

AI Adoption Plan: Professional and Business Services

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Department for Science, Innovation and Technology

June 8, 2026

[Department for
Science, Innovation
& Technology](#)

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Introduction

In my global role advising management consultancy clients across sectors, I see first-hand that the Professional and Business Services ([PBS](#)) sector is being reshaped by artificial intelligence and digital technologies. These developments are changing how firms deliver services, organise work, and compete.

For the [UK](#) to remain a global leader in professional services, firms will need to adopt these technologies more quickly while managing risks for businesses, workers, and clients.

[PBS](#) is expected to be one of the [UK](#) sectors most affected by automation which will no doubt create new jobs, while around 13.7% of roles are at risk of substitution and a further 52.8% are likely to be significantly augmented. This underlines both the scale of the opportunity and the importance of active transition.

[AI](#) is now an important driver of productivity and competitiveness across professional services. International competitors are moving from pilots to scaled deployment across legal, consulting, advisory, and accounting services, so the [UK](#) will need faster and more coordinated adoption to maintain its competitive position.

Adoption is increasing, in December 2025, 43.4% of [PBS](#) firms reported using [AI](#), up from 31.4% in December 2024. However, significant barriers remain, including limited in-house expertise, concerns around safety and transparency, and the cost of implementation. Addressing these constraints will be critical to unlocking the full benefits of [AI](#) across the sector.

The Professional and Business Services ([PBS](#)) sector is a central driver of [UK](#) economic growth, accounting for around 12% of economic activity. It has a deeply symbiotic relationship with the wider economy, generating £328 in gross value added and supporting around 5 million jobs - equivalent to 14% of total employment. Beyond its direct

contribution, the sector underpins productivity across all industries by providing the expertise, advice and services that enable businesses to scale and innovate.

With a projected £320 billion growth opportunity by 2035, government is taking steps to strengthen the sector's long-term competitiveness. This includes the appointment of a **PBS AI** Champion to drive adoption, build capability, and support the translation of AI opportunities into tangible business outcomes - an appointment I am proud to have taken up.

AI Transformation of PBS

The **PBS** sector stands at an inflection point, with AI and digital innovation enhancing customer interaction, improving employee productivity, and enabling new business models. The sector is expected to be among the most exposed to automation and digital transformation, given its continued reliance on long-established processes and ways of working in areas such as property conveyancing and commercial contract development.

AI adoption is already relatively high, with 43% of businesses using AI. However, in a sector dominated by **SMEs**, the digital adoption gap between larger firms and the wider market is widening. Notably, investment in training has declined, despite growing demand for digital and AI skills among both management and staff.

At the same time, new AI-enabled technology subsectors are emerging across **PBS** - including lawtech, accountancytech, HRtech, proptech and regtech. These have the potential to improve productivity, support cross-border trade, and drive growth - presenting a clear opportunity for the **UK** to lead globally.

For the first time, government has recognised the **PBS** sector as one of the **UK's** 8 growth-driving sectors within the Industrial Strategy. The Sector Plan, published last July, set out a partnership approach with industry focused on accelerating the growth of emerging technology sub-sectors, such as Lawtech and Proptech, supporting firms to adopt AI and digital solutions, and strengthening the leadership and workforce skills needed to manage business transformation. In December, **UK** Research and Innovation further reinforced this ambition by announcing £118 million of investment over the Spending Review period to support research and development across the professional and financial services sectors.

As **PBS AI** Champion, I look forward to working in partnership with the Professional and Business Services Sector Council, industry stakeholders and government to address these challenges, and to support the sector in harnessing AI to sustain global leadership and further strengthen the **UK's** long-established reputation in professional services.

Current rates of AI Adoption in PBS

ONS data shows that average AI usage among PBS firms was 38% across 2025, rising from 35% in March to 43% in December.

As expected, and through what I see daily, larger firms are adopting AI more rapidly than smaller firms, reflecting greater access to capital and technical capability. However, smaller firms and new market entrants are often better able to innovate and capture the benefits of AI-enabled, simplified ways of working, particularly in areas such as property conveyancing and business advisory services.

Professional services firms are among the most enthusiastic adopters of AI, but also among the most anxious. The sector reports the highest level of employer-provided AI usage (64%, compared to 38% nationally), alongside higher rates of employee training. Yet more than half of employees' fear replacement, [11 percentage points above the national average](#). This reflects not technophobia, but familiarity: a workforce that understands the capabilities of the technology because it is already using it.

We see that AI adoption in PBS firms is concentrated in 3 areas:

- improving legacy processes and systems
- developing new advisory and client-facing services
- supporting day-to-day productivity through staff use of AI tools

In practice, firms are prioritising incremental improvements to existing systems, while employees experiment with tools at the task level. As a result, AI is often helping individuals complete the same work more quickly, rather than enabling fundamentally different ways of working. Without corresponding changes to workflows, decision-making and organisational design, these gains remain localised and do not translate into firm-wide productivity improvements.

This has created a gap between bottom-up adoption and top-down transformation. Employees are using AI tools rapidly, often outside formal systems, while organisational change remains focused on pilots and experimentation. The result is uneven capability, the growth of “shadow AI”, and benefits that do not yet scale across firms.

At the same time, leadership assumptions may be constraining investment in workforce transition. While many leaders expect AI to reduce employment, they also anticipate productivity gains. This risks weakening the case for sustained investment in reskilling, redeployment, and entry-level pathways - at precisely the point where clarity and confidence are most needed.

The challenge is now less about awareness of AI's potential and more about execution at scale.

Execution within the frontier sectors

The Industrial Strategy PPS Sector Plan identifies accountancy and audit, legal services, and management consultancy as frontier sectors, reflecting both their strong growth potential and their critical role in enabling productivity across the wider UK economy.

The evidence below demonstrates that these PPS sectors are not only rapidly adopting frontier technologies, particularly AI, but are also diffusing these capabilities across client organisations, reinforcing their designation as frontier sectors within the Industrial Strategy.

- **Legal services:** Clio, the global leader in cloud-based legal technology, in the ninth edition of its annual Legal Trends Report in 2024, highlighted the rapid adoption of artificial intelligence in UK law firms. AI is rapidly transforming UK law firm operations, with 96% of firms incorporating AI, although this varies by size of firm. [Sixty-two percent of UK lawyers expect their AI usage to grow in the coming year](#). PWC segmentation of the legal services market by size shows [AI adoption to taper as firms get smaller](#).
- **Accountancy and audit:** Evidence similarly points to widespread and accelerating AI adoption. [Wolters Kluwer](#) reports that 66% of accountants are already using AI, including 63% of those in business finance functions and 69% in practice. [The Accountancy Bulletin](#) finds that 54% of UK tax firms have invested in AI tools, compared to 39% globally, suggesting the UK is ahead of international peers. [Further surveys indicate strong forward intent](#), with 91% of UK accountants planning to deploy AI by 2025.
- **Management consultancy:** [The Management Consultancies Association \(MCA\)](#) that 66% of firms are expanding AI-related services and 59% are investing in digital technologies. AI is being applied across core activities including information search (57%), model development (56%), and data analysis (54%), primarily to enhance productivity and client delivery. Adoption is already significant, with 53% of consultants using AI in their work, rising to 75% within the Big Four firms. Looking ahead, [94% of consultants expect AI and emerging technologies to be the primary growth driver for client services](#).

Future vision of AI enabled professional services

The [Thomson Reuters Future of Professionals Report 2025](#) highlights that generative AI will transform legal, compliance, tax, accounting, audit, and global trade functions. The report argues that AI will not replace professionals but instead enhance their capabilities - creating a significant competitive advantage for firms that adopt it.

It also identifies a widening divide between organisations that implement AI strategically and those that do not. Firms embracing AI are reported to be twice as likely to increase

revenues, while those that lag risk falling behind.

Barriers to adoption and delivery of business benefits

Evidence suggests that the main barrier to AI adoption in PBS is cultural rather than technical^[footnote 1]. Because PBS firms sell human expertise, adoption can feel like a challenge to professional identity as well as to established ways of working. Without addressing this, many firms are unlikely to move beyond pilots into scaled deployment.

This makes it essential to place the workforce at the centre of adoption. AI should augment professional expertise, improve job quality, and support progression, with clear principles for responsible use, workforce transition, and human oversight.

PBS firms have bought the vision but haven't built the foundations.

PBS firms are advancing AI ambition faster than they are building the capabilities required to deliver it. Three-quarters are not yet ready on core enablers such as data, orchestration, and monitoring, and 70% report limited progress on process redesign. In contrast, 69% have expanded generative AI training and nearly half of the workforce is already using AI tools.

This mismatch creates a sequencing risk: with workforce capability outpacing system and process readiness. Without addressing this imbalance, firms risk disillusionment, stalled adoption and unrealised productivity gains.

With the right enabling framework, however, AI adoption has the potential to modernise PBS - augmenting professional judgement, improving service quality, reducing low-value activity and enabling new advisory models. This would strengthen competitiveness across firms of all sizes, support a shift towards higher-value work, and reinforce the UK's position as a global leader in trusted professional and business services.

PBS AI Champion Remit

The PBS AI Champion acts as a strategic link between industry and government, supporting responsible AI adoption across the sector.

The role focuses on 4 priorities:

1. **Encourage AI adoption among PBS SMEs to drive growth** and improve productivity
2. **Advise on regulatory and policy changes** needed to safeguard the UK PBS sector's global reputation and strengthen its competitive position

3. **Promote the UK PBS sector internationally** as a leader in AI adoption
4. **Produce a roadmap for AI-enabled growth** to accelerate AI adoption, boost competitiveness, and support delivery of key strategy objectives, launched at a year-end event.

I will also support efforts to position the UK PBS sector as a trusted deployer of AI.

2026 to 2027 activities

Encouraging AI adoption to enable growth

- **Engage SMEs:** I will engage PBS SMEs across the 5 regional hub areas to identify the key barriers to AI adoption. Insights from this engagement will inform the development of 2 practical tools, co-developed with government and industry, to support uptake:
 - **AI Security Health Check:** A short, easy-to-complete diagnostic providing a rapid assessment of a firm's AI security posture. Targeted at businesses in the early stages of adoption, it offers a clear starting point, highlighting key risks and setting out practical next steps.
 - **Digital Twin Tool:** A modelling tool enabling SMEs to test the potential impact of AI adoption before committing resources. Users can model different scenarios for pace and scale of adoption and assess implications for productivity, workforce, and financial performance. The tool will be delivered through regional hubs as an accessible, low-barrier entry point.
- **Promote tools:** I will promote these tools to PBS SMEs through engagement with industry targeted communications via industry networks and social media, and coordinated dissemination through regional hubs and government channels.

Case study: [Vodafone UK](#)

Introduced generative AI into customer service in a way that improved outcomes for customers while supporting retention and development of frontline staff. Through its VOXI brand, Vodafone deployed the UK telecommunications sector's first customer-facing generative AI chatbot to handle routine enquiries. Crucially, the design assumed that not all interactions should be automated: customers could be transferred easily to human agents, and the AI was positioned as a first line of support rather than a replacement. Over time, staff benefited from reduced handling time on routine issues and greater capacity to deal with complex cases, helping normalise AI use as part of everyday service delivery.

Fostering a competitive regulatory landscape

- **Convene industry:** I will convene industry stakeholders to work with key regulators and Departments on where regulatory changes or guidance will benefit industry. This will ensure the UK maintains a safe, trusted operating environment while strengthening the global competitiveness of PBS firms.
- **Recommendations:** This engagement will underpin clear recommendations, building on the Sector Plan, to ministers on guidance required to enable innovation and responsible AI adoption across the sector, serving as purposeful advice for businesses.

Promoting a global UK PBS sector - Inspiration and lessons from overseas

- **Targeted delegations:** International experience should inform the UK's approach to innovation, capability development, and global competitiveness. Leading targeted PBS delegation would provide a valuable opportunity for direct knowledge exchange.

Given New York City's position as one of the world's leading centres for Professional and Business Services - with over 1.4 million PBS employees and a highly developed, office-based economy spanning finance, legal, and professional services - a targeted PBS delegation would provide a valuable opportunity for direct knowledge exchange.

- **Learn best practice:** Outputs from the delegation and wider international engagement will be shared with DBT, the PBS Council, and industry stakeholders to strengthen our evidence-base and consider what could be emulated or tailored to the UK, enhancing commitments in the Sector Plan.

A Sector-Informed Roadmap for AI-Enabled Growth

- **Roadmap for businesses:** As the final component of the 2026 programme, I will consolidate insights from across all workstreams into a set of sector-led recommendations for businesses, which directly address firm-level concerns, on actions to accelerate AI adoption. This will be developed in close consultation with the PBS Council.
- **Promotion:** Findings will be formally disseminated through an end-of-year event delivered in partnership with the PBS Council. This will ensure alignment between government and industry, highlight key opportunities, and build momentum behind the next phase of AI-enabled transformation across Professional and Business Services.

PBS AI Champion workplan 2026 to 2027

Role responsibility: Supporting PBS SMEs to adopt AI and digital technologies

Actions:

Sector level engagement with UK PBS SMEs across the 5 regional hub areas to surface the barriers preventing businesses from adopting AI to inform the development of an AI security health check and digital twin tool, designed to help SMEs model the impact of AI adoption on their firm before committing resources

Deliverables and outputs:

Develop an AI Security Health Check and a Digital Twin tool that will be made available via the regional hubs, giving businesses in each area a practical, low-barrier starting point for understanding what AI could mean for their productivity, workforce and growth.

Role responsibility: Recommend necessary regulatory changes to maintain the UK's safe operating framework for businesses and delivering a competitive advantage to UK PBS firms

Actions:

- Engage key regulators to discuss and align thinking on emerging requirements.
- Liaise with business, workforce representatives and key UK Government stakeholders on R&D needs for PBS firms.
- Make key recommendations in end of year update.

Deliverables and outputs:

- Identify obstacles to technology adoption identified in the PBS sector - such as high costs, limited digital infrastructure, or regulatory challenges.
- Deliver advice on necessary changes to ensure a safe operating landscape for businesses.
- Make recommendations to ministers on the necessary regulatory changes.
- Make recommendations to ministers on approaches to driving uptake of R&D initiatives among PBS firms.

Role responsibility: Promoting a global UK PBS sector

Actions:

- Lead PBS AI Champion Trade Mission to New York to identify and highlight the opportunity for UK PBS firms to lead in advising on AI solutions globally and share best practice.
- Identify markets of best practice and make recommendations as to how the UK can mirror success^{[\[footnote 1\]](#)}

Deliverables and outputs:

- **PBS AI** Champion Trade Mission delivered.
- Businesses more aware of where the opportunities are and how they can land them.
- **UK** is the world's most trusted adviser to global industry and continues to be the world's second largest exporter of **PBS** services.

Role responsibility: Forward recommendations

Actions:

- Consolidated insights developed into a comprehensive suite of recommendations for **DBT** policy makers and ministers.
- End of year sector event delivered with the **PBS** Council to disseminate the key insights, highlight opportunities for government and industry and facilitate discussion on the recommended next steps for driving long term, **AI** enabled transformation across Professional and Business Services.

Deliverables and outputs:

Recommendations and forward steps