



APSCo UK
Recruitment
Index 2025:
Trends and
takeaways

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Developed in collaboration with APSCo UK and Saffery, this report presents an overview of the current state of the UK's professional recruitment market, based on survey responses provided in Q1 2025 from firms across the sector.

The findings reflect a profession that is both resilient and reflective, facing economic headwinds, shifting client expectations, and technological disruption, while also identifying opportunities for growth, innovation, and strategic investment.

This version of the UK Recruitment Index omits financial performance indicators, as this data is only available to survey respondents. Here, we first explore the market context, followed by a deeper dive into themes including strategic outlook, talent and people strategy, sustainability and ESG, and business impact factors. Together, these insights aim to support recruitment leaders in identifying trends and informing decision-making.

Disclaimer: comparisons made with previous surveys throughout this report should be viewed with caution due to potential differences in data collection and cleansing methods.

Key findings

- Talent remains a critical focus for recruitment firms both as a challenge and a strategic priority. Respondents reported difficulties in attracting and retaining consultants, particularly at midweight and junior levels. This aligns with broader concerns around balancing operational costs with delivery capacity.
- Sustainability and ESG considerations are gaining traction amongst recruitment firms, primarily driven by brand reputation, client expectations, and marketing benefits. While internal factors like corporate social responsibility (CSR) and employee engagement also play a significant role, investor pressure remains minimal, likely due to the smaller size of participating firms. This could indicate that values and visibility are stronger motivators than financial or regulatory demands.
- Nearly half of respondents indicated they have no plans to expand overseas over the next few years. However, for those that are considering international expansion, the US stands out as the most attractive destination: 37% of firms plan to enter or grow their presence there. Beyond the US, a small but notable proportion of firms (5%) identified the UAE as a potential growth market.
- Looking forward, firms are significantly more pessimistic about the future of the UK recruitment sector, with 43% expressing negative or very negative views, compared to just 19% holding similar views about the global sector. Neutral sentiment dominates the global outlook (52%) and positive sentiment is slightly stronger for the global sector (29%) than for the UK (25%), though both figures indicate a cautious optimism rather than widespread confidence.
- Succession planning and long-term exit strategies remain a key consideration. 58% reported that their appetite for a business sale has remained unchanged over the past year. However, 33% indicated an increased interest in selling their business – driven primarily by retirement planning and the need for structured succession strategies.



Jamie Cassell
Partner, Saffery
[Find out more about Jamie](#)



Samantha Hurley
Managing Director, APSCo UK
[Find out more about Samantha](#)



| Market overview

Current trends

The professional recruitment market in 2025 is navigating a landscape marked by economic recalibration, technological transformation, and shifting client expectations.

The UK recruitment sector is currently valued at £43 billion, yet faces persistent challenges including a shortage of qualified candidates, declining permanent placements, and margin pressures. Despite this, growth opportunities are emerging in sectors like AI engineering, cyber security and renewable energy, where demand for specialist skills is rising.

Technology continues to reshape recruitment operations. AI adoption is widespread, with firms using tools for candidate sourcing, workflow automation, and predictive hiring. Industry-wide, AI is projected to reduce time-to-fill for C-suite roles by up to 50% and improve retention by 92%.

Amid cautious optimism, recruitment businesses are balancing short-term pressures with long-term strategic investment, positioning themselves to adapt and grow in a rapidly evolving environment.

Overseas expansion plans

Respondents reveal a cautious yet strategic approach to international growth. Nearly half (47%) indicated they have no plans to expand overseas within the next 12 to 24 months, suggesting a continued focus on consolidating domestic operations or navigating market uncertainties around skill shortages and the impact of AI.

However, for those considering international expansion, the US stands out as the most attractive destination, with 37% of firms planning to enter or grow their presence in the market. This could reflect the enduring appeal of the US recruitment landscape, driven by its scale, sector diversity, and demand for executive talent. Interestingly, as reported in Saffery's Recruitment M&A

and valuation update, US jobs data from 2024 suggested that unemployment had reached a three-year high, resulting in potential risks to UK recruitment businesses operating on the other side of the Atlantic. However, for those based in the UK offering services overseas (eg in the US), this could provide more opportunities for firms to go after much larger businesses and markets.

While the Netherlands remains one of the most popular countries where firms currently operate, it's not a target for future expansion among those not already present there, indicating possible market saturation or strategic shifts away from Western Europe.

Beyond the US, a small but notable proportion of firms (5%) identified the UAE as a potential growth market. Additional targets included Portugal, the Middle East, Africa, Romania, the wider Nordics, Eastern Europe, and a general reference to Europe, suggesting a fragmented but diverse interest in emerging and regional markets.

These findings highlight a bifurcation in strategy: while many firms are holding steady, others are selectively targeting high-growth or underpenetrated regions, particularly outside of traditional European strongholds. However, it should be noted that operating overseas brings many challenges such as complying with local laws and regulations, notably in the US with its State system. In these situations, it's important to seek adequate legal and tax advice in order to avoid any potential issues.

The UK recruitment sector is currently valued at

£43 billion



Strategic outlook and business sentiment

Appetite for business sale

Succession planning and long-term exit strategies remain a key consideration for many professional recruitment firm leaders. According to the survey, 58% of respondents reported that their appetite for a business sale has remained unchanged over the past year. However, a significant 33% indicated an increased interest in selling their business – driven primarily by retirement planning and the need for structured succession strategies. As firm founders and senior leaders look ahead, many are beginning to formalise exit plans, either to capitalise on current market valuations or to ensure continuity and stability for their teams and clients.

This trend suggests that while the majority are maintaining their current course, a notable segment of the market is actively preparing for ownership transition, potentially opening up opportunities for mergers, acquisitions, or internal leadership development. As highlighted in [Saffery's guidance on business exit planning](#), there is no one-size-fits-all approach to exiting a business, so advice should be sought early on (Fig. 01).

Additionally, [employee share schemes](#) remain a popular remuneration tool, offering benefits such as incentivising performance, attracting and retaining talent (especially key personnel ahead of ownership changes or exits) and enhancing pay packages in a tax-efficient way.

When selecting the right scheme for your business, it's important to balance the flexibility of unapproved schemes with the tax advantages and eligibility criteria of approved ones. Saffery can help you in this area.

Economic outlook

The survey reveals a nuanced and cautious sentiment among professional recruitment firms regarding the economic outlook, particularly within the UK market. Respondents are significantly more pessimistic about the future of the UK recruitment sector, with 43% expressing

negative or very negative views, compared to just 19% holding similar views about the global sector.

While neutral sentiment dominates the global outlook (52%), a notable 33% of respondents also expressed neutrality about the UK market, suggesting a degree of uncertainty rather than outright pessimism. Positive sentiment is slightly stronger for the global sector (29%) than for the UK (25%), though both figures indicate a cautious optimism rather than widespread confidence.

Compared to our 2022 survey, the overall sentiment toward the UK market in 2025 is slightly more positive and less negative, though the shift is modest and likely reflects short-term fluctuations rather than a fundamental change in outlook (Fig. 02 & 03).

Respondents are significantly more pessimistic about the future of the UK recruitment sector, expressing negative or very negative views

43%

Neutral sentiment dominates the global outlook (52%), respondents also expressed neutrality about the UK market (33%), suggesting a degree of uncertainty rather than outright pessimism

33%

Fig. 01 - Drivers of increased appetite for business sale

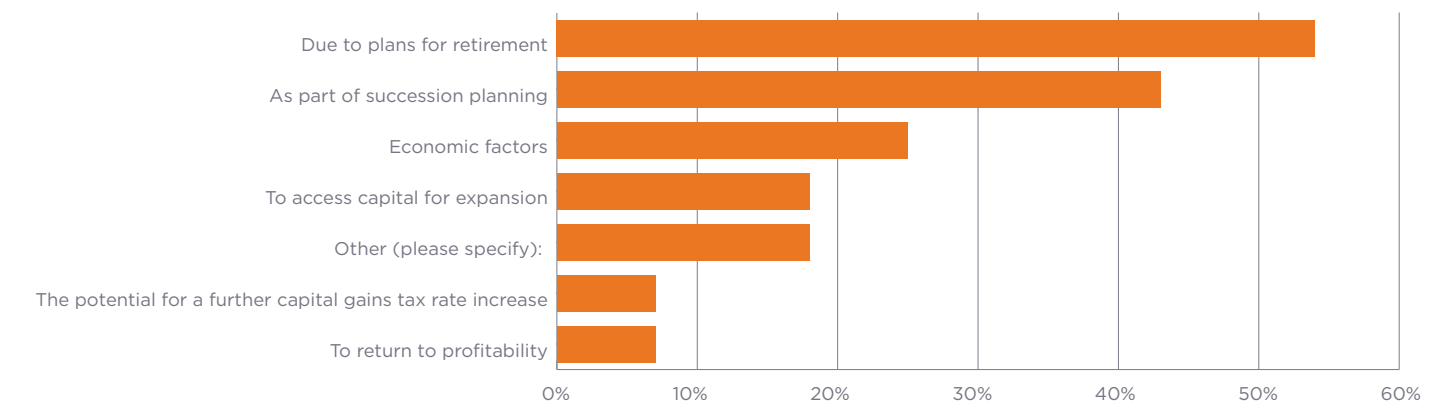
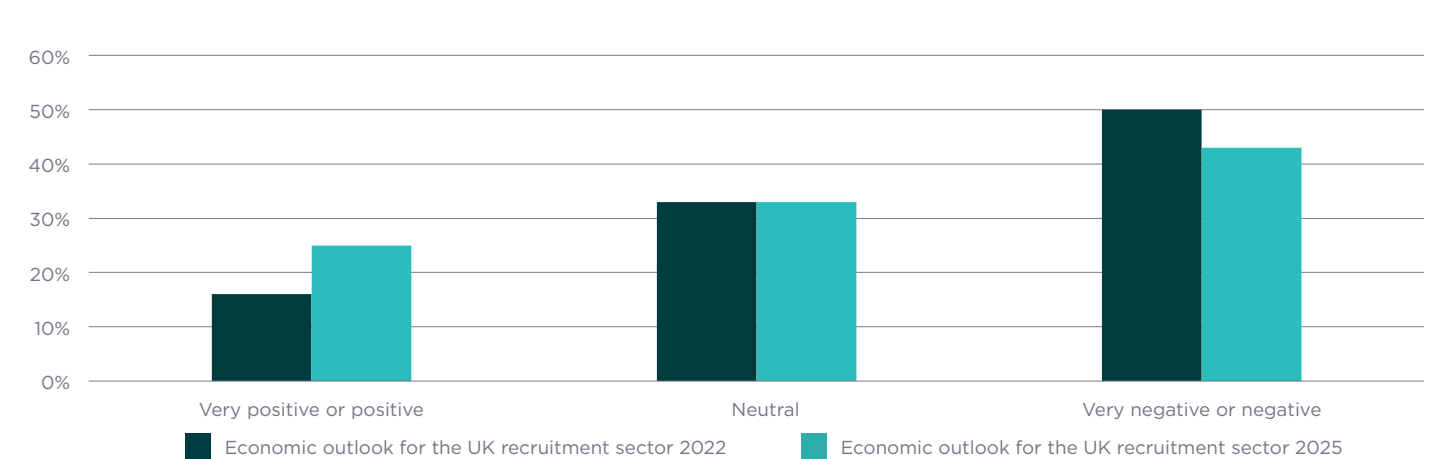


Fig. 02 - Feelings about economic outlook



Fig. 03 - Comparison of feelings regarding UK economic outlook (2022 vs 2025)



Five identified themes – the drivers behind the sentiment



Government policy and economic uncertainty

The most frequently cited concern was the impact of government policy, particularly increases in National Insurance, minimum wage, and broader economic instability. Respondents expressed frustration with what they perceive as a lack of business-friendly policies and a challenging fiscal environment:

“We have a faltering economy, increasing tax environment and geopolitical uncertainty.”
“Uncertainty has been caused by the Labour government’s budget...”



Cost pressures and margin squeeze

Rising operational costs (driven by wage increases, regulatory burdens, and tax changes) are putting pressure on margins and dampening growth:

“Margins are increasingly stretched whilst the cost to operate increases.”
“Increases in the minimum wage have killed off job creation at lower end salaries.”



Industry and operating model disruption

The traditional operating model is under strain, challenged by internal hiring teams, legislative changes, and technological disruption. AI adoption by in-house teams is particularly impactful:

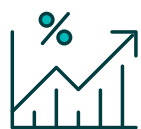
“Clients don’t see the value in [top-level recruitment service] anymore.”
“Only the larger recruiters will be able to invest heavily in AI.”



Variability between sectors

While some sectors are seen as resilient or growing, some like public services and higher education are under pressure due to budget constraints and structural challenges:

“Cost reduction targets in public services may have a downward pressure on job demand.”



Optimism amidst uncertainty

Despite short-term concerns, several respondents expressed longer-term optimism, citing the cyclical nature of the economy and the resilience of well-run businesses:

“The recruitment sector is and always has been extremely resilient.”
“2025 has started much better. We are buoyant with good placements done...”

Talent and people strategy

Talent remains a critical focus for recruitment firms both as a challenge and a strategic priority. Respondents reported difficulties in attracting and retaining consultants, particularly at midweight and junior levels. This aligns with broader concerns around balancing operational costs with delivery capacity.

Training and development are central to addressing these gaps. Firms appear to be investing in tools and systems to support consultant performance, but this must be matched by human capability. One fifth of

respondents reported having no formal training budget, pointing to potential gaps in structured development. Among those with a budget, most are prioritising early-stage consultants, reflecting a strategic focus on capability building and retention.

Finally, internal culture and team strength emerged as a key positive impact factor, with respondents citing employee engagement, leadership, and company values as drivers of resilience and growth.



| Sustainability, ESG, and values

Sustainability and ESG is increasingly on the agenda for recruitment firms, though motivations vary. The most influential factors are brand reputation, marketing, and client expectations, which highlights the importance of external perception. These are closely followed by corporate social responsibility (CSR) and employee engagement, suggesting that internal culture also plays a meaningful role. Notably, investor requirements ranked lowest, likely reflecting the smaller firm profile of many respondents. This suggests that sustainability is driven more by values and visibility than by financial or regulatory pressure (Fig. 04).

We asked respondents to rank the primary drivers for their organisation’s sustainability and ESG efforts (1 being most important and 9 being least important).

Fig. 04

Rank	Answer
1	Brand reputation and marketing
2	Demand from clients
3	Corporate social responsibility
4	Employee engagement
5	Cost savings
6	Value adding opportunities for growth
7	Regulatory compliance
8	Pressure from competitors
9	Investor requirements

| Business impact factors

As firms navigate a shifting landscape, the factors influencing recruitment businesses today span both strategic opportunities and operational pressures. Here are the identified areas driving growth and resilience, and the challenges that continue to weigh on businesses.

Positive influences	Negative influences
Market positioning and sector demand Firms with a strong niche, differentiated offerings, and solid client relationships are seeing increased demand. <i>“Niche area creating a huge demand”</i> <i>“Continued demand for specialist firm”</i>	Economic and geopolitical uncertainty Macro-economic instability and global events are dampening client demand and confidence. <i>“Economic instability affecting staffing demands”</i> <i>“Global events affecting the economic environment”</i>
Strategic decisions and investment Expansion into new markets, diversification, and cost-saving initiatives are supporting business performance. <i>“Diversified business reduced the risk from low demand”</i>	Government policy and legislation Rising NI costs, tax changes, and regulatory pressures are seen as barriers to growth. <i>“One-size-fits-all legislation”</i> <i>“NI, employment rights, and no economic growth”</i>
Technology and innovation Adoption of new tech, including AI and CRM systems, is improving efficiency and enabling growth. <i>“AI [is] opening up new areas and opportunities”</i> <i>“AI-driven technology [is] making complex marketing processes more accessible”</i>	Operational cost pressures Firms are facing squeezed margins due to rising costs and reduced fees. <i>“Cashflow restricting growth”</i> <i>“Increased cost to operate”</i>
Market and economic conditions Stabilising markets, particularly in the US and Europe, are contributing to a more optimistic outlook. <i>“A better market than 2023”</i> <i>“Reduced interest rates”</i>	Competition from in-house teams The growth of internal recruitment functions is reducing demand for external firms. <i>“Clients just do it themselves now”</i> <i>“More ‘in-house’ talent acquisition underway”</i>
Talent, culture, and team strength Internal factors such as staff engagement, leadership, and company culture are seen as key strengths. <i>“Great employees, strong company values”</i> <i>“Agile team offering multiple skills”</i>	Internal tech and productivity challenges Some firms struggle with tech adoption and maintaining productivity in hybrid work environments. <i>“Work from home is undermining productivity”</i> <i>“Lack of proper technological uptake among staff”</i>

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Supporting opportunity and enabling success

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Jamie Cassell
Partner, Saffery
[Find out more about Jamie](#)



Rick Dunkley
Partner, Leeds
[Find out more about Rick](#)



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As the only UK recruitment trade body with international reach, we support our members in excelling in today's dynamic recruitment landscape. Whether you seek to reduce risks, enhance performance, or expand your reach, APSCo provides the tools and expertise to help you succeed.



Samantha Hurley
Managing Director, APSCo UK
[Find out more about Samantha](#)





About the respondents

Our survey gathers insights from a broad spectrum of professional recruitment firms, offering a representative snapshot of the sector's current landscape.

Locations

The international footprint of respondents remains consistent with our previous surveys in 2022 and 2019.

The United States, Germany, and the Netherlands continue to be the most commonly cited overseas markets. Additionally, several firms indicated operations in regions such as the Middle East, Africa, and other parts of Europe under the 'Other, please specify' category, highlighting the sector's expanding global presence.

Firm size by net fee income (NFI)

42% of respondents reported earning less than £2 million in NFI over the last 12 months of trading. Compared to the 2022 survey, there were fewer firms in the higher NFI brackets (above £10 million). However, it's important to note that firms in the £10-100 million range typically operate with significantly larger headcounts (eg may have well over 50 consultants) compared to those under £2 million, which may have fewer than 10. This means that while fewer in number responded in this survey, these larger firms have more data points to reference.

42% of respondents reported earning less than the below in NFI

£2 million

Fig. 05 - Locations where recruiters operate

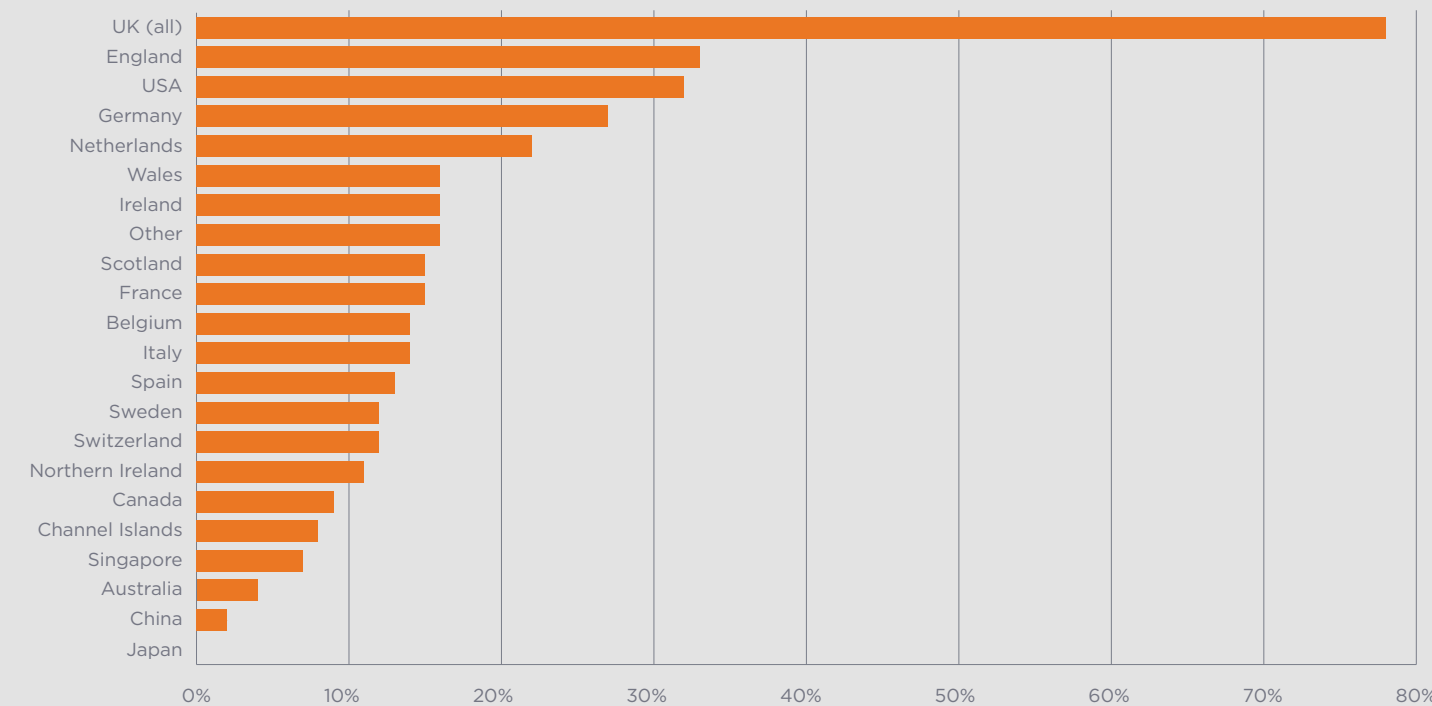
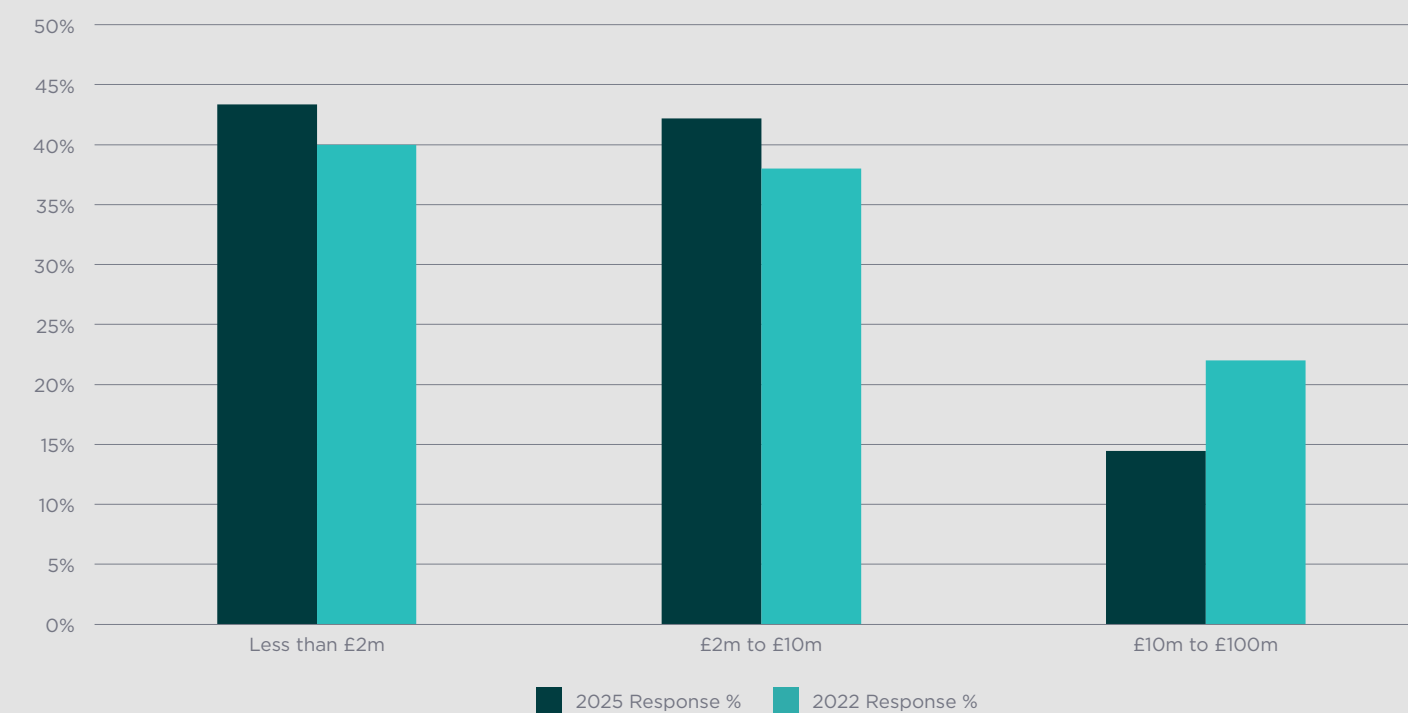


Fig. 06 - Comparison of respondents' net fee income between 2025 and 2022 surveys



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