

The Builder's Decade

Your staff are probably using AI already. Has your business changed?

Scalar Consulting

60%

of UK private-sector jobs are in firms with fewer than 250 staff¹

35%

of UK firms with 10 or more staff say they use AI, up from about 12% in late 2023³

10%

of those AI-using firms say they use it extensively³

Focus: the 258,520 UK employers with 10 to 249 staff, holding 29% of private-sector jobs.²

Extensive use is still rare

FROM THE EVIDENCE

About one in ten AI-using firms say they use it extensively.³ Three-quarters of users report no revenue change yet.⁵

WHAT TO DO

Pick one process, measure it, then decide.

Your staff are probably using AI already. Has your business changed?

More than half of UK workers say they use AI for work or education. About a third of firms with 10 or more staff say the business itself uses it.³ Among firms that use AI, three-quarters have seen **no change in revenue** so far.⁵ This paper asks why, and what you can do about it in one part of your business.

THE IDEA THIS PAPER TESTS

AI pays when it is built into one process from start to finish, and the firm owns what was built. Giving staff tools is a sensible first step. On the evidence so far, it rarely moves the numbers on its own.

WHAT THE EVIDENCE SHOWS

Use is rising fast. Extensive use is rare at every size of firm.

WHAT IT CAN'T SHOW YET

We haven't found a UK study that measures the same firms before and after AI is built into a process.

WHAT TO DO WITH IT

Pick one process, measure it, then decide. See "What this means for your firm".

Three in five private-sector jobs are in firms with fewer than 250 staff.¹ Gains have to show up here.

35% of UK firms with 10 or more staff say they use AI, up from about 12% in late 2023.³ About one in ten users say they use it extensively, and three-quarters of users report no revenue change yet.³⁵

Our view: If extensive use stays rare, you feel it personally. More of your week goes on firefighting. Staff are already using AI without a shared plan, and margin leaks from processes nobody owns. Firms in your size band are already near one in three on use. Going deep is still uncommon.

Three in five jobs sit here

FOCUS

Employers with 10 to 249 staff: 258,520 firms, 29% of private-sector jobs.²

NORTH

About 54,600 of those employers are in the North East, North West, and Yorkshire and the Humber.²

Firms with fewer than 250 staff carry most of the private economy

At the start of 2025 they were 99.8% of UK private businesses, though three in four had no employees.¹ This paper is about the employers in the middle: firms with 10 to 249 staff.

60%

of UK private-sector jobs are in firms with fewer than 250 staff: 16.9m people¹

51%

of UK private-sector turnover excluding finance: £2.8tn¹

258,520

UK employers with 10 to 249 staff, holding 29% of private-sector jobs: 220,085 with 10 to 49 plus 38,435 with 50 to 249²

IN THE NORTH: NORTH EAST, NORTH WEST, AND YORKSHIRE AND THE HUMBER

54,600

employers with 10 to 249 staff, start of 2025²

1.71m

people employed by them, 31% of private-sector jobs in the three regions (UK: 29%)²

£287bn

turnover excluding finance, 31% of the three regions' private-sector total²

Scalar calculation: nothing published as a combined North total for employers with 10 to 249 staff. Sum of published size bands for the North East, North West, and Yorkshire and the Humber (head-office basis). Table and workings: Annex A2.

Going deep is still uncommon

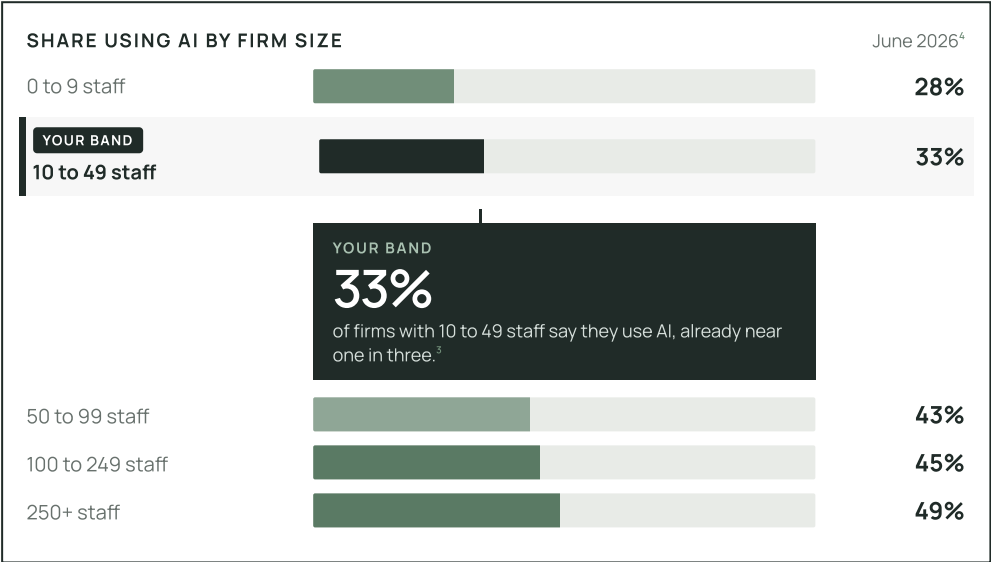
YOUR BAND
About a third of firms with 10 to 49 staff say they use AI.³

RESULTS
Three-quarters of users report no revenue change yet.⁵



AI use is rising. Extensive use and revenue results are still rare

In June 2026, about a third of UK firms with 10 or more staff said they used AI, up from about one in eight in late 2023. About a third of firms with 10 to 49 staff say they use it. Use rises with firm size.³



Near one in three firms in the 10 to 49 band say they use AI. Use is rising; extensive use stays rare.

Method for size bands: from the June 2026 published dataset (100% minus “does not use” minus “not sure”), the method used for the published 28%, 35% and 49%. Detail: Annex A3.⁴

10%

of AI-using firms with 10+ staff say they use it extensively. This new question is treated as an early indication.³

55%

of workers say they use AI for work or education, against 35% of firms. People are ahead of the firm. (Two different surveys.)³

77%

of AI-using firms with 5+ staff had seen no change in revenue⁵

People are ahead of the firm, and most users still see no revenue change. If you haven't picked a process yet, your own staff may already be further along than the business is. Other surveys put AI use at 16% or 54%. Annex A5 explains why the figures differ.

Plausible, not yet proven

IN FAVOUR

Bespoke systems and higher productivity claims sit beside weak revenue movement.¹⁰⁵

AGAINST

AI alone was not significant for turnover per worker in one official analysis.⁶

Does building AI into a process pay? What the evidence says so far

Points in favour

- About one in ten AI-using firms in the BCC survey have **bespoke systems** built for them, more often inside core functions such as workflow, forecasting or customer service.¹⁰
- 56% of AI-using firms report higher staff productivity, yet 77% see no change in revenue. The productivity people feel hasn't yet shown up in revenue for most firms.⁵
- Firms using advanced technologies have 19% higher turnover per worker, after allowing for management quality and firm characteristics.⁶
- McKinsey argues that gains are often lost where AI goes in without a clear plan for realising the benefit.¹¹

Points against, or not yet settled

- In the same analysis, AI on its own was **not statistically significant** for turnover per worker. The technologies are highly correlated, so their effects are hard to separate.⁶
- McKinsey finds that AI hasn't yet lifted the UK's productivity figures.¹¹
- Most of the evidence is self-reported or shows association. We haven't found a UK study that measures the same firms before and after.
- Deeper use changes jobs. BCC finds firms with bespoke systems more likely to expect fewer staff. Go in knowing that.¹⁰

Our reading: the idea is plausible and not yet proven. That's why we state it as a test, and why the next section starts with measuring a process before anyone builds anything.

Start with one process

BARRIER

Most firms say they can't see where AI would help (71%). A known problem gets round that.⁵

PEOPLE

More than half of workers already use AI.³

What this means for your firm

Start with one process that matters to you, and a number for how it runs today

01

Pick the process that leaks most

Where do time or margin go missing? Quoting, scheduling, chasing payment and month-end are common places to look. Most firms say they can't see where AI would help (71%), and a known problem gets round that.⁵

02

Measure it before anyone builds

Write down how long it takes and how often it goes wrong. Without a "before" number, nobody can show you whether a change paid.

03

Ask what your people already do

More than half of workers already use AI.³
A good first process is often one your staff have started fixing on their own.

04

Decide who owns it afterwards

Anything built for you should run in your own systems. You should own it and be free to change supplier. Agree that before work starts.

05

Be honest about your own time

Firms with stronger management practices are more likely to adopt AI, an association, not proof of cause.⁶ **Our view, not yet backed by data:** where the founder is still closely involved, the founder's own time is often the real limit. If every decision waits for you, plan for that first.

This month's act Block one afternoon to pick the process that leaks most. If a second pair of eyes would help after that, we're happy to talk it through. Find us at scalarconsulting.co.uk.

What this paper adds

SCOPE
A North view of employers with 10 to 249 staff, and one idea a founder can test.

LIMIT
No survey data of our own yet.

Where this paper sits

Others have made the national case well. This is what each offers, and what this paper adds.

REPORT	WHAT IT OFFERS	WHAT IT DOESN'T COVER
BCC / University of Essex (Mar 2026) ¹⁰	Its own yearly survey of SME adoption. Separates generic tools from bespoke systems.	Not regional. Not about founder-run firms.
SME Digital Adoption Taskforce (Jul 2025) ¹³	A government-backed ambition for 2035 and ten recommendations.	National policy. Little on a single firm.
McKinsey UK (Feb 2026) ¹¹	Why AI is not yet lifting UK productivity.	Not specific to smaller firms or regions.
Manchester Metropolitan University (Feb 2026) ¹²	A regional view from interviews, a focus group and a survey.	A small sample, Greater Manchester only.
DSIT and ONS surveys ⁵³	Large official datasets.	Little reading for one kind of firm.

WHAT THIS PAPER ADDS

A North of England view of employers with 10 to 249 staff. AI-use figures for firms with 10 to 49 staff. One idea a founder can test, with the evidence for and against it side by side.

What it does not add yet: survey data of our own.

Full citations are on the Sources page.

Who we are, our interest and how we made this

WHO WE ARE Scalar Consulting builds AI systems inside small and medium-sized firms in the North of England. Legal entity: [Scalar Consulting Ltd, legal name TBC].	OUR INTEREST We sell this kind of work, and this paper argues for an approach we offer. Read it with that in mind. We have put the evidence against our view next to the evidence for it.
FUNDING No one paid for or commissioned this paper, and it uses no client data. One figure, £400bn, comes from modelling by Public First that was funded by Google. We label it wherever it appears.	HOW IT WAS PREPARED Researched and drafted with the help of AI tools. Every figure was checked against its original source in early October 2026. DBT's 2026 business figures, due later in 2026, will replace the 2025 figures used here.
HOW TO READ THE EVIDENCE Superscript numbers point to the Sources list. Government statistics producers (DBT, ONS) publish several of the figures used here; some of those series are "official statistics in development". Other figures come from surveys run or commissioned elsewhere (DSIT, BCC, the Employer Skills Survey), from modelled projections (Skills England, the IMF estimate, Public First), or from a Scalar calculation used only where nothing is published for that combined figure. Here: the North total for employers with 10 to 249 staff, with workings in the annex.	
DEFINITIONS SME: a business with 0 to 249 staff (DBT). Uses AI: as each survey asks it (see Annex A5). Extensive use: the ONS answer "used extensively". North: North East, North West, and Yorkshire and the Humber.	SURVEY DATES DSIT: 12 February to 2 May 2025. ONS business survey: June 2026 (wave 159). ONS worker survey: May to June 2026. ONS management survey: 2023. BCC and University of Essex: published March 2026. Employer Skills Survey: 2024.

Evidence and method A companion section holds the evidence tables, the comparison of DSIT, ONS and BCC surveys, the evidence workings, skills context and notes for policymakers. The numbered Sources list follows at the end.

Evidence and method

Scalar Consulting

IN THIS ANNEX

- A1 Who carries the economy in full
- A2 The North by region, with workings
- A3 AI use by firm size, with workings and extensive use
- A4 People and the firm
- A5 Why the surveys give different answers, and the barriers they find
- A6 Skills context
- A7 Notes for partners and policymakers

A1.

WHO CARRIES THE ECONOMY

Who carries the economy in full

At the start of 2025, almost every UK private business had fewer than 250 staff. Three in four of those had no employees at all, so the firms that employ people are a much smaller group.¹

99.8%

of UK private-sector businesses have fewer than 250 staff (5,681,930 of 5,690,265)¹

16.9m

people work in them, 60% of private-sector jobs¹

£2.8tn

turnover, 51% of the private-sector total excluding finance¹

258,520

employers with 10 to 249 staff. They employ 8.1m people (29% of private-sector jobs) and turn over £1.7tn (31%). From published size bands: 220,085 with 10 to 49 plus 38,435 with 50 to 249.²

CONTEXT ONLY · NOT A SPEAKING PROOF

£400bn

value AI tools could add to the whole UK economy by 2030, according to modelling by Public First that was funded by Google. The Government cited it in its AI Opportunities Action Plan (January 2025). It is a projection, not a measured result. Whole-economy modelled estimate; not peer to the official figures above.⁹

Source for 258,520: published bands for employers with 10 to 49 staff (220,085; 4.3m jobs; £776bn turnover) and 50 to 249 staff (38,435; 3.7m jobs; £949bn turnover). Combined: 8.1m jobs (28.7%) and £1,724.8bn turnover excluding finance (31.2%).

The North by region, with workings

We added up the published tables for the North East, the North West, and Yorkshire and the Humber. These employers hold about three in ten private-sector jobs there, a slightly larger share than across the UK.²

REGION	FIRMS	JOB	SHARE OF JOBS	TURNOVER	SHARE OF TURNOVER
North East	7,755	244,000	31.3%	£35.1bn	31.1%
North West	27,220	852,000	31.7%	£144.2bn	31.0%
Yorkshire and the Humber	19,670	616,000	29.5%	£107.5bn	31.5%
North, three regions	54,645	1,712,000	30.8%	£286.8bn	31.2%
United Kingdom	258,520	8,062,000	28.7%	£1,724.8bn	31.2%

Employers with 10 to 249 staff, start of 2025. Shares are of each region's private-sector total; turnover excludes finance.

WORKINGS

1. **Source:** Business population estimates 2025, detailed tables, start of 2025, private sector.
2. **Firms, jobs and turnover:** for each region we added the published 10 to 49 and 50 to 249 size bands.
3. **Combined North total:** Scalar calculation. Nothing is published as a single North total for employers with 10 to 249 staff, so the North row is the sum of those published regional bands.
4. **Shares:** divided by each region's private-sector total for all sizes.
5. **Head-office basis:** each firm is counted in the region of its head office.
6. **Rounding:** headline figures in the main paper are rounded (54,600; 1.71m; £287bn; 31%).

Nothing published No published estimate of AI use for firms with 10 to 249 staff in the North. The 2025 firm survey did find regional differences, with London above the UK average (20% against 16%).⁵ We do not invent a North AI-use figure.

AI use by firm size, with workings and extensive use

The article headlines AI use for firms with 10 or more staff, for the smallest firms and for the largest. The size bands in between are in the June 2026 published dataset; the shares below use that method on those rows.^{3,4}

STAFF	DOES NOT USE AI	NOT SURE	USES AI	STATUS
0 to 9	66.7%	5.1%	28.2%	Published as 28%
10 to 49	56.6%	10.3%	33.1%	Published dataset
50 to 99	42.2%	15.1%	42.7%	Published dataset
100 to 249	36.9%	18.0%	45.1%	Published dataset
250+	28.0%	23.4%	48.6%	Published as 49%
All with 10+ staff	53.6%	11.5%	34.9%	Published as 35%

Method: uses AI = 100% minus "does not currently use" minus "not sure", wave 159 (15 to 28 June 2026).⁴

EXTENSIVE USE, AMONG FIRMS THAT USE AI

10%

of AI-using firms with 10+ staff use it extensively (9.9%). For firms with 10 to 49 staff the same published sheet gives 10.3%.^{3,4}

17%

of AI-using firms with fewer than 10 staff use it extensively, against 9% of firms with 250 or more.³

1.4 → 1.6

average number of AI technologies used by AI-using firms, September 2023 to June 2026.³

People are ahead of the firm

Employees are already using AI at work. Most businesses have not yet turned that habit into how the firm runs.

55%

of workers say they use AI for work or education (Great Britain, May to June 2026)³

35%

of firms with 10+ staff say the business uses AI (UK, June 2026)³

These come from two different surveys. Read the gap as a rough guide only.³

AMONG FIRMS ALREADY USING AI (FIELDWORK FEBRUARY TO MAY 2025)

56%

said their employees' overall productivity had risen⁵

77%

said they had not yet seen any change in revenue⁵

12%

said revenue had gone up⁵

Our reading Staff feel quicker, and for most firms the revenue line has not moved.

Why the surveys give different answers

Three serious surveys put AI use among UK firms at 16%, 35% and 54%. They asked different firms different questions at different times, so the numbers can all be right.

SURVEY	WHO WAS ASKED	WHEN	WHAT COUNTS AS USE	RESULT
DSIT, AI Adoption Research ⁵	3,500 UK firms with 5+ staff	Feb to May 2025	At least one of five AI technologies	16%
ONS business survey (BICS) ³	UK firms with 10+ staff	June 2026	Uses at least one AI technology	35%
BCC and University of Essex ¹⁰	668 UK businesses (~94% SMEs)	Published Mar 2026	Currently using a specific AI technology	54%

BOTH GOVERNMENT SURVEYS FIND THE SAME TOP BARRIER

71%

of firms with 5+ staff have not identified a use for AI (2025)⁵

60%

of firms with 5+ staff cite limited AI skills or expertise (2025)⁵

39%

of firms with 10+ staff found it hard to identify uses for AI (2023)⁶

Skilled people will be harder to find, and training budgets have fallen

These figures cover the whole economy, including large firms. They matter to a firm of 10 to 249 people because it hires from the same pool as everyone else.

+0.9m more jobs in priority occupations across ten key sectors in England by 2030, from 5.9m to 6.7m⁷
Skills England calls its projections "highly uncertain".

-13%
employer training spend per employee, 2019 to 2024: £1,940 down to £1,690⁸

~70%
of UK workers are in jobs with tasks AI could potentially perform or enhance. Exposure estimate, not a job-loss prediction.⁸

For a firm of 10 to 249 people, the team you have is the team you will mostly have to work with.

What would help firms like these, nationally

The SME Digital Adoption Taskforce wants UK SMEs to be the most digitally capable and AI-confident in the G7 by 2035.¹³ Four priorities follow from the evidence.

01**Help firms find their first use**

Not identifying a use is the top barrier in the 2025 firm survey (71%) and in the 2023 management survey (39%).⁵⁶

02**Training that sits inside the job**

Employer training spend per employee fell 13% in real terms from 2019 to 2024 in England.⁸ Training existing staff is the most common way firms bring in AI skills (2026).³

03**Management capability**

Firms with stronger management practices are more likely to adopt AI, and more likely to follow through (firms with 10+ staff).⁶

04**Measure results as well as adoption**

Surveys track adoption closely. They say much less about whether AI changes output in smaller firms.¹¹

Sources

Numbers in the text refer to this list. Every figure in the paper and annex traces to an entry here. All links checked in early October 2026.

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