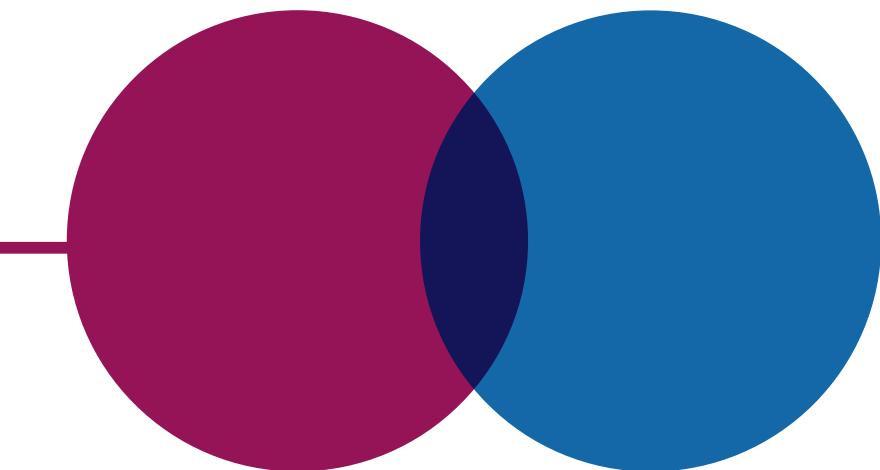




REPORT

DWP's approach to innovation

Department for Work & Pensions

Key enablers of innovation

Key enablers of innovation

From our work on the Department for Work & Pensions' (DWP's) approach to innovation, we identified nine key enablers that can help organisations secure value from innovation. The examples below illustrate how these enablers have supported innovation in DWP.

Enablers	What does this mean in practice?	Why does this matter?	Where has this worked well in DWP?
Supporting an innovation culture			
Clear strategic direction	Leaders have a clear vision and strategy for using innovation and what they expect staff to do, linked to organisational priorities and values.	Without clear strategic direction, innovation becomes fragmented and disconnected from organisational priorities, leading to inconsistent adoption and reduced impact.	DWP's strategy for 2030 aims to position DWP as a leader in public service innovation, driving better outcomes for citizens and improving productivity.
Visible leadership	Leaders at all levels encourage innovation through their communications and behaviours, including recognising and rewarding innovation.	Without visible leadership, staff feel less comfortable trying new things and less confident that innovation is valued.	DWP senior leaders share examples of innovation from across the department through internal communications and use awards to celebrate innovation.
Developing and implementing innovation			
A clear reason for innovating	Innovation is designed to address a problem or challenge and there is a clear focus on outcomes.	Innovations that lack a clear purpose and desired outcome can result in misdirected effort and investment, making success less likely.	DWP developed a predictive analytics model to help tackle the long-standing problem of child maintenance payments breaking down, helping staff to intervene earlier and keep money flowing to children and families.
Available resources	Organisations make funding and time available to allow staff to test and develop new ideas.	Staff are less able to innovate where time and funding is not made available, meaning public services are less likely to improve outcomes for customers and taxpayers.	DWP has several dedicated innovation teams with a clear mandate – and the capacity and freedom – to experiment, including the Innovation Lab, which develops and tests digital solutions, and the Lighthouse Programme, which focuses on generative AI initiatives such as the Generative AI in Learning (GAIL) tool.

Key enablers of innovation *continued*

Enablers	What does this mean in practice?	Why does this matter?	Where has this worked well in DWP?
Developing and implementing innovation <i>continued</i>			
Learning from others	Insights from other organisations bring new ideas, challenge assumptions and inform delivery approaches.	Failing to learn from others can result in missed opportunities, weaker solutions to problems and slower organisational improvement.	The team running the benefits administration programme has drawn on learning from others – international counterparts, private sector companies and academic partners – to inform and challenge its thinking.
Well-managed risk-taking	Organisations have a positive risk culture, take a differentiated approach to managing risk and are clear where they have a higher risk appetite.	Where risk-taking is not well managed, organisations may have an excessively cautious culture that discourages experimentation and misses opportunities for improvement.	DWP has intentionally set a higher risk appetite for certain initiatives, including the GAIL tool and the benefits administration programme.
Evaluation and learning lessons			
Proportionate assessment and evaluation	Evaluation is built into innovation from the start, and organisations make use of test-and-learn approaches as a precursor to full-scale evaluation and are realistic about the evidence needed to inform decision-making.	Where proportionate assessment and evaluation is not built into innovation, it is harder to test and learn at pace and to make timely, well-informed decisions about how to proceed.	DWP's evidence and evaluation strategy highlights the need for evaluations to be robust, proportionate and useful, and our case examples illustrate DWP making use of test-and-learn approaches to assess and refine specific innovations.
Scaling up what works to realise benefits	Organisations manage the rollout of successful innovations well, adapt innovations in light of experience, and stop innovations that fail.	Failing to scale successful innovations means that organisations miss out on the benefits of wider application and allow less effective approaches to persist.	DWP expanded use of its Whitemail Insights and Vulnerability Scanner – to identify customers who may be vulnerable and in need of urgent assistance – following a successful trial and later moved it into business-as-usual operations.
Learning lessons	Organisations have arrangements for identifying and disseminating lessons from innovations that have worked and from those that have not.	A failure to learn lessons from what has worked and what has not can lead to repeated mistakes, duplication of effort and slower organisational improvement.	DWP's Innovation Tests and Trials Team maintains a dashboard of tests and trials within the Jobs and Careers Service, with the aim of sharing knowledge and avoiding duplication.

Summary

1 The Department for Work & Pensions (DWP) is responsible for welfare, pensions and child maintenance policy. Its vision is “to enable and empower everyone to thrive”. It administers the State Pension and a range of working-age, disability and ill-health benefits to around 23 million people across Great Britain. In 2025-26, it spent £309.5 billion on welfare payments and £10.6 billion on service delivery and running costs.

2 Demand for DWP's services is increasing, with an ageing population and growing numbers of people with complex needs. Customers' expectations are also becoming more demanding as people want, for example, to be able to communicate with DWP through digital channels and to use self-service options. DWP's strategy for 2030 aims to transform how it operates and delivers services, in order to meet the evolving needs of its customers while providing value for taxpayers. Like other departments, DWP is expected to become more productive in the coming years, by making efficiency savings and securing better outcomes for its customers.

3 Successive governments have looked to innovation and new technologies to play an important part in delivering modern, efficient public services. In 2025, the government stated that embedding a pro-innovation culture, identifying opportunities early, adopting the latest technologies and collaborating with partners in industry could ensure that public services deliver the best possible outcomes for citizens and businesses.

Focus of our report

4 Our 2025–2030 organisational strategy makes clear that government will need to innovate if it is to deliver effective and affordable public services. Innovation can help meet the growing demands of public services in the context of limited resources. We have committed to use our public audit perspective to highlight positive examples of innovation within the public sector, while continuing to call out instances that do not represent value for money – in part to reduce the risk that accountability processes discourage well-managed risk-taking in government.

- 5** This report examines DWP’s approach to innovation. We carried out the study to consider how a department with a significant operational delivery role approaches innovation. Our study framework had two parts.
- We reviewed DWP’s overall approach including its vision for the role of innovation, its organisational culture and risk appetite, and its approach to evaluation.
 - We examined what innovation looks like in practice within DWP through six case examples from across the organisation to highlight the enablers and challenges of innovation (**Figure 1**).

Figure 1
Summary of our case examples of innovation in the Department for Work & Pensions (DWP)

We examined six examples of innovation in DWP which illustrate different types of innovation across the department

Case example	Type of innovation	Description
Benefits administration programme	Potential radical redesign of core service delivery	This programme is exploring how the benefits system might look were it designed from scratch, to provide a better service for customers and make efficiency savings. DWP is aiming to create a single platform covering benefit applications, decisions and management.
Carer’s Allowance texting pilots	Small-scale pilots to reduce overpayments that were not taken forward	In 2024 and 2025, DWP tested whether text messages would prompt Carer’s Allowance claimants to report changes of circumstances, with the aim of reducing overpayments and debt.
Child Maintenance Service predictive analytics model	Data analytics to improve service delivery	This model predicts the probability of payment breakdown in child maintenance cases. DWP caseworkers use this information to identify cases where they should intervene, with the aim of keeping money flowing to families.
Generative AI in Learning (GAIL) tool	Use of artificial intelligence (AI) to improve productivity	DWP developed GAIL to reduce the significant time involved in developing engaging training material for its staff.
Jobcentre sector segmentation trials	Small-scale innovations led by frontline staff to improve outcomes	These trials aim to improve customer experience and job search outcomes by assigning DWP work coaches to specific economic sectors, so they can provide more tailored support to Universal Credit claimants.
Whitemail Insights and Vulnerability Scanner	Use of AI to improve productivity and support for customers	DWP defines whitemail as any post from customers that is not an administrative form. This tool scans around 25,000 documents each day and its functions include identifying potentially vulnerable customers, allowing staff to determine more quickly what action to take.

Source: National Audit Office analysis of Department for Work & Pensions documents and interviews with departmental staff

6 The report covers DWP's approach to supporting an innovation culture (Part One); developing and implementing innovation (Part Two); and evaluating and learning lessons (Part Three). Details of our audit approach are set out in Appendix One.

Key findings

Supporting an innovation culture

7 DWP sees innovation as an important tool to help achieve its vision of being a digital and customer-focused service. By 2030, DWP aspires to be a digital organisation that is trusted to deliver good customer service while ensuring value for taxpayers. In its strategy for 2030, DWP has set out that it needs to radically transform the way it operates and delivers services, with one of its three strategic priorities being to go further and faster on digitalisation. The strategy is intended to position DWP as a leader in public service innovation, driving better outcomes for citizens and improving productivity. DWP's strategy aligns with wider government priorities around maximising the potential of innovation and technology, including artificial intelligence (AI) (paragraphs 1.2 to 1.4).

8 DWP's staff have an important part to play in suggesting better ways of doing things, and senior leaders encourage a culture of innovation. Frontline staff understand how services operate in practice and are well placed to identify opportunities for innovation. Creating a consistent culture is challenging in an organisation of DWP's scale. Its senior leaders highlight the importance of the organisation's values in guiding how staff work with each other and with customers. One of these values, "we adapt", is intended to remind staff to think of new ways of doing things and to be open to others' ideas. Senior leaders promote innovation through their communications with staff. Through a campaign called 'Our DWP Story', leaders highlight examples of innovation from across the department, with the aim of making these stories feel real and relevant. DWP also uses internal and external awards as a way of promoting and celebrating innovation. The 2025 Civil Service People Survey found that 67% of DWP staff felt they would be supported to try a new idea even if it may not work, slightly lower than the civil service average of 70% (paragraphs 1.7 to 1.15 and Figure 2).

9 However, aspects of DWP's broader operating context can constrain the opportunities for innovation. DWP senior leaders stressed that the department is not willing for innovation to jeopardise the payment of benefits on time or to put at risk the large volume of sensitive personal data that it holds. In addition, the benefits system is tightly prescribed and rules-based in order to align with the legislative framework, limiting the scope that some staff have to innovate. Senior leaders told us staff need to feel supported to share ideas with their managers and teams, so innovation can happen in a considered and safe way. DWP's autonomy to innovate is also limited by the requirement to involve HM Treasury in decisions that have implications for Annually Managed Expenditure, such as how work coaches are deployed. However, these constraints do not remove opportunities for innovation in aspects of service delivery, operational processes and organisational practices (paragraphs 1.5 to 1.8).

Developing and implementing innovation

10 DWP has dedicated teams to support innovation, with frontline staff often suggesting ideas for service improvements. DWP has several dedicated teams with a clear mandate – and the capacity and freedom – to experiment, signalling its commitment to innovation. It has established an Innovation Lab, which develops and tests digital solutions, and the Lighthouse Programme, which focuses on generative AI initiatives such as the Generative AI in Learning (GAIL) tool. DWP's Intelligent Automation Garage explores opportunities to automate existing processes and develops solutions, with many ideas originating from frontline staff and prompted by challenges in day-to-day operations. The Innovation Tests and Trials Team oversees and coordinates innovation in the Jobs and Careers Service, with projects suggested and implemented by operational staff (paragraphs 2.4 to 2.12).

11 DWP generally oversees innovation through its routine transformation and digital governance structures, with the level of scrutiny dependent on factors such as a programme's strategic importance and complexity. Governance plays an important role in ensuring that innovation is pursued within appropriate risk and control parameters, while not discouraging people from innovating. A key consideration is whether governance arrangements are sufficiently proportionate to enable different types of innovation while maintaining effective oversight, accountability and control. DWP senior leaders told us that some governance processes can be slow and bureaucratic, making innovation more difficult. At the time of our work, DWP was adapting its governance to support delivery of its strategy for 2030 and make decision-making more joined-up, helping to address this problem. The changes include creating a single governance structure for transformation activity and setting up a Transformation Office to provide oversight, challenge and support for this activity. Our case examples illustrate how DWP may adapt its governance for novel initiatives – for example, it has developed a 'licence to operate' framework for the benefits administration programme. This involves real-time assurance and less focus on formal board meetings and reporting during the inception phase (paragraphs 2.16 to 2.19).

12 DWP takes a differentiated approach to risk and sets a higher risk appetite for some innovative initiatives. Innovation often involves initiatives where outcomes are uncertain and an acceptance that some projects may fail. Organisations can support innovation by being clear about the level of risk they are willing to accept and by creating an environment where risks are discussed openly and concerns are escalated. DWP tailors its approach rather than having a single articulation of its appetite for the risks associated with innovation. Innovation is reflected in its overall risk management framework, which defines its risk appetite around key themes, using a five-point scale from 'opposed' (where avoiding risk and uncertainty is a key objective) to 'enterprising' (where there is an eagerness to innovate and a greater acceptance of uncertainty). DWP teams are expected to use the framework in their decision-making and, where activity is novel or unusual, to seek advice from their risk management business partners. In our case examples, we saw good examples of DWP intentionally setting a higher risk appetite for specific initiatives, including the GAIL tool and the benefits administration programme (paragraphs 2.21 to 2.25).

13 DWP draws on external insight and expertise to shape its approach to innovation. External input can support organisations to innovate by bringing new perspectives, specialist expertise and practical examples. For example, the team running the benefits administration programme has drawn on multiple external sources – international counterparts, private sector companies and academic partners – to inform and challenge its thinking on areas such as delivery models, using technology and data, and the cultural aspects of transformation. Alongside project-specific partnerships, DWP participates in wider forums that support learning about innovation. It is a member of the Windsor Group, through which it exchanges ideas and experiences with counterparts in other countries (paragraphs 2.26 to 2.29).

Evaluating and learning lessons from innovation

14 DWP looks to take a proportionate approach to evaluation, and uses test-and-learn approaches to refine innovations at pace. DWP's evidence and evaluation strategy highlights the need for evaluations to be robust, proportionate and useful. DWP is seeking to be more agile in its approach to testing and evaluation, with the aim of generating results more quickly. It accepts that the evidence generated from test-and-learn approaches will be less robust than from evaluation methods such as randomised controlled trials. DWP's focus on proportionate evaluation aligns with HM Treasury's Magenta Book guidance, which was updated in May 2026 and includes new material on test-and-learn activity. HM Treasury describes test and learn as complementary to, but not a substitute for, formal evaluation. Test and learn uses feedback loops to check whether an intervention is working as expected and how it can be improved. Our case examples include instances of DWP taking a flexible and proportionate approach to assessment and evaluation. For example, it used a test-and-learn approach to implementing and assessing the GAIL tool and predictive analytics in the Child Maintenance Service. Although it has not yet completed a long-term evaluation of either initiative, it told us it has plans to do so. DWP's Innovation Tests and Trials Team takes a structured approach by connecting frontline staff with evaluation specialists to help ensure evaluation is built into jobcentre innovations from the outset (paragraphs 3.3 to 3.8).

15 DWP uses pilots to test innovative ideas, scaling up those that demonstrate value and stopping those that do not. Effective innovation requires a willingness to experiment, and also to scale up pilots that have been successful and stop initiatives that are not delivering the intended outcomes. Scaling is an important part of ensuring that innovation leads to sustainable and widespread impact. It can involve taking an intervention from pilot stage through to business-as-usual operation or expanding use of an innovation from one service area into another. Evidence indicates that DWP rolls out ideas that have been shown to work but is also willing to stop innovation that has not delivered the desired result. For example, within the Lighthouse Programme, which was set up to explore safely how DWP could make use of emerging AI technology, half of the projects tested progressed beyond the pilot stage, with the other half not taken forward (paragraphs 3.12 to 3.17).

16 DWP shares learning from its innovations across government but could do more to disseminate lessons within the department, including from initiatives that are not taken forward. Failure to capture and share learning increases the risk of duplicated effort, repeated mistakes and missed opportunities to improve future initiatives. For example, a 2024 Government Internal Audit Agency report on the Whitemail Insights and Vulnerability Scanner found there had been inadequate communication and sharing of lessons, potentially leading to missed opportunities to improve other AI initiatives within DWP. We also heard that a tendency for teams to want to share success stories with colleagues can make it less likely that lessons from initiatives not taken forward are shared consistently across the department. However, DWP has worked to share its learning and experience more effectively in recent years. It is involved in various groups that provide opportunities to share lessons from innovation across government. It has also shared learning from specific innovations, such as the Child Maintenance Service predictive analytics model, through award nominations and in cross-government forums. Internally, the Innovation Tests and Trials Team maintains a dashboard of all tests and trials within the Jobs and Careers Service, with the aim of sharing knowledge and avoiding duplication (paragraphs 3.18 to 3.21).

Concluding remarks

17 DWP has an ambition to be a leader in public service innovation, so it can improve outcomes for citizens, increase productivity and secure better value for taxpayers. However, as a major operational delivery department, DWP is pursuing this ambition within a challenging context. It is responsible for administering benefits in line with legislation, protecting large volumes of sensitive personal data, and providing reliable services for the millions of people who depend on its payments. Innovation must be balanced carefully with these responsibilities and cannot compromise them.

18 DWP is experimenting in valuable ways across the organisation, with indications of positive impact on customer service and productivity. The examples we saw ranged from trials to improve how jobcentres support claimants to the use of AI to keep child maintenance payments flowing and to produce staff training materials more efficiently.

19 DWP has many of the necessary building blocks in place for an effective approach to innovation, including taking a differentiated approach to risk and using test-and-learn methods to pilot and refine innovations before scaling them. However, there is scope for DWP to strengthen its approach further by applying good practice more consistently. For example, it has more to do to build a culture where staff feel confident to try new things within clear boundaries, and to share learning effectively across the organisation.

Recommendations

20 In order to build on the valuable innovation activity that has already taken place, we recommend that DWP should:

- a Strengthen its approach by applying the key enablers of innovation that we have identified more consistently across the department.** The application of individual enablers should reflect the differing contexts and needs of specific teams and services.

Using our key enablers to guide its activity in each area, DWP should:

- b Provide clearer and more practical guidance to staff and managers on its risk appetite for innovation and the parameters within which innovation can take place.** This would help to create an environment in which innovation can be pursued confidently, responsibly and in a manner that supports the delivery of better outcomes for citizens. The guidance should set out how DWP wants its staff to innovate, with illustrative examples; explain the constraints staff need to consider; and signpost the sources of governance, risk and evaluation support available to teams when they are developing and testing new ideas.
- c Strengthen the role of local leaders and managers in supporting an innovation culture.** DWP should equip managers with the skills needed to encourage and respond constructively to staff suggestions for improving services and ways of working. It should give particular attention to empowering staff in service areas where they feel less confident in proposing new ideas.
- d Strengthen its approach to evaluation of innovative initiatives** by planning in evaluation from the start of each project, involving appropriate analytical and evaluation expertise from the outset, and using long-term evaluation to supplement ongoing test-and-learn activity.
- e Establish an efficient and effective approach to capturing, sharing and applying learning from innovation activity across the department.** DWP should build on existing good practice, such as the Innovation Tests and Trials Team's dashboard, to share lessons, avoid duplication and inform future innovation activity. This should include lessons from innovations that were not scaled up or that did not achieve their intended outcomes.