SELECT COMMITTEE SUMBISSION

Reform Think Tank's submission to the Public Accounts Committee's inquiry on the "Use of AI in 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.

Reform is a registered charity, the *Reform* Research Trust, charity no. 1103739.

A. Departmental accountability on AI delivery, funding and implementation

1. Departments and other public bodies currently make most operational decisions on building and deploying software — including AI — themselves.

2. This is in part correct. Technology is central to modern public services to such an extent that AI adoption cannot be controlled by any single body, and change needs to be the responsibility of individual leaders in government organisations.

3. Nevertheless, 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?".¹

4. It is essential that the new digital centre of government in the Department for Science, Innovation and Technology (DSIT) drives a faster pace of AI adoption across the public sector.

¹ Joe Hill and Sean Eke, *Getting the Machine Learning: Scaling AI in Public Services* (Reform, 2024).

5. The fragmented nature of the digital centre of government restricts its ability to do this at present. At present teams brought together in DSIT — including the Incubator for AI (i.AI), the Government Digital Service (GDS) and the Central Digital and Data Office (CDDO) — all play different roles in leading AI deployment.

6. We have recommended establishing a Government Data and Al Service (GDAIS) as a separate function within CDDO, sitting alongside GDS. This would be responsible for driving Al deployment and would incorporate the current i.Al team.²

7. Whilst some AI adoption can be done in-house, there will always be a role for partnering with the private sector. To improve AI implementation, government must fundamentally change its approach to procurement.

8. 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. 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.

10. 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.³ We are pleased to see this highlighted as a recommendation in the *AI Opportunities Action Plan.*⁴

B. Progress on strategy development and governance arrangements

i. Strategy development

11. We welcomed the publication of the *AI Opportunities Action Plan* on 13 January,⁵ and were particularly pleased to see the focus on getting AI initiatives to work at scale with the proposed "Scan \rightarrow Pilot \rightarrow Scale" approach.

12. Our research has found that 'pilotitus' is a particular problem within government. 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 continued too long, never properly evaluated and closed. Pilotitus prevents AI projects from working at the scale they need to and improve services for the public.

13. With many different potential applications, there has been insufficient prioritisation of investment in AI across government. AI strategy should prioritise

² Hill and Eke.

³ Hill and Eke.

⁴ Matt Clifford, *AI Opportunities Action Plan* (Department for Science, Innovation and Technology, 2025).

⁵ Clifford.

deploying AI in areas that (a) have an existing evidence base and (b) can realise productivity benefits within two or three years.

14. The following six use cases fit these criteria.⁶

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

ii. Governance arrangements

15. Our research has found that current governance arrangements for AI are too complex to effectively encourage the deployment of AI in the public sector. For example, *the Generative AI Framework for HM Government* runs to 74 pages and references many other documents which civil servants deploying AI need to consider.⁷ Frontline public sector workers planning to adopt digital technology in health and social care settings have 29 separate guidance documents to consider.⁸

16. Yet despite how extensive the guidance is, in many areas it is still too vague. For example, *the Generative AI Framework for HM Government* is unclear on how exactly to carry out evaluation of AI projects. Throughout, it is unclear how much of the guidance applies to early-stage projects and how much is only required for fully developed technology projects.⁹ Of the nine departments which responded to an FOI request for a *Reform* research paper, only HMRC reported having AI guidance specific to their department.¹⁰

⁶ Hill and Eke, *Getting the Machine Learning: Scaling AI in Public Services*.

⁷ HM Government and Central Digital and Data Office, *Generative AI Framework for HM Government*, 2024.

⁸ NHS AI and Digital Regulations Service for Health and Social Care, 'All Adopters' Guidance', Web Page, n.d.

⁹ HM Government and Central Digital and Data Office, *Generative AI Framework for HM Government*. ¹⁰ Hill and Eke, *Getting the Machine Learning: Scaling AI in Public Services*.

17. Current AI governance arrangements are simultaneously too complex and too vague. This introduces unnecessary friction and is likely to dissuade civil servants from experimenting with AI before they even begin.

18. Simplified guidance from the digital centre of government is needed. This guidance should be principles-based, so that different departments can adopt the guidance to their own circumstances and use cases. As one civil servant interviewed for a *Reform* research paper remarked, "I need to take a different approach to assessing the risks and opportunities in [my department] than other departments would, and [I need] the flexibility to do that".¹¹

19. The USA have adopted a similar simple, principles-based approach to Al deployment. The US Federal Government's *Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence* sets out eight guiding principles and priorities which executive departments and agencies should adhere to.¹²

C. Risks and opportunities of AI adoption in government

20. All government projects come with risks. This is particularly the case with innovative technologies like Al.

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

22. 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.

23. 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. 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.¹³ The decisions taken by caseworkers in departments like the Home Office and Department for Work and Pensions are regularly overturned by the courts.

24. This bias towards universal human decision-making does not reflect the poor performance of many current public services, without any automation or AI. 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

¹¹ Hill and Eke.

¹² The White House, 'Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence', Web Page, 30 October 2023.

¹³ Hill and Eke, *Getting the Machine Learning: Scaling AI in Public Services*.

performance, but often the baseline is not measured and compared like-for-like with AI.

25. 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.

26. 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.¹⁴

27. 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.¹⁵

28. 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.

29. 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.¹⁶

D. Data and skills issues in government

i. Data issues

30. Data is needed to train, run and evaluate the performance of AI models. Highquality data allows models to be trained and to run effectively, with a higher degree of accuracy and a reduced risk of biases.

31. **Government data is often of a poor quality**. Key information points may be missing or inconsistently recoded.

32. In some cases this means that AI projects are abandoned. Civil servants interviewed for a *Reform* research paper made comments such as "people got quite excited about Gen AI last year [2023] but then realised out data is not quite good

¹⁴ Hill and Eke.

¹⁵ Hill and Eke.

¹⁶ Hill and Eke.

enough and stopped pushing" and one compared the attempt to deploy AI based off government data as "like trying to plug a V8 engine into an old 90s Skoda".¹⁷

33. In other cases a significant amount of time and money must be invested cleaning and reformatting data before it is usable. An interviewee for the same *Reform* research paper described how, when working on a diagnostic contract for an NHS trust, half of the time and money had to be spent cleaning up existing data to get it into a usable state.¹⁸

34. Use of AI in government will be limited in scope and effectiveness so long as these data quality and access issues persist. They mean that some AI projects are abandoned, whilst others must contend with investing significant time and money improving data and/or paying suppliers to access data before it can be used.

35. Addressing data quality and access issues requires significant investment. Civil servants told us they have often found it easier to secure funding to launch new digital projects than to maintain and/or update old legacy systems.

36. In part, this is caused by more flexibility in Capital DEL, the budget used to fund new technology projects, than in Resource DEL, the budget used to fund their ongoing costs.¹⁹ We have highlighted how this can mean the incentives are to test and build new digital products, but then under-fund the ongoing upkeep costs.²⁰

37. Budgeting for digital transformation is often based on the premise of a large upfront cost, followed by minimal ongoing expenditure on upkeep. In practice this is often unrealistic, resulting in a 'boom and bust' model of public financing which costs more overall as technology quickly becomes obsolete. It is more efficient for government to fund software as a set of ongoing products than a series of successive large projects.

38. Paradoxically, the increased interest in AI over the past couple of years may have made these trends worse rather than better. A civil servant interviewed for a *Reform* research paper reflected that "you can't convince ministers to spend money on data plumbing [infrastructure and quality improvements], they just want to spend it on Generative AI".²¹

39. Waiting to deploy AI until all data quality and access issues have been resolved risks the government waiting in perpetuity. As the technology continues to advance new data quality and access issues will continue to arise, and Government risks 'missing the boat' on the opportunities of AI adoption.

40. We recommend that the government prioritise addressing data quality and access issues in areas where (a) the use of AI promises the greatest immediate return on investment and (b) the use of AI is currently hampered by data quality and access issues.

¹⁷ Hill and Eke.

¹⁸ Hill and Eke.

 ¹⁹ Joe Hill, *Byte-Sized Budgeting: Funding Digital Services in Government* (Reform, 2025).
²⁰ Hill.

²¹ Hill and Eke, *Getting the Machine Learning: Scaling AI in Public Services*.

41. To address the perverse incentives against transformation in the budgeting process, we recommend re-budgeting public services on a service-by-service budget. This would reduce the bias against funding ongoing run costs and establish parity of esteem between the ongoing run costs of digital products and other kinds of costs to delivering existing services (for example staff costs).²²

ii. Skills issues

42. 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.

43. 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.²³

44. 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.

45. 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.Al and the Al Safety Institute — have made progress using these to bring in individuals with deep technical skills in Al.

46. 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.²⁴

Reform has published the following papers on the use of AI in 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).

²² Hill, Byte-Sized Budgeting: Funding Digital Services in Government.

²³ Hill and Eke, *Getting the Machine Learning: Scaling AI in Public Services*.

²⁴ Hill and Eke.