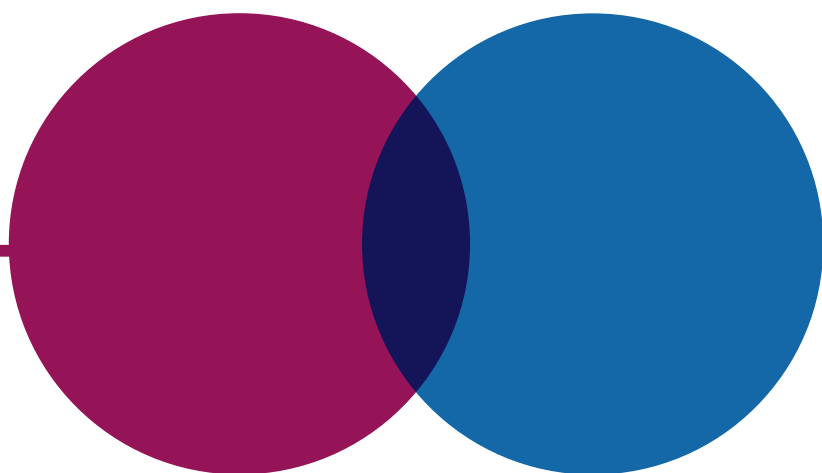




National Audit Office



REPORT

DWP's approach to innovation

Department for Work & Pensions

SESSION 2026-27
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National Audit Office

DWP's approach to innovation

Department for Work & Pensions

Report by the Comptroller and Auditor General

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Commons in accordance with Section 9 of the Act

Gareth Davies
Comptroller and Auditor General
National Audit Office

13 October 2026



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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.

Part One

Supporting an innovation culture

1.1 This part of the report covers how the Department for Work & Pensions (DWP) seeks to support an innovation culture, including through its strategy and leadership.

Vision and strategy

Government's vision

1.2 Successive governments have looked to innovation and new technologies to play an important part in addressing the challenges the country faces, including delivering modern, efficient public services. In a speech in 2024, the Chancellor of the Duchy of Lancaster said that government had to be “relentlessly curious about how the world is changing and constantly asking how that change can be applied in the public sphere”, and that it needed “innovators, disruptors and original thinkers”.

1.3 In 2025, the government set out that science, technology and innovation have the potential to transform the public sector.¹ It noted 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 across the UK. The 2026-27 objectives for the Cabinet Secretary and Head of the Civil Service include “reforming the civil service so that it is recognised for excellence in delivery, innovation and improved productivity”.

DWP's strategy

1.4 By 2030, DWP aspires to be a digital organisation, 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 highlights the opportunity offered by new technology and artificial intelligence (AI), and notes that the Secretary of State wants the department to be a driver of innovation, experimentation and learning. The strategy for 2030 is intended to position DWP as a leader in public service innovation, driving better outcomes for citizens and improving productivity.

¹ Department for Science, Innovation & Technology, *Science and Technology Framework*, April 2025.

1.5 However, DWP senior leaders also stressed to us that there are tensions between DWP's operating context and its scope for innovation. In particular, DWP is not willing for innovation to jeopardise the payment of benefits on time to millions of citizens 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 so it aligns with the legislative framework. This limits the scope that some staff, such as those administering benefits, have to innovate.

1.6 DWP's autonomy to innovate is also limited by having no delegated authority over spending on benefits, which is classified as Annually Managed Expenditure (AME).² As a result, DWP has to involve HM Treasury in decisions that have AME implications, such as changes in how it uses its work coaches that could affect benefit expenditure.

1.7 Within these parameters, DWP's staff have an important role to play in innovation by suggesting how services might be made more efficient or effective. Frontline staff understand how services work in practice, where problems arise and whether new approaches could be feasible and valuable. Their operational knowledge and involvement in development and testing can help refine new ideas for innovation in aspects of service delivery, operational processes and organisational practices.

1.8 In October 2025, DWP's then Permanent Secretary told the Public Accounts Committee that a key part of innovation is how the department encourages all staff to feel that their ideas matter and they can contribute them as part of changing things for the good. DWP senior leaders confirmed to us that it is important that staff feel supported to share ideas with their managers and teams. They stressed that this kind of transparency can help ensure that innovation is undertaken in a considered and safe way, without creating unacceptable risk.

Leadership

1.9 Good leadership sets the tone for an organisation by empowering and inspiring staff to contribute towards a shared purpose. Stakeholders told us that effective innovation requires a clear sense of direction from the top of an organisation, and in our case examples of innovation, success has been enabled by strong support from DWP senior leaders. Senior leaders highlighted the importance of the department's values, which are intended to underpin how its staff work with each other and with customers. In terms of innovation, the most relevant value is "we adapt", which is intended to remind staff to think of new ways to do things and to be open to others' ideas.

² Annually Managed Expenditure is spending that is difficult to predict or control as it is spent on programmes that are demand-led. It is not subject to multi-year spending limits set in government spending reviews.

1.10 DWP senior leaders told us that creating a consistent culture is challenging in an organisation of DWP's scale. In 2025-26, it had on average 83,000 permanent full-time equivalent staff. These staff are dispersed across Great Britain, with different sites having their own local culture. DWP also has higher proportions of junior staff than the civil service as a whole, making the role of middle managers in setting the right culture particularly important.

1.11 Senior leaders stressed the importance of communications in encouraging an innovation culture. They noted that constant repetition of messages and priorities is important in making sure these reach everyone in all parts of the business. They highlighted the value of storytelling as an effective communications tool, particularly where it brings out the perspective of DWP's customers.

1.12 'Our DWP Story' is an internal communications campaign that was launched in 2025. As part of this campaign, DWP's internal communications team identifies good examples of innovation from across the department and the learning it would like to share, and leaders are responsible for communicating these stories to staff. The campaign is one of the main mechanisms that DWP uses to showcase innovation, with leaders across the organisation taking responsibility for making these stories feel real and relevant.

1.13 DWP senior leaders encourage participation in 'One Big Thing' – an annual initiative that asks civil servants to take action around a shared reform priority – and engagement among departmental staff is high. In 2024, the focus was on innovation, with the strapline "One Big Thing starts with one small change". Nearly two-thirds of DWP staff engaged with the initiative, and of 2,298 case studies and experiments recorded across the civil service, 660 (29%) took place within DWP. DWP accounted for 17% of the civil service workforce in 2024, but was responsible for 43% of training completed as part of the scheme.

1.14 DWP also nominates its teams for external awards as a way of promoting and celebrating innovation. For example, staff from the Child Maintenance Service won an award at the 2026 techUK Transformation in Public Sector Awards for their innovative use of predictive analytics (see Figure 4 on page 24). Internal DWP awards are also important in encouraging innovation, with staff keen to recognise colleagues who promote new ideas and practices.

Staff views

1.15 The annual Civil Service People Survey does not explicitly ask about innovation but there are questions that can be regarded as proxy indicators.³ These indicate whether staff have a clear understanding of what constitutes acceptable experimentation and risk-taking when trying to improve services. In 2025:

- 67% of DWP staff agreed with the statement “I believe I would be supported if I try a new idea, even if it may not work”, slightly lower than the civil service average of 70% (**Figure 2** overleaf) – DWP highlighted to us that the scores vary between different groups of staff with, for example, higher proportions of staff in corporate areas and more senior staff agreeing with the statement compared with staff in operational areas and more junior staff; and
- 74% of DWP staff agreed with the statement “The people in my team are encouraged to come up with new and better ways of doing things”, the same proportion as for the civil service as a whole.

1.16 The survey results are made available across the department, with guidance for managers on discussing the results with their teams and turning them into practical actions for improvement.

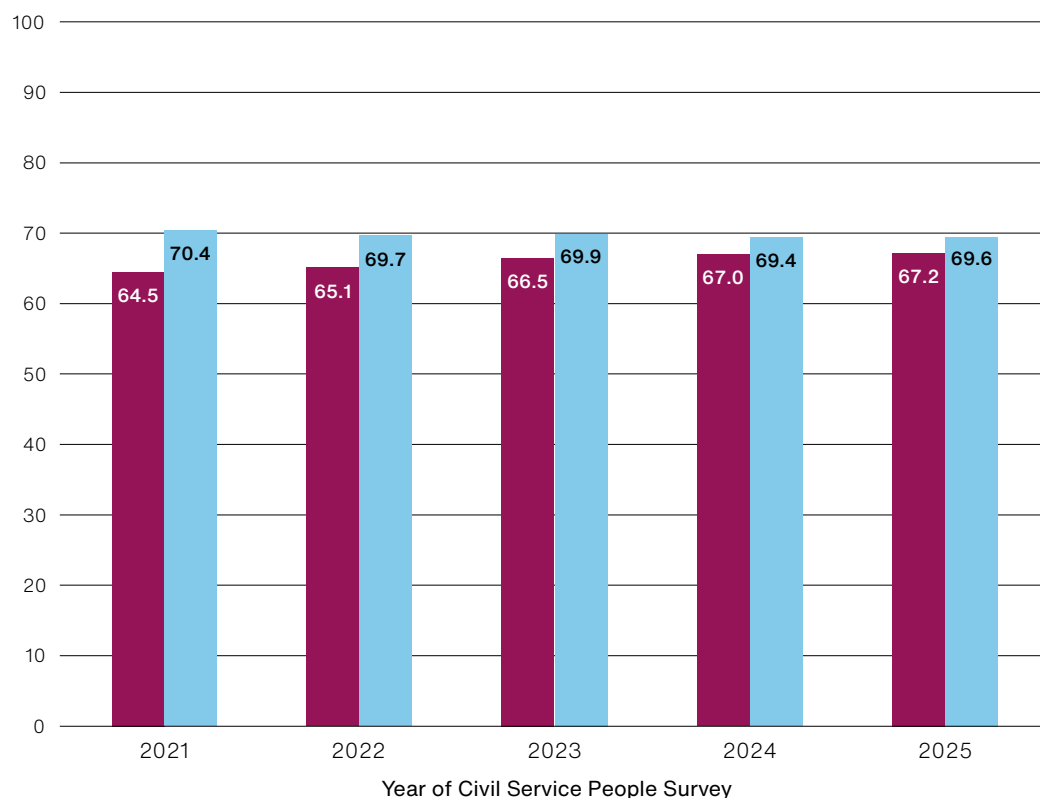
³ The Civil Service People Survey is sent to all civil servants each year, with results made available by government organisation. In 2025, 64% of DWP staff responded to the survey.

Figure 2

Civil Service People Survey results for the statement “I believe I would be supported if I try a new idea, even if it may not work”, Department for Work & Pensions (DWP) and civil service average, 2021 to 2025

The proportion of DWP staff surveyed who agreed or strongly agreed with this statement was slightly below the civil service average, although the gap has narrowed since 2021

Percentage of survey respondents who agreed or strongly agreed



■ DWP
■ Civil service

Notes

- 1 The annual Civil Service People Survey measures civil servants' attitudes to, and experience of, working in government organisations. Government takes a census approach to the survey whereby all staff are invited to participate.
- 2 The response rates for DWP were as follows: 62% in 2021; 65% in 2022; 68% in 2023; 65% in 2024; and 64% in 2025.
- 3 Mean scores for DWP are compared with the civil service mean rather than the civil service benchmark (median) in order to compare equivalent scores.
- 4 Percentages have been rounded to one decimal place.

Source: National Audit Office analysis of Civil Service People Survey data

Part Two

Developing and implementing innovation

2.1 This part of the report covers how the Department for Work & Pensions (DWP) develops and implements innovation.

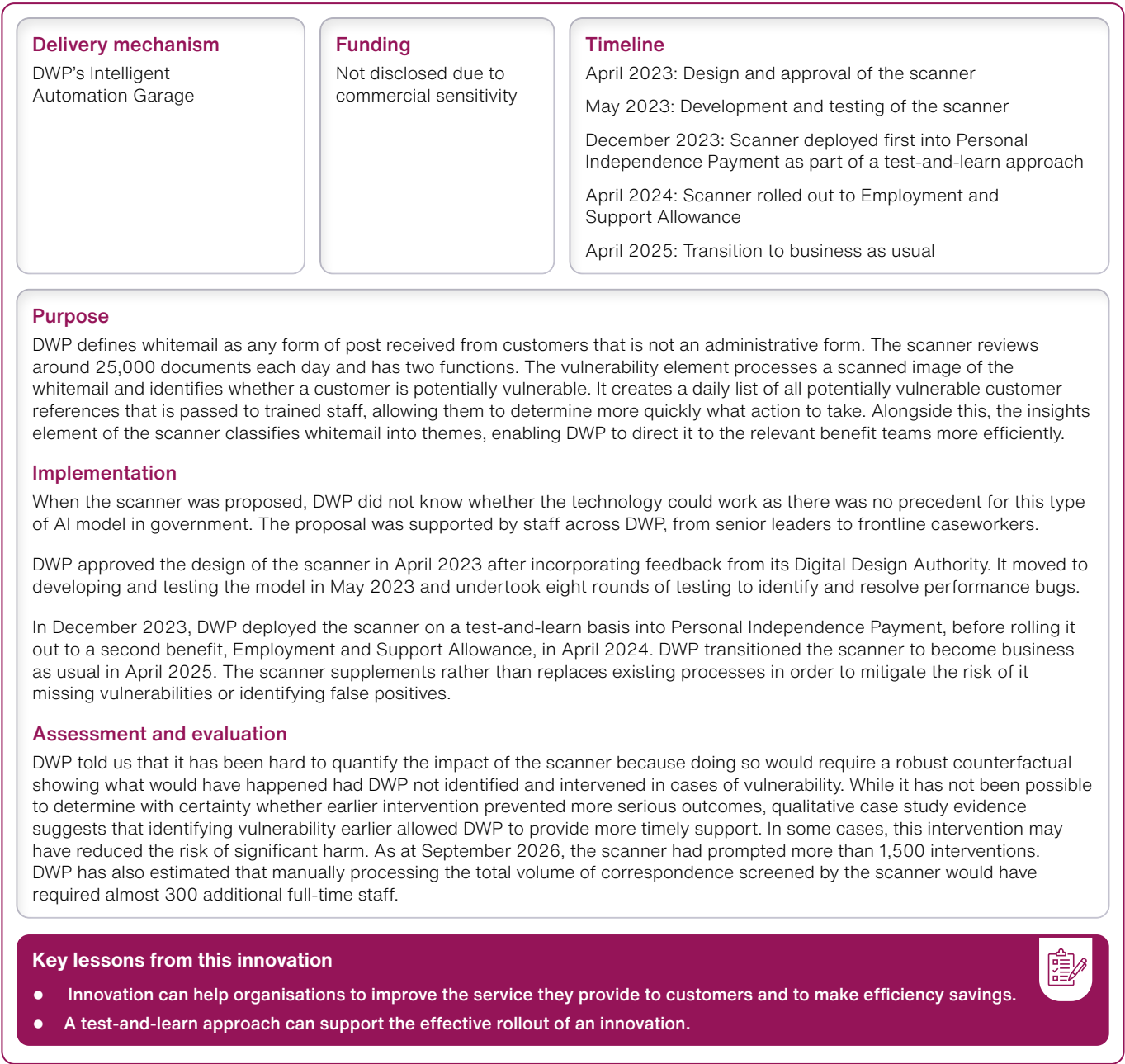
Starting with a challenge and a desired outcome

2.2 Having a clear challenge to address or problem to solve, together with a focus on the desired outcomes, can enable successful innovation. DWP senior leaders told us that innovation is most effective when it is used to help achieve outcomes aligned with departmental priorities, rather than being pursued as an end in itself.

2.3 Our case examples of innovation reinforce the importance of beginning with a well-defined problem and clarity around the intended impact. For example, DWP developed its Child Maintenance Service predictive analytics model to help tackle the long-standing problem of maintenance payments breaking down. The team had the idea of using machine learning to identify cases at greater risk of payment breakdown, so that staff could intervene earlier and help keep money flowing to children and families. Similarly, the idea for DWP's Whitemail Insights and Vulnerability Scanner arose from a desire to identify more quickly customers who may be vulnerable and in need of urgent assistance (**Figure 3** overleaf). One of DWP's digital teams recognised that emerging technologies could help address this challenge.

Figure 3
Summary of the Department for Work & Pensions' (DWP's) Whitemail Insights and Vulnerability Scanner

The Whitemail Insights and Vulnerability Scanner identifies potentially vulnerable customers who write to DWP, enabling staff to prioritise them for follow-up action



Note
1 DWP's Intelligent Automation Garage is a dedicated innovation team that explores opportunities to automate existing processes.

Routes for developing innovation

2.4 DWP supports innovation through a range of mechanisms, including dedicated teams and major programmes. It also has several dedicated funding pots that support innovation by providing money for experimentation in specific policy areas. For example, the Fraud Prevention Fund – which is worth £30 million over three years – supports the testing and trialling of creative ways to tackle fraud in the welfare system. In general, however, activity to develop and implement innovation is dispersed throughout the department and is largely funded through teams' existing budgets. This means that DWP does not have a figure for how much it spends in total on innovation.

Dedicated teams to support innovation

2.5 Dedicated innovation teams with a clear mandate – and the capacity and freedom – to experiment, can be an important enabler of innovation, signalling an organisation's commitment to trying new things. DWP has set up several such teams and told us how these create a protected environment where ideas can be tested, lessons can be learned, and failure is accepted as part of the innovation process.

2.6 The stakeholders we spoke to also highlighted the value of dedicated innovation teams that can challenge established ways of working and create space for new ideas. However, they emphasised that dedicated teams should be a starting point, and that innovation also needs to be embedded across an organisation and within wider ways of working.

Innovation Lab and Lighthouse Programme

2.7 DWP's Innovation Lab was established in 2017 to develop and test new digital solutions to existing problems. It supports staff from across the department, including operational delivery teams, to get their ideas off the ground. The Innovation Lab provides specialist skills, including digital and artificial intelligence (AI) expertise, and brings together people from different disciplines for development and testing. It also works with external partners from the public and private sectors, for example to access specialist skills and gain insights into market developments. The Innovation Lab had around 13 core staff, including civil servants and contractors, and spent £1.7 million in 2025-26. As projects mature, they can seek additional funding through DWP's standard governance processes. DWP has not assessed the impact of the Innovation Lab.

2.8 DWP set up the Lighthouse Programme a few years after the Innovation Lab to focus on the potential of generative AI.⁴ DWP told us that, as AI became increasingly important, it brought these two areas together under a new AI and Innovation Directorate. This directorate combines innovation and AI expertise with a dedicated delivery function to turn promising ideas into working services. DWP's Generative AI in Learning (GAIL) tool, which aims to reduce the time needed to develop engaging training materials for staff, was nurtured by the Lighthouse Programme before receiving further funding through DWP's Investment Committee to help it move into business as usual.

Intelligent Automation Garage

2.9 DWP's Intelligent Automation Garage is another dedicated innovation team and was also established in 2017. It had an average of 120 staff, including civil servants and contractors, in 2025-26. The Garage explores opportunities to automate existing processes, with many ideas originating from DWP's frontline staff. It works with operational staff and digital specialists to identify opportunities and develop solutions. Its work is often prompted by challenges identified in day-to-day operations, with a focus on improving efficiency and customer service.

2.10 DWP told us that the Intelligent Automation Garage funds existing automation tools that have become business-critical, while new innovations are usually funded by the business area requesting the change or capability. DWP's Whitemail Insights and Vulnerability Scanner is one example of a project that was delivered through the Garage. DWP told us that it assesses the time saved for each project in the Intelligent Automation Garage. As at May 2026, it estimated that these projects had saved a combined total of five million operational hours.

Innovation Tests and Trials Team

2.11 DWP set up the Innovation Tests and Trials Team in 2025 to oversee and coordinate tests and trials being carried out in the new Jobs and Careers Service. In 2025-26, the core team comprised 3.5 full-time equivalent staff, with analyst support as required.

2.12 The Innovation Tests and Trials Team seeks to promote knowledge sharing and avoid duplication by maintaining a dashboard of all tests and trials, providing a single view of the projects underway, how they are governed and how they are evaluated. At the time of our work, the dashboard included around 20 projects. These ranged from large-scale trials such as the Youth Guarantee Trailblazers in eight areas across England, which seek to provide localised support for young people aged 18 to 21, to smaller tests such as the sector segmentation trials, which assign work coaches to specific economic sectors to provide more tailored support to claimants (see Figure 7 on page 34).

4 Generative AI is a type of AI capable of creating new content, such as text, images, video, audio or code.

Innovation linked to major programmes

2.13 DWP's major transformation programmes can enable innovation in the department by giving teams resources and permission to test new approaches. Two of the case examples we examined were part of, or evolved from, DWP's Service Modernisation Programme, which is a wide-ranging 11-year programme to modernise services across the department.

2.14 The Child Maintenance Service Modernisation Programme is part of DWP's wider service modernisation and has supported innovation by taking a portfolio funding approach. The programme team told us that it explicitly allowed for some experimentation and failure so it could test different solutions to long-standing problems, including payment arrangements breaking down. One solution that the team tested was a machine learning model to identify cases at greater risk of payment breakdown (**Figure 4** overleaf). DWP developed the model iteratively using a test-and-learn approach, and has now embedded it into business-as-usual operations.

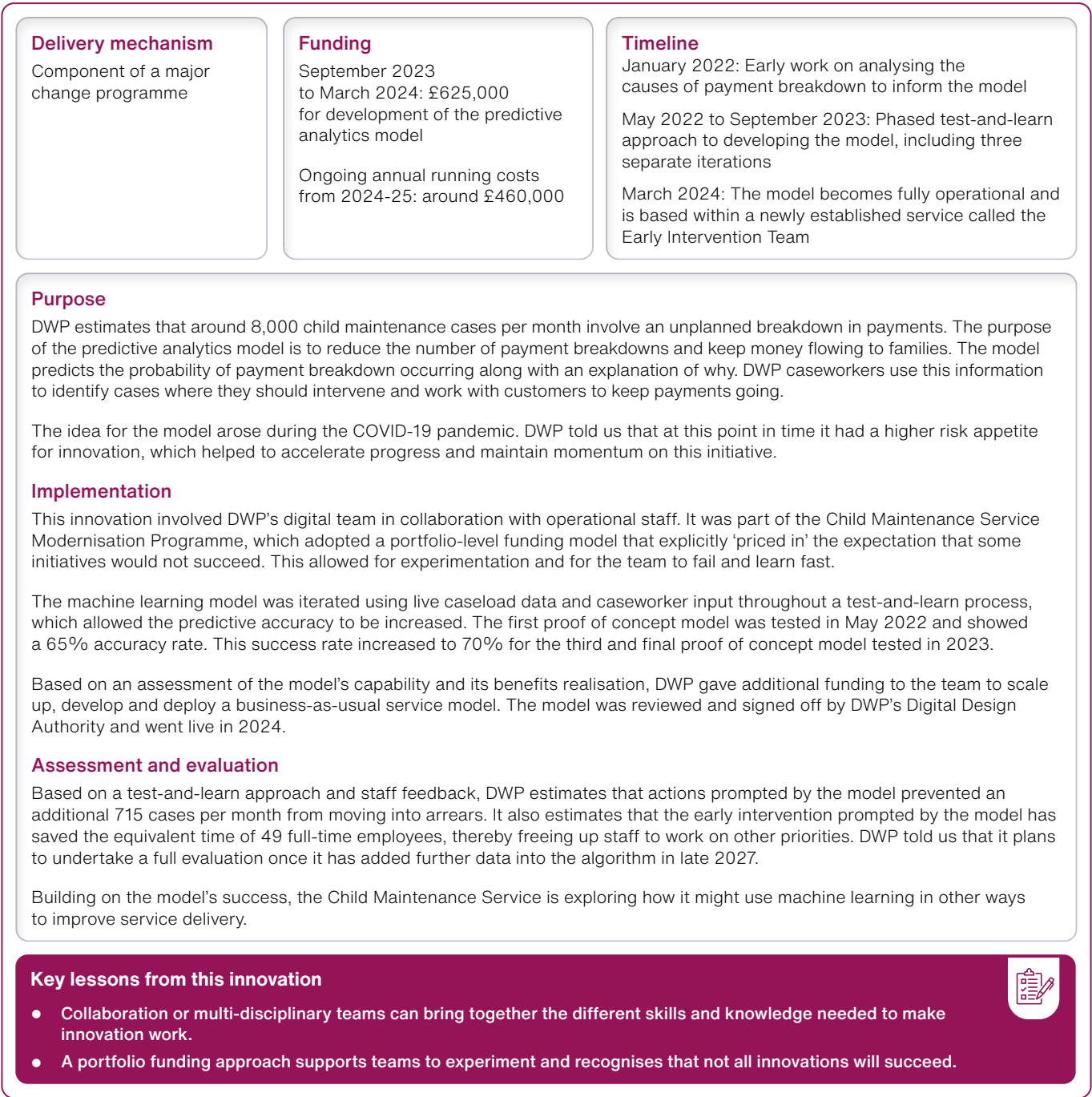
2.15 DWP's benefits administration programme is building on work from the Service Modernisation Programme. The two programmes are running in parallel, and we heard that the teams liaise regularly to share learning. While the Service Modernisation Programme largely involves incremental improvements to existing processes and upgrades to legacy systems, the benefits administration programme is taking a more radical approach. It is thinking about how the benefits system might look were it designed from scratch, and exploring the feasibility of a single, end-to-end interface for benefit applications, decisions and management.

Governing innovation

2.16 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. The governance of innovation is often most effective when it is integrated into mainstream arrangements rather than operating as a separate system. However, in practice, innovation can involve a different delivery and risk mindset so there may also be times when organisations adapt their governance arrangements for particular initiatives. DWP generally oversees innovation through its business-as-usual transformation and digital governance structures, with tailored arrangements for specific initiatives being the exception.

Figure 4
Summary of the Department for Work & Pensions' (DWP's) Child Maintenance Service predictive analytics model

The predictive analytics model aims to flag cases where maintenance payments may be at risk of breaking down, allowing DWP caseworkers to intervene to keep payments flowing to families



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

Business-as-usual arrangements

2.17 DWP governs innovation and transformation activity through a range of processes, with the level of scrutiny dependent on factors such as a programme's strategic importance and complexity. At the highest level, governance is provided by the Executive Team. Supporting this:

- the Strategic Transformation Board oversees delivery of DWP's transformation activity and strategy for 2030;
- the Investment Committee scrutinises and approves major investment decisions above a certain value, which varies by project type; and
- digital programmes receive extra scrutiny through the Digital Design Authority, which is the lead governance board for the approval of new digital tools.

2.18 While these arrangements provide oversight and assurance, DWP senior leaders told us that some governance processes can be slow and bureaucratic, making innovation more difficult. DWP is trying to address this by adapting its governance to support delivery of its strategy for 2030 and make decision-making more joined-up across the department.

- In autumn 2025, it reorganised itself into six service groups. Most of the groups cover service delivery for particular customers, bringing together business-as-usual and change activity. Also as part of the reorganisation, DWP merged its digital and transformation groups, creating a single governance structure for transformation activity.
- DWP has established a Chief Portfolio Office to oversee all service groups and programme boards, and to support delivery across the department. It has also set up a Transformation Office, which it intends will provide oversight, challenge and support for transformation activity.

At the time of our work, DWP was continuing to develop and embed these new governance structures.

Tailored approaches

2.19 Through our case examples, we saw good examples of DWP adapting its governance arrangements for novel initiatives. For example, DWP's benefits administration programme was deliberately established with a mandate to experiment and challenge existing assumptions about service delivery. To support this approach, DWP has developed a 'licence to operate' framework that describes how governance during the inception phase of the programme will be proportionate and enabling, with real-time assurance and less focus on formal board meetings and reporting. DWP has established an oversight board for the programme, which currently provides advice and support rather than formal approval. It expects these arrangements will evolve as the programme moves from exploration into delivery.

AI governance

2.20 DWP recognises that AI brings particular risks, such as increased bias, inconsistency and outputs that do not clearly explain how they have been generated, making it harder to assess whether they are accurate and fair. It therefore has additional governance around AI projects, including a Responsible AI Framework to support staff to identify and mitigate the risks associated with using AI. The framework sets out the principles, risk management processes and assurance requirements that AI projects should follow. Among other things, teams are expected to assess risks and ethical issues and to seek assurance from DWP's Responsible AI Steering Group.

Managing risk

2.21 Our work regularly highlights the importance of a good risk management culture to innovation, including elements such as open discussion of uncertainty, clear accountabilities and proactive risk identification. Innovation often involves initiatives where outcomes are uncertain or evidence is incomplete 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 (their risk appetite) and by creating an environment where risks are discussed openly and concerns are escalated. A clear explicit risk appetite can help organisations avoid excessive caution and make more consistent decisions.

2.22 DWP tailors its approach rather than having a single articulation of its appetite for the risks associated with innovation. Innovation is reflected in DWP's overall risk management framework, which defines its risk appetite and tolerance around key themes such as payment service resilience and strategic transformation programmes. DWP uses 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's Executive Team sets and reviews the department's risk appetite and tolerance, with teams expected to use these in their decision-making.

2.23 Staff in DWP's risk management function told us that their role is to encourage the organisation to push boundaries reasonably, rather than to prevent innovation, with staff needing to be 'risk aware' rather than 'risk avoidant'. Where activity is novel or unusual, teams are expected to seek advice from their risk management business partners. Integrating risk management support in this way for initiatives that involve greater uncertainty should mean DWP is better placed to make informed decisions and take proportionate risks when pursuing new ideas.

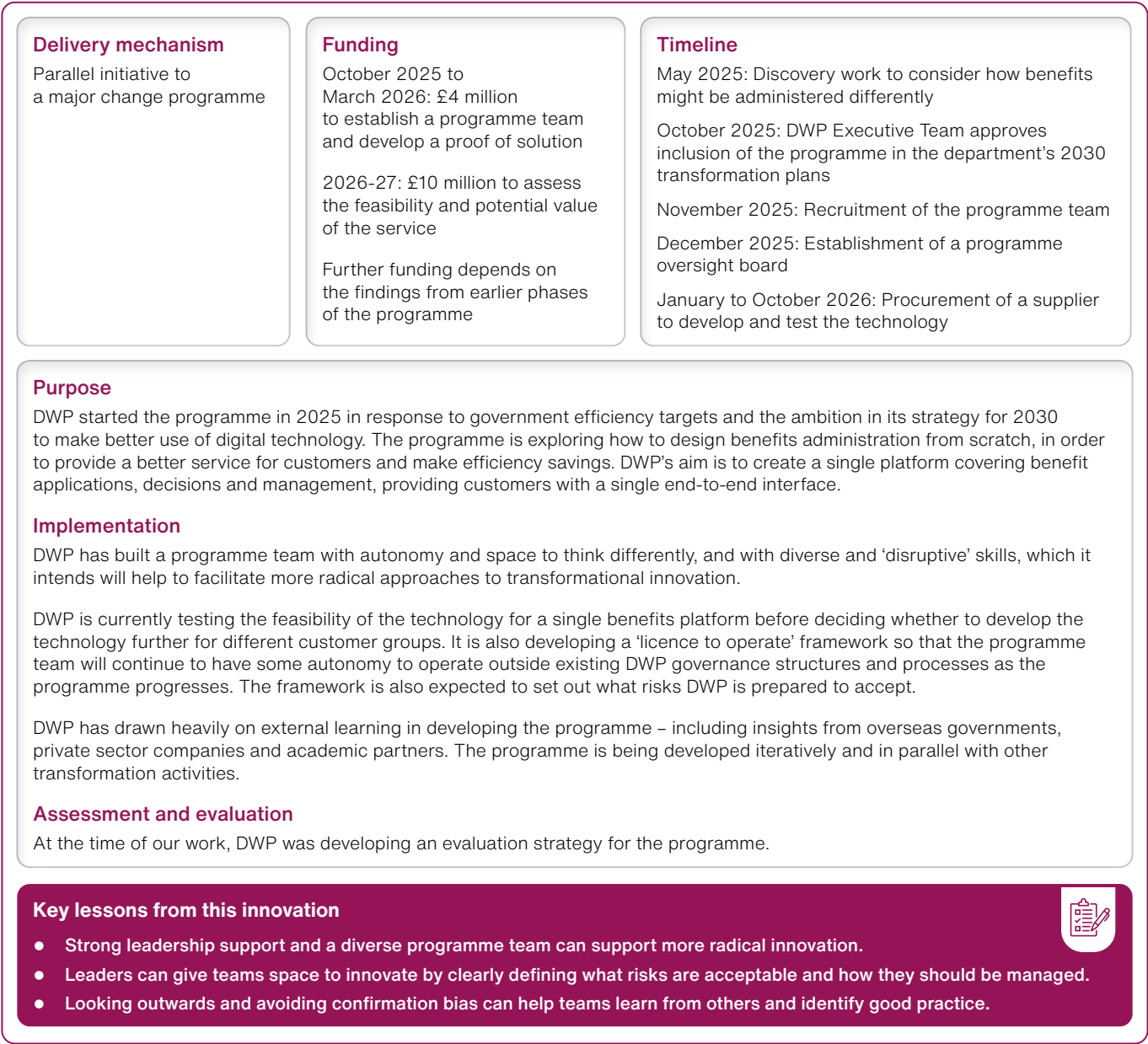
2.24 In our case examples, we saw good examples of DWP taking a differentiated approach to risk and intentionally setting a higher risk appetite for specific initiatives.

- DWP adopted a portfolio funding approach for the Child Maintenance Service Modernisation Programme that planned and budgeted on the basis that some innovations would fail, allowing teams to experiment and learn fast.
- For the GAIL tool, DWP's Investment Committee accepted some uncertainty around costs and benefits that it was willing to accept when providing further funding.
- For the benefits administration programme, DWP is developing a 'licence to operate' framework that sets out the degree of autonomy the programme team has and the types of risks that the department is willing to tolerate (**Figure 5** overleaf).

2.25 In considering whether and how to innovate, organisations need to assess both the opportunities and threats since the consequences of inaction may be as significant as the risks associated with innovation. The stakeholders we spoke to highlighted common challenges in relation to risk management culture. They told us that organisations often focus on preventing harm when discussing risk, rather than balancing potential opportunities alongside threats. While recognising its responsibility to protect public money, DWP told us that concerns about reputational risk can result in a greater emphasis on avoiding failure than exploring new ideas.

Figure 5
Summary of the Department for Work & Pensions' (DWP's) benefits administration programme

DWP aims to improve benefits administration by having a single platform for benefit applications, decisions and management



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

Learning from external bodies

2.26 External input can support organisations to innovate by bringing new perspectives, specialist expertise and practical examples from other bodies and contexts. It can provide evidence about what has worked elsewhere and help organisations make better-informed decisions.

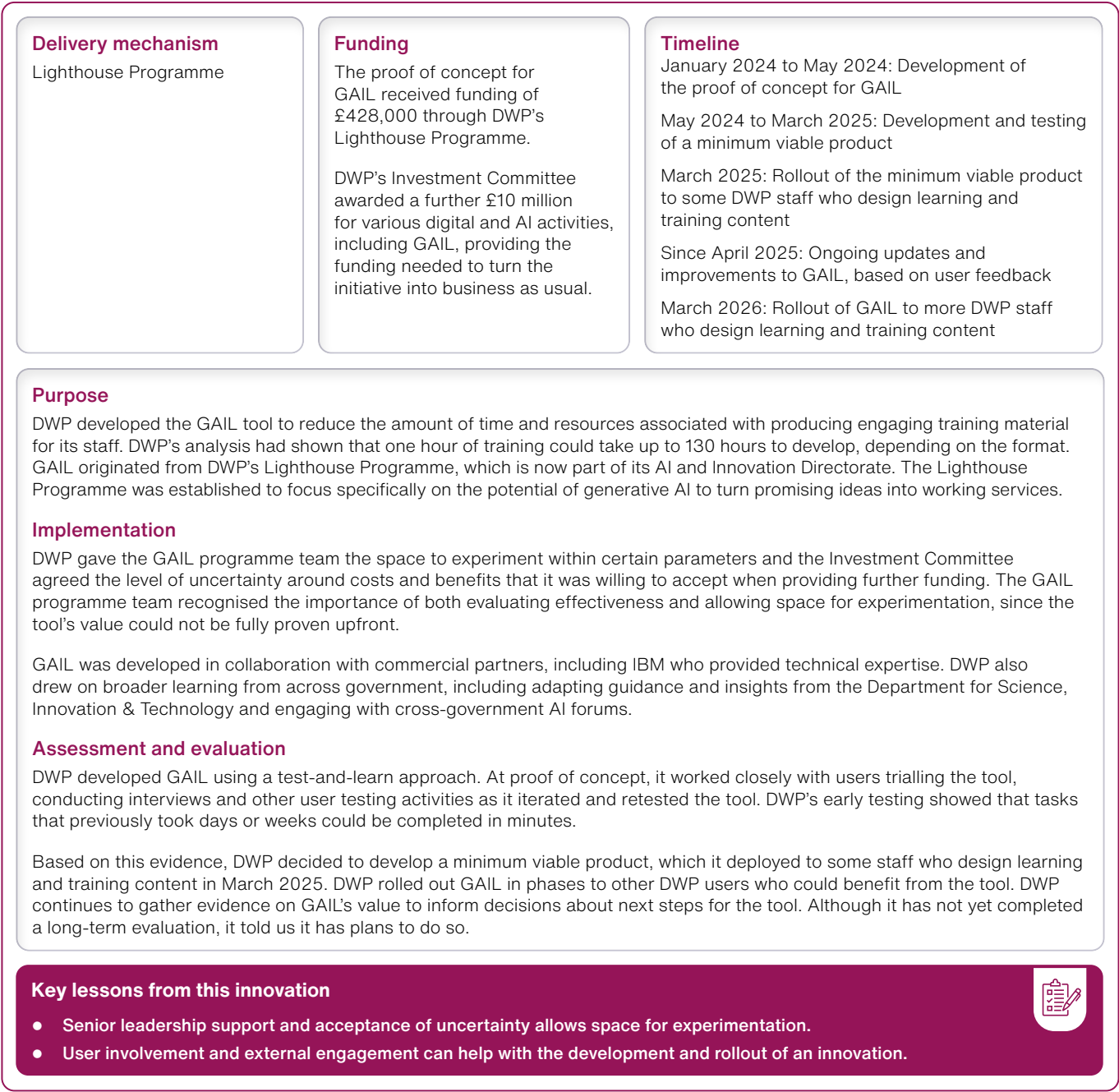
2.27 Our case examples illustrate how DWP draws on external expertise to shape its approach to innovation. The team running the benefits administration programme has drawn on learning from multiple external sources – international counterparts, private sector companies and academic partners – to inform and challenge its thinking. The programme team told us that it has deliberately learned from both successful and unsuccessful examples of similar initiatives and has drawn on a range of approaches and perspectives. For example, its engagement with academics helped the team consider the cultural aspects of transformation, such as how staff develop a sense of ownership. Similarly, its relationships with private sector organisations and international counterparts helped it learn about different delivery models, using technology and data, and supplier relationships.

2.28 DWP also drew on external expertise when developing the GAIL tool (**Figure 6** overleaf). For example, it contracted IBM to provide technical expertise and delivery support.

2.29 Alongside project-specific partnerships, DWP participates in wider forums that support learning about innovation. For example, it is a member of the Windsor Group, through which it exchanges ideas and experiences with counterparts in Australia, Canada, Ireland, New Zealand and the United States. These discussions allow group members to hear how each of them has tackled challenges and to learn from one another.

Figure 6
Summary of the Department for Work & Pensions' (DWP's) Generative AI in Learning (GAIL) initiative

DWP introduced the GAIL initiative to reduce the time involved in developing engaging training material for its staff



Note

1 Following the machinery of government changes announced in July 2026, the responsibilities of the former Department for Science, Innovation & Technology were redistributed across government, including to the Department for Business, Innovation, Science & Trade, the Department for Digital, Culture, Media & Sport and the Cabinet Office.

Part Three

Evaluating and learning lessons from innovation

3.1 This part of the report covers how the Department for Work & Pensions (DWP) evaluates and learns lessons from innovation.

Evaluation

3.2 Understanding the efficiency and effectiveness of interventions and their impacts is critical to good decision-making. Our 2021 report *Evaluating government spending* highlighted the importance of evaluation for learning whether interventions are working and to demonstrate accountability for the use of public money.⁵ Evaluation evidence can inform decisions about whether to scale up, adapt or stop an innovation.

DWP's overall approach to evaluation

3.3 DWP has committed to evaluate policies and programmes in line with the approach set out by HM Treasury in the Magenta Book, which provides central government guidance on why, how and when to evaluate.⁶ As part of an update to the Magenta Book in May 2026, new guidance was added on test-and-learn activity. Test and learn is an approach that integrates research and evaluation thinking throughout the policy cycle to increase the likelihood of achieving the intended outcomes. The approach focuses on small-scale testing, rapid learning and iterative refinement before decisions are made about significant investment or scaling up. It uses feedback loops to check whether an intervention is working as expected and how it can be improved. HM Treasury describes test and learn as complementary to, but not a substitute for, formal evaluation. A stakeholder told us that such an approach will be crucial to the public sector in providing timely evidence for decision-making and reducing reliance on long evaluation cycles.

⁵ Comptroller and Auditor General, *Evaluating government spending*, Session 2021-22, HC 860, National Audit Office, December 2021.

⁶ HM Treasury, *Magenta Book: Central Government guidance on evaluation*, updated May 2026.

3.4 DWP published a refreshed evidence and evaluation strategy in 2025.

The strategy highlights the need for evaluations to be robust, proportionate and useful, describing evaluation as a key enabler for delivering DWP's priority outcomes. DWP has set out four key principles that should underpin its evaluations:

- strong and proportionate evaluation design that follows best practice, including the Magenta Book;
- expert evaluation resource, with evaluation work led and conducted by DWP analysts, drawing on external expertise as needed;
- rigorous quality assurance; and
- an active approach to knowledge management.

Timely and proportionate evaluation

3.5 Timely and proportionate evaluation is fundamental to effective innovation.

A culture of fast learning allows failed experiments to be stopped quickly and successful experiments to be scaled up. In our 2022 audit framework *Evaluating government spending*, we encouraged departments to develop proportionate evaluation plans by considering how to balance the robustness, scale and cost of evaluation activities with the size, complexity and timeframe of an intervention.⁷

3.6 DWP is seeking to be more agile in its approach to testing and evaluating innovation, with the aim of generating useful results more quickly. It accepts that the evidence generated from test-and-learn approaches will be less robust than from full-scale evaluation. DWP's central analysis team told us that applying 'gold-standard' evaluation methods, such as randomised controlled trials, is often not possible due to the nature of innovation. This is because innovative ideas tend to be trialled and adapted at pace, whereas carrying out a full-scale trial takes some time.

3.7 Our case examples included instances of DWP taking a flexible and proportionate approach to assessment and evaluation. For the use of predictive analytics in the Child Maintenance Service and the development of the Generative AI in Learning (GAIL) tool, we saw DWP implement and assess the initiatives using a test-and-learn approach in line with the updated Magenta Book. Both innovations were assessed and improved across multiple iterations of testing before being rolled out more widely. Although DWP has not yet completed a long-term evaluation of either initiative, it told us it has plans to do so. For the predictive analytics model, it intends to undertake a full evaluation once it has added further data into the algorithm in late 2027.

⁷ National Audit Office, *Evaluating government spending: an audit framework*, April 2022.

3.8 Within the Jobs and Careers Service, the Innovation Tests and Trials Team provides structured evaluation support to the tests and trials being carried out, such as the jobcentre sector segmentation trials (**Figure 7** overleaf). It connects frontline staff with evaluation specialists to help ensure evaluation is built into tests and trials from the outset. DWP told us that, if it is not possible to evaluate an intervention in a suitable way, the team will not give permission for a trial to go forward.

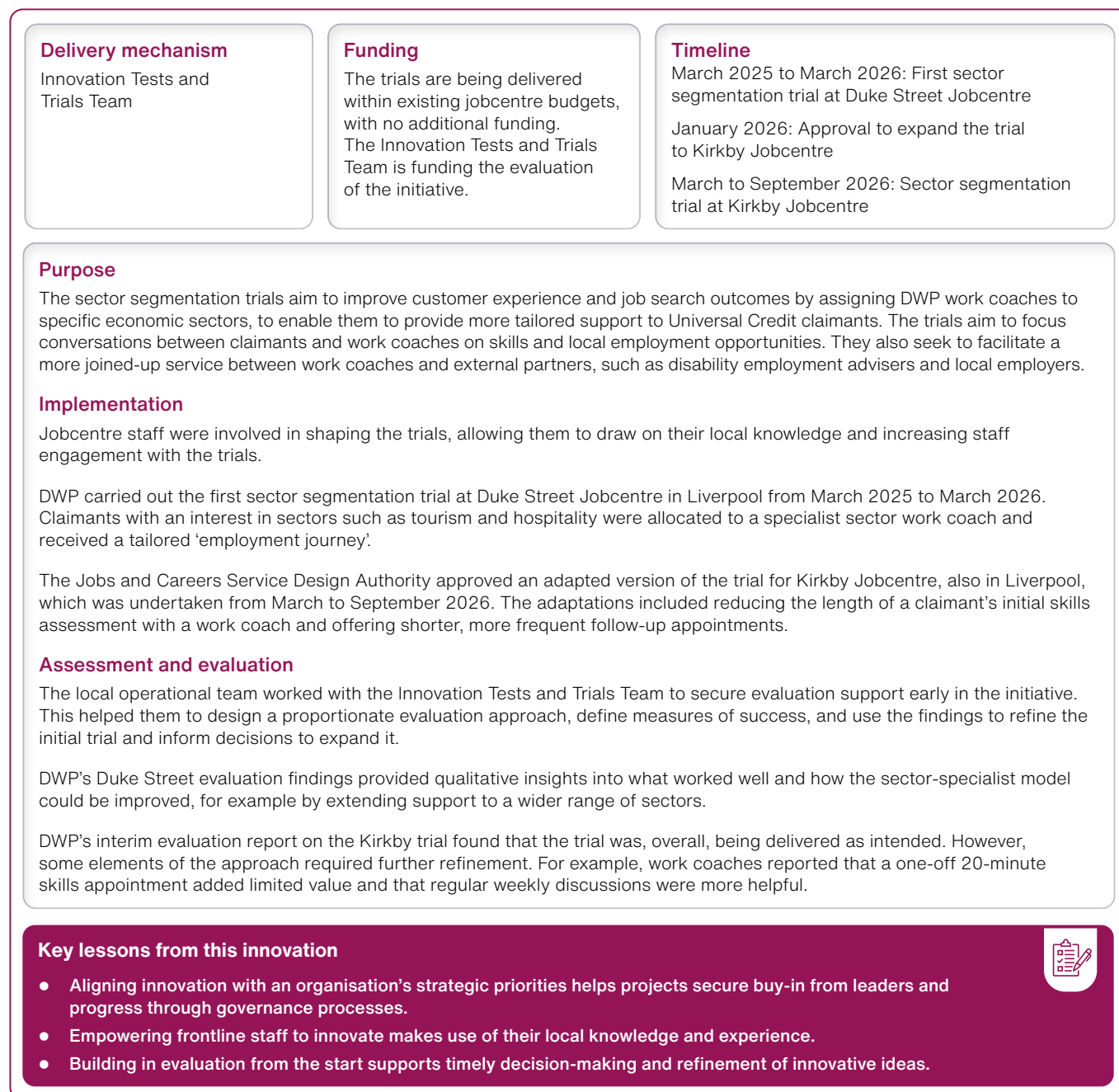
3.9 However, our case examples also demonstrate that it is not always straightforward to evaluate the impact of innovations. DWP told us that it has been hard to quantify the impact of its Whitemail Insights and Vulnerability Scanner, which helps identify potentially vulnerable correspondents, because doing so would require a robust counterfactual showing what would have happened had DWP not identified and intervened in cases of vulnerability. While it has not been possible to determine with certainty whether earlier intervention prevented more serious outcomes, qualitative case study evidence suggests that identifying vulnerability earlier allowed DWP to provide more timely support. In some cases, this intervention may have reduced the risk of significant harm. As at September 2026, the scanner had prompted more than 1,500 interventions. DWP has also estimated that manually processing the total volume of correspondence screened by the scanner would have required almost 300 additional full-time staff.

3.10 Effective evaluation of one of the Carer's Allowance texting pilots was hampered by challenges during implementation. These pilots aimed to reduce overpayments by encouraging claimants to report changes of circumstances, thereby preventing them from building up debt (**Figure 8** on page 35). However, delays in extracting data from legacy IT systems meant that DWP ran the second pilot at the same time as it was sending out annual uprating letters, which also reminded people to report changes of circumstances. This meant DWP could not assess the impact of each individual intervention and hindered robust evaluation of the pilot. Involving analytical and evaluation specialists during the design stages of a pilot can help head off potential issues.

Figure 7

Summary of the Department for Work & Pensions' (DWP's) jobcentre sector segmentation trials

The jobcentre sector segmentation trials aim to improve customer experience and job search outcomes by allocating work coaches to specific economic sectors, enabling more tailored support for claimants

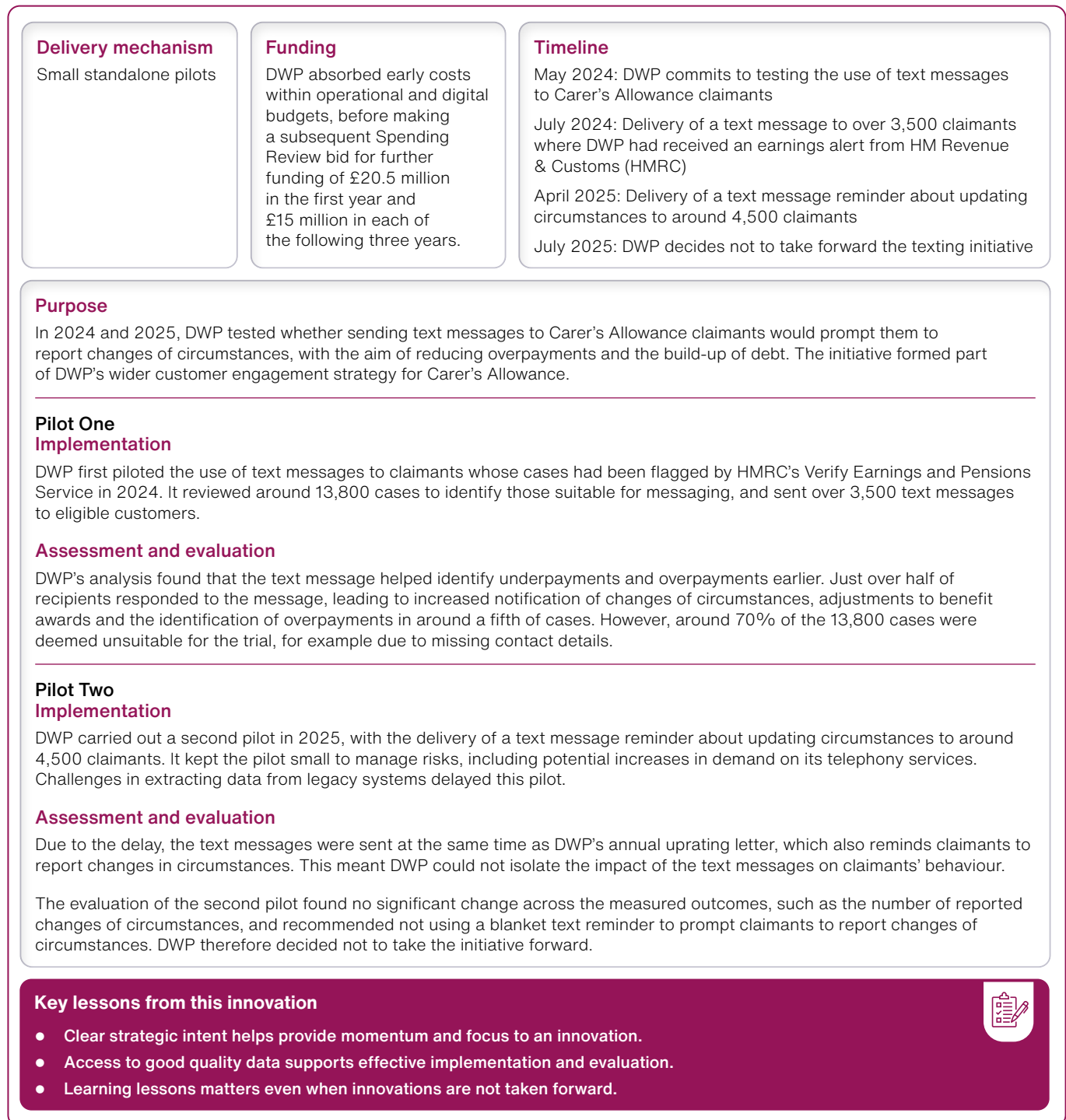


Source: National Audit Office analysis of Department for Work & Pensions documents, data and interviews with departmental staff

Figure 8

Summary of the Department for Work & Pensions' (DWP's) Carer's Allowance texting pilots

The texting pilots aimed to reduce Carer's Allowance overpayments by prompting claimants to report changes in circumstances



Collaboration with others

3.11 DWP told us it takes a collaborative approach to evaluation.

- DWP is an active member of the cross-government Evaluation Task Force (ETF).⁸ It has supported an initiative to provide in-house evaluation training by delivering ETF-supported training programmes to DWP analysts.
- DWP has established links with academia in the UK and abroad. These include a PhD internship programme that supports fellowships for academics to work with DWP analytical and policy areas, and a methods advisory group of external experts that meets quarterly and provides scientific advice to ministers and senior officials. DWP also runs an 'areas of research interest' programme, which links it with academics across the country through events that showcase academic work of interest to the department.
- DWP is commissioning a 'What Works Centre' for local employment support in partnership with the Economic and Social Research Council. The centre is being set up to identify, develop, test and evaluate evidence-based locally delivered employment support to help people access, remain in, and thrive in good quality work. At the time of our work, the process of selecting an organisation to receive funding of up to £15 million to establish the centre was underway. The project is scheduled to start in January 2027 and to run for five years. A stakeholder we spoke to told us that this project was a positive development, indicating that DWP is more willing to work with external partners and share what it knows.

Scaling up innovation

3.12 Evaluation evidence should support decisions on whether to scale up, adapt or stop an innovation. Through our work, we saw examples of DWP doing each of these. Three of the case examples we examined involved innovations that DWP had successfully rolled out.

- After a successful trial of the Whitemail Insights and Vulnerability Scanner within Personal Independence Payment in December 2023, DWP expanded use of the scanner to Employment and Support Allowance in April 2024. It then moved the tool to business-as-usual running in April 2025. The officials responsible for the scanner highlighted the importance of staff buy-in in enabling successful scaling, noting that they took time to engage with colleagues and make them feel part of the process.

⁸ The Evaluation Task Force is a joint Cabinet Office–HM Treasury unit that provides specialist support with the aim of ensuring that evidence and evaluation are central to spending decisions.

- In March 2024, DWP moved the Child Maintenance Service predictive analytics model to business-as-usual running after the model showed a 70% prediction accuracy rate during testing and successfully demonstrated 'proof of concept'. The team highlighted the importance of embedding support colleagues into operational teams during the scaling process to help ensure that issues can be identified and resolved quickly.
- DWP developed a minimum viable product for the GAIL tool, which was rolled out to learning designers in phases from March 2025 and is now part of business as usual. DWP is considering options for extending use of the tool to other parts of the department. The team highlighted the importance of adopting a user-centred approach to scaling, with feedback from users informing ongoing development and service improvements.

3.13 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, and 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. Both of these processes must be managed well to secure value for money.

3.14 Our 2026 report *HMRC's use of travel data to tackle fraud and error in Child Benefit payments* highlighted the importance of effective governance and risk management in scaling up innovative approaches.⁹ We concluded that HM Revenue & Customs' (HMRC's) pilot using Home Office travel data identified an innovative opportunity to reduce the impact of a major driver of fraud and error. However, weaknesses in governance and risk management meant that HMRC made changes for the first rollout of the intervention that compromised delivery and performance, with the result that many eligible claimants were adversely affected and had their Child Benefit payments suspended.

3.15 DWP adapted the model of its work coach sector segmentation trial in light of experience during the first pilot. Originally, initial skills assessments between claimants and work coaches were longer than the standard time of 20 minutes. DWP's Innovation Tests and Trials Team told us that it realised that the extra resources needed for longer appointments made this model unscalable. Therefore, for the second pilot, which was due to end in September 2026, DWP reverted to using standard appointment times.

⁹ Comptroller and Auditor General, *HMRC's use of travel data to tackle fraud and error in Child Benefit payments*, Session 2026-27, HC 31, National Audit Office, June 2026.

3.16 Evidence shows that DWP is also willing to stop innovations that do not achieve the desired result. For example, after the pilots, it decided not to take forward texting Carer's Allowance claimants to nudge them to report changes of circumstances as its staff had reported that the approach was resource-intensive and required significant manual effort. DWP highlighted to us that, although it is not making use of text messages for the purpose that was tested in the pilots, its staff do have the option of texting claimants in certain circumstances, for example to acknowledge receipt of a claim.

3.17 DWP has more established processes for developing and rolling out digital innovations, taking account of central government guidance on agile delivery. Within the Lighthouse Programme, which was set up to explore safely how DWP could make use of emerging artificial intelligence (AI) technology, half of the projects tested progressed beyond the pilot stage, with the other half not taken forward.

Learning lessons

3.18 Learning lessons – both from what has worked and what has not – is an important part of securing value from innovation. Failure to capture and share learning increases the risk of duplicated effort, repeated mistakes and missed opportunities to improve future initiatives. DWP's Innovation Tests and Trials Team is an example of a systematic approach to learning within a service area. The team maintains a dashboard of all tests and trials underway within the Jobs and Careers Service. This provides a single view of innovation across the country, with the aim of sharing knowledge, learning lessons and avoiding duplication of effort across the service.

3.19 However, our case examples indicate that not all service areas have taken such a structured approach to sharing the insights learned from innovation. In 2024, a Government Internal Audit Agency report on the Whitemail Insights and Vulnerability Scanner found there had been inadequate communication and sharing of lessons learned from its development and deployment, potentially leading to missed opportunities for improving other AI initiatives underway within DWP. We also heard that DWP's size and aspects of its organisational culture – such as a tendency for teams to want to share success stories in communications to their colleagues rather than initiatives that have not been taken forward – can make it less likely that lessons from innovation are shared consistently across the department.

3.20 DWP has worked to share its learning and experience more effectively in recent years. It is involved in a range of groups that provide opportunities to share knowledge and lessons from innovation across government. For example, it is part of the Chief Technology Officer Council, which is a forum for public sector leaders to discuss, among other things, technology trends and innovation. DWP also periodically chairs the Government Digital Service's Functional Leaders Group, which works to further digital transformation and share good practice across government.

3.21 In addition, we saw examples of DWP sharing learning from specific innovations with other parts of government. For example, it worked with the Department for Science, Innovation & Technology to share insights from GAIL after recognising that the tool could support wider understanding of how government might adopt generative AI.¹⁰ It has also promoted the Child Maintenance Service predictive analytics model through award nominations and in cross-government forums, such as the customer experience group.

¹⁰ Following the machinery of government changes announced in July 2026, the responsibilities of the former Department for Science, Innovation & Technology were redistributed across government, including to the Department for Business, Innovation, Science & Trade, the Department for Digital, Culture, Media & Sport and the Cabinet Office.

Appendix One

Our audit approach

Our scope

- 1** We reached our independent conclusions on the Department for Work & Pensions' (DWP's) approach to innovation, including lessons and areas of good practice and how DWP might improve its approach, after analysing evidence collected from March to September 2026.
- 2** The evaluative criteria we used to reach our conclusions included whether DWP has an effective overall approach to innovation, including a clear vision for the role of innovation, an organisational culture and risk appetite that support innovation, and a proportionate approach to evaluation. We also examined what innovation looks like in practice within DWP through six case examples from across the organisation, to highlight the enablers of, and barriers to, innovation.
- 3** Our work focused on relatively small-scale innovations within DWP designed to develop and test new ideas, technologies or ways of working, in order to improve outcomes for citizens or increase efficiency. We did not examine any major transformation programmes in their entirety, as it would not have been feasible to cover them in full as part of this study. We did, however, review some smaller innovations that originated from within these larger programmes.
- 4** Our study drew on learning from previous National Audit Office (NAO) work on innovation and related topics, including:
 - *Innovation in transport* (May 2026);
 - *UK Research and Innovation: providing support through grants* (May 2025);
 - *Overcoming challenges to managing risks in government: Good practice guide* (December 2023); and
 - *Innovation across central government* (March 2009).

Our evidence base

5 In forming our conclusions, we drew on a variety of evidence sources, as described in the paragraphs below. We collated and analysed the evidence we obtained, using our evaluative criteria as a framework. We looked across different sources of evidence to support our findings.

Interviews with DWP

6 We conducted around 20 interviews with DWP staff. This included a series of interviews with senior DWP officials – the outgoing Permanent Secretary and four Director Generals, those responsible for Corporate Transformation, Digital and Transformation, Finance, and Services and Fraud. We also interviewed DWP's interim lead non-executive director, who chairs its Transformation Advisory Committee. We used these interviews to understand the perspectives of senior leaders on how the department uses and manages innovation.

7 We also interviewed DWP staff responsible for:

- internal communications;
- running dedicated innovation teams;
- overseeing transformation activity;
- digital governance;
- risk management;
- evaluation; and
- our six case examples of innovation.

8 We carried out the interviews online, except for a few that were held in person. We took detailed notes, and the interviews lasted from 30 minutes to one hour. The subject of each interview was informed by our audit questions and tailored to the responsibilities of the officials involved. We used information from the interviews to develop our understanding of the topics relevant to our audit questions and to inform our evidence requests. Where possible, we triangulated interview evidence with documentary or other evidence.

Interviews with stakeholders

9 We interviewed several stakeholders who are experts in risk management or public sector innovation to obtain wider perspectives on good practice and how organisations approach innovation. The stakeholders were from academia, HM Revenue & Customs, and UK Research and Innovation. We selected these stakeholders to obtain views on the factors that support innovation in the public sector, including risk appetite and governance, as well as the opportunities for, and barriers to, innovation.

Case examples

10 We examined six case examples of innovation in DWP to illustrate the different routes to innovating and to highlight the range of innovative ideas across the department. Details of the case examples are given in Figure 1 and a summary of our findings for each case example are set out in Figures 3 to 8.

11 Each case example covered the following areas:

- the origins and purpose of the innovation;
- funding and implementation of the innovation, including what stage the innovation has reached;
- evaluation and disseminating lessons, including what action DWP has taken in light of evaluation findings and how it has shared lessons internally and with other parts of government; and
- the enablers of, and barriers to, delivering the innovation.

12 Each case example comprised:

- an interview with the developer or project owner for the innovation;
- an interview with staff involved in the delivery mechanism for the innovation, as applicable; and
- review of key documentation and data for the innovation, such as the business case and funding data.

Developing the key enablers of innovation

13 We identified the key enablers of innovation set out on pages 4 and 5 by drawing on evidence from all our fieldwork interviews. We organised our interview notes into a matrix to support a comprehensive and consistent analysis of the enablers of, and barriers to, innovation. We used Microsoft Copilot to support the initial development of the enabler themes. We then reviewed and refined the proposed enablers, drawing on input from NAO colleagues with expertise in innovation, risk management and organisational culture.

Document review

14 We reviewed published and unpublished documents to develop our understanding of DWP's approach to innovation.

- The published documents included:
 - the Science and Technology Framework, published by the Department for Science, Innovation & Technology in April 2025;
 - the UK Innovation Strategy, published by the Department for Business, Enterprise & Industrial Strategy in July 2021;
 - DWP's annual reports and accounts;
 - DWP funding announcements and statements, and policy papers;
 - DWP's evidence and evaluation strategy (updated in March 2026) and HM Treasury's *Magenta Book: Central Government guidance on evaluation* (updated in May 2026);
 - academic papers on risk management and innovation; and
 - Parliamentary select committee reports and evidence.
- The unpublished documents included DWP's strategy for 2030; governance papers; internal stakeholder engagement documentation; business cases and other project set-up documents for our case examples and the dedicated innovation teams.

15 We reviewed each document against our evaluative criteria. The review was used to inform further discussion and follow-up with DWP, to determine audit findings and to triangulate findings from other sources.

Quantitative analysis

16 We analysed trends on questions relating to innovation from the Civil Service People Survey from 2021 to 2025 to illustrate attitudes towards innovation among DWP staff. In total, 343,961 civil servants from 102 organisations responded to the 2025 Civil Service People Survey, a response rate of 59%. We compared the DWP mean results with the Civil Service mean results, rather than the civil service benchmark (median), in order to compare equivalent scores. We analysed responses to the following statements, which we used as proxy indicators for attitudes to innovation among staff:

- "I believe I would be supported if I try a new idea, even if it may not work"; and
- "The people in my team are encouraged to come up with new and better ways of doing things".

The results of this analysis are set out in paragraph 1.15 and Figure 2.

17 We used DWP financial data to establish funding and staffing levels for each of our case examples, and the funding for the dedicated innovation teams and innovation funding pots that exist across the department.

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