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Executive summary

Introduction

The Department for Science, Innovation and Technology (DSIT) published the AI Opportunities Action Plan in January 2025 and sector-focused AI Adoption Plans in June and July 2026¹². As part of this DSIT set out an ambition to embed Artificial Intelligence (AI) across the UK economy.

Understanding the current state of AI adoption and the growth rate over time is a vital piece of evidence which will help to ensure that the Action Plan's objectives are achieved.

In early 2025 DSIT commissioned the first wave of research into UK businesses' use of Artificial Intelligence and the barriers businesses face. This second wave of research revisits the same topics to explore how levels of adoption have changed, whether barriers have been overcome or new barriers have emerged, and businesses' support needs.

The research consisted of a quantitative survey of a representative sample of UK businesses, follow-up in-depth interviews to further explore topics raised, and case studies with adopters to explore the practicalities of AI adoption.

The survey used Computer Assisted Telephone Interviewing (CATI), between 7 January and 21 April 2026, to achieve 3,503 interviews with businesses (see Methodology for more details).

50 follow-up in-depth interviews were conducted with businesses who had taken part in the survey and agreed to be contacted to take part in a further follow-up interview. The interviews were conducted via phone or online via Microsoft Teams, and explored businesses' thoughts on, and use of, AI in more depth. They were supplemented by 7 ethnographic site visits to businesses who had adopted AI. These site visits have been reported as case studies.

Key insights

AI adoption among UK businesses increased rapidly over the past year and is now firmly established within day-to-day operations. The proportion of businesses using AI doubled over the past year, while the proportion considering it irrelevant declined significantly. This indicates that AI has **moved beyond an emerging technology into the early mainstream**, becoming a common feature across business environments. However, adoption remains uneven across sectors and business sizes, with higher uptake among larger firms and knowledge-intensive

¹ <https://www.gov.uk/government/publications/ai-opportunities-action-plan/ai-opportunities-action-plan>

² <https://www.gov.uk/government/publications/ai-champions-ai-adoption-plans>

industries, and lower engagement in sectors such as hospitality, retail, and construction.

Use of AI was **concentrated in accessible, low-complexity applications**. Natural language processing and text generation tools dominated adoption, widely used for administrative, content and information-processing tasks. In contrast, more advanced applications such as machine learning, computer vision and agentic AI remained relatively niche. This suggests that while AI is widespread, it is often deployed in relatively narrow ways, with most organisations engaging at a basic or exploratory level rather than embedding more sophisticated capabilities into core operations.

AI has become **embedded in routine business activity**, particularly within administration, marketing and IT functions. Use was frequent and, in many cases, continuous, reflecting its integration into existing workflows rather than standalone deployment. Businesses were most commonly using AI to support administrative tasks, generate content and assist with data analysis, highlighting its role in improving efficiency and supporting everyday processes.

Businesses reported that the impact of AI adoption was measurable but largely incremental. Most reported improvements in workforce productivity and more efficient or flexible processes, while a smaller proportion reported cost reductions. At the same time, only a minority considered AI to be critically important to their operations, suggesting that while benefits are widely recognised, they are not yet considered transformative for most organisations. The overall pattern points to **gradual efficiency gains rather than fundamental shifts** in business models or performance.

Barriers to adoption were primarily related to **capability and understanding** rather than access to technology. Businesses most frequently cited limited skills, knowledge gaps and uncertainty around how AI can be applied to their specific context. The absence of a clear business case or return on investment remained a key issue, particularly among non-adopters. Additional concerns around accuracy, bias, data privacy and cost further contributed to cautious adoption behaviours, especially in regulated or data-sensitive sectors.

Adoption patterns reflected a **broadly cautious and incremental approach**. Businesses typically engaged with AI through testing and small-scale experimentation before wider rollout, often relying on evidence from peers or industry examples to inform decisions. Lower-risk entry points, such as free tools or AI features embedded within existing software, played an important role in enabling initial adoption. This indicates that AI uptake is being shaped more by practical experience and demonstrated value than by strategic transformation agendas.

Looking ahead, businesses **expected AI use to expand further**, with increasing proportions of the workforce expected to engage with AI in the near term. Investment was also expected to rise, and there was growing interest in more advanced AI technologies, although these were still at an earlier stage of adoption. This suggests a trajectory towards deeper integration, albeit at varying speeds across sectors and organisations.

The workforce implications of AI adoption were generally viewed as **evolutionary rather than disruptive**. AI was most often described as enhancing human work, reducing routine tasks and enabling a shift towards higher-value activities. There was limited evidence of widespread job displacement, with some organisations instead reporting increased capacity or expansion as a result of productivity gains. This reflects a prevailing expectation that AI will reshape roles and tasks rather than fundamentally reduce workforce size.

Trust in AI remained cautious and conditional. Businesses typically relied on human oversight, particularly where outputs could have significant consequences. Trust was higher for low-risk, routine activities than for complex or high-stakes applications. Concerns around accuracy, transparency, data security and regulation persisted, especially in relation to more autonomous or advanced systems. This contributes to the continued emphasis on AI as a support tool rather than a fully independent decision-maker.

Overall, the findings suggest that AI adoption is progressing from initial experimentation towards broader operational use, but remains characterised by incremental deployment, uneven maturity and ongoing uncertainty in more advanced applications.

Key findings

AI adoption

AI adoption doubled since 2025: in 2026 one-third of UK businesses were using at least one AI technology (32% compared to 16% in 2025). Adoption remained uneven by sector and business size, with higher uptake among larger firms (52%) and knowledge-intensive industries such as information and communication (61%), real estate (45%) and business services/administration (39%).

Use was concentrated in accessible, low-complexity tools, particularly natural language processing and text generation, including the use of Large Language Model (LLM) based approaches (77% of those using or planning to use AI). AI became more embedded in day-to-day operations, most commonly in administration (81% of those using or planning to use AI), marketing (71%) and IT functions (66%). The main driver of adoption was improving efficiency and productivity (71%), followed by improving employee experience (27%), and gaining competitive advantage (25%).

Over half of adopters (57%) reported using AI constantly, with 27% using it at least weekly. Most businesses were still in an early or exploratory stage, with gradual progression towards more advanced use cases.

Expenditure on AI remained relatively modest for many businesses, with 47% of those able to estimate expenditure reporting no expenditure in 2025. This reflects the widespread use of free tools or AI features embedded within existing software. Where spending occurred, it increased with business size, and overall investment grew significantly over the past 5 years.

Impact of AI

AI delivered measurable but largely incremental improvements. The most commonly reported benefits were improvements in workforce productivity (71%) and the development of more efficient or flexible processes (60%). Half of adopters (50%) reported an overall increase in productivity, although these gains were generally described as modest. The most common benefits related to task automation and workflow optimisation, rather than transformational change.

Operating cost impacts were mixed; while some businesses reported reductions (24%), many had seen no immediate financial effect (64%), and a minority reported an increase (9%). Perceived strategic importance of AI remained moderate, despite widespread usage - only 14% of businesses considered AI tools to be of high or critical importance to their operations.

Overall, AI was functioning primarily as a support tool, augmenting existing activities rather than redefining business models.

Barriers to AI adoption

The most significant barriers were capability-related, including limited skills, expertise and understanding of AI use cases. Limited AI skills, expertise or knowledge affected 67% of businesses that had adopted AI, and 78% of those planning to adopt it. A lack of a clear business case or proven return on investment was cited by many businesses, particularly non-adopters (65%).

Concerns around accuracy, bias, data privacy and security continued to limit adoption, with 56% of businesses who had adopted AI, and 60% of those planning to use AI saying they had concerns about bias and lack of accuracy. While cost was a factor, it was more commonly associated with the time, effort and resource required to implement and embed AI, rather than the direct cost of tools themselves.

Regulatory and sector-specific uncertainties also contributed to cautious adoption, particularly in regulated industries such as finance, legal, transport, and healthcare, where organisations handle sensitive data and compliance and liability risks were felt to be more significant.

Future plans for AI

Businesses expected continued growth in AI adoption: 31% of businesses using or planning to use AI said they expected more than half of their staff to be using AI in the next one to two years. This compares to 22% who reported more than half of their staff were already using AI.

Investment in AI was expected to increase overall, with 65% of businesses anticipating an increase in AI-related budgets. However, this increase was expected to vary across business sizes and sectors. Planned investment was focused primarily on implementing off-the-shelf applications (61%), automating tasks (57%) and embedding AI into existing systems (54%).

Interest in more advanced technologies was growing, although adoption remained at an early stage; for example, 24% of businesses using or planning to use AI, were planning to adopt machine learning.

Future adoption was likely to remain incremental and staged, with continued reliance on testing and piloting. There was a clear trajectory towards deeper integration of AI into core business functions over time.

Perceptions of trust and safety in AI

Trust in AI systems remained cautious and conditional. Most businesses (81%) reported applying some level of human input or oversight to AI-generated outputs, although this had declined slightly since 2025.

Trust varied by use case, with AI widely accepted for low-risk, routine tasks such as drafting or summarising content, but less trusted for high-stakes decisions or autonomous processes. More advanced technologies, particularly agentic AI, were less widely trusted and more likely to be subject to scrutiny.

Key concerns were accuracy, transparency, data security and regulatory uncertainty, as well as the perception of AI as a 'black box' system where the internal logic or workings cannot be seen by users. As a result, AI was typically used as a tool to support decision-making rather than replace human judgement, with responsibility for outcomes remaining firmly with users.

Introduction

Background

In 2026, leading AI organisations have made significant advancements in both foundational and specialised models, reflecting continued progress in AI capabilities and their application across sectors. OpenAI launched GPT-5.5, subsequently previewed the GPT-5.6 family, including Sol, Terra and Luna. Advancements included enhanced capabilities in coding, scientific reasoning, cybersecurity and agentic workflows. Anthropic released Claude Opus 4.8 and Claude Sonnet 5, further strengthening performance in complex reasoning, coding and autonomous task execution. Google DeepMind has continued to develop multimodal systems, including Gemini Omni Flash, while advancing text-to-video generation through models such as Veo 3.1 and experimental interactive world models such as Genie. This has enabled increasingly immersive applications for content creation, gaming and simulation.

Recent entrants, particularly open-weight models developed by organisations such as Falcon and DeepSeek, have explored hybrid and efficiency-focused architectures to support long-context processing. At the same time, companies such as Mistral and other European providers, including Almagest (e.g. Velvet models), have emphasised cost-effective and more sustainable approaches to AI development.

There has also been increased development of agentic AI, with organisations including OpenAI, Anthropic, Microsoft and Google integrating AI agents into software systems. The deployment of multimodal models has become standard among leading providers, enabling the use of text, image, audio and video within unified AI platforms.

Together, these technological developments have made it even more important to understand the levels of AI adoption amongst UK businesses across sectors, particularly the Industrial Strategy sectors. The Industrial Strategy sectors are the eight sectors that have the greatest growth potential over the next decade: advanced manufacturing, defence, clean energy industries, digital and technologies, creative industries, financial services, life sciences, and professional and business services.

To ensure AI is an engine of growth across these sectors, DSIT has published sector-focused AI Adoption Plans. These plans were led by industry AI Sector Champions and outline opportunities to drive AI adoption across the eight sectors. The plans also recognise the importance of promoting AI adoption that empowers workers, augmenting their roles rather than replacing them. A key example is the Early Careers Jobs Alliance, which will bring together government, employers, trade unions and young people to examine how AI is changing entry-level roles. Backed by £20 million, it will produce practical help for businesses on how to redesign roles while maintaining entry-level pathways, identifying early examples of good practice.

Following the first wave of research conducted between February and May 2025, DSIT commissioned BMG Research to measure AI adoption among UK businesses,

explore the barriers they face, and identify support that could help reduce these barriers.

This second wave of research, conducted between December 2025 and June 2026, was designed to allow comparisons with the previous wave. This enables an assessment of whether AI adoption has become more widespread and whether barriers have changed over time.

AI is the broader field concerned with developing systems that can perform tasks requiring human intelligence. It encompasses knowledge-based systems, data-driven and machine learning-enabled systems, including classic machine learning (supervised learning, unsupervised learning), deep learning, and reinforcement learning.

Research objectives

The core objectives of the research were to understand:

- The extent to which AI is being adopted and scaled within businesses now, as well as future plans
- The extent to which enablers and barriers are influencing businesses' decisions to adopt and scale AI in their businesses
- The impact AI adoption has on businesses across a range of key metrics, such as revenue and productivity

A glossary, which includes definitions of the different types of AI, can be found in

Intensive Adopters

This chapter discusses a sub-group of businesses that had used AI to provide solutions to their specific business needs and were embedding it within their operations. We have categorised these businesses (according to their survey responses) as ‘intensive adopters’.

We have defined intensive adopters as those who:

- Had used AI to build bespoke solutions, and/or had embedded AI into current applications and processes, and
- Said AI was highly important to their organisation, and
- Use AI constantly

There were 101 cases (unweighted) categorised as intensive adopters. This equates to 2% of all surveyed businesses.

Intensive adopters were similar in profile to all AI adopters in terms of business size, but a higher proportion operated in business services and information and communications sectors (39% vs. 26%; 17% vs. 10% respectively).

Key findings

- **Intensive adopters used a broader and more advanced range of AI technologies** than other AI adopters. While almost all used natural language processing and text generation, they were significantly more likely than AI adopters overall to use machine learning, computer vision/image generation, AI-related hardware and more complex forms of AI such as agentic AI. Agentic AI adoption was also expected to grow rapidly among intensive adopters.
- **Intensive adopters were more likely than average to have developed AI solutions in-house.** Across AI technologies, they were more likely to develop solutions internally or adapt existing software, particularly for natural language processing and text generation.
- **They were much more likely to use AI for automation and application development.** Intensive adopters were more likely to automate tasks and whole jobs and to have used off-the-shelf AI tools to build their own applications and models.
- **Intensive adopters had spent considerably more on AI than other AI adopters** – on average, around four times more. They were much less likely to rely on free AI tools.
- **They reported stronger business benefits from AI.** Intensive adopters were significantly more likely than other AI adopters to see improvements in

workforce productivity and more efficient or flexible processes, while also more likely to report reduced operating costs.

- **Their motivations extended beyond efficiency gains.** While improving productivity was a primary driver, intensive adopters were more likely to have adopted AI to gain a competitive advantage or to keep up with industry trends.
- **They faced fewer barriers to adoption.** Although capability, data protection, regulatory and trust concerns were important, intensive adopters were less likely than other adopters to cite these barriers and were less concerned about achieving a return on investment.
- **AI had permeated deep into operations and processes within the organisation.** This was evidenced by the high proportion of the workforce using AI and the number and range of different business areas it was being used in. Plans to further invest and further embed AI were an indication that these organisations were comfortable with this level of reliance on this new technology.

AI adoption

Similarly to all AI adopters, nearly all intensive adopters used natural language processing and text generation, including the use of Large Language Model (LLM) based approaches (95%). They were more likely than all AI adopters to have used machine learning (50% vs. 18%), computer vision/image processing and generation (42% vs. 29%), hardware related to AI (27% vs. 10%) and agentic AI (23% vs. 7%).

Some 28% of intensive adopters who were not already using machine learning were planning to adopt it in the future (compared to 22% of all AI adopters). Use of agentic AI was set to double among intensive adopters, with a further 22% planning to adopt it in the future.

The length of time over which intensive adopters had been considering AI was longer than average, with 34% taking over 2 years (compared to 18% of all AI adopters). This included 8% that had considered AI for 5 years or more (compared to 1% of all AI adopters).

Across all AI tools, intensive adopters were more likely to have developed them in-house, fully or by adapting existing software. This was significantly more likely to be the case for natural language processing and text generation (39% vs. 24% across all who use this technology).

Use of AI for administrative and support purposes was common for intensive adopters. However, they were more likely than all AI adopters to use AI in other areas, particularly in creative and content generation (85% vs. 75%), data and analytics (83% vs. 63%) and research and development (73% vs. 52%). They were also more likely than all AI adopters to use AI in a range of business functions in addition to administrative and support, including: IT (84% vs. 66%), operations (79% vs. 55%), sales (79% vs. 48%) and customer service (71% vs. 44%).

Intensive adopters were also more likely than other AI adopters to use AI to automate tasks (86% vs. 58%), automate whole jobs (23% vs. 7%) and to use off-the-shelf tools to build their own applications and models (49% vs. 21%).

Intensive adopters were not very different from all AI adopters in their motivation to use AI. Similarly to all AI adopters, their main driver of adoption was improving efficiency and productivity (70% vs. 71%), but they were a little more likely to be driven by the possibility of gaining a competitive advantage (31% vs. 25%), keeping up with industry trends or technological advances (28% vs. 22%), developing new/improved products/services or extending their product range (26% vs. 17%) and/or entering new markets (16% vs. 8%).

A higher proportion of the workforce within organisations classed as intensive adopters were using AI – on average 60% of staff, compared with 31% across all AI adopters. More than half of intensive adopters (56%) reported that more than three-quarters of their workforce were using it at the time of the survey (17% of all AI adopters).

Expenditure on AI in 2025 was considerably higher among intensive adopters than among all AI adopters, averaging £31,300, compared with £7,800. Just 6% of intensive adopters that provided a response spent nothing on AI in 2025, compared with 43% of all AI adopters. This suggests that they were much less likely to be relying on free tools or AI features embedded within existing software.

Barriers to AI adoption

Similarly to other AI adopters, intensive adopters cited barriers to adoption of AI that were capability-related, concerns around data protection, regulation and industry standards, and trust in AI product safety or transparency. However, they were less likely than other adopters to mention these, and much less likely to be concerned about return on investment in AI.

Overall, intensive adopters were less likely to cite barriers to adoption of AI than other AI adopters.

Impact of AI

Intensive adopters were significantly more likely than other adopters to identify benefits of adopting AI. The most commonly reported benefits for intensive adopters were improvements in workforce productivity (94% vs. 71% of all adopters) and the development of more efficient or flexible processes (91% vs. 60%).

81% of intensive adopters reported an increase in employee productivity as a result of adopting AI, compared with 50% of all AI adopters.

Intensive adopters were also more positive than other AI adopters about the impact on operating costs, with 54% reporting a reduction (compared with 24% of all adopters), including 12% reporting a significant reduction (compared with 9% of all

adopters). However, they were also more likely to report an increase in operating costs (20% vs. 9% of all AI adopters).

Future plans for AI

Reflecting widespread use of AI within intensive adopters' organisations, two-thirds of these businesses (67%) expected more than three-quarters of their workforce to be using AI in the next 1 to 2 years. This compared with 27% of all AI adopters.

Intensive adopters were both significantly more likely than other AI adopters to expect their budget allocation for AI expenditure to increase in the future (81% vs. 60% of AI adopters) and to feel completely ready to increase their use of AI still further (40% vs. 12%).

Intensive adopters planned to invest in their use of AI in a wider range of areas than other AI adopters. They were particularly likely to want to work towards (further) embedding AI into current applications and processes and automating tasks.

Methodology

Survey

The quantitative survey from wave one of fieldwork was adapted in collaboration with DSIT and refined following cognitive testing (see [Appendix B: Technical annex](#)). Interviews lasted an average of 15 minutes. Fieldwork was conducted using Computer Assisted Telephone Interviewing (CATI) between 7 January and 21 April 2026.

Interviewers asked to speak to the person responsible for, or those with oversight of, technology within the organisation. A screening question was used to confirm respondents had sufficient knowledge of the technologies used in their business.

Sectors of interest and interview targets

This research aimed to interview 3,500 UK private sector businesses with at least 5 employees, across the following grouped sectors:

- Agriculture / Mining / Manufacturing / Energy (ABCDE)
- Construction (F)
- Retail/Distribution (G)
- Transport and Storage (H)
- Hotel / Catering (I)
- Information and Communication (J)
- Finance and Real Estate (KL)
- Business Services / Administration (MN)
- Arts / Other (RS)

Businesses in divisions O-Q and T-U were excluded: these include Public Administration and Defence, Education, Human Health and Social Work Activities, Activities of Households as Employers, and Activities of Extraterritorial Organisations and Bodies.

The interview targets can be found in [Appendix B: Technical annex](#).

Sample and achieved interviews

The sample for the survey was sourced from Market Location, a commercial database of UK businesses.

A total of 3,503 interviews were achieved. The breakdown by size and sector is in [Appendix B: Technical annex](#).

Call outcomes and survey response rates are in [Appendix B: Technical annex](#).

Weighting

Survey data was weighted to ensure representativeness by business size and sector. The regional split was assessed and was in line with the population meaning a regional weight was not needed. Further information can be found in [Appendix B: Technical annex](#).

In-depth interviews

A total of 50 in-depth interviews were conducted with businesses who had taken part in the survey and agreed to take part in a follow-up interview. Interviews were conducted via phone or Microsoft Teams, and explored businesses' thoughts on, and use of, AI in more depth.

The sample included businesses currently using AI, those planning to use AI, and those with no current plans, to ensure a range of perspectives. Some questions referred to respondents' survey answers to explore their responses in more detail.

Interviews lasted up to an hour and took place between February and June 2026.

Interview targets were set with the aim of achieving a good spread by business size and sector. Targets were also set to include a mix of businesses currently using AI, as well as those who are not. Targets aimed to over-represent AI users, and where possible, to represent a range of AI use cases, including those using natural language processing or computer vision, machine learning, and agentic AI.

The number of completed interviews by size and sector are in [Appendix B: Technical annex](#).

The research also included 7 ethnographic site visits to businesses who had adopted AI. Businesses were recruited through a combination of survey responses and existing networks. At each site, researchers spent 3 to 4 hours interviewing approximately 2 to 10 members of staff across different roles, teams, and levels of seniority. This included those involved in strategic decision-making about AI adoption, those responsible for its implementation, and everyday users. Researchers also directly observed the AI systems, processes, and tools in use.

AI adoption

This chapter explores how businesses were engaging with AI, from awareness through to practical deployment. It examines current use of AI and the types of AI technologies used. It covers the AI adoption process, including how decisions were made, timescales and how AI was deployed within businesses. It then explores the drivers for AI adoption, the proportion of staff using AI, the business areas it was being used in, frequency of use and expenditure on AI.

Key findings

- AI adoption **doubled in the past year**, with one-third of UK businesses in 2026 using at least one AI technology.
- Adoption remained **uneven by sector and business size**, with higher uptake among larger firms and knowledge-intensive industries.
- Use of AI was concentrated in **accessible, low-complexity tools**, particularly natural language processing and text generation.
- AI was becoming more **embedded in day-to-day operations**, most commonly in administration, marketing and IT functions.
- Most businesses were still in an **early or exploratory stage**, with gradual progression towards more advanced use cases.
- AI tended to be **introduced on a small-scale, with caution**, before being rolled out across the organisation.
- Adoption of AI was **increasingly driven by the need to keep pace with competitors, or to gain a competitive advantage** within the industry in which the business operates.

Understanding of AI

Participants generally understood AI to be a tool or system performing tasks on behalf of people, to maximise efficiency or productivity.

For in-depth interview participants, understanding of AI was largely shaped by:

- The tools individuals had encountered
- The functions they served
- Benefits to their own business

Some participants framed AI primarily as a 'chat' tool that can answer questions or generate text, naming specific models including ChatGPT and Copilot. Others described AI in broader terms, such as systems that analyse data to provide answers or recommendations, and some discussed its ability to generate images.

"It's computer systems and algorithms that scoop up lots of information from many databases and then intelligently feeds it back to you." (Mid-sized business, arts/other, East of England)

Participants' understanding of the scope and capabilities of AI was varied. Some held a basic level of knowledge, with well-known language models such as ChatGPT being the extent of their awareness. Others mentioned more specialised systems and integrated tools, demonstrating a deeper understanding of AI technologies and their applications.

"Large-scale data centres with a lot of GPU setups and stuff like that running high-end software ... through algorithms that have been programmed on certain datasets and stuff like that, to be trained in a way to generate certain responses" (Mid-sized business, arts/other, Wales)

Some businesses admitted having very limited knowledge of exactly what AI is, and what it can do. This lack of understanding sometimes contributed to uncertainty or concern about its adoption.

"It's a bit unknown and scary to my company, if I'm honest. There's a sense of 'we need to learn about it' because you hear it a lot in the media and you just hear people talking about it. But I don't know that we really know what it is." (Mid-sized business, business services/administration, Scotland)

Awareness and understanding of different forms of AI were inconsistent.

In-depth interview participants were asked about their awareness and understanding of 5 key AI technologies. Awareness and particularly understanding, was limited for most types of AI. Furthermore, participants' awareness of the existence of specific AI technology did not necessarily translate into an understanding of its functions or use cases.

Below are explanations of the technologies that were provided to participants, followed by businesses' understanding of each.

Natural language processing and text generation

Explanation given: *The use of artificial intelligence programming to produce written or spoken narratives from a data set or prompt. This includes drafting, creating computer code or transcribing audio to text in real time. Example tools include GPT-4, Microsoft Copilot and Google Cloud Natural Language API.*

Participants ranged from explicitly unfamiliar to only having basic recognition, with several only identifying NLP/text-generation when examples like ChatGPT or Gemini were mentioned. Numerous participants described active, everyday use of NLP/text-generation tools, naming ChatGPT, Copilot, and Gemini as tools used in organisational contexts. For some organisations these tools were already integrated

into workflows for drafting, research and routine tasks, indicating practical adoption rather than purely conceptual interest.

Computer vision / image processing and generation

Explanation given: *The use of artificial intelligence programming to produce, generate, analyse, interpret, and manipulate digital images. Example tools include DALL-E and Veo2.*

Participants had heard of computer vision/image generation and could identify it as an AI capability, particularly when given more detailed descriptions. There was basic awareness among participants, but it was often non-technical and superficial knowledge. Several participants described uses of image generation/processing for business branding, report visuals, marketing content and workflow improvements, and some reported having tried specific image-generation tools.

Machine learning

Explanation given: *This is a branch of artificial intelligence focused on building systems that learn from data to make predictions or decisions, without being explicitly programmed with rules for each specific task. Examples include building classification systems for medical diagnosis, developing fraud detection systems that spot unusual patterns in financial transactions, or creating product and content recommendation systems.*

Awareness of machine learning varied from clear understanding to complete unfamiliarity. Those that were aware related it to systems that learn from datasets and feedback, but direct use was limited.

Hardware related to AI

Explanation given: *Hardware such as Graphics Processing Unit (GPU), Edge Computing Chips, Quantum Hardware, Application Specific Integrated Circuits (ASIC), Neuromorphic Hardware, and Field Programmable Gate Array (FPGA).*

Awareness of hardware relating to AI was low, with those that were aware of it describing its use in video game development as well as audio visual equipment.

Agentic AI

Explanation given: *This refers to artificial intelligence systems that possess the ability to autonomously perform tasks, make decisions, and take actions within a specific environment based on predefined goals, data inputs, and learned experiences. Examples include Autonomous Vehicles, as well as LLM-based agents such as OpenAI's Codex.*

Awareness of agentic AI was limited, and even those who were aware of the term often did not understand its practical applications. Those that were aware linked it to more procedural work processes, with some mentioning tools like Microsoft Copilot.

Participants consistently demonstrated greater familiarity with AI tools when presented with examples rather than stating the umbrella terms themselves. This

suggests that a lack of familiarity with software and terminology does not necessarily indicate that organisations have not used the technology.

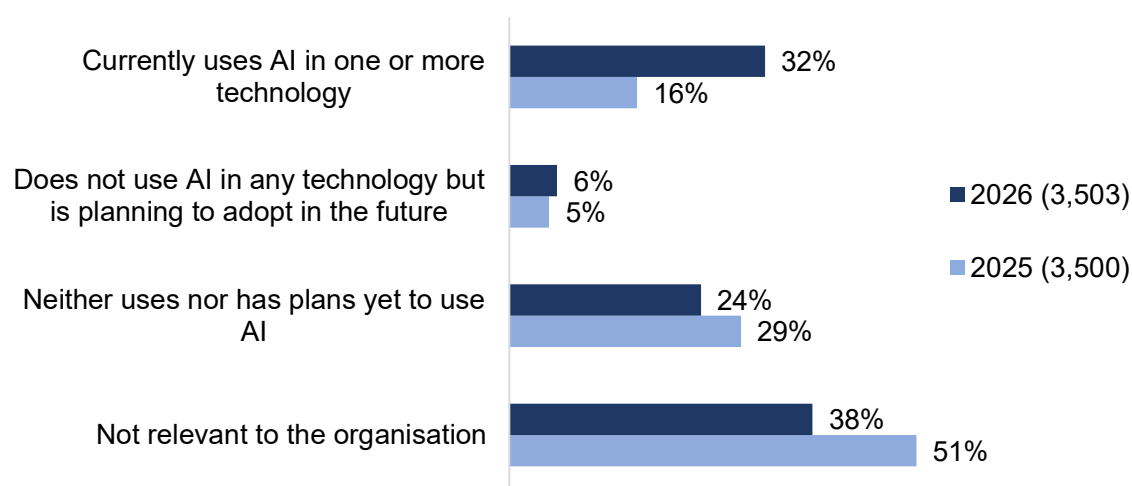
Proportion using AI

AI adoption amongst businesses with 5 or more employees has doubled in the last 12 months. In 2026 32% reported using one or more AI technologies, compared to 16% in 2025.

A further 6% had plans to adopt AI in the future, consistent with 2025.

Around two in five businesses (38%) did not consider AI to be relevant to their organisation. This is a decrease from the 51% reported in 2025.

Figure 1: AI adoption status



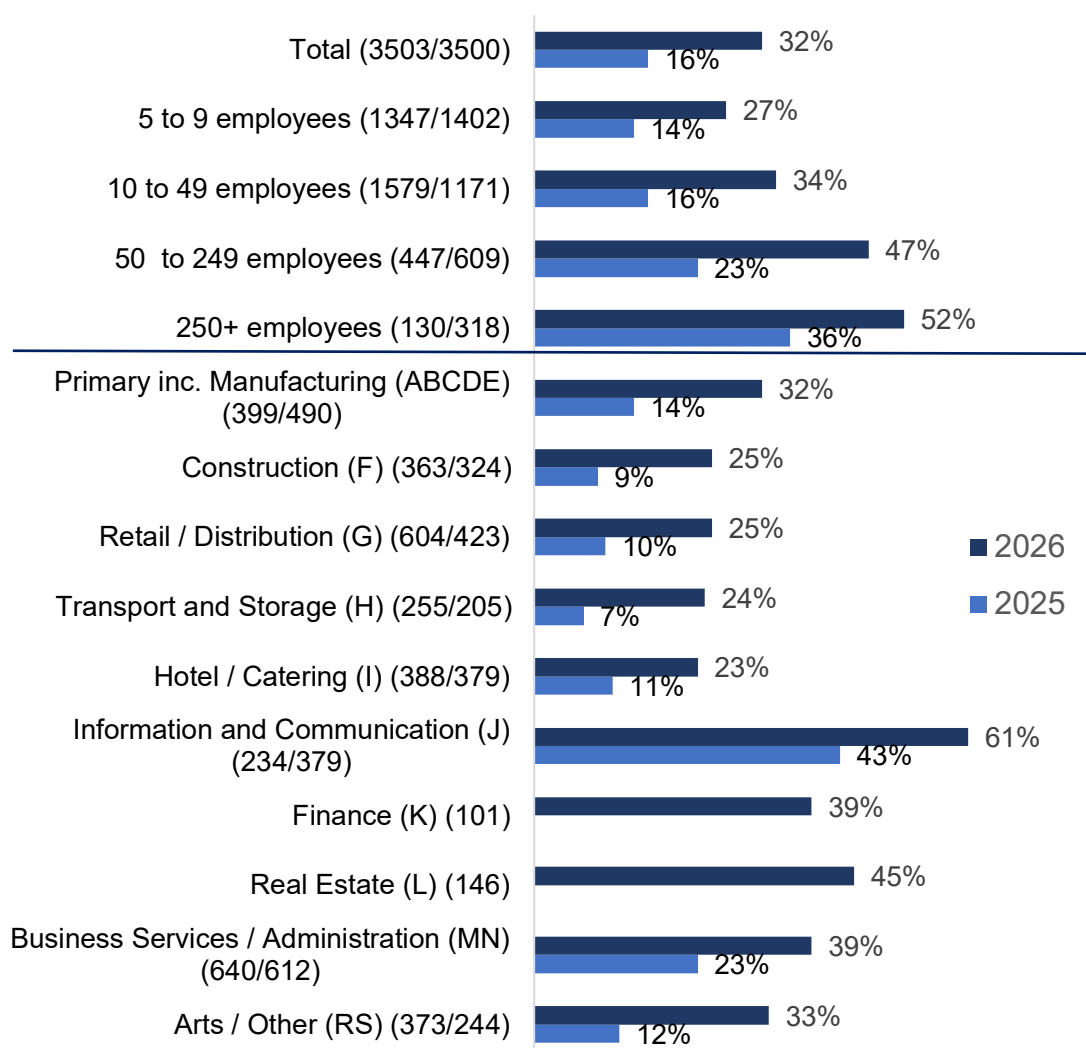
Source: B1. Please could you tell me which of the following statements best applies? B3. For the following Artificial Intelligence technologies, please could you tell me whether your organisation is currently using it (including piloting), not currently but have plans to adopt in the future, or has no plans to use it? B5. And please could you tell me whether your organisation is currently using it (including piloting) or not currently but have plans to in the future? Responses to these questions combined to categorise. Base: All businesses Unweighted bases in brackets.

AI adoption rates increased with business size (see Figure 2). Over half (52%) of large businesses (250+ employees) were using AI, compared with 47% of medium businesses (50-249 employees), 34% of small businesses (10 to 49 employees), and 27% of micro businesses (5 to 9 employees).

The increase compared to 2025 was seen for all business sizes. For micro, small and medium-sized businesses the proportion adopting AI nearly doubled, and there was a significant increase for large businesses.

AI adoption was most prevalent in the sectors of information and communication (61% vs. 43% in 2025), and real estate (42%, not possible to compare to 2025 as sectors were categorised differently) and business services/administration (39% vs. 23% in 2025).

Figure 2: Proportion of businesses that had adopted AI in 2026, by business size and sector, compared to 2025

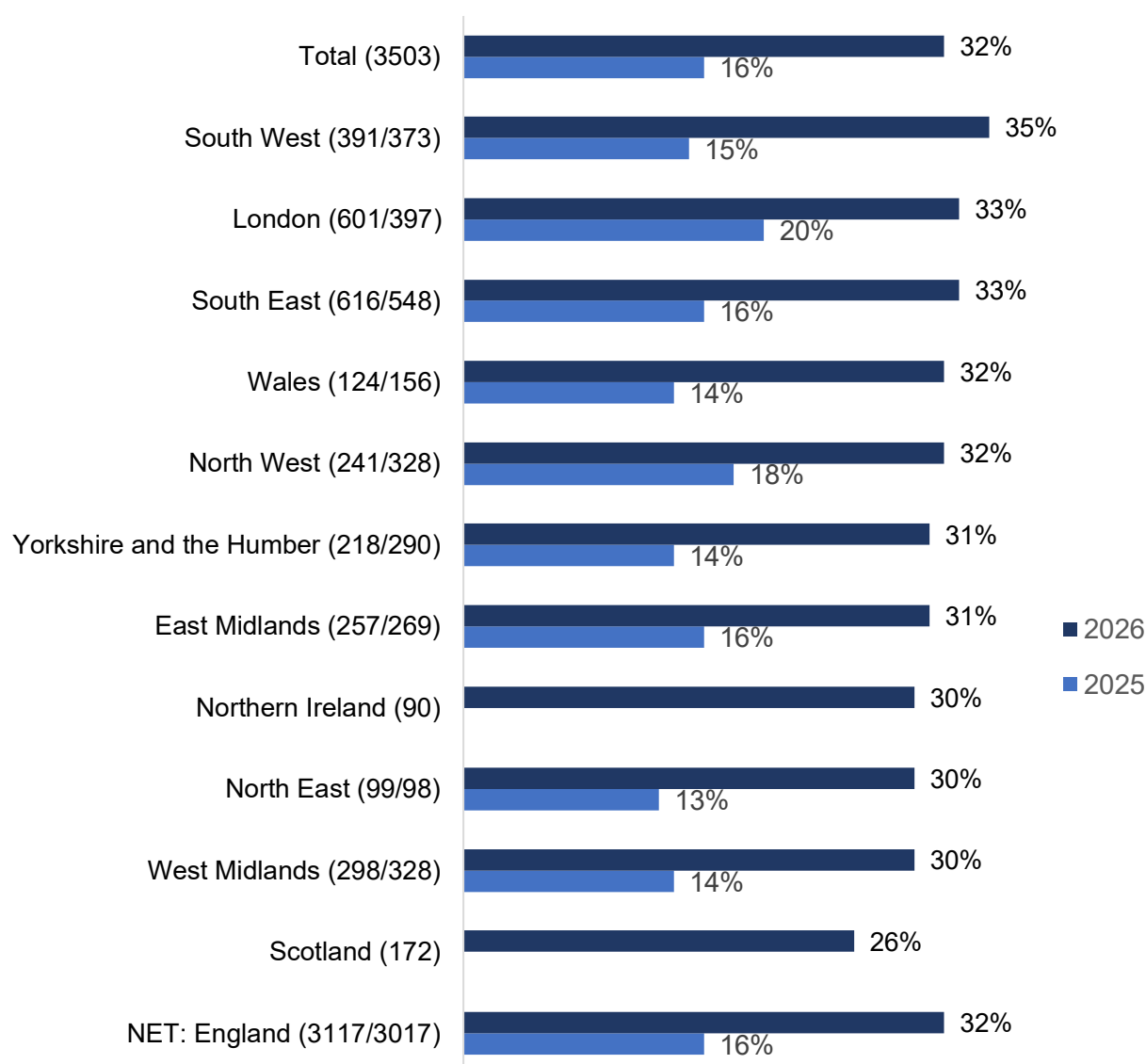


Source: B1. Please could you tell me which of the following statements best applies? B3. For the following Artificial Intelligence technologies, please could you tell me whether your organisation is currently using it (including piloting), not currently but have plans to adopt in the future, or has no plans to use it? B5. And please could you tell me whether your organisation is currently using it (including piloting) or not currently but have plans to in the future? Responses to these questions combined to categorise. 2025 data is not available for Finance and Real Estate sectors as they were combined in 2025 reporting Base: All businesses Unweighted bases in brackets (2026/2025).

Businesses neither using nor having plans to use AI were most common within hotel/catering (73% vs. 88% in 2025), transport and storage (71% vs. 90% in 2025), construction (69% vs. 88% in 2025) and retail/distribution (69% vs. 86% in 2025). As in 2025, businesses within these sectors were more likely to perceive AI as irrelevant to their organisation.

The regional variation seen in 2025 was hardly evident in 2026, with no significant differences in the proportion who had adopted AI. However, similarly to 2025, businesses in Scotland were more likely to neither use nor have plans to use AI – 69% (see Figure 3).

Figure 3: Proportion of businesses that had adopted AI in 2026, by region, compared to 2025



Source: B1. Please could you tell me which of the following statements best applies? B3. For the following Artificial Intelligence technologies, please could you tell me whether your organisation is currently using it (including piloting), not currently but have plans to adopt in the future, or has no plans to use it? B5. And please could you tell me whether your organisation is currently using it (including piloting) or not currently but have plans to in the future? Responses to these questions combined to categorise. Base: All businesses Unweighted bases in brackets (2026/2025).

Most businesses (75%) that had adopted AI tools in their organisations had been considering AI for around a year before deploying it within their organisation, which is a similar picture to that reported in 2025 (71%). A further 12% had been considering AI for up to 2 years (vs. 11% in 2025), and 6% for longer (vs. 5% in 2025).

AI technologies

Natural language processing and text generation, including Large Language Model (LLM) based approaches continue to be the most commonly used AI technologies. Of all businesses with 5 or more employees, 30% use this type of AI (vs. 13% in 2025). A further 6% planned to adopt this type of AI in the future.

In-depth interviews showed that these tools were widely used for tasks such as drafting content, summarising information, conducting research, writing emails, producing documents and handling routine information tasks. They were generally seen as the easiest and most immediately useful entry point for businesses to start using AI, which may explain their stronger uptake when compared with more complex AI types.

"I have used things like Microsoft Copilot and Google Gemini to help me summarise articles or summarise legislation, or even in some cases to help me write a policy about something based on information from the web." (Large business, transport and storage, North East)

Other AI technologies were less commonly used but had all grown since 2025. The most notable of these were computer vision/image processing and generation (9% vs. 6% in 2025), and machine learning (6% vs. 3% in 2025).

Some in-depth interview participants discussed their use of image generation AI, which they reported using for creating marketing or promotional content, or product visualisation. This included editing existing images, or generating completely new ones, with businesses saying it allowed them to do something they had no expertise in without outsourcing.

"I actually used AI to generate the image for the business itself. So, the signage actually was designed by me on AI graphics, and I know nothing about graphics per se, but we managed to use AI to get the signage for it." (Mid-sized business, finance, Northern Ireland)

Some in-depth interview participants mentioned features already embedded in pre-existing software such as Google AI search or voice assistants like Siri. This suggests AI was often first encountered through familiar systems, rather than completely new tools. Interestingly, not all of those who used embedded agents like this recognised them as such without prompting.

"With Copilot, we're a Windows house, so it comes sort of baked in. We use Teams, so it's sort of there and readily available." (Mid-sized business, business services/administration, South East)

Although use of more complex or targeted AI solutions was limited, the in-depth interview participants who used these understood them relatively well. Where used, these tools were reported to be embedded in company processes. Examples included tools with functionalities specific to business operations such as medical or engineering purposes embedded in organisations' workflows. In some instances,

these models were already integrated and in some they were being developed for use in the near future.

"The DigiPharma compiles all the information you've put in over the questions it's asked you [in a clinical consultation] to make sure you're thinking of everything...it generates us a little report that says, 'this is the treatment'."
(Mid-sized business, retail/distribution, Scotland)

"We've got a strategy that AI is going to drive, which is to allow somebody to download the app, take a photograph of a pile of used glass on the ground, any type of glass. And AI will interrogate that image and look at the composition of what is in that image and tell us what and how it can be used, what the cost may be of converting the material, and then give a whole raft of different options and instantly convert that into an operational cost model."
(Mid-sized business, agriculture/mining/manufacturing/energy, South East)

Case study: A small creative design agency

This agency has adopted numerous types of AI to support their services across business areas.

The development team uses AI primarily as a coding assistant to review new code against internal quality and security standards, generate tests, and handle small, repetitive tasks. The primary tool used is Claude Code CLI, which has been in place for approximately 6 months and is brought in at later stages of a project, once the core structure has been built by human developers.

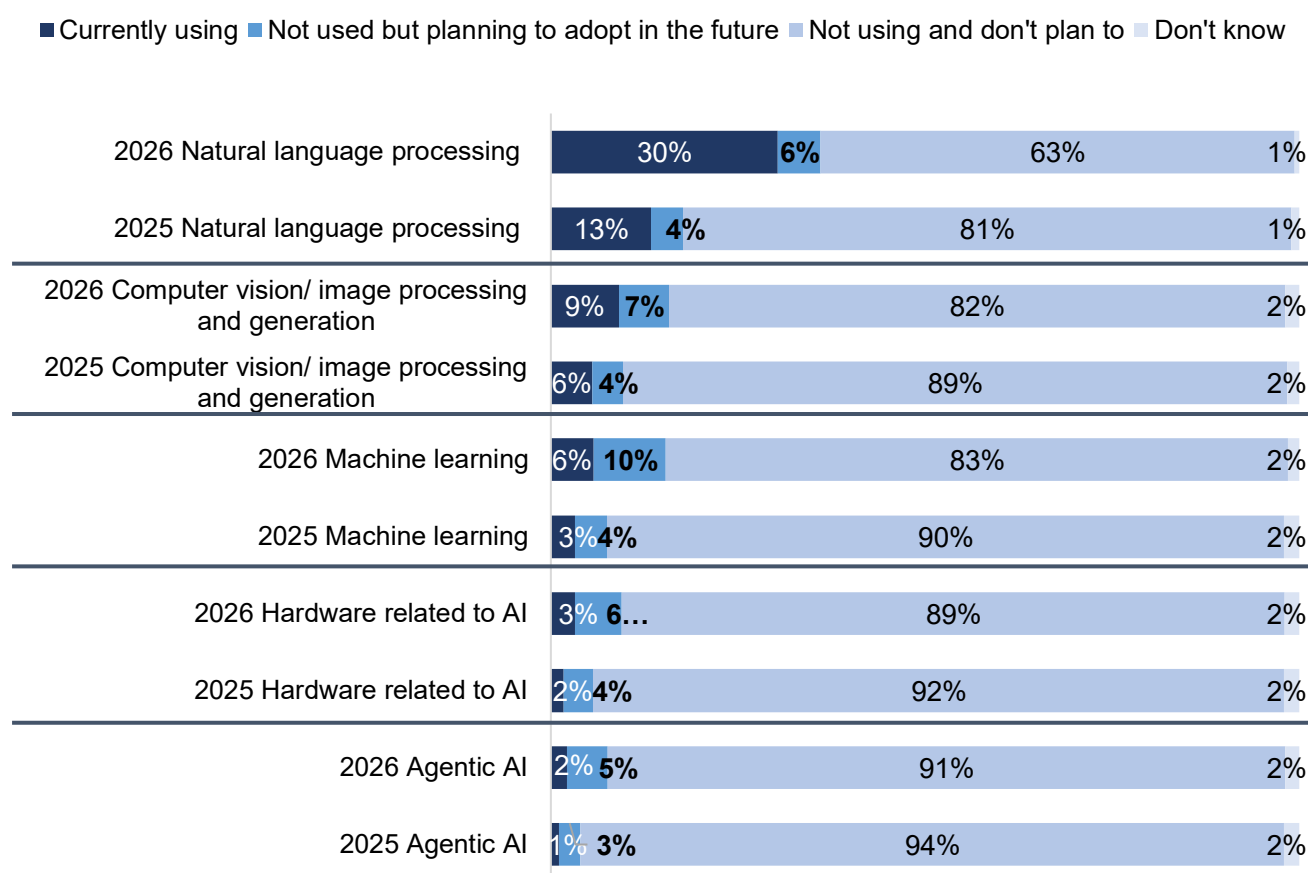
The design team use AI mainly for generating and exploring visual ideas, checking and improving written copy, translation, and rapid early-stage prototyping. The tools vary by task and are not yet integrated into a single consistent workflow. Tools in use include Gemini (accessed via Google Workspace), ChatGPT, Claude, Midjourney, and AI features embedded within Adobe Photoshop and Figma.

The Managing Directors' own use ranges from "low-level" tasks (looking up terminology, drafting quick summaries) through to strategic experimentation with agentic systems.

Further details can be found in Case study 4: A small creative design agency.

There was also slight growth in the proportion of all businesses planning to adopt these 3 AI technologies, and this was particularly evident with regard to machine learning (10% vs. 4% in 2025).

Figure 4: Use of specific AI technology



Source: B3. For the following Artificial Intelligence technologies, please could you tell me whether your organisation is currently using it (including piloting), not currently but have plans to adopt in the future, or has no plans to use it? Base: All businesses Unweighted bases: 2026 = 3,503, 2025 = 3,500.

Use of natural language processing, text generation, agentic AI and machine learning did not differ significantly by business size. However, large businesses were less likely to be using computer vision/image processing and generation AI (7%).

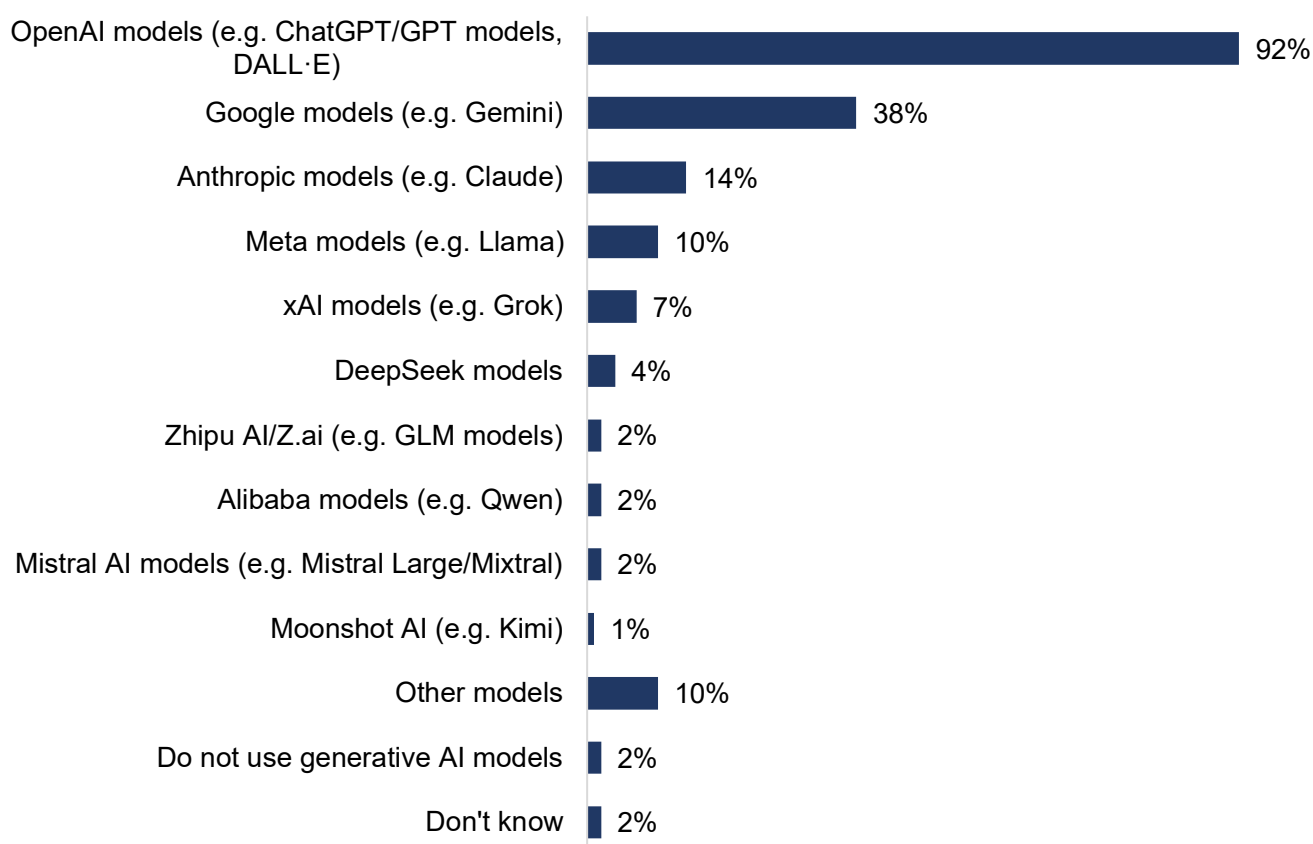
There were a few differences in the types of AI technology being used by sector. Businesses in the information and communication sector were more likely to be using all types of AI technology measured: natural language processing (58%), machine learning (15%) computer vision/image processing and generation (20%), hardware related to AI (12%), and agentic AI (10%).

When asked about specific generative AI models, OpenAI models, including ChatGPT/GPT models and DALL-E were by far the most widely adopted, used by 92% of AI adopters.

Other relatively commonly used generative AI models included Google models e.g. Gemini (38%), Anthropic models e.g. Claude (14%) and Meta models e.g. Llama (10%). All 3 of these different models were significantly more likely to have been

used by businesses in the information/communication sector (46%, 26%, and 16% respectively).

Figure 5: Generative AI models used – prompted



Source: E6. Which (if any) generative AI models does your organisation currently use? Base: Businesses that use or plan to use specified AI Unweighted base = 1224.

The AI adoption process

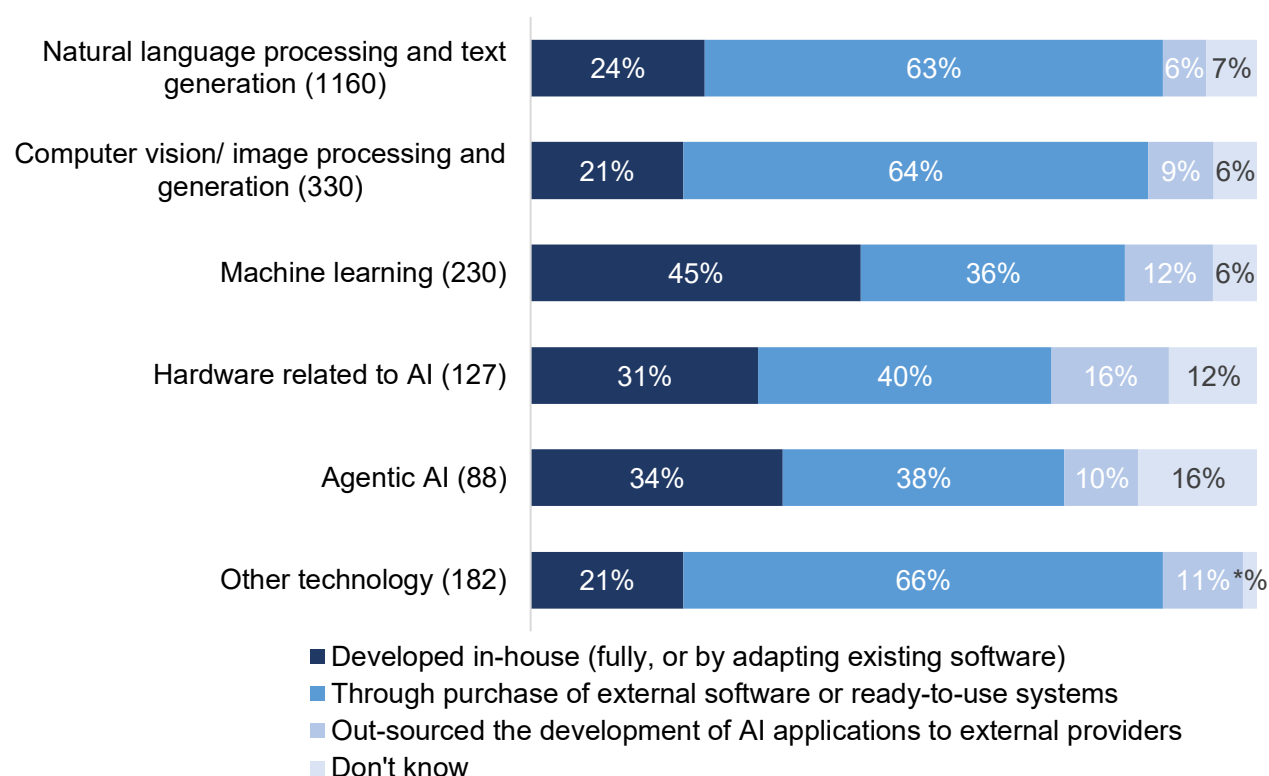
AI adoption was most likely through purchase of external software or ready-to-use systems, particularly for natural language processing and computer vision/image processing and generation (63% and 64% of users respectively).

Machine learning was most commonly developed in-house, either fully or through adapting existing software (45% of users). For agentic AI or hardware-related to AI the source of adoption was more varied, with similar proportions of users developing in-house and purchasing externally.

In-depth interviews explored in more detail examples of in-house developed solutions, although it should be noted that this was only among a minority of participants due to the relatively low prevalence. One example given was integrating Claude AI with existing Prostack server infrastructure and using AI hardware in phone and ticketing systems.

Those considering using hardware often referred to the possible preference for hosting AI locally, rather than using cloud providers for the sake of data privacy. However, this did not go beyond a desire for the future, with most still using cloud storage for the time being.

Figure 6: How businesses adopted each AI technology

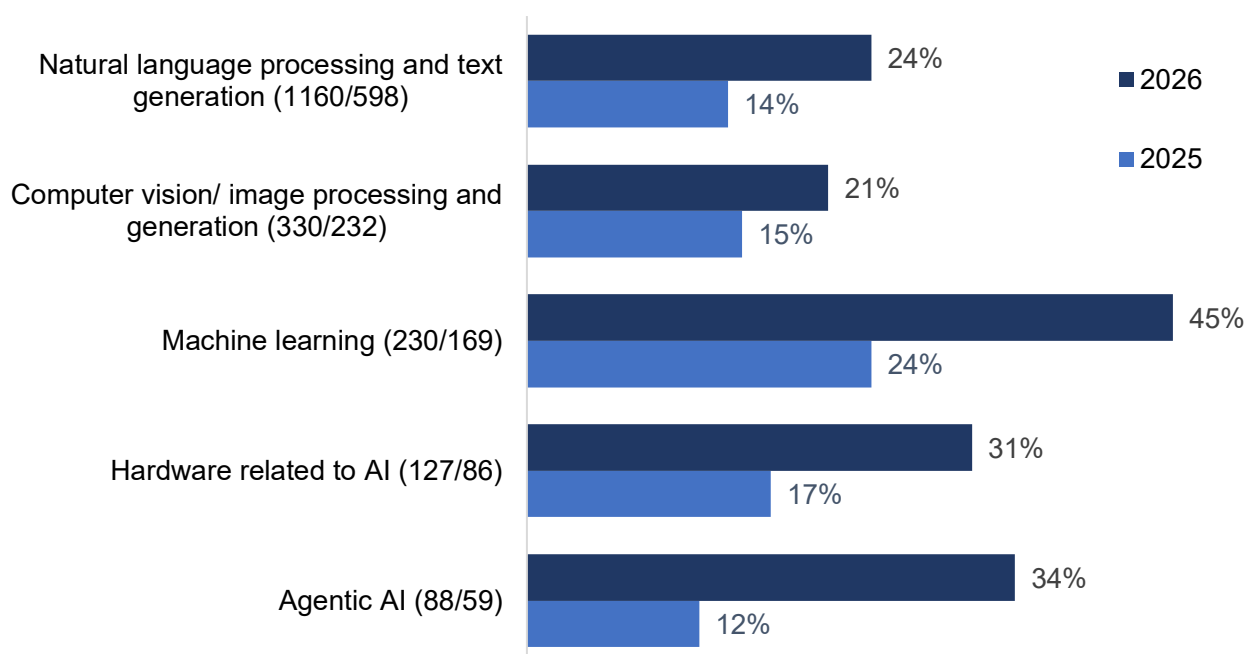


Source: B9. How did your organisation adopt each of the following technologies? Base: If currently uses AI: Unweighted bases in brackets.

*denotes less than 0.5%

Compared to 2025, there was less reliance on external software or ready-to-use systems when adopting these AI technologies. In-house development for machine learning has increased notably (45% of users vs. 24% in 2025), as has in-house development of agentic AI (from 12% of users in 2025 to 34% of users in 2026) and in-house development of hardware related to AI (from 17% of users in 2025 to 31% of users in 2026).

Figure 7: Adoption of AI technology through in-house development



Source: B9. How did your organisation adopt each of the following technologies? Base: If currently uses AI: Unweighted bases in brackets.

Decision-making surrounding AI deployment

When exploring the AI adoption journey in in-depth interviews, it emerged that decision-making processes were varied but typically controlled by senior figures or formal oversight bodies such as boards.

"I think if we were going to adopt AI in our business, that would have to be a decision taken at management level after a lot of discussion with technical staff." (Mid-sized business, information and communication, Yorkshire and the Humber)

The introduction of new technology may sit with a non-leadership employee (for example, IT specialist), if they hear about it, or try it themselves. When they believe it would be useful more widely they may subsequently recommend it to others in the company. However, even where this was the case, final approval following advocacy from another staff member commonly sat with directors, CEOs, business owners or other senior leaders. It is they who have authority over business operations such as costs and security.

"For 2 years I've been trying to basically politely nudge my boss to get this started. And luckily, we had this Christmas one-month special free [trial of ChatGPT] for everyone. And then they just said, 'oh my God, it's amazing'." (Mid-sized business, business services/administration, East of England)

Some businesses had stringent, formal processes for decision-making regarding new technologies. For example, once the possibility of AI was introduced, it would be

discussed in leadership team meetings and trialled on a small-scale, before a decision would be made on whether to adopt it fully based on what had been learned and discussed.

"Everything needs to be approved. So, I can't just willingly go in and start doing bits with AI. I need to get approval from the CEO. We have a senior management meeting every week and we discuss what plans, what opportunities, what we want to do with AI, what you can and can't do." (Mid-sized business, business services/ administration, East of England)

Decisions to adopt AI were commonly based on the perceived value of AI, with participants reflecting on whether it solves a problem, saves time, reduces cost or improves an existing workflow. Often, business leaders needed clear evidence that a tool would deliver specific benefits to justify the investment. They sought this evidence through looking at other companies in their industry to observe or hear about their experiences.

"We would usually either like to speak to somebody who already has it in place, or have it obviously demonstrated comprehensively as to what would be required and what it would do. You wouldn't buy something without knowing what it was going to do or how it was going to benefit you." (Large business, agriculture/mining/manufacturing/energy, East of England)

Some may also gather evidence by conducting and reviewing a full business proposal, including cost-benefit analyses, and thoroughly investigating the security and potential risks of a tool.

"Any new thing would go to the committee for approval. In that will be just a proposal looking at the cost benefits and assessing all angles, and then a case will be presented, and ultimately it will be the committee who would make that decision." (Mid-sized business, arts/other, London)

In-depth interviews showed that once a decision was made, there was some variation in how adoption was planned and executed, ranging from centralised formal rollouts to informal and individual-led use. This was often dependent on the type of tool being deployed. For example, when AI adoption is relatively basic, such as using ChatGPT to draft emails, individuals often begin to use these tools independently, perhaps following their own personal use, without seeking approval from senior team members.

"Some of my staff all know how to use it, then they would just implement it and show me...we don't have to go through a process. If they think it's good, they try it, they use it. We don't have to go to a board or anything like that." (Small business, hotel/catering, East of England)

Elsewhere, roll-out would be more centralised, including small-scale trials and training. This training might be for all staff, or a select few who would be using the new technology. This was mentioned as an important step before allowing employees to use AI in their role, to give them confidence and a better understanding of how to use it responsibly and effectively.

"The staff who need it will be trained how to use it. That training would include how to assess the risk, how to control the risk, what product we're using. Everybody would be proficient in how to interact with the software."
(Small business, business services/administration, South East)

Case study: A small arts organisation

This company uses image generation, LLMs, and digital programmes to support its artistic manufacturing services.

AI adoption had been a gradual, informal process, driven largely by word of mouth among the team and awareness of features being rolled out by platforms the business was already using, such as Shopify. Decisions about new tools were being made collectively across the team, with the key criterion being whether the tool fully delivered on what was hoped for during a trial period. The owner explained that they would usually use a new tool on a free-trial basis before any financial commitment was made.

Further details can be found in Case study 7: A small arts organisation.

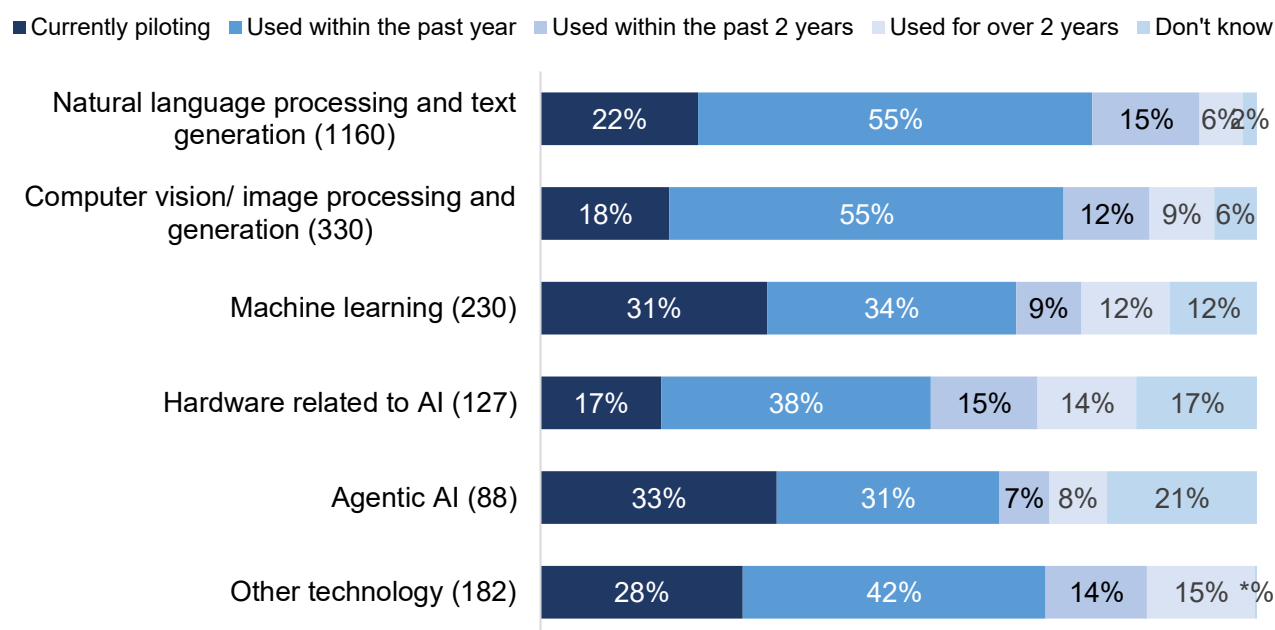
Progress of adoption was not linear, with some businesses reporting continuous checks to ensure it meets needs as it starts being rolled out more widely.

"Before we roll it out, we need to know that it can do what we expect within our levels of confidence, and that if it wasn't meeting those, then we'd have to stop or roll it back or change our processes to make sure that we're hitting the compliance levels we need to." (Mid-sized business, business services/administration, South East)

Timescales for adoption

Most businesses using AI reported having adopted it within the past year. Use of agentic AI and machine learning were most likely to be at an early stage with a third of users piloting them at the time of the survey (33% and 31% respectively). This compared with 22% of natural language processing users and 18% of computer vision/image processing and generation users.

Figure 8: Duration of use of AI technologies amongst current adopters



Source: B6.1-6: For each of the following technologies, please could you tell me whether your organisation is currently piloting the following technology, has used it within the last year, within the past 2 years, or has used it for over 2 years. Base: Businesses currently using that technology Unweighted bases in brackets. *denotes less than 0.5%.

Natural language processing was the most popular AI technology and was being piloted by 28% of micro businesses, compared with 18% of medium and large businesses. Business types least likely to have been using technologies last year were more likely to be piloting them in 2026. This included micro businesses and those in sectors where usage was lower.

Users of natural language processing in information/communication and real estate were more likely to have been using this technology for over 2 years (19% and 14% respectively, compared with 6% overall), confirming that there are more seasoned, established users within these sectors.

This also applies to use of machine learning and computer vision/image processing and generation in the information/communication sector, where 26% and 17% respectively had been using the technologies for over 2 years.

How AI has been deployed

Businesses were most likely to use AI technologies as off-the-shelf AI applications (62%), while automating tasks previously carried out by people (but not automating whole jobs) was also a common use of AI (58%). Two in five AI adopters reported embedding AI into current applications and processes (40%), while one in five used off-the-shelf tools to build their own applications and models (21%). AI was less frequently used for building bespoke AI solutions (16%) and automating whole jobs (7%).

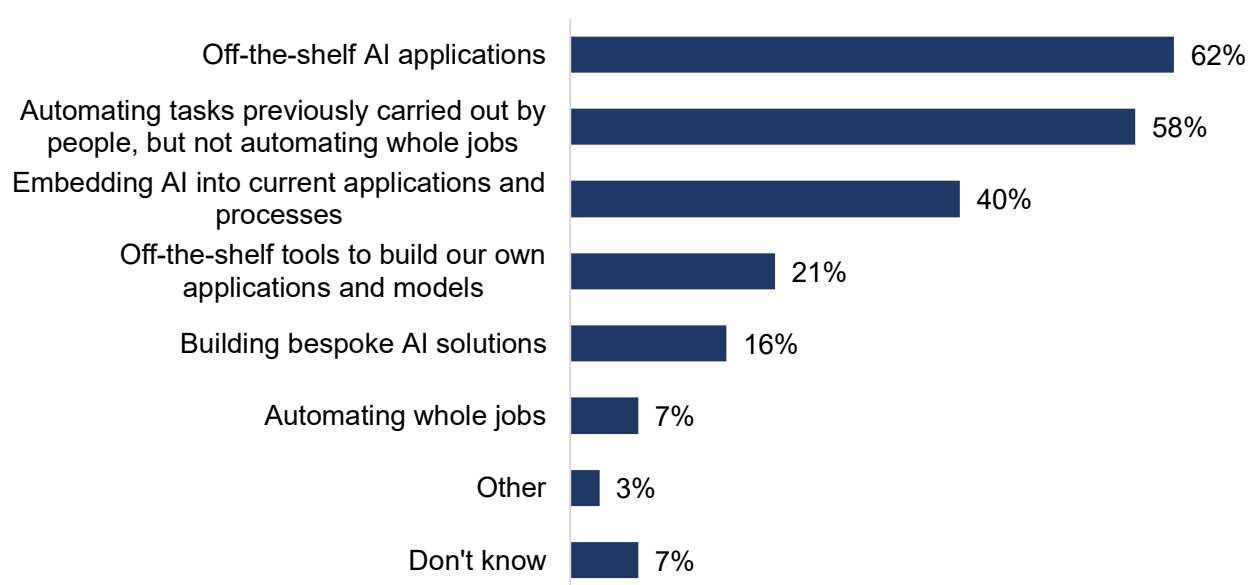
In-depth interviews showed that where AI had started to be adopted, many organisations were still at an exploratory stage, learning how to use it and experimenting with what it could be used for, to see if it benefited their business.

"[It's] something we're sort of just getting to grips with and learning about its capabilities within the insurance sector... we are currently exploring how we can implement it more and more into the business." (Small business, finance, West Midlands)

Some who had adopted AI reported regular, but limited, usage. This included things like individuals' use of AI for administrative tasks such as drafting emails or creating an image for an office sign, overall contributing to minor efficiency improvement, but not on a company-wide scale.

"We just use the free ones like ChatGPT and that Microsoft one, which I can't remember what it's called, and I just use it for improving our writing, things like that. So, we don't use it for a lot of other things." (Mid-sized business, arts/other, East of England)

Figure 9: Ways in which businesses adopt AI



Source: B11 And in what ways does your company currently use AI? Base: Businesses that use AI Unweighted base = 1224.

AI use for task automation increased with business size, from 51% of micro businesses, to 61% of small, 68% of medium-sized businesses and 81% of large businesses that use AI. Larger businesses were also more likely to embed AI into current applications (57% of large, 54% medium-sized businesses, compared with 33% of micro businesses and 42% of small businesses).

Larger businesses were also, to a lesser extent, more likely to use off-the-shelf tools to build their own AI applications and models (27% of large, 28% of medium-sized businesses, compared with 19% of micro businesses and 22% of small businesses).

The ways in which AI is deployed within the business varied by AI technology used. While using AI for automating tasks was popular across all businesses that used AI, it was less commonly used in that way among businesses using natural language processing (58%, compared with 85% of those using agentic AI, 79% of those using machine learning and 77% of those using hardware relating to AI). Businesses using agentic AI, hardware relating to AI and/or machine learning were more likely to have embedded AI into current applications (80%, 73% and 66% respectively).

Businesses that were using agentic AI were more likely to build bespoke AI solutions (51% vs. 16%) and/or use off-the-shelf tools to build their own applications and models (56% vs. 21%). This was also true of businesses that had adopted hardware relating to AI (43% and 48% respectively).

Although automating whole jobs was not common, those who had adopted agentic AI and hardware relating to AI were more likely to have used AI in this way (21% and 20% respectively, compared with 7% overall).

Whilst there was some overlap between adopters of agentic AI and hardware relating to AI - 38% of those who had adopted agentic AI also using hardware relating to AI; 25% of those who had adopted hardware relating to AI also using agentic AI - the majority of businesses had not adopted both but were using the AI technologies in similar ways.

Main reasons for adopting or scaling AI

In-depth interviews explored attitudes towards technology adoption in general to help contextualise attitudes towards AI adoption. Attitudes to AI adoption closely mirrored attitudes towards the adoption of other forms of technology, which were broadly positive but cautious. This was the case across both adopters and non-adopters of AI, though the degree of caution varied.

Some businesses described wanting to be at the forefront of technology adoption, with some even developing their own AI models. This tended to be linked to competitiveness and a perception they needed to keep up with a fast-changing market.

"It's a competitive industry, and if there are competitors out there who can run more streamlined, we're going to be at a loss really... it's important we keep up to speed and on the movement early, relatively early really, just to keep pace with competition more than anything." (Small business, finance, West Midlands)

In general, businesses that were looking to adopt new technology took a cautious but open approach: they trialled tools ahead of full adoption, and in some cases waited for tools to be tried and tested by other organisations prior to their adoption. Awaiting 'tried and tested' products was seen to safeguard against wasted resource, both in terms of direct costs for products which could be ineffective, but also staff time. One participant mentioned that they were instructed by others in their industry to avoid a tool which they were going to try due to issues they had encountered with

it, and they waited until any issues were addressed. They planned to adopt in the coming months, having been reassured the programme was now effective.

“Often I'll wait and see because I always think version 1 is where people find out all the [errors]... and I'd rather jump on version 2, or version 1.5, when they've ironed out all the bits.” (Small business, agriculture/mining/manufacturing/energy, South West)

Increasing efficiency or productivity was the most frequently cited reason among survey respondents for adopting or scaling AI in 2026 (71%). This is higher than in 2025, when 65% gave it as a reason.

Other relatively common reasons for adopting or scaling AI included improving employee experience or supporting workforce tasks (27%) and reducing costs (23%). However, in 2026, gaining a competitive advantage, or keeping up with the competition and improving customer experience or satisfaction rose in the ranks in terms of why businesses were interested in using AI (25% and 23% respectively in 2026, compared with 12% and 16% respectively in 2025).

The 2026 findings suggest that AI is increasingly being considered as something that can help businesses improve their proposition to their workforce and their customers in addition to increasing efficiency and reducing their operating costs.

Other reasons mentioned by businesses (spontaneously), including keeping up with industry trends (22%), enhancing decision-making with better data insights (22%) and developing new/improved products/services or extending their product range (17%). These highlight the use of AI to maintain a strong industry position and, perhaps, to give the business an edge against their competitors.

In-depth interviews showed that where AI was included as an add-on for existing software and services that organisations already used, (rather than a standalone software solution), there was openness to adopt when platforms provided these AI integrations free of charge.

“The new software house [we've started working with] has opened our eyes to it [AI] and allowed us to implement it fairly easily because it's part of their package really and part of their system. It's already integrated and it just allows you to see the benefits of it in your day-to-day activities.” (Small business, finance, West Midlands)

Figure 10: Reasons for organisation's interest in adopting or scaling AI – unprompted



Source: F1: What are the main reasons for your organisation's interest in adopting or scaling AI, whether now or in the future? Base: Businesses who use or plan to use AI or are actively considering using AI Unweighted base = 1460).

By business size, micro businesses (5-9 employees) were less likely to cite increasing efficiency or productivity as a driver for adopting or scaling AI (68%). They were more likely to cite gaining a competitive advantage, to keep up with the competition (28%) or develop new/improved products/services (20%).

Businesses in the information/communication sector, a sector in which there is heavy AI usage, were more likely to cite improving customer experience or satisfaction (33%), develop new/improved products/services (28%) and to enter new markets (16%).

Some in-depth interview participants pointed to changing expectations within the wider market about speed of producing outputs, and the perception of constant availability which may arise from the existence of tools such as AI chatbots. They reflected that AI chatbots can answer queries out of working hours and may be creating an expectation of constant availability from customers. They felt this could drive AI adoption among businesses in some sectors to stay in line with others in the market. However, some participants also reflected on contradictory expectations

from clients and customers, suggesting AI is being actively requested by some, while others are actively refusing to engage with AI, including AI-generated emails or social media posts.

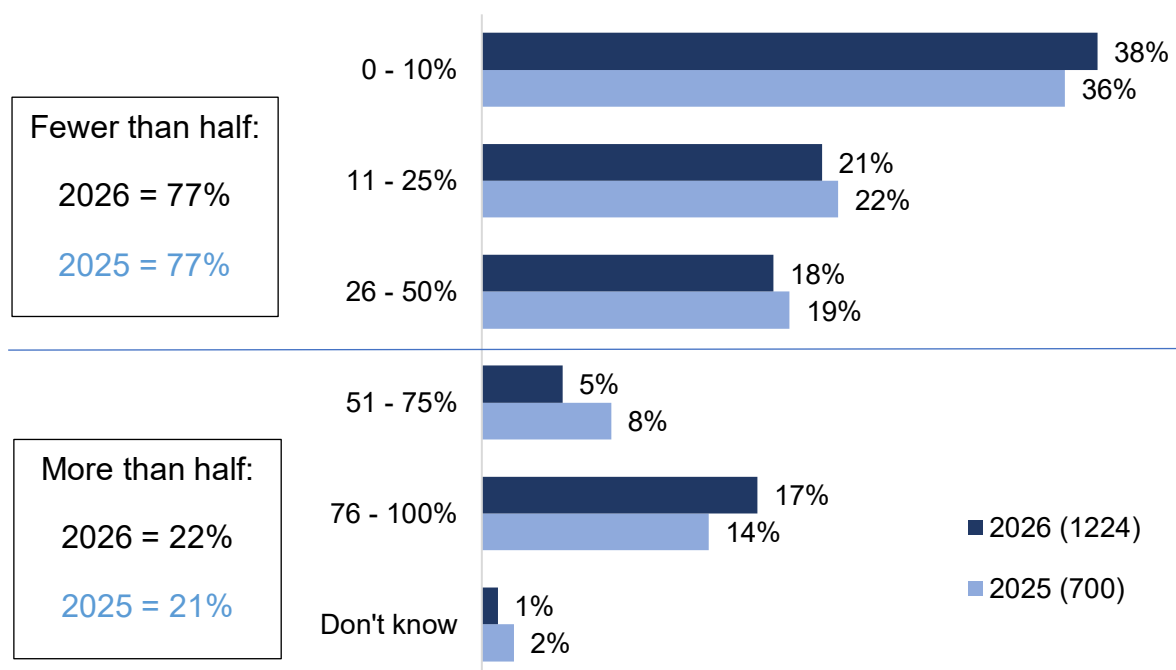
“The younger generation don’t seem to like much human interaction at all, and they want everything to be automated and they want everything to be instantaneous ... if you have an AI chatbot or something which is able to work up to a decent level, it should be able to answer questions at any time of the day or night.” (Mid-sized business, finance, Northern Ireland)

Percentage of staff using AI

Overall, there was little change in the distribution of AI usage across the workforce within businesses using AI in 2026, compared with 2025. As in 2025, most AI adopters said that fewer than half of their staff were using it (77%). Around one in five businesses (22%) reported that over half of their staff were using AI. On average, 31% of staff were using AI, which is consistent with 2025 (30%).

During in-depth interviews, participants mainly described AI as adding value to administrative and back-office roles, as well as junior roles, where repetitive, rules-based tasks such as invoice processing, documentation, order entry, and financial admin were a large part of the role. Client-facing and relationship roles, such as within hospitality and healthcare, were not seen as suitable places for AI use.

Figure 11: Percentage of staff currently using AI



Source: E1 What percentage of staff in your organisation are currently using AI? Base: Businesses that use AI Unweighted bases in brackets.

The smaller the business the greater the likelihood that most staff will use AI to an extent. Among micro businesses (5 to 9 employees), 23% reported that more than 75% of their staff use it, compared to 14% of small (10 to 49 employees), 6% of medium (50 to 249 employees) and 1% of large (250+ employees).

On average, among micro businesses with 5 to 9 employees, 38% of their staff were currently using AI (as in 2025). This compares to an average of 28% among small businesses (26% in 2025), 20% among medium (18% in 2025) and 16% among large businesses (20% in 2025). This shows a small increase in the average proportion of staff using AI in all but the largest businesses.

Although there was little change overall, AI adopters in sectors that were heavier users of AI reported more widespread usage of AI across their workforce. There were higher proportions of staff using AI within information/communication (43% reported that more than half their staff currently use AI, compared with 39% in 2025) and business services/administration (37% vs. 30% in 2025).

This compared with just 4% of businesses in hotel and catering and 9% in retail/distribution (9%) sectors who reported that more than half their staff use AI. Among these sectors, 61% and 50% respectively reported that no more than 10% of their staff use AI.

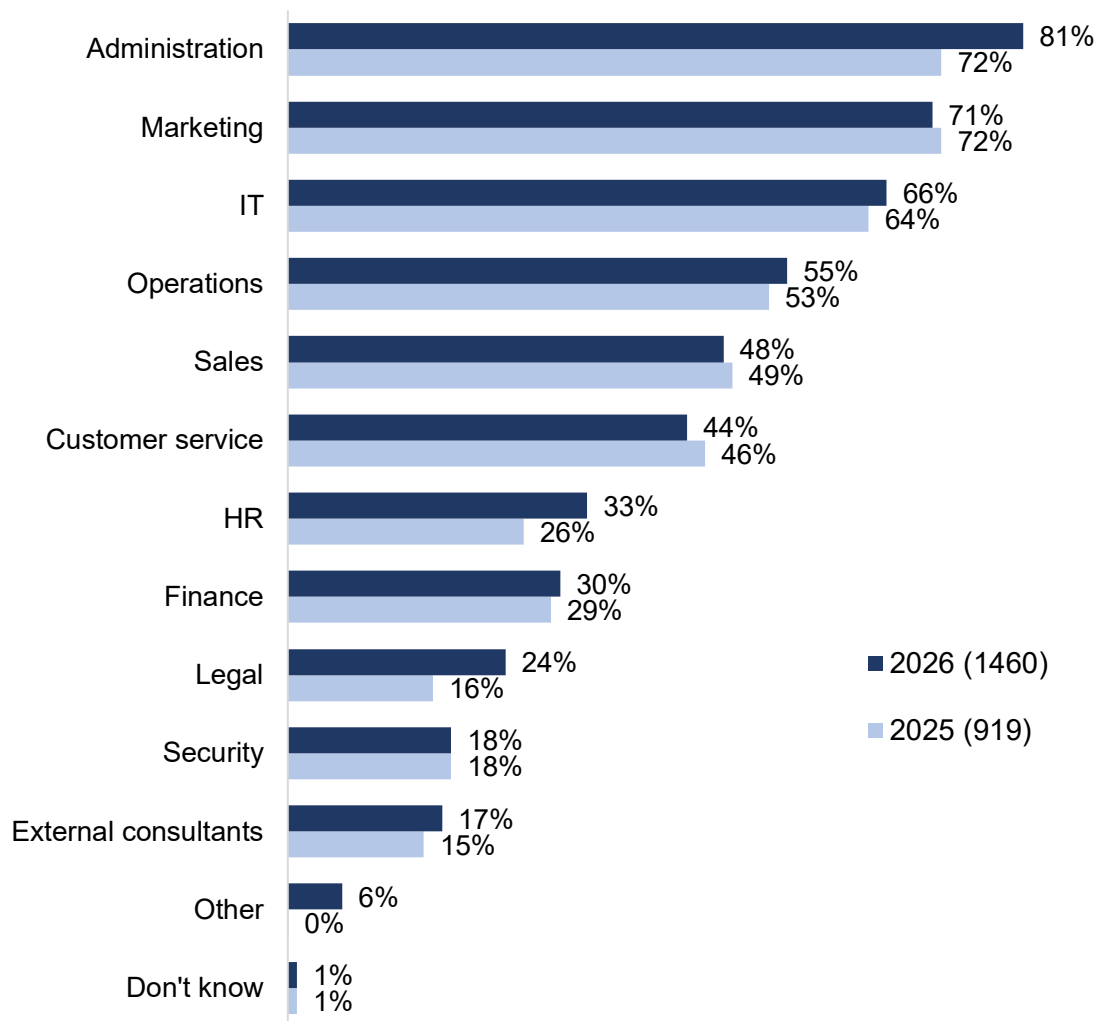
London-based businesses were significantly more likely to report that more than three-quarters of their staff were using AI (27%, compared with an average of 17%). Businesses based in the North East and South East were more likely to report no more than 10% of their staff using AI (50% and 42% respectively, compared with an average of 38%).

Business areas using AI

Businesses that use AI or plan to use AI were asked which business areas in their organisation are using AI or plan to at some point in the future. In 2026, businesses were most likely to mention administration (81%), marketing (71%) and IT (66%).

Use or planned use of AI within administration increased significantly (81% vs. 72% in 2025), while use of AI within marketing and IT remained at similar levels (71% vs. 72% in 2025 and 66% vs. 64% in 2025 respectively), as did usage in other business areas.

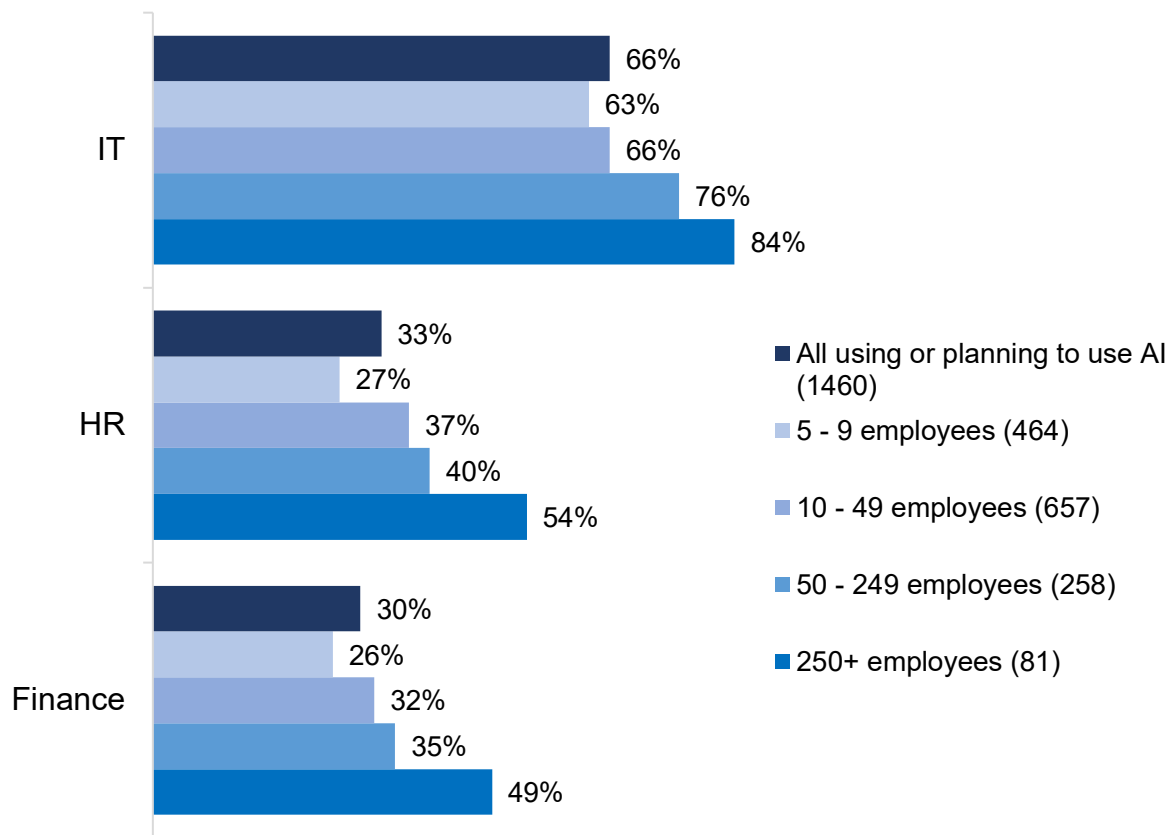
Figure 12: Business areas using AI



Source: E3 Which of the following business areas, if any, at your organisation are using AI today, or plan to at some point in the future? Base: Where use or plan to use AI Unweighted bases in brackets.

The use of AI within the business areas of IT, HR and finance increases as business size does. This could, in part, be explained by larger businesses being more likely to have formal departments and processes for these business areas, making it easier to identify where AI assists these functions than in smaller businesses.

Figure 13: Use of AI in IT, HR and Finance business areas by business size

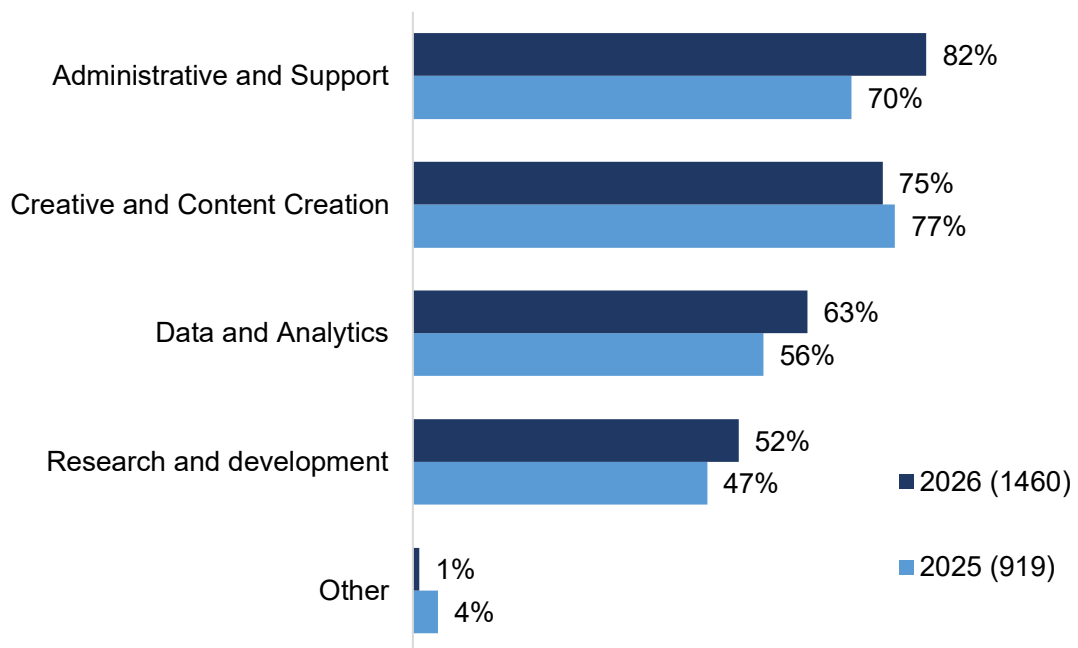


Source: E3 Which of the following business areas, if any, at your organisation are using AI today, or plan to at some point in the future? Base: Where use or plan to use AI Unweighted bases in brackets.

When asked about specific tasks that businesses use or plan to use AI for, there has been an increase in the use of AI for administrative and support tasks (82% vs. 70% in 2025).

Compared with 2025, AI was also more likely to be used or planned for data and analytics (63% vs. 56%) and research and development (52% vs. 47%), but there was little change with regard to creative and content creation (75% vs. 77%).

Figure 14: Tasks that businesses use or plan to use AI for



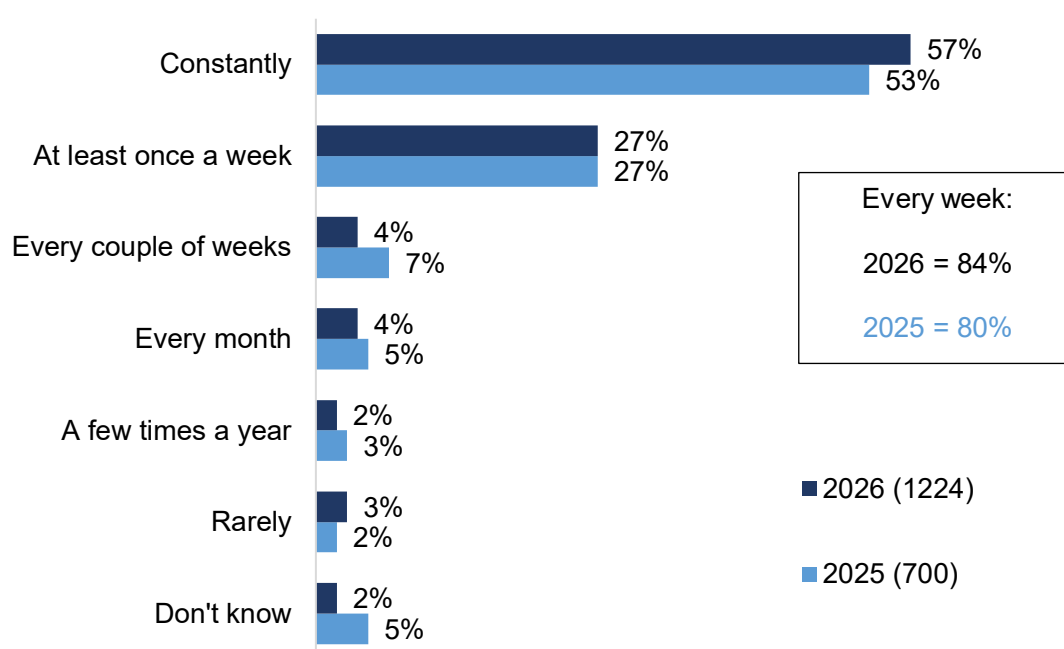
Source: B10: Which of the following do you use, or plan to use, AI for? Base: Businesses who use or plan to use AI Unweighted bases in brackets

Frequency of use

Businesses that currently use AI were asked how often their organisation uses it. Over half reported that they use AI constantly (57% vs. 53% in 2025).

Just over a quarter (27%) use AI at least once a week, which is consistent with 2025. Only a small minority use AI less often, with the proportions either being lower or similar to those seen in 2025. This shows that AI usage is becoming more frequent over time.

Figure 15: How often organisations use AI



Source: E4. How often does your organisation use AI? Base: Businesses that use AI Unweighted bases in brackets.

The propensity to use AI constantly increased with business size, from 50% of micro businesses to 61% of small, 69% of medium and 72% of large businesses.

More constant use in larger businesses may reflect a wider range of activities for which AI is used in multi-function businesses with higher numbers of staff.

During in-depth interviews, participants pointed to a need for constant checking of AI-produced outputs. This requirement for human oversight could be constraining large increases in constant AI use due to staff capacity restraints. In addition, participants most commonly discussed using AI for administration and routine tasks rather than using it as part of embedded processes, which could also constrain 'constant' use.

“We will use it [AI] for peripheral things within the organisation. Actually, for the main body of the work, I can't see us moving forward with anything [deeper use] unless it is that we're told to.” (Mid-sized business, transport and storage, East Midlands)

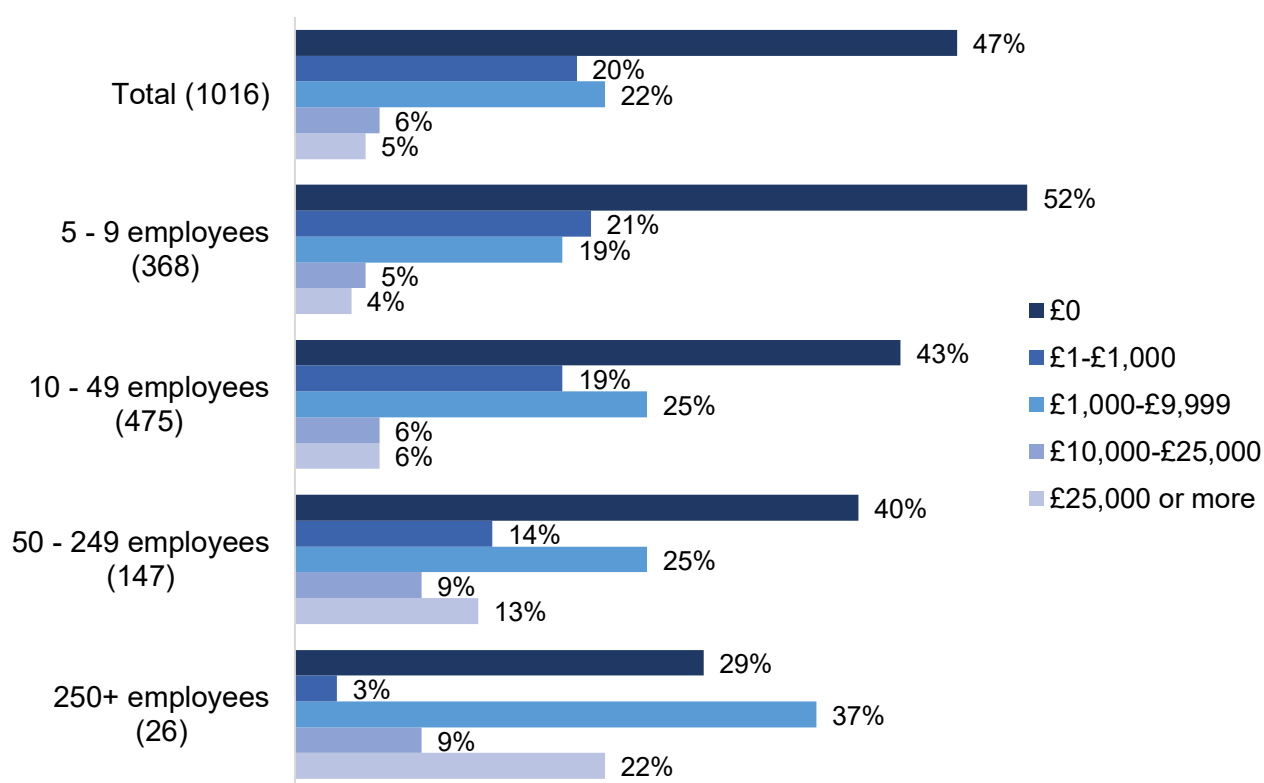
Constant use was highest among AI adopters in information and communication (77%), real estate (72%) and business services and administration (66%) sectors. Conversely, AI adopters within the arts and other services sector were most likely to use it at least once a week (40%).

Expenditure on AI related activity

When asked to estimate their total expenditure on AI related activity in the calendar year 2025, a quarter (26%) of businesses using or planning to use AI indicated they did not know how much their organisation had spent on AI-related activity. This is lower than the proportion of users who did not know when asked in the 2025 survey (35%).

Of those able to provide an estimate ('do not know' responses excluded), just under half (47%) reported no AI-related spending in 2025 (£0). Even among those currently using AI, 43% indicated that they had spent nothing. This is likely to reflect AI technology built into existing solutions used by the business, or the use of free or low-cost AI tools (such as ChatGPT) that do not require dedicated budgets.

Figure 16: Total business expenditure on AI related activity in the calendar year, 2025, by business size



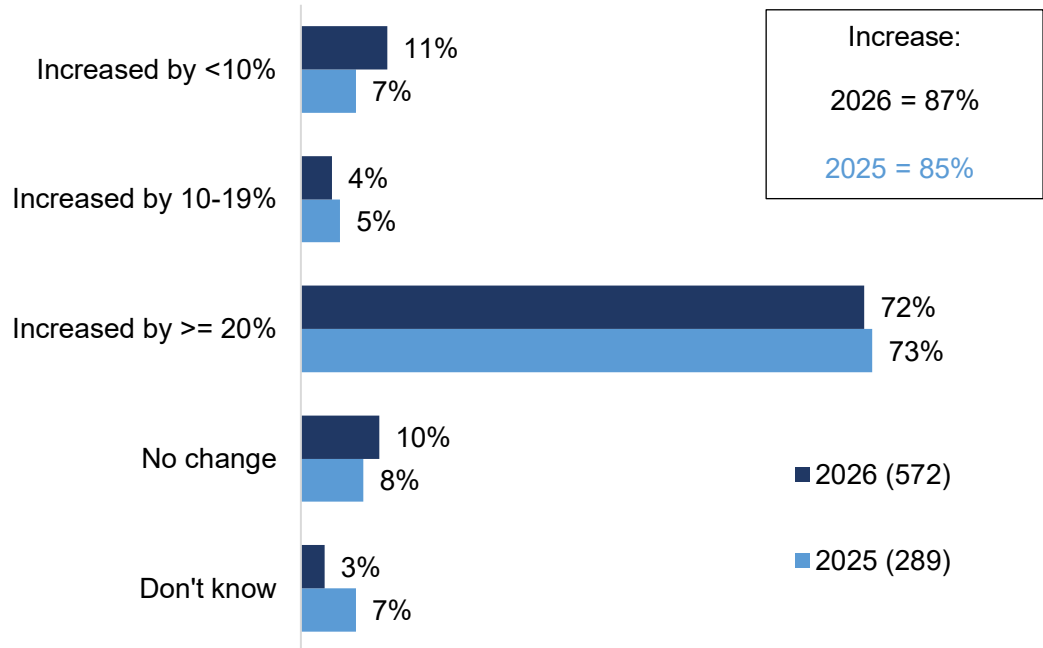
Source: F3 Approximately, how much was your organisation's total business expenditure on AI related activity in the calendar year of 2025? Base: Businesses using or planning to use and specifying AI technology used, where provided an estimate Unweighted bases in brackets.

The mean expenditure was £7,500³. The mean spend among those currently using AI was slightly higher at £8,000, and increased with business size, from £3,500 for micro businesses to £10,500 for small to £11,000 for medium, and £25,000 for large businesses.

³ Rounded to the nearest £500

Looking at the past 5 years, for those who provided an estimate of their businesses' AI investment, the majority reported a significant increase in AI-related expenditure. As shown in Figure 17, 87% indicated that spending had grown, with 72% stating it had increased by more than 20% during that period, which mirrors the trend reported in 2025.

Figure 17: Change in AI investment over the last 5 years



Source: F4: Thinking about your organisation's expenditure on AI related activity in 2025, by how much has this increased in the last five years in percentage terms? Base: Businesses that provided a cost. Unweighted bases in brackets.

Impact of AI

This chapter examines how integral AI is to adopters and what the impacts have been so far for adopters. It specifically focuses on realised impacts in terms of operating costs and productivity.

Key findings

- AI was delivering **measurable but largely incremental improvements**, particularly in workforce productivity and process efficiency.
- The most common benefits related to **task automation and workflow optimisation**, rather than transformational change.
- These improvements in processes and the automation of some tasks may have resulted in **improvements in staff retention and well-being**, with no firm evidence of reductions in workforce to date.
- Cost impacts were mixed, with some businesses reporting reductions but many seeing **no immediate measurable financial benefit**.
- There was some correlation between adoption of more complex, advanced AI technologies and the identification of financial benefit.
- The perceived strategic importance of AI remained **moderate**, despite widespread usage.
- Overall, AI was functioning primarily as a **support tool**, augmenting existing activities rather than redefining business models.

Importance of AI tools and applications

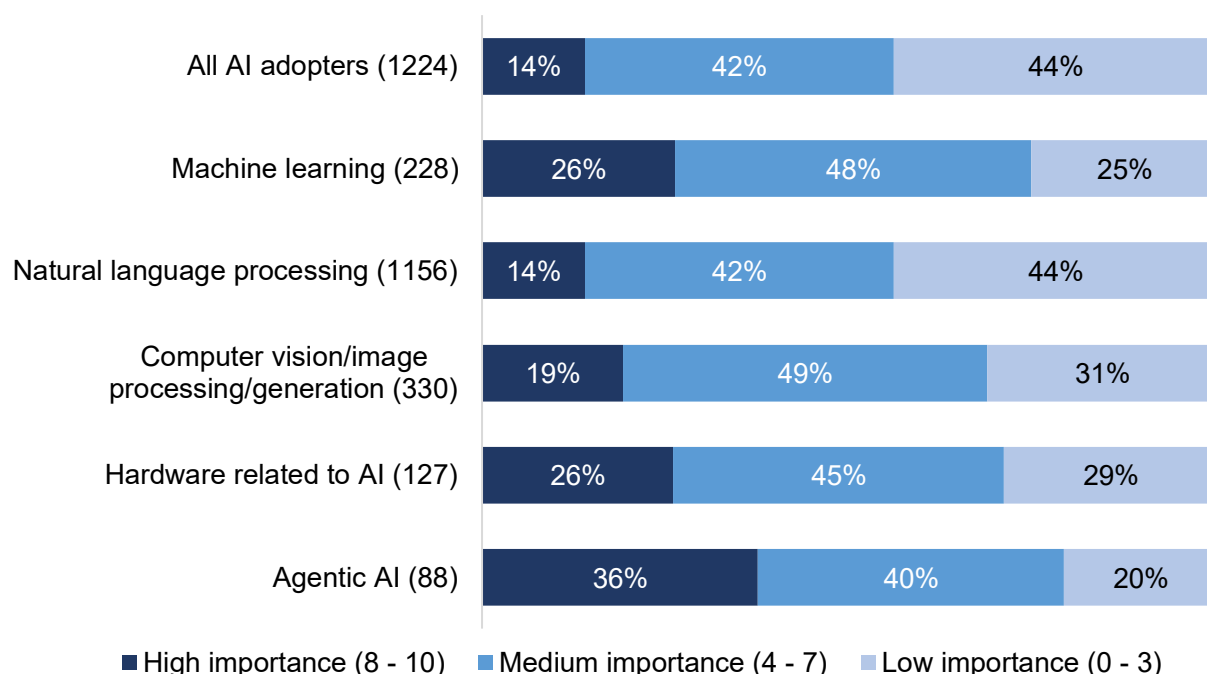
Businesses using AI were asked how important the AI tools and applications they had adopted have been to their business operations. Only a minority (14%) considered them to be of high importance (rating it 8, 9 or 10 on an 11-point scale where 0 is not important at all and 10 is critically important).

There was a fairly even split between those rating the importance of AI tools and applications to their business operations as medium importance (42% gave a rating of 4 to 7) and those rating them as low importance (44% gave a rating of 0-3).

The extent to which AI tools and applications were considered important varies by the AI tools and applications used. Businesses using agentic AI, machine learning and hardware related to AI were more likely to consider their tools and applications as high importance, while those using computer vision/image processing and generation were more likely to say AI tools were of medium importance. It is important to note that some businesses were using more than one type of AI

technology and answered this question about use of all of their AI tools and applications together, rather than by each type used individually.

Figure 18: Importance of AI tools and applications to business operations, by AI technology used



Source: E7 How important are the AI tools and applications you have adopted to your business operations? Please say on a scale of 0-10, where 0 is not important at all and 10 is critically important. Base: If currently uses AI Unweighted bases in brackets.

AI adopters in the information/communication sector were more likely to rate their AI tools and applications as high importance (20%), while those in construction and retail/distribution were more likely to rate them as low importance (54% and 52% respectively).

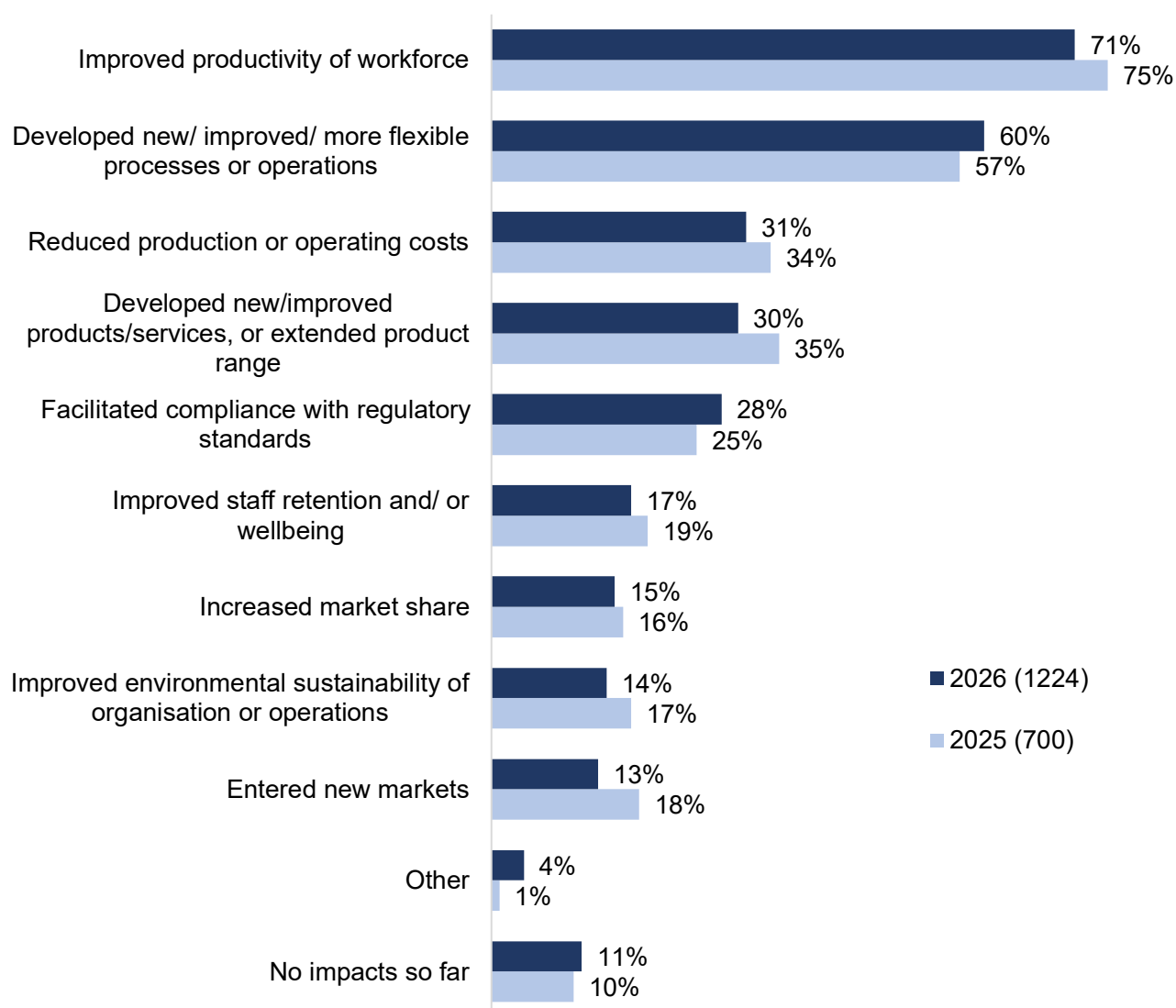
Impacts of using AI so far

Businesses who had already adopted AI were asked which of a list of potential activities relating to business improvement and expansion had been the result of the adoption of AI.

Figure 19 shows that improved productivity of the workforce was the most frequently experienced benefit of using AI (71%). This was also the most frequently selected impact in the 2025 survey (75%). The next most frequently identified impact from the use of AI was the development of new or improved or more flexible processes or operations (60% vs. 57% in 2025).

Around one in ten (11% vs. 10% in 2025) reported AI as having no impact so far.

Figure 19: Impact of using AI among adopters



Source: D1. Which, if any, of the following impacts has the use of AI had on your organisation thus far? Base: Businesses that use AI. Unweighted base = 1224.

Medium-sized businesses were more likely to report the development of new, improved and more flexible processes or operations (68%) as an impact, with micro businesses significantly less likely to do so (55%). Medium-sized businesses were also more likely to have reported improved staff retention and/or well-being (24%).

By sector, businesses using AI in the information and communications sector were particularly likely to have benefited from AI in improving the productivity of their workforce (84%) as well as in developing new or improved products and services or an extended product range (43%) and entering new markets (20%). Businesses in transport and storage and construction were more likely to report AI helping facilitate compliance with regulatory standards for their business.

Participants in in-depth interviews often described the impact of AI use on their business as minimal. AI usage was mostly limited to the use of LLMs to reduce

administrative tasks and make efficiencies on core business tasks. This had often not been transformative to business practices but rather had led to small efficiencies. These tended to be in the areas of marketing and communications, general data processing and document handling.

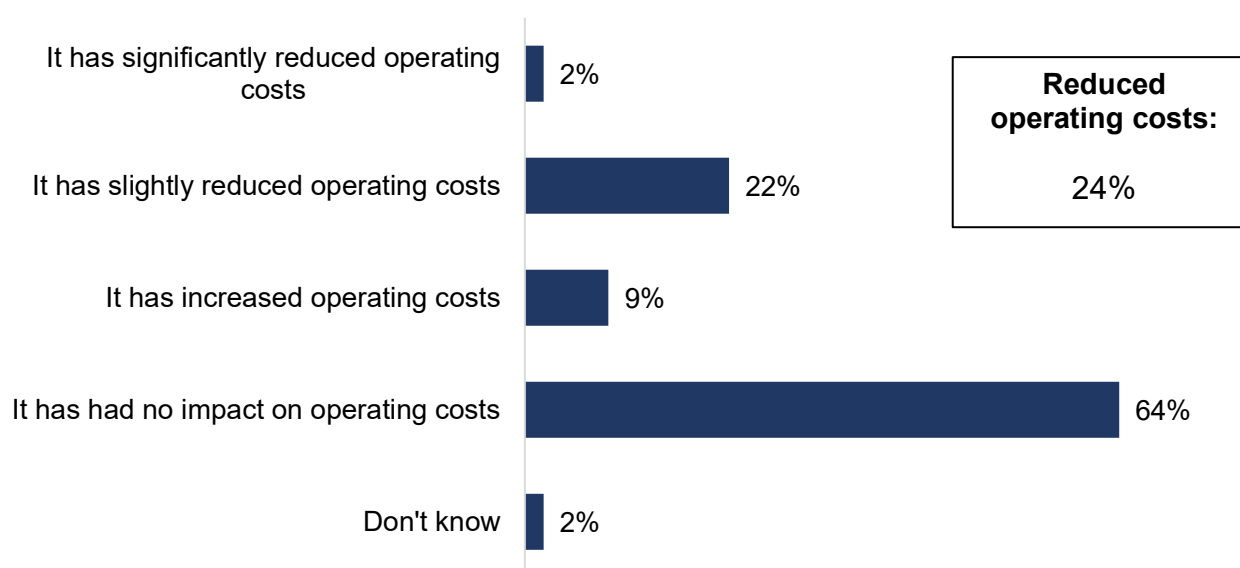
“I have no doubt that it will be applicable in a lot more areas than I've even thought of. But in the company I work in, there's not really a necessity for it.”
(Mid-sized business, information and communication, Yorkshire and the Humber)

Impact on operating costs and productivity

Businesses using AI were asked about the impact of AI adoption on their operating costs. For the majority (64%) it had had no impact. For most others, there had been a slight reduction in operating costs (22%), with just 2% reporting a significant reduction.

A minority reported an increase in the business' operating costs (9%). This was more likely within medium (13%) and large (14%) businesses, and within real estate (20%), finance (19%), business services/administration (13%) and information/communication (10%) sectors.

Figure 20: Impact of AI adoption on operating costs



Source: D3. To what extent, if any, has AI adoption impacted your operating costs? Base: Businesses using AI Unweighted base = 1224.

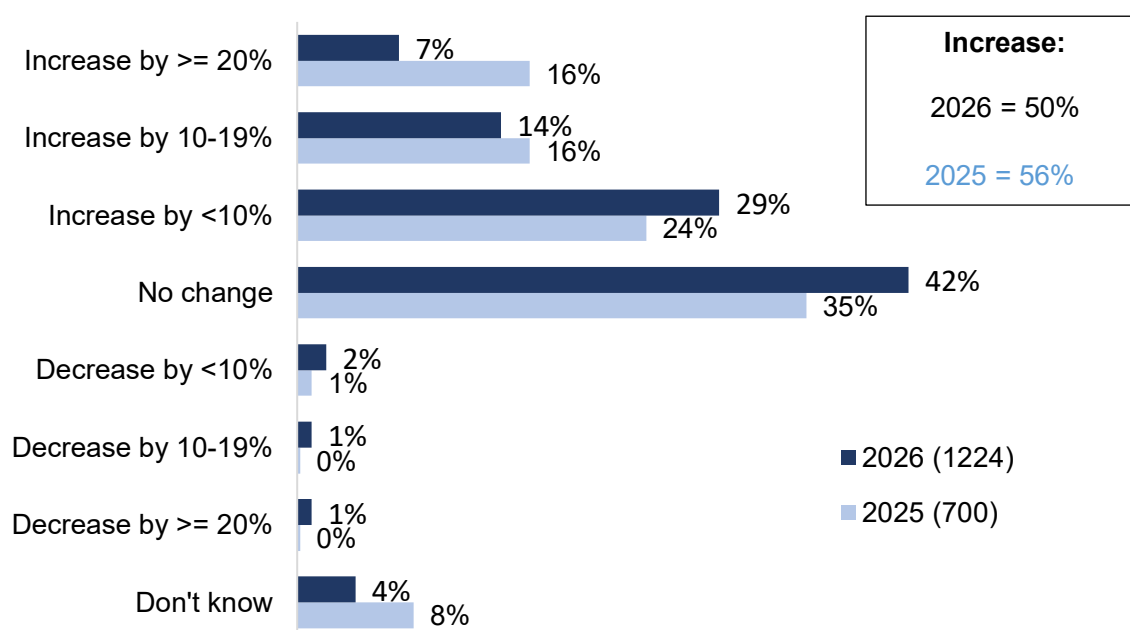
Businesses who had adopted natural language processing were least likely to say their operating costs had been impacted (24% reported a reduction and 9% reported an increase), while businesses that had adopted other types of AI were more likely to report an impact. Those who had adopted agentic AI were most likely to have experienced a reduction in operating costs – 50%; 13% significantly and 37% slightly. These observations are indicative but not conclusive, as some businesses

will have adopted multiple technologies and the impacts they have or have not perceived may also be, at least in part, due to other technologies they are using.

Half the businesses that adopted AI (50%) reported an increase in their employees' overall productivity since adopting AI, lower than in 2025 (56%). Just over two-fifths (42%) reported no change and just 4% reported a decrease, compared to 1% in 2025.

By sector, increases in employee productivity were particularly evident in information/ communication (66%) and real estate (63%) sectors.

Figure 21: Change in employees' overall productivity since AI adoption



Source: D5. In percentage terms, how, if at all, has adopting AI impacted your employees' overall productivity? Base: Businesses using AI. Unweighted bases in brackets.

There was some cautious optimism from in-depth interview participants that AI would enable time and capacity gains in the (near) future, freeing staff from mundane and administrative tasks to complete higher-value work. Many expected existing staff's future work would involve checking AI outputs, and incorporating AI into their work, rather than entirely replacing their jobs.

"If AI can be used to take the drudgery out of the work and some of the repetitive nature, then it frees up our guys to be more creative and do a better service for the customers. ... if you're doing things more efficiently with the same number of staff you can do more and you can actually increase your profits." (Mid-sized business, information and communication, South East)

Some anticipated there would be job losses following AI adoption, but there was little experience of this in reality. There were, however, some reports of displaced staff, for example staff moving departments due to their previous workload being completed by AI.

Though not mentioned by all, some in-depth interview participants reported AI adoption leading to an increase in workforce, rather than a reduction, driven by time savings and changed workflows.

“That is how much AI has increased our capacity and our turnover to actually bring in more team members. With AI, we’re looking at expanding our team, not reducing it.” (Small business, business services/administration, South East)

Case study: A mid-sized events venue

The operations manager of this conference, training and events venue had been using AI at work for several years, setting up dedicated ChatGPT projects for drafting emails and producing marketing materials including image generation. He found it particularly useful as English is not his first language.

AI has had a meaningful impact on productivity and cost for the operations manager. Email drafting time was estimated to have roughly halved. A wedding brochure produced using ChatGPT and Canva replaced a process that would have taken several months and would have involved paying for external design and print agencies. He estimated the main saving was financial rather than time as work that would otherwise have required paid external resource was completed internally. He also noted that his expanded use of marketing tools, enabled partly by AI, had supported his personal progression into more of a marketing role than purely operational. However, beyond this individual, there was limited evidence of broader impact across the company.

AI had not directly affected staffing decisions, though the manager acknowledged that the venue was effectively operating without a marketing team because AI tools had made it possible for one person to cover those functions, and therefore they were not likely to hire marketing staff.

Further details can be found in Case study 6: A mid-sized event venue.

Barriers to AI adoption

This chapter explores the extent to which organisations have faced barriers in implementing AI technologies, as well as factors that prevent or have previously prevented businesses from adopting AI. It also covers what could help to address or remove barriers.

Key findings

- The **most significant barriers were capability-related**, including limited skills, expertise and understanding of AI use cases.
- Many businesses **lacked a clear business case or proven return on investment**, particularly among non-adopters.
- **Concerns around accuracy, bias, data privacy and security** continued to limit adoption.
- There were also **concerns among some about public attitudes** towards AI, and some members of the public preferring AI not to be used.
- Financial barriers were driven less by software cost and more by the **time and resources required for implementation**.
- Adoption was further constrained by **uncertainty in regulation and sector-specific guidance**, particularly in regulated industries.
- **Increasing awareness of AI's value** to businesses' and **outlining clear use cases** to ensure return on investments were key to reducing barriers to adoption.

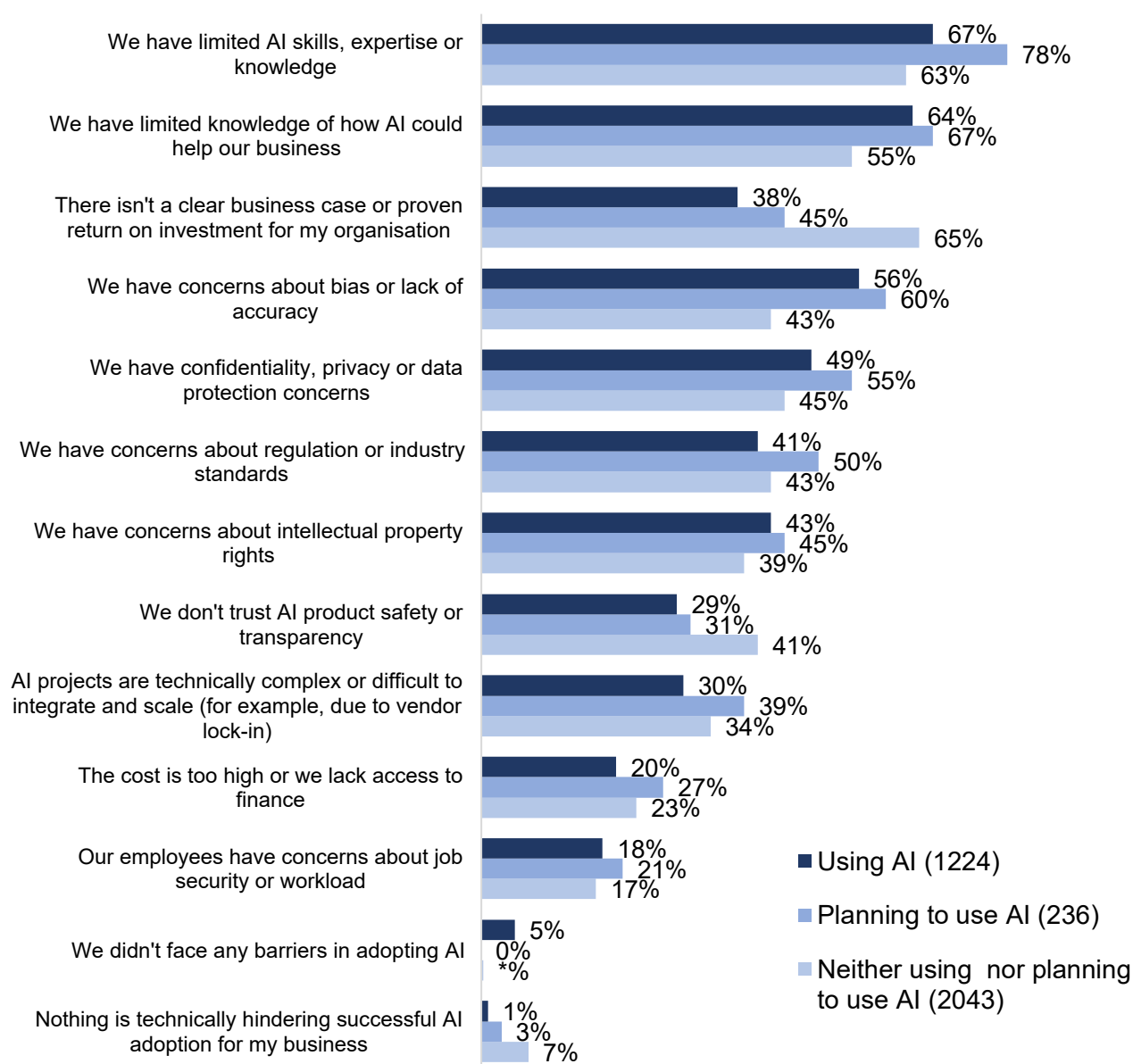
Implementation barriers

Businesses were shown a list of prompts and selected the reasons for delayed AI adoption or current adoption barriers. Among businesses that had adopted AI, the most commonly selected barriers were limited skills, expertise or knowledge in using AI (67%), and limited knowledge of how AI could help the business (64%). The next most selected was concerns about bias and lack of accuracy (56%).

Businesses planning to use AI were asked which factors, if any, have prevented them from adopting AI in their organisation up until now. Again, limited skills, expertise or knowledge in using AI was the most frequently mentioned factor preventing AI adoption (78%), followed by limited knowledge of how AI could help the business (67%), with the next most frequently selected being concerns about bias and lack of accuracy (60%).

The most commonly selected barriers for businesses neither using nor planning to use AI were there not being a clear business case or proven return on investment for their organisation (65%), limited skills, expertise or knowledge in using AI (63%) and limited knowledge in how it could help their business (55%).

Figure 22: Factors that have prevented or had previously prevented AI adoption, by adoption stage



Source: C2. Which factors, if any, prevented you from adopting AI in your organisation in the past?
 Base: Businesses currently using AI. Which factors, if any, prevent you from adopting AI in your organisation? Base: Businesses planning to adopt in the future); Businesses neither using nor planning to use AI. Unweighted bases in brackets

Trust was more of an issue for those not planning to adopt AI into their business, with 41% of those that neither used nor planned to use AI citing lack of trust with AI product safety or transparency. These businesses were also more likely to cite not having a clear business case or proven return on investment (65%).

Businesses in the information and communications sector were more likely to select confidentiality, privacy or data protection concerns (60%), concerns about bias or lack of accuracy (60%) and concerns about regulation or industry standards (68%). Businesses in the finance sector were also more likely to select these barriers (79%, 69% and 72% respectively). Businesses were then asked to identify the barriers that had been the most significant in preventing or delaying them from adopting AI. Those who had already adopted AI were most likely to select limited knowledge of how AI could help their business (21%) and limited AI skills, expertise or knowledge (19%). Those planning to adopt AI were most likely to select limited AI skills, expertise or knowledge (22%) and limited knowledge of how it could help their business (18%).

Among those not using nor planning to use AI, it was mainly about the business case or proven return on investment not being clear and, linked to this, limited knowledge of how AI could help their business (21% in each case). Understanding how AI could help their business would most likely clarify the business case for adopting it, one way or the other.

In-depth interviews further explored barriers businesses encountered when considering the adoption of AI, which included financial barriers, attitudinal barriers, concerns about the accuracy and reliability of AI outputs and data privacy concerns.

Financial barriers

Financial and commercial factors such as cost and return on investment (ROI) were widespread considerations. This included both an upfront financial investment in software but also in staff time to enable experimentation and eventual implementation of technological solutions and AI. Costs were seen as most prohibitive for smaller organisations and charities who had smaller budgets and limited staff capacity.

“I think cost is probably a big one ...not cost of the tools, but cost in terms of time, effort, and resource to get them up and running to a point where it's then, okay, we can use this properly and efficiently, and then get that return ...we're a small organisation, but [implementing a new technology in the past 6 months took] maybe a quarter to a fifth of our time. And so, although it potentially could save us money, it's all that time and effort and resource that goes into the beginning.” (Mid-sized business, business services/administration, South East)

Any additional cost for AI features within existing or new software led to decisions about value, with participants weighing up potential costs and additional benefits. Whereas free versions were considered a low-risk option, any additional cost meant decision-makers were more averse to adoption due to budgetary restrictions or lack of proven business case.

“We're not commercially driven in so much as we need to make money. It's about covering our costs, actually ... if you want this module as well that does the clever stuff, oh, that will cost you more. And then that is a big ... that becomes an issue. [Internal decision-makers] say, well, actually, we can't

afford it. We can't afford the extra module with the AI interface.” (Large business, arts/other, West Midlands)

Organisational attitudes to AI adoption

Not all organisations considered technology, and in particular AI, to be necessary for their organisation. They perceived it was not relevant to their industry and felt there were a lack of clear business cases for using AI.

Attitudes towards the adoption of AI were related to wider views and cultural norms held by people within organisations, with older, more tenured staff being described as more generally resistant to change compared to younger staff who may use LLMs in their private life and were therefore more familiar with their use. The attitude of leadership within organisations was also key to adoption decision-making. Where leadership teams had appetite for new technology adoption, the adoption of technology and AI progressed; where leadership was more conservative, there tended to be slower uptake of, and investment in, technology.

“It tends to be older gentlemen that have been in the industry for a lot of, many, many years, who are themselves resistant to change.” (Mid-sized business, transport and storage, East Midlands)

Public attitudes to AI

Public caution about the use of AI was also considered by some, particularly in relation to AI image generation. One firm described the pushback they received by posting a partly AI-generated image unintentionally as strong.

“We actually posted a partly AI generated image by mistake ... And the pushback from our audience was really strong. People saying, ‘we’re not going to follow you anymore, we’re never coming to you ever again’... And I took it down right away.” (Small business, arts/other, London).

There were specific cases where concerns and resistance existed in relation to customer and client preferences about the use of AI. For instance, some in-depth interview participants reported that older demographics tended to prefer human contact and may actively seek companies and services that do not use AI within their customer-facing functions.

“We’ve picked up about 5 or 6 customers over the last month or so that have said they don’t want to deal with certain companies because the emails are AI-generated [...]. They occasionally get a human voice when they try and call someone, but in the main, it’s generally AI.” (Small business, transportation and storage, West Midlands)

Participants reported having some clients who were more accepting of AI and, in some instances, may expect levels of automation and integration of AI. These were generally reported to be younger, more digitally oriented customers, clients and suppliers who may be using AI themselves, which may have pushed organisations to follow suit.

“Our clients also changed their views. So now they look at it as a positive if we do certain things with AI and automation.” (Small business, business services/administration, East of England)

Concerns about accuracy

Perceived accuracy of outputs was also a barrier for some, with AI-generated outputs sometimes described as unreliable. Hallucinations (made-up data) was cited by participants, with examples of mistakes in medical notes, fabricated legal content, and wrong directions.

“The AI could be coming across looking as if it's very knowledgeable and knows exactly what it's talking about, and it could be reading things off the internet which are completely wrong ... There's an ethical fear that if AI is just simply trawling through all of these posts about insurance, that they can put across information and tell somebody to do something or advise somebody that they're covered for something when they absolutely are not.” (Mid-sized business, finance, Northern Ireland)

Case study: A small fashion retailer

This business is an independent online fashion retailer specialising in women's clothing, with informal AI adoption for copy refinement and content creation. The team has also previously tried an e-commerce platform's built in AI assistant.

The most significant barrier to adopting more AI is trust in accuracy. Poor results from Shopify's built-in AI tool have dampened enthusiasm for AI-assisted data more broadly. Time constraints also limit exploration, the staff feel they cannot research new tools while managing heavy operational workloads.

The co-manager also mentioned making a conscious effort to preserve the staff's own writing skills and a brand voice. She was wary that heavy use could produce content that sounds generically 'AI-y' - a criticism which was once raised internally when reviewing a marketing email. Privacy concerns are a further limit, as are environmental concerns about AI energy and water consumption.

Further details can be found in Case study 3: A small fashion retailer.

Data privacy concerns

Data privacy was also a concern, particularly for those in healthcare, legal, and financial sectors. They had heightened concerns due to the nature of the personal data they deal with, and the regulatory implications of any potential data leaks and privacy violations. Cloud storage, third-party data handling and possible data breaches were a concern for these participants.

“It's more about what we would consider safety, more about the kind of confidentiality and things. Protection for people... Having it [AI] have access to that patient's information [is] the concern we would have.” (Mid-sized business, retail/distribution, Scotland)

Concerns about intellectual property (IP) and copyright

Some were also concerned about IP and copyright due to AI models using input data and enquiries to learn. Some organisations were taking protective actions such as disabling Copilot, restricting AI usage to only senior staff and avoiding inputting sensitive data to avoid inadvertently training the AI.

“Am I worried about our data being held on a cloud, processed by somebody, and then the next person that comes along and asks the same question, the AI engine uses our answer to answer that one?... The safety of the data is a concern ... we're not storing that sort of information. If we were, then there would be a whole set of safety security issues with that data.” (Small business, business services/administration, East of England)

Lack of sector-specific guidance

Some participants in regulated sectors were waiting for sector-specific guidance and advice, from industry bodies, but it was yet to arrive. Professional indemnity insurance gaps were considered by some to be a major barrier. This was more prevalent in industries such as finance.

“It's a legal requirement for all insurance brokers to have professional indemnity (PI) insurance so that if you do something wrong, the client is covered through your professional indemnity insurance. And currently there's very few, if any, PI policies out there that's happy to provide cover for AI.” (Mid-sized business, finance, Northern Ireland)

Perceived lack of skills in using AI

There was a basic lack of understanding of what AI is and how it works, with specific gaps around agentic AI, machine learning, computer vision and NLP. Achieving useful outputs was seen as difficult if users were less confident in prompt engineering. Even generic AI knowledge was not considered the same as domain-specific AI literacy, such as applying AI in specialist fields.

“Everything's based on... you have to get the right question in, to get close to the right answer that you need.” (Small business, finance, London)

More technical skills gaps included systems integrations and APIs, data preparation as well as secure coding and bespoke AI development.

Gaps in knowledge were particularly identified for older, more experienced staff members. They were also described as more reluctant to engage with AI, as were those in managerial positions.

“Majority of the dispensers and things have been there for like 20 years, so they've ... it's just rather than learn something new, they're just quite happy with how things are.” (Mid-sized business, retail and distribution, Scotland)

Mitigating barriers

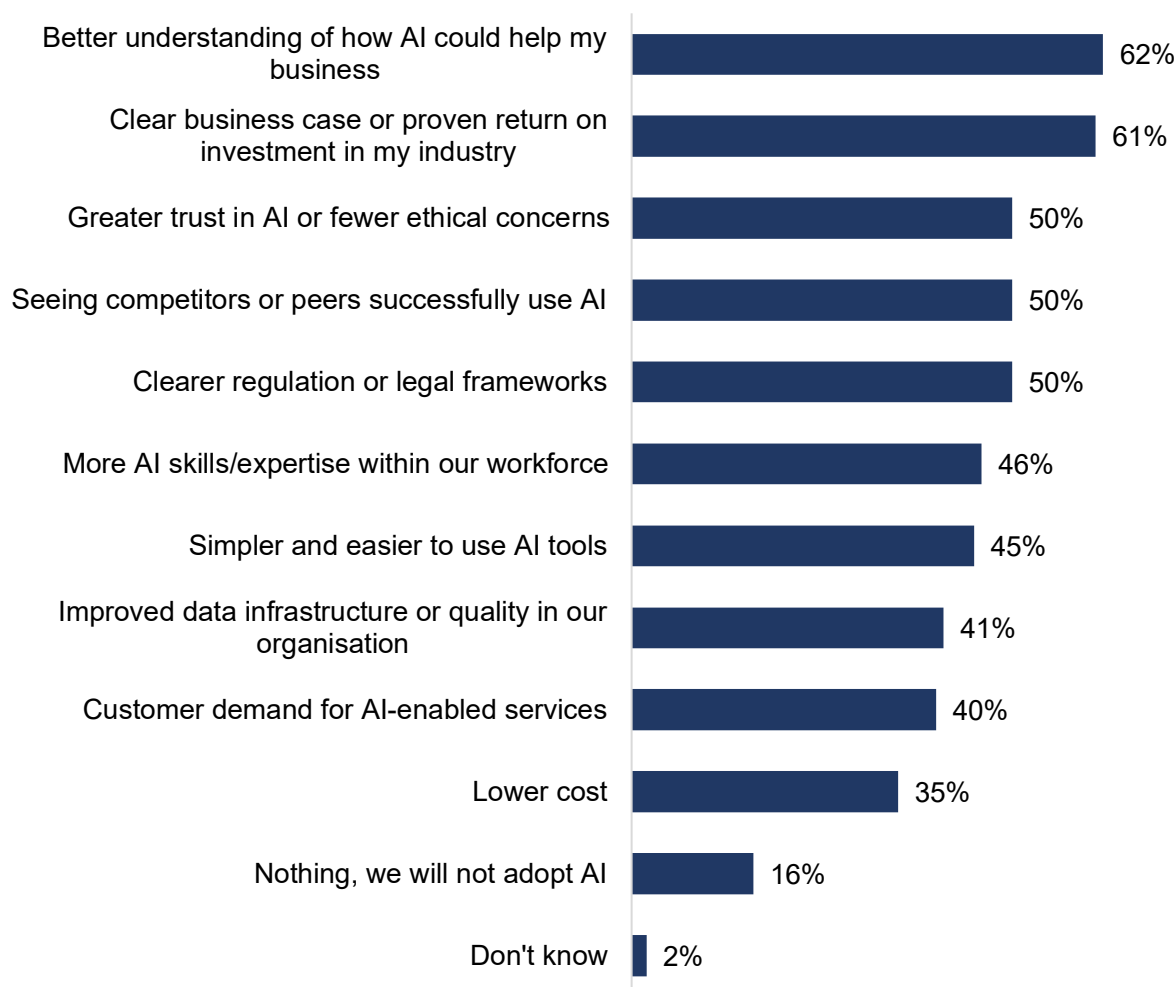
Businesses that did not use or plan to use AI were asked what changes would make their business more likely to adopt AI technologies.

Their responses reflected the barriers they had identified and were mainly about having a better understanding of how AI could help their business (62%) and having a clear business case or proven return on investment in their industry (61%).

Other mitigating factors that were significant for those that did not use or plan to use AI included clearer regulatory or legal frameworks, greater trust in AI or fewer ethical concerns and seeing competitors or peers successfully use AI (both 50%), with fewer mentioning more skills and expertise in using AI within their workforce (46%) or having simpler and easier to use AI tools (45%).

Most factors were more likely to be mentioned by medium and large businesses. Those in real estate were most likely to want a clear business case or proven return on investment in their industry (76%), great trust in, and fewer ethical concerns regarding AI (68%), and seeing competitors or peers successfully using AI (67%).

Figure 23: Changes that would increase the likelihood of adoption of AI technologies - prompted



Source: C5. Which of the following changes, if any, would make your business more likely to adopt AI technologies? Base: Businesses neither using nor planning to use AI Unweighted base = 2,043

In in-depth interviews, participants were asked what might enable them to adopt or expand their use of AI within their businesses. This included those who were already using AI in some form.

Building an understanding of AI and how it could be valuable for businesses was frequently suggested to increase adoption appeal and viability within businesses. Concrete evidence of how AI could provide financial benefits and time savings were seen to be most likely to encourage adoption, rather than general claims about what AI may be able to do. Real figures about possible increased productivity and potential cost savings due to AI usage were also perceived to enable budget holders to make decisions around adoption. Likewise, where businesses experience high quality, relevant AI outputs, this could be seen to convince decision-makers to adopt AI further.

"It's got to be as black and white as set of numbers on a piece of paper to say, look, these are the savings that can be made... we don't know exactly what

the savings are because we can't get it implemented.” (Large business, retail/distribution, Scotland)

Sector-specific examples were considered particularly compelling in making the case for using AI, as was evidence from peers (and competitors). Internal proof-of-concept work, where one colleague or team tries AI and others observe, was sometimes used as a low-risk method to test out the capability of AI. For example, a non-profit organisation gave their managers ChatGPT access for one month to experiment and demonstrate possibilities to colleagues. After seeing results, they proceeded to approve broader licences and then built automation prototypes, including invoicing agents and internal chatbots, that could be observed before wider deployment.

“One of the marketing teams on one of our magazines, they would say, well, we're going to try this and see how it works, and everyone else would watch them and see how they got on and what they could learn from it... It tends to be sort of testing by small groups to see if it works and then building on what they find.” (Large business, information and communication, London)

Training was seen by some to be a way to mitigate lack of knowledge on how to use AI. Participants suggested this could include courses and general skills development. Hands-on, experiential learning was preferred, and many were self-teaching via webinars, YouTube, newsletters and industry events. Training was seen as something which needed to be ongoing, rather than a one-off session.

“[I] attended some webinars, some seminars... In my free time, I was building AI chatbots... I was obviously enrolled in some newsletters, and I was following people, watching YouTube videos, how it works, how you can basically automate certain sections ...watching the news, seeing what's going on, and we try to help each other.” (Small business, business services/administration, East of England)

Data protection was seen by many as a central concern in governance. As such, stronger and more detailed guidance was suggested to be necessary. In addition, the implementation of technical safeguards was said to potentially mitigate concerns. These safeguards may include privacy modes, local or on-premises hosting, and closed-circuit systems. In addition, contractual protections were identified as helpful measures to mitigate risks.

“[The AI tool] would either sit inside the software or it would sit like within a localised portion of our server or something like that [...] I would be happy to have it sat across our network because it's local and we can control who's accessing it.” (Small business, business services/administration, West Midlands)

Some participants suggested that greater clarity and regulation regarding the ownership of outputs generated by AI was needed to help overcome barriers related to copyright and intellectual property. Ensuring that these outputs are recognised as belonging to users, rather than technology providers, could help to mitigate these concerns.

“If we use AI to write a report, we would want that report to be ours, not Microsoft's, not Meta's, not Google's.” (Small business, business services/administration, South East)

Free and low-cost tools were seen to provide an option for businesses to avoid taking on too much of a financial risk - such as free versions of ChatGPT and similar tools. These free tools, plus free trials of other software were perceived to have lower adoption risks.

“We are very tight as regards technology. So, we tend to use quite a lot of free-based things in AI or any type of technology. [...] We tend to use a lot of freer platforms, or if they are subscription-based, we tend to use the sort of free end of it.” (Mid-sized business, arts/other, London)

Future plans for AI

This section explores businesses' future plans for AI, including whether they plan to invest more in AI, their expectations for the proportion of their staff using AI in the future, and businesses' readiness to implement or increase AI. It also explores businesses' perceptions of whether widespread AI adoption is something that is inevitable and what the workforce will look like in 2030.

Key findings

- Businesses expected **continued growth in AI adoption**, with a higher proportion of staff anticipated to use AI in the near term. This reflects the pattern of initial adoption on a small-scale before wider roll-out across organisations.
- Investment in AI was expected to **increase overall**, though at varying levels across business sizes and sectors.
- Interest in more advanced technologies (e.g. machine learning, agentic AI) was growing, but **adoption remains at an early stage**.
- Future adoption was likely to remain **incremental and staged**, with continued reliance on testing and piloting.
- There was **an expectation of wider use of AI across the workforce in the next one to two years**. It was anticipated that AI would change how tasks are performed rather than changing the structure of the workforce.
- There was a clear trajectory towards **deeper integration of AI into core business functions over time**.

Planned investment in AI

Focusing on plans to adopt specified AI technologies, 24% of those using or planning to use AI plan to use machine learning in the future, while fewer plan to use computer vision/image processing and generation (17%), hardware related to AI (16%) and agentic AI (14%). Among businesses planning to use these AI technologies, timescales for adoption vary, with longer lead times suggested for technologies that typically have a higher level of in-house development such as agentic AI, hardware related to AI and machine learning. Technologies that are more widely available as ready-made software and systems, such as natural language processing and computer vision/image processing are more likely to be planned to be adopted in shorter timescales.

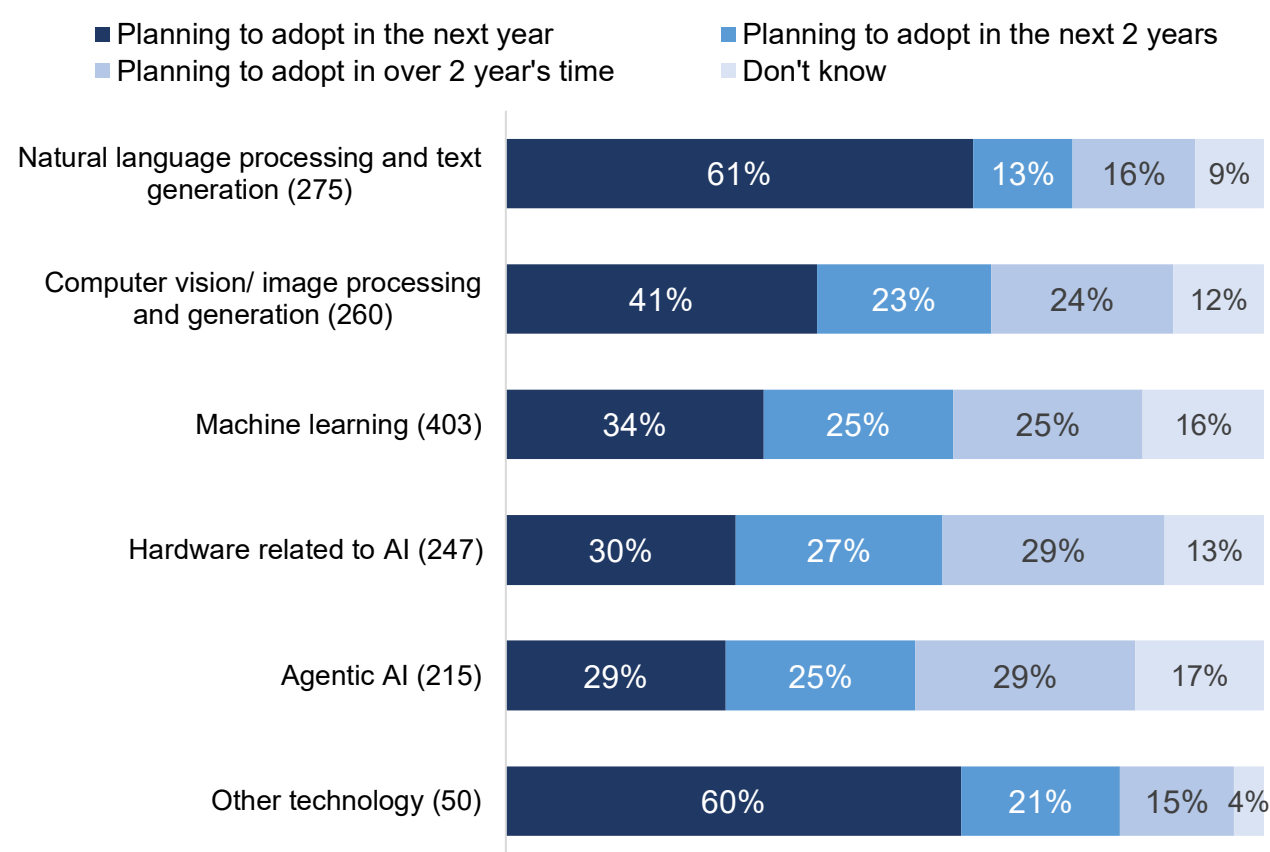
Businesses planning to adopt natural language processing were more likely to be looking to adopt it in the very near future, with 61% of those planning to adopt this

technology expecting to do so within the next year. This compares with 48% who said they planned to adopt it in the next year in the 2025 survey. This suggests that the adoption of natural language processing will accelerate over the next year.

The timeframe for adopting most AI technologies was shorter in 2026 compared with 2025. Higher proportions of businesses planned to adopt machine learning (34%), hardware related to AI (30%) and agentic AI (29%) in the next year in 2026 (20% for both machine learning and hardware related to AI and 24% for agentic AI in 2025).

While the timeframe for adoption of computer vision/image processing and generation was not shorter than previously, 'within the next year' was still the most likely timeframe for adoption of this AI technology (41%), although a higher proportion than in 2025 were looking more than 2 years ahead (24% vs. 18%).

Figure 24: Planned timeframe for adopting AI technologies among those planning to deploy



Source: B7.1-6: For each of the following technologies, please could you tell me whether your organisation is planning to adopt the technology in the next year, the next 2 years, or whether you plan to adopt it further in the future. Base: Businesses planning to adopt that technology Unweighted bases in brackets

When asked how their AI-related budget was expected to change, 65% of businesses using or planning to use AI that were able to provide an estimate anticipated an increase over time, which was a lower proportion than in 2025 (71%).

A further 34% expected their budget to remain the same (27% in 2025), while less than 1% foresaw a decrease (1% in 2025).

Expectations of an increase in budget allocation for AI rose with business size (again, based on where provided an estimate), from 59% of micro businesses to 69% of small businesses, 74% of medium-sized businesses and 80% of large businesses.

Businesses in information/communication and finance were most likely to anticipate an increase in their AI-related budget (73% and 87% respectively), while those in the arts and transport/storage sectors were most likely to expect their budgets in this area to remain broadly the same (51% and 46% respectively).

Implementing off-the-shelf AI applications (61%) was the area most mentioned for planned investment over the next 12 months by businesses who use or plan to use AI. The next most frequently mentioned were automating tasks previously carried out by people (but not automating whole jobs) (57%) and embedding AI into existing tools or systems (54%).

Less frequently mentioned were research and development (44%), reskilling and workforce development (41%), off-the-shelf tools to build bespoke applications and models (31%) and building bespoke AI solutions (24%).

In in-depth interviews, there was clear variation in how organisations viewed their future use of AI, with perspectives largely shaped by whether they had already begun using it. Businesses that had adopted AI were generally more confident and eager to adopt more. Having seen some benefits already, they were keen to expand its use, often into new areas as the technology continues to evolve.

For these organisations, ongoing improvements in tools, features and accessibility of AI reinforced the expectation and desire for its continued growth across their business functions. AI was seen as something to build up over time. Some businesses already knew what types they wanted to adopt, for example using LLMs in more advanced ways, whilst some were keen to hear about what opportunities were possible for them.

"We would certainly sit down and engage with specialists in the AI area, and learn what more can be done with it, really. We certainly see it as a positive rather than something to be worried or scared about. From a business leadership point of view, it's all-embracing really. So, we're just open to discussing more of its capabilities." (Small business, finance, West Midlands)

In contrast, some organisations that had not yet adopted AI were less sure about future plans to adopt AI tools. This was often driven by a lack of understanding of potential use cases, as well as practical or perceived barriers.

"The majority of our industry, the majority of our business is very limited in what we can use AI for. So obviously in our industry, there is a very distinct limit to what AI could do for us." (Large business, transport and storage, North East)

Amongst non-users, attitudes to future adoption were not uniform. Some were open to adopting AI in the future under certain conditions such as improved reliability of tools, or if they saw competitors using it effectively.

"AI is something that very much excites me, but I'm having to tread carefully with caution at the minute. The big issue is how reliable is the AI? How much can you do with it as far as the FCA is concerned? And lastly but not least, the cost, because everything's very expensive at the minute because it's so new."
(Mid-sized business, finance, Northern Ireland)

In some cases, a lack of resource and expertise was also perceived as limiting future possibilities for adoption, if companies did not have enough staff or financing to investigate use cases for how AI could benefit their work.

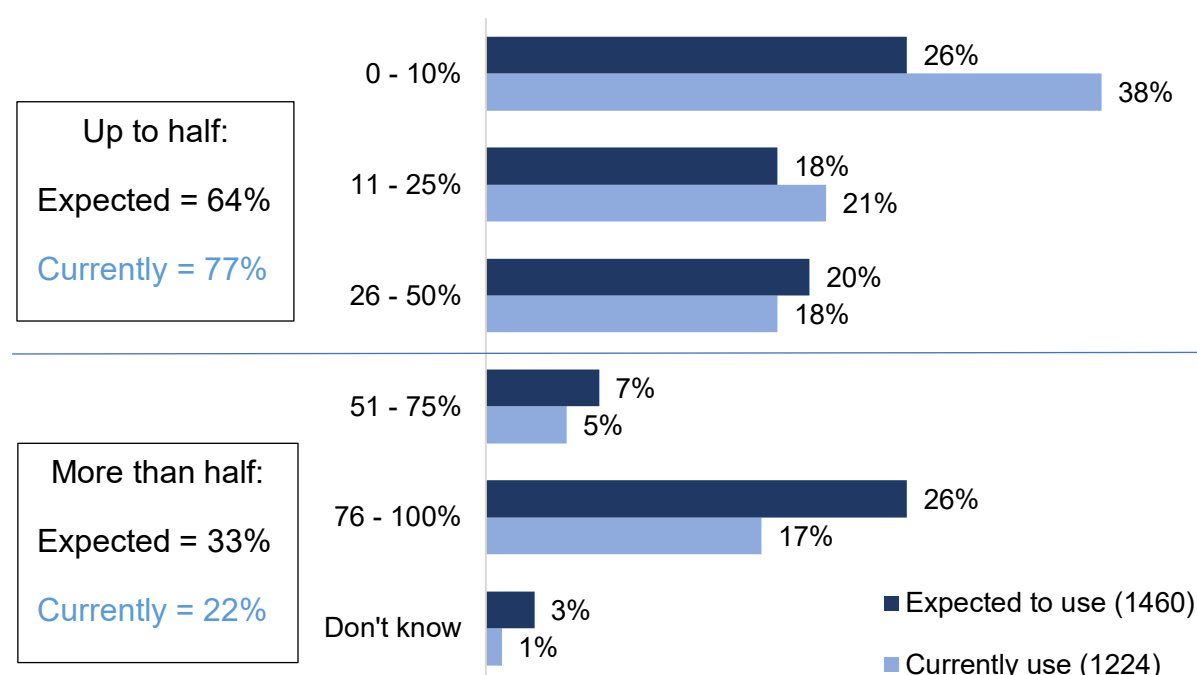
"We don't have at the moment anyone specifically kind of looking out and seeing what's up and coming and what we should be using. So, we will adopt or are adopting small low-level things but not looking at big level things at the minute." (Small business, arts/other, London)

Expectations for proportion of staff using AI in the future

Businesses using or planning to use AI were asked what percentage of staff they expected would be using AI in the next one to two years. Their responses reflected an expectation that AI would be further rolled out across their organisation. Around a third of businesses (31%) reported that they expected over half of their staff to use AI in the next one to two years, against a current usage figure of 22%.

On average, businesses expected 41% of their staff to use AI in the next one to two years, which compared with 43% in 2025.

Figure 25: Percentage of staff expected to be using AI in the next one to two years



Source: E1 What percentage of staff in your organisation are currently using AI? Base: Businesses that use AI Unweighted base in brackets E2 What percentage of staff in your organisation are expected to use AI in the next 1-2 years? Base: Where use or plan to use AI Unweighted base in brackets.

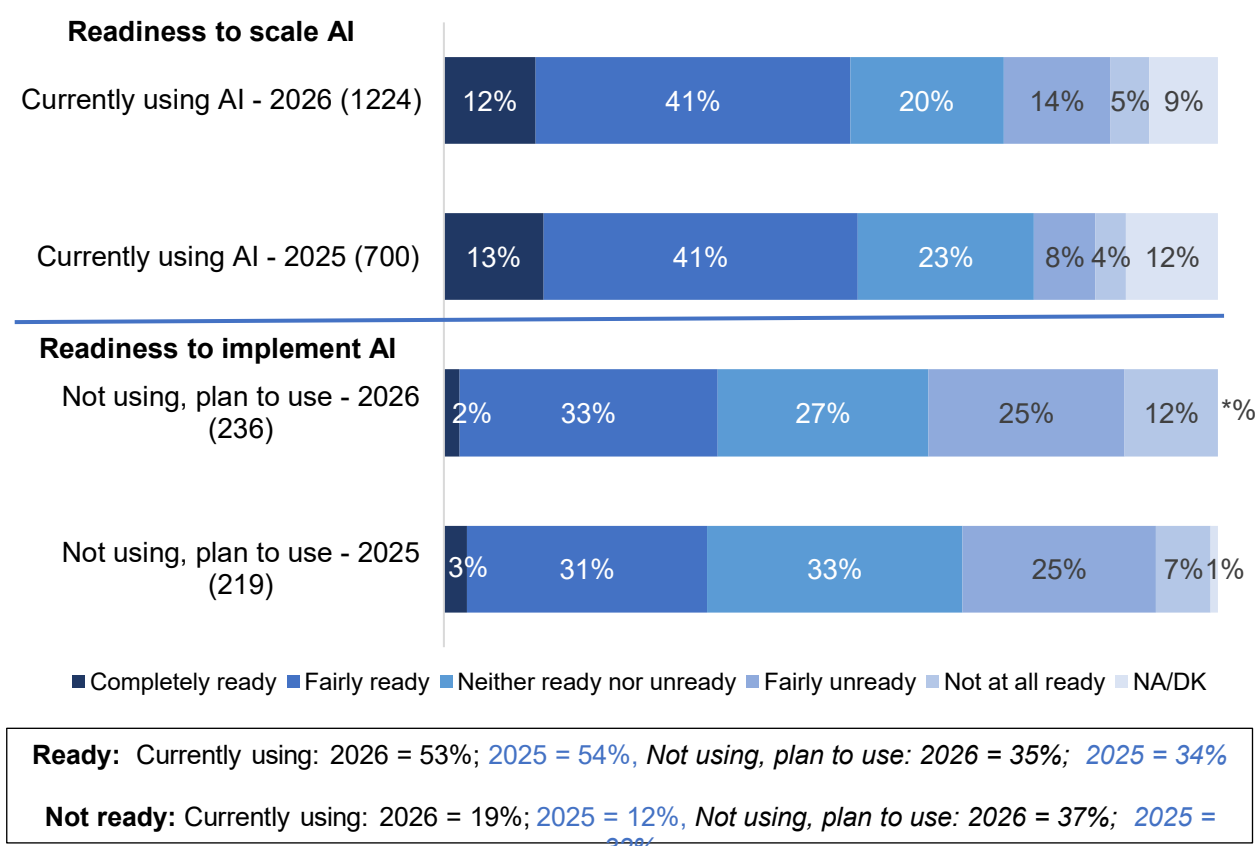
Readiness to implement or increase the use of AI

Half the businesses that use or plan to use AI (50%) felt ready to scale their use, with 10% describing themselves as completely ready and 40% as fairly ready. This compares to 54% in 2025 who felt ready to scale their use. Around a fifth (22%) were unsure, while 12% reported that they were not ready to increase their use.

Where businesses had already adopted AI, 53% felt ready to scale their use, which was a similar proportion to 2025 (54%). However, a higher proportion than in 2025 did not feel ready (19% vs. 12%). They were less likely to be unsure, which suggests that awareness of what they know and, more importantly, what they do not know, may have improved in the last year. It also may reflect advancements in AI and the increasing range and complexity of AI tools available to businesses.

Focusing on businesses that are planning to adopt AI, as shown in Figure 26, readiness levels were also similar to those reported in 2025. Among this group, 35% felt ready (34% in 2025). Again, a higher proportion than in 2025 did not feel ready (37% vs. 32%), while fewer were unsure, following a similar pattern to AI adopters.

Figure 26: Readiness to scale or implement AI



Source: F5 SCALE: How would you rate your organisation's readiness to increase the use of AI?
 Base: Businesses currently using AI. F5 IMPLEMENT: How would you rate your organisation's readiness to implement AI? Base: Those planning to adopt AI. Unweighted bases in brackets.
 *denotes less than 0.5%.

Readiness levels varied by sector for those that had already adopted AI, with those in the information/communications and finance sectors significantly more likely to have felt ready to scale their AI activity (80% and 69% respectively), while those in the hotel and catering sector were most likely to have felt they were not ready to do so (23%).

Although readiness levels did not differ significantly by business size on the whole, micro businesses were more likely to have felt completely ready to scale their AI activity.

AI adoption as inevitable

The in-depth interviews found that businesses generally expected AI to become a normal and integrated part of their business over time. Views sat on a spectrum in terms of the speed and breadth of adoption that people anticipated.

Some felt AI adoption in businesses would be fast-paced and would significantly influence certain industries.

"I see it moving at speed. I really do. There are certain industries that will be changed forever and are being changed forever by AI." (Small business, business services and administration, London)

Others acknowledged that while AI use was growing, they did not see it as rapid or causing significant change because they could not envision it in their own business, or because they did not yet see the benefits which may lead to widespread adoption.

"I don't think it's uncertain, I think it's a long way off. Never say never." (Large business, agriculture/mining/manufacturing/energy, East of England)

"[Inevitability is] Uncertain, would be my answer... I can see it being potentially an extremely useful and transformative tool, but it's unproven at the moment, in my opinion." (Small business, business services and administration, South East)

Some businesses said adoption can feel unavoidable because AI has become a common tool in their industry, and so they risk falling behind if they wait, linking inevitability to competitive pressure.

"We're going to have to embrace it because, you know, you've got to keep on the edge, got to keep ahead of the rest of the market. We are going to have to adopt it." (Mid-sized business, information and communication, Yorkshire and the Humber)

Looking beyond their own business, participants broadly thought AI would remain and become more embedded in society in the future, and that the focus should be on establishing how humans can best utilise it for its benefits.

"I think it's here to stay now, right? It's like the internet's here to stay, that computers are here to stay, like mobile phones are here to stay. It's going to be there forever. We as human beings need to work out how to use it in a good positive way rather than in negative ways." (Large business, information and communication, London)

Expected changes to the workforce by 2030

During in-depth interviews, businesses were asked about the sorts of changes to their workforce they expected by 2030. Generally, businesses thought the make-up and size of their workforce would remain broadly similar, except for natural attrition due to retirement for instance. There was a strongly held view that AI would not replace people but speed up existing work or make staff more productive.

"I just think it will enhance what we do. I don't think it's going to take people away from what we do. [...] we need to understand that and use it as a tool enhancement rather than a person replacement." (Mid-sized business, construction, South West)

In some cases, it was expected that this might include changing the type of tasks people carry out, for example reducing administrative work and putting more of this time to creative or strategic work, to improve business capabilities and performance.

"We would be doing more high-level work. So, we would be spending a lot less time, and this includes me, doing routine, mundane work, very basic fact checking and cross-checking. And so, we will be doing higher value work, and our productivity will be higher." (Small business, business services/administration, South East)

The reduction in need for humans to carry out more menial tasks was seen as a double-edged sword. Among the few businesses that thought their workforce would reduce, they believed it would be driven by more administrative tasks being completed by AI tools, causing lower need for humans to take on these tasks. In this way, they anticipated that some jobs might be lost or no longer hired for.

"What I can say is it already affects future hires. We have an active recruitment now for a business support assistant, general admin duty in and around the office. But already we've taken out all the repetitive tasks which an AI can do, so yes, in that regard, some certain workloads shrink because of AI. That also might have an impact that we need less people." (Mid-sized business, business services/administration, East of England)

There was some variation across sectors, with those in companies with more office-based work more likely to expect AI to impact their workforce, for example replacing administrative roles in sales, accounts, and HR roles.

Businesses in areas such as construction, agriculture, and hospitality were more positive that frontline and operational roles would remain necessary. This was because they knew staff would always be needed on site to fulfil customer-facing roles such as serving food, construction and driving. This core hands-on or in-person work was felt to be less replaceable by AI technologies.

"The drivers will still be needed because we still have trucks that will need to be on the road. There's a potential that if some of our more admin-based staff get towards retirement age or start moving out of the business for certain reasons, that they might get replaced less readily if there is technology available to replace them." (Large business, transport and storage, North East)

A smaller group saw the potential for AI to allow expansion of their business, with increased productivity leading to higher staffing needs and a capacity to employ more people to support increased operations. For example, if jobs can be done faster and by fewer people, more work can be done, leading to increased profits and the capability to expand into more work.

Businesses saying these spanned multiple sectors, including administrative sectors and more technical ones like engineering but were characterised by already using AI and having enthusiasm for further adoption.

"I want to keep the staff that we have and I'm more than happy to employ more because we've grown in size because AI has allowed us to grow in size." (Mid-sized business, finance, Northern Ireland)

Overall, these findings, which lean towards anticipated changing task type rather than staff make-up, broadly reflect what was seen in 2025.

Perceptions of trust and safety in AI

This final chapter explores the measures that businesses are taking to ensure AI is being used responsibly within their organisation, including usage policies and levels of human oversight. It also explores findings around the challenges and concerns faced by businesses deploying AI safely and levels of trust in AI systems.

Key findings

- **Trust in AI was cautious and conditional**, with most businesses relying on human oversight of outputs.
- AI was more readily **trusted for low-risk, routine tasks** than for complex or high-stakes decision-making.
- **Key concerns** related to **accuracy, transparency, data security and regulatory uncertainty**.
- More advanced and autonomous systems, particularly **agentic AI**, were **less widely trusted**.
- Most adopters used human input and checks when using AI and **it was largely seen as a tool which must be checked, challenged and kept under human control**.
- Responsible use of AI was typically **informal and evolving**, with **limited formal governance frameworks in place**.

Using AI responsibly

Responsible use of AI tools, explored in in-depth interviews, centred around limited, careful usage with human quality checks and transparency about the fact AI had been used. Human checks were perceived by most to be a crucial step when using AI. Responsibility was seen as resting with the human user, not the AI itself, meaning that companies remain accountable for errors or poor decisions.

Another focus of responsible use was data protection and security. Several participants explained how they would not enter personal, client, financial or other sensitive information into AI systems, particularly when using public AI models due to their lack of security.

"For our organisation, safe AI use would be using it in an environment where you're not going to give away any details. You're not putting the company's finance details and stuff like that into it. So, you're not using it in a way that

you could compromise the organisation." (Mid-sized business, transport and storage, East Midlands)

Additionally, use of AI tools would often be restricted to certain staff or systems, to ensure use was limited to those who have authority to do so responsibly.

"AI is at the moment, all the agents, all the modes, all these additional advanced features, only available for senior management. So, staff, they have no access to AI." (Mid-sized business, business services/administration, East of England)

Some businesses also mentioned the need for transparency with users about AI use, particularly when it comes to regulated businesses.

"If you're generating care plans for clients, you'd have to tell them that the basis of the care plan that you were putting forward was generated by AI. Anything where you are doing something that affects another human being in terms of drawing up contracts, agreements, I think probably you would be duty-bound to tell them." (Mid-sized business, hotel/catering, Yorkshire and the Humber)

In some cases, participants had not proactively broached the subject of AI use with their customers, suppliers or other stakeholders, often due to the fact AI processes are invisible to end-users. Clients tended to focus on outcomes, rather than the methods used to attain them. A minority of businesses had chosen to proactively disclose the use of AI to clients, often alongside a reassurance of human oversight, but this is not common practice.

"We wouldn't feel it necessary to inform clients. We wouldn't feel it's necessary to inform our suppliers." (Small business, business services/administration, South East)

AI usage policies

Not all businesses using AI have specific policies to guide responsible use yet. Generally, businesses reported having informal behaviours and practices around responsible AI use. In most cases documented policies or governance were not yet established.

Several firms reflected that this formalisation of guidance was something they wanted to develop in the near future, as they started to embed AI more deeply into their organisation. They expected higher use would likely lead to greater possibility for mistakes as larger numbers of staff could access AI, or it was used for larger or more complex tasks.

"Once we've gained more experience in AI and learned what it can do for us and what its limitations are, we will generate some formal policies." (Small business, business services and administration, South East)

Others said formal policies might come about when AI starts being used more commonly across the sector, for example if customers start expecting it or suppliers start utilising it.

"If some of our suppliers of some of our technologies decided to start using more AI, then we probably would look into putting procedures and policies in place." (Large business, transport and storage, North East)

They expected formal policies might build on existing behaviours, such as:

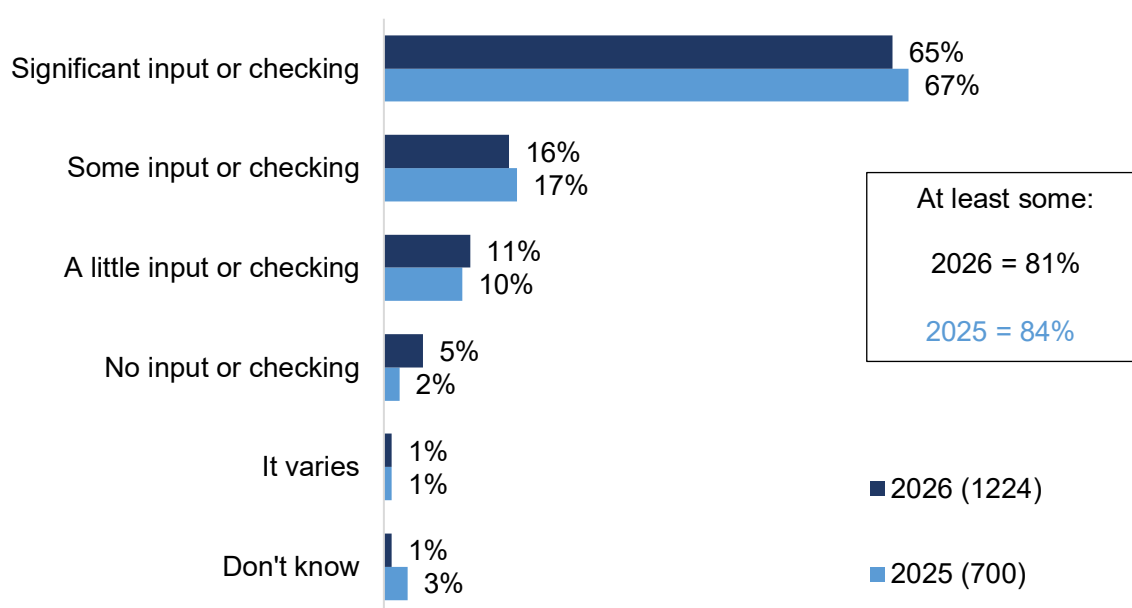
- Needing approval, or trialling, before using new tools
- Outputs being checked by another human
- Limits on the type of tasks AI is used for
- Record keeping to maintain accountability

"We keep record of any AI. Let's say any AI-generated code or anything like that, we keep record of that because it's obviously open source and just make sure that the right things have been put in place." (Small business, business services/administration, South East)

Human input or oversight

Businesses currently using AI were asked the extent to which there is human oversight applied to outputs or decisions produced by AI. While most businesses (81%) reported at least some human input or checking, this was a lower proportion than in 2025 (84%). While, still a small minority, 5% reporting no human input or checking represents an upward trend on the 2% reported in 2025. This may suggest some growth in trust in AI outputs and accuracy over the past year.

Figure 27: Extent of human input/oversight applied to AI outputs



Source: E5. To what extent is there human input or oversight applied to outputs or decisions produced by AI? Base: Businesses that use AI unweighted bases in brackets.

Checking outputs to some extent was almost universal in large businesses, with less than 1% reporting no input or checking, while medium-sized businesses were more likely to have reported no input or checking (8%).

Looking at this by AI technology used, all users of agentic AI reported at least some input or checking, while 5% of those using natural language processing and 3% using other technologies reported no input or checking.

In-depth interviews explored this further, with most adopters feeling it was important that humans remained in control of processes. AI was seen by businesses as a tool which must be checked, challenged, and kept under human control so that if mistakes were made, they could be caught and amended. They reported that AI would not typically be allowed to act independently and that outputs were reviewed, edited and signed off by a human before being used. Responsibility was seen as resting with the human user, not the AI itself, meaning that companies remain accountable for errors or poor decisions.

"We keep as much focus as we can on it being a copilot and having someone to review it and have a human in the loop. I don't think there's necessarily anything that doesn't get checked in some way, shape, or form. It's baked into the processes." (Mid-sized business, business services/administration, South East)

This human oversight was often built into workflow processes, ensuring that the responsibility for quality assurance of outputs remained with a human who could make informed and nuanced decisions around errors and accuracy. The perceived

need for human oversight came from an acceptance that AI outputs were not always accurate.

"If you're going to use something, get the resources of where the AI got the information from. You can cross-check the resources and they know that that's fact or not." (Small business, business services/administration, South East)

Level of oversight tended to vary by task and perceived risk. For example, businesses reported that outputs for external stakeholders or customers were likely to have more stringent human checks built into AI processes because of the impact that errors could have, for example sending out incorrect information. Similarly, for work with large potential costs attached, where inaccuracies would cause significant costs or negatively impact business reputation, the need for oversight is perceived to be indispensable.

"If you're talking about a \$4.5 billion project, you're never going to let one thing decide, be it AI or Joe Bloggs. That's why companies have boards. That's why HR exists, and that's why you have a CFO and an accounting department, because things need to be checked. And it's just no different with AI." (Mid-sized business, agriculture/mining/manufacturing/energy, London)

However, there were a small number of exceptions to this stringent oversight. One business, which had been using AI for an extended period, had AI-led processes embedded into the services they delivered. Examples included scanning for security risks, managing customer service phone systems and ticketing systems, without regular checks. This suggests that where tools have been in place for some time, they are more trusted to undertake tasks without checks, even when they interacted with customers.

"We use AI for our phone system. We don't check that one. She just sends us messages. So, she basically gives us all the information. And once or twice we've had clients go, am I talking to an AI person in the call? But they generally don't notice it... Obviously our ticketing system, fully AI integrated. We don't have any involvement in that- our clients can submit tickets, and AI decides where it goes and who it gets allocated to." (Small business, business services/administration, South East)

Those who were yet to adopt AI, and were more sceptical about its use, believed that thorough oversight would need to be important if they were to adopt it. They would not be comfortable with it creating outputs or making decisions without a human checking due to concerns about accuracy.

"You would really need to have somebody employed full-time to check absolutely everything. I do not think that it's capable of getting it right 100% of the time at the moment." (Mid-sized business, finance, Northern Ireland)

These perceptions came from personal experience of inaccuracies in AI, or from what they had heard anecdotally about the need for thorough checks.

Challenges of deploying AI safely

In in-depth interviews businesses discussed a number of challenges to deploying AI safely, largely reflecting wider barriers to AI adoption and trust.

Key challenges highlighted included:

- **AI's tendency to produce inaccurate outputs**, leading to a need for stringent checks and the risk of using or sharing inaccurate information.

"The ability to sift through the amount of data that is available to you that is said to be true is, is very difficult because actually when you look in detail at a fair amount of it, it actually isn't as accurate as you would think it is." (Small business, finance, London)

- Linked to this was the idea that **AI is not transparent**, with the potential to produce data with little reference to how it reached conclusions. AI was seen by some participants as a 'black box', with little to no understanding of how the data is collated and analysed. However, more hands-on experience created a more positive outlook towards AI; even if still only used cautiously.

"I think transparency is the other thing as well, is the thing we're really concerned about. Where's the information coming from? How has it arrived at this conclusion, this answer to this question?" (Large business, arts/other, West Midlands)

- **Uncertainty around regulations and legality** was seen to make it harder to confidently deploy AI safely. Reflecting on how new and rapid the technology was, businesses reported that they lacked clear sector-specific rules and governance about best practice and liability to help safe deployment.

"If that piece of AI gives the wrong information or gives the client the wrong policy or their own cover, who is responsible and what happens?" (Mid-sized business, finance, Northern Ireland)

- **Data security** was also perceived to be a challenge in safe deployment. Businesses showed concerns about data fed into AI systems, and what happens with that data once they have done so, especially in public or cloud-based models. This seemed to be a concern primarily because participants *did not know how* data was used, rather than because they knew what happened to it.

"We don't know how that data, if we put it into a system, is protected in any way, shape, or form. And AI companies aren't exactly very transparent about that, and they don't really provide the necessary securities that we would want to see from our end to ensure that that data is safely secured and it's not going to be used or accessible to someone else." (Mid-sized business, arts/other, Wales)

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- A **lack of staff or financial resource** was felt to hinder abilities to use AI safely. When organisations did not have sufficient funding, or workforce capacity, they felt less able to invest in proper due diligence into AI tools, or to provide enough training to ensure they are being used safely.

"You've got to implement something else yourself [safe AI policies] on top of what you were already doing. When we're quite a small company, that can be very labour-intensive. And there's other things that really we should be focusing on, so to some extent it's safer to not use AI because we then know that that data is safer to some extent." (Mid-sized business, arts/other, Wales)

- There were also concerns raised by organisations that work with vulnerable populations about how AI handles sensitive situations and any **potential safeguarding concerns** that could arise as a result. Whether or not the AI would be calibrated in a way to recognise vulnerabilities, and how it then handles such things in automated calls was an example of potential risk.

"And if the question, or if what that person's hinting at, is a result of vulnerability, does AI or will AI have the ability to say this question seems to highlight vulnerability?... Whereas if you were speaking to AI and it said to you, you're a vulnerable person, in my opinion, you're going to get annoyed, offended." (Mid-sized business, finance, Northern Ireland)

Some in-depth interview participants wanted external, government-led standards to clarify rules and position experience. They felt legislation was falling behind real-life usage of AI, or at least not keeping up with the pace of technological advancement. Issues surrounding copyright, intellectual property, data privacy and professional privilege and client confidentiality were all areas for which government guidance would be appreciated.

"There needs to be more clarity from the government on what is acceptable, what is within law and what is not within the law... At the moment, because things have advanced so quickly, legislation has fallen quite a long way behind." (Large business, information and communication, London)

Some participants expressed a preference for the introduction of a recognisable external standard, certification, or accreditation mark. Such a mark would enable them to trust the tool more readily, support internal justification for its adoption, and reduce reliance on their own ad hoc testing and validation processes.

"Some sort of kite marking or standard or level of assurance that can be granted ... some sort of level of accreditation that is not easy to get hold of and achieve ... around some of the AI technology, I think would help and would develop a level of trust ... some kind of current marking standardisation, certain ethical standards around reuse of people's data actually, I think would be useful in allaying fears of use of AI." (Large business, arts/other, West Midlands)

Trust in AI systems

Overall, trust in AI systems was conditional and cautious. AI outputs were accepted when verified by a human. They were also trusted more when used within narrow boundaries or applied to tasks that were perceived to be low risk. This included routine administrative work such as drafting emails, reformatting documents, summarising long documents or improving writing and grammar. AI tools embedded within existing and trusted software were also perceived to be low risk.

“Very sceptical. But once you start reading in and you understand it, you do a few basic courses, you start to understand the perception of it and what it's actually doing ... I trusted in the sense of the information it's given me is pretty damn good. However, I just need to check it.” (Small business, agriculture/mining/manufacturing/energy, North East)

Agentic or autonomous AI was least trusted, particularly with more complex tasks, while generative AI and LLM tools had a limited but higher level of trust. Trust of output accuracy also varied, with outputs based on proprietary data trusted more as they were seen to be more relevant, though there remained a distrust of LLMs with any sensitive data inputs.

“[I] wouldn't trust it to write code, wouldn't trust it to provide factual information [but] to rewrite ... to get over writer's block in an email, or to summarise, you know, notes from a meeting, it seems perfectly reliable for that, you know, as far as I can tell anyway.” (Mid-sized business, information and communication, Wales)

AI tended to not be trusted with high-stakes decision-making, especially in fields such as financial advice, legal interpretation, medical diagnoses and engineering calculations. Human oversight was seen to be key in these instances to pick up on inaccuracies.

“A lot of stuff is just wrong. I've had to sort of interrogate it more and found it's actually completely wrong, or it's drawn together completely the wrong things... So yeah, accuracy is obviously an issue. And like I said, with the report as well, if I hadn't noticed that it hadn't given me the information I needed, I'd have just accepted that as a right answer.” (Small business, arts/other, London)

Case study: A mid-sized coach company

The business provides scheduled coach services for the rural local area, running both local government-contracted routes and private hire services. They use LLMs across a range of operational and administrative tasks such as uploading driver schedules.

The director and operations manager trusted AI as a useful starting point and productivity aid, but neither took its outputs as definitive. They were consistently cross-referencing AI-generated content with professional advisers and while they reported that outputs are frequently confirmed as accurate, there was no sense that AI would be trusted to be used instead. Both acknowledged a background concern about uploading commercial data such as schedules, architectural drawings and legal documents to AI platforms, although this has not stopped them doing so. Neither has sought formal guidance on data governance.

They also had used old schedules to validate AI's performance before relying on it as a part of everyday operations. Neither manager has automated any process end-to-end using AI; all outputs require human review and approval before being acted upon.

Further details can be found in Case study 2: A mid-sized coach company.

Intensive Adopters

This chapter discusses a sub-group of businesses that had used AI to provide solutions to their specific business needs and were embedding it within their operations. We have categorised these businesses (according to their survey responses) as ‘intensive adopters’.

We have defined intensive adopters as those who⁴:

- Had used AI to build bespoke solutions, and/or had embedded AI into current applications and processes, and
- Said AI was highly important to their organisation, and
- Use AI constantly

There were 101 cases (unweighted) categorised as intensive adopters. This equates to 2% of all surveyed businesses.

Intensive adopters were similar in profile to all AI adopters in terms of business size, but a higher proportion operated in business services and information and communications sectors (39% vs. 26%; 17% vs. 10% respectively).

Key findings

- **Intensive adopters used a broader and more advanced range of AI technologies** than other AI adopters. While almost all used natural language processing and text generation, they were significantly more likely than AI adopters overall to use machine learning, computer vision/image generation, AI-related hardware and more complex forms of AI such as agentic AI. Agentic AI adoption was also expected to grow rapidly among intensive adopters.
- **Intensive adopters were more likely than average to have developed AI solutions in-house.** Across AI technologies, they were more likely to develop solutions internally or adapt existing software, particularly for natural language processing and text generation.
- **They were much more likely to use AI for automation and application development.** Intensive adopters were more likely to automate tasks and whole jobs and to have used off-the-shelf AI tools to build their own applications and models.

⁴ Intensive adopters have responded to survey questions as follows: B11=1 and/or 5 (they have built bespoke solutions and/or embedded AI into current applications/processes) and E7 = 8, 9, 10 (they have rated AI as 8 or above out of 10 where 0 is not at all important and 10 is extremely important) and E4=1 (they use AI constantly)

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- **Intensive adopters had spent considerably more on AI than other AI adopters** – on average, around four times more. They were much less likely to rely on free AI tools.
 - **They reported stronger business benefits from AI.** Intensive adopters were significantly more likely than other AI adopters to see improvements in workforce productivity and more efficient or flexible processes, while also more likely to report reduced operating costs.
 - **Their motivations extended beyond efficiency gains.** While improving productivity was a primary driver, intensive adopters were more likely to have adopted AI to gain a competitive advantage or to keep up with industry trends.
 - **They faced fewer barriers to adoption.** Although capability, data protection, regulatory and trust concerns were important, intensive adopters were less likely than other adopters to cite these barriers and were less concerned about achieving a return on investment.
 - **AI had permeated deep into operations and processes within the organisation.** This was evidenced by the high proportion of the workforce using AI and the number and range of different business areas it was being used in. Plans to further invest and further embed AI were an indication that these organisations were comfortable with this level of reliance on this new technology.

AI adoption

Similarly to all AI adopters, nearly all intensive adopters used natural language processing and text generation, including the use of Large Language Model (LLM) based approaches (95%). They were more likely than all AI adopters to have used machine learning (50% vs. 18%), computer vision/image processing and generation (42% vs. 29%), hardware related to AI (27% vs. 10%) and agentic AI (23% vs. 7%).

Some 28% of intensive adopters who were not already using machine learning were planning to adopt it in the future (compared to 22% of all AI adopters). Use of agentic AI was set to double among intensive adopters, with a further 22% planning to adopt it in the future.

The length of time over which intensive adopters had been considering AI was longer than average, with 34% taking over 2 years (compared to 18% of all AI adopters). This included 8% that had considered AI for 5 years or more (compared to 1% of all AI adopters).

Across all AI tools, intensive adopters were more likely to have developed them in-house, fully or by adapting existing software. This was significantly more likely to be the case for natural language processing and text generation (39% vs. 24% across all who use this technology).

Use of AI for administrative and support purposes was common for intensive adopters. However, they were more likely than all AI adopters to use AI in other areas, particularly in creative and content generation (85% vs. 75%), data and analytics (83% vs. 63%) and research and development (73% vs. 52%). They were also more likely than all AI adopters to use AI in a range of business functions in addition to administrative and support, including: IT (84% vs. 66%), operations (79% vs. 55%), sales (79% vs. 48%) and customer service (71% vs. 44%).

Intensive adopters were also more likely than other AI adopters to use AI to automate tasks (86% vs. 58%), automate whole jobs (23% vs. 7%) and to use off-the-shelf tools to build their own applications and models (49% vs. 21%).

Intensive adopters were not very different from all AI adopters in their motivation to use AI. Similarly to all AI adopters, their main driver of adoption was improving efficiency and productivity (70% vs. 71%), but they were a little more likely to be driven by the possibility of gaining a competitive advantage (31% vs. 25%), keeping up with industry trends or technological advances (28% vs. 22%), developing new/improved products/services or extending their product range (26% vs. 17%) and/or entering new markets (16% vs. 8%).

A higher proportion of the workforce within organisations classed as intensive adopters were using AI – on average 60% of staff, compared with 31% across all AI adopters. More than half of intensive adopters (56%) reported that more than three-quarters of their workforce were using it at the time of the survey (17% of all AI adopters).

Expenditure on AI in 2025 was considerably higher among intensive adopters than among all AI adopters, averaging £31,300, compared with £7,800. Just 6% of intensive adopters that provided a response spent nothing on AI in 2025, compared with 43% of all AI adopters. This suggests that they were much less likely to be relying on free tools or AI features embedded within existing software.

Barriers to AI adoption

Similarly to other AI adopters, intensive adopters cited barriers to adoption of AI that were capability-related, concerns around data protection, regulation and industry standards, and trust in AI product safety or transparency. However, they were less likely than other adopters to mention these, and much less likely to be concerned about return on investment in AI.

Overall, intensive adopters were less likely to cite barriers to adoption of AI than other AI adopters.

Impact of AI

Intensive adopters were significantly more likely than other adopters to identify benefits of adopting AI. The most commonly reported benefits for intensive adopters

were improvements in workforce productivity (94% vs. 71% of all adopters) and the development of more efficient or flexible processes (91% vs. 60%).

81% of intensive adopters reported an increase in employee productivity as a result of adopting AI, compared with 50% of all AI adopters.

Intensive adopters were also more positive than other AI adopters about the impact on operating costs, with 54% reporting a reduction (compared with 24% of all adopters), including 12% reporting a significant reduction (compared with 9% of all adopters). However, they were also more likely to report an increase in operating costs (20% vs. 9% of all AI adopters).

Future plans for AI

Reflecting widespread use of AI within intensive adopters' organisations, two-thirds of these businesses (67%) expected more than three-quarters of their workforce to be using AI in the next 1 to 2 years. This compared with 27% of all AI adopters.

Intensive adopters were both significantly more likely than other AI adopters to expect their budget allocation for AI expenditure to increase in the future (81% vs. 60% of AI adopters) and to feel completely ready to increase their use of AI still further (40% vs. 12%).

Intensive adopters planned to invest in their use of AI in a wider range of areas than other AI adopters. They were particularly likely to want to work towards (further) embedding AI into current applications and processes and automating tasks.

Appendix A: Glossary

Artificial Intelligence (AI): The broader field encompassing knowledge-based systems, data-driven and machine learning-enabled systems, including classic machine learning (supervised learning, unsupervised learning), deep learning, and reinforcement learning, referring to the development of systems that can perform tasks requiring human intelligence.

Machine learning: This is a branch of artificial intelligence which focuses on the use of data and algorithms to imitate the way that humans learn, gradually improving its accuracy. Example AI tools include Microsoft Azure Machine Learning and Google TensorFlow.

Natural language processing and text generation: This is the use of artificial intelligence programming to produce written or spoken narratives from a data set or prompt. This includes drafting, creating computer code or transcribing audio to text in real time. Example AI tools include GPT-4, Microsoft Copilot and Google Cloud Natural Language API.

Computer vision/ image processing and generation: This is the use of artificial intelligence programming to produce, generate, analyse, interpret, and manipulate digital images. Examples of AI tools include DALL-E and Veo 2.

Hardware related to AI: Examples include Graphics Processing Unit (GPU), Edge Computing Chips, Quantum Hardware, Application Specific Integrated Circuits (ASIC), Neuromorphic Hardware, and Field Programmable Gate Array (FPGA).

Agentic AI: *This refers to artificial intelligence systems that possess the ability to autonomously perform tasks, make decisions, and take actions within a specific environment based on predefined goals, data inputs, and learned experiences. Examples include Autonomous Vehicles, as well as LLM-based agents such as OpenAI's Codex*

Appendix B: Technical annex

Cognitive testing

The main aims of the cognitive testing were to check whether new and amended questions (since the 2025 survey) were clear and well understood by respondents. 7 questions were tested in total.

A total of 5 interviews were conducted between 6th and 12th December 2025. In each interview the interviewer gave a short introduction to the survey, then went through the selected questions with the respondent. Respondents were first asked to answer the question and were then asked several questions to explore what they understood the question to mean, if the response codes allowed them to answer easily and truthfully and what knowledge they needed to draw on to respond to the question.

Table 1 and Table 2 show the profile of the completed interviews by size, sector and whether they use or plan to use AI or not.

Table 1: Profile of businesses by size

Size of business	Completed interviews
5 to 9 employees	2
10 to 49 employees	1
50 to 249 employees	1
250+ employees	1
Total	5

Table 2: Profile of businesses by sector and use of AI

Sector of business	Completed interviews	Uses/plans to adopt AI	Does not use, nor plan to, use AI
Agriculture /Mining /Manufacturing/Energy (ABCDE)	1	1	0
Information and Communication (J)	1	1	0
Finance and Real Estate (KL)	1	1	0
Art/entertainment	2	2	0
Total	5	5	0

The findings were used to refine some of the new questions, including splitting out an intended question on how AI is used within the business into 2 separate questions, one focussing on the types of tasks AI is used for, and one on the ways in which AI was deployed. Other changes were minor, including providing examples of some terms and aligning code frames across multiple questions.

Pilot fieldwork

A pilot was undertaken at the beginning of the fieldwork period to ensure the questionnaire was working as intended, assess the survey length and to identify any opportunities for enhancing the overall quality of the questionnaire.

A total of 36 interviews were conducted for the pilot between 7th January and 12th January 2026.

Table 3 and Table 4 show the profile of the completed pilot interviews by size, sector and whether they planned to use AI or not.

Table 3: Profile of businesses by size

Size of business	Completed interviews
5 to 9 employees	10
10 to 49 employees	22
50 to 249 employees	3
250+ employees	1
Total	36

Table 4: Profile of businesses by sector and use of AI

Sector of business	Uses AI	Plans to adopt AI	Does not use, nor plan to, use AI	Total
Agriculture /Mining /Manufacturing/Energy (ABCDE)	2	0	2	4
Construction (F)	1	0	4	5
Retail /Distribution (G)	0	0	3	3
Transport and Storage (H)	2	0	2	4
Hotel/Catering (I)	1	0	1	2
Information and Communication (J)	3	0	0	3
Finance and Real Estate (KL)	2	1	4	7
Business Services/Administration (MN)	1	0	3	4
Arts/Other (RS)	2	0	2	4
Total	14	1	21	36

Sample outcomes

The sample was drawn from Market Location (the same source that was used for the mainstage survey). The sample was stratified by number of employees and sector.

Table 5 shows the call outcomes for the sample that was contacted for the pilot fieldwork. There were no concerns with the number of refusals received, but the number of screen outs based on business size did result in some changes to the business size question to make it clearer that all UK employees were in scope, rather than just those at a specific site.

Table 5: Call outcomes for pilot fieldwork

Call outcome	Count	%
Completed	36	3%
Respondent refusal	126	11%
Screen out based on business size	6	0.5%
Contact made – no definite outcome	423	36%
No direct contact made with respondent	475	40%
Unobtainable (e.g. wrong number, out of service)	116	10%
Total	1,182	100%

Pilot feedback

Some small amendments were made to the wording of the survey introduction and 2 of the survey questions following the pilot. These were to mitigate against potential confusion among respondents and to make clearer the ask around including Company Reference Numbers (CRNs) in the final datafile. These were only minor changes.

All surveys from the pilot are included in the final dataset.

Mainstage fieldwork

Interview targets and achieved interviews

Table 6 sets out the initial targets for the planned 3,500 interviews, by business size and sector. The aim was to oversample large businesses (relative to the total business population).

Table 6: Interview targets

Sector	5 to 9	10 to 49	50 to 249	250+	Total
Agriculture /Mining /Manufacturing/Energy (ABCDE)	154	139	75	49	417
Construction (F)	159	112	54	40	365
Retail/Distribution (G)	229	172	83	61	545
Transport and Storage (H)	93	86	44	30	253
Hotel/Catering (I)	177	170	69	52	468
Information and Communication (J)	99	99	50	33	281
Finance and Real Estate (KL)	122	86	45	34	287
Business Services/Administration (MN)	208	185	93	63	549
Arts/Other (RS)	141	105	51	38	335
Total	1382	1154	564	400	3500

A total of 3,503 interviews were achieved. Table 7 sets out how these were broken down by business size and sector.

Table 7: Achieved interviews by size and sector (survey)

Sector	5 to 9	10 to 49	50 to 249	250+	Total
Agriculture /Mining /Manufacturing/Energy (ABCDE)	150	176	56	17	399
Construction (F)	144	158	54	7	363
Retail/Distribution (G)	242	271	73	18	604
Transport and Storage (H)	74	126	44	11	255
Hotel/Catering (I)	107	212	53	16	388
Information and Communication (J)	112	100	18	4	234
Finance and Real Estate (KL)	107	113	19	8	247
Business Services/Administration (MN)	274	265	77	24	640
Arts/Other (RS)	137	158	53	25	373
Total	1,347	1,579	447	130	3,503

Call outcomes and survey response rate

A call outcome is defined as a definite response to the survey invitation, i.e. whether an interview was achieved, or whether an interview was not achieved and the reasons for this. Of the 69,370 businesses called at least once, the response rate for the survey was 5%. This includes businesses where no final outcome was reached, for example where the interviewing team were not able to get through to an appropriate person, or where an appointment was made, or where an answerphone was reached.

Table 8: Call outcomes for mainstage fieldwork

Call outcome	Number	%
Total records called at least once	69,370	100
Completed	3,503	5%
Screen out - Organisation is not aware of AI	128	2%
Screen out - Organisation has <5 employees	984	1%
Respondent refusal	18,893	27%
Respondent unavailable during fieldwork	3,756	5%
Contact made – no definite outcome	8,040	12%
No direct contact made with respondent	26,423	38%
Unobtainable (e.g. wrong number, out of service)	7,643	11%

Weighting

The survey data was weighted to ensure it was representative by business size and sector. The regional split was assessed and found to be in line with the population, so it was decided that a regional weight was not necessary. Weighted and unweighted counts by size and sector are shown in Table 9.

Table 9: Weighted and unweighted counts - by sector and size

Sector	Unweighted	Weighted
Agriculture /Mining /Manufacturing/Energy (ABCDE)	399	443
Construction (F)	363	360
Retail /Distribution (G)	604	717
Transport and Storage (H)	255	122
Hotel/Catering (I)	388	547
Information and Communication (J)	234	186
Finance and Real Estate (KL)	247	188
Business Services/Administration (MN)	640	735
Arts/Other (RS)	373	207
Size		
Micro (5 to 9 employees)	1,347	1,795
Small (10 to 49 employees)	1,579	1,412
Medium (50 to 249 employees)	447	241
Large (250+ employees)	130	55

In-depth interviews

A total of 50 online in-depth interviews were conducted with businesses who had taken part in the survey and agreed to be recontacted to take part in a follow-up interview. The completed interviews by size and sector are shown in Table 10.

Table 10: Achieved interviews by size and sector (in-depth interviews)

Sector	Employees: 5 to 49	Employees: 50+	Total
Agriculture /Mining /Manufacturing/Energy (ABCDE)	4	1	5
Construction (F)	5	0	5
Retail/Distribution (G)	2	2	4
Transport and Storage (H)	3	1	4
Hotel/Catering (I)	4	0	4
Information and Communication (J)	5	1	6
Finance and Real Estate (KL)	5	0	5
Business Services/Administration (MN)	9	1	10
Arts/Other (RS)	6	1	7
Total	43	7	50

Case Studies

The research included 7 ethnographic site visits to businesses using AI, recruited through a combination of survey responses and existing networks. At each site, researchers spent 3 to 4 hours interviewing approximately 2 to 10 members of staff across different roles, teams, and levels of seniority. This included those involved in strategic decision-making about AI adoption, those responsible for its implementation, and everyday users. Researchers also directly observed the AI systems, processes, and tools in use.

This on-site approach allowed the team to capture informal dynamics, organisational culture, and day-to-day realities that are difficult to access through interviews alone - including how guidance and policies are interpreted in practice, and where opportunities, tensions, or workarounds emerge.

Table 11: Profile of case study organisations

Criteria	Description
Focus on AI adopters	• 7 organisations using AI
Type of AI use (note multiple types were used by some organisations)	• 7 x LLM users • 1 x agentic AI user • 3 x image processing and generation users
Sectors	• Hospitality • Arts/Other • Retail • Business Services • Transport and storage
Business size	• 6 x 0-49 employees • 1 x 50+ employees

Appendix C: Case studies

Case study 1: A mid-sized hotel

Sector: Hospitality	AI use: LLMs, Image generation
Location: South West England	Future adoption plans: Expand current use, no plans for additional technology
Number of staff: approx.40	

The hotel is privately owned in a popular tourist area. It has recently been taken over by new management who are in the process of implementing a new vision for the business, taking it from a two-star to a four-star hotel. They offer formal dining as well as accommodation and are trying to position it as a flexible, bespoke venue able to accommodate customised requests. The business' new ethos focuses on openness to new things, curiosity and resourcefulness, which feeds into their attitude to AI.

The hotel's customer base includes individuals travelling for work or leisure, private event and wedding clients and local community visitors. It is currently led by 2 people responsible for overall vision, while a core management team is responsible for day-to-day running. Marketing is handled by an external consultancy firm.

AI Adoption

Adoption of AI has been led by the 2 senior leaders. This includes Liv, who was hired as a transformation consultant and values a positive and curious attitude towards new technology. According to Liv, this approach is enabled by being an independently operating business that allows for risk-taking and experimentation. Decisions about new technology are made quickly and informally, without written frameworks or formal sign-off processes.

"To begin with it'd be a discussion with my core team. And then we would ask the people that were going to be part of it like, the reception. I don't want anyone not being able to do anything, so they all get the training to multitask."
(Liv, Vision implementor/transformation consultant)

AI use predominantly consists of individual use of LLMs. Liv was using a business ChatGPT account to help create business development strategies, such as how to get into the top 1% of reviews on TripAdvisor. She was also using AI to synthesise reviews every month, to provide clear and actionable feedback on what could be improved. Dan, the owner of the hotel, also mentioned that this function was being marketed to them by external companies, but they felt they were able to do this in-house. Reception staff were using ChatGPT to speed up the process of responding to every review positively. One younger and more tech- confident member of staff uses Canva AI for generating marketing content for events and has generated

images of hotel rooms made up for particular occasions. The staff reflected that they felt this raised their standards for delivering high quality service.

"I'll go onto [ChatGPT] and I'll say, look, I would like to know all the reviews I've received through the month of February. I'd like to know how many 4 stars. And I just want you to give me an overview of my reviews, where I'm heading, how my algorithm is going. And he sends it all, I mean, it's very cool and it can tell me who has highlighted something good, who's highlighted something negative. And then at the end of the month, I have my meeting with my core team and I say, this is where we are, this is what we need to enhance on, this is where you need to [improve]." (Liv, Vision implementor/transformation consultant)

The hotel also has an automated service robot, acquired a year ago at the owner's instigation with the idea that it would help clear and carry plates between dining areas and the kitchen. However, the robot is not operational as its sensors do not allow it to pass through the doorways. Management are uninterested in getting the robot operational, but the Dan and Liv remain committed to fixing the problem at some point.

AI use is currently concentrated in the top-level management and reception staff. This has evolved informally and iteratively as people explore the opportunities, rather than being directed through any formal, top-down policies. That said, Dan and Liv have been trying to roll out their ideas to the wider teams. But they are struggling with their middle management team, who are generally uninterested and cautious.

The hotel has a lot of older guests because of where they are based and the community-based services they offer. This has meant that they assume any customer-facing AI would be difficult and perhaps inappropriate to introduce. In general, the staff felt that the business had more fundamental things to sort out before expanding AI adoption.

Impact of AI adoption

The hotel is starting to see some benefits in terms of productivity. Using ChatGPT to synthesise reviews has helped to replace a time-intensive process of reading guest feedback. Liv described the 90-day improvement plan that ChatGPT had created as a tangible business output to work towards a five-star rating on third-party sites. The hotel manager, Josh, reflected that using AI to respond to reviews has probably saved reception staff 'a little bit of time' but generally felt that productivity gains were modest in this area.

Josh also raised a long-term concern over job displacement but did not have any immediate concerns for the staff. Staff had reportedly been alarmed by the introduction of the service robot and expressed some concerns over implication of further adoption of AI for their jobs. Liv explained that a more integrated digital system allows staff to work across roles, something that AI could further enhance. However, overall the staff did not expect that AI adoption would have any significant impact on staffing as hospitality is primarily customer-facing.

Josh imagined that the business' use of AI in the future could present powerful commercial opportunities. For example, he thought that having an AI-generated walkthrough of the hotel on the website would allow customers to mock-up the venue according to their preferences and criteria.

Perceptions of trust and safety

Trust in AI systems varied between members of staff, with the top management feeling a high level of personal trust in AI and feeling confident in the value of further investment. The team were checking and reviewing AI outputs before publishing.

Case study 2: A mid-sized coach company

Sector: Transport / logistics	AI use: LLMs
Location: Wales	Future adoption plans: No plans for further adoption
Number of staff: 30	

The company is a regional coach and bus operator based in Wales, with thirty employees that includes 2 office staff, technicians and drivers. The business provides scheduled coach services for the rural local area, running both local government-contracted routes and private hire services. They are in the process of expanding the infrastructure with a new depot.

The management team is small. An operations manager, Harry, handles scheduling, driver allocation, rotas and day-to-day problem solving, while the director, Darren, takes responsibility for contracts, commercial decisions, and business development. HR support is provided through an external consultant rather than in-house staff.

AI Adoption

Adoption of new technology has historically been shaped by government initiatives rather than the organisation's own innovation, such as contactless card payments and tap-on/off card readers. They only moved to a cloud-based rather than physical diary booking system relatively recently. AI adoption was informal and led by individuals, with both managers enthusiastic about AI but seeing it as a productivity tool rather than a transformative business investment. They described themselves as relatively tech-forward compared to competitors in the regional bus sector, attributing this partly to being younger than many in the industry. Neither had sought external advice or involved other staff in the decision. Adoption has been ongoing for over twelve months, with new use cases emerging organically - often prompted by news articles about AI capabilities.

Both were using LLMs (Claude and ChatGPT) across a range of operational and administrative tasks. Harry had developed a workflow for driver scheduling and rota checking, in which he uploads weekly driver schedules for Claude to check against a specific set of instructions. He asks Claude to check the rota for conflicts such as double-booking drivers, allocating manual vehicles to drivers licensed only for automatics, or leaving services uncovered. Claude itself has also helped to refine the instruction set over time.

Both have also used AI to transform rough notes into more polished and professional communications, including driver performance notices, formal complaints and passenger-facing announcements. As HR is external, Darren and Harry have also been using AI to sense-check HR procedures and draft improvement notices before consulting the specialist. They noted that the advice is often very similar between AI and their consultants.

Darren had also used an LLM to analyse a legal dispute with a local authority. The LLM suggested engaging a solicitor. After receiving a quote to begin proceedings, the company opted not to pursue the matter through legal channels.

ChatGPT was also used for quantity surveying architectural plans for a new depot, to generate materials estimates such as the amount of tarmac required or pricing sanitary utilities. Darren noted that the prices provided closely aligned with quotes from a professional quantity surveyor. He has also used AI to produce ballpark financial figures ahead of accountant meetings and to analyse the impact of political decisions and rising fuel prices on the business.

Barriers to wider / further use

The most significant barrier to further use was Harry's perception that AI outputs are not always correct. He gave the example of requesting NaPTAN bus stop codes from ChatGPT and receiving mostly incorrect results. Darren also noted that errors are more noticeable when you have specialist knowledge. He felt that because AI requires human review of all generated content, it limits the time savings achievable.

"[I'd use AI] just to get a ballpark figure before you go speak to the accountant, just to make yourself feel a little bit more in the loop on things. And then you go and speak to a professional. It's got to be in conjunction [with a professional]. I don't take it all as red, you know, you've got to double-check it because a lot of times it is wrong." (Darren, Director)

Harry was using the free version of Claude and occasionally hits usage limits during working hours, which he described as inconvenient rather than incentivising the business to pay for a full business account. He acknowledged that if there were flexible pricing options they would look into it.

Impact of AI adoption

The managers felt that AI saved them significant time in automating more laborious tasks, such as scheduling and rota-checking, although they were not able to put an exact figure on time saved. While they were able to sense-check financial, HR and legal matters with AI, they continued to verify these with professional consultations.

"I couldn't quantify it to be honest. It just saves a lot of time, and it makes a quite hard, laborious task much easier. When I say just little things like having a set of instructions that I can copy and paste in and then, oh Claude, could you make this into a nicer instruction for yourself? And it's, yep, this is how I'd like it. And I've just got it there, lovely, so I can use the same instruction every week. Brilliant, saves me so much time." (Harry, Operations manager)

AI has not had any impact on staffing. However, when asked about the possibility of adopting more autonomous AI (e.g. agentic systems capable of end-to-end decision-making), Harry's immediate response was concern about what this would mean for his role. Overall, AI is seen as a tool that makes the business run more efficiently given its current headcount, rather than one that has driven or could drive measurable revenue growth.

Perceptions of trust and safety

Both Harry and Darren trusted AI as a useful starting point and productivity aid, but neither took its outputs as definitive. They were consistently cross-referencing AI-generated content with professional advisers and while they reported that outputs are frequently confirmed as accurate, there was no sense that AI would be trusted to be used instead. Both acknowledged a background concern about uploading commercial data such as schedules, architectural drawings and legal documents to AI platforms, although this has not stopped them doing so. Neither has sought formal guidance on data governance.

Harry had used old schedules to validate AI's performance before relying on it as a part of everyday operations. Neither manager has automated any process end-to-end using AI; all outputs require human review and approval before being acted upon.

Case study 3: A small fashion retailer

Sector: Retail	AI use: LLMs
Location: Midlands	Future adoption plans: No plans for further adoption
Number of staff: 6	

This business is an independent online fashion retailer specialising in women's clothing from a curated portfolio of predominantly European designers. Products are organised by designer and by curated themes. The business differentiates itself through specialist curation, personalised service, and access to labels not widely available on the UK high street.

It serves a loyal, predominantly older female customer base internationally, with markets in the UK, USA, Australia, New Zealand, Canada, and across Europe. Products are sold via an e-commerce website and email marketing which adds up to around 18,000 website sessions per month. Customer relationships are seen as personal: staff model the clothes, write newsletter-style emails, and regularly speak with customers by phone.

The team of 6 includes the owner (who leads buying), 2 co-managers (day-to-day operations, customer communications, and email marketing), a photographer/creative, and a creative-technical staff member. An outsourced SEO consultant attends weekly. They migrated to an e-commerce platform-based website approximately 2 years ago, replacing a long-standing bespoke system managed by an external developer.

AI Adoption

AI use is modest and informal, with no formal policies governing it. The co-managers, Lola and Tabitha, use a free Gemini account primarily for refining grammar and improving the flow of marketing email copy, and generating meta descriptions for product uploads onto their website which are search engine optimised. The email marketing platform's AI feature is also used occasionally for subject line ideas.

The photographer, Grace, uses a personal paid ChatGPT account for writing assistance, blog posts in HTML, and quick queries. Grace occasionally also uses AI-powered generative fill Photoshop to extend or restore images and automatic AI captioning in video editing software for social media reels. An AI-enabled subject-tracking gimbal is used occasionally for filming.

The old website system had become incompatible with modern payment systems, browsers, and SEO requirements, leading the team to move to Shopify, and learning came largely from trial and error. The team also experimented with Shopify's built-in AI assistant, but this has been largely abandoned as they found it consistently returned inaccurate analytics data.

"You have to put so much detail in for it [E-commerce platform's AI assistant] to understand. So, you think, I might as well just go on the analytics myself and see everything directly." (Tabitha, Co-manager)

Attitudes vary across the team by age and personal experience: younger staff are more curious and confident whereas longer-serving colleagues more cautious. On the whole, the business is conscious of protecting what makes it distinctive - its informal, personal tone and the close relationships staff have built with customers over many years.

The initial use of Gemini was as an experiment to see if it could help with writing specific branding and marketing material. There was no management-led decision; staff began experimenting individually. Grace's use was influenced by her partner's business use of AI.

"At the beginning you sort of didn't feel shameful for using it, but you want to try and do it yourself first. I don't want to use it too much because I could easily get a bit carried away." (Tabitha, Co-manager)

Barriers to wider / further use

The most significant barrier is trust in accuracy. Poor results from the e-commerce platform's built-in AI tool have dampened enthusiasm for AI-assisted data more broadly. Time constraints also limit exploration, the staff feel they cannot research new tools while managing heavy operational workloads.

Tabitha also mentioned making a conscious effort to preserve the staff's own writing skills and a brand voice. She was wary that heavy use could produce content that sounds generically 'AI-y' - a criticism which was once raised internally when reviewing a marketing email.

Privacy concerns are a further limit, Lola stated that she would not enter even her first name into an AI tool, as she was uncertain about how Gemini uses data. Her Google account is in her first name. Environmental concerns about AI energy and water consumption were additionally raised by Grace as a personal consideration.

Reliability improvements would lower barriers. The team would reconsider the e-commerce platform's AI if it returned accurate data. The co-managers could also see clear potential for AI to reduce time spent on repetitive data tasks, such as the manual entry of product information and customs documentation, but felt that current tools were not reliable or well-integrated enough to deliver on that promise.

Impact of AI adoption

The clearest productivity gain is in SEO copywriting: AI accelerates meta description production across hundreds of products. For email marketing, the team expressed that AI has improved quality and consistency rather than dramatically reducing time. Grace's use of AI in editing software saves time and has enabled an image restoration service as an additional offering. No impact on staffing has occurred, and none is anticipated in the near term: buying, customer service, modelling, and

fulfilment are seen as requiring human presence and judgement that the business is unwilling to replace.

The team could see future potential uses of AI in researching trends, design inspiration, demand forecasting, automated customs data, and potentially virtual try-on technology, though the older customer demographic was noted as a likely constraint on uptake.

"I think it's inevitable, whether you want to use it or not. It's going to be used for the better, it's there to help." (Grace, Photographer)

Perceptions of trust and safety

For low-risk creative tasks like copywriting, grammar, image editing, trust is relatively high and reinforced by the consistency of AI outputs. As mentioned previously, for data and analytics, trust has been actively undermined by the co-managers' experiences with the -ecommerce platform's AI tool.

"I trust it more than my own writing. I know it's going to be an improvement, so I'd rather produce something accurate than something that doesn't make sense." (Grace, Photographer)

All AI-generated content is reviewed before use. The team's practice is to write a draft first, use AI to refine it, then edit the output to restore brand voice, removing characteristic AI phrasing and ensuring the language feels personal. Lola and Tabitha also avoid entering personal information, citing uncertainty about how it is stored and used.

"I make sure it sounds like us, so it doesn't sound too generic. When we've got a new delivery in, I find it easier to write ourselves about why we're excited, because we know why we've chosen it." (Tabitha, Co-manager)

The team had limited awareness of how competitors or the broader retail industry use AI but knew through personal contacts that some businesses prohibit it in customer-facing roles. They said that they had cited the same concerns about personal service this business holds. The overall stance is one of cautious pragmatism: AI is a useful tool when reliable but should not displace the human relationships at the heart of the business.

Case study 4: A small creative design agency

Sector: Business Services	AI use: Agentic AI, Image generation, LLMs
Location: London	Future adoption plans: Plans for further adoption
Number of staff: 9	

The agency is a small creative and technology company with 9 members of staff, based in London. It offers a range of design and software engineering services, spanning branding and digital marketing, editorial and campaign design, UX/UI, website and e-commerce development, cloud-based and web-based application development, and a growing specialism in 3D modelling, rendering and animation.

The agency's client base is predominantly B2B, spanning service-sector businesses, specialist medical technology companies, and organisations operating in sectors such as defence and the government. Most client relationships are long-standing and built on close collaboration.

The business is divided across operations, design and development. This includes 4 full-time developers, 3 multidisciplinary designers, and an operations manager who oversees finance, HR and administration. The founder and managing director, James, is responsible for new business development, account management, creative direction and overall strategy. The majority of staff work in the office, with one developer working remotely.

AI Adoption

All employees use AI to some extent. The developers having fully embedded AI into their workflows, and designers using AI more experimentally.

The development team uses AI primarily as a coding assistant to review new code against internal quality and security standards, generate tests, and handle small, repetitive tasks. The primary tool used is Claude Code CLI, which has been in place for approximately 6 months and is brought in at later stages of a project, once the core structure has been built by human developers. All AI-generated changes must be reviewed and approved before they are used.

The design team began using AI tools for writing support approximately 2 years ago, initially with ChatGPT, and gradually expanded use as new tools and model updates became available. They use AI mainly for generating and exploring visual ideas, checking and improving written copy, translation, and rapid early-stage prototyping. The tools vary by task and are not yet integrated into a single consistent workflow. Tools in use include Gemini (accessed via Google Workspace), ChatGPT, Claude, Midjourney, and AI features embedded within Adobe Photoshop and Figma.

James' own use ranges from "low-level" tasks (looking up terminology, drafting quick summaries) through to strategic experimentation with agentic systems.

James described the organisation as positive and curious about new technology, with adoption driven primarily from within the development team. Developers were characterised as intrinsically motivated to explore new tools, finding and evaluating new options on a weekly basis. James described an environment where staff are trusted to explore new tools independently.

"It's not something I have to work hard to get people to be interested in... If anything, I have to have my wits about me to make sure the right things are being brought in" (James, Managing Director)

The agency is exploring a range of new options. They are in the early stages of building a more systematic, scalable AI-assisted copywriting function. They are actively exploring how to extend agentic automation to areas such as bug-fixing, support ticket handling and project quoting. James is also experimenting with NotebookLM to build knowledge bases from project documentation such as technical manuals and conversation histories.

Designers are considered somewhat less spontaneously exploratory, though receptive to tools that accelerate existing workflows. James observed that creative professionals may have greater resistance to tools that feel as though they infringe on judgement or craft, as distinct from tools that simply speed up execution.

James has the final say on decisions made around technology, and he has set out an informal rule that new modes of AI usage should be discussed with him before being deployed. No formal AI policy exists in written form, though security considerations (around access permissions, repository exposure, and token costs) are factored into decisions about new tools and workflows.

Barriers to wider / further use

In terms of expanding their AI use further, James is concerned about:

Quality and control in creative work: AI tools for image generation and copywriting are considered effective for early-stage ideation but difficult to use for final outputs without significant human intervention.

Skill atrophy: James was concerned about the long-term atrophy of the team's skills if AI handles an increasing share of cognitive and creative tasks. He questioned whether excessive reliance on AI for copywriting, for example, might diminish designers' ability to think through the communicative intent of their work.

"Does it actually mean that all of the designers and developers no longer think about and become dependent on a tool for every aspect of their work?"
(James, Managing Director)

Cost and scalability: The designer, Catia, flagged a concern that current token-based pricing models may not reflect the eventual commercial reality. She thought that

tools that appear affordable now may become significantly more expensive over time.

Data security: The agency works with clients in sensitive sectors and handles proprietary technical documentation. They were aware of the risks associated with data exposure through AI systems, but a formal security protocol does not yet exist.

Impact of AI adoption

The clearest impact described was on development speed. The development lead estimated that tasks previously taking approximately one week now take 3 to 4 days. This is attributed primarily to AI systems which have reduced the manual overhead of quality assurance. For the design team, AI has substantially accelerated the concept development and iteration phase, reducing the time between an initial idea and a testable visual output.

James indicated that AI has changed how he thinks about recruitment, particularly around junior and specialist roles. For example, the business no longer needs a copywriter. He expressed an ambivalence about the broader staffing implications. While the technology creates conditions in which the same or greater output could theoretically be achieved with fewer people, he stated a preference for maintaining headcount and directing productivity gains towards doing more, rather than doing the same with less. He also acknowledged a concern about the pipeline of junior talent if AI makes entry-level roles increasingly difficult to justify.

The owner stated that AI has had a huge impact on the industry in general, with less demand for the type of work the organisation has historically provided. This was reflected in how staff felt that their roles were dramatically changing. The development lead expressed that his role will likely evolve towards decision-making and planning rather than hands-on coding. The lead designer similarly anticipated that her role would transition to focusing on relationships, strategic direction and creative judgement, rather than executing design tasks herself. James described AI as a "major" driver of transformation for the business, while also expressing scepticism about an entirely automated future, stating a preference for a business that remains human in character.

Perceptions of trust and safety

"AI is never late, never ill"

James described trust in terms of reliability and availability but qualified this with scepticism about the accuracy of outputs, particularly in creative and visual work. Similarly, the development lead explained that all changes must be reviewed and approved by a human before they are committed or pushed to a staging environment.

The designer interviewed also noted that AI accuracy in visual work (particularly generating images containing text or geographically specific content) has historically been unreliable, though improving. She emphasised the importance of verifying sources when using AI for research and fact checking.

Human oversight of AI is treated as non-negotiable. The development team's workflow ensures no AI output reaches any live or staging environment without explicit human review. In creative work, oversight is inherent in the iterative process: AI outputs are treated as starting points or references, not final assets.

James acknowledged the absence of a formal written AI policy and expressed some surprise that clients have not yet raised due diligence questions about AI use. He described this as "slightly nuts" given the sensitivity of some of the work and indicated a readiness to engage in those conversations when they arise.

Case study 5: A small outdoor play charity

Sector: Arts/Other	AI use: LLMs, Image generation
Location: London	Future adoption plans: Some plans for further adoption
Number of staff: 7 (plus 60+ temp staff)	

The organisation is an outdoor play centre and charity in London, with a mission to provide free or low-cost play, creative, and outdoor opportunities to children and young people. It has a particular focus on inclusion for those with special needs and disabilities. Services include adventure playgrounds, a karting track, a nature garden, holiday clubs, after-school programmes, and paid venue hire for private bookings and school groups.

The organisation is small, with a core office team of 7 staff who are a mix of full-time and part-time employees. The staff are supported by around 60–70 play workers and a pool of young volunteers. Funding comes primarily from government grants and local council contracts, which also provide referrals for children with disabilities. Income is then supplemented through paid bookings and donations.

AI Adoption

The organisation's AI use is primarily driven by Rosa, the finance and operations administrator. She has been using ChatGPT for approximately 2 years, both personally and professionally. A paid ChatGPT Plus account was recently set up for the organisation, with access shared among 3 staff members. Uses for this account include drafting and refining emails, writing and checking HR policies and contracts, creating social media captions and marketing materials, generating image concepts for posters, and obtaining quick answers to practical queries.

"I would take at least 6 hours to really make the poster the way I wanted it to look. And now I can just tell AI ... and that's, you know, from one or two days finishing an image to half an hour. Then I can focus on other important things." (Rosa, Finance and operations administrator)

AI features are also embedded in the organisation's finance system, QuickBooks, which was adopted approximately a year ago. It uses AI to suggest transaction categorisations and match invoices. Canva, used widely across the team for design, incorporates AI image-generation features that some staff have begun experimenting with.

AI adoption is at an early stage. Rosa described herself as "AI forward," actively encouraging colleagues to experiment with tools. The booking administrator has also become a regular user, particularly for email drafting. However, several staff remain reticent or actively opposed.

“I know that one staff member ... said that she is quite a luddite and she doesn't really want to use anything, so she does everything manually.” (Rosa, Finance and operations administrator)

Rosa attributed this partly to the organisation's culture and partly to wider concerns about digital surveillance and loss of personal autonomy. One staff member quit temporarily over the introduction of digital timesheets.

“We're very natural, outdoorsy; we're all about nature and people being human” (Rosa, Finance and operations administrator)

Barriers to wider / further use

The primary barriers are attitudinal: staff reluctance, distrust of technology, and a preference for human-centred working. There is no specific plan for broader rollout or formal training, and Rosa acknowledged she was largely alone in championing adoption.

“I'm almost the only one I think in this organisation that uses as much as I use now.” (Rosa, Finance and operations administrator)

Rosa also raised a sector-level concern that as AI becomes ubiquitous in grant writing, proposals from different charities risk looking too similar and undermines the qualities which make charities distinct from each other.

“If everyone starts using AI, I think the proposals will start looking very much the same, and there will be a struggle ... charities depend on grants” (Rosa, Finance and operations administrator)

Impact of AI adoption

Rosa identified time saving as the primary impact that AI has had on the organisation. She framed this in terms of enabling a small team to achieve more with limited resources. Secondary benefits included improvements in accessibility (simplifying language for neurodivergent service users), enhanced accuracy in communications and documents, and some improvements in reporting quality. Although the organisation has not yet been able to measure any direct impact on revenue or grant success.

AI has not influenced staffing decisions. Recruitment and job roles remain unchanged, and Rosa noted that, given accuracy limitations and the ongoing need for human oversight, AI was unlikely to replace any roles soon. Rosa expected gradual, incremental normalisation of AI use as more staff grow comfortable with the tools, rather than any large structural changes.

Perceptions of trust and safety

Rosa was confident in AI's utility for everyday tasks, but alert to limitations around accuracy and data privacy.

“I trust it to give me the information that I need daily ... but I don’t trust it to keep it confidential.” (Rosa, Finance and operations administrator)

Data privacy was her most significant concern, particularly around the potential for sensitive organisational information such as grant proposals, financial data or HR documents, to be used in model training or accessed by third parties. She was aware of data-training opt-out settings and had informally advised colleagues to use them, while acknowledging that no formal policy exists.

“There should be a policy that all employees would read ... if you’re going to upload any confidential information, then you need to have the setting off. ... But that’s a thing to think about.” (Rosa, Finance and operations administrator)

On human oversight, Rosa described checking AI outputs for consequential tasks, though most use involved relatively low-stakes content where verification was less rigorous. There are no formal review processes in place. She expressed the view that greater public education about AI privacy settings should be led by government and would meaningfully increase trust in the technology.

“I think most people just use it. They don’t even know there’s a privacy setting. They don’t even think about those things unless they’re told about it ... that’s one thing that the government should do, is teach them about this - what the privacy issues are, what the ethical issues are.” (Rosa, Finance and operations administrator)

Case study 6: A mid-sized event venue

Sector: Hospitality	AI use: LLMs, Image generation
Location: South East England	Future adoption plans: Some plans for further adoption
Number of staff: 40	

This conference, training and events venue is part of a larger parent body specialising in management and leadership research. The venue has around 60 bedrooms, multiple meeting rooms, and leisure facilities across its 40 acres. Roughly 20 per cent of bookings come from the parent organisation's own training programmes; the remaining 80 per cent are external conferences, corporate events, weddings, and other functions. The venue employs almost 40 staff across reception, housekeeping, hospitality, catering, and sales, managed by a small senior team. Much of its business has historically come through word of mouth.

AI Adoption

AI use within the venue has been driven primarily by the operations manager, Niko, who has been using ChatGPT at work for 3 to 4 years, after trying it out in his personal life. He mostly uses it for drafting and refining client emails, asking for advice on how to update the venue's website, help with developing marketing materials, and researching potential routes for attracting new customers. Niko has set up dedicated ChatGPT projects for email drafting and marketing materials, each with specific starting prompts, to increase efficiency and make sure outputs match his usual language and tone without sounding like they have been written using AI. He finds it particularly helpful as English is not his first language, and so using ChatGPT helps improve his spelling and grammar, although he sometimes worries that this will make it obvious that the emails have not been written by him.

"So, most of the time, like for example for the email checker, I don't have to give [ChatGPT] any prompts because I added some on the project. So, I basically told it what I want from the email. So, it's to sound like me, obviously someone whose English is not the first language, and to always finish with kind regards, to not use em-dashes and things like that so it doesn't sound like you're using AI." (Niko, operations manager)

Around 6 months before the interview, the parent organisation introduced Copilot across the wider workforce. Completion of an online training programme was compulsory to receive a licence, and staff were required to sign a usage policy prohibiting the uploading of sensitive commercial data. Despite this, Niko observed that few colleagues were making regular use of the tool since completing the training. He occasionally uses it for data tasks, such as counting dietary preferences from event spreadsheets and reformatting guest name lists.

Barriers to wider / further use

The main barriers to broader adoption were a limited understanding of what AI tools can do, concern among some staff that AI might replace their jobs, and a tendency among those who had tried it to not sufficiently review outputs. Niko noted that the Copilot rollout would have benefited from more practical, facilitated training rather than self-directed online modules, and from clearer guidance on specific tasks it could be used for within different roles.

“So it was very basic training. I mean, there are more modules that you can go more advanced into to learn more about how to use it. But the basic training that you needed to know in order for you to have Copilot, it was quite basic and simple, just a couple of hours of training... No one really seems to be using it or no one seems to be interested in it. We just carry on doing our jobs the same way as we do.” (Niko, operations manager)

Impact of AI adoption

For Niko, AI has had a meaningful impact on productivity and cost. Email drafting time was estimated to have roughly halved. A wedding brochure produced using ChatGPT and Canva replaced a process that would have previously taken several months and would have involved paying for external design and print agencies. Wayfinding signage and an outdoor banner were also produced in-house using the same approach. Niko estimated the main saving was financial rather than time - work that would otherwise have required paid external resource was completed internally. He also noted that his expanded use of marketing tools, enabled partly by AI, had supported his personal progression into more of a marketing role than purely operational.

AI had not directly affected staffing decisions, though Niko acknowledged that the venue was effectively operating without a marketing team because AI tools had made it possible for one person to cover those functions, and therefore they were not likely to hire marketing staff. Job displacement was not seen as an immediate risk for core hospitality roles, though the manager suggested content creation roles within the parent organisation could be more susceptible over time to being displaced with AI.

“We haven't got really a marketing team, it's just me doing what I can and what I know, and with the help of ChatGPT or whatever I use, or AI Copilot or whatever. So the company itself is saving money not having someone, whereas if no one like myself knew those things, the company, to move forward into the future, we would need someone to work to do that.” (Niko, operations manager)

Perceptions of trust and safety

Niko rated his trust in AI tools at around 70 per cent and reported that he always reviews outputs before use to check for accuracy. He gave examples of errors he had caught, such as a draft email that referred to a wheelchair user 'walking through

the venue', and a colleague's planning document that referenced a facility that does not exist at the venue. Oversight of AI use across the organisation was limited to the usage policy signed at onboarding; there was no active monitoring, and it was not something that staff discussed much among themselves. Niko's main concerns about AI more broadly were the storage of commercially sensitive data by external providers, and the risk of AI taking away the "human touch" of the business's communication with customers that he believed was a core feature of their success.

"So ChatGPT and Copilot. I would say, uh, 70% I trust, but I still will read what it does. I still will keep an eye on, and, and I never send everything that it gives me, I still check it. But again, it's based on experience. I've done things where I've noticed that, oh yeah, it's actually nothing to do with what I've just asked, or it's not really done what I've asked him to do... You still have to have your own input into it and make sure that whatever you do, it still looks like you or the company you work for, and that it still shows the essence of the company, not a robot writing for you." (Niko, operations manager)

Case study 7: A small arts organisation

Sector: Arts/Other	AI use: LLMs, Image generation, digital sculpting programme
Location: Midlands	Future adoption plans: No plans for further adoption
Number of staff: 10	

The business is a family-run artistic manufacturing firm that has operated for over 30 years, run by the owner, Lee, with his wife and son. They serve a wide range of high-profile clients and offer unusually broad in-house capabilities, from engineering and welding to sculpting, mould-making, and prototyping. The team is small, with 9 employees plus outworkers. All employees are skilled across sculpting, engineering and painting. The team has a low turnover rate, with most employees joining out of school and being trained and upskilled on the job.

AI Adoption

Lee, described himself as open and enthusiastic towards new technology, taking the pragmatic view that if something proved beneficial it was worth adopting, and if not, it could simply be ignored. AI was treated as a tool rather than a replacement for human judgement, with the business deliberately avoiding over-reliance on it. He was cautious about investing in hardware or software that might quickly become outdated.

AI adoption had been a gradual, informal process, driven largely by word of mouth among the team and awareness of features being rolled out by platforms the business was already using, such as Shopify. Decisions about new tools were being made collectively across the team, with the key criterion being whether the tool fully delivered on what was hoped for during a trial period. Lee explained that they would usually use a new tool on a free-trial basis before any financial commitment was made.

The company was using AI primarily in 2 areas: design and marketing. On the design side, staff were using digital sculpting programs to produce master patterns and 3D models, with AI-assisted tools being used alongside traditional hand sculpting in clay and wax. For marketing, the business had been utilising AI features built into its existing Shopify platform, including photo editing and background generation, as well as Google Analytics' AI tools for advertising strategy and campaign management. AI was also being used occasionally for letter writing and business correspondence.

AI tools were being used by most members of the team in some capacity, each applying them to whatever task was relevant at the time. However, the more advanced digital sculpting programs were primarily operated by one technically

skilled employee, while the owner and others were using the more accessible marketing and photography tools.

Barriers to wider / further use

The main barrier to further AI adoption was described as the inherent artistic limitation of digital tools; the difficulty of replicating the feeling and human touch of hand-sculpted work, which many clients were specifically requesting. A more practical barrier was the cost and scarcity of large-format 3D printers in the UK, which meant that large-scale printed work was being outsourced to manufacturers in Korea, China, and Poland at a fraction of the domestic price.

“Digital sculpting programmes weren't brilliant at the beginning, and it was all pretty simple stuff. But now it's got better and better, although it's still missing the artist's type of input. It is digital, you know what I mean? And there's no— difficult to get a feeling into something that's three-dimensional, like a sculpture, digitally. It's very difficult to get a feeling in it that you're supposed to have in a sculpture.” (Lee, Owner and business manager)

Lee did not express a strong desire to overcome these barriers in the near future. He was satisfied that the business was using AI to its practical maximum given the hand-crafted nature of much of its output and saw no viable case for investing in expensive large-format printing equipment. Instead, he was relying on trusted overseas suppliers and specialist outworkers to fill gaps without taking on the financial risk of major investment.

Impact of AI adoption

Lee described the impact of AI as a "huge benefit," particularly in the origination phase (the process of moving from an initial idea through to a first finished item). Time savings were described as "phenomenal," and freed-up capacity could be directly converted into the ability to take on additional projects. While no precise figures were given, the business had been experiencing growth that was attributed in part to AI adoption.

“Oh, time saving to get to a better end result, has been phenomenal. Been a massive increase, but I haven't done any sums myself to— it's time, isn't it? The more time you get freed up on one job now, if one job's taking hours, if one turn's job's taking hours, less time, hours you put into the next one.” (Lee, Owner and business manager)

AI had eliminated the need to hire or commission professional photographers, as the Shopify AI photo editing tools were enabling the team to produce high-quality product imagery in-house from informal bench photographs. The owner did not anticipate any reduction in the core workforce, as the majority of the company's work remained dependent on skilled hand-to-eye craftsmanship.

The owner expected AI to become increasingly dominant globally, pointing to the scale of investment in AI companies and the race between China and America as indicators of its trajectory. Within the business, however, he did not foresee robots

replacing craftspeople within his lifetime, citing the intricacy and expense involved. He viewed the company as already close to the limit of where AI could usefully be applied given the nature of its work.

Perceptions of trust and safety

Lee took a pragmatic, output-focused view of AI, expressing little concern about how it functioned internally and focusing instead on whether it produced the desired end result. Quality assurance for digital models was handled through an iterative review process, as it was fairly easy to make corrections on the digital files. He also raised the relationship between AI and copyright as a concern, acknowledging that the company's work and images were regularly being copied.

Lee saw AI as a helpful supplementary tool for some simpler projects but ensured that clients were always offered the choice between digital and hand-made processes with transparent pricing for both.

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