National Audit Office

# Department for Science, Innovation & Technology 2024-25

December 2025

OVERVIEW

## Contents

# Summary

## C&AG introduction

In 2025, we set out our new five-year strategy. In delivering our statutory responsibilities, we aim to maximise our contribution to two outcomes – more productive and resilient public services and better financial management and reporting in government.

Our overviews summarise the key information and insights from our examinations of departments and from their annual report and accounts, and explore departments' progress against these crucial outcomes, highlighting positive examples and opportunities to improve.

If you would like more information about our work, or to arrange a briefing with me or one of my teams, please contact our Parliamentary Relations team at parliament@nao.org.uk.

| About the Department | |
|---|---|
| **Purpose** | The Department for Science, Innovation & Technology's (DSIT's) purpose is to drive economic growth, improve the performance and productivity of government and empower citizens. |
| **Business model** | DSIT was formed in 2023 and in July 2024 took on additional responsibility for the Government Digital Service, Central Digital and Data Office and the Incubator for Artificial Intelligence. It works across five groups: Digital, Technology and Infrastructure; Artificial Intelligence; Science, Innovation and Growth; Government Digital Service; and Corporate Services. |
| **Financial position 2024-25** | £14.2 billion operating expenditure.<br>This primarily relates to £10.02 billion of funding for research and innovation distributed through DSIT's largest arm's-length body, UK Research and Innovation (UKRI).<br>DSIT's allocation also includes £3.1 billion spent through the core department and approximately £1.1 billion through its other arm's-length bodies. |
| **2025-26 priorities** | DSIT has updated its priorities to reflect the current priorities of the government:<br>1 driving economic growth: maximising the impact of government action to support research and development and science and technology on the UK's national and regional economic growth;<br>2 improving the performance and productivity of government: maximising value for money for the taxpayer by applying AI and digital technologies to transform the citizen's experience of public service by making it more effective, convenient and productive; and<br>3 empowering citizens: maximising the control people can exercise over their interaction with the government by widening and deepening their digital skills and their knowledge of and trust in digital technology.<br>Note: work is underway to define priority outcomes and metrics aligned to objectives. |

| Insights from our work | |
|---|---|
| **Financial management** | DSIT's budget is increasing to £16.421 billion, an increase of £2.192 billion from prior year, which provided the investment required to further the UK's science and technology ambitions; however, in 2024-25 the department spent £735.5 million below estimate.<br>UKRI spent £10.02 billion in 2024-25. UKRI is currently undertaking two major projects to address the inefficiencies in its legacy IT management systems.<br>DSIT has forward commitments of £21.7 billion for long-term non-cancellable contracts (34% of their allocation between 2025-26 and 2028-29). This is a reduction of £2.6 billion from 2023-24. |
| **Risk and resilience** | DSIT has outlined 12 departmental principal risks in its annual report and accounts 2024-25, for the next financial year.<br>DSIT is responsible for digital and data policy and is the government department responsible for the Online Safety Bill.<br>DSIT is one of five public bodies with responsibility for cyber security. In September 2025, it published the implementation plan for the National Cyber Strategy. |
| **Productivity** | DSIT has overall responsibility for the government's spending on science, research and innovation. To increase productivity, it must effectively support the scale of innovation to maximise the value from every pound it spends, including from its funding to other bodies.<br>DSIT aims to deliver efficiency gains of £32 million per year by 2028-29 by reducing reliance on external contractors and improving productivity by use of AI. In 2025, DSIT published the AI Opportunities Action Plan, which sets out how the government will shape the application of AI. DSIT is also championing the use of AI across the public sector to improve productivity and drive efficiency. |

# About DSIT

The Department for Science, Innovation & Technology (DSIT) was formed in February 2023 and brought together the relevant parts of the former Department for Business, Energy & Industrial Strategy, the former Department for Digital, Culture, Media & Sport, and the Cabinet Office. A further machinery of government change in July 2024 brought the Government Digital Service (GDS), Central Digital and Data Office (CDDO) and the Incubator for Artificial Intelligence (i.AI) into DSIT. In January 2025, CDDO and GDS were subsequently merged into a new expanded digital centre of government retaining the GDS name.

## Purpose

The purpose of DSIT is to drive economic growth, improve the performance and productivity of government and empower citizens.

DSIT is tasked with accelerating innovation, investment and productivity through world-class science research and development, ensuring that new and existing technologies are safely developed and deployed across the UK. It is also responsible for driving forward a modern digital government for the benefit of its citizens. It focuses on improving people's lives by maximising the potential of science and technology.

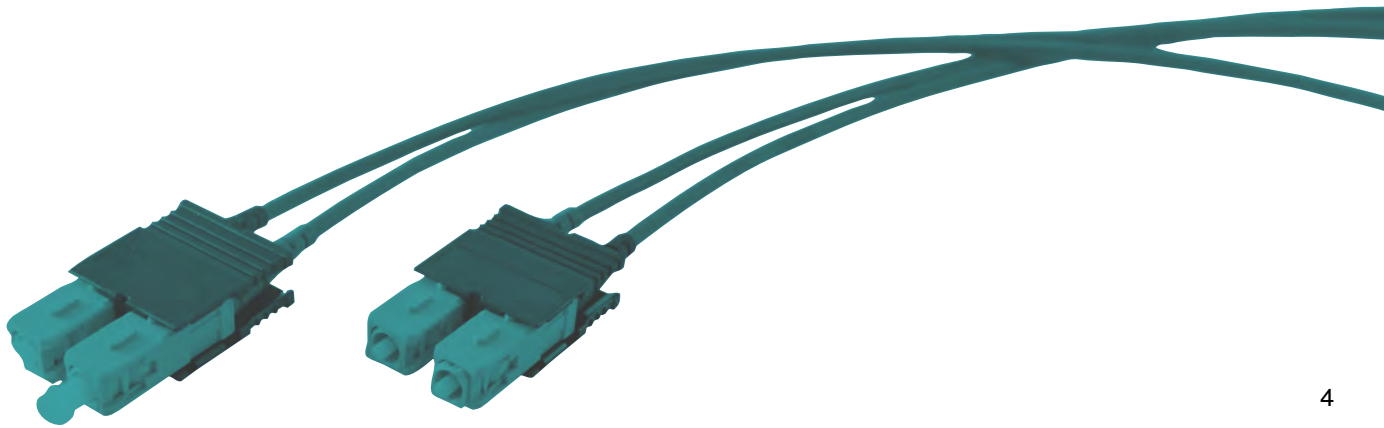
**Figure 1**

Department for Science, Innovation & Technology's (DSIT's) priority outcomes for 2024-25 and 2025-26

**DSIT has updated its 2025-26 priorities to better reflect government priorities**

| | Priority objectives in DSIT's annual report and accounts 2024-25 | | DSIT's updated priorities for 2025-26 |
|---|---|---|---|
| 1 | Accelerate innovation, investment and productivity through world-class science, research and development. | 1 | Driving economic growth: maximising the impact of government action to support Research and Development (R&D) and science and technology on the UK's national and regional economic growth. |
| 2 | Use technology for good by ensuring that new and existing technologies are safely developed and deployed across the UK with the benefits more widely shared. | 2 | Improving the performance and productivity of government: maximising value for money for the taxpayer by applying AI and digital technologies to transform the citizen's experience of public service by making it more effective, convenient, and productive. |
| 3 | Drive forward a modern digital government which gives citizens a more satisfying experience and their time back. | 3 | Empowering citizens: maximising the control people can exercise over their interaction with government by widening and deepening their digital skills and their knowledge and trust in digital technology. |

Source: National Audit Office review of Department for Science, Innovation & Technology's Annual Report and Accounts 2024-25



# How DSIT is organised to deliver its priorities

DSIT's group structure, 2024-25 (updated August 2025) reflects the appointment of new interim directors general for Digital, Technology and Infrastructure and Artificial Intelligence, and the priorities being set by the government.

### Digital, Technology and Infrastructure

Director General is responsible for:

- international and economic security;
- security and online harms;
- digital and data policy;
- cyber security and digital identity; and
- digital infrastructure, including Building Digital UK.

### Artificial Intelligence

Director General is responsible for:

- AI opportunities; and
- AI security institute.

### Science, Innovation and Growth

Director General is responsible for:

- international science and innovation;
- UK science, research, and innovation;
- technology transfer;
- technologies and innovative regulation;
- life sciences; and
- space.

### Government Digital Service

Director General is responsible for:

- setting the digital strategy for the government;
- measuring and managing the digital performance across government;
- maintaining guidance and tools to support best practice;
- driving greater efficiency in digital public services;
- owning product strategy and delivery for the government; and
- leading the Government Digital and Data function and championing the work of digital teams across government.

### Corporate Services

Director General is responsible for:

- analysis;
- commercial;
- communications;
- digital;
- estates and security;
- finance;
- human resources and transformation; and
- legal.

They are also the DG sponsor for the Matrix Programme.

**Supported by two adviser roles:**

### National Technology Adviser

Adviser is responsible for:

- providing technology advice to the Secretary of State for Science, Innovation and Technology and members of the Cabinet;
- working across government departments, including with the Government Chief Scientific Adviser and Chief Scientific Adviser network, to support the science and technology landscape, accelerate innovation and champion policy delivery;
- building networks across industry and academia to draw the best and most influential minds into HMG planning and awareness; and
- promoting the UK's strategies and policies on science and technology areas externally and internationally.

### DSIT Chief Scientific Adviser

Director General is responsible for:

- providing scientific and technical advice on departmental policy areas;
- external engagement with the scientific research community;
- departmental scientific and technical expertise; and
- departmental areas of research interest.

DSIT also administers the Government Office for Science, which is led by the **Government Chief Scientific Adviser** and is functionally independent from the core department. The Government Chief Scientific Adviser is responsible for putting excellent science advice at the heart of decision making through:

- the provision of proactive and demand-led science advice to the PM and Cabinet that is relevant, excellent, and delivers fit for purpose; and
- working across government to implement science advice mechanisms that are efficient, effective, speak truth to power and are embedded irreversibly in government systems.

Source: National Audit Office analysis of Department for Science, Innovation & Technology published information at November 2024

# Continued
# How DSIT is organised to deliver its priorities

## Working with others:

**DSIT works with 16 agencies and public bodies to deliver its objectives.**

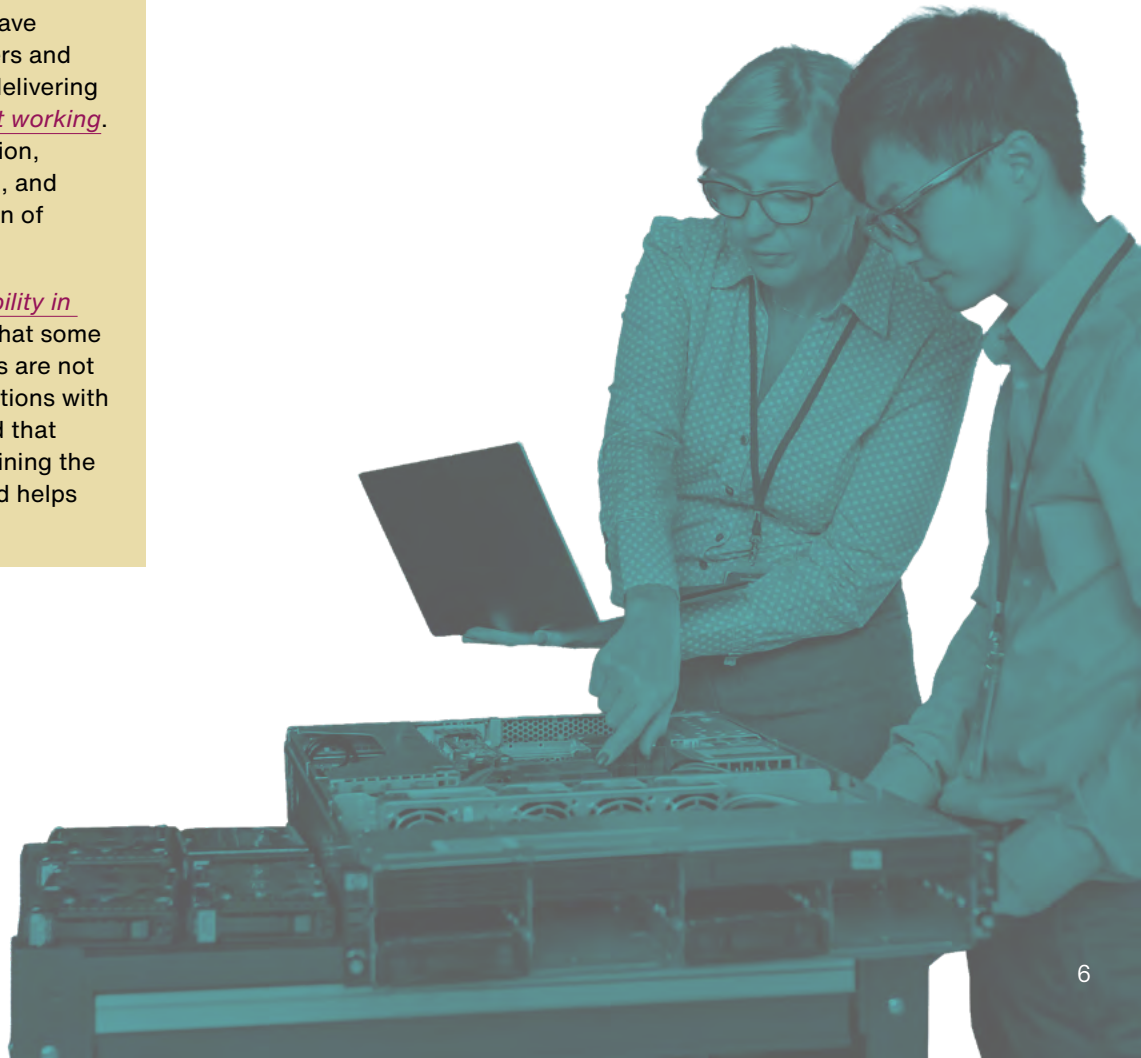
The departmental group consists of four executive agencies, three executive non-departmental public bodies, two public corporations, one tribunal, and six other bodies. These organisations have a wide range of policy and operational responsibilities. For example:

- **UK Research and Innovation** – an executive non-departmental public body, which is the national funding agency investing in science and research in the UK, spending £10.02 billion in 2024-25.
- **UK Space Agency** – an executive agency, responsible for the delivery of UK civil space programmes, spending £647 million in 2024-25. The government has announced that from April 2026, it will be subsumed into DSIT's core department.
- **Building Digital UK** – an executive agency, helping to bring fast and reliable broadband and mobile coverage in hard-to-reach areas of the UK, spending £312 million in 2024-25. The government has announced from November 2025 it will be integrated into DSIT.

### NAO insights

We have reported on challenges with cross-government working. We have identified good practice for leaders and practitioners around setting up, delivering and improving *Cross-government working*. This includes having a shared vision, governance and decision-making, and building evaluation into the design of shared policies.

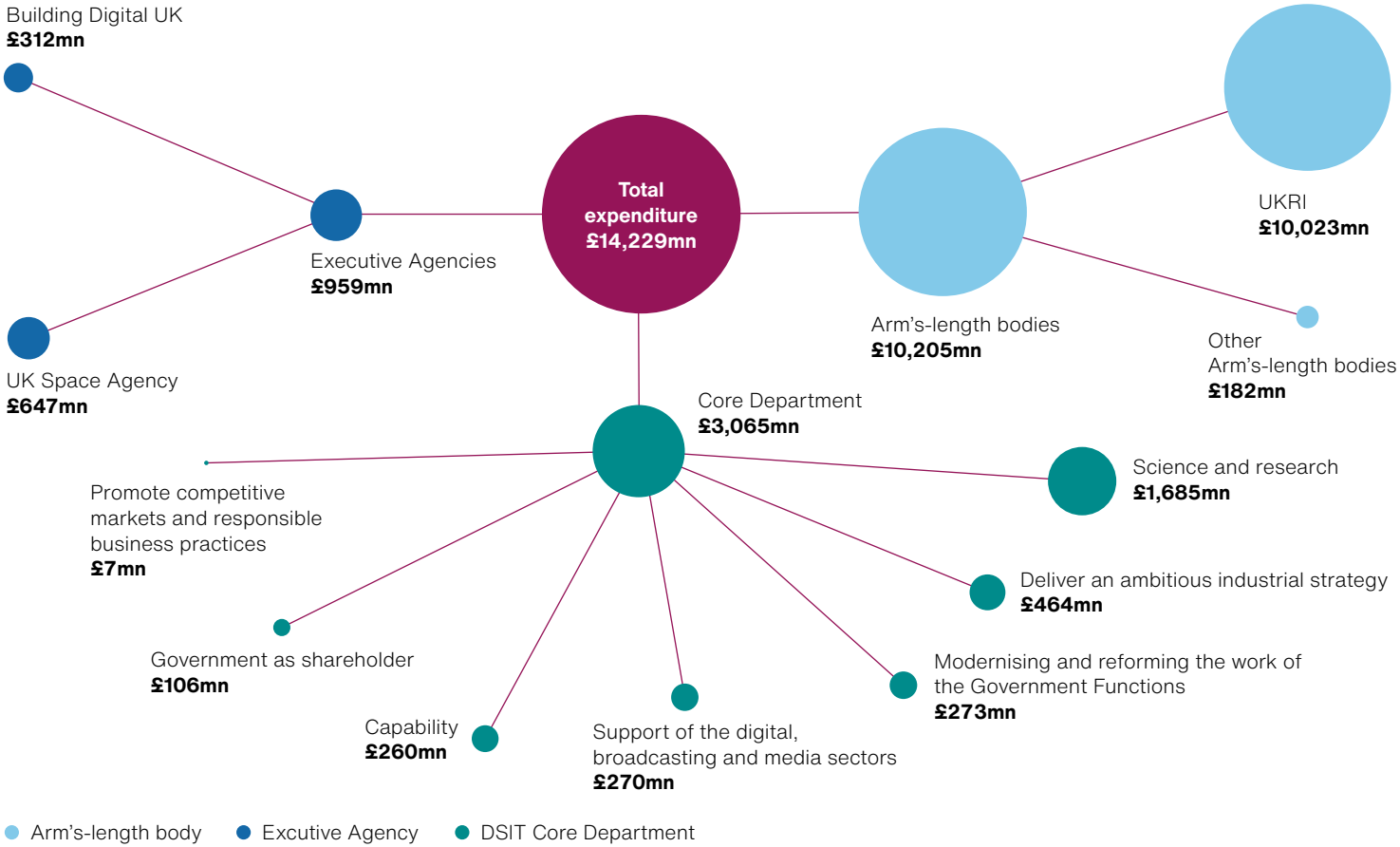
Our June 2025 report *Accountability in small government bodies* found that some of the government's requirements are not as well suited to smaller organisations with fewer resources. It recommended that the government explores streamlining the requirements for small bodies and helps these bodies.



# Where DSIT spends its money

**Figure 2**

The Department for Science, Innovation & Technology (DSIT) total spending in 2024-25




**Notes**

1 Numbers may not sum due to rounding.

2 Other Arm's Length Bodies are Diamond Light Source (£168mn), Information Commissioner's Office (£19mn), British Technology Investments Ltd (£9mn), Advanced Research and Invention Agency (£31mn), UK Shared Business Services Ltd (£11mn), The Office of Communications (-£1mn) and National Endowment for Science and Technology and the Arts (-£55mn).

3 Some entities are included within the core department in line with estimate reporting.

Source: National Audit Office analysis of Department for Science, Innovation & Technology Annual Report and Accounts 2024-25

DSIT group accounts include the core department, its executive agencies and its non-departmental bodies. Across this group, in 2024-25, DSIT spent a total of £14.2 billion.

Of this:

- £3.1 billion (22% of the total) was spent within the core department. The number of full-time equivalent staff in 2024-25 was 2,974, which is higher than the prior year's total of 2,576 (this increase was largely due to machinery of government changes – see page 4);
- £10.02 billion (72% of the total) was spent through UK Research and Innovation; and
- £647 million (4.5% of total) was spent through the UK Space Agency (in 2025-26 the UK Space Agency will be absorbed by DSIT core department).

The spending covers both the Departmental Expenditure Limited (DEL)[1] and Annually Managed Expenditure (AME)[2] within DSIT, arm's-length bodies and executive agencies in 2024-25.

**Notes**

1 DEL expenditure is spending by the departmental group within the limits set at spending reviews. Things that departmental budgets can be spent on include running the programmes that they oversee (such as the participation fee for Horizon Europe association or for the Met Office Supercomputer programme) and the everyday cost of resources such as staff.

2 AME relates to spending set by HM Treasury with limits set yearly, and includes areas of inherently volatile, demand-led spend and technical accounting matters. AME is spent on items that may be unpredictable or not easily controlled by departments and that are large in comparison to other government departments. In 2024-25, £207.1 million of DSIT's spend was AME.

3 Percentages are calculated using rounded figures as presented.

# DSIT's future spending commitments

## Financial commitments payable in future years

As of 31 March 2025, the DSIT group had a total of £21.7 billion in non-cancellable financial and capital commitments over the next four years, representing 34% of its future budget (see **Figure 3**). This represents a decrease of £2.6 billion since 31 March 2024. This data excludes a number of UKRI grants which have been committed but do not meet the definition for inclusion in the accounts.

Non-cancellable financial commitments payable in future years include UKRI grants and the DSIT group's contracts for subscriptions to international bodies, including:

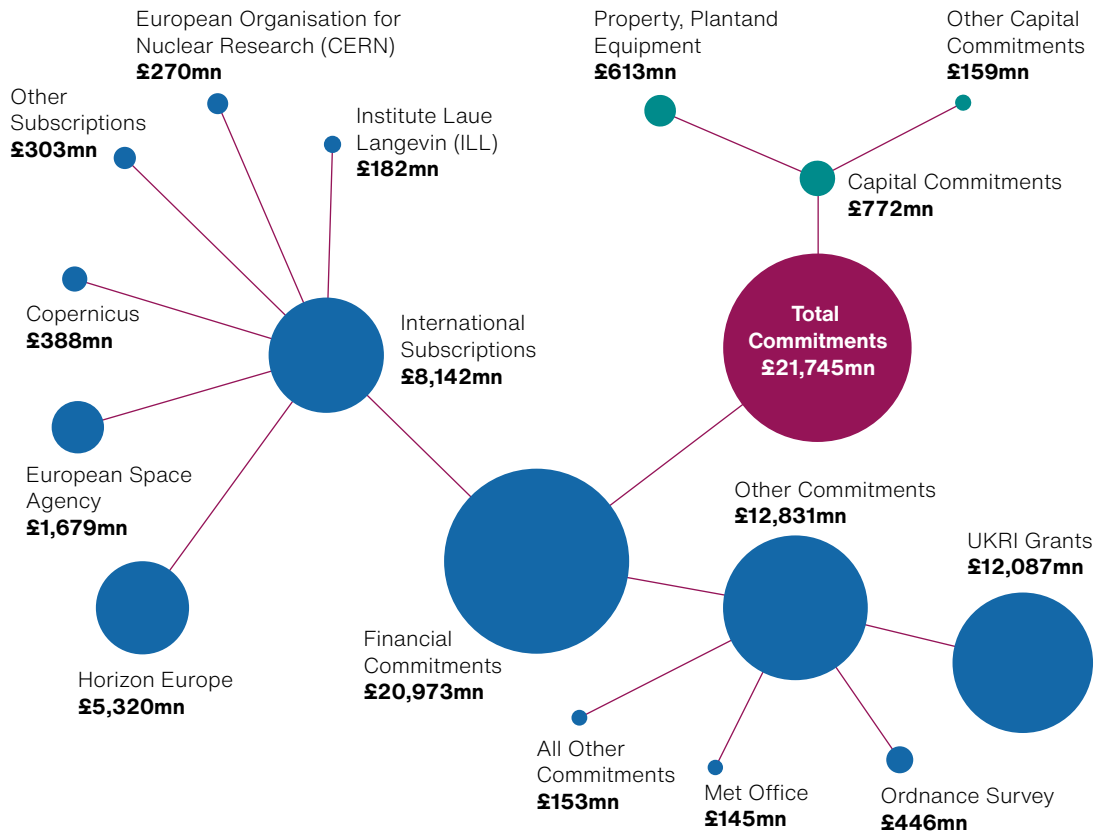
- Horizon Europe (£5,320 million within the next five years) – In January 2024, the UK became an associated country to the Horizon Europe scheme, the EU's key funding programme for research and innovation;
- Copernicus (£388 million within the next five years) – Previously known as Global Monitoring for Environment and Security, Copernicus is the European Union's Earth observation programme; and
- European Space Agency (ESA) (£1,679 million within the next five years) – ESA works with 23 member states to push the frontiers of science and technology and promote economic growth in Europe.

## The management of UKRI's grant portfolio

UKRI is seeking to cultivate skills and institutional capability that will build responsiveness in the UK research and innovation system, which can take time to establish. Our 2025 report *UK Research and Innovation: providing support through grants* found several factors mean that UKRI commits a high proportion of its grant budget to defined activities, often years in advance. Most project research grants run for two to four years, while grant funding for fellowships for institutes may run for five years or longer.

**Figure 3**

The Department for Science, Innovation & Technology's (DSIT's) future spending commitments as of 31 March 2025




**Notes**

1 Commitments are broken down between capital (equipment, buildings) and financial (grants and core funding).

2 Other Capital Commitments are Investment Property (£106mn), Loans & Investments (£51mn) and Intangible Assets (£2mn).

Source: National Audit Office analysis of Department for Science, Innovation & Technology Annual report and accounts 2024-25

In June 2025, the government announced each department's funding settlements for 2025-26 to 2028-29. DSIT's planned spend in 2025-26 is expected to increase by £2.192 billion. UKRI's allocation is expected to decrease by £1.1 billion but there are substantial increases for Horizon and Copernicus association (£1.4 billion) and other science research (£720 million) (Source: 2024-25 DSIT's Annual Report and Accounts, published in July 2025). By the end of the spending review period, DSIT intends to deliver efficiencies which are detailed in the table below.

## Figure 4

Department for Science, Innovation & Technology (DSIT) – net efficiency gains vs 2025-26 planned Resource Departmental Expenditure Limit, excluding depreciation and Official Development Assistance

**DSIT plans to deliver efficiency gains of £32 million per year by 2028-29**

| Areas for efficiency savings | 2026-27 | 2027-28 | 2028-29 |
|---|---|---|---|
| | (£mn) | (£mn) | (£mn) |
| AI and automation | -1 | 1 | 7 |
| Improving and expanding shared services | 1 | 1 | 2 |
| Organisational effectiveness | 10 | 14 | 21 |
| Streamlining ALB sponsorship and activities | 0 | 1 | 2 |
| **Total efficiencies net of investment (£mn)** | **9** | **17** | **32** |
| **Total efficiencies net of investment (%)** | **1.60%** | **3.10%** | **5.60%** |

**Notes**

1 Efficiency savings are planned by:
- developing and rolling out AI tools and platforms initially for tasks like summarisation, drafting and automation of repetitive processes;
- benefitting from economies of scale and reduced costs that arise from apportioning fixed shared service costs across a wider departmental customer base;
- streamlining and enhancing operation structures and processes, reducing headcount, and shifting staff grade mix; and
- reducing duplication and strengthening alignment of policy and strategy functions within DSIT and its arm's-length bodies (ALB).

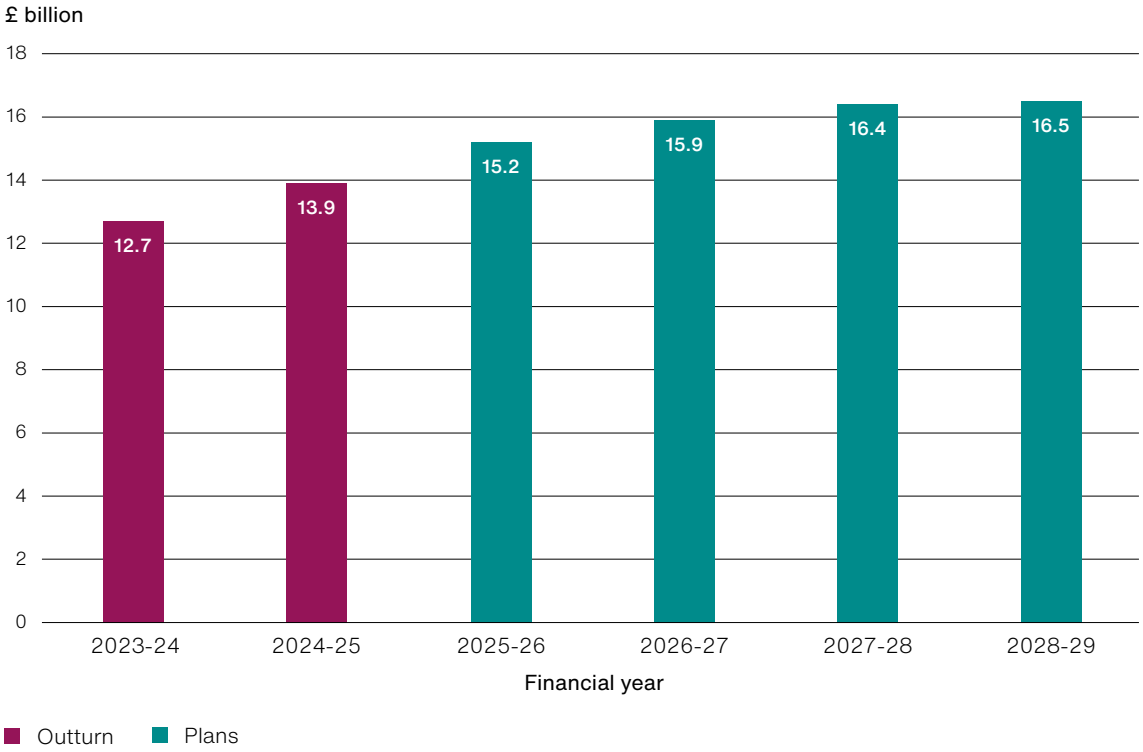
2 Departmental Expenditure Limit is spending by the departmental group within the limits set at spending reviews.

Source: National Audit Office analysis of Efficiency Delivery Plans and Spending Review 25 Departmental Expenditure Limit tables

## Figure 5

The Department for Science, Innovation & Technology's (DSIT's) total Departmental Expenditure Limits announced in the 2025 Spending Review

**DSIT's Departmental Expenditure Limit is planned to increase by £3.8 billion from 2023-24 to 2028-29**




Source: National Audit Office analysis of Efficiency Delivery Plans and Spending Review 25 Departmental Expenditure Limit tables

# DSIT Group financial and portfolio management

## Underspend

Our January 2025 financial management guidance on monitoring and forecasting highlighted the importance of using high-quality data and information to enable better financial monitoring and more accurate forecasting, and to help decision-makers respond to events quickly and effectively. Difficulties with legacy systems and managing data from various sources can result in a lack of real-time information and delay decision-making. Finance leaders should understand the limitations of the data and how this can affect monitoring and forecasting accuracy.

In 2024-25, DSIT recorded an underspend of £735.5 million. This mainly related to £170.6 million on resource Departmental Expenditure Limit (DEL), £295.7 million against resource Annually Managed Expenditure (AME), £110.3 million on capital DEL and £158.8 million on capital AME. The largest driver for this underspend is in resource AME which is driven by changes to foreign exchange rates affecting departmental spend where payments were made in different currencies. There were also underspends relating to changes in the valuation of some investments and non-cash transactions such as the depreciation of some departmental assets.

## UKRI's approach to funding assurance and the risk of fraud and error

Our financial audits of UKRI have found deficiencies in funding assurance. The controls on the individual grants we audited are adequate. However, UKRI cannot yet link together all the controls and assurance checks it has implemented in its different divisions into a reliable picture of whether error and fraud are under control across the organisation.

UKRI is addressing deficiencies we identified in its approach to fraud and error. UKRI is not currently in full compliance with the government's standards for counter-fraud. The counter-fraud team has been under-staffed, with a backlog of cases and with limited capacity for preventative work. In 2023-24, the value of grants UKRI investigated for suspected fraud was £42.6 million, it identified £4.6 million of fraud, prevented £13.5 million and recovered £80,000.

UKRI recognises the issues with its approach and has been reorganising its risk, assurance, counter-fraud and corporate governance team. It is working on a new counter-fraud strategy and a new approach to funding assurance. UKRI has agreed an integrated Funding Assurance Plan for 2025-26, which includes new Funding Assurance Standards and a roadmap that aims to align the assurance methodologies for a consistent approach across all grants. The plan is being implemented in 2025-26 and the NAO has not yet reviewed its implementation.

## UKRI's management information

To effectively manage research and innovation funding, it is crucial to have good information on what is being funded across a portfolio, and against key objectives, so that informed decisions can be taken if particular projects need to be scaled up or stopped.

Our report *UK Research and Innovation: providing support through grants* found that since UKRI's establishment in 2018, it has faced challenges unifying the separate data systems of its predecessor organisations, including poor and disconnected data. It has broadly good data on individual grants for administrative purposes, but not at a portfolio level.

For example, there is no routine central tracking of what strategic areas UKRI's research councils are planning to fund. While in 2024 it gained the ability to more efficiently analyse its spending on strategically important areas, data gaps restrict its strategic oversight of around 15% of its grants (mostly smaller, older grants). UKRI is currently overhauling its grants and finance systems to improve data quality and consistency, with the aim of securing better data to support decision-making; for example through thematic analysis and predictive insights.

# Risks and resilience across DSIT

**Robust and effective risk management is essential to securing long-term value for money**. Our good practice guide *Overcoming challenges to managing risks in government* highlights the need for departments to balance immediate and competing demands with long-term value for money.

## Figure 6

Summary of the Department for Science, Innovation & Technology's (DSIT's) principal risks and example mitigations as of 31 March 2025.

| Risk | Example risk mitigations outlined in DSIT's annual report and accounts 2024-25 |
|---|---|
| **Skills and capability:** lack of the right skills and experience to deliver on DSIT's agenda could impede progress. | Business planning for 2025-26 was used to identify perceived skill gaps. |
| **Higher education financial sustainability:** a lack of sustainability and resilience of university funding streams undermines their ability to deliver excellent research. | Working with UK Research and Innovation, the Department for Education, and the Office for Students on a coordinated response to ensure higher education has sector access to an insolvency regime. |
| **Geopolitical conditions:** failing to prepare for, and react to, significant changes in geopolitical conditions, which could increase legal, regulatory and operational barriers for UK businesses, researchers, and innovators. | Convened cross-government groups on both security and international engagement for information-sharing and collective agreement on approach. Ensured all critical tech policy teams had dedicated leads. |
| **Major incidents:** insufficient preparation for major incidents, including cyber, telecoms, and space, pose significant risks. | Appointed an its Emergency Response Team and providing training to crisis response staff. |
| **Digital Centre:** the new Digital Centre is not set up/designed to make a step change in digital government. | Established a project to design the digital centre, with a delivery roadmap and success criteria in place, and a steering group to oversee project delivery. |
| **UK research and development (R&D) and innovation competitiveness:** DSIT's R&D and innovation policies and investments might not create a sufficiently competitive innovation ecosystem to attract top talent and investment to the UK. | Supported cross-government alignment on measures to support business environment, developed policies to support new companies and the scale-up of existing companies, and work on immigration barriers for individuals with innovation-specific skills. |
| **Loss of reputation of DSIT's digital products and services:** users and departments might lose trust and confidence in DSIT's digital products and services due to ineffective data management, cyber-attacks or poor design. | All services are regularly tested and assessed against relevant standards such as the National Cyber Security Centre Assessment Framework. |
| **Shifting tech trends:** a technology or technology subset might emerge with a significant impact on the economy or daily life, which government had not anticipated. | Established a clear process for escalating tech trend analysis, develop an engagement plan with key industry stakeholders, and recruit science, technology, engineering and mathematics skills. |
| **Research security:** the balance between openness and security on R&D undertaken in the UK might not be maintained, leading to its use by hostile actors. | Strategies include legislative and non-legislative measures, funding the Research Collaboration Advice Team, and ongoing review of research security policy measures. |
| **Loss of critical public-facing products and services in the new Government Digital Service:** successful attacks by malicious actors or unintended technical issues might disrupt services beyond tolerance. | Implement cyber security practices as defined in the GovAssure assessment framework and Secure by Design standard.[1] |
| **Resilience:** DSIT might become less resilient, characterised by systemic leadership or people metrics highlighting organisation-wide issues and trends that demonstrate reduced wellbeing. These may include a drop in productivity, higher levels of absence, calls to health, safety and wellbeing or survey outcomes. | Implemented health, safety and wellbeing comms and engagement plans that are regularly discussed with its people and operations committee. |
| **Secure technology – protecting critical public sector digital infrastructure:** the UK public sector might suffer a sustained and continuous large-scale loss or hijack of its internet domains. | Boosted the permanent capacity of the team identifying and addressing vulnerabilities of its internet domains and improved automation. |

**Note**

1 GovAssure is the cyber security scheme for assessing government critical systems. Secure-by-design approach promotes a positive security culture and encourages project teams to make cyber security everyone's collective responsibility.

Source: National Audit Office analysis of Department for Science, Innovation & Technology annual report and accounts 2024-25

# Online safety

DSIT is responsible for digital and data policy and is the department responsible for the Online Safety Bill. The government introduced to Parliament the Online Safety Bill, which became an Act in October 2023.

According to Ofcom's Online Experiences Tracker, published in April 2025, 68% of 13- to 17-year-olds (children) and 69% of over 18s (adults) indicated that they had experienced at least one potential online harm in the previous four weeks. Harmful content can vary in nature, from child sexual abuse material and terrorist content to online fraud and the encouragement of self-harm.

Our 2023 report Preparedness for online safety regulation examined the preparations undertaken by DSIT and Ofcom for the implementation of the new online safety legislation.

Ofcom is the communications regulator in the UK. They regulate the TV, radio and video-on-demand sectors, fixed-line telecoms, mobiles and postal services, plus the airwaves over which wireless devices operate. We found that securing adequate protection of citizens from online harm will be a major new role for the organisation. At the time of our report, it had made a good start to its preparations and had taken the steps it could reasonably have done by this point. By July 2023, however, it had yet to secure the funding for the extra staff it would require.

We found that Ofcom would need to regulate a large number of services, the greatest majority of which had not been regulated before, were unfamiliar with Ofcom and how it works and had no UK corporate or economic presence. We concluded that it would be vital for Ofcom to secure public trust by managing the public's expectations about the regime's impact in its early years.

In March 2025, Ofcom launched an enforcement programme to monitor whether services meet their illegal content risk-assessment and record-keeping duties under the Online Safety Act 2023. The objectives of the programme are to monitor compliance with the relevant duties in the Act, to monitor how risk-assessment guidance and record-keeping guidance are being applied by industry and supporting the adoption of best practice.

## New legislation implementation

As of 25 July 2025, platforms have a legal duty to protect children from accessing pornography, content which encourages self-harm or suicide, and eating disorder content.

Platforms are required to use secure methods such as facial scans, photo ID or credit card checks to verify the age of their users, thereby making it harder for under-18s to accidentally or intentionally access harmful content. Platforms must also provide parents and children with clear and accessible ways to report problems online when they do arise.

Since the new law came into effect, on 8 October 2025 Ofcom announced it has opened formal investigations into 69 services relating to pornography, online suicide, internet forums and file sharing services to determine whether any contraventions have occurred.

### DSIT future activities

In September 2025, DSIT took action to strengthen the Online Safety Act by announcing that social media platforms and dating apps will be required to take proactive steps to prevent users from seeing cyberflashing and self-harm-related content. While platforms already have to take specific steps to protect children from this harmful content, the government has decided to take further action, as it recognises the immense damage that this content causes.

The new Statutory Instrument (SI) was laid in parliament in October. Once the SI is in force and Ofcom has implemented measures to operationalise the offence, content encouraging or assisting serious self-harm, and cyber-flashing, will be treated as a priority offence for all users.

# The government's approach to cyber security

Cyber security is the practice of protecting systems, networks, devices and data from digital attacks, to ensure the confidentiality, integrity and availability of information. Cyber resilience refers to the ability of an organisation to maintain the delivery of its key functions and services and protect its data in the face of an adverse cyber event.

DSIT is one of five public bodies with responsibility for cyber security. The others are Cabinet Office; Government Communication Headquarters; Foreign, Commonwealth & Development Office and the Home Office.

## The National Cyber Strategy 2022

Cyber security is a critical component of a broader suite of security disciplines and practices that are required to protect the government's assets and ensure that the government's functions can operate without undue disruption.

The *National Cyber Strategy 2022*, published under the previous government, describes the UK's overarching cyber policy. The current government committed to refreshing the strategy, and commissioned an independent review ('A UK Cyber Growth action plan') to support this which was published in September 2025.

## The Government Cyber Security Strategy

The *Government Cyber Security Strategy: 2022 to 2030* sets out the aim to make the whole of the public sector resilient to the known cyber threats it faces by 2030. Our January 2025 report *Government cyber resilience* found that to avoid serious incidents, build resilience and protect the value for money of its operations, the government must catch up with the acute cyber threat it faces. The government will continue to find it difficult to do so until it successfully addresses the long-standing shortage of cyber skills, strengthens accountability for cyber risk and better manages the risks posed by legacy IT.

# Continued
# The government's approach to cyber security

## Cyber security regulation

The UK's consumer connectable product security regime came into effect on 29 April 2024, mandating that internet-connected smart devices meet minimum-security standards by law. Manufacturers will be legally required to protect consumers from hackers and cyber criminals accessing devices with internet or network connectivity – from smartphones to games consoles and connected fridges – as the UK becomes the first country in the world to introduce such laws. Under the new regime, manufacturers will be banned from having weak, easily guessable default passwords like 'admin' or '12345' and if there is a common password the user will be promoted to change it on start-up.

The government is also introducing a Cyber Security and Resilience Bill, which will include measures to mandate cyber incident reporting and bring more sectors into the scope of current cyber regulations. In April 2025, the confirmed and proposed measures in this bill were published by the government.

### DSIT's role

DSIT is responsible for the implementation of the Network and Information Systems (NIS) Regulations 2018 and other aspects of domestic cyber security policy. The NIS regulations established a new regulatory regime within the UK that requires designated operators of essential services and relevant digital service providers to put in place technical and organisational measures to secure their network and information systems.

### Cyber Security Breaches Survey 2025

DSIT's *Cyber Security Breaches Survey* published in April 2025, found that in the past year 43% of businesses and 30% of charities had identified a cyber breach or cyber attack.

### NAO insights

In October 2025, we published good practice guidance for cyber security and resilience to support government scrutiny and challenge by understanding and addressing the key questions necessary to reduce cyber risk and achieve cyber resilience.

# Managing risk to support innovation

The government considers research and innovation (R&I) and the diffusion of new technologies to be vital to the UK's future and to achieving its major long term and complex policy goals, including its mission to grow the UK economy and achieve net zero.

Innovation is also key to unlocking the gains the UK needs in productivity and resilience. In our view effective innovation needs:

- a clearly articulated risk appetite and a spread of investments, to maximise the chances of success in innovation;
- to harness new technology;
- a culture of fast learning and evaluation, stopping failed experiments quickly and scaling up successes; and
- an accountability and scrutiny framework that encourages well-managed risk taking.

When the technical solutions are not yet fully developed or implemented, a portfolio approach to investing in R&D becomes essential. This allows a risk appetite to be set for a spread of investments, recognising that not every new idea will succeed.[1]

Our 2023 report *Support for innovation to deliver net zero*, found that the government had not defined the level of failure it could tolerate across the research areas in its portfolio. The Department was relying on risk management at the individual programme level. This made it harder for those spending money to match their risk appetite to the government's, potentially constraining the level of innovation.

The Advanced Research and Invention Agency (ARIA), has been set up with the objective to empower scientists and engineers with the resources and freedom to pursue breakthroughs at the edge of the possible. ARIA explicitly acknowledges that many of its investments will fail to meet their targets, but the learning from them will inspire those that follow.

## DSIT needs resilient systems that can respond to changing demands

DSIT's investment in R&I generally aims to support creating, applying and delivering value from new knowledge and ideas. However, there are many unique elements that make assessing and achieving value for money challenging.

DSIT's largest arm's-length body, UKRI, is the UK's largest single public funder of R&I, spending £10.02 billion in 2024-25.

Our May 2025 report *UK Research and Innovation: providing support through grants* highlighted UKRI's ongoing challenge of inefficient data systems, and the need to consider how to further support well-managed risk taking through organisational culture.

We noted that UKRI has indicated it seeks to operate with open to bold risk when deciding what to fund for R&I grants, meaning it intends to take high risks where there is a potential for high rewards. This requires well-managed risk taking, accepting that many projects will carry a higher degree of uncertainty and potentially lead to different discoveries, or not deliver the intended outcomes. We found there are a number of factors across the grant funding lifecycle that influence how bold UKRI's funding decisions are, which could be better understood.

In September 2025, UKRI committed to several actions including to develop guidance for each risk appetite type to provide information on the risk appetite levels and their implementation, and to provide further support through training and its Risk and Assurance partnering team.

1 Source: Comptroller and Auditor General, *Innovation key to unlocking gains in productivity and resilience* – 4 February 2025 – NAO insight

# The UK's research and innovation system

DSIT has overall responsibility for the government's spending on science, research and innovation. DSIT and UKRI both form part of the UK's research and innovation system (see **Figure 7**).

UKRI is the UK's largest single public funder of R&I. Established in 2018, UKRI is a non-departmental public body formed of seven disciplinary research councils, Research England (which supports research and knowledge exchange at higher education institutions in England) and the UK's innovation agency, Innovate UK. Its purpose, as set out in its strategy, is to invest in R&I on behalf of the government to push the boundaries of discovery, support innovative businesses to grow and scale, and target solutions to national and global priorities, driving economic, social, environmental and cultural benefits. UKRI also supports wider government R&I across the UK and invests internationally.

Examples of approved projects include funding for very early-stage research in microbial fuel cells and hydrogen purification, and the development of bone stem cell and biomaterial technology to reduce infection rates and the cost of hip repairs.

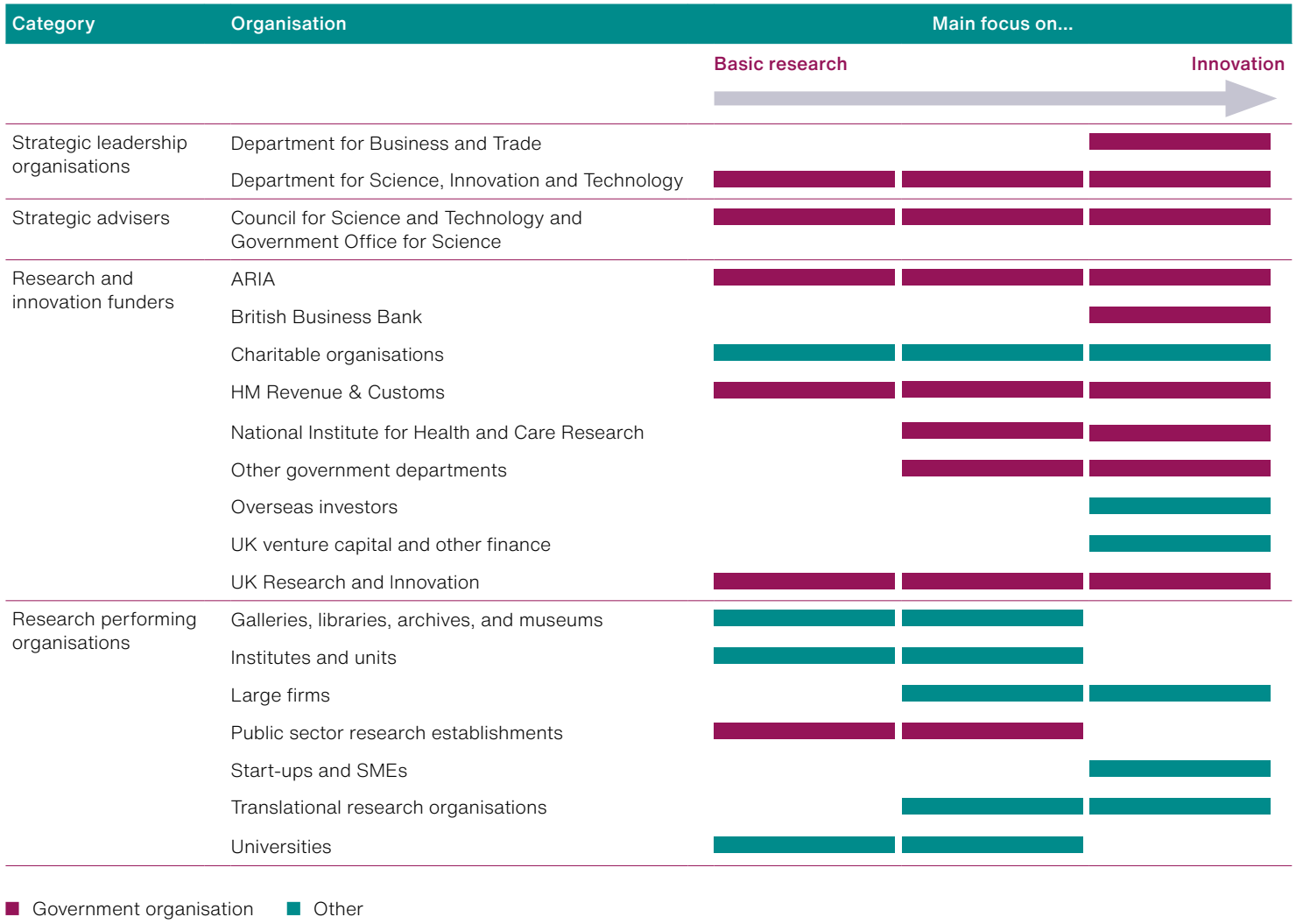
This system has a strong international reputation, ranking fifth overall on the Global Innovation Index in 2024.

# Continued
# The UK's research and innovation system

## Figure 7

The UK research and innovation system

**The UK has a complex and diverse ecosystem of organisations involved in research and innovation which interact in myriad ways**




Source: National Audit Office analysis of Department for Science, Innovation & Technology analysis and Independent Review of the UK's Research, Development and Innovation Organisational Landscape, 2023. Available here.

**Notes**

1 Research and Innovation (R&I) can be defined as the creation and application of new knowledge to improve the world. Often R&I does not follow a neat stage-by-stage process but instead can be understood as taking place in a system. The UK R&I system is a complex network of organisations involved in the creation, diffusion and use of scientific knowledge as well as the coordination and support of these activities.

2 While, for clarity, we have classified each organisation type by its primary role, many organisations have some activities in multiple roles and stages. For example, UK Research and Innovation (UKRI) is also involved in strategic leadership.

3 The Council for Science and Technology is the government's top-level advisory body on science and technology. It is co-chaired by the Government Chief Scientific Adviser and an independent chair. It provides impartial advice to the Prime Minister and Cabinet on how issues such as what the government's high-level priorities for science and technology should be to deliver the government's national missions.

4 ARIA is the Advanced Research and Invention Agency.

5 Translational research organisations, for example, the network of Catapults supported by UKRI, exist specifically to create bridges between basic research and real-world applications. They carry out pre-commercial research and provide services to businesses.

# Investment in research, science, and technology to drive economic growth and productivity

## Providing effective support for research and innovation (R&I) that secures value from public sector investment

The government has a long history of investing in R&I, and in 2024 committed "to promote innovation and harness the full potential of the UK's science base ... [through] protecting record funding for research and development."[1]

Our 2025 report *UK Research and Innovation: providing support through grants* found that government departments expect UKRI to support the delivery of an extensive range of objectives, alongside its own work, but these are not brought together coherently. Government departments use a wide variety of mechanisms to indicate their priorities to UKRI, but these are not consolidated or ranked, meaning that the government does not currently have an overall picture of what it is asking UKRI to do. The government has recently set out its intention to define and justify more clearly the allocation of R&I funding under three categories: curiosity-driven basic research, targeted research aligned to government ambitions (including economic growth), and investment to support innovative businesses (including scale-up).

We concluded that providing effective support for R&I that secures value from public sector investment is a complex challenge: new ideas will not have a track record of achievement or delivery, outcomes of innovation carry a higher degree of uncertainty, and many projects will potentially lead to different discoveries or may fail altogether. UKRI and its predecessor bodies have helped support a globally respected R&I system, which has demonstrated that it can respond effectively to emerging challenges – such as to the COVID-19 pandemic. UKRI, together with DSIT, is seeking to continually improve, by researching the best way to fund R&I. However, there is still more that UKRI could do to maximise the value for money it secures from supporting R&I.

## Growing the UK space economy

Space plays a critical role in modern everyday life in the UK and DSIT considers it to be a critical component to meeting wider government goals. It is vital for scientific discovery and is a fast-developing UK commercial sector which has grown to around £17.5 billion in 2020-21.

DSIT is responsible for coordinating civil space policy and the UK Space Agency (UKSA) is the government's key delivery agency. In September 2021, DSIT and the Ministry of Defence published the government's National Space Strategy (the Strategy)[2] It set an ambition to make the UK one of the world's most innovative and attractive space economies.

Our July 2024 report *The National Space Strategy and the role of the UK Space Agency* found that the government did well to draw its many different interests and activities into a single vision in the Strategy, which set high ambitions and helped galvanise the sector's interest. But DSIT did not provide clarity on the aims, outcomes or priorities for what UKSA was supposed to deliver and by when. UKSA was proactive in working to align its activities with the Strategy and identifying a need to make structural and governance changes, but it did not have sufficient planning, monitoring or evaluation arrangements or capabilities in place. To ensure effective and transparent cross-government working arrangements in the space sector, we recommended that DSIT should map out and publish the roles and responsibilities of public bodies and should explore and implement the appropriate cross-government working arrangements.

Note: In August 2025 the government announced that UKSA will be absorbed by DSIT core department from April 2026. It will bring together policy and delivery.

1 HM Government, *Plan for Change: Milestones for a mission-led government*, December 2024, CP 1210

2 On 7 February 2023 the government announced that the Department for Business, Energy & Industrial Strategy (BEIS) would close, and its responsibilities would transfer to new departments, including DSIT. Therefore, references to DSIT that relate to events prior to this date refer to BEIS.

# DSIT as the digital centre of government

In July 2024 responsibility for the Government Digital Service (GDS), Central Digital and Data Office (CDDO) and Incubator for Artificial Intelligence (i.AI) was transferred from Cabinet Office to DSIT. In January 2025, CDDO and GDS were subsequently merged into a new expanded digital centre of government retaining the GDS name.

In January 2025, DSIT published its *State of digital government review* (the Review), describing the specific issues with digitised government services. The review found that too many government services failed to meet users' expectations, with net satisfaction of digital government services falling from 79% to 68% over the past decade as reported in a BCG Digital Government Citizen survey in 2024.

Other issues identified in the Review included that:

- services are under-digitised;
- public sector data and technology is fragmented, duplicative and underused;
- critical services depend on decades-old legacy technology;
- the public sector struggles to attract and retain top digital and data talent, contributing to a dependence on external resources for core skills; and
- the public sector does not realise the value of its buying power.

In January 2025, DSIT published its policy paper *A blueprint for modern digital government* (the Blueprint). It described a long-term vision for the future of digital government.

Firstly, a modern digital government should reduce the 'time tax' on people using public services. This encompasses the time spent both in using the service and in understanding what needs to be done.

Additionally, a modern digital government should support economic growth, by minimising bureaucracy and by making public data available in ways that open commercial opportunities (subject to the appropriate privacy safeguards).

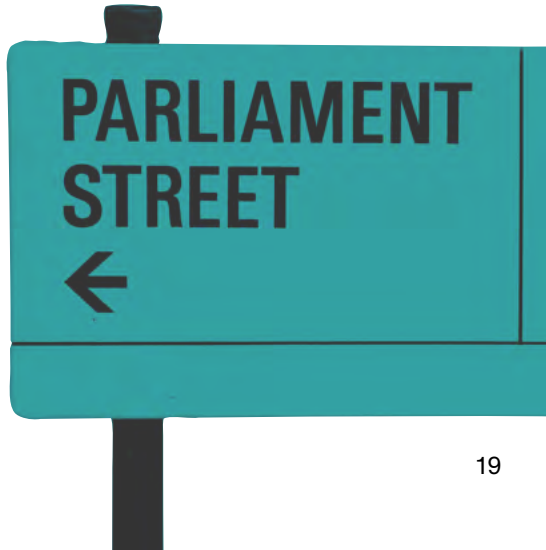
The threats posed by cyber risk are at the highest level ever. Fragmentation and duplication are also present throughout digital government as it currently stands. A modern digital government should therefore address these issues to increase its resilience to cyber security and technical threats.

The Blueprint asserts that higher efficiency, and therefore productivity should be an aim. Using automation, pattern recognition and training public servants to make the most of new tools, a modern government could see improved results with a lower budget.

To achieve these goals, the Blueprint outlays a six-point plan for digital reform:

- Join up public sector services.
- Harness the power of AI for the public good.
- Strengthen and extend digital and data public infrastructure.
- Elevate leadership, invest in talent.
- Fund for outcomes, procure for growth and innovation.
- Commit to transparency, drive accountability.

The Blueprint also committed to co-develop a new Government Digital & AI Roadmap, to set out collective priorities and how they will help drive the government's missions and public sector reform.



# Artificial intelligence

DSIT aims to upskill civil servants in using digital and artificial intelligence (AI), and ensure the government has the right digital infrastructure and regulation.

In 2024, we examined the *Use of artificial intelligence in government*. Our report considered how effectively the government has set itself up to maximise the opportunities and mitigate the risks of AI in providing public services.

Our survey of government bodies found that AI was not yet widely used across government, but 70% of respondents were piloting and planning AI use cases.

Achieving large-scale benefits is likely to require significant changes in business processes and corresponding workforce changes. We recommended that the government needs to ensure its overall programme for AI adoption is ambitious and supported by a realistic plan and must continue addressing other fundamental barriers to AI adoption.

## AI development

In January 2025, the government agreed to take forward 50 recommendations set out in the AI Opportunities Action Plan. The plan will shape the application of AI and remove barriers to growth. In July 2025, DSIT published the *UK Compute Roadmap* which sets out a long-term plan to transform the national compute ecosystem. See **Figure 8**.

**Figure 8**

UK Compute Roadmap 10-point action plan for implementing artificial intelligence (AI) across public services

**The actions relate to four key areas of activity**

| Headline areas | Actions | |
|---|---|---|
| Building a modern public compute ecosystem | 1 | Invest up to £2 billion to deliver a diverse, joined up and user centred compute ecosystem |
| | 2 | Establish National Supercomputing Centre |
| | 3 | Partner with like-minded countries and computing centres |
| Putting compute to use, powering innovation across the economy | 4 | Introduce a refreshed allocation model that targets compute towards the UK's highest-impact research and innovation priorities |
| | 5 | Guarantee dedicated compute access for the Sovereign AI Unit and the AI Security Institute. |
| Building AI infrastructure to keep the UK at the cutting edge of AI development | 6 | Deliver large-scale AI infrastructure via AI Growth Zones across the UK |
| | 7 | Explore new models for delivering the energy infrastructure that powers AI |
| | 8 | Harness AI Growth Zones to deliver both national and local benefits across the economy |
| Creating sovereign, secure, and sustainable capability | 9 | Support British companies to develop sustainable and secure compute technologies |
| | 10 | Establish compute as a priority area for the UK Sovereign AI Unit |

Source: National Audit Office analysis of UK Compute Roadmap published July 2025

# Rollout of mobile connectivity and broadband

DSIT is responsible for government policy on digital connectivity, including on the rollout of mobile connectivity and internet broadband.

## Mobile connectivity

The government considers access to good-quality mobile connectivity as key to growing the economy. Although the future pace is uncertain, demand is expected to continue to grow as greater use is made of data-intensive services and as new technologies enable new uses.

In 2020, the government committed around £500 million to the Shared Rural Network programme, to increase 4G coverage to 95% of the UK landmass by December 2025.

Our 2024 report *Supporting mobile connectivity* found that delays in building new masts meant that it was unclear whether the programme would meet its target, and there were concerns about its affordability. We concluded that value for money would be eroded if the programme delivered infrastructure that does not meet UK consumers' growing needs.

In November 2025, the Shared Rural Network reported that 99 mobile masts are now delivering 4G coverage to previously underserved rural areas. Twenty-five masts are live in Wales, 44 in Scotland and 30 in England. Since the Shared Rural Network programme began in 2020, an additional 35,000 square kilometres are receiving coverage from all four operators, EE, Three, VMO2 and Vodafone.

The 4G coverage from all four operators has increased from 66% to 80%, at least 95% of UK landmass now has coverage from at least one operator, and this was achieved a year ahead of schedule.

## Internet broadband rollout

In 2010, the government established the Superfast Broadband Programme to support broadband rollout to areas that were not commercially viable. In October 2025, Thinkbroadband announced that superfast coverage of the UK was 98.4%.

In 2020, the government allocated £5 billion for its UK gigabit programme to subsidise rollout to the most difficult-to-reach 20% of premises. It has since committed to provide nationwide coverage of gigabit-capable infrastructure by 2032. In October 2025, Thinkbroadband announced gigabit coverage was 89.2%. Nationwide coverage is expected by 2032.

# What to look out for

In June 2025, Emran Mian was appointed as the new Permanent Secretary of DSIT. Prior to his appointment, Emran was Director General for Digital Technologies and Telecoms at DSIT, where he was responsible for programmes involving AI research, data use and access policy, cybersecurity policy and online safety.

From summer 2025, UKRI has a new Chief Executive. Professor Sir Ian Chapman has succeeded Professor Dame Ottoline Leyser. Professor Sir Ian Chapman was previously CEO of the UK Atomic Energy Authority (2016 to 2025) and is a Fellow of the Royal Academy of Engineering and an elected Fellow of the Royal Society.

In August 2025 Jade Leung was appointed as the Prime Minister's new AI adviser. Jade is the Chief Technology Officer of the AI Security Institute.

As part of the Government-wide review of arm's-length bodies launched in April 2025:

- from 1 November 2025, Building Digital UK, the executive agency responsible for improving broadband and mobile coverage in hard-to-reach parts of the UK will be integrated into DSIT; and
- from April 2026, the UK Space Agency will be absorbed by DSIT. It will bring together policy and delivery, and is intended to remove existing duplication of services. It will keep the same name and brand and be staffed by experts from both organisations.

## New initiatives/updates

The government's GOV.UK One Login programme provides a single way for users to create an account, log in and prove their identity to access central government services. It plans to replace a previous landscape of 190+ siloed and duplicative sign-in methods and is part of the Government Major Projects Portfolio. It is live and operational with over 100 government services currently connected.

In January 2025, a GOV.UK app was announced as a 'kickstarter' within *The Blueprint for Modern Digital Government*; this was launched into public beta in July 2025, and further features and enhancements are in development. The government also announced the GOV.UK Wallet as another 'kickstarter', alongside a commitment that the UK would digitise government-issued credentials and proofs by the end of 2027. The UK's first digital credential – a digital Veteran's Card – launched in October 2025. A pilot of a digital driving licence is planned for winter 2025, and all government services will have to offer a digital alternative alongside paper or card credentials by the end of 2027.

**Figure 9**

List of publications we expect to publish within the next six months

| Publication Name | Outline of work |
|---|---|
| *Investment in research infrastructure* – National Audit Office (NAO) work in progress | This study aims to examine how effectively DSIT and UKRI work together to develop and operate research infrastructure that meets the needs of government, researchers, and industry. |
| *Regulating for Growth* – NAO work in progress | Cross sector study that examines whether government and regulators are aligned in their growth ambitions and how effective recent initiatives has been at encouraging regulators to actively consider their contribution to growth. |
| *Resilience to severe space weather* – NAO work in progress | This study aims to examine the government's work to increase the UKs resilience to the risk of severe space weather. |

Source: National Audit Office work in progress

# About the NAO

The National Audit Office (NAO) is the UK's independent public spending watchdog and is responsible for scrutinising public spending for Parliament. We audit the financial accounts of all departments, executive agencies, arm's-length bodies, some companies and charities, and other public bodies. We also examine and report on the value for money of how public money has been spent.

The NAO is independent of government and the civil service. The NAO's wide remit and unique access rights enable us to investigate whether taxpayers' money is being spent in line with Parliament's intention and to respond to concerns where value for money may be at risk.

We support all Members of Parliament to hold government to account, and we use our insights to help those who manage and govern public bodies to improve public services.

## We produce reports:

- on the annual accounts of government departments and their agencies;
- on the economy, efficiency and effectiveness with which government has spent public money; and
- to establish the facts where there are concerns about public spending issues.

We do not question government policy objectives. We look at how government has spent money delivering those policies and if that money has been used in the best way to achieve the intended outcome.

## How the NAO supports Parliament

Through our website or our Parliamentary Relations team, MPs, peers and staff can:

- request a personal briefing on areas of our work that are of interest to them;
- sign up to receive embargoed copies of our reports on subjects of interest;
- make general queries about public spending, or raise concerns with us about value for money; and
- request advice on understanding and scrutinising departments' annual reports and accounts.

Our dedicated Parliamentary team can offer you support and put you in touch with our experts on subjects of interest to you and your constituents. If you would like more information about our work, or to arrange a briefing, please contact our Parliamentary Relations team at parliament@nao.org.uk.

## Other relevant publications

More information about our work, as well as information about our other recent and upcoming reports can be found on the NAO website.

## Keep up to date with our work

Sign up to our latest report updates.

Follow us on X or LinkedIn.



## About this report

This report has been produced to provide an overview of the NAO's examination of the spending and performance of the DSIT.

It is intended to support the DSIT Select Committee and Members across the House in their examination of DSIT.

This report updates our previous report, *An Overview of the Department for Science, Innovation & Technology 2023-24 for the new Parliament 2023-24* published in November 2024.

## How we have prepared this report

The information in this report draws on the findings and recommendations from our financial audit and value for money work, including the annual report and accounts of the DSIT and its partner organisations. In some cases, to provide the most up to date information, we have drawn on information from publicly available documents. We have cited these sources throughout the guide to enable readers to seek further information if required.

Where analysis has been taken directly from our value for money or other reports, details of our audit approach can be found in the Appendix of each report, including any evaluative criteria and the evidence base used. Other analysis in the guide has been directly drawn from publicly available data and includes the relevant source as well as any appropriate notes to help the reader understand our analysis.