Recruitment Benchmarking Report 2026

Q2 2026 Results

Provided by Recruitment Accountants, a division of TC Group

Specialist advisors to 100+ recruitment businesses across the UK.

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Executive Summary

The first half of 2026 presents a mixed picture for the recruitment sector. While H1 performance is modestly ahead of the same period in 2025, a disappointing second quarter highlights the fragility of the recovery. After a more encouraging start to the year, trading conditions deteriorated during Q2, reminding us that confidence across the market remains uncertain and that many businesses continue to operate in a challenging environment.

The headline numbers:

- Q2 proved significantly more challenging than Q1, with NFI down 2.7% overall.
- Permanent recruitment saw the sharpest slowdown, with NFI falling 8.2% from Q1 to Q2, while Temp NFI remained comparatively resilient, declining by just 0.5%.
- Wages: 67.0% of NFI in H1 2026, down from 70.0% in H1 2025 — an improvement, though still above H1 2024's 63.0%.
- Overheads: 25.4% of NFI in H1 2026, broadly level with H1 2025's 25.0%.
- EBITDA: 7.5% of NFI in H1 2026, ahead of H1 2025's 5.0%, though still some way below the recommended 20%
- Finance costs: A new disclosure in this report shows finance costs accounted for 2.2% of NFI in Q2 2026.

The wider context:

- Listed recruiters had a mixed but generally steadier H1 than in prior periods: PageGroup's Q2 gross profit was down just 0.2% year on year, and Robert Walters' net fees returned to growth in June specifically (+1% YoY), even as H1 as a whole was down 3%. Hays continued to see like-for-like declines.
- The Middle East conflict remained the dominant macro theme through H1 — disruption to the Strait of Hormuz kept energy costs elevated for much of the period, before a brief ceasefire framework in mid-June brought some relief. UK inflation eased across the half (3.3% in March, down to 2.6% by June) before the ceasefire broke down again in July.
- Political uncertainty also increased in June following growing pressure on Sir Keir Starmer's leadership, culminating in his resignation and the appointment of Andy Burnham as Prime Minister in July. For many employers and business owners, this added a further layer of uncertainty around the future tax changes and the wider economic output.

What this means for your business:

- H1 2026's EBITDA of 7.5% is an improvement on H1 2025, but remains below the full-year 2025 result of 11% and well short of H1 2024's 14.0%. The data suggests some progress, but not yet a return to previous levels of profitability.

- Wages remain the largest single gap to the 60:20:20 benchmark; firms that haven't revisited wage structures, underperformance and commission schemes since the market softened should treat this as the priority area.
- With finance costs now being tracked for the first time, firms funding temp/contractor books via invoice discounting or factoring should have clear visibility of what that facility is actually costing them as a % of NFI.

- With economic and geo-political uncertainty continuing, business owners should be planning for multiple outcomes and maintaining flexibility in their financial planning rather than relying on a single budget or forecast.

H1 2026 should be read as a genuine, if partial, improvement on a very weak 2025. The market backdrop remains uncertain heading into H2, and the gains made so far need to be protected rather than assumed.

"The sector has improved from the lows of 2025, but the gap to the 60:20:20 model shows how much work remains on converting NFI to profit."

Market Context for Q2 2026

Q2 2026 (April to June) was shaped largely by the ongoing conflict in the Middle East and its impact on energy prices, inflation expectations and business confidence. The quarter began under real strain — permanent placements nationally fell at their fastest rate in ten months during May, according to the REC/KPMG Report on Jobs, with recruiters directly citing the war and UK political uncertainty as the cause. Despite this, broader market indicators suggested conditions may have begun to stabilise towards the end of the quarter, although the pace of recovery remained uneven across sectors and regions.

This coincided with a brief window of optimism around a US-Iran ceasefire, agreed in mid-June. Combined with lower energy prices, this helped UK CPI inflation fall from 3.3% in March to 2.6% in June, its lowest reading of the year. The Bank of England held Bank Rate at 3.75% throughout the quarter.

However, hopes of a sustained improvement proved short-lived. Hostilities between the US and Iran resumed in July, sending Brent crude back above $100 a barrel and prompting the Bank of England to revise its own inflation projection upward, now expecting CPI to peak around 3.2% in Q4 2026. The practical effect for recruitment businesses is that the macro backdrop should not be read as the start of a sustained recovery — the same source of uncertainty that shaped Q1 remained live throughout Q2, and has since re-intensified.

Employer sentiment through the quarter reflected this unease. REC's Jobs Outlook survey (covering February–April 2026) recorded confidence in the UK economic outlook at net -43%, a 12-point fall on the previous quarter. Alongside concerns around inflation, energy prices and the wider economy, political uncertainty increased during June as pressure mounted on Sir Keir Starmer's leadership ahead of the change in Prime Minister the following month. Despite this, actual hiring activity held up better than sentiment alone would suggest, with short-term hiring intentions remaining positive at net +5%.

This context is important when interpreting the benchmarking results that follow. The deterioration in profitability metrics during Q2 occurred against a backdrop of weaker client confidence and heightened economic uncertainty. The risk, as ever, is treating a single very difficult quarter as the new normal, or dismissing it as a blip, without first understanding how much reflects the external environment and how much reflects a firm's own operating model and cost discipline.

Understanding the 60:20:20 Operating Model

The **60:20:20 model** is a widely recognised benchmark for financial health in recruitment businesses. While it's a general guideline, it provides a valuable reference point for evaluating the commercial structure of your agency.

Under this model:

- **60%** of Net Fee Income (NFI) is allocated to staff costs — including salaries, commissions, and dividends (not in the sense of shareholder return, but as a proxy for a market-rate salary for business owners)
- **20%** of NFI covers operational overheads
- **20%** of NFI is retained as Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)

Put simply, for every £100 of NFI, around £60 is spent on staff costs, £20 on overheads and £20 is retained as EBITDA.

A change in terminology from previous reports: we now refer to the retained 20% as EBITDA rather than Net Profit. EBITDA — Earnings Before Interest, Tax, Depreciation and Amortisation — better reflects what the 60:20:20 model is actually measuring: underlying trading performance, before the financing, tax and capital-structure decisions that vary firm to firm. Finance costs, interest, tax and depreciation all sit below this line and are reported separately.

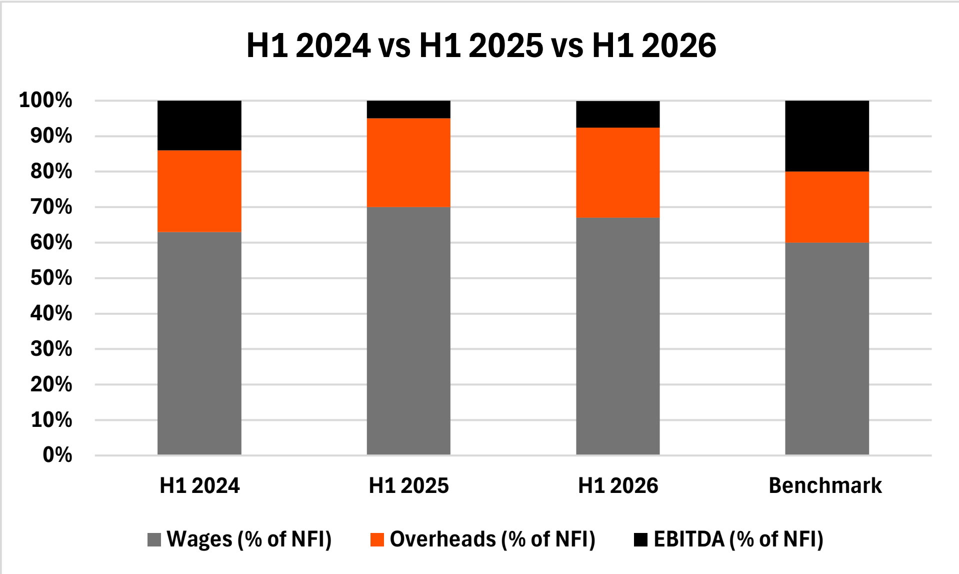
Few firms are achieving this exact split in the current economic climate, but it remains a strong benchmark. It can help business owners assess whether costs are drifting, how effectively revenue is being converted into EBITDA, and whether there's sufficient headroom to reinvest and grow.

That said, the ideal ratio will vary depending on your business model. A temp-heavy firm may carry higher payroll-related overheads, while an executive search firm might operate with a leaner cost base and stronger profitability.

As you review the financial outcomes throughout this report, we encourage you to keep the 60:20:20 model in mind, and to discuss with your financial team how it applies to your business today.

Half Year Comparison – H1 2024 vs H1 2025 vs H1 2026

Metric	H1 2024	H1 2025	H1 2026	Trends	Benchmark
Wages (% of NFI)	63.0%	70.0%	67.0%	Variable	60%
Overheads (% of NFI)	23.0%	25.0%	25.4%	▲ Increasing	20%
EBITDA (% of NFI)	14.0%	5.0%	7.5%	Variable	20%



H1 2026 presents a more balanced picture than the Q2 results alone might suggest. Whilst profitability remains below historic levels and some distance from the 60:20:20 benchmark, the first half of 2026 shows modest improvement on the same period in 2025.

Wages remain the largest challenge, accounting for 67% of NFI compared to the 60% benchmark. Whilst this represents an improvement on H1 2025's 70%, it remains above H1 2024's 63%, highlighting that many recruitment businesses are still carrying cost structures that were built for a stronger market.

Overheads have shown little movement over the last two years, increasing slightly from 25% of NFI in H1 2025 to 25.4% in H1 2026. This leaves the sector materially above the 20% benchmark and suggests that many businesses continue to face pressure from rising supplier costs, technology spend and general cost inflation.

As a result, EBITDA improved from 5.0% in H1 2025 to 7.5% in H1 2026, but remains well below H1 2024's 14.0% and some distance from the 20% level implied by the 60:20:20 model. The data points to a sector that has made progress, but not yet enough progress.

Many of the challenges visible in these results are not new. Recruitment businesses have now been operating in a difficult market for an extended period, yet issues such as underperforming consultants, high base salaries, commission structures that no longer reflect market conditions and gradual cost creep remain common. In a stronger market these issues can often be absorbed by revenue growth. In the current environment they have become much harder to ignore.

At the same time, technology has become an increasingly important area of investment across the recruitment sector over recent years, with firms adopting new automation tools, AI solutions and candidate attraction technology. Yet despite this, many businesses are still struggling to translate technology spend into meaningful gains in productivity, automation or consultant efficiency.

Salary costs continue to be influenced by the higher cost-of-living environment and the competition for experienced recruiters. However, many businesses have been slower to review the commission structures and incentive schemes that sit alongside those salaries. Higher remuneration can be justified where it drives greater productivity, stronger client relationships and increased placement activity. Where output remains unchanged, rising salary costs simply place further pressure on margins.

The wider recruitment market is also evolving. Technology is changing how clients buy recruitment services, how candidates engage with recruiters and how business development activity is conducted. Firms are therefore facing a double challenge: managing rising costs whilst simultaneously adapting their operating model to changing client expectations.

The overall picture is therefore one of modest improvement rather than recovery. H1 2026 is ahead of H1 2025, but the sector remains some distance from both the 60:20:20 benchmark and the profitability levels achieved in H1 2024.

Perm & Temp/Contractor NFI Breakdown

For the second quarter of 2026, both permanent and temporary recruitment income declined when compared to Q1 2026. However, the scale of the decline was markedly different across the two revenue streams, providing useful insight into how clients responded to the uncertainty that characterised much of the quarter.

Quarter by Quarter	Permanent Income	Temporary/Contractor NFI
Q1 2026	● +18% ▲	● +6% ▲
Q2 2026	● -8.2% ▼	● -0.5% ▼

Permanent Income

The 8.2% decline in permanent income is a reminder of how sensitive large parts of the recruitment sector remain to shifts in client confidence. It is worth noting that the permanent income category in this report extends beyond traditional contingent recruitment and also includes retainers and consultancy-style project work. Despite that broader definition, income still fell materially during the quarter, suggesting clients became more cautious about committing to new recruitment and talent projects as economic uncertainty increased.

The scale of the decline also highlights how quickly confidence can reverse. Q1 had provided some evidence that activity levels were beginning to improve, but Q2 demonstrated that many hiring decisions remain highly sensitive to changes in the economic and political backdrop.

Temporary/Contractor NFI

Temporary and contractor NFI declined by just 0.5% during the quarter, making it considerably more stable than permanent income. Whilst this is not a growth story, it does reinforce a trend that has been visible across much of the last two years: businesses with exposure to multiple revenue streams often experience less volatility than those relying heavily on a single service line.

The gap between permanent and temporary performance does not necessarily mean one model is superior to the other. Rather, it highlights the value of diversification. Firms able to support clients through a combination of permanent recruitment, retained assignments, consultancy projects, temporary recruitment and contractor solutions are often better positioned to navigate periods where demand shifts between different hiring models.

"For business owners, the key question is whether your current service offering provides sufficient resilience when market conditions change."

Overhead Breakdown – H1

Category	H1 2024	H1 2025	H1 2026	Trend
Property	6.0%	6.2%	5.2%	▼ Decreasing
IT	4.0%	4.0%	3.3%	▼ Decreasing
Professional	4.1%	3.9%	5.7%	▲ Increasing
Advertising & Marketing	5.2%	7.0%	6.2%	▼ Decreasing
Travel	1.7%	2.3%	3.0%	▲ Increasing
Entertaining	1.3%	1.4%	1.3%	-
General	0.8%	0.9%	0.6%	▼ Decreasing
Total Overheads	**23.0%**	**25.6%**	**25.4%**	▲ Increasing

Whilst total overheads have remained broadly stable over the last two years, the composition of those costs has continued to evolve. At 25.4% of NFI, overheads remain materially above the 20% benchmark within the 60:20:20 model, suggesting that many recruitment businesses are still finding it difficult to manage overheads and rising costs.

The most notable movement within the overhead categories is Professional fees, which increased to 5.7% of NFI in H1 2026 compared with 3.9% in H1 2025. This reflects a combination of rising compliance requirements and increased use of specialist advisers within many recruitment businesses.

Advertising & Marketing remains one of the largest overhead categories at 6.3% of NFI. Whilst slightly lower than H1 2025, it continues to represent a significant investment for many firms through job boards, LinkedIn licences, employer branding activity and candidate attraction initiatives. As market conditions remain challenging, understanding the return generated from this spend is becoming increasingly important.

Travel costs have continued to rise, increasing from 1.7% of NFI in H1 2024 to 3.0% in H1 2026. Whilst in-person client and candidate activity remains an important part of relationship building, businesses should ensure that increased travel expenditure is supporting measurable commercial outcomes.

By contrast, Property and IT costs have both reduced as a proportion of NFI. This may reflect the continued rationalisation of office space, hybrid working arrangements and closer scrutiny of technology spend.

The broader message from the overhead data is that cost pressure remains a reality even after more than two years of difficult trading conditions. Rising supplier costs continue to place pressure on margins. Whilst some of these increases are unavoidable, businesses should be challenging every area of expenditure and asking whether it is genuinely supporting productivity, client delivery or future growth.

"At 25.4% of NFI, overheads remain materially above the 20% benchmark within the 60:20:20 model, suggesting that many recruitment businesses are still finding it difficult to manage overheads and rising costs."

Finance Costs

For the first time, this report includes benchmarking data on finance costs. Whilst wages, overheads and EBITDA have always formed the core of the 60:20:20 model, finance costs are increasingly important for recruitment businesses operating temporary and contractor desks. This benchmark provides a useful reference point for firms looking to understand how their funding costs compare to the wider market.

Period	Finance costs (% of NFI)
Q1 2026	2.7%
Q2 2026	2.2%
H1 2026	2.4%

Providers in this space range from all-encompassing platforms that combine funding with back-office and payroll support (such as Simplicity and Quba), through to finance-only facilities offered by mainstream and specialist lenders (such as Lloyds, Barclays and Close Brothers). The cost of these facilities is not part of Wages or Overheads in the 60:20:20 model — it sits below EBITDA, alongside Interest, Tax and Depreciation, as a cost of how the business is funded rather than a cost of trading.

H1 2026 finance costs averaged 2.4% of NFI. Whilst there is no historical comparison available, this establishes an initial benchmark against which future periods can be assessed. For firms with a significant temporary or contractor book, finance costs should be monitored as closely as wages and overheads. However, cost is only one part of the equation. The right funding partner should support the needs of the business today, not the business you were running three or four years ago.

Business owners should regularly ask whether their current facility remains fit for purpose. Is it flexible enough to support growth? Does it fund the full range of clients you want to work with? Does it provide the level of service and responsiveness your team needs? Are you paying for additional services that you no longer require?

As recruitment businesses evolve, their funding requirements often evolve too. Some firms value integrated funding, payroll and back-office support. Others may find that a simpler funding-only facility is more appropriate and cost-effective as internal processes mature. The right answer will vary from business to business, but it is worth reviewing periodically rather than assuming that the facility put in place several years ago remains the best option today.

If you would like support reviewing your current arrangements, we can help. We work closely with a range of funding providers across the recruitment sector and can help you assess whether your existing facility remains competitive, flexible and aligned to your future growth plans.

What the Wider Market Is Seeing

The Q2 2026 trading updates from the UK's largest listed recruitment firms show a market that has stopped deteriorating as sharply as it was a year ago, even where it has not yet returned to growth. Set against our own H1 2026 result, it's worth understanding how the two pictures relate.

Hays

For its fiscal fourth quarter, the three months ended 30 June 2026, Hays reported group net fees down 5% on a like-for-like basis — a further decline, but a markedly slower rate of contraction than the double-digit falls reported through much of 2025. Cost actions and consultant productivity gains have continued to partially offset the impact of lower fees.

PageGroup

PageGroup reported Q2 gross profit of £197.6 million, down just 0.2% on a constant currency basis against Q2 2025 — effectively flat, and ahead of analyst expectations. Around half of the group's markets, notably the Americas and Asia Pacific, were back in growth, offsetting continued weakness in France, Northern Europe and the UK. Gross profit per fee earner rose 5% year on year to its highest quarterly level since 2022, reflecting continued headcount discipline.

Robert Walters

Robert Walters reported Q2 net fees down 4% in constant currency (cc) — a slightly larger decline than Q1's 2%, against a tougher prior-year comparison base. Encouragingly, June itself returned to year-on-year growth (+1% CC), and H1 net fees per fee earner rose 6% CC, reflecting continued productivity gains. The group's pre-tax loss narrowed to £6.8 million for H1, with annualised cost reductions since 2023 now totalling £83 million. CEO Toby Fowlston described the first half as "an encouraging performance against the backdrop of heightened geopolitical uncertainty."

What the Broader Market Data Shows

REC/KPMG Report on Jobs

The REC/KPMG Report on Jobs — the industry's main monthly gauge of recruiter-reported activity — showed a quarter that started under real strain and eased as it progressed. May 2026 saw permanent placements fall at their fastest rate in ten months, with recruiters directly citing the Middle East conflict and UK political uncertainty as the cause. Conditions improved through June, which recorded the fastest growth in temp billings in over three years, alongside a notable slowdown in the rate of permanent placement decline.

Inflation

UK CPI inflation eased across the quarter — 3.3% in March, down to 2.8% in May and 2.6% in June, its lowest reading of the year. This coincided with a brief US-Iran ceasefire framework agreed in mid-June. That ceasefire broke down in July, and Brent crude surged back above $100 a barrel, prompting the Bank of England to revise its own projection upward, now expecting CPI to peak around 3.2% in Q4 2026.

Bank Rate

The Bank of England held Bank Rate at 3.75% throughout Q2 2026, and has continued to hold at that level into August despite the renewed inflation risk from the Middle East.

Employment Rates

UK unemployment stood at 4.9% through Q2 2026 (April to June), up from a year earlier but broadly stable across the quarter itself. The employment rate for 16-64 year-olds sat at 75%. More tellingly for recruitment specifically, job vacancies continued their multi-year decline — down to around 711,000, roughly 54% below the mid-2022 peak, with small businesses (1-9 employees) recording the steepest drop of any firm size. There were approximately 2.5 unemployed people for every open vacancy.

Employer Confidence

Employer sentiment through the quarter reflected this unease. REC's Jobs Outlook survey (covering February–April 2026) recorded confidence in the UK economic outlook at net -43%, a 12-point fall on the previous quarter. Alongside concerns around inflation, energy prices and the wider economy, political uncertainty increased during June as pressure mounted on Sir Keir Starmer's leadership ahead of the change in Prime Minister the following month. Despite this, actual hiring activity held up better than sentiment alone would suggest, with short-term hiring intentions remaining positive at net +5%.

Middle East Conflict

This remained the dominant single macro theme through Q2. Disruption linked to the conflict and the Strait of Hormuz kept energy costs elevated for much of April and May, directly cited by recruiters as a driver of hiring hesitancy. The mid-June ceasefire framework brought a brief improvement, reflected in easing inflation and steadier June trading data, before hostilities resumed in July.

Tax Changes, Budget and Legislation

Several developments from the Autumn Budget 2025 and the Employment Rights Act 2025 are directly relevant to recruitment businesses, and many land in or around this reporting period:

- National Living Wage rises 4.1% (£12.21 to £12.71) from April 2026, pushing up the cost of temp and umbrella-paid labour directly.

- Personal tax and NIC thresholds are frozen until April 2031, a stealth tax that will pull more employees into higher bands as wages rise — likely to increase pay sensitivity in wage negotiations.

- Umbrella company PAYE liability shift (from April 2026): responsibility for correctly operating PAYE on umbrella-paid workers moves up the supply chain to the recruitment agency (or the end client where there is no agency). This is a significant and immediate compliance and financial risk shift for any agency running a temp/contractor desk through umbrella arrangements — due diligence on umbrella providers is no longer optional best practice, it is now a direct financial exposure.

- Employment Rights Act 2025 — described as "the biggest upgrade to workers' rights in a generation": phased in through 2026 and 2027. April 2026 brings day-one rights and new record-keeping requirements. January 2027 brings a cut in the unfair dismissal qualifying period from two years to six months and removes the compensation cap entirely — a material increase in dismissal risk that agencies should be preparing client guidance on now. From April 2027, umbrella companies themselves become formally regulated "employment businesses" under the new Fair Work Agency, alongside recruitment agencies.

- Guaranteed hours provisions are being extended to agency workers, expected from 2027 — a further consideration for any business built around flexible, on-demand staffing.

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What This Means for the SME Market

Taken together, the broader market data paints a more nuanced picture than "difficult quarter" alone suggests. The Middle East conflict and its knock-on effects on energy prices and business confidence were the dominant force behind Q2's weak start — but conditions genuinely improved through May and June, before the July ceasefire collapse and appointment of Andy Burnham, reintroduced uncertainty heading into H2. SME recruitment businesses should read the quarter as two distinct halves rather than one uniformly weak period.

The legislative and tax changes deserve particular attention, because unlike macro sentiment, they are certain rather than probabilistic. The April 2026 umbrella company PAYE liability shift is the most immediate: any SME agency running a temp/contractor desk through umbrella arrangements now carries direct financial exposure to their umbrella providers' compliance. The Employment Rights Act's phased rollout — particularly the January 2027 unfair dismissal changes — gives a runway to prepare. Clients may require more advise and consultancy around these changes, and this may also impact hiring decisions and pricing.

The listed recruiter results highlight a theme that runs throughout this report: profitability is increasingly being driven by productivity and operational effectiveness rather than market growth alone. PageGroup and Robert Walters both reported improvements in productivity measures despite continued pressure on revenues. For SME recruitment businesses, this reinforces the importance of consultant productivity, service diversification, technology utilisation and cost discipline. Market conditions will continue to fluctuate, but the ability to adapt quickly, improve efficiency and strengthen client relationships remains one of the biggest advantages available to owner-managed firms.

What to Focus on for the Rest of 2026

Q2 2026 has been one of the weakest quarter in this benchmarking series on the EBITDA measure. The task for the second half of the year is to understand what drove that, and to act on the parts of it that are within a business's control.

Addressing The Wages Gap

Wages remain the single largest gap between current performance and the 60:20:20 benchmark. Whilst H1 2026 shows some improvement on last year, salary costs continue to absorb 67% of NFI.

Many recruitment businesses have now been operating in a more difficult market for over two years, yet issues such as underperformance, higher basic salaries and commission structures designed for a very different market remain common. The firms making the greatest progress are generally those that have been prepared to challenge these issues as well as their operational team structure directly to align with the market changes.

Ask More of Your Technology Investment

Technology has become an increasingly important area of investment across the recruitment sector. Automation tools, AI platforms, candidate attraction technology and CRM systems are now commonplace.

The key question is whether those investments are delivering measurable improvements in productivity, automation and consultant effectiveness. Many recruitment businesses have spent heavily on technology over recent years, yet continue to face the same challenges around productivity, business development and profitability. Technology should contribute to stronger placement activity, improved client engagement and greater consultant effectiveness. Where those outcomes are not being achieved (or even improved), the focus should shift from additional investment to better utilisation.

Build Resilience Through Service Diversification

One of the clearest themes in this quarter's data is the difference between permanent and temporary performance. Permanent income fell significantly during Q2, whilst temporary and contractor income proved considerably more stable.

The broader lesson is the value of diversification. Firms able to support clients through a combination of permanent recruitment, retained assignments, consultancy projects, temporary recruitment and contractor solutions are often better positioned to navigate changing market conditions than those reliant on a single revenue stream. As hiring patterns continue to evolve, businesses with a broader service offering are often better able to maintain momentum when demand shifts between different hiring models.

Review Whether Your Funding Facility Still Fits Your Business

Funding is rarely reviewed with the same scrutiny as wages, overheads or technology spend. Yet for many recruitment businesses it has a direct impact on profitability, growth and commercial flexibility. The introduction of finance cost benchmarking provides an opportunity to challenge existing arrangements and ensure they remain aligned with the needs of the business.

Adapt to a Changing Recruitment Market

Technology is changing how clients buy recruitment services, how candidates engage with recruiters and how business development activity is conducted. Clients have access to more information, more sourcing tools and more recruitment options than ever before.

For recruitment businesses, this creates both a challenge and an opportunity. The firms most likely to succeed are often those that work alongside clients to help them understand these changes and navigate an increasingly complex hiring landscape. Sector expertise and advisory capability are becoming increasingly important competitive advantages.

Plan for Multiple Outcomes

The second half of 2026 presents recruitment businesses with a wide range of possible outcomes. Economic conditions remain uncertain, inflation expectations continue to fluctuate, significant employment legislation changes are being introduced and political uncertainty has increased following the change in Prime Minister. At the same time, hiring confidence remains fragile and client behaviour continues to evolve.

For business owners, this increases the importance of scenario planning. What does the business look like if NFI remains at current levels? What happens if permanent recruitment activity weakens further? How would the business respond if wage costs increase faster than revenue? What investment plans, recruitment decisions or cost commitments would need to change under each scenario?

Businesses that understand the sensitivity of their financial model are often able to make decisions earlier and with greater confidence. Those relying on a single forecast risk finding themselves reacting to events rather than preparing for them. In an environment where economic conditions, legislation and hiring activity can all shift quickly, flexibility in financial planning is incredibly important.

About the Data

This benchmarking report is based on financial data from 84 recruitment agencies across the UK. The majority operate within professional services recruitment, including specialisms such as finance, legal, marketing, medical, and technology. The dataset includes a blend of business models, with a strong presence of executive search, retained and permanent recruitment firms.

To ensure comparability, shareholder dividends have been excluded and replaced with a market-rate salary for business owners. This allows all firms to be benchmarked consistently against the 60:20:20 model regardless of ownership structure or remuneration strategy.

Each agency structures its profit and loss account differently and we have endeavoured to group costs such as CRM, job boards, and LinkedIn licences into consistent categories to the best of our ability.

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About Recruitment Accountants

We are specialist advisers to the recruitment sector, working with over 100 firms across the UK - from fast-growing independents to multi-entity, international groups. Our sector expertise means we do more than file accounts. We provide commercially focused insight on:

- Strategic planning and forecasting
- Profit and margin improvement
- Restructuring and right-sizing
- Staff incentive plans
- Tax planning, cashflow and investment
- M&A preparation and exit strategy

We understand the pressures of running a recruitment business - and we exist to help you build a profitable, sustainable and saleable agency.

Book a conversation to discuss your business and future plans:

If you would like practical, specialist advice on improving profitability, strengthening cashflow, or preparing for growth or exit, speak with our recruitment sector advisers:

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