## **Public sector innovation**

### Geoff Mulgan, Brussels June 2013





# Health spend as % GDP versus adult mortality rate



Source: OECD Health Data 2010

## Change in health spend share of GDP versus % improvement in adult mortality rate



## In the economy productivity gains depend on innovation ....

Contribution to productivity growth, %



#### Figure 2: Investment in intangibles by type, £billion, 2009

Note that a wide definition of R&D is used here, which includes scientific R&D (£14bn), non-scientific R&D (£0.8bn) and financial products development (£1.5bn).



# The shared challenge of innovation in all sectors is that there are:

### 1. Big returns from innovation for whole systems

**2. Smaller returns and higher risks for individual organisations** (which more often thrive by adapting or adopting the innovations of others)

....hence large public subsidies for R&D and sometimes for adoption. The policy challenge – how to share risk and rewards within the public sector Our research and experience shows the need for interconnected elements to make systems innovative. These include:

- Structures to drive and promote innovation
- Processes that embed innovation in the key aspects of decision-making (finance to politics)
- Cultures that reward risk and creativity
- Tools and skills that are widely shared
- Exit tools
- Systems alignment
- A combination of energetic experiment and close
- attention to evidence

# STRUCTURES

### **Nesta's Innovation Lab**







### Key lessons

- Right balance of insider/outsider structure, process and culture (sufficient proximity to political priorities, sufficient distance to take risks)
- Right balance of practical/creative (relatively rapid practical impact vital)
- Strong internal processes for building coherent teams out of diverse elements
- Early focus on defined problem solving
- Ethos driven (reform), methods driven(design), tool driven (data)
- Ability to iterate between specific practice and wider systemic implications

# PROCESSES

Need to mobilise all key processes to support innovation:

- Political capital/engagement
- Finance allocation
- Allocations of other key resources (eg legislative time)
- People allocation and rewards
- Knowledge information flows



### Centre for Challen





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# CULTURES

Valuing innovation;

- Reward and recognition (and failure leaders' actions as well as words).
- Risk management key (reflecting scale, irreversibility, choice etc)
- Appetite for small scale fast experiment as well as slow evolution, experimental ethos as well as formal experiments using research methodologies, adoptive and hybrids

# SKILLS

Innovation is not innate; or random.

Requires conscious cultivation of skills: how to manage each stage of innovation processes, how to use key resources, how to judge (with skills prioritised according to function).

Skills important both for direct managers & practitioners and for surrounding system.

The open workshop synthesises many tools and experiences in an open format – a partnership with innovation agencies around the world, UN, Rockefeller Foundation etc



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Read more

# **EVIDENCE**

The Alliance for Useful Evidence – with 1000 organisations – raises awareness of randomisation, big data, effective evaluation &c- and is helping UK government to create a network of 'What Works' centres



#### Latest news

#### What Works Centres announcement

On Monday 4th March there was a Ministerial announcement of a new network of 'What Works' evidence centres at an event hosted at Nesta with ESRC, BIG Lottery, Cabinet Office and others. To read the press release from the Cabinet Office, click here. For more details about the what works centres and to view the video of the launch event visit the event page.

### MAKING EVIDENCE USEFUL THE CASE FOR NEW INSTITUTIONS

E·S·R·C ECONOMI # SOCIA RESEARC

Geoff Mulgan and Ruth Puttick March 2013

### We've promoted a common language to describe standards of evidence

#### Level 5

You have manuals, systems and procedures to ensure consistent replication

Level 4

You have one + independent replication evaluations that confirms these conclusions

**Level 3** You can demonstrate causality using a control or comparison group

Level 2 You capture data that shows positive change, but you cannot confirm you caused this

#### Level 1

You can describe what you do and why it matters, logically, coherently and convincingly

### **SUPERADOPTERS**

### Who are the early adopters of health innovations and why?





## Early Adoption in Primary Care

### More innovation measures:

- QOFs
- Patient Survey
- IT Infrastructure

More research:

- Data Mining
- Survey



The biggest challenge of all is often how to make space – we've shown good examples of decommissioning in public organisations.



RESEARCH REPORT

NE**STA** 

### THE ART OF EXIT

In search of creative decommissioning

Laura Bunt and Charles Leadbeater

# SYSTEMS

The next strategic challenge – and focus for our research and practice - is how to become better at transforming whole systems

New technologies, products and services **Recalibrated markets** 



New policies and regulations

Behavioural change, social movements