Innovation in Local Government:
Defining the Challenge, Making the Change

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Institute for Governance
and Policy Analysis
Introductions

• Director Institute for Governance since 2009, Professor of Governance formerly Head of Politics, University of York, UK and York City Councillor (2002-2007)
• Area interests: governance and policy analysis, community driven development
• Member Independent Evaluation Group, World Bank
• Editor Policy Studies
• Recent evaluation projects: Austrade; National Water Commission; Public Administration Reform Post Arab Spring (UNDP); National Indigenous Anti-smoking Programme
• Designer and Convenor of the ANZSOG/ACELG Excellence in Local Government Leadership Programme
By the way…

- **Innovation in Local Government: Defining the Challenge, Making the Change** available at:
- **Excellence in Local Government Leadership Programme**
Challenge 1: A Golden era for Local Government?

Geoff Mulgan, formerly Director UK Strategy and Innovation Unit, now Director of the Young Foundation, Demos, Involve, South Australia Social Entrepreneur in Residence

“Like any human venture, local government can be full of error, fallibility and hubris. But the biggest danger for local governments today is not excessive hubris but rather that they might succumb to the myth—often propagated by a sceptical media—that they are powerless, condemned to mistrust and futility. If they do succumb, they will fail to rise to the great challenges, from climate change to inequality, that local government is most suited to tackle.”
Challenge 2: Are the creation of local learning organisations key to the pursuit of public value?

- The establishment of learning public organisations which are able to foster a culture of public value innovation is central to the achievement of this aim.

- Linked to ‘new’ or ‘renewed’ focus on the importance of design thinking and collaborative problem-solving with communities.
Design thinking and innovation

• UK Design Council (established in 1944)
• APS 200 Public Sector Innovation Project
• APSC’s Centre for Excellence in Public Sector Design
• SA’s Integrated Design Commission
• Ministry of Technology and MindLab in Denmark
• Ash Center for Democratic Governance and Innovation, Harvard University
• NZ Centre for Social Innovation
• ANAO’s Better Practice Guide on Innovation in the Public Sector
• Involve (UK)
• The Big Innovation Centre (UK)
• The Publin Project funded by the European Union’s 5th Framework Project
1. How does local government need to position itself to meet the challenges of 21st century governance?
2. Where does it need to innovate?
3. Where do good ideas come from?
4. What does innovation look like?
5. What are the barriers to innovation?
6. How should local government learn how to learn?
Defining public value innovation

- New ideas that make a difference.
- The creation and implementation of new processes, products, services and methods of delivery which result in positive social and/or economic outcomes for the citizenry.
How do Australians imagine their democracy?

see:
www.governanceinstitute.edu.au/...DEMOCRACY%REPORT
The Power of 1 Voice
Museum of Australian Democracy,
Old Parliament House
Context: the citizen perspective

• Fairly/very satisfied with the way democracy works i.e. democratic values (ANU 2011; 70.9; Griffith 2012; 72.9).
• 7/10 very dissatisfied with the nature of politics (anti-politics = anti-party politics) and the quality of government (IG 2013&2014; Griffith 2012&2014).
• Very surprising in times of affluence.
• But local government and the local comes out pretty well!
Australian attitudes to (national/local) democracy
(ANZSIG 2014)

<table>
<thead>
<tr>
<th></th>
<th>18-24</th>
<th>25-34</th>
<th>35-44</th>
<th>44-54</th>
<th>55-64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have little or no influence over national decision-making</td>
<td>83</td>
<td>84</td>
<td>91</td>
<td>88</td>
<td>84</td>
<td>84</td>
</tr>
<tr>
<td>Have little or no influence over local decision-making</td>
<td>71</td>
<td>76</td>
<td>76</td>
<td>77</td>
<td>79</td>
<td>76</td>
</tr>
</tbody>
</table>
## Perceptions of the quality of government
(2008/2012 Griffith)

<table>
<thead>
<tr>
<th>Level of government</th>
<th>Federal</th>
<th>State</th>
<th>Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very/Quite Poor</td>
<td>43.5 (15.8)</td>
<td>45.4 (42.4)</td>
<td>40.4 (39.7)</td>
</tr>
<tr>
<td>Quite/Very Good</td>
<td>55.3 (81.6)</td>
<td>53.4 (56.9)</td>
<td>58.1 (57)</td>
</tr>
<tr>
<td>Most effective</td>
<td>29.2 (50.1)</td>
<td>23.6 (18.1)</td>
<td>30.1 (19.9)</td>
</tr>
<tr>
<td>Least effective</td>
<td>26.9 (15.7)</td>
<td>24.6 (32.2)</td>
<td>26.3 (35.3)</td>
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</tbody>
</table>
Sources of optimism for localism

- 43.7 believe that as many decisions as possible should be made at the lowest level of government (subsidiarity) (Griffith, 2012).
- The majority do not participate because of the nature of politics on offer (IG, 2013&2014).
- 40% would participate if there was greater openness in the political system and more participatory politics (IG, 2013&2014).
- The reform options that offer most hope involve building on citizens’ interests in linking representative with more participative political practices (IG, 2013&2014).
- 75% of Australians favour greater use of direct democracy (IG 2014).
- 83% believe that there should be more voice for local communities over their services (ANU 2011).
Perceptions of what forms of engagement make a difference (IG, 2014)
Continuities

The reforms they would like to see strengthen accountability, increased participation, greater localism, digital futures
Context: the view from the Commonwealth

- Federal White Paper on the Federation
- Warren Truss (Deputy PM, Infrastructure and Regional Development)
- The rhetoric of ‘subsidiarity’ & ‘productivity’ has replaced the rhetoric of ‘localism’
- Focus on the States
- + Rural/coastal regional agenda
Value proposition – *big vision, little steps*

- Local government in multi-level governance: filling in the gaps.
- Community productivity (development) at the centre.
- Enduring transformational projects by partnering beyond government, place-making and meaningful digital futures.
- Local governance.
Top 10 critical problems that the sector is facing in 2014…

<table>
<thead>
<tr>
<th>Issue</th>
<th>Number of respondents</th>
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<tbody>
<tr>
<td>1. Financial sustainability</td>
<td>24</td>
</tr>
<tr>
<td>2. Local government strategic management</td>
<td>21</td>
</tr>
<tr>
<td>3. Infrastructure</td>
<td>19</td>
</tr>
<tr>
<td>4. Community engagement</td>
<td>13</td>
</tr>
<tr>
<td>5. Local government planning systems</td>
<td>10</td>
</tr>
<tr>
<td>6. Workforce planning and capability development</td>
<td>10</td>
</tr>
<tr>
<td>7. Sustainability</td>
<td>8</td>
</tr>
<tr>
<td>8. Managing growth</td>
<td>8</td>
</tr>
<tr>
<td>9. Economic development</td>
<td>7</td>
</tr>
<tr>
<td>10. Ageing population</td>
<td>7</td>
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Where do good ideas come from?

**Innovation through serendipity**

- Bernie Ecclestone,
- CEO Formula One
- Trustee, Great Ormond Street
- Designer of A&E logistical innovation drawing on health and safety regulations and scheduling for Formula One pitstops
The citizen’s story

- ‘Saves’ for critically ill patients rose by 11% in Year 1 (2007) to 17% in Year 2 (2008), to 20% in Year 3
- Lessons –
  - Get the right people around the table
  - Deliberately design a process of learning
Type 1: Strategic innovations...

- Introduction of new strategies which impact directly on the nature of decision-making throughout Council
- e.g. Business Excellence Framework, Participatory Budgeting, Triple/Quadruple bottom-line sustainability assessment frameworks (what gets measured gets counted)
Type 2: Innovation in public service products...

- involves the development of new government products which have a commercial or private value as well as a public value and are often associated with the development, use and adaptation of relevant technologies. E.g. Wetland Technologies/Affordable Housing, City of Salisbury; Banking on Tasmania – loans for small and medium sized businesses; City Life Magazine, Queenbeyan.
Type 3: Innovation in public services

- ...involve the production of new services which have public value
- E.g. Brewarrina Shire Council’s *Rural and Remote Dental program*.
- Partnership with Griffith University; the program provides free dental services to children under the age of 18 and Health Card Holders, a mobile service for patients with travel limitations and valuable rural and remote work experience for dental students.
Type 4: Governance innovation...

• ...involve new or altered ways of solving community problems with other sectors and knowledge bases. E.g. public-private partnerships between Councils, private business and NGOs such as Community Chef.

• Local government owned community service (originally 13 local government partners now 20) – Regional Kitchen Pty Ltd Victoria.

• Produces 1.2 million meals per year.
What do you think are the major barriers to public value innovation?

<table>
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<tr>
<th>Behavioural</th>
<th>Environmental constraints</th>
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<tr>
<td>Language</td>
<td>Electoral cycle</td>
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<tr>
<td>Culture of risk aversion</td>
<td>Public expectations for quick fixes</td>
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<tr>
<td>Poor skills in active risk or change management to create opportunity</td>
<td>Political overload/culture of</td>
</tr>
<tr>
<td>structures for innovation</td>
<td>contentment</td>
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<tr>
<td>Silo mentality</td>
<td>Socio-economic conditions</td>
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<tr>
<td><strong>Institutional resources/constraints</strong></td>
<td><strong>Institutional resources/constraints</strong></td>
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<tr>
<td>Financial resources</td>
<td>Limited support from sovereigns</td>
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<tr>
<td>Technical capacity</td>
<td>Short-term budgets and planning</td>
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<tr>
<td>Innovation systems</td>
<td>horizons</td>
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<tr>
<td>Causal theory of innovation from idea to action</td>
<td>Delivery pressures and administrative</td>
</tr>
<tr>
<td>Staff development in critical thinking…</td>
<td>burdens</td>
</tr>
<tr>
<td>Thinking Space</td>
<td>Poor rewards and incentives to innovate</td>
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The language of innovation – word association – what does it mean to you?

LETS TALK ABOUT INNOVATION

THERE NEEDS TO BE A MAJOR OVERHAUL OF THE INNOVATION SYSTEMS IN AUSTRALIA. THE CURRENT SYSTEMS REWARD RENT SEEKING AND DISCOURAGE GOOD IDEAS.

ABSOLUTELY

I TELL ME ABOUT IT

THEY SURE DO

I HEAR YA!

WE WANT EVERYONE INVOLVED IN THE CONVERSATION ABOUT HOW AUSTRALIA IS GOING TO GET INNOVATION MOVING AND GET GOOD IDEAS FLOWING TO THE RIGHT PLACES.

I WANT TO BE A PART OF THAT CONVERSATION

OH YEAH

ME TOO.

WE NEED TO MAKE SOME FUNDAMENTAL CHANGES TO THE WAY RESEARCH GRANTS AND FUNDING ARE ASSESSED AND DISTRIBUTED.

DO YOU MEAN CHANGE LIKE "THINGS ARE DIFFERENT" CHANGE?

I BEG YOUR PARDON?

IT DIDN'T SAY ANYTHING ABOUT CHANGE IN THE BROCHURE.

OF COURSE SOMETHING NEEDS TO CHANGE - ALL THESE PEOPLE GET MORE MONEY THAN WE DO.

HANG ON A MINUTE, HOW MUCH DO YOU GET?

NO WE DON'T

THIS ISN'T VERY INNOVATIVE.

JUST BECAUSE AN IDEA IS NEW, DOESN'T NECESSARILY MEAN IT'S GOOD.

www.firstaidonthemoon.com
What would an Innovative Council look like?

1. Highly skilled leadership focused on outcomes and financial control (with a board of shareholders mentality – local citizens being the shareholders seeking maximum return).
2. Accountable head of service and executive team.
3. A strong commercial business plan & operating model.
4. A whole of council approach with strong political and service alignment.
5. Employer of choice.
6. Payment by results for anything it funds in its supply chain.
7. Citizen-centred services operating with a co-design principle.
8. Economic entrepreneurship to support new market opportunities.
9. Social entrepreneurship to ensure community resources are deployed effectively to meet equity challenges.
10. Effective community leadership in multi-level governance (Commonwealth, State, Regional, Community)
In conclusion –
10 guidelines to drawing a lesson (or innovation)

1. Create an action-based learning network with the capacity to act and requisite skills and design a conscious process of learning.

2. Scan alternatives and decide where to look for lessons.

3. Where possible learn by viewing the innovation in context.

4. Abstract from what you observe a generalised model of how the project or programme works.

5. Turn the model into a lesson fitting your own local context.

6. Decide whether the lesson can be applied with a broad range of stakeholders.

7. Decide whether the lesson ‘should be adopted in consultation with a broad range of beneficiaries.

8. Simplify the means and ends of a lesson to increase its chances of success.

9. Evaluate a lesson’s outcome prospectively and, if it is adopted, as it evolves over time.

10. Subject to the availability of resources pilot or use other forms of simulation to prototype and evaluate potential impact on communities (Evans and Marsh, 2012, Policy Transfer, Routledge/Taylor and Frances).