

Ensuring AI is a force for good in London

A 10-point plan to make AI a win-win for the capital's economy and its workforce

1. Context:

1.1 Commercial Picture

London is a global leader in AI and enjoys early-adopter status. The make-up of the capital's economy, with a strong emphasis on services, mean that the effects of AI on its labour market will be felt sooner, faster and more deeply than elsewhere in the UK and many other cities around the world. The level of exposure that jobs in London have to generative AI – 46% compared to 38% nationally¹ illustrates the point. This creates both a significant opportunity for growth and productivity, and a clear policy imperative to support Londoners through the transition.

Firms recognise the transformative opportunities of AI, although most are still on a voyage of discovery for what it means for their sector and indeed their business. Most firms are grappling three strategic issues:

1. How will AI affect my workforce now and in the future?
2. What's the level of trust in the technology and what does this mean for how I deploy it?
3. How do I scale the opportunity, whilst managing the financial costs of adoption?

1.2 BusinessLDN leadership on AI, skills and workforce

BusinessLDN has brought together a cross-section of senior leaders from across London's economy through its AI Steering Committee, established in partnership with Deloitte. The Committee comprises major employers from financial services, technology, professional services, infrastructure, media and the education sector, providing a unique, employer-led view of how AI is reshaping the workforce.

The Steering Committee is building powerful and practical commercial insights into how AI is affecting jobs and skills in firms across the Capital in real time. It has a twin-focus on what it means for early careers and the entry into the world of work, as well as for existing workers. These insights have helped us to develop actionable recommendations for policymakers – including direct input to the Mayor of London's AI and Jobs Taskforce. Its focus spans three core issues:

1. Which roles and tasks are most affected;
2. How upskilling, reskilling and redeployment should be approached (including the critical 'who pays' question); and
3. How the skills system needs to evolve for the future.

¹ [GLA](#) economics: London's workforce exposure to generative artificial intelligence (April 2026)

This work sits alongside BusinessLDN's leadership of the London Local Skills Improvement Plan (LSIP), which we co-deliver with the Greater London Authority (GLA). The LSIP is an employer-led, city-wide strategy designed to better align training provision with labour market demand and ensure Londoners can access high-quality, well-paid jobs.

2. What we are hearing: key insights on AI, skills and the workforce

Across both the LSIP and our AI work, a consistent message has emerged: digital and AI-related capabilities are now among the fastest growing and most important cross-cutting skills in London's economy. The impact on business and Londoners will be profound: AI is transforming the world of work. Six consistent insights are emerging.

First, while AI adoption is accelerating rapidly it is uneven across sectors, firms and individual workers within those firms – and the gap is widening. For leading adopters it's now a workforce capability and organisational transformation issue.

Firms are using AI in different ways. Some firms are embedding AI into day-to-day workflows in core functions like HR, and some using it for creative idea generation – reducing the need for external agencies - others remain at an earlier stage of adoption.

Most organisations are still grappling with how to convert increased usage into measurable productivity gains and there is a common challenge in demonstrating return on investment and increasing concerns about the cost of technology deployment alongside compliance and cyber security risks.

But the pace of AI adoption is, without doubt, accelerating. There has been a shift in the conversation around AI. What began as experimentation and productivity-focused activity is increasingly becoming a board-level workforce and organisational strategy issue. A greater emphasis is being placed on AI as a tool for thinking and decision-making.

Particular attention is now being paid to agentic AI, which is accelerating discussion around job design, capability requirements and future workforce models.

At the same time, adoption remains uneven and the gap is widening. This is in large part explained by differing capabilities across the workforce. We've identified three key archetypes in business: the enthusiasts pushing ahead, the in-betweeners who are experimenting and a third group who are in danger of being left behind often due to lack of confidence or time.

Second, the impact is currently at the level of tasks rather than whole jobs, but this is evolving quickly.

The impact is still most visible at the level of tasks - for example automating repetitive processes - rather than wholesale job displacement, but employers increasingly believe this distinction may not hold for long. While few organisations report significant workforce reductions linked to AI, many are now examining how roles, team structures and career pathways may evolve over the medium term, particularly as agentic AI capabilities mature.

Third, there is a significant skills and confidence gap.

Employers consistently emphasise that workforce capability, rather than technology, remains the principal constraint on adoption. Competition for AI talent is intensifying, with employers reporting rising salary pressures and continued reliance on international talent pipelines.

Indeed, 78% of London firms forecast a significant need for AI and advanced digital skills over the next five years, according to our LSIP survey² of over 2000 businesses.

For existing employees, the focus is on upskilling rather than reskilling into new roles. Some organisations are moving beyond generic awareness training towards role-based learning pathways, blending baseline AI fundamentals for all staff with more advanced training for specialist groups. Modular bite-sized learning, peer-to-peer support and the integration of AI into everyday workflows are emerging as the most effective approaches. At the same time, employers expect demand to grow for uniquely human capabilities that can't be replicated by AI – key transferable skills including critical thinking, judgement, teamwork, curiosity, problem solving and communication skills.

Fourth, there is a growing concern about entry-level pathways and youth employment.

AI is reducing demand for some entry-level graduate roles that have traditionally provided a route into the labour market, particularly in the legal and professional services sectors. This plays into wider challenges for young Londoners, where unemployment for 16–24-year-olds was 22.5% at the end of 2025 (ONS, 2026). This weaker demand for junior roles comes at the same time as competition for experienced AI-enabled workers intensifies. There is a growing risk of an 'experience gap', where fewer people gain the early-career opportunities required to develop into the skilled workforce of the future. This has implications not only for youth employment but also for the long-term health of London's talent pipeline.

Fifth, business and training providers find the current skills system too slow, fragmented and hard to navigate for this new AI enabled world

Roles are changing quicker than the system can respond; whilst there are good examples of innovative practice at institution level, including from our Steering Committee members Imperial and Brainstation, curriculum development struggles to keep pace with technological change and lags behind employer needs. Policy wise, at all levels of the education system there is uncertainty as to how best to deal with AI. At the same time, there is strong demand from employers for more flexible, stackable modular and applied ongoing training provision that can be updated at pace and aligned to changing business needs. There is growing interest in closer collaboration between employers, universities and training providers, something that BusinessLDN's work on the LSIP is helping to drive.

Finally, there is a critical lack of real-time data on how the labour market is evolving.

Both employers and policymakers are operating with incomplete and often unreliable public information on AI adoption, workforce impacts and emerging skills demand, limiting effective decision-making.

Taken together, these insights point to a system under strain – but also to a major opportunity to improve how London develops and deploys talent.

² <https://www.businessldn.co.uk/news-publications/news/half-of-london-firms-report-skills-gaps-amid-rapid-ai-adoption>

3. Policy asks and actions

Harnessing the benefits of AI and ensuring it works for all London's businesses and citizens will require bold, collaborative action from the Mayor, national Government and business. Our 10-point plan sets out actions that will support entry level pathways into work, support existing workers and business, and taken together will shift the dial for London and Londoners.

A. Actions for the Mayor and London government

1. Establish a pan-London Careers and Skills Service

Create a single, integrated London Careers Service providing clear, real-time guidance to Londoners on jobs, skills pathways and emerging opportunities linked to AI. This will build on the current fragmented careers offer in London, making it easier for parents, young people and employers to engage with careers support. A priority should be to help jobseekers build practical AI capability grounded in real-world usage – important given the scale of AI transformation and jobs exposure expected in the Capital, and within the context of existing high levels of unemployment. The service would include an online hub providing the latest insights and job opportunities.

2. Develop a real-time AI and labour market insights dashboard

With GLA Economics leading a partnership with BusinessLDN and others, tackle the paucity of data by creating a live data platform tracking AI adoption, workforce impacts and emerging skills needs across London. Data should shine a light on why adoption is uneven, how to improve it and helping citizens gain access to trusted and meaningful AI capability.

3. Put employer co-design at the heart of skills provision

Strengthen mechanisms for businesses to co-design AI and digital training with schools, FE colleges, universities and training providers, including modular and stackable AI credentials ensuring real-world application, learning from the lessons of the national Government's AI Skills Hub. This will help ensure AI training keeps pace with evolving need and the co-design approach should include the GLA working with business on the development of AI training solutions identified by the Mayor's AI Taskforce, building on the LSIP model. Training should support responsible AI usage and work to aid decision-making, judgement and structured thinking. Utilise the Adult Skills Fund and the new employer-led Sector Talent Boards to help drive this. Given the speed of transformation and high impact expected in London, it is likely that further investment will be required.

4. Strengthen London's transferable skills

Enable Londoners to develop the work ready, transferable skills that can't be replicated by AI, such as communication and critical thinking. This will equip people to be more resilient and responsive to changes brought about by AI. At the same time, AI itself can be used to support the development of these skills. Building this transferable skills capability can be achieved by consistently embedding these skills in post-16 training and education, including that funded by the London Adult Skills Fund. The shift should be driven by partnerships between businesses, providers and London government.

5. Expand applied learning opportunities at scale

Broker partnerships between employers and education providers to significantly increase access to work placements, project-based learning and AI-related experience. Programmes should combine both AI and transferable skills to ensure learners gain a strong grounding in core job skills and independent thinking. Emphasis should be placed on expanding early-careers opportunities that help young Londoners build experience in an AI-enabled economy and driving social mobility to support those not in education, employment or training (NEETs).

6. Lead by example on public sector adoption

Accelerate AI adoption across City Hall and London's public services, demonstrating how technology can improve productivity and service delivery while enhancing job quality. The key to building public confidence in AI-led public services will be demonstrating simple, friction-free use cases where output clearly outweighs effort.

7. Launch a London-wide AI capability and adoption campaign

Support Londoners and SMEs to build confidence in using AI in everyday life and work, including targeted outreach through community hubs. The priority should be to bring the least informed individuals up to a base level of understanding.

B. What the Mayor should advocate for with national government

8. Reform the skills system to embed AI across all pathways

Ensure AI and digital skills are embedded in education in an applied way that aligns to business usage, spanning the full learner journey across the school national curriculum, technical further education, higher education and adult training – not treated as a niche specialism. If approached correctly – for example, as a tool for helping learners think critically, research effectively and develop judgement – AI has the potential to be a deeply equalising force in education, personalising learning and improving outcomes at scale.

9. Drive a lifelong learning transformation by introducing flexible, modular funding for adult skills

Enable rapid up-skilling of existing employees and job seekers through short, stackable, credit-bearing training aligned to employer demand, building on LSIP priorities, that can be accessed throughout a career and updated as technology evolves. Utilise the Lifelong Learning Entitlement (a new student finance system in England that gives adults access to funding equivalent to four years of post-18 study, which they can use flexibly throughout their working lives to gain new qualifications, upskill or retrain) as a mechanism to achieve this, extending it to Level 7 (Masters level) given the nature of AI and types of many of the graduate jobs impacted by agentic AI.

10. Incentivise employer investment in training

Strengthen the case for training through reforms to the Growth and Skills Levy (GSL) and targeted incentives, particularly for small, medium enterprises (SMEs). These reforms should include allowing the GSL to be used for wider range of modular, short courses designed for reskilling and upskilling. These changes should support recruitment, training and progression opportunities for younger workers and those most exposed to labour-market disruption.

Incentivising this is particularly important given the cost of both doing business and hiring has increased significantly, which may act as a brake on investing in training and development.

C. Actions for business

Commit to scaling up investment in skills and inclusive AI access

BusinessLDN will help to galvanise London business to:

- Treat workforce planning as a board-level AI issue, not an HR issue, given its strategic importance and the high level of disruption expected to be caused by AI
- Support responsible and effective adoption through robust governance and risk management
- Increase investment in applied AI and digital workforce skills training. This should start with the creation of a compulsory "AI Fundamentals" programme for every employee, so that the entire workforce has a baseline understanding of AI, before targeting more advanced training pathways at relevant teams. All training should be applied and bite-sized, to ensure real-world relevance and ease of access.
- Increase investment in critical transferable skills training, including communication, teamwork, critical thinking, treating this with equal importance to AI training strategies.
- Work with education and training providers to co-design relevant and applied learning programmes and credentials
- Measure AI capability, not just training completion, through tracking:
 - employee confidence using AI
 - frequency of use
 - productivity gains
 - proportion of staff reaching defined AI proficiency levels
- Continue to provide forums to help companies develop, share and adopt good practice in inclusive AI adoption. This will include sharing case studies and experiences on key issues such as workforce planning, job redesign, creating an internal AI champions network, applied training strategies, demonstrating what works and what doesn't.
- Consider its role in wider societal capability building to help drive responsible AI adoption, for example encouraging those large employers who are leading the way to share their resources, experience and expertise to support training in their SME supply chain.

This commitment will be underpinned by continued engagement through the BusinessLDN AI Steering Committee and LSIP delivery structures.

Conclusion

AI presents a defining opportunity for London. Done well, it can drive productivity, support business growth and improve job quality. But without action, it risks exacerbating skills gaps and inequality.

London is uniquely well placed to lead – with a strong economy, world-class institutions and a collaborative ecosystem across business, government and education.

The challenge now is to act at pace.

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To see more about BusinessLDN's AI work, click [here](#).