Thrive Or Die - UK Professional Services

UK Professional Services And Audit Edition — Why The Big Four Are Automating The Model That Built Them

A Charterhouse Consultants white paper by Bridget Convey, May 2026

Executive Summary

This paper makes one claim, applied to UK professional services and audit specifically. The gap between how fast AI capability grows inside the Big Four and how fast governance of it grows is not a compliance issue. It is the variable that decides which firms thrive over the next decade. Unusually for this series, the Big Four are not protecting their old model the way Kodak protected film. Deloitte, EY, KPMG and PwC are actively automating the junior audit pyramid that built their profitability, faster than they are hiring for it. That makes this paper different from the others in the series, and more urgent, because the danger here is not denial. It is a new gap opening faster than the regulator responsible for it can build the capacity to oversee it.

The Premise: The Gap Is The Danger, Not The AI

In October 2023, a group including Turing Award winners Yoshua Bengio and Geoffrey Hinton, alongside Stuart Russell, Daniel Kahneman and more than twenty other senior AI researchers, published a consensus paper in the journal Science on the risks of advanced AI. Their argument was precise. AI capability and autonomy are increasing rapidly. Companies are shifting toward systems that can act and pursue goals with reduced human oversight. Governance is not keeping pace with that shift. The danger they describe does not come from AI itself. It comes from the widening gap between what a system can now do on its own and how closely anyone is still watching it.

That paper is about safety and governance at a societal scale. It does not comment on corporate strategy, and I want to be precise about that rather than overstate its relevance. What it gives this paper is not a business endorsement, it gives us the mechanism. Capability grows. Autonomy grows. Oversight does not grow at the same rate. In UK professional services specifically, this is visible in the sharpest form found anywhere in this series so far. Roles requiring AI skills now make up close to seven percent of Big Four job postings, up from under two percent in 2022, while audit roles have fallen below three percent, and the body responsible for regulating UK audit quality, the Financial Reporting Council, does not yet have the technical capacity at scale to assure AI-augmented audit work.

This is the basis for the claim in the title. Thrive or die is not a slogan layered on top of the argument. It is the plain consequence of the mechanism. A firm that builds governance at the same pace it builds AI capability closes the gap and survives it. A firm that lets capability outrun governance does not get a soft landing.

Thrive Or Die: A Different Shape Of The Same Pattern

Kodak invented the first digital camera in 1975 and its own internal research predicted by 1981 that digital would eventually replace film. What it did not close was the governance gap between that capability and a business model still built entirely around film margins. The company filed for bankruptcy in 2012, thirty seven years later. Blockbuster was offered the chance to buy Netflix outright for fifty million dollars in 2000, declined, and filed for bankruptcy in 2010, having eliminated close to eighty four thousand jobs in the collapse. Both prove the same point. The danger was never a lack of capability. It was a governance gap left open until it was unmanageable.

Kodak and Blockbuster show what happens when a company protects an old model and lets capability sit unused. Professional services shows a different, and in some ways more alarming, version of the same failure. Arthur Andersen, once one of the five largest accounting firms in the world, collapsed within months in 2002, after the Enron scandal exposed a failure of audit judgement and document governance so severe that client trust evaporated almost overnight. Andersen employed roughly 85,000 people worldwide and had operated for nearly ninety years. It did not fail slowly like Kodak, or get outcompeted like Blockbuster. It failed at the speed trust fails, once the gap between what the firm was actually doing and what its governance was able to catch became public. That is the risk profile this paper argues the Big Four are now running again, in a new form. Audit is a trust business. The AI orchestration agents now running entire routine audits are a new version of the same judgement the Andersen partners were trusted to exercise. If governance of those agents cannot demonstrably keep pace with what they are now permitted to decide alone, the collapse in trust when something goes wrong will not be gradual either.

The Evidence In UK Professional Services: A Different Kind Of Gap

Two pieces of evidence show this is not a slow-moving risk. The Big Four's own hiring and investment data show capability accelerating fast and deliberately. The regulatory picture shows oversight capacity has not caught up, and by the regulator's own account, is not expected to for some years.

The Big Four's Own Numbers: Automating The Pyramid That Built Them

For decades the Big Four business model rested on a simple structure, hire large numbers of junior accountants into routine audit work, and promote a small percentage upward into highly profitable advisory and partner roles. Financial Times analysis of more than 50,000 Big Four job postings found AI-related roles made up almost seven percent of listings in the past year, against under three percent for audit roles, a threefold increase in the AI hiring share since 2022. KPMG has committed two billion dollars over five years targeting twelve billion dollars in AI-enabled revenue, and is piloting orchestration agents, AI systems that coordinate other AI tools to run entire routine audits, including asset valuations and revenue testing, without manual work. EY has deployed around 150 AI agents across 80,000 tax professionals, handling more than three million compliance cases. Deloitte's Zora automates invoice processing and trend analysis, and PwC's GL.ai now handles journal entry review. This is not a pilot programme.

It is the fastest voluntary cannibalisation of a profitable core business model found anywhere in this paper series, and it is happening by design, not by denial.

The FRC Gap: Regulatory Capacity Has Not Caught Up

The mechanism this paper is built on, capability accelerating faster than the governance needed to oversee it, is visible here at the level of the regulator, not just the firm. Analysts covering the Financial Reporting Council's position note plainly that regulating AI-augmented audit requires technical capability the FRC does not yet have at scale, with reform focus only shifting from the 2024 to 2025 period's competition and partner accountability questions toward technology assurance in the 2026 to 2028 period. Meanwhile the traditional consulting pyramid, the small number of partners overseeing layers of less experienced staff, was already under strain before the AI hiring surge, with both KPMG and EY reported to have demoted UK partners last year in what the Financial Times described as the end of the job for life model. The capability is moving in real time. The institution responsible for governing it is, by its own trajectory, roughly two years behind.

UK Professional Services In Three Horizons: The Gap Closes Or It Does Not?

If the gap between capability and governance is the real variable, then each horizon below has two outcomes, not one. These are deliberately stated as firm positions, not hedged possibilities, because a board conversation needs something to agree or disagree with.

Two Years: 2026 To 2028

What happens everywhere: autonomous audit agents, of the kind KPMG is piloting, move from pilot to standard practice across routine testing work at the major firms.

- Thrive path. Firms build explicit accountability rules for what an autonomous audit agent is permitted to decide alone, and where a qualified human must sign off, ahead of the FRC's own technology assurance framework, rather than waiting for the regulator to force the issue.
- Die path. Firms scale autonomous audit agents faster than they can evidence who is accountable for an agent's judgement, leaving a governance gap that is invisible until a single high-profile audit failure makes it a Financial Reporting Council enforcement case and a public trust event simultaneously.

Five Years: 2028 To 2031

What happens everywhere: AI assurance, auditing the AI systems clients themselves rely on, becomes a distinct, fast-growing service line rather than a side project.

- Thrive path. Firms that built genuine AI assurance expertise early, following PwC's initial move into this area, become the trusted independent verifiers of AI systems the way accountants became trusted verifiers of financial statements a century ago, opening a durable new revenue line built on the firm's oldest asset, independence.
- Die path. Firms that automated audit without building matching AI assurance expertise become dependent on the same AI vendors their clients use, unable to independently verify anything, which quietly undermines the actual product professional services has always sold, independence itself.

Ten Years: 2031 To 2036

What happens everywhere: the traditional junior-to-partner training pyramid, already under strain, either gets deliberately rebuilt around AI-era judgement, or is never repaired.

- Thrive path. A small number of firms become genuine AI governance and assurance infrastructure providers to the wider economy, the professional services equivalent of BlackRock's Aladdin, licensing verification and trust infrastructure rather than only billing hours, having solved the succession problem by design.
- Die path. Firms that never solved the collapse of the junior training pipeline have no bench of partners with judgement built through years of hands-on work, and find their brand is worth more than their remaining capability, making them acquisition or break-up targets in the way Arthur Andersen's practices were absorbed by rivals within weeks of its own collapse.

What I Am Recommending To Professional Services Boards And Partners

- Build explicit accountability rules for autonomous audit agents now, including a genuine audit trail and a real ability to intervene, ahead of the FRC's own technology assurance framework, rather than waiting for the regulator's roughly two year lag to close on its own.
- Treat AI assurance, verifying the AI systems your own clients now rely on, as a service line to build immediately, since it protects the one asset that has always been the actual product, independence, rather than the hours behind it.
- Solve the junior training pipeline problem deliberately. If AI removes the traditional route to developing partner-level judgement, design a new one on purpose. Do not assume judgement will develop itself once the routine work that used to teach it is gone.

Conclusion

Professional services is the one sector in this series where the firms are not protecting an old model, they are actively dismantling it themselves, faster than they are hiring to replace it. That is, in one sense, exactly what this paper series has been arguing firms should do. But Arthur Andersen's collapse shows what this sector looks like when trust fails, fast and total, not gradual like Kodak. The autonomous audit agents the Big Four are now deploying are a new version of the same judgement Andersen's partners were trusted to exercise, and the Financial Reporting Council has said plainly that its own capacity to oversee that judgement is not expected to catch up until at least 2028. The only question left for a professional services board is whether their own governance of that gap is running ahead of the regulator, or waiting for it.

Sources: Financial Times analysis via CEO Today Magazine and the Irish Times, Resultsense, Bloomberg Tax via ChatFin, Business Insider, Consultancy.uk. Arthur Andersen collapse details are a matter of public record from 2002. All AI adoption figures current as of mid-2026, verified at time of writing. This is a first draft prepared for internal discussion.