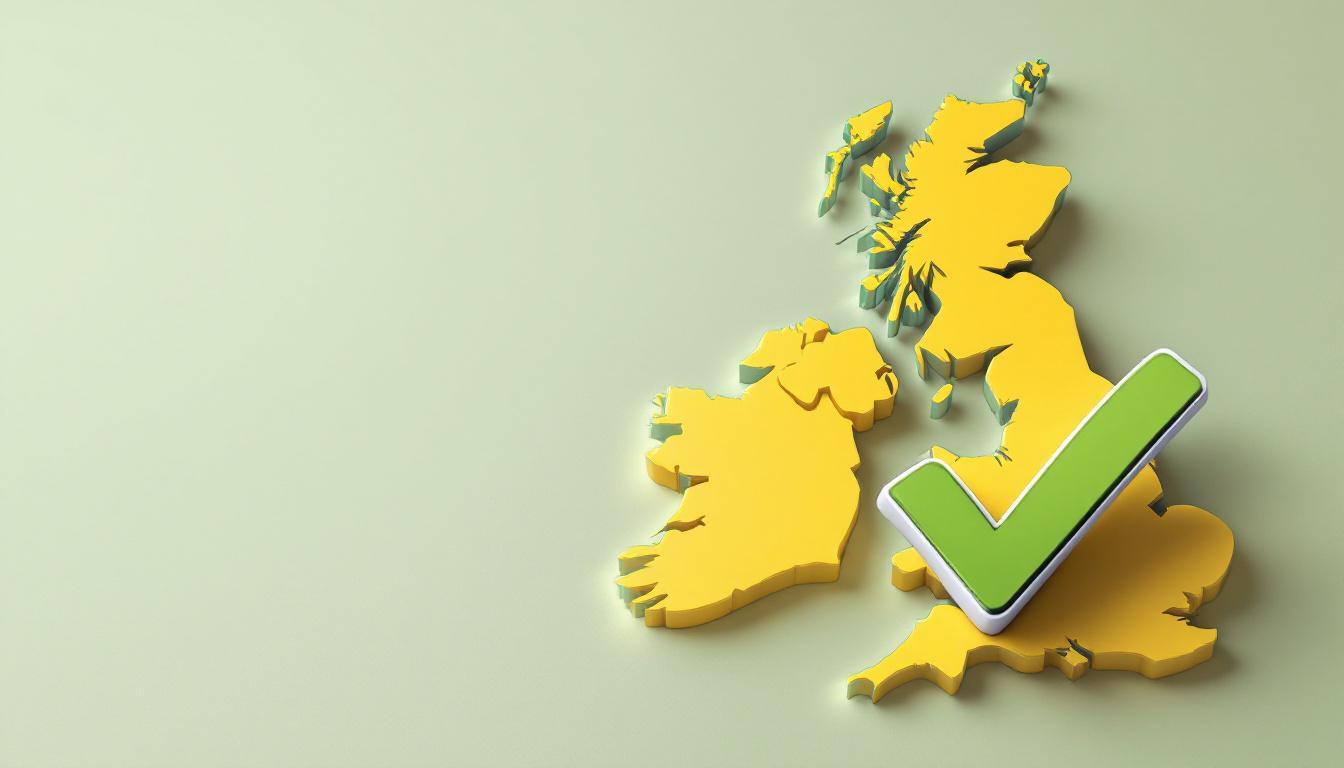
# UK surges ahead in AI use but governance gap puts progress at risk



AI adoption in the UK is rising rapidly, with some reports suggesting as many as 93 per cent of organisations now use AI tools in some form. Sectors including IT, telecommunications and large enterprises are leading the charge, positioning the UK as a global frontrunner in applied AI. But this growth is outpacing the development of governance structures, leaving a critical gap in oversight.

A recent survey by Trustmarque, drawing on insights from over 500 senior IT leaders, reveals that only 7 per cent of UK firms have fully embedded governance frameworks to manage AI risks. These frameworks are vital to ensure transparency, fairness and regulatory compliance—particularly as AI becomes embedded in core business operations.

Despite widespread use, only 4 per cent of organisations say their technology infrastructure is fully AI-ready, and just 8 per cent have integrated governance protocols into their software development processes. Most still rely on outdated systems that don’t address specific AI risks such as model bias or explainability. Fewer than a third routinely test for bias, and less than a quarter assess interpretability—both key to building trusted AI systems.

Basic infrastructure needed for effective oversight remains incomplete. Many organisations lack tools like audit trails, registries or version control for AI models. Just 9 per cent report alignment between IT leadership and governance roles, and nearly one in five have no clear ownership of AI governance at all. Most oversight remains siloed within departments rather than led by senior executives, limiting strategic coherence.

Only 18 per cent of organisations measure governance effectiveness through continuous monitoring or performance indicators. Experts warn this fragmented approach risks compliance failures and operational inefficiencies. “Governance isn’t a brake on innovation—it’s what allows AI to scale safely,” said James McKeown, an AI governance specialist.

Other data paint a mixed picture. While around 68 per cent of large firms report using AI, adoption among small and medium-sized enterprises remains low. Challenges include unclear use cases, cost concerns and limited technical expertise. Meanwhile, although 93 per cent of UK CEOs say their firms use generative AI, fewer than 40 per cent expect profitability gains within a year—though more than half see improvements in employee efficiency.

A report from Amazon Web Services notes that while the UK is adopting AI faster than much of Europe, fewer large enterprises have full AI strategies compared to startups, highlighting a readiness gap.

Efforts to close the governance divide are under way. Local initiatives, such as those by the Oxfordshire Local Enterprise Partnership, aim to equip smaller firms with the skills and tools needed to adopt AI responsibly. Advocates say robust frameworks will reduce manual oversight and accelerate safe deployments.

As AI continues to reshape industries, the message is clear: governance must catch up. Without it, the UK risks undermining the very progress that has put it ahead. But with the right infrastructure, leadership and strategic focus, the country is well placed to lead not only in AI adoption but in setting the global standard for responsible, scalable deployment.

Created by [Amplify](https://www.hbmadvisory.com/amplify): AI-augmented, human-curated content.

## Bibliography

1. <https://www.digit.fyi/uk-firms-charge-ahead-on-ai-but-lack-governance-framework/> - Please view link - unable to able to access data
2. <https://www.gov.uk/government/publications/ai-activity-in-uk-businesses/ai-activity-in-uk-businesses-executive-summary> - In 2023, approximately 15% of UK businesses, equating to 432,000 companies, have adopted at least one AI technology. The adoption rate increases with company size: 68% for large companies, 34% for medium-sized companies, and 15% for small companies. The most prevalent AI solutions include data management and analysis (9%), natural language processing and generation (8%), and machine learning (7%). The IT and telecommunications sector leads in adoption at 29.5%, while hospitality, health, and retail sectors have the lowest adoption rates at around 11.5%.
3. <https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/articles/managementpracticesandtheadoptionoftechnologyandartificialintelligenceinukfirms2023/2025-03-24> - In 2023, 9% of UK firms adopted artificial intelligence (AI), while 69% adopted cloud-based computing systems and applications. Adoption rates varied by management practices: 88% of firms in the top decile of management practice scores adopted at least one advanced technology, compared to 51% in the bottom decile. Large service sector firms were most likely to adopt AI, while large manufacturing firms were most likely to adopt robotics. The primary barriers to AI adoption included difficulty identifying business use cases (39%), cost (21%), and lack of AI expertise (16%).
4. <https://www.pwc.co.uk/press-room/press-releases/research-commentary/2024/uk-ceos-ahead-of-global-peers-on-genai-adoption---93--have-adopt0.html> - According to PwC's 28th Annual Global CEO Survey, 93% of UK CEOs reported that their businesses have adopted generative AI to some extent in the last 12 months, surpassing the global average of 83%. However, only 36% of UK CEOs believe generative AI will increase profitability in the next 12 months, compared to 49% globally. Additionally, 53% of UK CEOs noted that generative AI has already enhanced employee efficiency.
5. <https://www.itpro.com/technology/artificial-intelligence/83-of-uk-organizations-have-no-plan-to-use-ai-any-time-soon-but-why> - Despite the growing interest in artificial intelligence (AI), a significant majority of UK firms remain hesitant to adopt the technology. As of mid-December 2023, 85% of businesses reported they were not currently using AI, and 83% had no plans to adopt it within the next three months. This reluctance is attributed to factors such as lack of clear use cases, cost considerations, and concerns over reliability and privacy risks.
6. <https://www.oxfordshirelep.com/news/article/exploring-ai-adoption-across-uk-businesses-trends-and-opportunities> - As of 2023, 15% of UK businesses, approximately 432,000 companies, have integrated artificial intelligence (AI) into their operations. Large enterprises lead in adoption, with 68% embracing AI, followed by 34% of medium-sized companies and 15% of small businesses. This disparity underscores the need for broader accessibility and understanding of AI technologies among smaller organisations. The Oxfordshire Local Enterprise Partnership (OxLEP) regularly organises webinars to showcase how AI can empower small and medium-sized businesses, guiding entrepreneurs and business owners to effectively integrate AI into their operations.
7. <https://www.aboutamazon.co.uk/news/aws/aws-unlocking-ai-report-uk-business-adoption> - A report by Amazon Web Services (AWS) reveals that AI is adopted by at least one UK business every 60 seconds, outpacing European average adoption rates by 6%. However, a gap is emerging between startups and large enterprises. While 59% of UK startups have adopted AI, only 15% of large enterprises have developed a comprehensive AI strategy. This suggests that large enterprises may miss out on the transformative benefits of AI if the gap is not addressed.