

SELECT COMMITTEE SUBMISSION

Reform Think Tank's submission to the Science, Innovation and Technology Committee's inquiry on the "digital centre of government"

About Reform

Reform is established as the leading Westminster think tank for public service reform. We believe that the State has a fundamental role to play in enabling individuals, families and communities to thrive. But our vision is one in which the State delivers only the services that it is best placed to deliver, within sound public finances, and where both decision-making and delivery is devolved to the most appropriate level. We are committed to driving systemic change that will deliver better outcomes for all.

We are determinedly independent and strictly non-party in our approach. This is reflected in our cross-party Advisory Board and our events programme which seeks to convene likeminded reformers from across the political spectrum.

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A. The benefits of a digital centre for citizens

1. Technology is central to the delivery of modern public services. Digital transformation can be the difference between the success or failure of the Government's missions. But **at present, digital public services are a patchwork of organisations at different levels of maturity, including some centres of excellence and many failing services.**

2. The digital centre of government can be the driving force for modern digital services throughout the State, providing the catalyst needed to encourage government organisations to reform.

3. This is not a 'back office' issue. Digital technology is vital to the delivery of high-quality frontline services which the public use every single day. Digital transformation means faster treatment in the health service, better education for children, more access to justice for victims and a far faster, more streamlined interaction with central government on issues like welfare, tax and immigration status.

4. The *Blueprint for a Modern Digital Government* clearly communicates the scope of the new digital centre of government and indicates the direction of travel with the five ‘kickstarter’ products.¹

5. But success of the digital centre will not depend on the strategy being communicated. It will depend on communicating how it will be delivered. That means public servants understanding how the digital centre differs to previous central government efforts to drive digital transformation, including the resources it can provide, priorities it is pursuing, and how to work with it.

6. The Government Digital Service (GDS) was transformative at its inception in 2011, but recent research has highlighted how the split between its role and the Central Digital and Data Office caused confusion.² Bringing the digital centre together under GDS will help communicate its purpose.

7. But **it would be a mistake to believe the approach GDS used in the past can simply be repeated indefinitely**. A higher baseline of technological maturity in the public sector, new technologies like Generative AI, and acute public service challenges will all require a different playbook.

B. Priorities for the digital centre

8. Maturity of digital adoption varies hugely across the public sector. But there is no simple way to describe the areas of public services which most need transformation and organisation. The variation tends to be organisation-to-organisation rather than between different kinds of services (e.g. health, crime).

9. Broadly, the average level of digital adoption maturity seems higher in central government services, compared to local government, policing and health services. In part because of the GDS drive for common standards and user-facing applications in central government, and in part because centralisation makes digital transformation easier. There are hundreds of local authorities, police forces and NHS Trusts, each with their own operating model and existing technology, but only one Department for Work and Pensions, meaning changes can be rolled out more quickly through central government services.

10. The five ‘kickstarter’ products the Government has announced as priorities for the digital centre are a good place to start but are mostly ‘quick wins’ based on leveraging existing government assets such as GOV.UK. Whilst they will all be challenging to deliver, and be materially valuable for the public, there are areas with significantly higher value which risk being ignored because they are an order of magnitude more challenging for government to deliver. GDS should not shy away from prioritising these because of the scale of the challenge.

11. **The biggest opportunity, and top priority, for the digital centre should be rolling out automation and AI adoption across public services.**

¹ Department for Science, Innovation and Technology and the Government Digital Service, *A Blueprint for Modern Digital Government* (2025)

² Joe Hill and Sean Eke, *Getting the Machine Learning: Scaling AI in Public Services* (Reform, 2024)

12. In practice, this will often mean integrating automation into services which are not as mature as GOV.UK, and in areas which are much more decentralised than cross-government products used in Whitehall.

13. In these areas, our research has outlined that the digital centre should prioritise automation and AI adoption in areas that (a) have an existing evidence base and (b) can realise productivity benefits within two or three years. The following six use cases fit these criteria.³

Use case	Description
Business planning	Mapping and predicting demand for public services at a business level and planning how to resource it. Examples include highlighting crime hotspot areas and times, and mapping A&E priority lists.
Assessment streamlining	Increasing the speed at which decisions can be made. Examples include processing asylum claims, Universal Credit claims, and assessing the outputs of diagnostic tests (e.g. examining chest X-rays).
Process automation	Automating basic tasks. Examples include checking documents uploaded to GOV.UK and exam marking.
Chatbots and automated call centres	Providing AI chatbots and call centres for the public to interface with.
Translation and transcription	Automated translation and transcription services to power frontline services. Examples include real-time translation of asylum, social care and criminal justice interviews.
Coding co-pilots	Assisting government developers with writing code in public software applications.

14. The fundamental measure of success of the digital centre should be the modernisation of the public sector's digital infrastructure, improvement for the public in the quality of their everyday interactions with the State, and improved value for money for the taxpayer from public services which are more efficient. Measuring the impact of digital programmes will be unique to each different service.

15. **Where the digital centre can add the most value, and the main metric it should be judged on, is its success at driving automation and AI adoption at scale**, with automated software and processes used in the everyday work of hundreds of thousands of public servants.

16. Without this focus, it is likely that the current patchwork of different levels of digital maturity across the State continues, and that efforts to automate and use AI are afflicted by the kind of "pilotitis" that our research has uncovered within government.⁴

17. Government has been piloting different kinds of AI technology for several years and many pilot projects are currently underway. But **successful pilots are rarely built upon with follow-up funding to expand, and unsuccessful pilots are often**

³ Hill and Eke.

⁴ Hill and Eke.

continued too long, never properly evaluated and closed. Pilotitus prevents AI projects from working at the scale they need to improve services for the public.

C. Lessons for establishing a digital centre

18. Our research has brought together many of the lessons from case studies of successful digital centres, including the early successes of GDS,⁵ international equivalents like the Open Government Products team in Singapore,⁶ and the approach of successful technology companies.

19. There are common lessons for the areas a digital centre should focus on, particularly (but not exclusively) for driving the adoption of AI in public services.

20. Leadership — Providing the structures to enable government organisations to lead their own digital transformation, but also to drive it forward and overcome institutional resistance to change. In particular, we have recommended that the digital centre hire Programme Directors in the model of the Advanced Research and Invention Agency (ARIA), for each priority use case, giving them broad remits to identify, support and scale up promising initiatives in their area.⁷

21. Funding — Providing targeted resource for scaling up promising AI initiatives using a model much more similar to venture capital investment. We recommended the Government invest £1 billion over the Spending Review period in an AI Transformation Fund to support promising projects, and actively cut projects which are not showing progress to work at scale, similar to how venture capital firms invest in early-stage companies.⁸

22. “Build it, buy it, rent it” — Providing the right mix of resources for digital adoption, by ensuring that the public sector has capable staff with the right skills to do digital transformation in house, can procure the right external support from private companies, and has the processes in place to effectively use open-source and Software as a Service (SaaS) tools and products.

23. Development and deployment — Investing in the fundamental building blocks of digital adoption, including data quality, standards and access along with common infrastructure and cloud adoption. And crucially, assessing the performance of automated processes and the risks associated with it against credible benchmarks based on status-quo performance, rather than against hypothetical perfect levels of performance which are unattainable with public sector resourcing processes.

D. Assessing the digital centre to date

24. To deliver a high-performing digital centre, the Department for Science, Innovation and Technology (DSIT) needs technical and policy expertise which it does not consistently have access to at the moment. And more of it. Technical

⁵ Hill and Eke.

⁶ Hill, *Byte-Sized Budgeting: Funding Digital Services in Government* (Reform, 2024).

⁷ Hill and Eke, *Getting the Machine Learning: Scaling AI in Public Services*.

⁸ Hill and Eke, *Getting the Machine Learning: Scaling AI in Public Services*.

resource in government is a precious commodity, because the same skills are in high demand in the private sector, which can often pay more.

25. The civil service needs appropriately skilled individuals who can identify the opportunities and drive AI adoption. There are two key questions here: whether the civil service can attract external talent and whether it can develop internal talent.

26. Our research has found that **the civil service struggles to attract external talent. Pay is typically seen as the main barrier**. A pay gap between the public and the private sectors exists in most areas, and this gap appears particularly pronounced in AI roles. One interviewee for a *Reform* research paper estimated that at the higher-end some government AI engineers could command compensation packages of over £650,000 in the private sector.⁹

27. It is unrealistic to expect the public sector to match these salaries. But if Government is not prepared to accommodate any uplift for specialist skills, then it will not be able to justify the opportunity cost of public sector work. Currently, the lack of deep AI expertise in the public sector puts the whole project of AI adoption in government at risk.

28. There are already ways for the civil service to recruit individuals with specific skills on compensation packages outside of normal pay bands. And encouragingly certain parts of government — for example i.AI and the AI Safety Institute — have made progress using these to bring in individuals with deep technical skills in AI.

29. We have recommended that the government should expand on these approaches, and permit greater discretion for certain central government bodies to pre-agree pay frameworks for crucial AI roles with the Cabinet Office.¹⁰

30. Many of the technological solutions which the digital centre should support already exist in either the public or private sector, and the key is driving the spread of these from small pockets of innovation and excellence throughout public services. These areas should be the focus for the digital centre, where there is some initial ‘proof of concept’ or ideally ‘proof of value’ of the product working in either the public or private sector.

31. Procurement reform is vital for government to get the best in-class support from the private sector with digital transformation. Whilst much can be done in-house, there will always be a role for partnering with the private sector. To improve AI implementation in particular, government must fundamentally change its approach to procurement.

32. Currently, **the procurement market for AI is too hard for SMEs to enter** because of the way most public AI work is procured. This means that government is not benefitting from the services of AI SMEs who could provide a more specialist service than larger IT companies, but who often struggle to get onto the closed commercial frameworks which are available to incumbents.

⁹ Hill and Eke.

¹⁰ Hill and Eke.

33. **There is also insufficient use of off-the-shelf and open-source software products in government, with much software still built bespoke for the public sector.** This makes procurement more expensive and lengthens the time from projects starting to seeing impact on the frontline.

34. We have recommended creating a new cross-government procurement framework for AI adoption in government, taking advantage of the new Competitive Flexible Procedure, to allow public bodies to bring more providers in on a trial basis.¹¹ We are pleased to see this highlighted as a recommendation in the *AI Opportunities Action Plan*.¹²

E. Barriers to successfully establishing a digital centre

35. Alongside the priorities for the digital centre already discussed, there are both policy and cultural barriers to making a success of the digital centre.

36. Our research has identified a disproportionate level of risk aversion as the most fundamental barrier to digital adoption and transformation — particularly to the risks involved in automation and AI use.

37. **Organisations in the public sector are not incentivised to innovate and pursue AI adoption at the pace needed to deliver near-term efficiency gains.** In the words of one interviewee for a *Reform* research paper, if you're "a leader in [department], you might be able to make your department more efficient and cheaper through AI. But you would have to take a lot of risk to do that, it might not pay off. Instead, why wouldn't you just ask for more money in next year's budget to improve frontline services?".¹³

38. All government projects come with risks, including digital ones. This is particularly the case with innovative technologies like AI.

39. Considering and effectively mitigating these risks is crucial if government is to successfully deliver more automated and modernised public services. Failing to do so can cause the government significant financial and reputational damage when projects fail.

40. However, our research has found that **Whitehall's approach towards the risks involved with AI is often counterproductive, and risk-aversion is holding back important transformation of public services.**

41. Often, concerns about testing AI are given too much weight relative to the risks involved in allowing public services to continue without any transformation or automation, often at high levels of dysfunction. An attendee at a *Reform* roundtable remarked that in children's social services concerns about the risks of using AI to process documents are given greater weight than the risks to children of services failing because social workers manually processed documents incorrectly.¹⁴

¹¹ Hill and Eke.

¹² Matt Clifford, *AI Opportunities Action Plan* (Department for Science, Innovation and Technology, 2025).

¹³ Hill and Eke.

¹⁴ Hill and Eke, *Getting the Machine Learning*.

42. The policy bias towards universal human decision-making does not reflect the poor performance of many current public services, without any automation or AI at all. Public servants are often uncomfortable measuring the performance of AI at automating a task against the performance of current public servants at doing the same task, and many evaluations of AI measure it against the arbitrary target of 100 per cent effectiveness. In many cases this is significantly better than the baseline of current performance, but often the baseline is not measured and compared like-for-like with the performance of AI.

43. A risk-averse attitude is particularly visible in data sharing and processing. Changing how government shares and processes data is crucial to the development and deployment of AI. Allowing AI to work with multiple different data sets presents the opportunity for patterns to be discerned which humans cannot identify. Such patterns could inform policy decisions, for example preventative actions in education, health or crime.

44. The benefits of data sharing and processing were seen during the Covid-19 Pandemic. The Covid-19 Early Warning System, the NHS App and the UK Health Security Agency's dashboard all relied on sharing data and helped to protect citizens.

45. Despite these benefits, public bodies are much more concerned about inadvertently undermining public trust. Internal government processes for data sharing, particularly the guidance documents, extensively cover the risks of sharing but do not cover the risks created by not sharing data. This means that civil servants err on the side of caution and are too wary about sharing data to facilitate the training and deployment of AI models which could lead to far better outcomes for the public.

46. Government must be willing to accept some risk of AI failing in public services, in order to seize the opportunities of automated public services. This is particularly true in cases where the risks of public services continuing under the status quo — such as the safeguarding issues created by the absence of automation in social work — are greater than the risk of experimenting with AI.

47. We have recommended that internal government processes and documents should give equal parity to the risks of continued poor performance in public services as they do to the risks of using AI and sharing data.¹⁵

48. Another barrier to the effective digital transformation of government is the way we manage public finances, where **the business case process and spending framework often incentivise projects to be significantly more expensive than they need to be, to be outsourced far more than they need to be, and to be delivered in a 'boom and bust' way which often leads to failure.**¹⁶

49. Often, the Treasury's spending process incentivises officials and public servants to grow their headcount rather than pursue efficiencies through technology, because it treats those categories of spending fundamentally differently, and applies a higher bar to investment.

¹⁵ Hill and Eke.

¹⁶ Hill, *Byte-Sized Budgeting: Funding Digital Services in Government*.

50. Instead of thinking of digital transformation on a project-by-project basis, we have recommended the government re-baseline all technology spending on a service-by-service basis, to appropriately capture the trade-offs involved in avoiding transformation and as a result incurring significantly higher run costs.¹⁷ The Programme Business Case process for technology projects should be stripped back, and new guidance for managing portfolios of transformation projects should be created which is significantly lighter-touch.

51. Finally, **whilst the majority of these barriers would exist irrespective of the digital centre's leadership being in DSIT, rather than in the Cabinet Office, it is still unclear whether this is the optimal long-term place to locate the government's digital centre.**

52. It is clear that in the short-term the Cabinet Office is not well-suited to holding the majority of these capabilities, given the current breadth and complexity of its remit. One interviewee for our research described the Cabinet Office as “overstretched... trying to do forty different things, of which digital is just one”.¹⁸ Other senior officials we have interviewed have characterised the Cabinet Office as “a uniquely dysfunctional organisation”.¹⁹

53. Whilst in its current form this calls into question the idea that the Cabinet Office is a capable ‘convening force’, it may be that DSIT is also limited in its ability to drive reforms through other parts of government without the power of the ‘centre’ behind it.

Reform has published the following papers related to the digital centre of government:

Joe Hill and Sean Eke, *Getting the Machine Learning: Scaling AI in Public Services* (Reform, 2024).

Joe Hill, *Byte-Sized Budgeting: Funding Digital Services in Government* (Reform, 2025).

Sean Eke and Joe Hill, *AI and the Productivity Revolution* (Reform, 2025).

¹⁷ Hill.

¹⁸ Hill and Eke, *Getting the Machine Learning: Scaling AI in Public Services*.

¹⁹ Charlotte Pickles and James Sweetland, *Breaking Down the Barriers: Why Whitehall is so Hard to Reform* (Reform, 2023).