FUTURE OF WORK

POWERING PRODUCTIVITY: AI AND THE FUTURE OF UK WORK

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FOREWORD
BRITISH CHAMBERS OF COMMERCE

Shevaun Haviland
Director General of the British Chambers of Commerce

Artificial Intelligence has already had a huge impact on the world of work. Businesses tell us repeatedly that they see the potential of AI to boost productivity and drive growth in the UK economy.

The British Chambers of Commerce has been uniquely tracking AI adoption among SMEs for the last four years. Our leading research shows that more businesses than ever before are using the technology. That's a powerful growth story.

But AI is not without its problems, and businesses need clarity and reassurance to understand the potential long-term impacts on their businesses and workforces.

As adoption rises, so does the potential for AI to reshape the labour market in potentially unanticipated ways. Understanding how and why people are using AI tools at work is crucial to building a viable workforce for the future.

AI is here to stay. So, it is important that businesses are using the technology in the right ways, integrating it into their company culture, but also with an understanding of some of the ethical concerns. These are challenges that can be tackled with the right approach and the right support and guidance.

This report not only explores some of the implications of AI at work but also sets out recommendations for government and business to ensure the tech is used responsibly and effectively across the labour market. Investment in people alongside AI will allow us to fully unlock the most effective uses of these new technologies in businesses all across the UK.

FOREWORD ATOS

Michael Herron
Head of Atos UK&I

AI is already disrupting the workplace; it requires decisive action now. As a business leader, I know that although it has great potential to benefit the productivity of our entire country, it will also have a fundamental impact on the workforce. We must ensure that the use and adoption of AI is to the advantage of both society and the economy.

I believe that we can grasp opportunities and avoid difficulties by placing people at the heart of change. An example is our pioneering approach to AI career paths for grads and apprentices, plotting their progression through our company in the knowledge that entry-level roles have changed and need to be redesigned; some roles will disappear, other roles will evolve and new roles will be created.

As the technology continues to be adopted and improved, our workforce must adapt alongside it at pace rather than be cannibalised by it. We need to ensure we don't hollow out our future by not investing in our people – at all levels of the organisation – now.

It's the job of all leaders across public and private sector to help our workforce to embrace the new AI-age. To build a strong future with robust employment opportunities, we must be innovative with our thinking, work together to share our knowledge and experience, invest in training and skills and develop strategies for how we can reshape the workforce.

This is both a personal and professional mission for me. As a father and as the leader of an AI-powered digital services organisation, I can see this change already upon us. Technological advancements cannot be rolled back. We are on the precipice of a new AI age, and we must run towards this change. For our people and the younger generation, I'm certain that AI is an opportunity not a risk and here at Atos our new career portfolios will provide the foundations for these opportunities.

This is a time of adaptation and reinvention, and I'm pleased to be leading the journey for Atos and able to support the British Chambers of Commerce on this hugely important research report.

EXECUTIVE SUMMARY

Artificial Intelligence is the industrial revolution of our age and is already reshaping how businesses operate, compete and grow. For the UK, the challenge is not whether AI will transform the economy, but how we manage to harness the enormous benefits in productivity whilst supporting society by future-proofing education and careers for the AI age.

Businesses need to make sure they are planning for the future when it comes to their talent pipelines. Traditional entry-level roles are already evolving, and young people's perceptions of the labour market are shifting. While AI is increasingly embedded in everyday life, its integration into business operations is accelerating at different paces across sectors. Employers need to embrace the changes AI is bringing to the labour market, offering training and development to their staff to boost productivity.

The British Chambers of Commerce (BCC), working with the ESRC Research Centre on Micro-Social Change (MiSoC) at the University of Essex, has conducted a major new survey of UK businesses to track AI adoption and assess its likely impact on jobs and productivity. The findings show:

- AI adoption among SMEs is accelerating rapidly, rising from 25% in 2024 and 35% in 2025 to 54% in 2026.
- Most firms are using generic AI tools rather than deeply integrated systems, meaning current use is largely supporting existing work rather than transforming operations.
- For the vast majority of firms, AI has not yet changed employment levels, with more than 9 in 10 reporting no impact on headcount over the past 12 months.
- However, firms investing in bespoke AI systems and structured AI training are more likely to anticipate reductions in staffing, suggesting that training often accompanies organisational restructuring and efficiency gains rather than workforce expansion.

Overall, the evidence indicates that AI is currently boosting productivity more than displacing workers. However, labour market effects are likely to become more pronounced as AI becomes more integrated, advanced and widespread across the economy.

These trends reinforce the need for businesses to look at how they reskill and redeploy their staff, ensuring people can remain in the labour market in an AI powered world. Business and government must work together to build a future-proof and resilient workforce.

The use of algorithmic tools in decision-making, particularly in HR and recruitment, also carries legal, ethical and reputational risks. Bias embedded within data or systems may inadvertently perpetuate discrimination, making strong governance and human oversight essential.

There is also a risk of over-reliance. Excessive delegation of cognitive tasks to AI systems may weaken critical thinking, reduce institutional knowledge and introduce operational vulnerabilities. AI outputs are also not flawless and must be constantly checked and verified. Businesses need to ensure their staff are adequately trained to recognise and mitigate these AI risks.

TO ENABLE FIRMS TO HARNESS AI'S FULL ECONOMIC POTENTIAL WHILE MANAGING THESE RISKS, A CLEAR AND COORDINATED POLICY FRAMEWORK IS REQUIRED. THE BCC RECOMMENDS:

1. **Introducing AI Champions for SMEs**
2. **Launching an AI Skills Training Fund with Growth & Skills Levy Access**
3. **Developing an AI Assurance & Regulatory Framework**
4. **Creating an AI Roadmap Toolkit for New Businesses**
5. **Creating an AI Adoption Incentive Scheme**
6. **Monitoring and Reporting on AI's Labour Market Impact**
7. **Develop strategies on reshaping the workforce for the age of Agentic AI, including education**
8. **Develop a business architecture blueprint to enable government and business to realise the full value from AI**

AI ADOPTION AND WORKFORCE CHANGE IN SMES

For many years, the idea of technology carrying out tasks that normally require human intelligence belonged largely to the realm of science fiction. But the recent boom in AI technologies has begun to make this a reality.

The emergence of "generative" programmes such as ChatGPT, Copilot and Gemini - though not artificial intelligence in the strictest sense - has helped bring AI tools into everyday use. By early 2026, ChatGPT had become the fifth most visited website in the world, behind only Google, YouTube, Facebook, and Instagram[i].

To understand how firms are using AI and its potential wider impacts, the British Chambers of Commerce (BCC), working with the ESRC Research Centre on Micro-Social Change (MiSoC) at the University of Essex, conducted a major study of 668 UK businesses, the majority of which are SMEs[x]. The survey examined AI adoption rates among firms and their views on the expected impact on productivity and employment.

Key findings

In the BCC's survey, respondents were asked whether they were actively adopting AI, what impact this has had, or will have, on their workforce and productivity, and how workers are interacting with AI. The evidence points to four core conclusions:

- AI adoption among SMEs has accelerated rapidly, though is still uneven by firm size and sector.
- Most firms are using generic AI tools rather than deeply integrated systems
- Most report that AI has had no direct impact on employment so far
- But deeper AI adoption, prevalent among a smaller group of businesses, is associated to wider organisational restructuring and changes to headcount

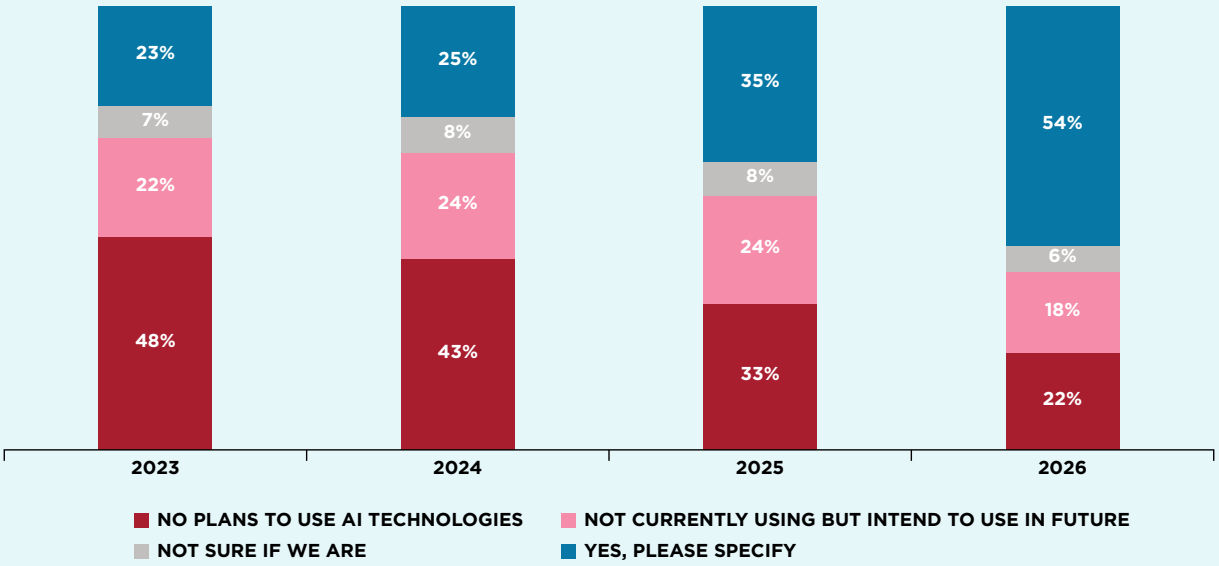
Adoption rates continue to rise among SMEs

The survey shows that AI is rapidly becoming mainstream among SMEs, with 54% now actively adopting AI. This compares with 35% in the BCC's 2025 survey, and 25% in 2024. This rapid increase suggests that AI tools are becoming part of everyday business activity.

However, adoption is not uniform across the business community. Larger firms, and those in professional services sectors are significantly more likely to be using or planning to introduce AI, while smaller firms and those in consumer-facing and manufacturing sectors are more likely to report uncertainty or no plans to adopt the technology.

Overall, this evidence indicates that AI diffusion among SMEs is progressing quickly, but that organisational capacity and digital capability continue to shape how quickly firms adopt new technologies.

AI ADOPTION RATES ARE UP COMPARED TO PREVIOUS YEARS



Q: Is your organisation currently using any specific AI technology? (n=668 for 2026).
Source: British Chambers of Commerce and University of Essex

Most SMEs are using simple AI tools rather than deeply integrated systems

While adoption rates are rising, the way businesses are using AI varies considerably. Most firms are currently using generic AI tools, such as chatbots and writing assistants, to support tasks like drafting content, summarising information, analysing data or conducting research.

By contrast, only around one in ten firms report adopting bespoke AI systems designed specifically for their organisation. These systems are more likely to be integrated into core business functions such as workflow automation, operational decision-making, forecasting or customer service systems.

This distinction is important because it helps explain where the most significant impacts of AI are beginning to emerge. Generic AI tools tend to augment existing work, helping employees complete tasks more efficiently with minimal organisational change. As we will see, the research finds that use of bespoke AI is more likely to be associated with organisational restructuring and changes to workforce needs.

For most SMEs, AI has not yet changed employment levels

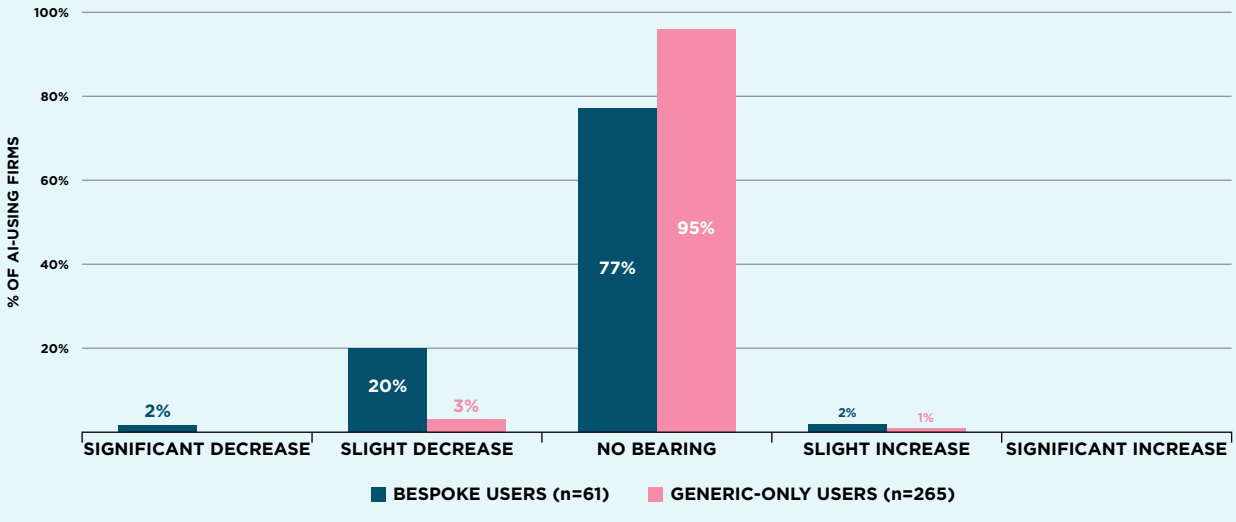
Despite widespread public debate about automation and job displacement, the survey finds limited immediate effects on employment among SMEs.

Among generic users of AI, 95% report that AI has had no impact on their organisation's headcount over the past 12 months. Only around 4% report any change in staffing levels linked to AI adoption.

This suggests that, for most firms, AI is currently being used to support employees rather than replace them. Tools such as chatbots, writing assistants and data analysis tools are helping staff complete routine tasks more quickly and access information more efficiently.

However, the data also shows that employment impacts are not evenly distributed across all AI users. Businesses adopting bespoke AI systems are significantly more likely to report changes to their staffing levels, either increases or reductions. This suggests that the depth of AI integration within a business may be a key factor determining whether the technology reshapes workforce structures.

IMPACT OF AI ON HEADCOUNT IN THE PAST 12 MONTHS: BESPOKE VS GENERIC-ONLY AI USERS



HEADCOUNT DECREASE: BESPOKE 21% VS GENERIC-ONLY 3% (FISHER'S EXACT P < 0.001)

Q: Over the past 12 months, has your workforce size changed as a direct result of AI?
Source: British Chambers of Commerce and University of Essex. AI-using firms only (excludes 'unsure' responses).

Deeper AI adoption may lead to organisational change

Firms adopting bespoke AI are more likely to report adjustments to job roles, changes in skill requirements and shifts in staffing levels than those relying on generic tools.

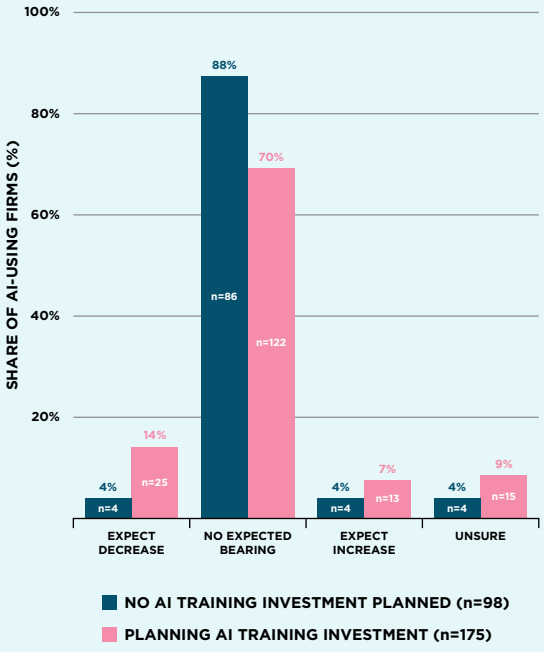
Training investment appears to be part of this adjustment process. Firms planning to invest in AI-related training are more likely to expect their headcount to fall than firms that are not planning such investment. There is no comparable difference when firms expect employment to increase, suggesting that training is often linked to improving efficiency and redesigning workflows rather than expanding the workforce.

At the same time, businesses already using AI are the most optimistic about its productivity benefits. Firms currently deploying AI report a net productivity expectation of +71 percentage points, compared with +46 points among firms planning to adopt AI, +26 points among those unsure, and –3 points among firms with no plans to adopt.

This pattern suggests that direct experience with AI tools significantly shapes businesses' perceptions of their economic value. For many SMEs, AI is already delivering measurable efficiency gains, even where workforce impacts remain limited.

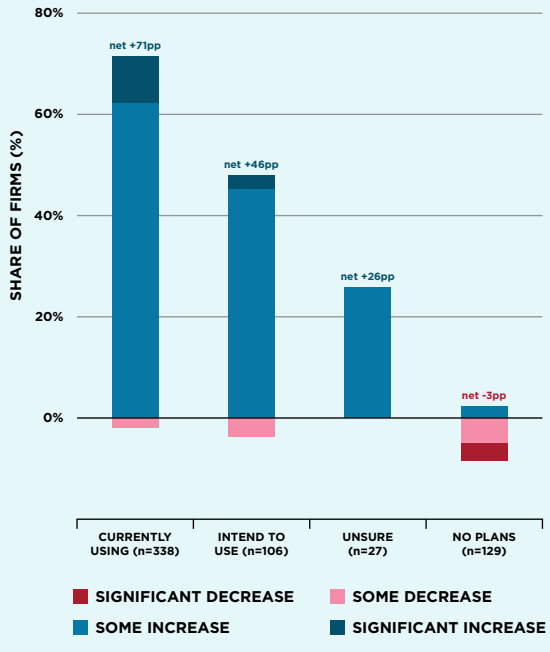
Taken together, the evidence produced by the BCC and MiSoC suggests that AI is currently acting primarily as a productivity-enhancing tool within SMEs. However, organisational restructuring is more likely to emerge as firms move from experimenting with generic tools to embedding more advanced AI systems in their core operations.

THE 'REPLACE-AND-TRAIN' PATTERN: FIRMS INVESTING IN AI TRAINING ARE MORE LIKELY TO ANTICIPATE HEADCOUNT REDUCTIONS



Q: Over the next 12 months, will your workforce size change as a direct result of AI?
Source: British Chambers of Commerce and University of Essex (n=175).
The difference in expected headcount increases is not statistically significant (7.0% vs 4.6%; Fisher's exact p = .416). **Fisher's exact test, two sided.

EXPERIENCE OF AI BREEDS OPTIMISM: EXPECTED AI PRODUCTIVITY IMPACT OVER THE NEXT 12 MONTHS



Q: Over the next twelve months, what impact do you think AI will have on your organisation's overall productivity?
Source: British Chambers of Commerce and University of Essex (n=600).
(92% of firms with no plans to adopt AI expect no productivity change).
Difference between current users and intenders: Mann-Whitney U test. p<0.001.

Data : 678_678_678
Data
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Analysis
01

HOW CAN ORGANISATIONS EMBRACE AI?

AI is set to have a huge impact on the UK economy and the labour market. It is estimated that digital intelligence technology could increase UK GDP by up to 10.3% by 2030 – the equivalent of an additional £232 billion[ii]. Meanwhile, the IMF has forecast that productivity gains from AI are expected to range from 0.9 to 1.5 percent a year for the UK[iii]. It is therefore critical that businesses and individuals alike understand the transformational potential that AI could have for them and the wider UK economy.

In order for a business to fully see the productivity benefits of AI, it is not as simple as staff just casually starting to use their preferred tool. AI needs to be built into a company at a systemic and cultural level in order to truly maximise its impact on the workforce. This requires a top-down approach to promote organisational change through steady and consistent digital adaptation and adoption.

This will require substantial changes for some organisations. Firms will need a business architecture conducive to AI. Business architecture in this instance refers to the blueprint of an organisation: its structure, process and goals. Without fully integrating AI into the architecture of a businesses, the potential benefits of the digital revolution risk being lost.

Additionally, the culture of a company is crucial in adopting AI successfully. Teams and individuals need the freedom and confidence to experiment with the technology to drive innovation and create opportunity. In order to empower a workforce in this way, a business needs strong management, with leadership, HR and people managers working together to build the right culture.

When looking to embrace AI, businesses may also which to consider the wider environmental impacts of these technologies. Academic research has highlighted some concerns over the energy demands of AI, a standard Google search requires roughly 0.3Wh of electricity, whereas in 2023 the average consumption of a ChatGPT request was 2.9Wh, almost 10 times higher[iv]. This is equivalent to powering a 60 watt lightbulb for 18 seconds, or powering the same bulb for 3 minutes. This may seem like a small amount of energy, but over the billions of queries AI is processing a day, the energy use rapidly adds up. Businesses may want to consider these environmental concerns as part of their process for effectively integrating AI, and ensuring they are using it efficiently. To address these concerns, there are a number of companies that offer guidance and support to businesses looking to offset their AI use via environmental or sustainability programmes.

WHAT ARE THE RISKS AND CONCERNS AROUND AI?

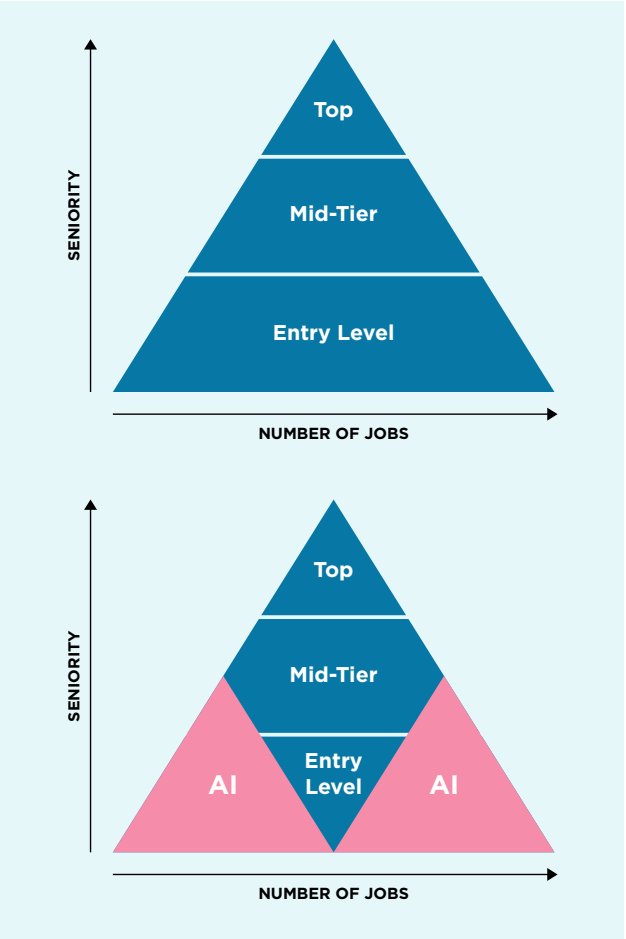
AI may be increasingly popular, but that doesn't mean it doesn't have areas that are a cause for concern as well.

Reshaping the labour market

The impact of AI on the labour market has led to many businesses reshaping their organisations, adjusting their hiring patterns to account for the tasks that AI can best perform. AI is, in some instances, being used to replace entry level talent in the job market. Research published in December 2025 by job platform Adzuna showed that the number of entry-level jobs in the UK was down 24.7% compared to the same time in 2024, with the number of advertised entry-level jobs now at its lowest since February 2021[v].

This decline cannot be solely attributed to AI, with the rising cost of hiring young people due to changes to National Minimum Wage and the impending introduction of parts of the Employment Rights Bill also having an impact. Research by the National Institute of Economic and Social research shows that the cost of hiring a young person has increased by 7% in real terms[vi]. However, because of these cost increases, some businesses are considering using AI as an alternative to hiring. As AI becomes increasingly advanced, it is likely that this approach will become more commonplace, and this will have a longer-term knock-on effect in the labour market several years down the line. As people higher up the career ladder leave the labour market, they historically have been replaced by mid-tier employees, who are then replaced by those newer to the labour market. However, if there are fewer new entrants to the world of work, then this talent pipeline will rapidly cease to exist, leaving crucial gaps in the skills and talent available to employers.

We are already seeing a shortage of skills in the UK labour market, with BCC research showing 67% of employers reporting skills shortages in their market, but this will become even more extreme if current trends continue.



Businesses need to start thinking now about the talent pipeline for the future if their use of AI is going to restrict the traditional entry level opportunities. Research by the King's Trust shows that young people are already considering their job opportunities based on the potential future impact of AI. 20% of young people who are NEET (not in education, employment or training) say they have changed their mind about the career they want due to the potential impact of AI, raising to 24% for those who are non-NEET. Likewise, 24% of NEET young people have avoided applying for a job or training course because they think AI might replace it, with this also being the case for 27% of non-NEETs[vii].

This is a pattern that we see in other major economies as well. A 2025 study of US payroll data by academics at Stanford University identified a number of facts about the impact of AI in the labour market. This included evidence of substantial employment declines for young people in the occupations most exposed to AI and general employment growth for young people stagnating. However, this research also noted a distinction between a decline in employment where AI is used to automate work, versus a muted impact on roles that use AI for augmentation of work[viii].

Given the impact on young people and entry level roles, businesses need to consider how they can attract and retain young people in this new environment. Additionally, whilst young people see AI more embedded in their day to day lives, they still lack formal training around how to use the technology in the workplace. Employers need to be aware of this discrepancy. Schools and colleges also have a part to play to ensure young people are leaving education with the up-to-date skills needed to succeed in work. Training providers can engage with Local Skills Improvement Plans (LSIPs) to 'join the dots' between the skills employers need from young people and the practical opportunities to help learners develop AI skills. The granular labour market intelligence in LSIPs should be embedded across the curriculum, so that learners are gaining applied skills from critical thinking to advanced prompting.

To maximise the productivity of the future workforce, we need to ensure that young people have proper training on how and when to use AI at work. Experienced AI coaches could play a role here, helping the next generation of workers embrace the new technology in the most useful ways. Some companies have already started to take a similar approach to this, with Atos, for example, redesigning their traditional view of career progression into a more cyclical model. In this model they focus on building a diversified skillset for their staff across four or five disciplines, combining AI and human work with continuous learning and real-world experience. This approach to reimagining the traditional career journey is something that other businesses could consider adopting.

Particular consideration also needs to be given to young people who are further from the labour market and not yet employed, or even necessarily looking for work. Employers can promote AI adoption and training with those who are engaged to some extent with the labour market. However for those who are not engaged, the limited access or exposure to AI in their day-to-day lives could create further barriers to employment. This is particularly the case for young people from disadvantaged backgrounds who may not have reliable or frequent access to new technology. In order to prevent this creating further gaps between different cohorts of young people, employers need to be encouraged by government to invest in training opportunities for those currently outside of their workforce.

But older members of the labour market are also being impacted by AI. For older workers, who are coming toward the latter stages of their careers, the pace of change can rapidly overtake the skills they have built up over the decades, leaving them unable to continue in their careers. Whilst this does have an impact at all ages, the effect of rapid changes to skills demands is felt more notably amongst older staff. Older workers can often feel they have been left behind if they aren't able to access sufficient opportunities for reskilling and redeployment.

Currently only 2% of employers have plans to put significant investment into AI specific training for their workforces, according to research by the BCC. However, almost 1/3 businesses stated that they are now placing a greater emphasis on AI literacy when considering the skills they need in their workforce. There's a clear disparity between the needs and actions of UK businesses.

As the AI revolution accelerates both employers and government need to take AI training and development seriously. Some firms have already developed bespoke AI training products. Last year the BCC launched an AI training academy in partnership with Pair. The BCC AI Academy creates personalised training programmes that are sector and role specific, offering concrete examples of how to use AI in their workflows. Since it was launched in October 2025, over 350 individual users have undertaken training through the academy across a range of sectors, and hundreds more have registered to take part in the academy. This shows the demand for this type of training across the UK.

AI adoption increases, businesses may need to change or evolve certain roles within their organisation. However, with the new technology able to perform some jobs more effectively than others, affected employees need clear pathways to new roles rather than being forced out of the labour market. For example, Aviva has in house retraining facilities to help staff develop their careers. This includes an internal secondment scheme to allow employees to experience other parts of the business to test their suitability before a permanent move. Where possible, other organisations need to adopt a similar approach to retraining and reallocating their own workforces for the AI world. Government could also offer support to help businesses retrain their own staff through further AI courses being included as part of the offering of the Growth & Skills levy, in addition to the apprenticeship units already announced.

Recruitment and HR

A common area where businesses have started to integrate some form of AI into their organisations is in recruitment or HR processes. Technology is often used in these spaces to automate repetitive tasks and improve decision-making. AI systems are used to quickly screen candidate profiles and match them to job descriptions, reducing the requirement for a person to manually sift through hundreds or thousands of applications. Some businesses have also started to use chat-bots and scheduling tools to answer candidate questions or organise interviews. For HR functions, AI analytics tools can help to monitor and analyse metrics like employee engagement, retention and attrition.

One example of where AI has been successfully integrated into a company's recruitment process is at SenecaGlobal. SenecaGlobal is a 500 person international software development and recruitment company, which faced growing inefficiencies in its old Applicant Tracking System (ATS). This forced its teams to rely heavily on external platforms like LinkedIn and Indeed which resulted in fragmented workflows, slower hiring, and increasing concerns about maintaining compliance. To overcome these challenges, the company adopted Smart Sifty, a lightweight AI plug in that is designed to enhance an existing ATS through automated candidate matching, bias free scoring, and secure in system data processing. Smart Sifty was able to use AI to quickly transform SenecaGlobal's hiring operations by dramatically speeding up screening and shortlisting processes and ensuring that teams were now using the ATS as their primary sourcing tool. This shows how using the right AI tool can transform legacy processes without disruption, and deliver faster, fairer, and more efficient hiring outcomes.

However, there are also ongoing concerns that intelligent technologies can lead to unintentional bias. There have been many instances where AI trained on closed data sets or programmed by a particular group of individuals has led to this concern. A historic example of this involved Amazon, who unintentionally trained an algorithm to reject female candidates. This is because the AI had been trained on data from historic applications, the majority of which came from male candidates.

Companies like Atos are taking steps to address these kinds of oversights by bringing their technology and HR teams together to develop a more coherent approach to integrating AI. While the risk of AI bias is reducing, employers need to remain vigilant.

Overreliance on AI

As AI becomes increasingly embedded into the workplace, and into society in general, there is a concern from some groups that people are becoming over reliant on the technology. As the range of AI tools and applications available develops rapidly, people are outsourcing large aspects of the work and personal lives to these systems. This can lead to potentially decreased critical thinking skills, loss of creativity or motivation, and higher risk of mistakes, if AI outputs are not adequately scrutinised.

These could have potential consequences for the wider labour market. As individuals start to lose their individual skills, the impact could be reduced productivity in the economy.

One of the most common forms of errors that creep into work because of overreliance on AI are hallucinations. Hallucinations are when a large language model presents false information as true during its response to a user query. This often occurs due to factors like incomplete or biased training data, overly complex or ambiguous prompts, and models that are unable or unwilling to leave gaps in their responses. When Google first publicly demonstrated its AI, Bard, it hallucinated an error when asked a question about the James Webb Space Telescope. This error led to a next day drop in Google's stock price of 7.7%, losing the company $100 billion[ix].

Whilst most companies aren't as high profile as Google, this does demonstrate the need for proper oversight on the use of AI within the workplace to avoid errors of this nature. Mistakes like this can reduce public trust in an organisation, undermine a company's reputation and lead to individual embarrassment at any company. This can be mitigated by training staff on how and when to use AI, and on the importance of not relying on the outputs as gospel. AI is a tool and should be treated

as such. Training courses like the British Chambers of Commerce and Pair's AI Academy can provide role-specific guidance on using the technology in an individual's daily work, whilst also developing staff understanding of its limitations.

When thinking about the roles of the future, Atos has considered that the necessary skills are not just technical but also behavioural. Candidates who demonstrate as a growth mindset, inquisitiveness, comfort with ambiguity and critical thinking will become ever-more desired in the workforce. New careers will also develop which include the roles of AI oversight, governance and control.

Businesses also need to consider the origins of particular AI models and the impact it has on the outputs from the technology. Models like ChatGPT or Copilot are owned and developed by American companies. Another common AI is DeepSeek, developed by a Chinese company. These models are designed with assumptions in mind for different audiences. UK businesses relying on models developed for different markets will need to be extra careful to ensure that content generated by AI is accurate and compliant with UK regulations before acting on it. For example, asking ChatGPT about what a dismissal process needs to include may generate a response that is based on US law. Employers need to take extra care in scenarios such as this to ensure they aren't relying on information that isn't applicable.

RECOMMENDATIONS FOR GOVERNMENT

AI Champions for SMEs

The government should establish a network of AI Champions to support SMEs with the development of long-term AI and digital skills. These champions would offer assessments to businesses on where AI could improve efficiency or competitiveness in for their organisation. There could also be a role for the AI Champion to provide advice to SMEs on different AI services/products, and which would be best for an organisation to use. The AI Champion Network could provide peer to peer learning sessions, to showcase success stories and promote wider adoption of AI. The network could also operate a centralised AI Readiness Hub, which would offer AI specific guidance but also integrate existing UK business support services. It is often SMEs that struggle to adopt new technology like AI because of the cost and complexity of implementation. AI Champions would help to reduce these barriers and ensure smaller businesses don't get left behind as we move to an AI-powered market.

Launch an AI Skills Training Fund with Growth & Skills Levy Access

In order to ensure the workforce is able to keep up with changing AI skills demands, the government should ring-fence a portion of funding from the Growth & Skills Levy. This money should be used to create an AI Skills Training Fund which can fund or subsidize technology literacy programmes for any relevant employees, including AI focused micro-credentials. It is crucial for the UK labour market that reskilling pathways are easily accessible for those who have had their jobs most impacted by AI, and employers should be encouraged to reskill their staff, rather than replace them. Guaranteeing a specific level of access to funding or training will help future proof particular jobs and the wider UK labour market. The government should also set up a national AI skills framework, to define a clear level of baseline literacy for all workers.

Develop an AI Assurance & Regulatory Framework

There needs to be collaboration between government and business to create a clear, practical and effective AI assurance framework for safely using intelligent technology in the workplace. The framework and guidelines need to be developed in partnership to ensure it works for SMEs and large businesses alike. The assurance framework could be expanded in the longer term to incorporate a voluntary certification scheme for businesses that demonstrate responsible AI use. A framework of this nature would help to build trust among businesses and consumers, positioning the UK as a lead in the fair and ethical use of AI in the workplace.

Create an AI Roadmap Toolkit for New Businesses

The government should produce a step-by-step toolkit to help start-ups and new businesses adopt AI technologies more easily. This could include guidance on low-cost AI tools for beginners to integrate into their operations or best practice guidance for data management and security. Clear, operational checklists covering bias testing, human-in-the-loop controls, transparency standards and data governance should form a key part of this. Case studies of successful growth and adoption strategies could also be included to help demonstrate to businesses how and why then can best use AI. Creating a roadmap of this nature would help business owners and entrepreneurs to embed AI into their businesses from the outset. Doing this would drive further innovation and boost productivity across the economy.

Create an AI Adoption Incentive Scheme

The government should consider introducing a number of incentives to encourage businesses to integrate AI into their operations in a responsible manner. This could include tax credits for high levels of investment in AI technology and training. This would encourage take-up and position UK businesses at the forefront of AI competitiveness globally. Incentives of this nature should include enhanced tax relief for AI-related investment on tools, integration, data infrastructure or workforce training. Alternatively, grants for projects that demonstrate measurable productivity improvements could be introduced. Grants of this nature would reward innovation and encourage businesses to further invest in developing AI technologies. These incentives could also be used to encourage employers to look at training beyond their existing workforces, especially training which helps disadvantaged young people.

Monitor and Report on AI's Labour Market Impact

The government should establish an AI Labour Market Observatory to monitor and track the evolving impact of intelligent technology on both jobs and productivity across the UK. This would help to provide insights into how AI is reshaping employment patterns, skill requirements and wage structures in the labour market. An observatory of this nature could be run at the local or regional level, potentially in partnership with Chambers of Commerce, to ensure real-time employment information is tracked. This would also require reports to be published, highlighting the key trends, risks and opportunities that are apparent once the data has been analysed. This evidence base will ensure future policy interventions can be relevant and data driven. Introducing monitoring of this nature will allow both government and business to proactively respond to real world changes in the labour market.

Develop strategies on reshaping the workforce for the age of Agentic AI, including education

The government should lead a coordinated national strategy to equip the workforce for Agentic AI. This requires updating education curriculums, boosting funding for lifelong learning, and creating clear AI reskilling pathways for workers in every sector. AI literacy needs to be integrated into education from primary school through to higher education. This needs to be done in partnership with businesses to ensure AI education is meeting employer needs. Partnerships between businesses, education and training providers, and local authorities can support rapid roll-out via Local Skills Improvement Plans, whilst support should be offered to SMEs and workers in at-risk professions.

Develop a business architecture blueprint to enable Government and business to realise the full value from AI

The government should develop an AI business architecture blueprint that provides organisations with clear guidance integrating AI throughout their business. This should include guidance on governance, data standards, security, procurement, and process redesign. This blueprint would outline how businesses can safely integrate AI systems, automate workflows, and modernise legacy operations. By demonstrating common approaches and best practice, the government can reduce adoption costs and accelerate productivity gains, particularly for SMEs. This blueprint should be developed collaboratively with industry bodies, regulators, and technology experts to ensure it is practical, future-proof, and widely adoptable for businesses of all sizes.

APPENDIX

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