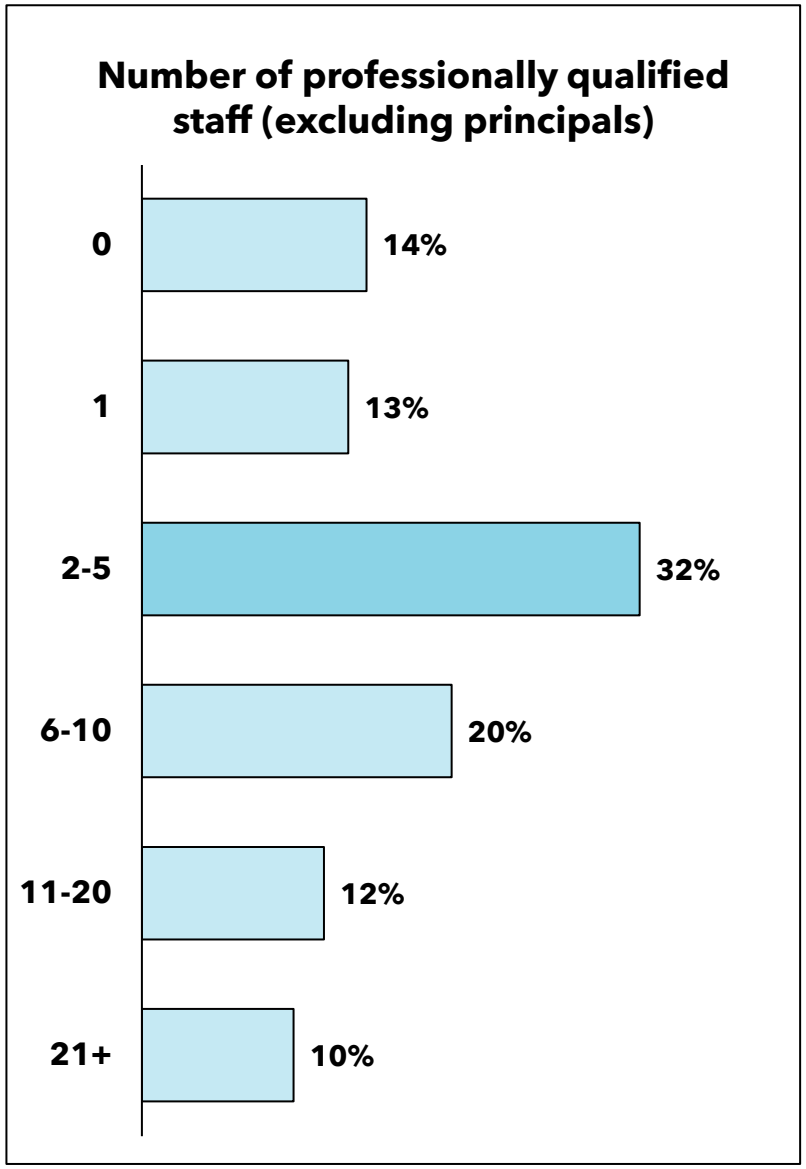


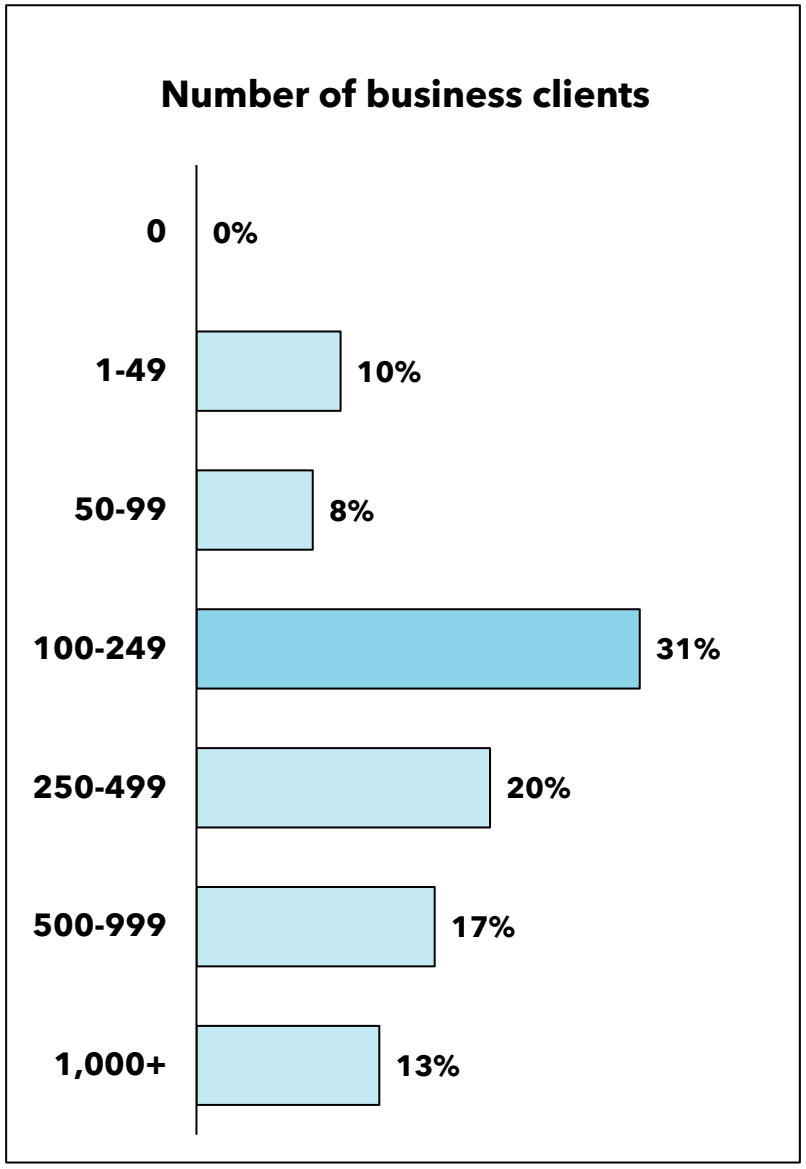


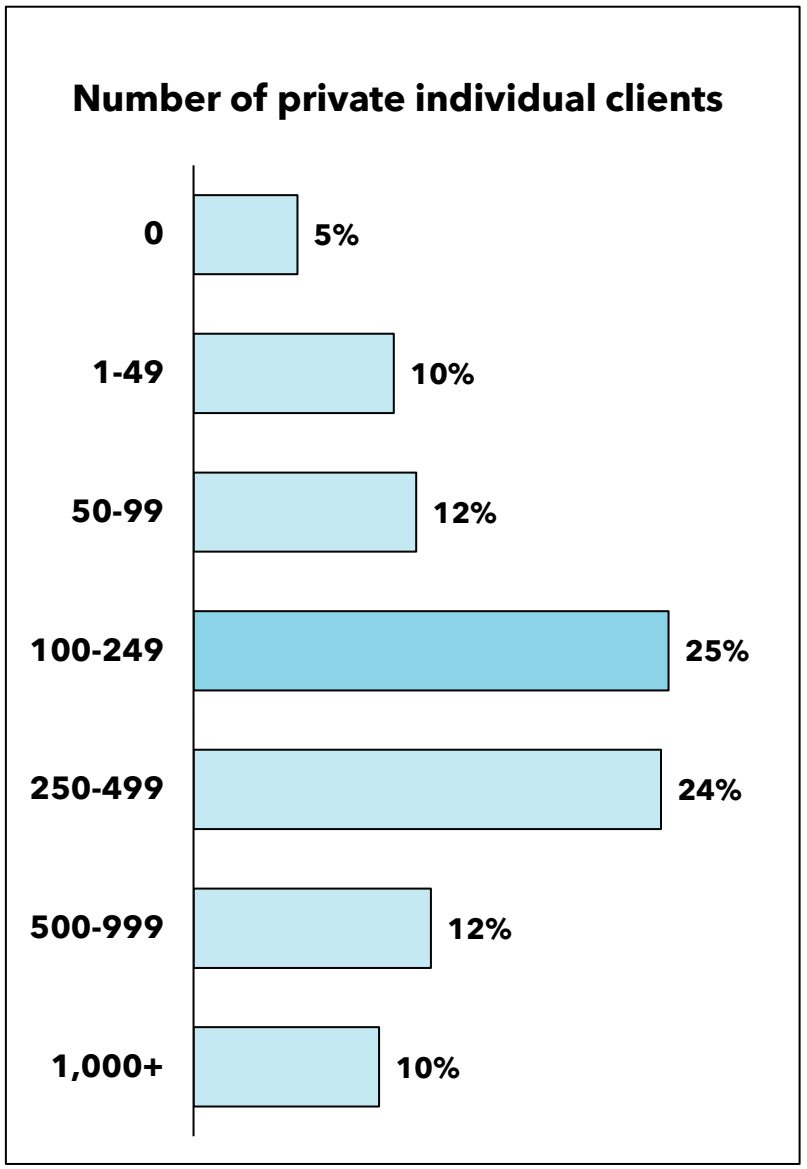
ABOUT OUR SMALL FIRMS

Firms with between two and ten principals

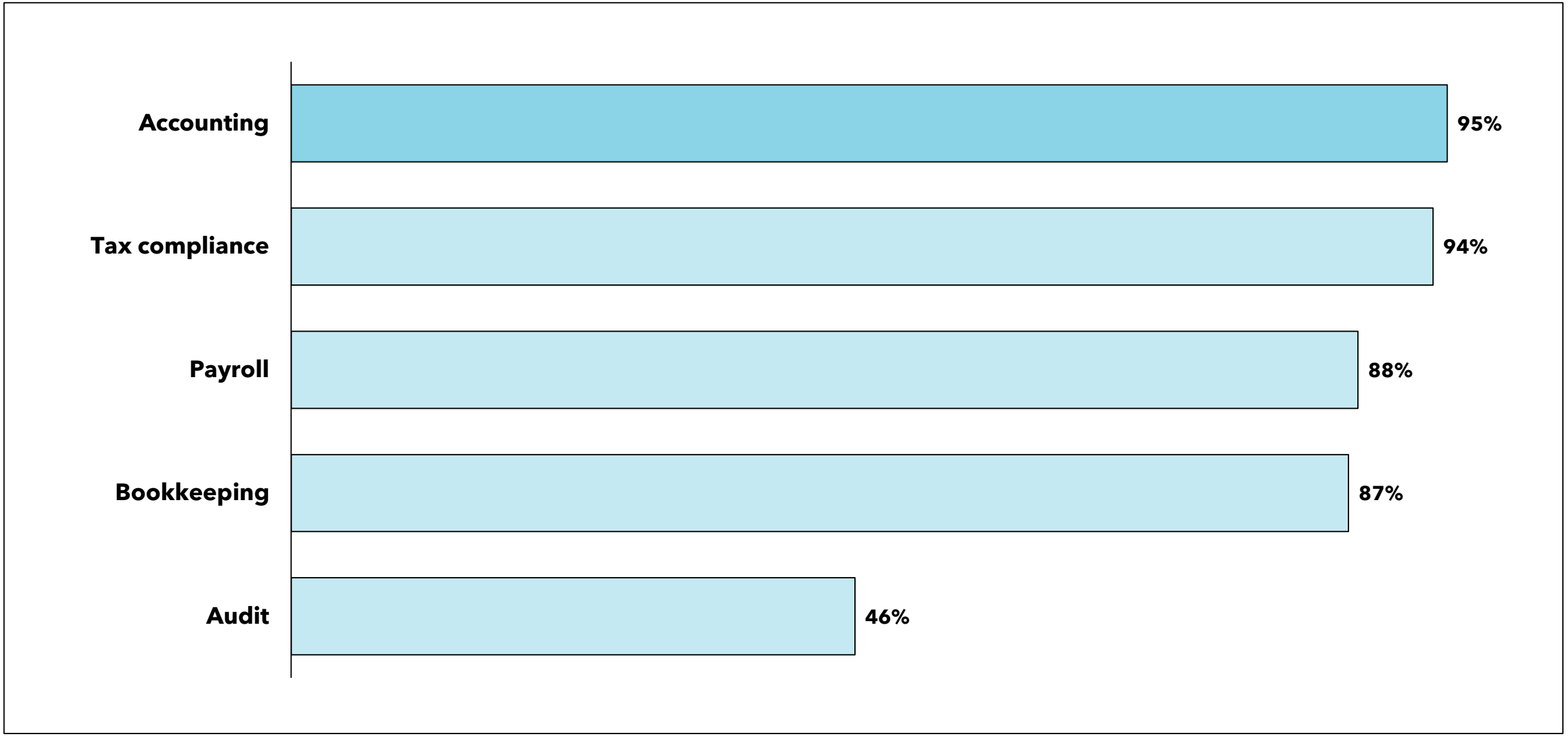
Understanding small firms



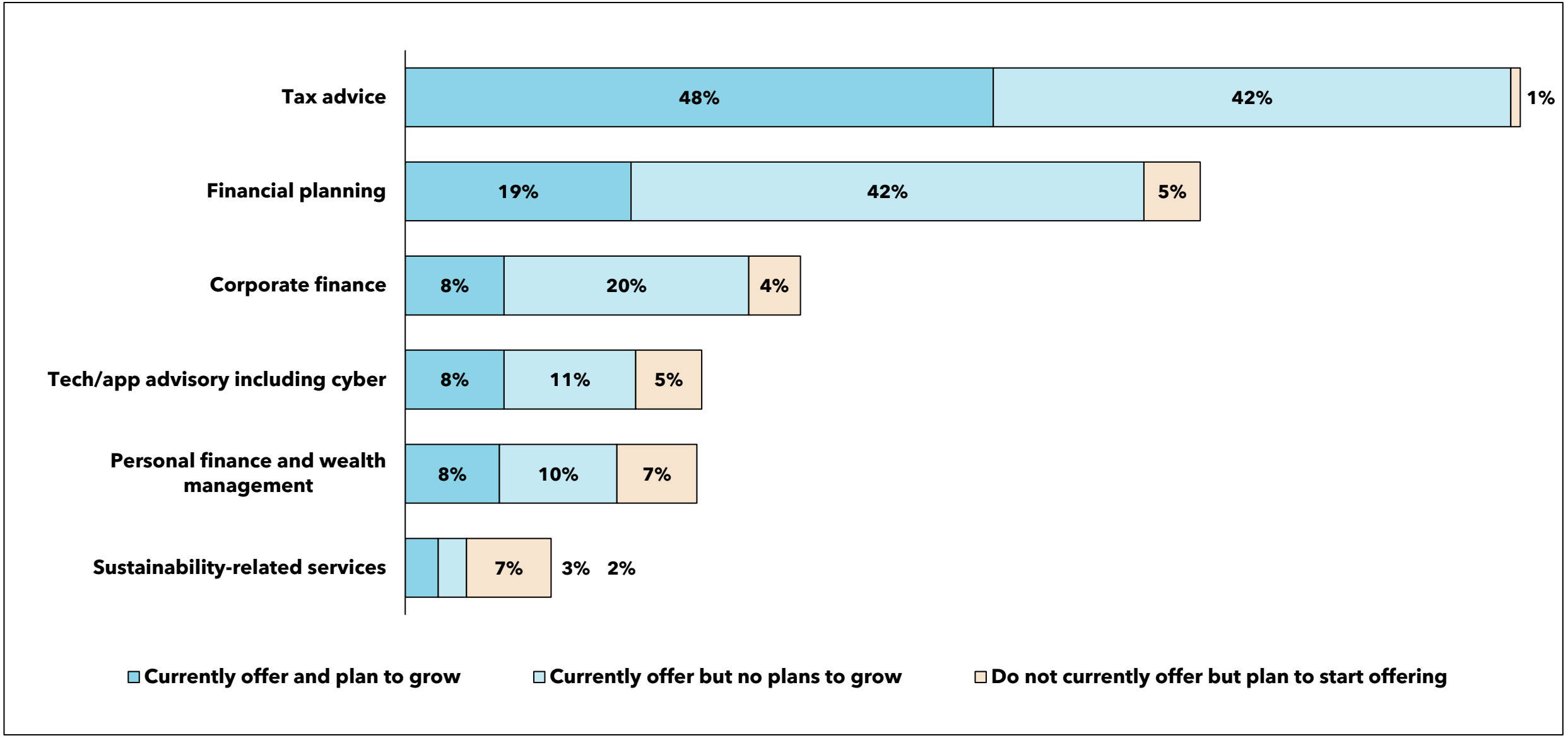




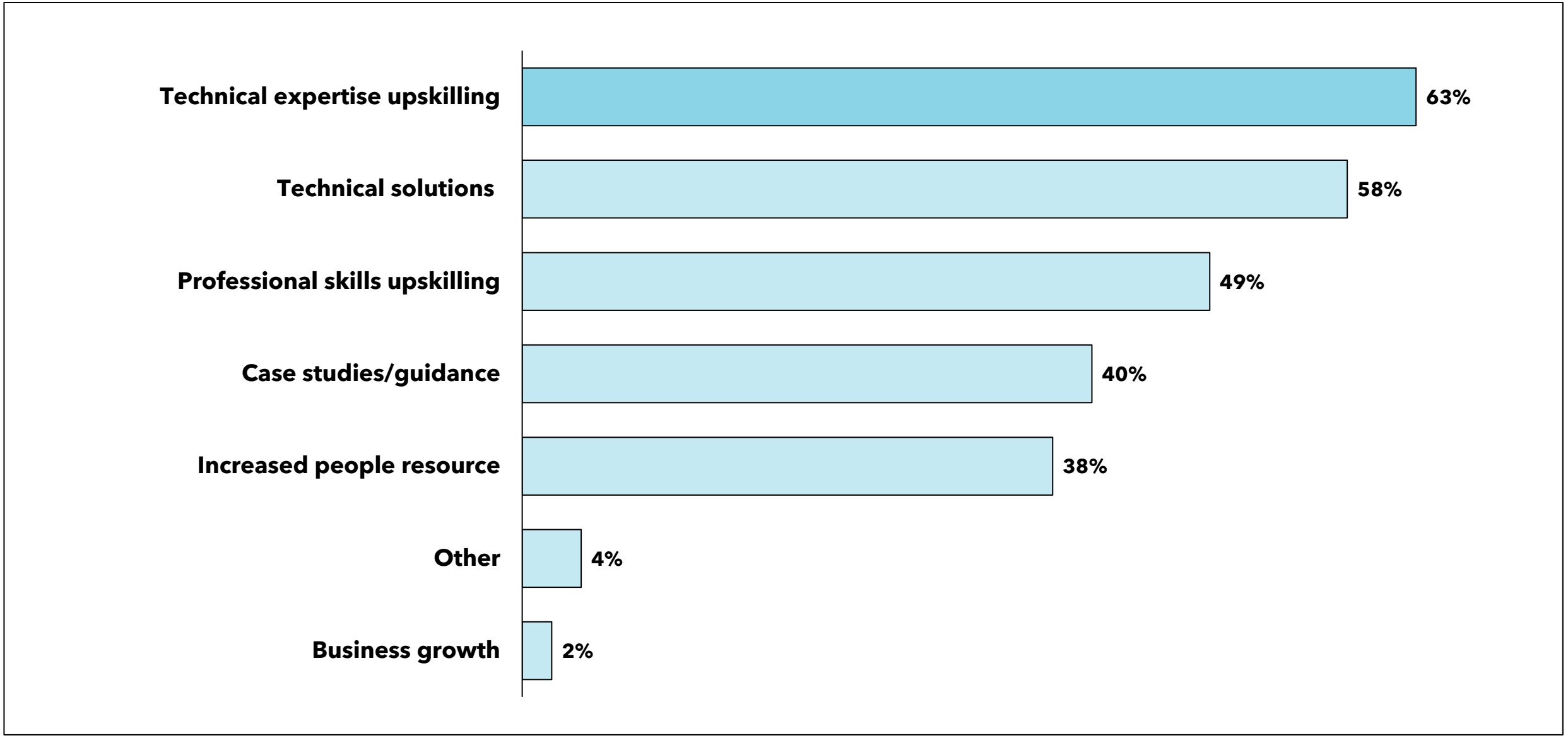
Small firms: core service lines currently offered



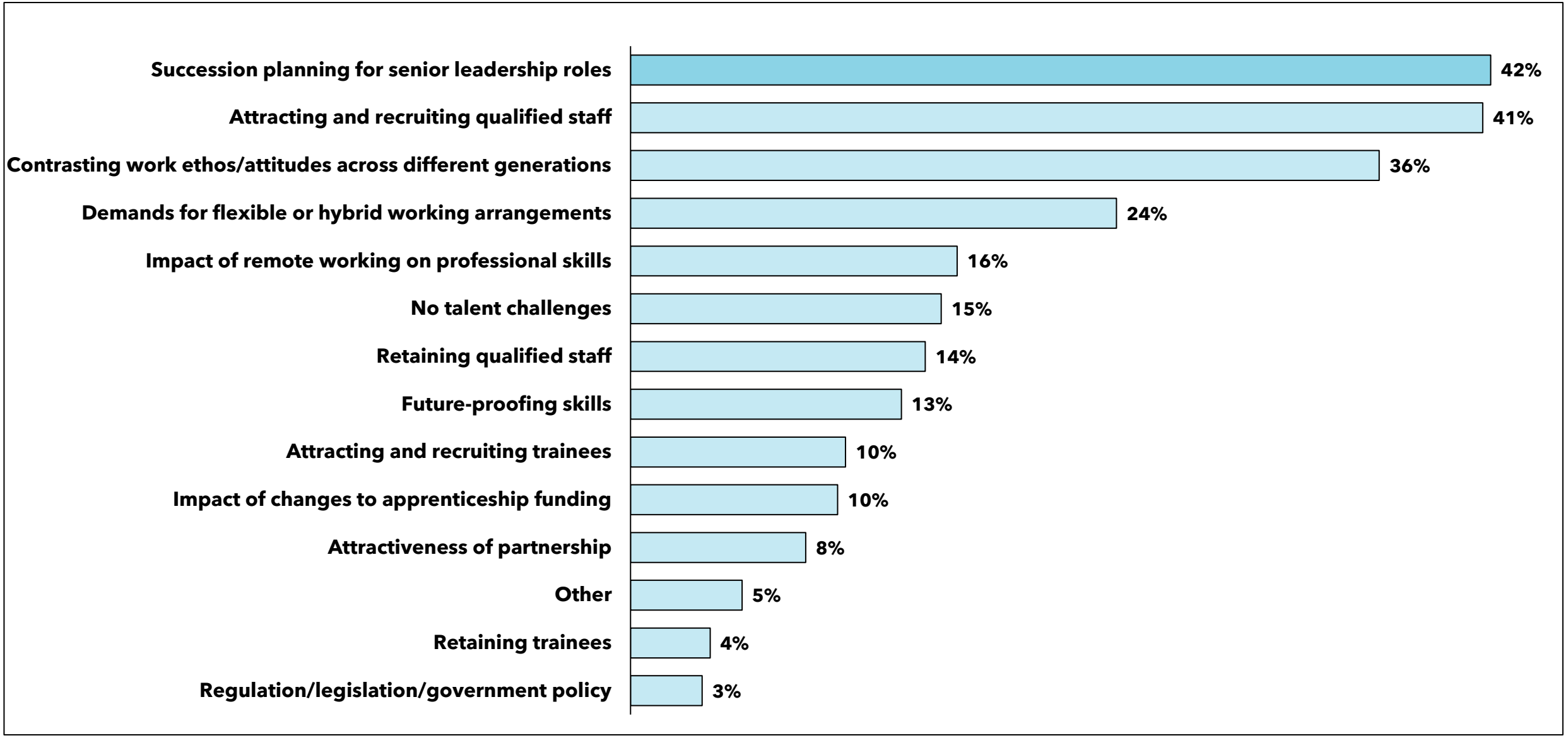
Small firms: current advisory service lines offered and plans for future growth



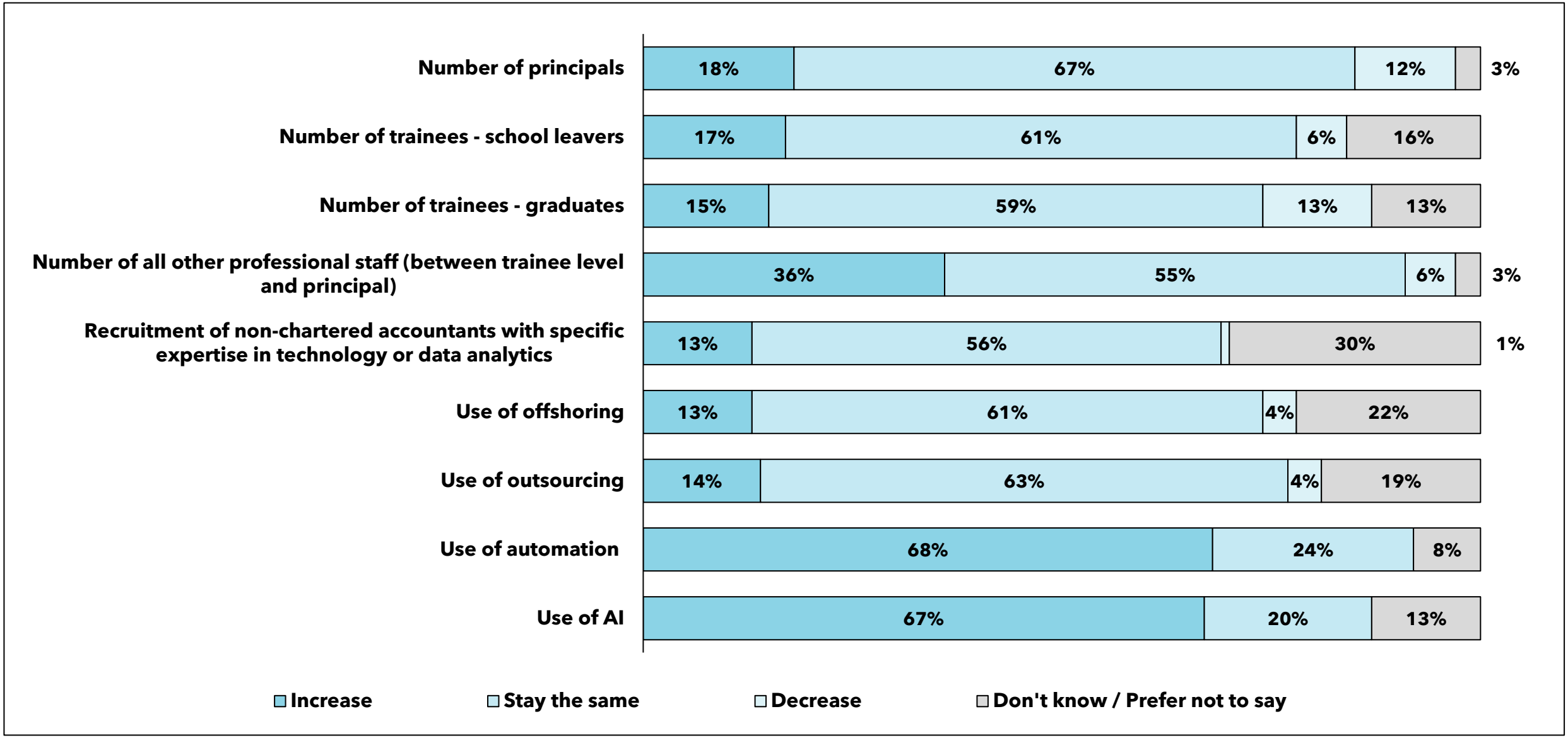
Small firms: top enablers to grow advisory services



Top talent challenges faced by small firms (selected as one of their top three talent challenges)



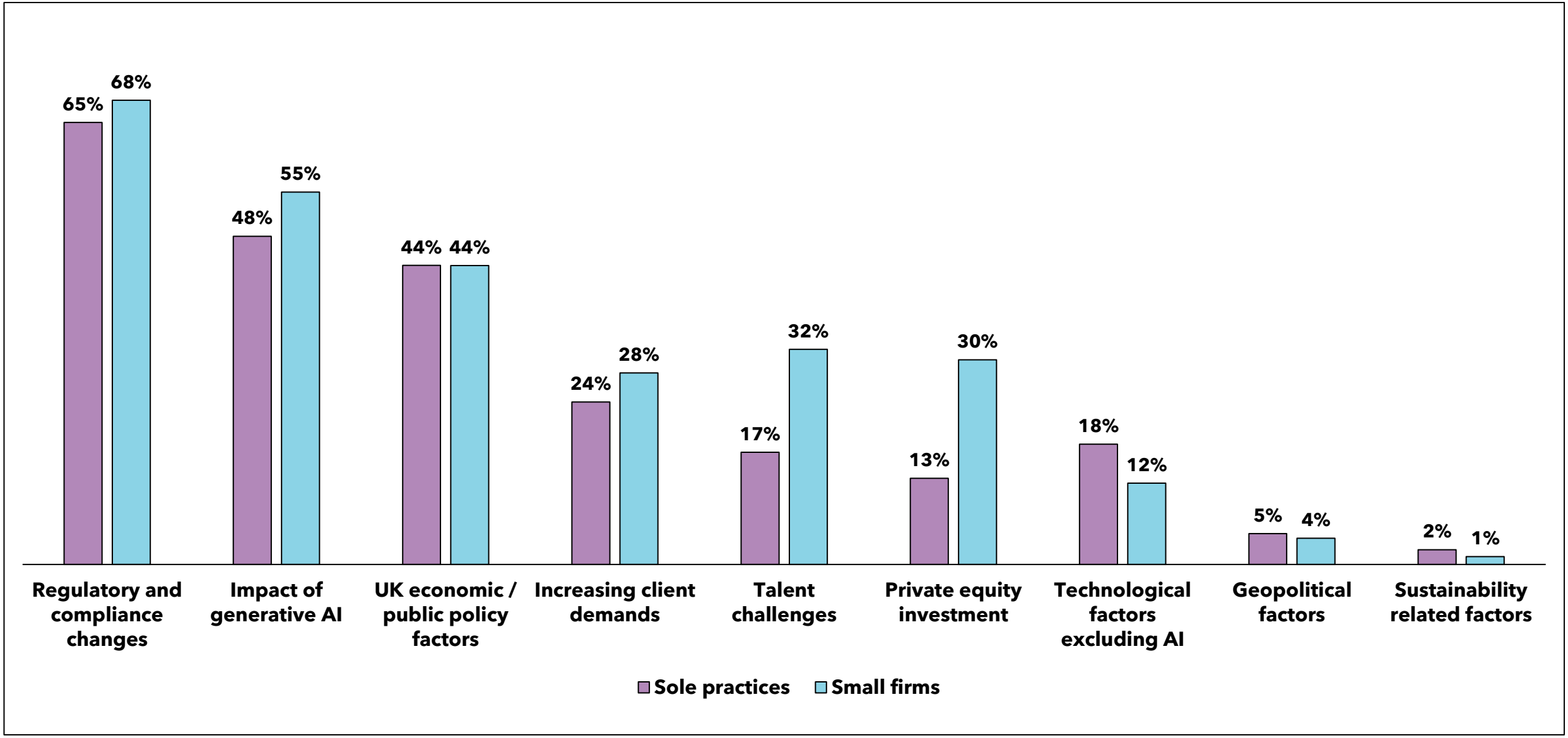
Small firms: anticipated changes in operating models





MACRO TRENDS

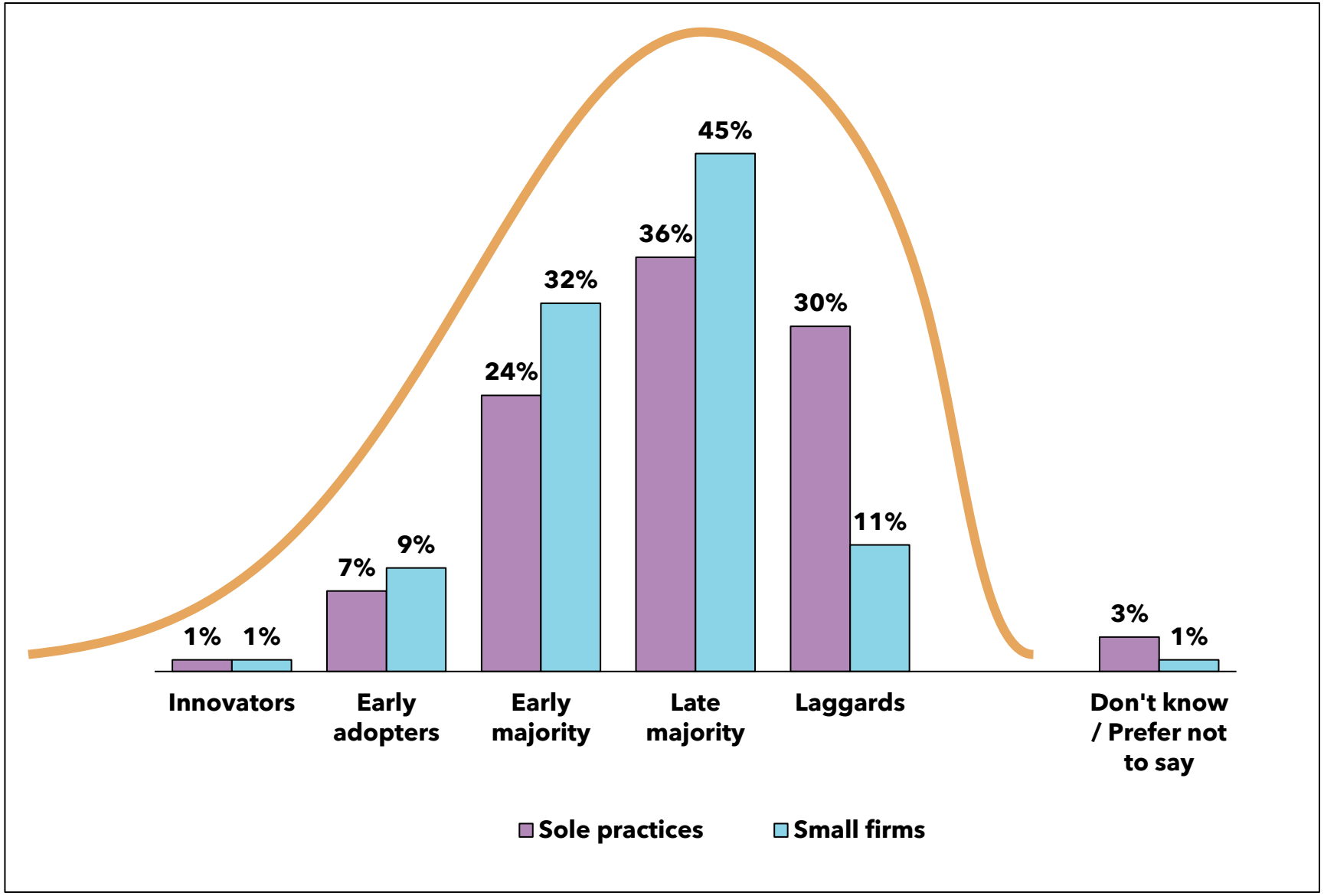
Macro trends impacting the profession (selected as one of their top three macro trends)





AI AND TECHNOLOGY

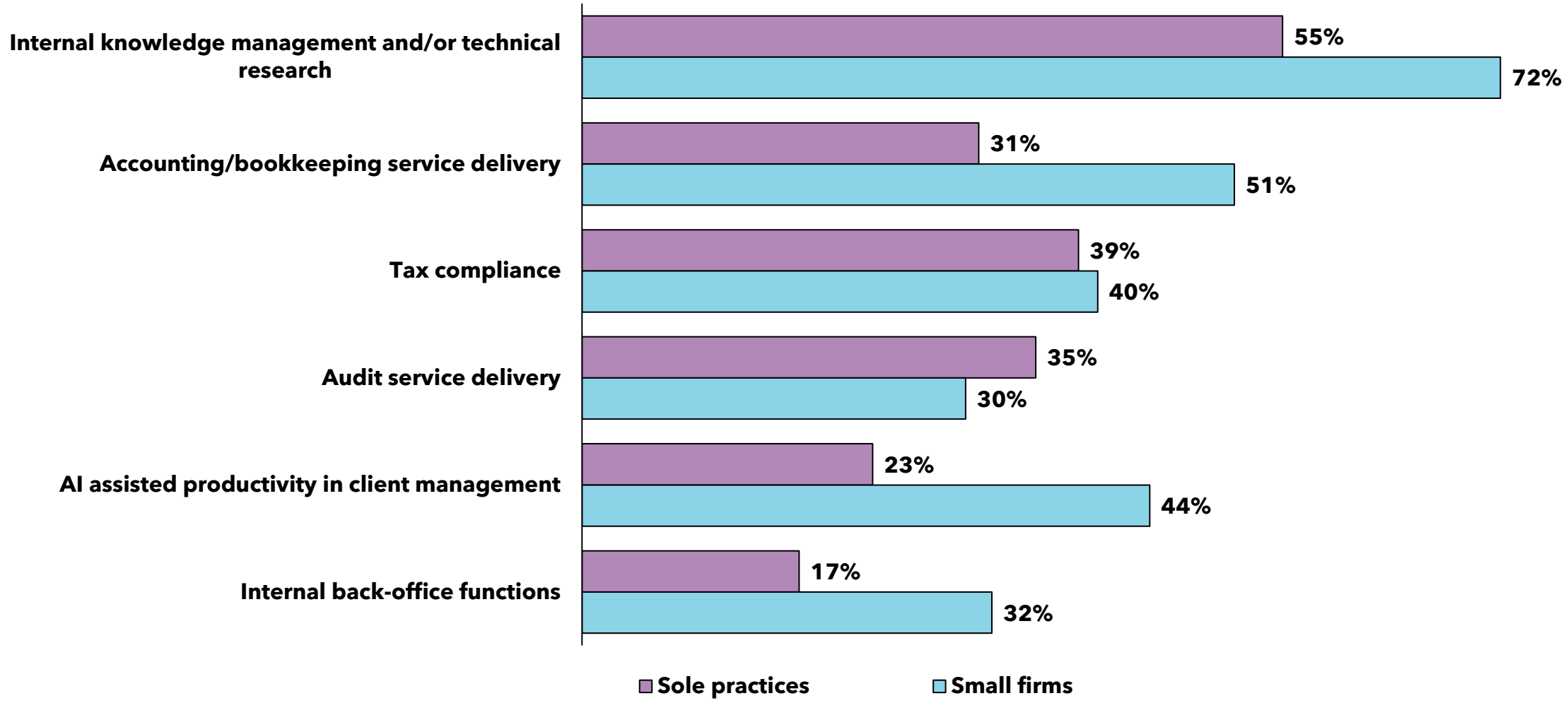
AI adoption curve



Definitions

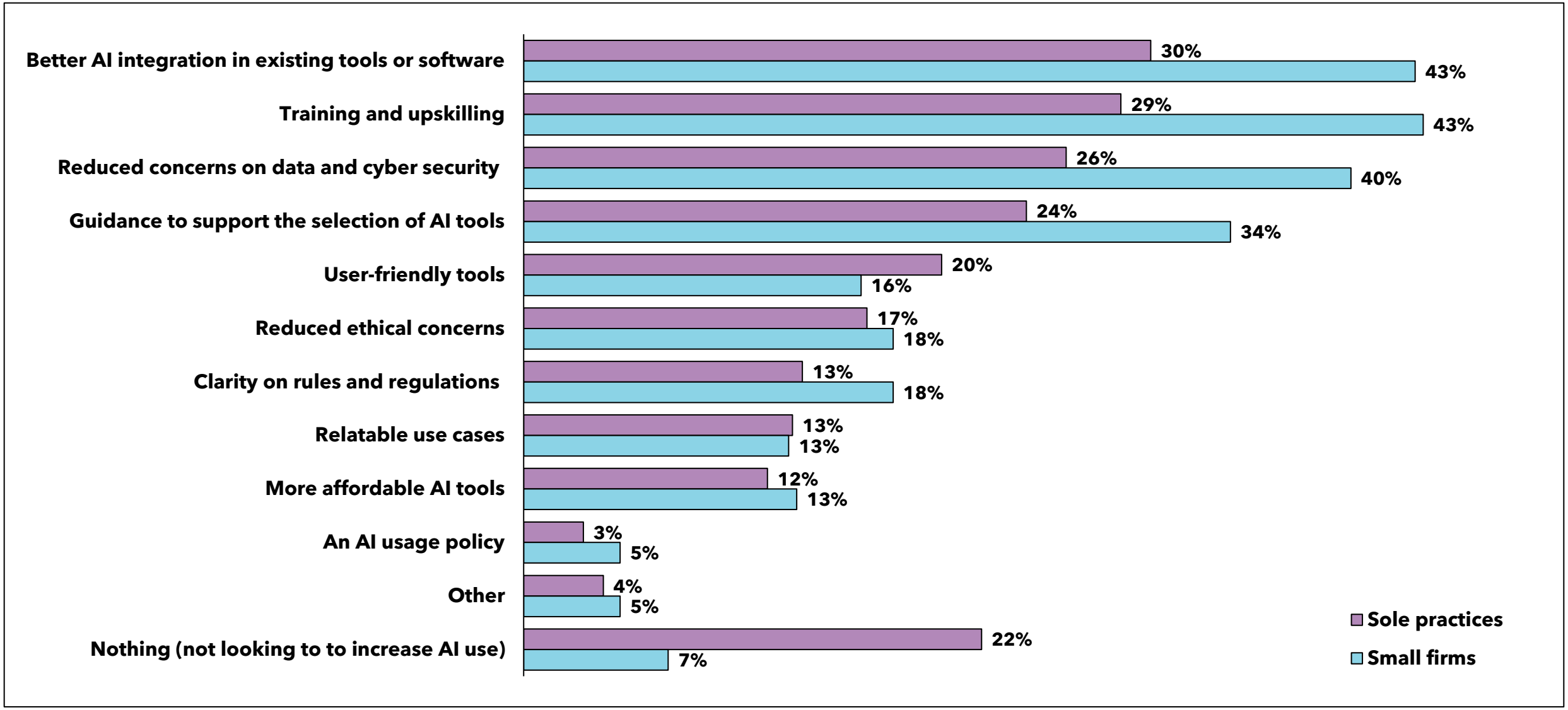
- **Innovators** are the very first individuals to embrace and adopt new technologies.
- **Early adopters** are the tech-savvy enthusiasts who follow innovators and are quick to adopt new technologies.
- The **early majority** are the first significant wave of mainstream consumers who adopt a technology.
- 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.

Current AI use (areas in which firms use AI either moderately or extensively)

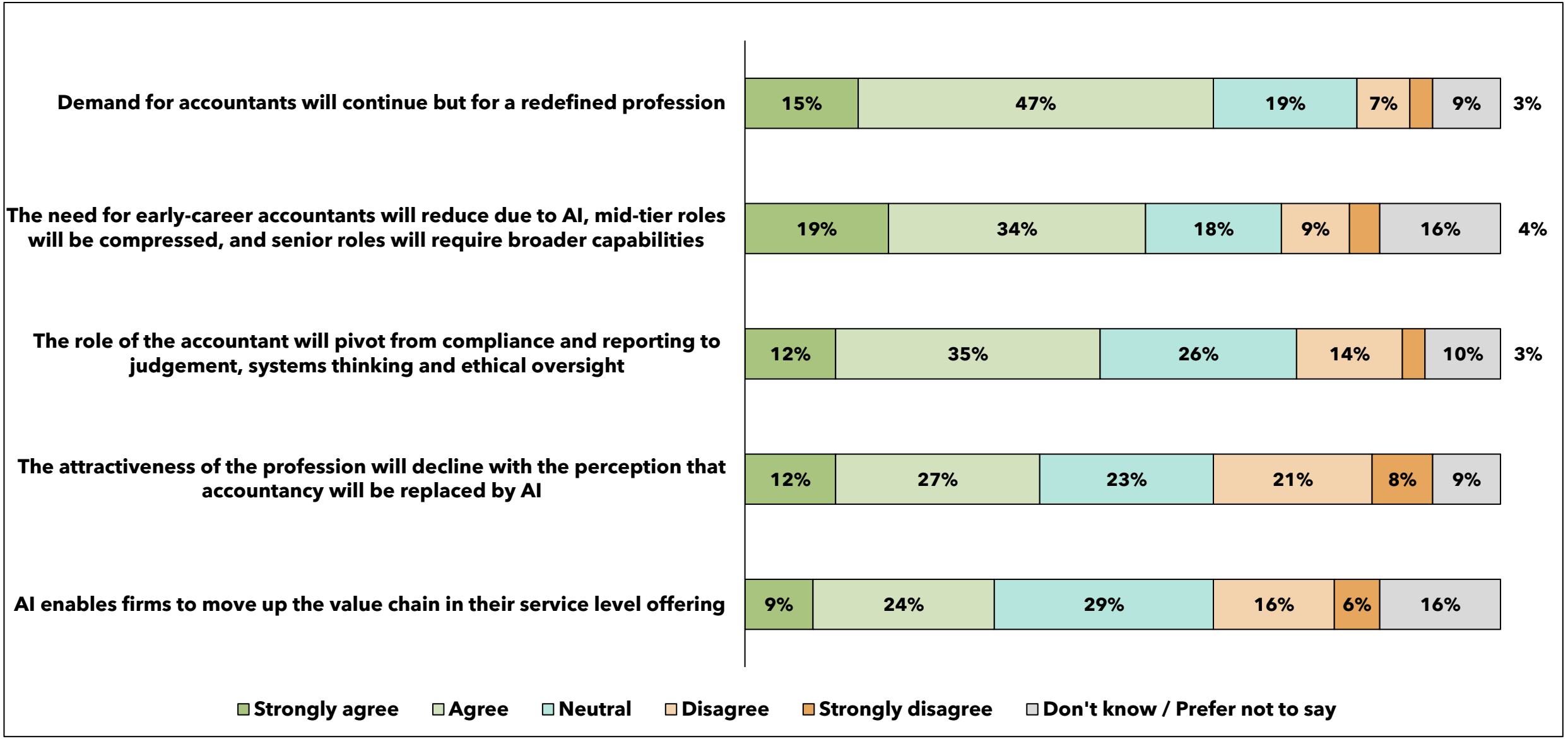


Note: Figures for accounting/bookkeeping, tax compliance and audit are based just on firms that offer these services

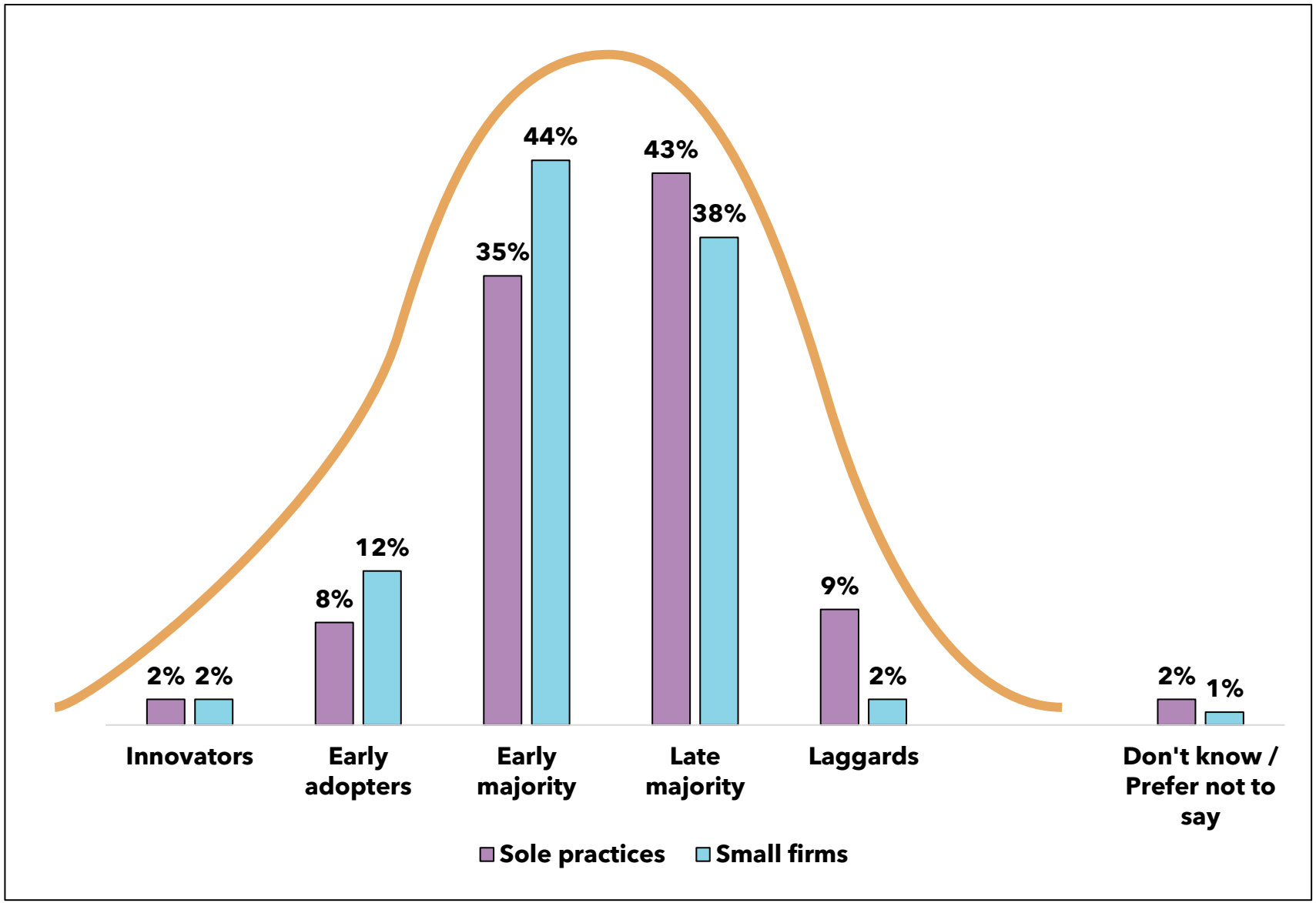
Enablers that would most help firms increase use of, or confidence in using, AI (selected as one of their top three enablers)



Firm outlook to 2030



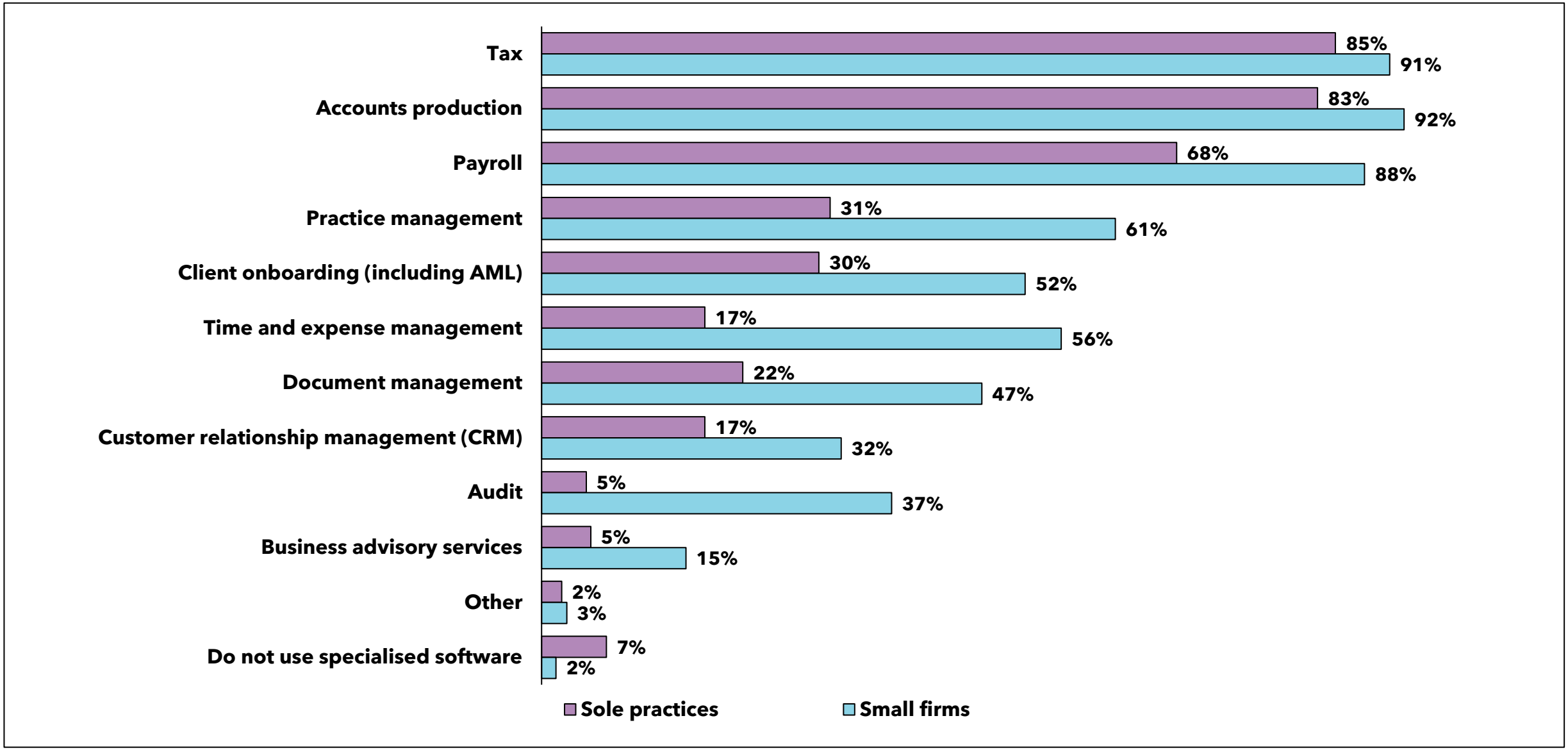
Technology adoption (excluding AI)



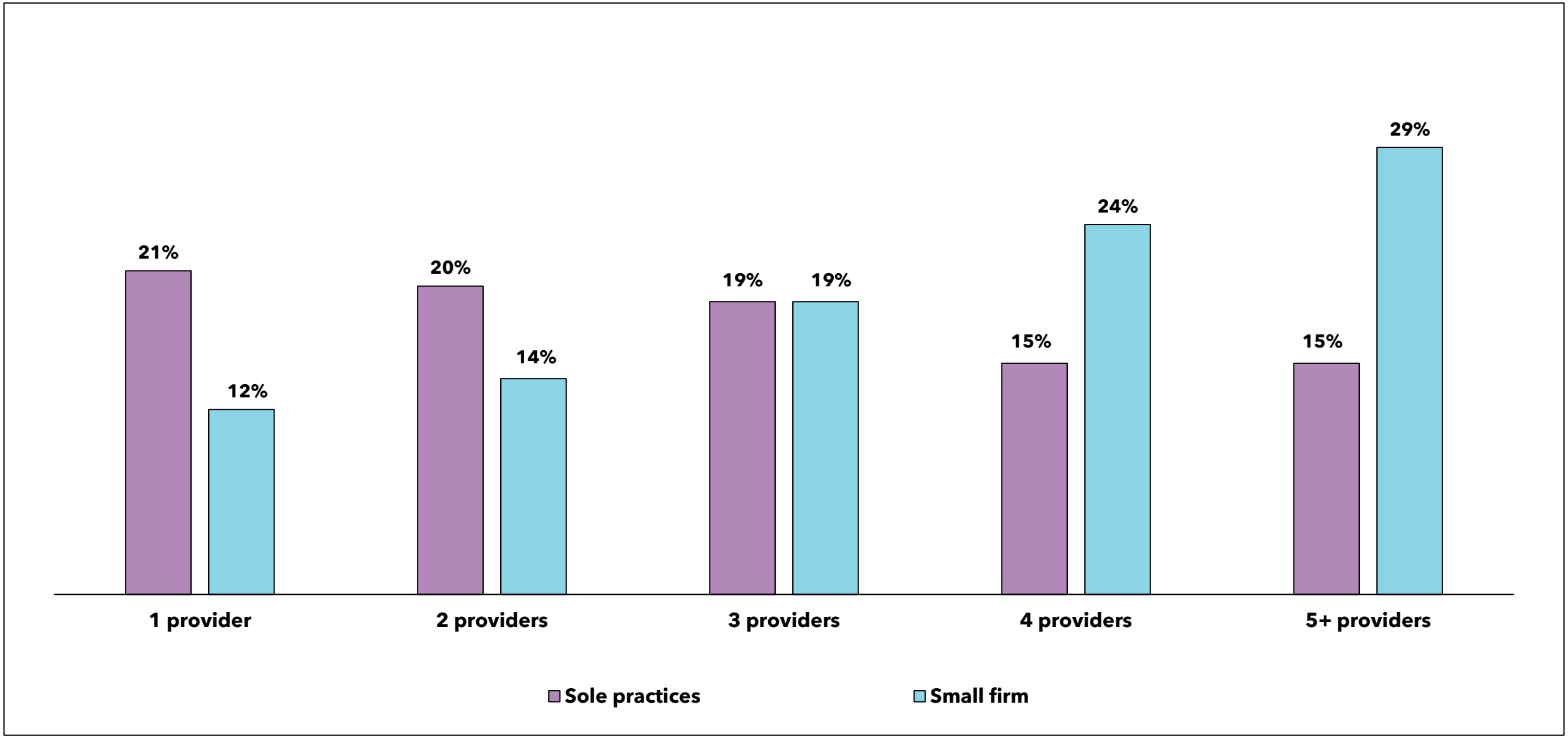
Definitions

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Areas of use for specialised software

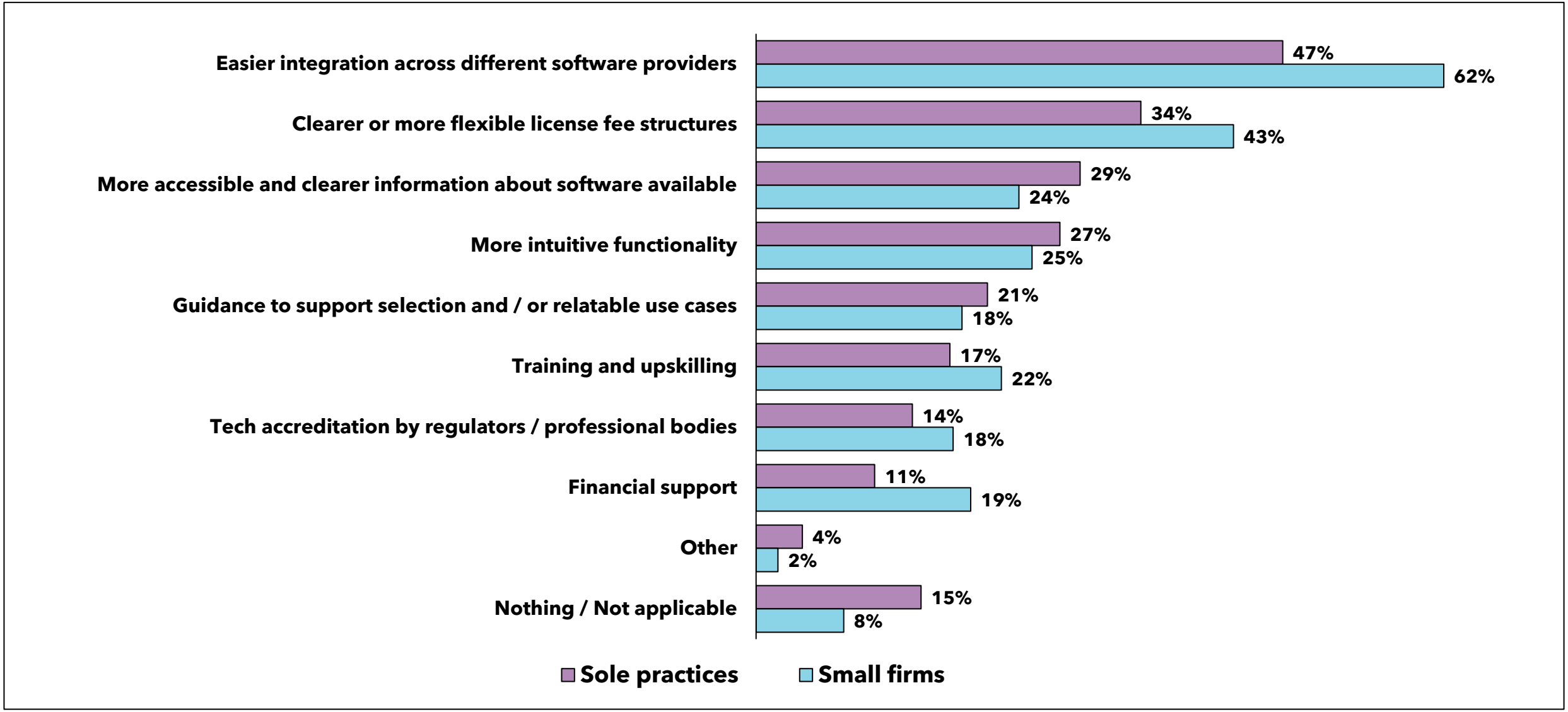


Number of specialised software providers used by firms

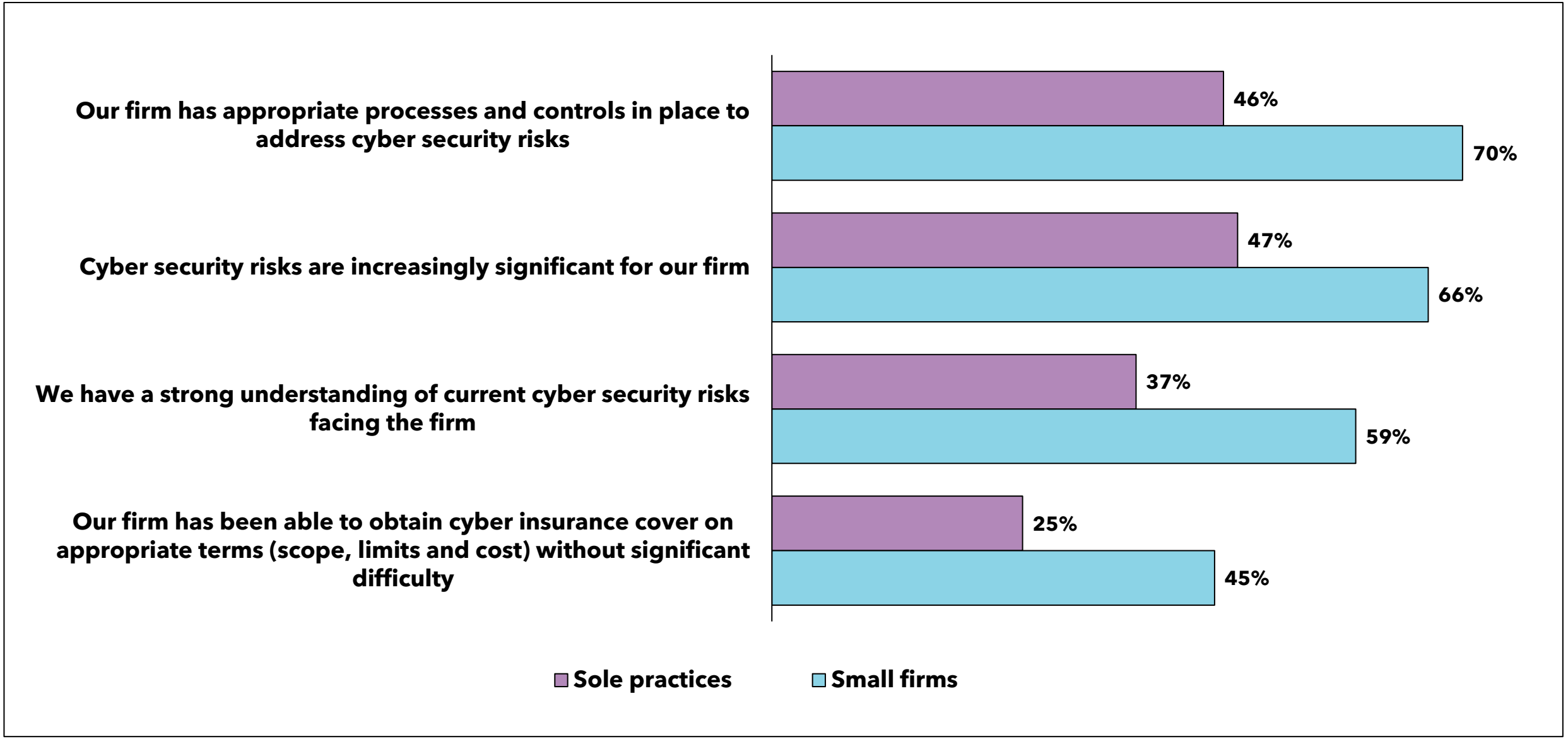


Enablers that would most help increase use of, or confidence in using, specialised software

(selected as one of their top three enablers)



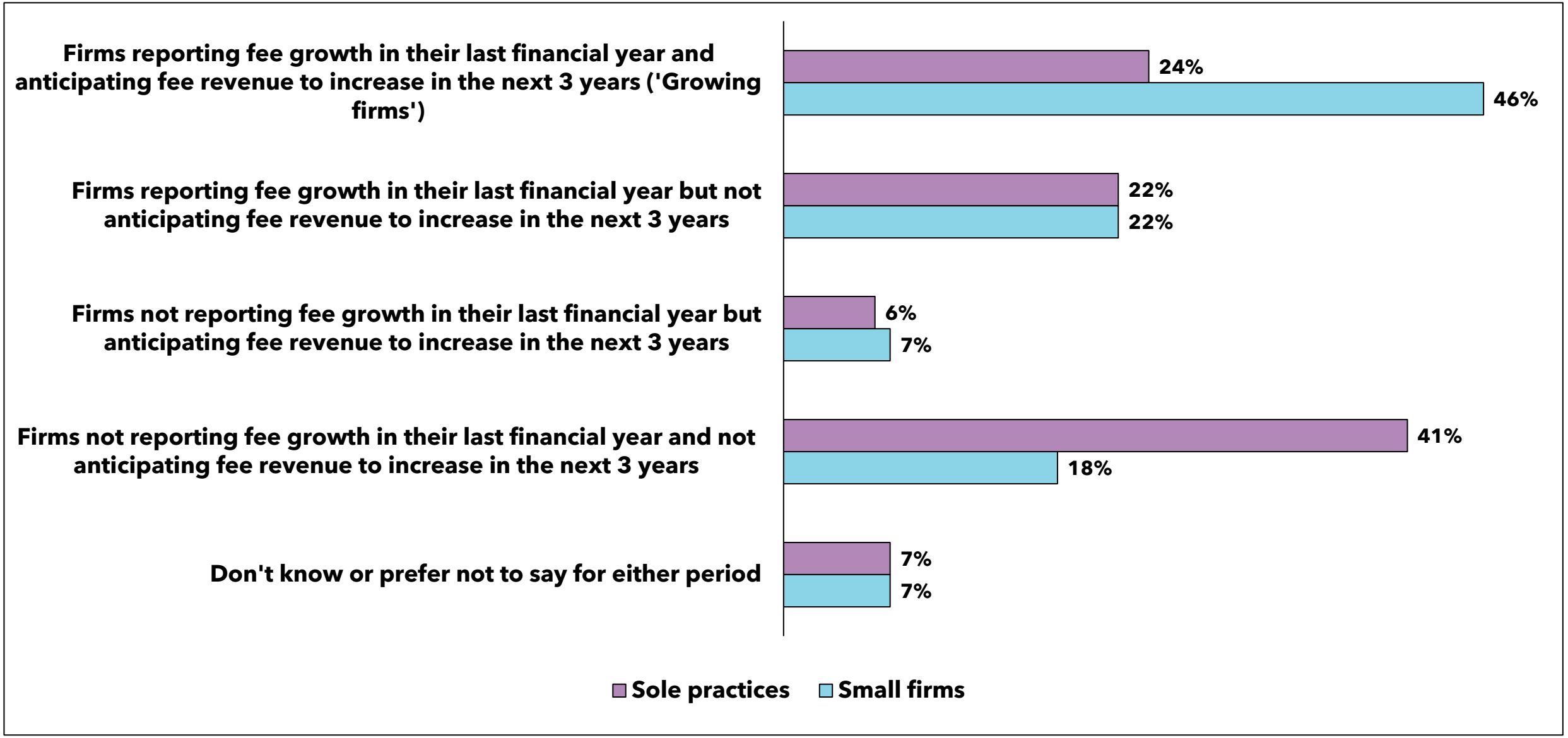
Cybersecurity (firms agreeing with the following statements)



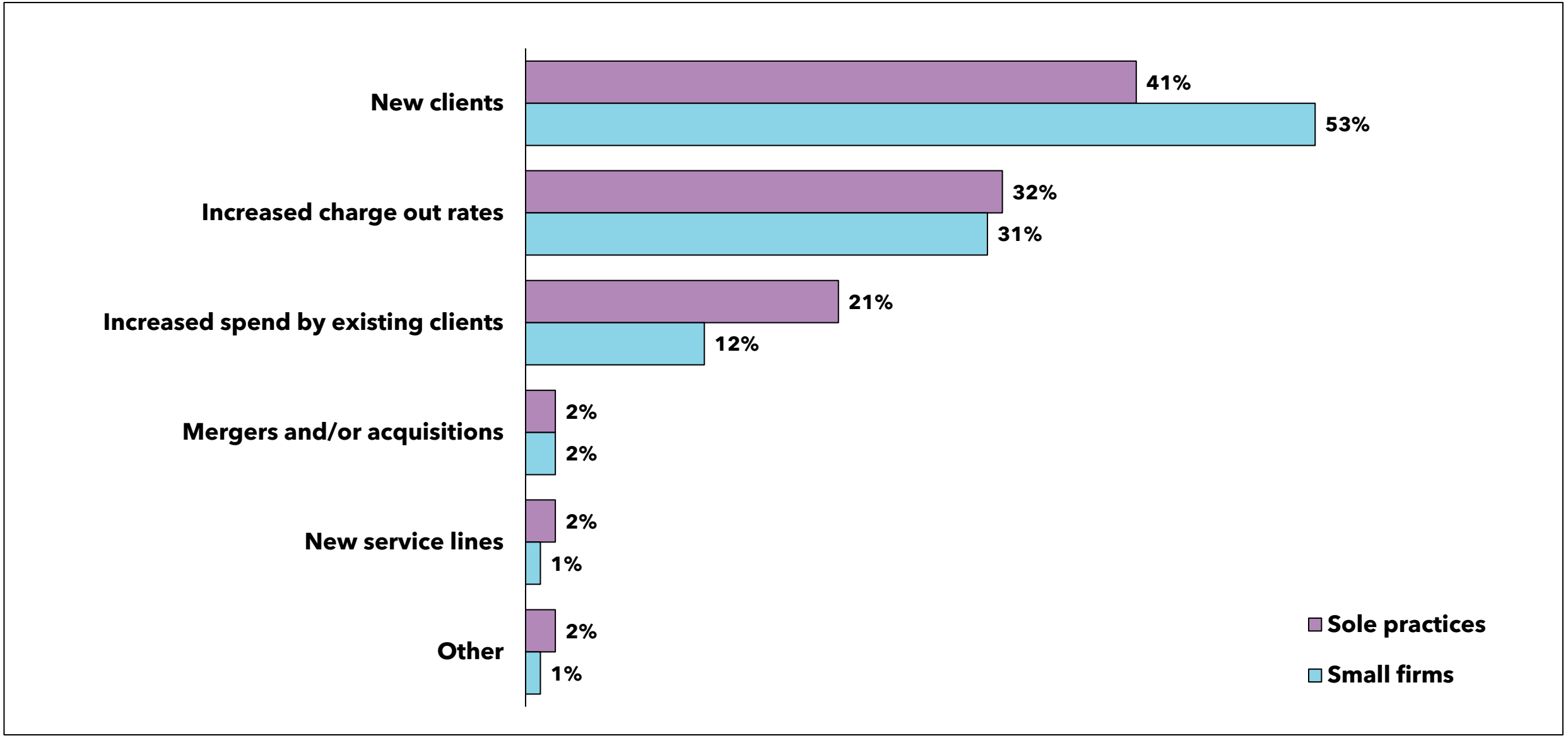


GROWTH

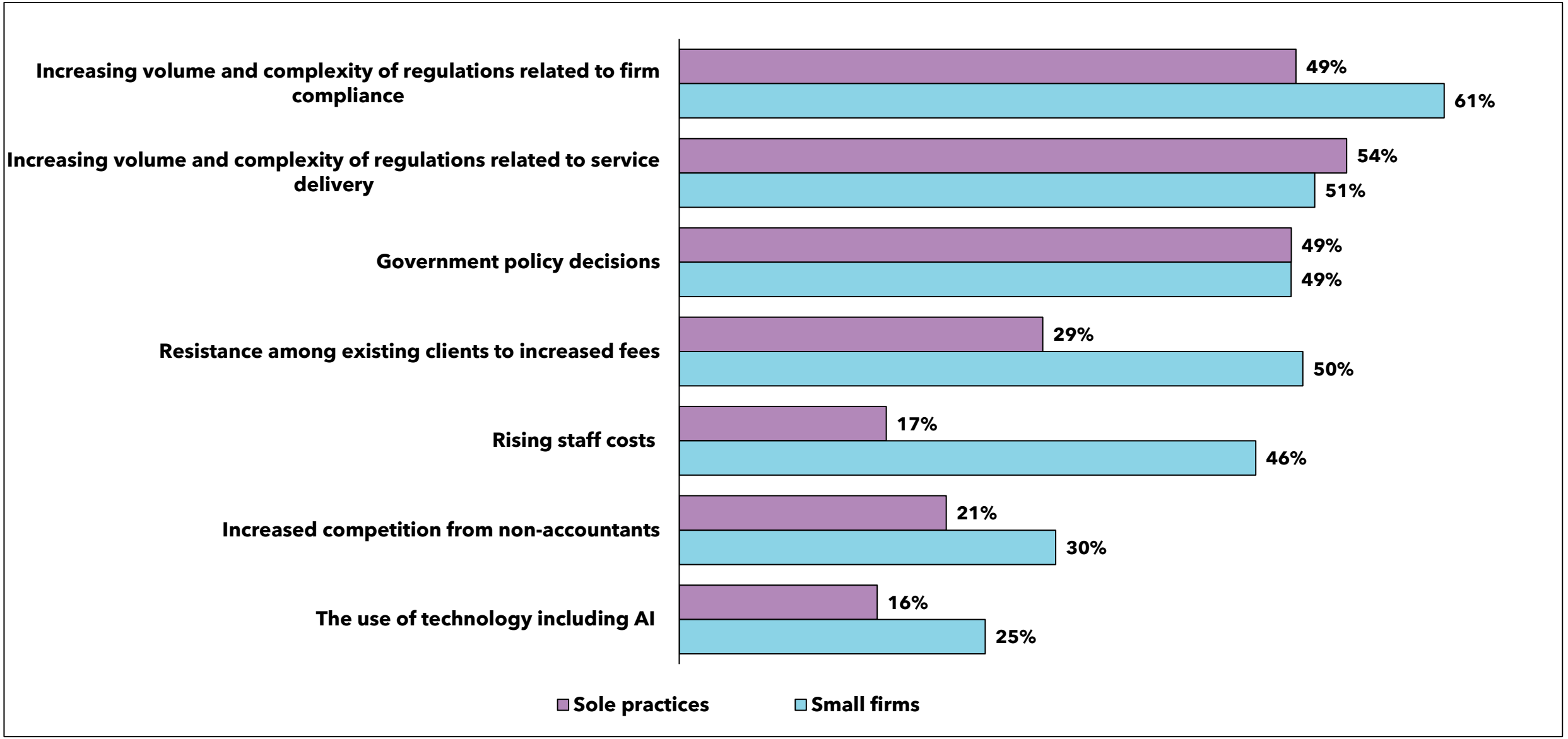
Fee growth: past and future



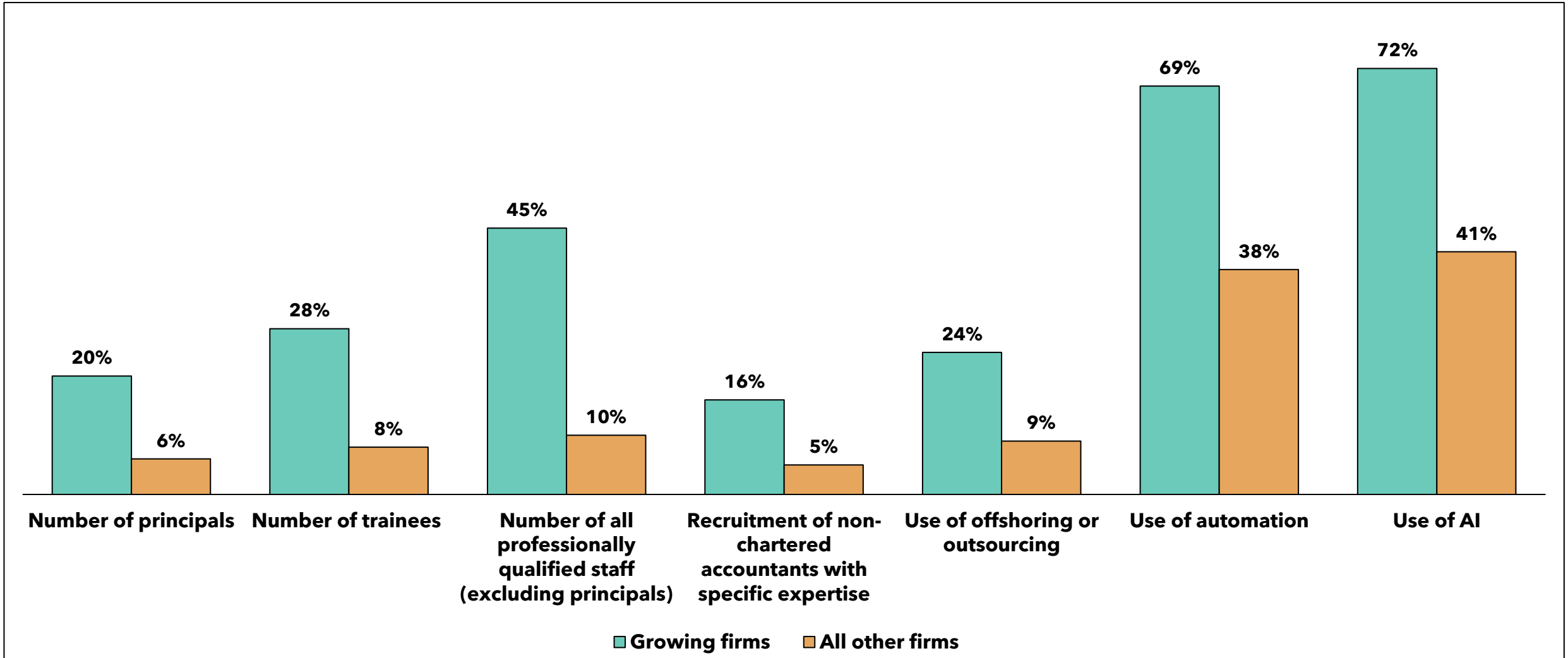
Top contributor to fee growth in the past financial year



Factors likely to negatively impact fee growth

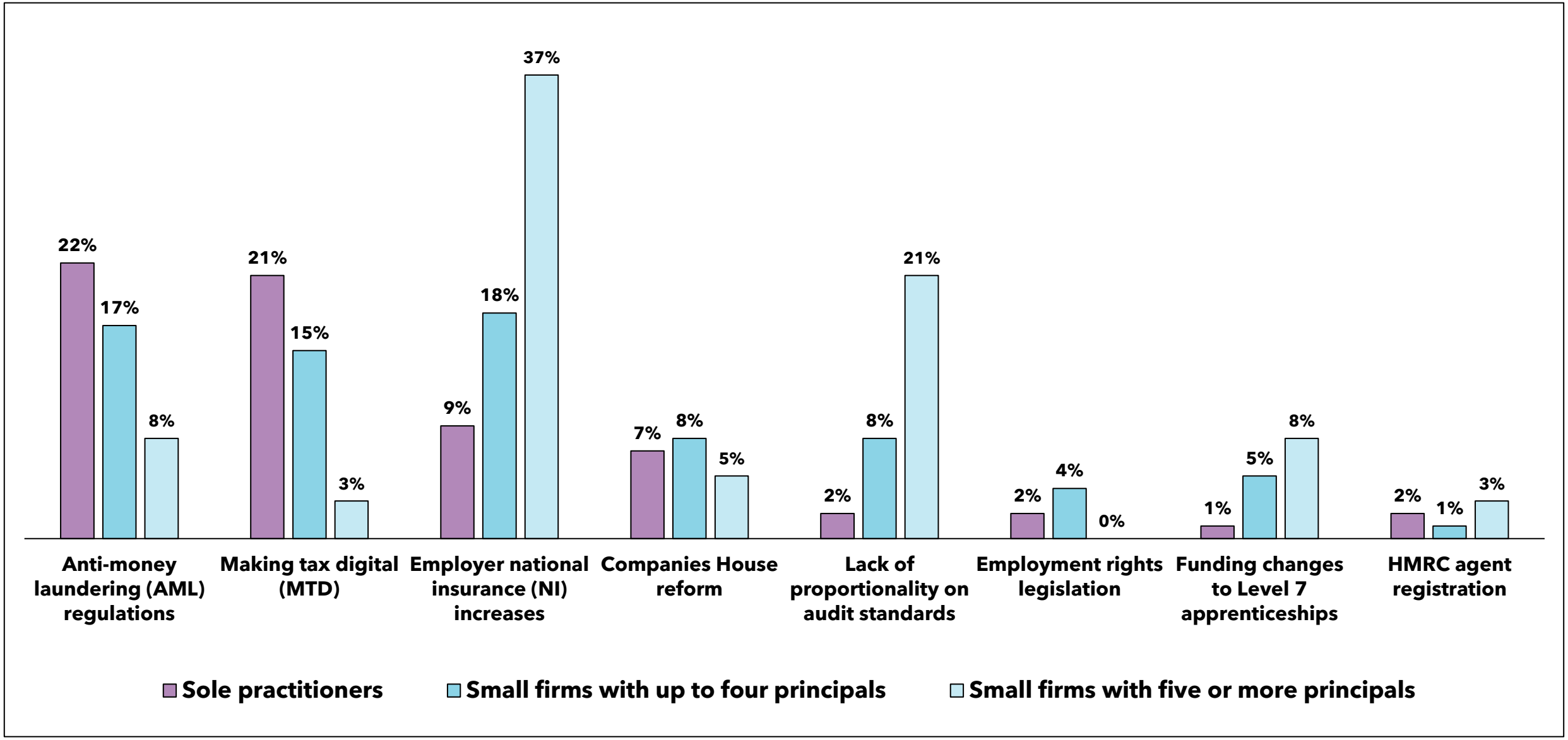


Growing firms' operating models (Percentage of growing firms expecting to make increases in the next three years)



Growing firms are those that experienced fee growth in the last year and expect fee revenue to increase over the next three years

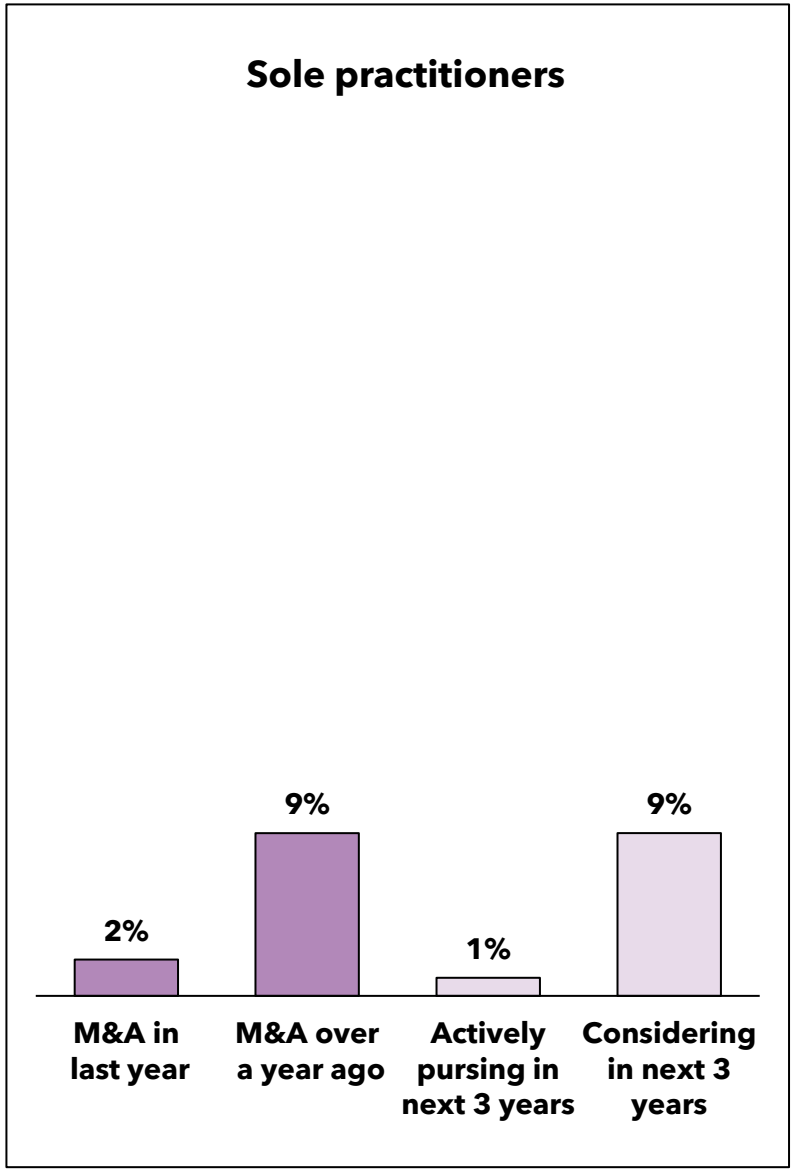
Government policies constraining fee growth (selected as their top constraint)

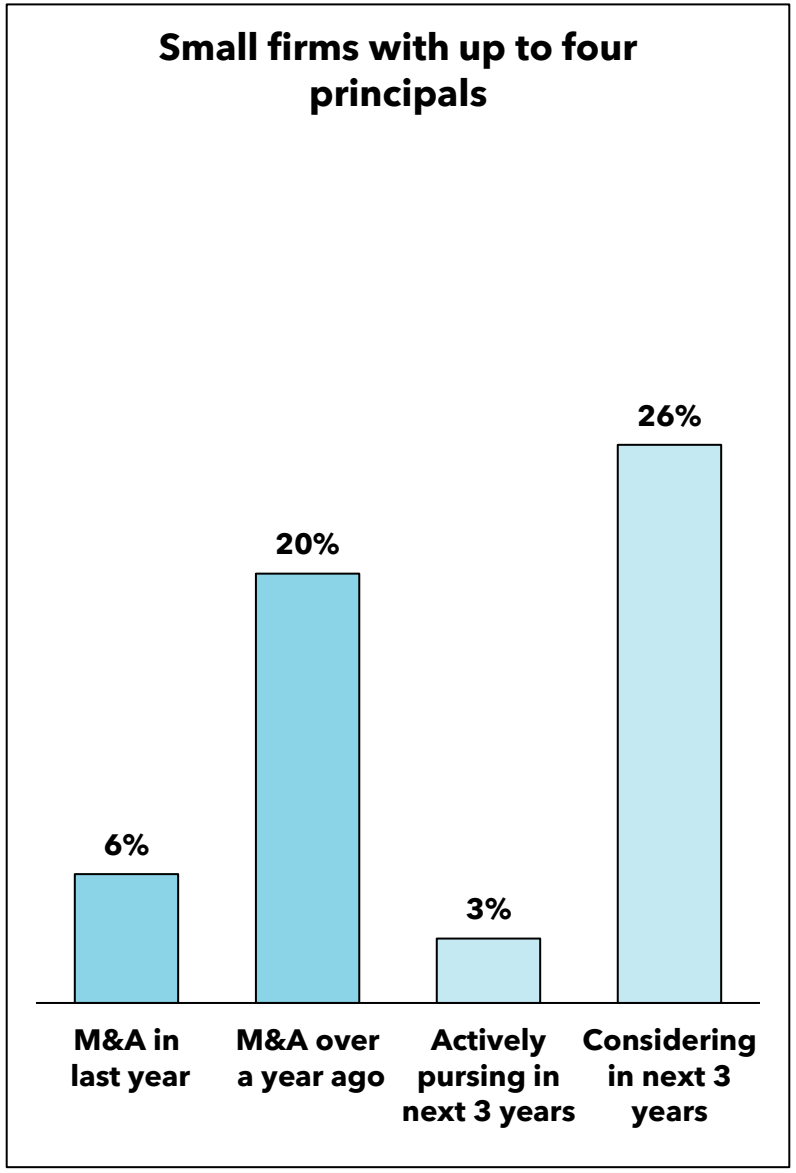


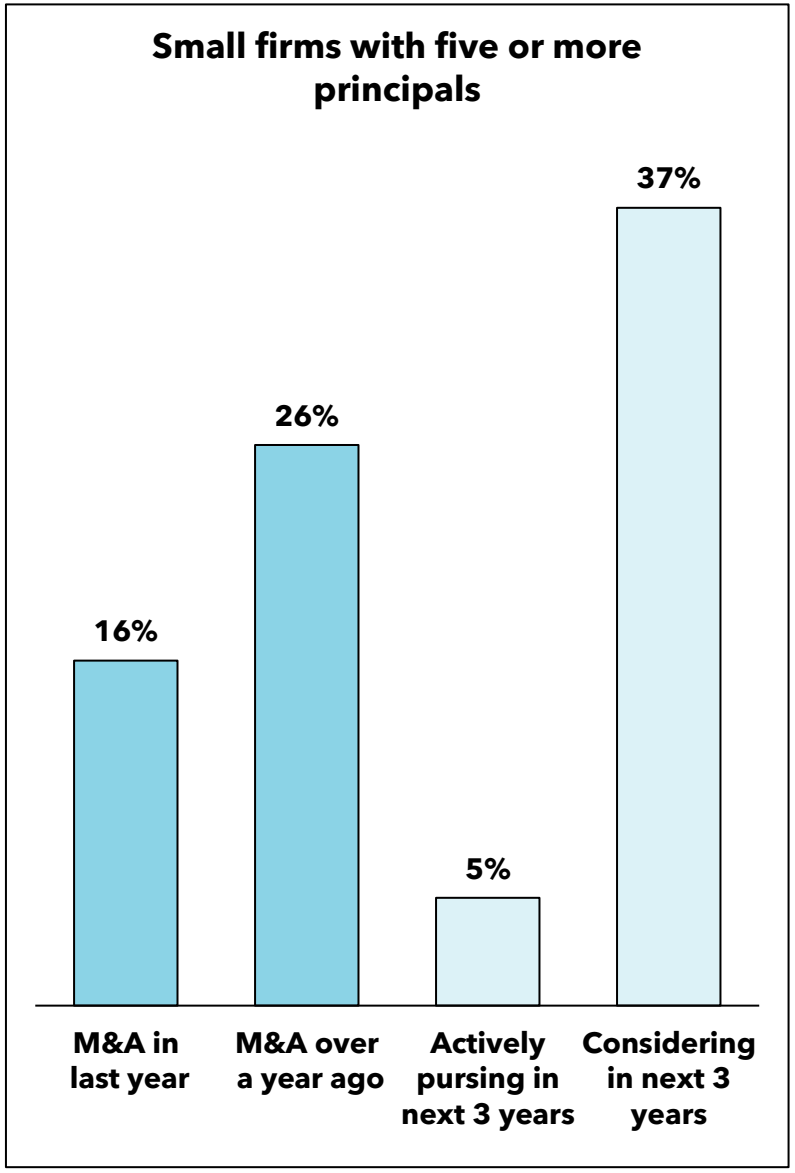


STRUCTURAL SHIFTS IN THE LANDSCAPE

Past and future merger and acquisition (M&A) activity







Private equity (PE)

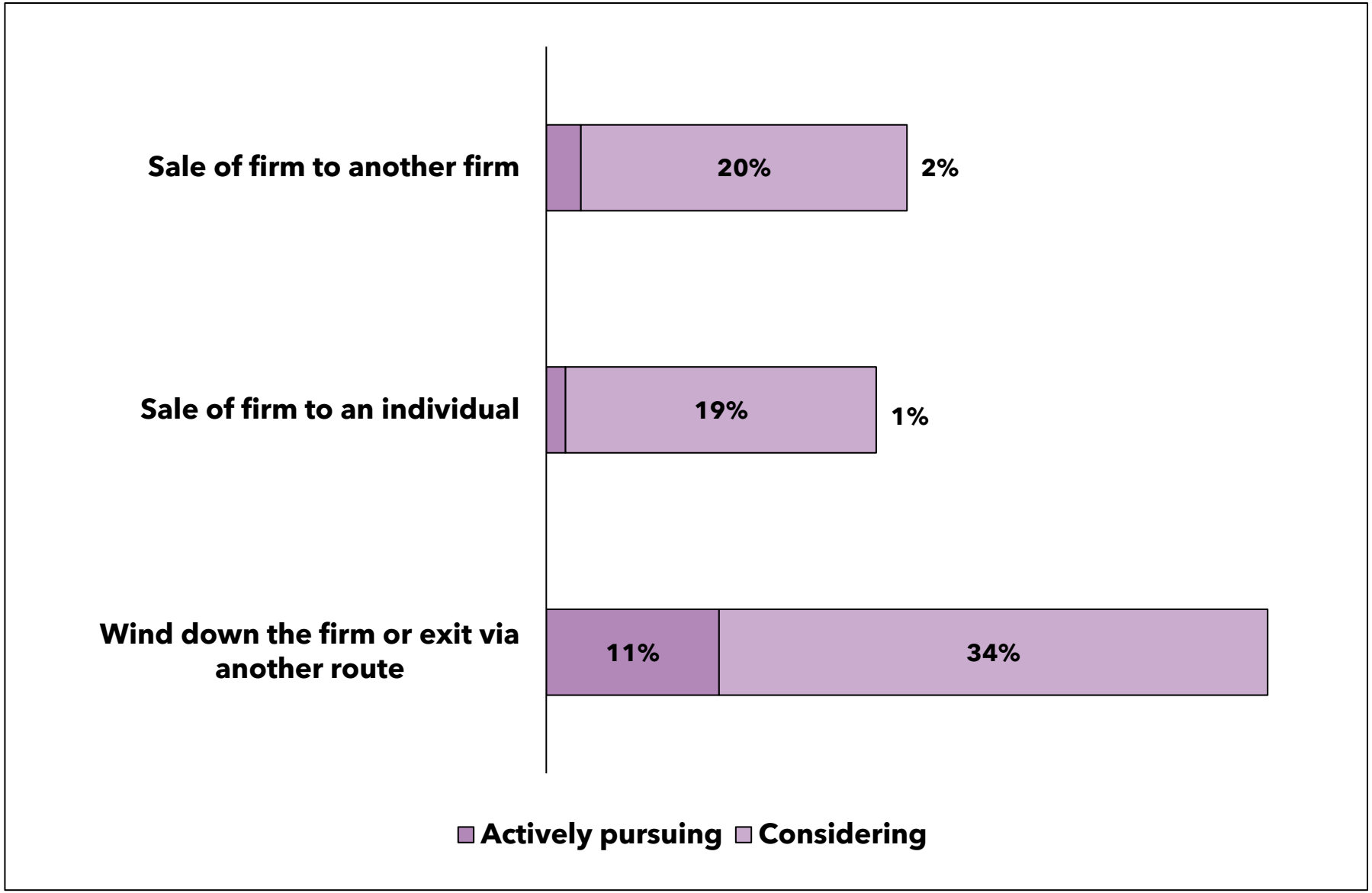
	Sole practices	Small firms with up to four principals	Small firms with five or more principals
Taken PE	0%	1%	0%
Been approached by PE investors	14%	45%	82%
Actively pursuing PE investment	0%	0%	0%
Considering taking PE investment in the future	2%	6%	18%

Interest by private equity investors **increases with firm size**

13% of sole practitioners and **30%** of small firms rank private equity among their **top three macro trends**

53% disagree that private equity investment benefits the sector overall, compared with just **5%** who believe it does

Sole practitioners looking to exit

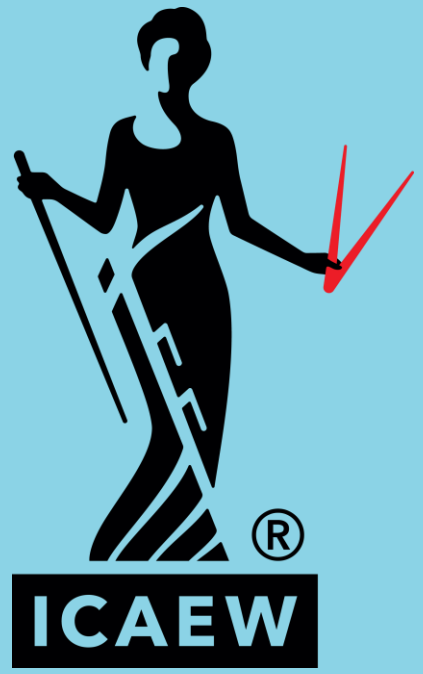


Key drivers of exiting practice for sole practitioners

85%
looking to retire

44%
increasing complexity or volume of regulation

22%
no longer enjoying the role



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