



London Collaborative

Innovation in tough times – thoughts in progress October 2009

Draft 14 Oct 09

This paper explores social innovation in the current context of public sector spending cuts and a revitalized drive towards efficiencies in London's public services. It captures outcomes of two London Collaborative ideas evenings with the London Leadership Network, held in summer 2009, and draws on a body of research and evidence from across the country.

A key message is that we need to step up and improve London's innovative capacity: there is no shortage of good one-off examples but we need to embrace a more systematic approach to innovation, learn about and use a wider range of methods, and develop support for risk taking. Above all, innovation needs to be grounded in a deeper understanding of citizen's lives.

This paper could be turned into a publication/ product of the London Collaborative's work in this area and take on board the next stages on applying a number of social innovation methods to pressing challenges.

1. The current context

Over the next few years local government and partner agencies face a level of pressure to cut costs unprecedented in recent times, alongside the need to maintain quality services and public confidence. This challenge is set against a backdrop of rapid change, where we cannot rely on tried and tested solutions.

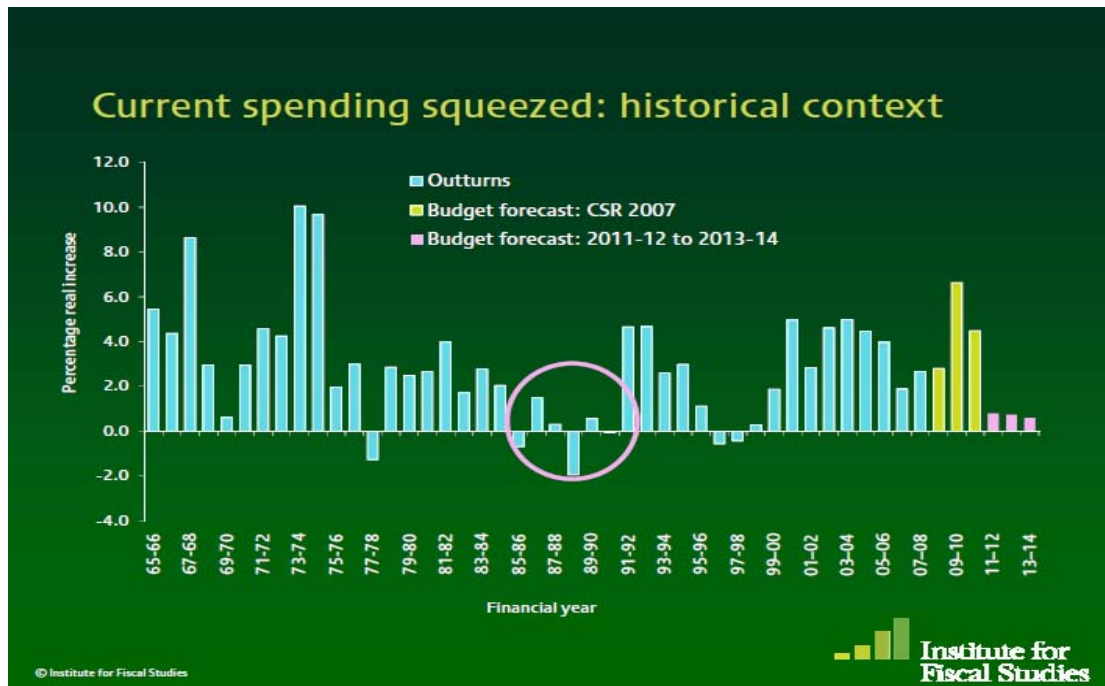
Councils are already facing a dramatic decrease in income from council and business rate taxes. Although there is likely to be an additional £80bn of public sector spending over the next year, local government faces significant reductions in income during 2010/11 with the next CSR settlement predicted to take public spending back to the levels of the late 90s or even late 80s, as figure 1 shows.

Unemployment in the UK reached 8 per cent in September 2009, the highest level since 1995¹. But the effects are unevenly distributed, with Tower Hamlets topping the

¹Guardian Online <http://www.guardian.co.uk/business/2009/sep/16/unemployment-rises-recession>, last accessed 08.10.09

charts at 11.7 per cent² and a number of outer London boroughs seeing particularly significant rises. As the first green shoots of recovery in the economy appear unemployment may take much longer to come down. Substantial cuts in public sector spending draw closer with councils considering 10, 20 or even 40 per cent cuts in spend over the next few years. Local economies will change radically.

Figure 1: Local government spending: a historical context³



Though there are lessons to be learnt from the recessions of the past, there is no blueprint for how public services should act now. Not many current senior managers have experienced the cuts programmes of the past. Uncertainty over funding and economic prospects means the sector will need to innovate to find better ways of delivering services and orchestrating partnerships, to respond quickly with pilots and to take risks – while also mitigating the impact of the recession on citizens and businesses. But innovation remains more rhetoric than practice amongst mainstream public services. Whilst many managers and professionals understand the need, few are equipped with the methods to probe service challenges innovatively, the budgets to pilot new solutions or the mandate to take risks in a time of increased public scrutiny.

All councils will face cuts in budget next year and for some time to come. Some are focusing on cuts and tackling them head on .Mike Freer, the leader of Barnet council, is clear on their approach: “we’re disengaging from some areas”, and to his staff he

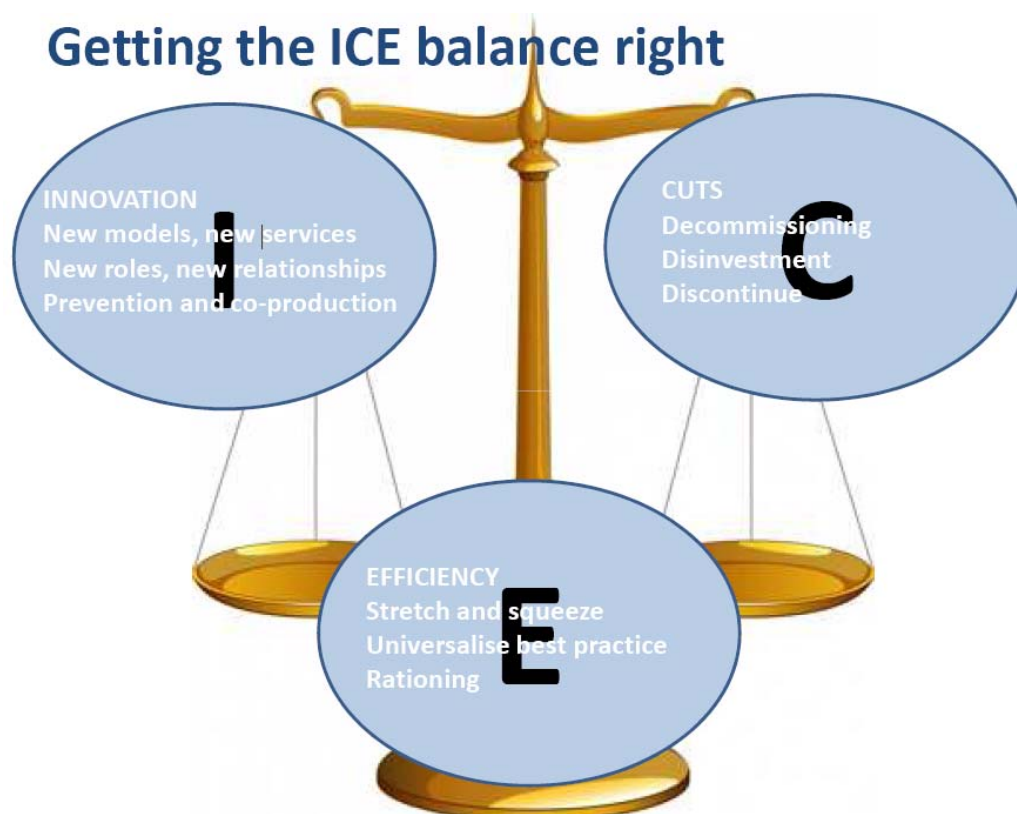
² Office of National Statistics <http://www.statistics.gov.uk/cci/nugget.asp?id=1606> , last accessed on 08.10.09

³ Reproduced without permission from Institute of Fiscal studies, 2009

says: “if you are not a priority you are not going to get money. You might get a freeze and wither on the vine but more likely you’ll be cut”⁴.

Other councils are more likely to use the language of efficiencies, and yet more are trying to enter a new dialogue with residents about radical service innovations. It is probably fair to say that finding a balance between all three is key, as David Albury’s work with the cabinet office points to:

*Figure two: getting the balance right*⁵



The spending cuts ahead will require imaginative responses from local public agencies. Pioneering authorities will not only need to find efficiency savings but also take bold decisions to reform their services. Simply trimming what is already being delivered will not be enough. There is much appetite amongst the London Collaborative’s network to do just this.

“Never waste the opportunities offered by a good crisis.”

Attributed to Machiavelli

⁴ Financial Times <http://www.ft.com/cms/s/0/d8d5cbda-869e-11de-9e8e-00144feabdc0.html> , last accessed on 02.10.09

⁵ Reproduced without permission from http://www.cabinetoffice.gov.uk/media/212012/david_albury.pdf , last accessed on 09.10.09

2. What is innovation?

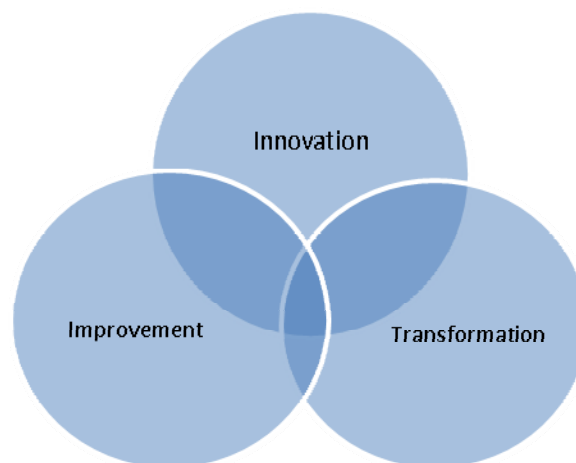
At the mention of innovation, images of technological change and gadgets are often the first things that spring to mind – from the internet through mobile phones to the ability of surgeons to operate remotely, from hole-in-the-wall banking to oyster cards. Yet the UK has a long legacy of innovations in the field of public services and institutions promoting the social good – Victorian public infrastructure with its positive impact on public health the NHS, Sure Start, the Open University, Fair Trade and Oxfam to name a few..

Innovation in public services can be described as “the creation and implementation of new processes, products, services and methods of delivery which result in significant improvements in outcomes, efficiency, effectiveness or quality”⁶ or “the development of new ideas (products, services or models) to meet unmet social needs”⁷. Precise definitions matter less than identifying key elements of innovation in this context.

Innovation and improvement

Innovations often use new perspectives to design and develop radically different solutions or ways of delivering services. Innovation has much in common with improvement (a more gradual change in existing models) and transformation – (the pursuit of new strategic objectives often through new technologies) but is associated more with a step change in outcomes.

Figure 3: defining innovation



Charles Leadbetter goes further, suggesting that innovation is a remarkably different way of looking at the world. At a London Collaborative ‘ideas evening’ he drew on a simple example – whilst most authorities compete to design and build the biggest

⁶ *Innovation in the Public Sector*, Strategy Unit, 2003

⁷ *Transformers: how local areas innovate to address changing social needs*, NESTA, 2007

and best fire engines to put out fires and rescue people, the innovative ones came up with smoke alarms.

Not just brand new ideas

Innovation takes different forms in different contexts. Some innovations are 'new to the world' (for example the internet) many others fall short of such status but can still have powerful impacts. There can be existing ideas in new setting or applications. It is useful to think of innovations as:

- *New to the place* - new practice taken from one location and applied in another. For example intensive supervision of young offenders taken from New Zealand and applied as successful Intensive Supervision Programme (ISSP) teams in local authorities.
- *New to the sector* - ideas from industry applied in another sector, for example 'just in time' car manufacturing processes used in NHS.
- *New to scale* - small ideas used in one place, scaled up to generate different outputs, such as South Tyneside's street scene attendants on one estate who were each given Blackberrys to report vandalism and other low level crime and improve responsiveness. The small scale initiative was so successful it has been rolled out to all frontline staff.

3. Why are some organisations innovative and others not?

Over the last five years research into public sector innovation has suggested that every place can innovate⁸, but those who do so most effectively or most frequently tend to have a common set of conditions amongst local organisations.

Figure three: conditions for innovation⁹



Urgent need

*Transformers*¹⁰, a 2007 study of seven innovative cities or regions in the UK and internationally, concluded that urgent need was the single most important trigger for innovation. Be it a poor OFSTED report, a significant cut in funding, a new piece of research into customer experience or a bad performance rating, it is a significant external pressure which most often triggers innovations.

Authority

Local leadership is also important. Individuals with the mandate and authority to make changes and drive through innovative initiatives are critical to the process.

“Much of the focus of innovation work, such as behaviour change and preventative initiatives, are long-term and may not be reflected in performance assessments”

London Leadership Network participant

⁸ *Transformers: how local areas innovate to address changing social needs*, NESTA, 2007

⁹ *Transformers: how local areas innovate to address changing social needs*, NESTA, 2007

¹⁰ *Transformers: how local areas innovate to address changing social needs*, NESTA, 2007

A willingness to take risks is essential but can be challenging. The public sector has long been preoccupied with improvement, target setting and performance management. Senior officers need freedoms and flexibilities in the performance regimes to trial new ways of working. Members too need to be willing to take risks with new approaches, often in the public eye.

Our experience shows that both policy makers and practitioners can feel isolated in their search for solutions and, against the backdrop of change and risk, all may be fearful of taking radical new approaches.

Organisational capacity

Resources, methods and networks are needed internally for innovation to flourish. Financing innovation can come from internal or regional innovation funds, but is often costly with set up and dedicated staffing teams needed. This can be hard to justify in times of cuts.

There are a vast number of approaches to innovation. Some are practiced widely, such as gathering customer insights, but others used much more rarely. Officers with access to a number of methods and tools are more likely to have the capacity to innovate. We explore some of those in use in London later in this paper.

“Key issues in local government for innovation are attitude to risk and failure, and accountability”

London Leadership Network participant

One way of thinking about social innovation is to see it as connecting individuals with ideas with those who have the money and organisational influence to pursue these. This cross-pollination needs both trees (organisations, public bodies and institutions) and bees (creative individuals) for new initiatives and models to emerge¹¹.

These kinds of individuals that bring new ideas more often than not come from within the system but rather from other teams, directorates, agencies, social enterprises or voluntary organisations. Councils and public services increasingly recognise this and secondments, ‘A teams’ drawn from different disciplines, innovation hubs are becoming commonplace alongside other means to counter silo working.

¹¹ *Social Silicon Valleys*, Young Foundation, 2006

4. London's capacity to innovate

Dealing with shocks to the system, with diverse demands from changing local populations and with fewer resources for service delivery requires London's public sector to both collaborate and embrace innovation. Our recent work on ideas development and innovation, has focused on what can be done to build London's capacity to innovate. Participants in events and discussions identified the four areas outlined below:

"As I've said many times, the future is already here. It's just not very evenly distributed."

Attributed to William Gibson, 1999

Building a systematic approach to innovation

Across central government more systematic support for innovation is springing up. The Department for Innovation, Universities and Skills' (DIUS) recent white paper¹² set high ambitions: *'we set out our aim to make Britain the best country in the world to run an innovative public service.'* The Department of Health launched a multi-million pound innovation fund and the Cabinet Office is promoting service design, customer insight and transformational government across the board. And now the Treasury and Communities and Local Government are backing the Total Place approach to not only find system efficiencies but also to deliver radically new solutions on the most challenging local issues (through deep dives). Regional Improvement and Efficiency Partnerships (RIEPs), with Capital Ambition at the forefront, are pioneering and funding new approaches in a range of arenas.

"I see my job as releasing others to get on with innovation"

Rob Whiteman
CE f Barking and Dagenham

"I'm only just realising how far behind the public sector is in terms of fostering innovation, particularly councils"

London Leadership Network participant

Increasingly local government is coming to the conclusion that more is needed to provoke, encourage and support innovation. Our approach to innovation is often scattered rather than systematic. Examples of what can be done are included below.

Learning from others

Local government and other public services have a significant national infrastructure for sector-led improvement and sharing best practice. Awards, online forums, peer reviews, communities of practice, case studies, national dissemination of best in class examples or world class performance and many other steps have vastly increased local government's knowledge of initiatives in other areas or agencies. And yet, new and proven ways of doing things better can still seem to take a long time to spread.

¹² *Innovation Nation*, Department for Innovation, Universities and Skills, 2008

There is scope for stepping up taking innovations to new places – either by copying or taking innovations to scale¹³.

Examples shared at our ideas evenings included:

- ‘A teams’ in Barking and Dagenham (see more below) and an Innovation team in Croydon are bringing together resources and staff from different directorates for a limited time to develop new solutions.
- The NHS recently set aside innovation funds targeted at incubating and rapidly scaling up the most promising ideas. Perhaps a similar scheme in local government would advance ideas more quickly?
- Social Entrepreneurs in Residence are appearing in Primary Care Trusts across the UK, tasked with matching good ideas from individuals with funding and support.

Making the case for innovation

Innovation is likely to yield its gains in the longer term gains. Expectations for outcomes of new initiatives or investments, and performance frameworks are largely short term and focused on outcomes in the next year or two. This mismatch can lead to disinvestment in innovation. Some councils offer investment and support in innovation over longer periods and this needs to be encouraged including through clear messages from leaders about appropriate risk taking in order to find new solutions. This is a big culture shift for much of the public sector workforce.

“Careers are made by not rocking the boat”

London Leadership Network Participant

Understanding methods for innovating

Research carried out by the Young Foundation and NESTA suggests there are over 300 methods for innovation (see figure 4). Understanding and use of these methods – and how they connect and interrelate - is limited at present within the public sector. At the Collaborative ‘ideas evenings’ participants identified a number of methods in use within their organisation including:

- storytelling
- user journey mapping
- observation and conversations with residents
- case studies and good practice from elsewhere
- A teams and other short term teams

“There is a rich field of more than 300 methods of innovation, but many of them are largely unknown to local government”

Geoff Mulgan
Director of Young Foundation

¹³ *In and out of sync*, NESTA and Young Foundation, 2007

- made up of different staff
- advisory teams from outside the organisation
- internal and external secondments.

There was appetite for using a greater range of methods, and particularly for those that can help gain deeper customer insight which can drive innovation. These methods include observation, ethnography, user journey mapping, community innovators in residence, user-led design or co-production. Increasingly, seeing the world from this perspective has helped authorities to not only streamline and improve customer service but also consider the number of agency interactions with individuals or families and how targeted work could improve outcomes here.

Figure 4: Social innovation methods an overview (2009)¹⁴



The Young Foundation has created a digest of the 15 methods most relevant for local government, as part of its work on the Innovation Catalyst. There is a summary below but more detail, including case studies and further links, can be found here:

<http://www.youngfoundation.org/our-work/local-innovation/strands/local-government-innovation/innovation-methods-local-government/to>

“It is common sense to take a method and try it. If it fails, admit it frankly and try another. But above all, try something”

Franklin D. Roosevelt

¹⁴ *Methods for innovation*, NESTA and Young Foundation, (work in progress)

Methods for fostering innovation through systematic approaches to build organisational capacity¹⁵

1 **Budgets for innovation** - allocating a proportion of an organisation's budget to allow for the development of innovative initiatives, such as top-slicing funding for innovation or outcome based funding.

2 **Procurement and commissioning** – encouraging innovation through building requirements into procurement criteria, or allowing the flexibility for potential contractors to suggest their own ideas.

3 **Systematic support for innovation** - using a defined framework to track the progress of an idea and identify appropriate support along the way, such as Bell Mason or Next Practice.

4 **Supporting your entrepreneurs** - supporting creative or entrepreneurial individuals within an organisation and giving them the space to explore innovative new ideas, such as Social Entrepreneurs in Residence and 'space to think'.

5 **Time-limited focus on innovation** - giving individuals or teams an agreed amount of time to develop ideas, such as A teams, Skunk Works or Improvers. [LB Barking and Dagenham](#) have used A teams on worklessness recently.

6 **Innovation as part of job roles** – recruiting those with creative intelligence, allocating a proportion of staff time to focus on innovation or rewarding innovators with performance related pay.

7 **Innovation specialists** - either individuals or teams of people that have a mandate to recognise and promote innovation within an organisation through an in house team or an intermediary.

8 **Learning through collaboration** - learning from peers through collaboration to design new solutions, particularly multi-agency approaches to entrenched problems.

Methods for innovating through design¹⁶

9 **Creative ideas generation** - generating an environment at meetings that is conducive to stimulating innovative ideas through methods such as open space, fishbowls, six thinking hats, related worlds etc. LB Croydon tutors managers in these methods, for example.

¹⁵ *Tools for innovating in Local Government*, Young Foundation for Innovation Catalyst, 2009

¹⁶ *Tools for innovating in Local Government*, Young Foundation for Innovation Catalyst, 2009

10 Ideas generation by users - making use of service users to improve existing services and develop new products and services tailored to their needs, for example co-production used to develop [Patient Opinion](#).

11 Ideas banks - a space, either physical or virtual, where people can put forward ideas which are then advanced by decision makers, such as a festival, bazaars or ideas box.

12 User-centred research - building a more holistic picture of the needs and experiences of service users through ethnography, user journey mapping or similar tools. For example, [LB Lewisham have used ethnography](#) to better understand the choices made by teenage parents.

13 Systems analysis - a range of methods that explore the need for services and the experiences of the people who use them such as needs mapping.

14 Prototyping and piloting – to test the viability of a new product or service in a real life setting.

Methods for innovating through evaluation and review¹⁷

15 Innovative evaluation and review – to foster continuous improvement of a new service. Quality circles, citizens panels and online forums are all good examples.

Case study: A teams in Barking and Dagenham¹⁸

At a recent innovation ideas evening, Rob Whiteman, Chief Executive of Barking and Dagenham, shared his experience of A teams. A teams are a simple tool for focusing the time of dedicated staff onto a particular issue (see method five in the list above). South Australia's young civil servants have put them to good use, designing interventions to tackle homelessness, child poverty and encourage family businesses.

In this case Rob recruited officers from across the council, partners from Job Centre Plus, local business and civil servants to spend a day looking at worklessness in Barking and Dagenham. The breadth of their experience, both those involved in meeting worklessness and those from other directorates and sectors, helped staff to think creatively. Ideas generated on that day were then rapidly worked up by small teams, so that within a month Barking and Dagenham had a new strategy for helping single mothers back into work.

¹⁷ *Tools for innovating in Local Government*, Young Foundation for Innovation Catalyst, 2009

¹⁸ For more information contact heather.mills@lbbd.gov.uk

5. Next steps

As the scale of public sector cuts become apparent, innovation will be seen as a way to achieve more for less, to protect social objectives and a focus on people and their needs. With a growing sense that many of the efficiencies in the system have already been squeezed out, practitioners and policy makers alike are looking to better understand services from a customer's point of view, to adopt radical new service delivery models from other areas and to develop creative new solutions in partnership with other local agencies.

The conditions for innovation are aligning: urgent need or even a crisis (not to be wasted) caused by the recession, a significant reduction in public spending and a mandate from London's leaders to do more. Building the capacity of London's public sector to respond is an essential step on the journey – through sharing ideas, learning and adopting new methods for innovation and taking a more systematic approach to identifying, funding and piloting new ways of working. This is part of the work of the London Collaborative.

Over the six months we will be launching an online forum to help officers exchange ideas and running a series of projects applying specific innovation methods to issues and challenges. We will explore:

- user journey mapping to understand better the experience of unemployed young people
- ideas banks to tackle the challenges of an ageing population
- a social innovation camp in the new year to design and develop new projects together.

This paper can be expanded to include outcomes from those workshops and the SI Camp and further examples from participating network members and boroughs. Views on whether this would make a for a useful product and tool are welcome.

09.10.09

Vicki Savage, Young Foundation on behalf of London Collaborative

6. More information

For more information on the London Collaborative's events on innovation and new ideas development please contact **Brigitte Gohdes** or **Vicki Savage**.

Vicki Savage – vicki.savage@youngfoundation.org ; 020 8821 2847.

Vicki leads the Young Foundation's work on innovation in local government including recent projects to find new solutions to reducing youth crime and teenage pregnancy, and forthcoming work on worklessness, recycling and the future role of the voluntary sector.

Further reading:

Tools for innovation in local government:

<http://www.youngfoundation.org/our-work/local-innovation/strands/local-government-innovation/innovation-methods-local-government/to>

NESTA Lab, innovating in public services:

<http://www.nestalab.org.uk/>

Generating social innovation:

http://www.youngfoundation.org/files/images/publications/Generating_Social_Innovation_0.pdf

Transformers: How local areas innovate to address changing social needs (2007):

http://www.nesta.org.uk/assets/Uploads/pdf/Research-Report/transformers_report_NESTA.pdf

Local innovation awards scheme:

<http://www.idea.gov.uk/idk/core/page.do?pageId=13957935>