Re:State

EXECUTIVE SUMMARY: *'The Scaling State: rewiring Whitehall for the AI age'*

The UK does not lack digital strategies. Government has invested in digital services, established standards for how they should be built, and set out ambitious plans for digital government. But the State has struggled to turn these ambitions into sustained transformation.

Government's underlying systems and approaches to funding, procurement, accountability and ownership were not designed for the age of artificial intelligence – an age where software can be developed and deployed at an unprecedented speed, and where AI can fundamentally change the cost and organisation of work.

The result is a growing gap between what technology makes possible and what the machinery of government can actually deliver. Promising digital and AI initiatives too often remain isolated, struggle to scale, or run up against systems designed for a different digital era.

This is already visible in the way government is adopting AI.

- In late 2024, 20,000 officials took part in the Government Digital Service's trial of Microsoft 365 Copilot, reporting an average of 26 minutes saved per day. Yet subsequent evaluation found no conclusive evidence of a measurable productivity gain.

- In April 2026, HMRC's first Chief AI Officer was reported as saying that it had been "almost impossible" to track the AI activity underway across the department, with teams independently procuring similar tools.

These examples point to a wider problem. Government is experimenting with AI, but it does not yet have the operating model needed to turn experimentation into systemic adoption.

From digital strategy to a scaling State

The scaling State argues that the answer is a fundamental change in how the State operates.

AI is not simply another technology for government to procure. It changes the economics of administrative work, the way software is developed, and the shape of the public sector. It also raises questions about how government is organised, how decisions are made, how work is funded and how the civil service is staffed.

The Government's existing digital strategy recognises many of these challenges. But the central levers of the State – spending controls, business cases, procurement, departmental budgets, accountability and workforce planning – still tend to favour tightly scoped projects with predictable outputs.

Digital transformation works differently. It requires discovery, iteration, shared infrastructure, process redesign and sustained investment. AI makes that mismatch more important, because technology is developing faster than the processes government uses to adopt it.

The State therefore needs to move from treating digital transformation as a collection of individual projects towards building the shared capabilities, incentives and institutions that allow it to continuously improve.

Ideas

Setting direction and accountability

Government needs a clear direction for AI adoption, alongside stronger political and administrative ownership of digital transformation.

Re:State proposes that the Government should:

- Adopt an 'AI first' principle for public services and update the Government Digital Service's Service Standard to reflect the opportunities AI creates to redesign how services are delivered.

- Establish clearer political and administrative ownership of digital transformation, supported by a single digital authority with real delivery powers.

- Introduce an annual Technology Statement, setting out progress against digital transformation objectives and the decisions and measures against which performance can be judged. This should ultimately be put on a legislative footing and be accompanied by independent scrutiny from a new Office for Technology Assessment.

Rewiring the operating model

The central levers of the State still tend to favour tightly scoped projects with predictable outputs. This is not fit for digital transformation in the AI age. Digital transformation instead requires discovery, iteration, shared infrastructure, process redesign and sustained investment.

Re:State proposes that the Government should:

- Reform business cases and spending decisions so they account for the risks of inaction, support iterative development and recognise the benefits of shared capabilities that accrue across departmental boundaries.

Changing how government buys technology

Government needs to give departments access to emerging technologies and preserve its ability to adapt as the market develops. Procurement arrangements should support competition and avoid locking government into particular suppliers or technologies.

Re:State proposes that the Government should:

- Establish central routes to market for frontier AI, promote multi-supplier approaches and strengthen contractual protections against vendor lock-in, giving departments access to technology while preserving government's ability to adapt as the market develops.

Building capability and adoption

Government needs to move beyond isolated pilots, build capability and adopt successful approaches at scale.

Re:State proposes that the Government should:

- Invest in digital and AI talent, improve workforce planning and support-controlled testing of new applications, helping departments move beyond pilots to adoption at scale.

Funding what scales

Shared digital platforms can reduce duplication and help departments build on capabilities elsewhere. But the question of where the cost of such cross-government transformation falls matters. Where the costs fall on one department while the benefits are dispersed across government, individual departments may lack the incentive or funding to invest in capabilities that benefit government as a whole.

Re:State proposes that the Government should:

- Provide central funding for shared digital platforms and establish a cross-government Digital Investment Fund to help successful approaches scale across public services, rather than leaving departments to fund and develop similar or overlapping capabilities independently.

Taken together, these ideas would help government move towards building the shared capabilities, incentives and institutions needed for continuous improvement of the digital state. The aim is not simply to introduce more AI, but to build a State that can turn technological progress into better public services and more effective use of public money.

Contact Re:State

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