The spread of innovation between local authorities: the London experience

Councillor Merrick Cockell 2nd July 2008

Innovation is in fashion. It's what we are supposed to do. Forget good services at a low Council Tax. We are supposed to innovate. Whitehall documents issuing challenges to local public services have changed their headlines from efficiency, through improvement, to innovation. Yet, simply because an idea is popular in CLG or a thinktank does not mean that local government should drop its local priorities to jump on the latest bandwagon.

So tonight I want to ask four questions about innovation and its spread across local government:

1. Why do we need it?
2. What is it?
3. What drives it?
4. What are the implications of increasing the pace of both innovation and also its diffusion across local authorities?

Many aspects of the London experience will be familiar to people throughout English local government. I hope that some of my conclusions can apply just as much in Herefordshire as they do in Hillingdon. They are, after all about how we better meet the expectations of the people that we are elected to serve.

Why do we need innovation?

There are two reasons: cost and quality.

Cost
The drive to improve value for money has intensified as the growth in government spending has reached the ceiling of the public's willingness to be taxed. Gershon efficiencies have been followed by 3% cashable annual efficiency demands on local government.

Local government has led all other public services in its ability to deliver incremental increases in efficiency. Under the first Gershon regime public services were allowed to deliver half of their savings through notional cost reductions: statistically identifiable savings that did not create actual, spare cash.

While central government relied heavily on these notional gains, local government did not. It was local government that delivered ahead of schedule £4.5 billion by the end of 2006. Today in London we generate £20m worth of savings - with no loss of service - every month.

But this is not enough. Successful outcomes have not kept pace with increased spending. We need to achieve still more from the resources already available.

But there comes a time when simply squeezing the old system starts to harm the quality of services. At that moment the incremental improvement that comes from the "efficiency" mind set must be replaced by more fundamental change.

Process improvement asks more fundamental questions about how we deliver services and solve problems. It is like the difference between cutting costs on the Underground by replacing staff with ticket machines and replacing ticket machines with the Oyster card.

Solving existing problems in new ways has been part of the work of London Councils. For example the London Centre of Excellence, now incorporated in Capital Ambition the improvement arm of London Councils, re-designed the purchasing of IT hardware assets. We created an e-auction room sourcing equipment around the world and so saving each of the 10 member authorities an average of £400,000.

This month an improved London Jobs Portal aims to put 90% of London local authority – GLA and boroughs - jobs on line; so saving advertising spend and more effectively communicating with the next generation of potential recruits to public service.

Process improvement, often supported by IT systems can unleash innovation that dramatically reduces costs while enhancing service quality.

Quality

However, it is the issue of quality that creates the greater need for innovation in local government. The hard challenges that we face in public service are not responding to old ways of working.

Long term unemployment is no longer simply a problem of skills; solved by adding another teacher or another course at the nearest college. It is also about attitudes to work and the impact that other state policies have on those attitudes. That is why London Councils is arguing for changes to housing benefit policies for parents.

Doing more of the same is no longer enough. Innovation in public service – doing things in a smarter way - is needed to address social problems that come with being a successful global city.

We can see this challenge being repeated across London and across all the issues that most worry Londoners.

- Addressing child poverty demands new ways of helping parents to raise their aspirations

- The Mayors' target to build 50,000 affordable homes must not put a ceiling on the aspirations of the people who live in them. New ideas are needed to align tenure with opportunity.
- Guns and gangs will not be solved simply through more youth centres as a way of providing diversion or containment. We need to harness commitment and new ideas to change behaviour and aspirations
- Supporting older people to live independently will not happen simply because we provide more home helps or meals on wheels. Instead we need a huge diversification in the types of support on offer so that different individuals can choose.

Each of these challenges demands that we stop offering old solutions with more efficiency and instead think afresh about the people we are trying to support. And one thing we know about quality or failure to deliver it is that, generally, a 'wronged' person tells 8-16 others.

Innovation is the key to that change.

What is innovation?
It might seem that there is an obvious answer. Yet already Whitehall shows signs of distorting this simple concept.

Innovation is ideas not checklists. Innovation cannot be another "key line of enquiry" in the Audit Commission's Comprehensive Area Assessment.

Innovation is thinking and listening to voices from outside the mainstream.

Innovation involves asking questions without knowing if we can find the answers to them. This was in our minds when Capital Ambition created the London Collaborative.

We commissioned three partners to work with 250 of the brightest and best service leaders – including some councillors - from all parts of London public service and private sector partners such as BT to ask and answer the hardest questions about London's long term future. Following a 24 retreat of all London chief executives and a wider one day conference for key managers across London, we are looking in depth at:
- Issues of behaviour change
- Worklessness and social housing
- Climate change and carbon reduction
- Understanding population flows

BEHAVIOUR CHANGE:

Innovation is likely to take three broad forms.

Where we need to improve existing services it is process improvement will be the most common route to deliver better results for citizens and at the same time increase the impact of every pound spent.

Where old state bureaucracies are failing to solve the problem, creating new forms of partnership joining up local public services may be the way forward. LAAs are part of this process. They will also bring into focus Whitehall's failure to join up across departments.

But in some areas there are simply no organisations capable of addressing the issues that Londoners expect us to resolve. Here local government may need to develop new skills in helping social enterprises to grow so that they can meet the challenges of a global city.

What drives innovation?

But innovation is not a solitary task; it happens in organisations. How swiftly local government can innovate is affected by rules and systems inside the town hall. It is affected by the environment created by national government. It is also affected by the quality of relationships that individual councils have with others and individuals have with each other.

London's story tells us much about the challenges ahead.

Internal

Internal confidence is essential to take on the uncertainty of innovation. This has become still more true in a world dominated by top-down target cultures. Capital Ambition has been an essential part of helping each London borough to raise its game and so create the head room to innovate.

Capital Ambition has worked to systematically analyse performance across London and across areas of activity. Secondments and peer based interventions between boroughs have created a high trust approach to raising the standards of every borough. And importantly it has been London boroughs saying that we will work together to improve – that we don't need others to order us to do so that has been key. The political control of the borough getting support and those gving it has been irrelevant. The results have been dramatic.

Today, from having a number of basket cases, London boroughs perform better in CPA than any other type of borough. London has the best direction of travel scores and the best use of resources results. Uniquely, against national trends customer satisfaction with London local government is rising. In 2008 all but two London boroughs are either excellent or good.

The effect has been to build confidence within authorities and by better protecting them from the threat of "failing" inspections to create room to innovate.

Now our focus is shifting from 'support' to 'challenge'.

Relationships

Capital Ambition has also helped to strengthen relationships across boroughs. The Fundamental Review of London Councils has helped to focus our collective work and build on our strongest networks; so building opportunities for multi-borough solutions to common problems. Each time we work across boundaries we need to develop innovative solutions because, by and large, this is new territory.

The results can be seen in delivery innovation like Partners in Parking, with projected savings of £55m over five years. They are also visible in Young London Matters a partnership beyond local government aimed at improving life chances for children.

Higher trust relationships increase the speed at which innovation can be spread across councils.

As funding for 14-19 training is devolved from the LSC, London Councils is supporting the 32 boroughs to develop new approaches to commissioning that match the provision of training with employers' differing needs in the sub-regional economies of London.

Where we succeed there is a double benefit. Not only does innovation address previously unsolved challenges. It also builds the kind of relationships that smooth the process of transferring good ideas from one borough to another.

For it is important to remember that innovation is not just blue skies thinking. It is also about adopting good ideas more quickly.

Some words of warning here. You cannot innovate 'by proxy'. It is no good looking to other councils to do the work and then say 'it worked for x, we will do the same'. I reject the idea that any councils holds the blueprint. Successful councils have worked out **what works for them,** not necessarily for you. I am also rejecting the term 'best practice' because it reinforces the view that there is a single right way. There is good practice but you have to test it against your circumstances, your community and their priorities and aspirations. If we believe in Localism – and at a Localis event we should do, then it must mean that we are allowed to do things differently and be held accountable. And that means you can innovate in different ways.

The National Context

Both within individual councils and in our relationships with each other, the national context has a vital role.

Devolution through Local Area Agreements and MAAs is welcome. It is not enough. Positive action to give local government more room to tailor solutions to meet local circumstances is undermined by top down controls. Too little has been done to reduce the scale of regulation.

Equally important is the fact that Whitehall reform has not kept pace with local reform. Too often potential innovation is blocked because different Whitehall departments have conflicting strategies – *unaccompanied asylum seeking children is an obvious example.*

The effect of these central controls is to encourage a culture of compliance where politicians and public servants in the front line are discouraged from conceiving or delivering innovative improvements because they feel caught in the trap of endless review and regulation.

Implications for reform

Incremental change is no longer enough. Greater imagination is needed to look at old problems from new directions. Greater confidence is needed to rise to the challenges. In London we feel the impact of both globalisation and the knowledge economy. For London boroughs this intensifies the pervasiveness of these new challenges.

It has been said that the global is local and these wider forces create very local challenges for London's elected leaders.

Within local government we will increasingly need to develop ways of managing the risks and uncertainty that go hand in hand with moving from incremental improvement to innovative leaps forward.

That is harder than it sounds. A generation of public servants have learnt their skills in a world of checklists, audits and risk minimisation. Government may have thought at the time that they were the solution but they have become the problem. We have a task to do in accepting risks in order to aim higher. The achievements of Capital Ambition have given us a solid foundation on which to rise to that challenge. The London Collaborative is developing ideas to help us see the scale of that challenge more clearly.

Local government is the most effective part of the public sector and we can succeed still further particularly by focussing on the needs of the individuals we serve and not of our organisations. But the task will be far easier the more that central government reforms itself to catch up with the improvements that have been made at the local level.

Innovation happens at the front line. Yet it may be that we will have to help central government to raise it's game and lay the foundations upon which we can deliver a step change in effectiveness that will meet the public aspirations which we now face.

So this is how I will end – with an offer to national government and unaccountable public services from the sector that has got its act together – let us bring our experience and skills to help you sort the services you are responsible for and then let us increasingly take responsibility for public services in our areas. We are no longer the problem but the solution.