



BUSINESS SERVICES SPOTLIGHT 2026:

People-Driven, Tech-Focused



Foreword

“ The business services sector is a true enabler of the UK economy, providing the essential infrastructure that allows other businesses to function and society to operate. HSBC is proud to support a sector that contains so much of the UK’s world-class expertise.

Like the wider economy, it is contending with challenges: skills shortages, wage inflation, and tech disruption are running through all business services subsectors to some degree. However, technologies like AI are helping to provide solutions and drive efficiencies. This is about augmenting processes, making labour more productive and helping firms go above and beyond, unlocking new business and doing better for their clients.

HSBC has been helping business services clients with their growth ambitions. Whether that’s through direct lending, supporting international expansion, or helping companies understand and optimise their working capital flows, we have enjoyed working closely on delivering innovative solutions to key business challenges.

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Rob Brand

Sector Head - Business Services, HSBC UK



The Human Element

Business services is a broad and diverse sector that comprises the vital firms that keep essential business functions running for companies across the UK.

There are many industries that fall within this category, but for the purposes of this report, we've focused on four key subsectors: freight and logistics; facilities management (FM); testing, inspections, certification, and compliance (TICC); and recruitment.

Companies across all these subsectors have had to navigate an increasingly complex and disrupted operating environment. Technology has begun to provide answers to some of these challenges, helping to make staff more productive, reduce costs, and improve efficiency. However, technology is not changing the core value of the sector: these are all people-based businesses, and the most successful companies tend to be those investing in the human element, using technology to leverage the existing head count rather than to cut it.

Let's look at how things are playing out...



Freight and Logistics

A low-margin sector operating in a competitive market – and deploying new technology and ideas to protect its margins.

Freight and logistics handles the physical movement of goods, and includes carriers, warehousing operators, and supply chain orchestrators. It contributes **£175 billion** of value to the UK economy annually, and employs a massive **2.6 million** people – eight percent of the UK's workforce.

This is a low-margin sector – profit margins are typically just **two to three percent** – and it has been forced to absorb relentless external shocks: border friction from Brexit and Covid, blockages in the Suez and the Strait of Hormuz, and on-off trade tariffs. Against a backdrop of a significant underinvestment in key transport corridors, these have resulted in delays, administrative bottlenecks, and higher operating costs.

“But the price of fuel continues to be the most pressing concern for the industry,” says Ben Garratt, interim policy and communications director of trade association Logistics UK. The UK has frozen its fuel duty rate, but the wholesale cost of fuel continues to rise, with conflicts in Ukraine and the Middle East causing dramatic price spikes.

At the same time, supply chain networks have grown ever more intricate. E-commerce now represents more

than **29 percent** of UK retail sales, causing a shift away from bulk, single-destination deliveries, and creating fragmented B2C networks. That has translated into increased reliance on local fulfilment hubs and last-mile delivery fleets, and has also introduced a new world of complex reverse logistics to handle large volumes of product returns.



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As a result of this changing landscape, the industry has seen a rise in carriers specialising in load type or business vertical. It has also given rise to a boom in “fourth-party logistics” (4PL) platforms – one of the **fastest growing** subsectors – as enterprises seek integrated all-in-one solutions to manage networks of multiple carriers.

Although fuel is a major cost, electrification has so far been largely focused on last-mile delivery. Electrifying heavy goods vehicles (HGVs) is more of a challenge. Solutions are available, but there are implications for vehicle weight and length and the initial capital outlay is expensive. Plus, there are issues around a lack of charging infrastructure. “The most effective solution here,” says Garratt, “may be focusing on the core routes, and what is needed there, rather than trying to find a solution that works for everything all at once.”

The sector is also faced with a pressing challenge in the form of an ageing workforce; the majority of HGV drivers in the UK are aged between **50 and 59**. Autonomous vehicles may provide a solution in the future, but in the more immediate term, the workforce needs to be bolstered by making the industry more attractive to younger hires. “Historically it has been an industry that relied on people falling into it,” says Garratt. “We want people to think of it as a forward-looking sector that enables all the things that are important to them in their everyday lives.”

The big question

How can freight and logistics companies maintain margins as costs continue to rise?

“Investment in technology is increasingly non-discretionary,” says Garratt, as it presents opportunities to reduce those ever-growing operational costs, as well as make the industry more exciting to the future workforce.

For example, warehouses are being equipped with internet of things (IoT) technology to aid efficiencies, while predictive analytics can help with dynamic inventory management. A notable use case is route optimisation, reducing fuel consumption and empty running, but there’s potential for this to become even more sophisticated. “A more granular understanding of roads and restrictions, including details about whether cars are parked on either side of a narrow road, can ensure that firms are using the right vehicle for each job,” says Garratt.

“ Having data in a consistent format that allows you to do instant analysis is critical to well-run supply chains. ”

Callum Bastock
CEO, CCL Techlogix Group

AI has a role to play in many such initiatives, but deploying it can be a heavy lift. The most important foundation to get in place is data management, says Callum Bastock, CEO of 4PL company CCL Techlogix Group. “Having data in a consistent format that allows you to do instant analysis is critical to well-run supply chains.”

How HSBC helps the UK business services sector to grow



CCL Techlogix Group is a managed 4PL and logistics technology company. It provides an orchestration platform for enterprise clients, enabling them to seamlessly manage networks of diverse, specialist carriers, with AI-driven monitoring of supplier performance, fuel consumption, and inventory.

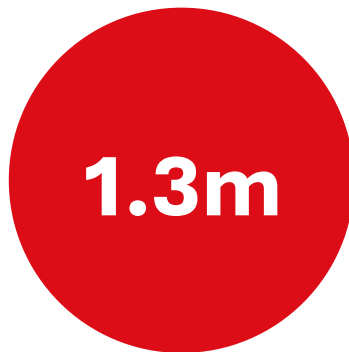
CCL Techlogix previously worked with a bank that had a high turnover of relationship managers. HSBC has been able to provide more consistency, and has integrated more closely with the business. “HSBC has been there to support us with the full suite of services – when we’ve needed debt financing, invoice discounting, credit cards, FX, credit insurance,” says founder and CEO Callum Bastock. “But more important than that has been the fact they really took the time to get to know the business and understand what we’re about. That’s crucial in an industry like ours, which is undergoing rapid change.”



Facilities Management

A sector where labour is the core offering, spurring companies to offer new services that let them differentiate from peers.

The facilities management (FM) sector coordinates and maintains physical environments, such as workspaces and public infrastructure. It includes “hard FM”, which encompasses functions such as electrical engineering, HVAC, and structural repairs, and “soft FM”, such as cleaning, security, and pest control. Facilities management firms employ more than 1.3 million people across the UK, and generate an estimated £65 billion in value every year, according to 2026 figures from the Institute of Workplace and Facilities Management (IWFM).



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As a non-discretionary business cost, facilities management benefits from dependable, recurring revenue. Growth over the past five years has been modest but consistent, with hard FM outperforming soft FM. Much of this has been driven by changes to policy and the regulatory landscape – notably, the Building Safety Act of 2022, tighter fire safety regulations post-Grenfell, and Martyn’s Law, requiring certain public venues to improve security and preparedness for terrorist threats. As the public sector is by far and away the largest end-user of FM services, accounting for 68 percent of the market, the latter policy change has had a significant impact.

But the market also has its challenges. Andrew Hulbert, chair of IWFM, estimates that the sector comprises more than 123,000 service providers, 93 percent of which turn over less than £1 million. This level of fragmentation means businesses have to work hard to stand out, and also explains the prevalent “buy and build” strategy of scaling through acquisitions. This allows firms to support a strong brand, while expanding their geographic reach and service offering. Rob Brand, sector head of business services at HSBC UK, says that while many privately owned firms have adopted this approach, private equity has also become increasingly interested in the facilities management space due to its solid revenue streams and the fact that its human element potentially protects it from AI disruption.

Businesses are also being squeezed by labour, skills, and compliance pressures. The biggest problems facing the sector have been around staffing – both gaps and costs. The sector’s ageing workforce is considered a “ticking time bomb”, says Hulbert, as “half of FM employees are over 50 years old”. There is also a high degree of churn. A shortfall of skilled technical staff has affected hard FM, in particular, while wage inflation has been eroding margins for soft FM. The latter has been exacerbated by changes to the national living wage and national insurance contributions, which have had a major impact in a sector where many employees are paid at or near the minimum wage.

In response, firms are turning to technology. For example, AI is being used to optimise rotas, automate the process of finding cover for absences and identify inefficiencies. “We have around 600 vans on the road across the UK, and it’s expensive to keep them fuelled and insured, so it’s really important to us that the people in those vans are creating value,” says Chris Wisely, group CEO at facilities management firm Atlas FM. “So one of the areas where we’re identifying leakage is where these high-value, mobile technicians are deployed to cover lower-value tasks like standard site cleaning. We can use AI to match people to more appropriate tasks.”

The big question

How can facilities management companies stand out in a crowded field?

Facilities management has something of an image issue, in that it doesn't have a particularly defined one. "It's the 'forgotten space'," says Boris Pomroy, group marketing and communications director at Atlas FM. "It's the stuff that happens when everyone else is in bed." A firm that gets noticed, therefore, becomes a firm with an edge. And right now the biggest opportunity is offering value-added services.

Facilities management companies are uniquely positioned to convert building data into measurable operational gains for their clients. By deploying IoT-enabled building management systems and digital twins, providers can help clients improve productivity and reduce costs. In practice, this ranges from optimising energy efficiency and streamlining ESG reporting to replacing rigid, timed maintenance schedules with a predictive approach that minimises downtime. Occupancy analytics can also be powerful, helping businesses use space more efficiently.

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Chris Wisely
Group CEO, Atlas FM

But competition in the sector is not just about winning business. It's also about winning staff. In this intensely human sector, being known as an employer that cares about its staff can be a differentiating factor – and translate into better commercial performance. "People think they can bring in a 'co-botic' solution and drive productivity, but if you've got a motivated, engaged workforce who believe in the business and care about the clients, productivity levels go through the roof," says Wisely. "The best innovation you can put in is how to engage people."

How HSBC helps the UK business services sector to grow

Atlas

Atlas FM is the UK's fastest-growing facilities management firm. The award-winning, fully employee-owned business delivers soft and hard workplace services to around 5,000 clients.

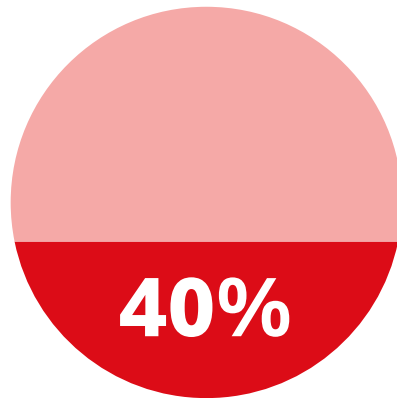
Over the past eight years, the firm has grown its turnover more than ten times, primarily through acquisitions. HSBC has helped to support this journey financially – as well as in more strategic ways. "The team at HSBC seemed to very much mirror our culture," says group CEO Chris Wisely. "They're always looking to help build our network, by introducing us to organisations we might want to partner with or potential clients. They also send M&A insights into what's happening in the sector, which adds a huge amount of value."



Testing, Inspection, Certification, and Compliance (TICC)

Against a backdrop of increasing regulatory complexity, demand is outstripping supply in the TICC sector – which presents opportunities.

TICC companies provide independent verification to ensure products, processes, and infrastructure meet all necessary safety and quality standards. They do this via lab testing, site inspection, and product certification. The latest ONS data (from 2024) reveals that there are more than 50,000 people directly employed in outsourced technical testing and analysis alone, a TICC subsector that generates an estimated £6bn in revenue.



The UK currently has a 40 percent undersupply of qualified building-safety inspectors

Increasing regulatory complexity continues to drive sustained demand for verification services, with the sector chalking up a compound annual growth rate of 2.6 percent from 2021 to 2026. One of the most significant regulatory changes has been the landmark safety acts passed following the Grenfell fire, which led to new fire regulations being introduced in 2022 that increased the frequency with which residential buildings must be inspected. The Health and Safety Executive (HSE) has also progressively increased inspection requirements across high-risk sectors, and there have been knock-ons from other political decisions: renewable energy targets, for example, have driven a rise in wind farm inspections and lithium-ion battery safety testing.

However, a tightening labour market and technical skills deficit mean demand has been outstripping supply. The UK currently has a 40 percent undersupply of qualified building-safety inspectors, for example, and according to David Harrison, founder and CEO of testing and compliance firm Certek, there are only 300 to 400 chartered fire engineers in the country. What's more, the lack of people with the right technical skills is causing wage inflation, with sector pay for skilled technical staff climbing around six to eight percent in 2024–25.

This labour shortage has led companies to look for ways to optimise productivity and increase efficiency using technology, making better use of employees'

time and allowing experts to focus on essential tasks. Lab testing, in particular, has seen an increase in automation and robotics, while drones are frequently being used for remote inspection, this technology can cut the cost of inspection and monitoring by 30-60 percent in some applications. AI is also being used to automate office-based processes. "We're exploring the use of AI in writing reports," says Harrison. "We can see what reports have been generated in the past that are about similar issues, then the AI can use that to give guidance, or highlight inconsistencies in the new report. Reports will always need to be reviewed and signed off by a human, but AI provides guardrails, in a sense."

The legal requirements for human inspection provides a degree of resilience against AI-related disruption. This has made the sector attractive to private equity, and companies are increasingly growing through M&A deals. The investment firm EQT's 2026 mega-buyout of Intertek was the largest deal in UK TICC history, while mid-market TICC firms in the UK, such as Phenna Group, Element, Celnor and Certek, have been making a notable amount of strategic acquisitions. "AI can be used as an efficiency tool," says Harrison, "but the nice thing about the TICC space is that you know a lot of these standards will have a legal requirement that there is an inspection by a human."

The big question

If the M&A trend continues, how can scaling firms ensure they maintain trust and a reputation for technical precision?

The TICC market remains fragmented – 70 percent of firms have fewer than 50 employees – so the opportunity for M&A is considerable and the trend is likely to continue. Indeed, TICC companies remain hugely attractive to investors: some companies in the space are valued at over 10 times projected earnings.

“ I think the businesses that will succeed are the other ones that are really acquiring with a clear focus and intention in their M&A. ”

David Harrison
Founder and CEO, Certek

For businesses within the sector, there are tangible benefits to operating at scale, including consolidation of head office activities and an enhanced ability to deploy technology-driven improvements across the group, improving margins and competitive edge. However, research suggests that the greatest advantage is gained through “specific scale” – scale within a specific activity or geography. This doubles down on expertise rather than diluting it. “I think the businesses that will succeed are the other ones that are really acquiring with a clear focus and intention in their M&A,” says Harrison. “Identifying the right businesses, using AI tools to make them better, and really nurturing each new company in the group.” As the market evolves, HSBC UK’s Rob Brand expects some larger firms may look to divest non-core businesses that no longer fit their specific profile or core focus.

How HSBC helps the UK business services sector to grow

certek 

Certek is an international provider of TICC services. Founded in 2024, it now generates about £200m of revenue across a group of 23 companies.

HSBC has provided Certek with a revolving credit facility (RCF), which is where the lender provides a maximum borrowing limit and the borrower can repay and borrow again repeatedly. This has given the firm the borrowing flexibility it needed for its acquisitions strategy. “The RCF allows us to dip in and out of that when we have projects with big working capital requirements,” says CEO David Harrison. “Having that relationship gives you confidence to go out and do a new deal, or buy that piece of capital equipment, or invest in new staff.”



Recruitment

A soft market is rewarding recruiters specialising in specific niches where they have deep relationships.

This sector acts as the link between companies and the labour market, identifying, attracting, and vetting talent. There were 236,470 direct sector employees in 2024, and the industry contributed £40.6bn in value to the UK economy.

The recruitment sector has undergone a shift over the past few years. In the post-pandemic era, the market was especially buoyant, which benefitted high-volume, generalist firms. But since then, the UK labour market has cooled and hiring intentions have plummeted, hitting a five-year low in 2025. The Employment Rights Act 2025 has compounded this by making companies more cautious about hiring.

Meanwhile, the market has been flooded with candidates. The ratio of jobseekers to vacancies has increased from 1:1 in 2022 to 2.5:1 in 2026. Flexible and hybrid working has become the new norm, which means recruiters now have a vastly widened geographical pool from which to source candidates, while an increase in skills-based hiring has further expanded that talent pool.

Recruiters are therefore embracing technology to make staff more efficient, and to free up consultants to

focus on client-facing responsibilities. “Recruitment is probably the subsector which has embraced AI most heavily,” says HSBC UK’s Rob Brand. “It’s vital to keep senior consultants motivated, and technology can help by removing the aspects of the job that they don’t enjoy, such as updating the CRM system or filling out the paperwork. That also has benefits in ensuring data is kept relevant, improving the quality of job matching to appropriate candidates, driving greater value from CRM platforms.”

“ **AI is brilliant at dealing with mass volume, but what it can't replace is having a real human assess whether a candidate's fit for a position.** ”

Ishtah Kadel
Head of Europe, Finatal

Ishtah Kadel, Head of Europe at executive search firm Finatal, says her company has clawed back around 30 percent of the working week this way. “For instance, we can run a longlist of candidates through an AI tool, get an overview of the analysis, and then spend my time actually qualifying the individual rather than sitting on an Excel document for hours,” she says. “AI is brilliant at dealing with mass volume, but what it can't replace is having a real human assess whether a candidate's fit for a position.”

The introduction of AI comes with its own challenges too, of course. Screening itself is now harder due to a proliferation of AI-generated CVs and cover letters, perhaps explaining why 70 percent of enterprise recruitment businesses are now using applicant tracking systems to share the load. On the flipside, the candidate experience has arguably become poorer due to an increase in AI interviews. Kadel agrees: “There can be a lack of personality with that, and personality is very important for a recruitment consultancy model.”

The big question

Where are the opportunities for recruitment firms to grow in a soft market?

Recruitment companies will always be heavily impacted by the external environment, so finding ways to survive and thrive during economic downturns is a perennial need.

Currently, businesses across the economy are hiring with extreme caution, so recruitment firms need to identify candidates with the best long-term fit. This explains why the top performers tend to be specialist firms with deep market knowledge that can act as strategic talent consultancies: “The market is definitely becoming more demanding and selective,” says Kadel, “and we’ve had to mirror that. We’re not just solving for the hire today. We work closely with private equity firms, operating partners and management teams to understand the wider business challenge and help build the leadership team needed to deliver the investment plan and ultimately exit.”

Current market conditions are seen as less favourable for high-volume generalists competing on price. “During the hiring boom, the structural growth of recruitment agencies was embedded in transactional volume versus bespoke search,” says Kadel, “but after the market turned in 2022 to 2023, firms have had to adapt.”

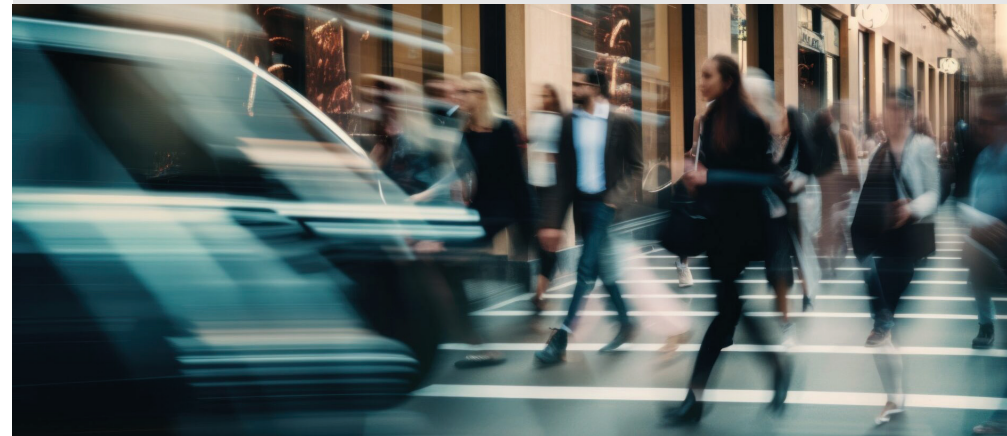
Another growth opportunity altogether is to take advantage of more buoyant economies overseas. “If you’re successfully able to launch your proposition into those markets, it’s another growth avenue when times in the UK are perhaps a little bit tougher,” says Brand. “And it’s a really clear, quite low-risk journey for recruitment firms to take.”

How HSBC helps the UK business services sector to grow



Finatal is a recruitment firm specialising in executive search and interim hiring exclusively for private equity funds and their portfolio companies. Established in 2010, the firm now employs more than 130 people globally and competes by blending sector expertise with AI.

Many of Finatal’s clients operate internationally, and Finatal offers cross-border search from its base in London. In 2022, it made the decision to expand into Germany, and there are further plans for expansion across Europe and the US, making working capital and cross-border banking infrastructure a core priority. “We moved our global banking and treasury across to HSBC specifically to support our international expansion and scaling, and have never looked back,” says CFO Tom Clarke. “Day-to-day banking and currency management is as simple and streamlined as can be, and HSBC has also been able to provide us with funding and credit lines across our global locations, which gives us the liquidity, headroom, and visibility to grow at the pace we want to.”



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Business services is a people-driven sector, but technology is helping firms make better use of their expertise, improve productivity, drive operational leverage and unlock new opportunities.

Across logistics, facilities management, TICC and recruitment, the businesses that stand out are those combining strong customer relationships alongside structured data to enable their tech stack overlay to drive customer experience. This provides the confidence to invest, expand and adapt.

HSBC UK is proud to support that ambition, whether through funding growth, enabling international expansion or helping clients manage the complexity of their working capital and banking needs.

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Rob Brand

Sector Head - Business Services, HSBC UK

GET IN TOUCH

