How we can seize the opportunity of AI in the workplace

techUK is the trade association for the technology sector in the UK. Our over-1000 members, the majority of which are UK-based SMEs, are based around the United Kingdom. Our members employ 1.1 million people across the UK, with a turnover of £329bn in 2023 and an estimated annual growth rate of 10%.

We have prepared this briefing to help MPs understand key issues for the UK technology sector, what can be done to tackle these issues and the benefits of doing so.

This briefing draws upon:

- Our report *Making AI work for Britain*
- The *Seven Tech Priorities for the next Government and polling of 250 tech industry leaders in February 2023.*

More briefings, both from techUK and our members, can be found on our online briefing hub.

How will AI change the UK’s workplaces?

A new generation of AI enabled digital tools is rapidly emerging, with the ability to undertake tasks that could previously only be done by people. These new tools will ultimately be applied across the economy, impacting all aspects of employment.

There is concern that AI will lead to unemployment. The pace and scale of AI innovation is rapid and as a country, we should accept and prepare for the fact that some sectors and roles will be disrupted more significantly than others. Indeed, ‘slow adopting’ UK companies may lose out to technologically savvy competitors and as with any technological change, parts of the UK’s economy and society risk being left behind if not properly taken care of.

However, there is no historical precedent to suggest that a new wave of technological advancement will reduce the overall number of jobs in the economy, and none of the employment or business outcomes related to technology are pre-determined. Every outcome, from whether UK businesses are left behind to whether the transition is equitable across the country, will be dependent on the decisions made by individuals, companies, and governments over the months and years ahead.

Furthermore, the most likely outcome is that AI tools will augment the work done by people rather than replace it. Given the potential for improving productivity and freeing human creativity from menial tasks, we can and must take the opportunity to prepare for and shape the impact of AI on work.

The impact of this augmentation offers major potential terms of increasing productive capability, which will be essential for boosting the wider economy and
providing more funding for essential services with an ageing population. **The UK is a world leader in AI and ranked highly in ‘AI readiness’, and therefore well placed to take advantage of AI’s opportunities.** What’s more, businesses are confident of the changes that can be brought, with 38% of respondents to recent techUK polling citing AI (excluding generative tools) as offering the greatest promise for their business.

The potential benefits in terms of productivity growth are huge. Research commissioned by Google and undertaken by Public First on the potential impact of AI on the UK economy estimates that **AI tools could create over £400 billion in value for the UK economy by 2030, the equivalent to an annual growth rate of 2.6%.** The report notes that **generative AI could save the average worker in the UK over 100 hours a year,** which would be the single biggest improvement to worker productivity since the arrival of Google Search.

**Policymakers should therefore look at the impact of AI on the labour market as an opportunity rather than a threat** and develop policy responses to harness its power in an increasingly AI-powered global economy.

**What can be done now to help take advantage of AI?**

Taking advantage of AI now means empowering people and businesses to understand how AI will affect their work and equipping them with the skills and tools they need to utilise AI effectively. If we want AI to pull people up as much as possible, work has to begin now. The next Government should:

- **Provide clarity for individuals and businesses on how the law applies to the use of AI at work** by accelerating guidance on how existing legislation and regulation applies to AI. **This will create the foundation of certainty required for working with AI and discussions for how AI should be integrated with workplaces in future.**

- **Help businesses across the economy invest in training their staff** by reforming the Apprenticeship Levy into a broader Apprenticeships and Skills Levy. **This will increase the rate and ease of transferring funds, incentivise small business uptake, and ensure that funds can be spent on a wider range of high quality, accredited courses that ensure employers, both large and small, can find workers with the skills they need.**

- **Strengthen and spotlight pathways into digital and AI jobs for UK workers** by creating a Digital Skills Toolkit 2.0 to help people navigate digital skills and careers, designing an accreditation framework for short modular courses in collaboration with industry that considers how AI could be deployed to enhance the government jobsite and skills toolkit. **This will empower those looking for work to find jobs that suit them and easily prove their skills to employers.**

- **Support SME adoption of productivity-boosting technologies** by establishing a Digital Growth Fund, reallocating money unspent under Help to Grow: Digital, that provides an enhanced deduction of 140% against corporation tax. **This**
would knock 10% off the cost of most software purchases and help 600,000 small businesses adopt new digital technologies, including AI, and ensure they and their communities fully benefit from gains in productivity.

- **Champion AI-enabled flexible working across the economy**: by legislating for a requirement for a right to request flexible and remote working from day one, where this is reasonable for the job on offer (and where it makes sense for the business and employee), creating a Single Enforcement Body to help employers comply with the law, and support the Flexible Working Taskforce to champion flexible work. *This will ensure AI empowers people to work in ways that suit them and their employers, boosting productivity and wellbeing.*

- **Provide support for local and combined authorities to ensure the benefits of tech transformation are felt across the UK**: by reviewing the Local Digital Fund to include business and challenge-led innovation projects and reviewing how the British Business Bank and the National Infrastructure Bank work with local and combined authorities to ensure accessible investment. *The government should also work directly with local and combined authorities to deliver digital skills programmes that target underkilled and under-represented groups, ensuring that every entrepreneur and worker is able to take advantage of the benefits of AI.*

### How can the UK best prepare for an AI-enabled future?

Preparing for an AI future does not just mean making sure workers are best able to operate the levers of the AI machine. Instead, learning, living and working should be made easier and more rewarding through the use of AI. The next Government should work towards:

- **Anticipating changes in the labour market to align skills, training and migration and remaining responsive to tech-powered changes**: by effectively resourcing and staffing the Government’s outlined Central Function for AI, the UK should build up forecasting capabilities and plan for potential future developments in AI and work, working alongside relevant government departments. *This will allow potential developments to be anticipated and prepared for in advance.*

- **Creating a culture of lifelong learning through a flexible and expansive Lifelong Learning Entitlement**: by ensuring people are eligible for an expansive range of courses, including shorter modular courses, by reducing the minimum credit requirement and creating an accreditation system – ultimately enabling flexible use of this fund across people’s careers. Provision should be extended to level 7 taught postgraduate courses, and the upper age limit should be abolished. *This will ensure British workers are always rewarded for seeking new skills and opportunities.*

- **Adopting a collaborative approach to get the regulatory environment for AI right**: by creating a forum to enable a considered and sustained public debate on new and evolving issues related to AI. *This forum would help to gain a*
better understanding of public attitudes to AI and address any emerging areas of concern, ensuring the public can guide the course of AI without simply being subject to developments.

Further actions

If you would like to know more about how AI can work for Britain, you can read our Making AI work for Britain report, the UK Tech Plan and Seven Tech Priorities.

techUK can also arrange a call with yourself and our policy managers so we can brief you on this topic in more detail. If this would be of benefit to you, please contact archie.breare@techuk.org and alice.campbell@techuk.org.

techUK is also able to arrange a meeting between yourself and a member company of ours who has premises in your constituency if possible. This would provide you with a photo opportunity and allow you to discuss the importance of this issue further with a company operating in your constituency.