



15 October 2008

## Tackling the Barriers to Innovation in Local Authorities

This is a summary of the topics covered at the roundtable discussion hosted by Localis and the Audit Commission on the 15<sup>th</sup> October 2008, attended by James Morris, Steve Bundred, Greg Smith, Tom Fairhead, Emer Coleman, Prof Jean Hartley, Peter Gilroy, Dr Su Maddock, Crispin Moor, Rhodri Davies, George Lee, Roger Gough and Tom Shakespeare.

Clearly, establishing and enhancing the culture of innovation in local government does not have one easy fix. Often the most effective solutions rely on a number of factors working together simultaneously, and often the solutions themselves are inextricable from other solutions. Most importantly though, it relies on a sound knowledge of the entire governmental organism, from citizen to central government, and a vision about what it is government is trying to achieve. Innovation in

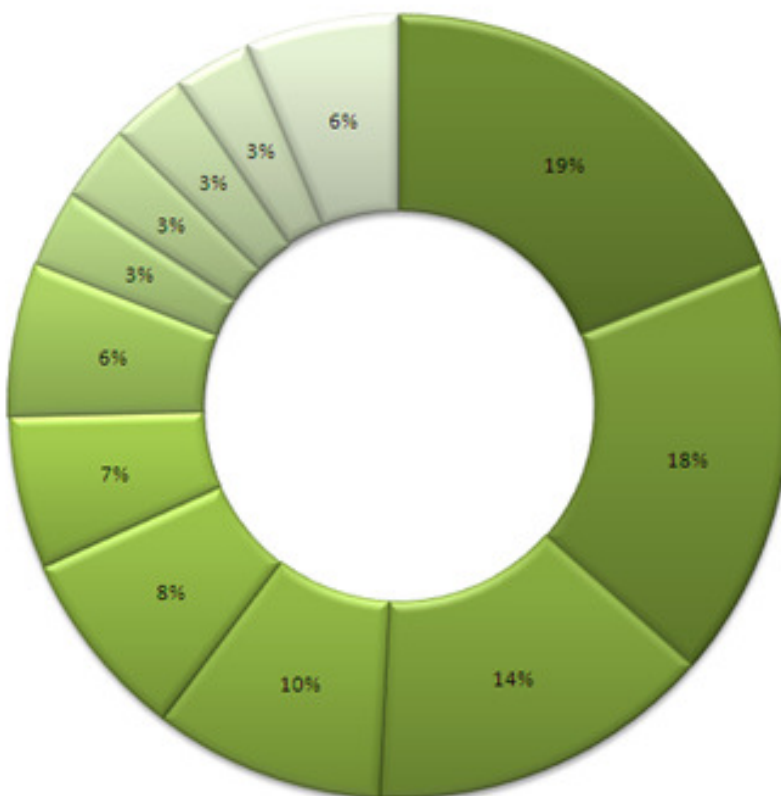
the public sector is different from the private sector in the sense that the key drivers are not to make more money, but to improve performance and efficiency. Recognising the differences, but also the similarity that it is individuals, with their own motivations and aspirations that drives innovation is the first step towards creating an environment in local government which pushes harder for these outcomes. The following summary highlights some of what the important these factors might be, and suggests a way forward for the future.

### MAIN ISSUES

The most common broad needs for reducing the barriers to innovation, according to the 'post-it note' exercise, were:

From this diagram we can clearly see that the top three issues

### PRIORITIES FOR REFORM



- Internal structural/organisational modifications
- Customer/citizen focus
- Performance assessment/targets/central and local relationship
- Addressing the culture of risk aversion
- Dissemination, relationships and collaboration
- Leadership
- Incentives/Worker motivation/overcoming cultural barriers
- External structural/organisational modifications
- Cost/Value
- More information
- More powers
- Other

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account for over half of the priorities for reducing the barriers to innovation at the local level. These are, in order of priority: 'internal structural/organisational modifications', 'customer/citizen focus' and 'performance assessment/targets/central and local relationship'. The next section will look at these priorities amongst others in more detail based on the discussion.

### PRIORITIES IN DETAIL

**Internal structural/organisational modifications** – There were a significant number of systemic alterations suggested to steer the workings of local government towards fostering and nurturing innovative ideas. These included:

- Reforming professional training, presumably to include both a greater understanding of innovation and how it can be captured, as well as widening the understanding to a greater number of people in local government and the public sector more widely
- Moving organisational development towards more 'collaborative working' across the whole organisation
- Creating 'space' and 'strategy' to focus innovation within the organisation. This could include building innovation time into the employment structure
- Improve and ensure a greater clarity of roles within the organisation
- Creating a clear innovation process for every organisation including an ideation stage, an evaluation process and then a sound portfolio management of all innovative ideas throughout the organisation
- Creating different, flatter organisational structures which mix up professions and groups of people to learn from each other
- Reconnecting the elected officers and unelected executives in a manner similar to the US approach where administrations bring their own appointees to senior roles.

**Customer/Citizen focus** – This was one of the most commonly suggested adjustments needed for devolutionary reform during the discussion, and the second most common in the 'post-it note' exercise. Amongst the key ideas were:

- To ensure that citizens needs were met, even if it was outside the 'normal' remit of the Council. This often relies on

collaborating (not partnering) with other interested parties, such as police or health authorities

- To base the whole governmental process on citizens and to remove aggregations and generalisations about groups of people and areas. More qualitative information is needed
- To get citizens more directly involved in the whole political process, including service design, identifying need, and to ensure that compliance with legislation is not the priority
- To establish new ways of capturing the customer experience and use this to challenge resistance to change
- To involve more external organisations such as voluntary and community organisations to act as advocates for user groups, challenge the status quo and to foster a greater degree of risk taking

**Performance assessment/Targets/Central and local relationship** – Many of the changes that need to happen were not of local government's making, it was decided. Even though the current Government has begun on the right path towards re-addressing some of the bigger issues, there is still some way to go. Some of the general comments include:

- New forms of outcome assessment are needed, and the current audit/scrutiny culture needs to be re-addressed, far away from the fear of failure associated with the current approach, leaving more room for experimentation.
- Focus needs to be shifted to outcomes, and not process
- Central government should allow local areas to decide their own priorities and have the financial and regulatory freedom to do so. Central prescription on delivery should be scaled back or removed.

**Addressing the culture of risk aversion** – Risk aversion was highlighted as the third most significant barrier to innovation in local government, and probably the public sector more widely. Many of the issues are touched upon in other fields, but those suggestions predominantly addressing the issue of risk are highlighted here:

- Create a safe space away from the 'normal' job in which to generate ideas, and aim to isolate risk
- Establish a local government 'innovation incubator' in order to test ideas in small areas so as to reduce the overall risk associated with piloting a scheme over much wider areas.

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- Improve evaluation and risk management, and legislate to spread risk
- Encourage more funding partnerships with third sector organisations where they can accept greater risk. Also encourage a greater willingness from central government to share the risk of innovation with local government through joint financing

**Dissemination, relationships and collaboration** – There was a wide ranging discussion about the importance of spreading ideas between all levels of local government. It was recognised that relationships and collaboration are the key to spreading innovative practice, but that innovations are not necessarily a blanket tool, which once recognised, should be imposed, unaltered to other local areas. Here are a few of the key points raised:

- Better models of learning are needed which share 'next practice' and adapt and develop innovation
- Independent public bodies, and inter-organisational networks should be given an 'innovation' remit to help share 'next practice'
- Councils should attract, hire, develop and incentivise real innovators
- There is a need to define 'innovation step change' vs 'incremental improvements'

### IDEAS AND DISCUSSIONS

Throughout the discussion and 'post-it' note exercise, some other interesting and potentially fruitful ideas and discussions emerged. These centred around the following areas:

**Leadership** – Much has been said in academic literature about the importance of strong leadership, and especially the necessity of political courage to take and encourage risks, whilst ensuring that those risks are managed in a sensible manner. One speaker raised the idea of reconnecting the officer and executive leadership more closely. Another suggestion was to create innovation 'heroes' through formal and informal success stories.

**External structural/organisational modifications** – It was

said by a number of speakers that structural reorganisation has caused more problems than it has solved, and that the focus should move away from constant shifting of boundaries etc. That said, one speaker talked of the confusion over responsibility manifested by the numerous tiers of government.

### Incentives/worker motivations/overcoming cultural barriers

– It was noted that Council worker motivations, as opposed to those in business, were more motivated by both a desire to improve the local area and individual development than by financial reward. Therefore, there should be more opportunities for formal development, as well as opportunities to recognise achievements. In terms of overcoming cultural barriers, it was suggested that the more 'conservative' professions should be more engaged in the innovation process so as to overcome resistance to change.

**Cost/Value** – One suggestion was to focus on 'social accounting' or 'social return on investment' as one way of quantifying innovation, thus allowing an outcome based system to emerge. How to quantify social return may be another question entirely, but could initially be based on consultation and advice across a range of bodies.

**More information** – One way to make public bodies far more pro-active and less re-active is to encourage an understanding of 'ahead of the curve innovation' ie not just responding to failure, but looking ahead to future challenges. This requires better forecasting tools, which itself relies on a better quality, and larger quantity of information, far away from the 'Ipsos Mori' approach, as one speaker suggested.

**More powers** – The demand for more powers primarily focussed on finance reform. One person called for a full analysis of what is spent and raised locally as a means of rebalancing the central/local relationship.

### MOVING FORWARD

Clearly, as was stated on a number of occasions throughout the discussion, there is not a 'one-size fits-all' approach to encouraging innovation in local government. However, what has

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emerged is a fairly useful 'toolkit' from which local government can select ideas and use them to their advantage. What has also emerged is a list of broad priorities for what needs to change in the current political climate. The next stage is to use both this 'toolkit' and list of 'priorities' and work with local government and other cross-organisational bodies to come up with firm policies to allow an innovation framework to emerge across all local areas.

### FOR MORE INFORMATION

**Localis** is an independent think-tank dedicated to the devolution of power. For more information on the work of Localis, please visit [www.localis.org.uk](http://www.localis.org.uk). For more information on the Audit Commission please visit [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

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