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"Public sector innovation to address societal challenges:
Enhancing innovation in public services
through transnational cooperation"

Report

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Contents

Executive Summary

Major points of consensus

This report offers a review of the fifth Inno-GRIPS Innovation Policy Workshop on the topic of *Public sector innovation to address societal challenges.*

Some significant consensus emerged from the workshop discussions around a number of points.

First, although they are often considered as rather conservative, the public sector and public services can actually be highly innovative. However, innovation and its diffusion face strong barriers here, which range from organizational issues to the lack of visibility of innovative initiatives and can include the difficulty in designing and managing accurate procurement frameworks and contracts.

There is therefore a real need for innovation stimulation and support in the public sector to increase efficiency, and to enable the delivery of new and better quality services that respond to the population's evolving needs and expectations.

Discussions also highlighted a general consensus on the challenges faced by the public sector, among which were:

- the creation of an innovative culture and *innovation-friendly* environment (this includes recognition for innovators and innovative projects),

- the improvement of risk management capacities,

- the implementation of accurate evaluation processes,

- the strengthening of transversal and multidisciplinary cooperation,

- the need to undertake large consultative initiatives that include citizens in the shaping of innovation,

- the improvement of communication and dissemination actions, as well as

- the promotion of public sector information re-use.

Transnational cooperation was acknowledged to be an excellent way to face these challenges, in that it allows the spread of good practice, mutual learning and a general enhancement of innovation practices across Europe. However, in order to be fruitful, transnational cooperation needs careful preparation and management.

Path for future action

In this context, several orientations for future actions emerged such as promoting the diffusion and scaling up of successful innovations, in order to enable mutual learning and favouring citizen-driven innovation by encouraging citizens' involvement in public sector and public services evolutions. This

latter point raises issues linked with sharing and using information in relation to public sector innovation; proper metrics need to be created for this specific type of innovation, which means that *collection* tools need to be set up to gather this information.

Open innovation (drawing especially upon solutions and elements developed outside the concerned organization, but also possibly from parts of the organization that are not usually taken as sources of innovation) was also considered as a relevant orientation for action. Innovative solutions can indeed emerge from the convergence of public sector needs with solutions/methods trialled by other actors (including other public services, private companies, third sector representatives, etc.).

Finally, other orientations identified as important for the future included the opening-up of Public Sector Information (PSI). PSI, being the fuel that enables the public sector to operate, is an asset that requires management. There is much scope for value to be added to it by citizens, commercial organisations, the third sector – and other public services.

Suggested EU actions

One way in which the EU could encourage innovation here is to provide member states' public sectors with relevant tools for cooperation, to help provide conditions and opportunities for cooperation and exploration of cooperation possibilities, and to create frameworks in which the outputs of such cooperation can be scaled up to the Community level.

Public services are largely the responsibility of member states. EU initiatives and policies are primarily expected to strengthen and speed-up the dissemination of information. These initiatives and policies should also contribute to strengthening public sectors' ability to innovate and produce innovative public services – especially radically innovative solutions.

Among the numerous suggestions for action made by participants, three were selected as the most important by a simple voting procedure in the workshop:

1) Creation of / support for Innovation Laboratories, to favour experimentation & organization; and support to innovation labs' networks throughout the EU.

2) Support for cross-national alliances (composed of at least three countries), cross-sectoral and holistic approaches. The idea here would be to create ad hoc initiatives to support transnational cooperation between public sectors on a pre-identified topic.

3) Elaboration of a public sector innovation index, based on specific indicators. The index would be made available on a public platform.

1. Introduction

Background

An effective public sector which delivers innovative solutions and high quality services is often considered as a pre-requisite to address Europe's grand societal challenges (the ageing population, climate change, food and energy security, etc.). A better understanding of innovation in the public sector is thus liable to be very important for the development of strategies to meet these challenges. But innovation in this sector has been more often the subject of exhortation than of analysis – innovation studies have tended to concentrate on private sector innovation.

Consequently, public sector innovation remains difficult to define and identify. Within the public sector the term "innovation" may even be contentious.. Public sector innovation is sometimes seen as relating to new policies and often to new public services; but developments linked to organisational improvements, performance management, planning, human resource management, etc., are rarely labelled as "innovation;" rather, terms like "modernisation" and "reform" are employed. In practice, product, process and policy innovation may well happen together – sometimes in synergistic ways, sometimes not.

The European Commission is currently preparing a new innovation action plan, which will pave the way for the EU's innovation strategy for the years ahead. The EC considers that one of the pillars of this strategy will be applying innovation to address societal challenges. Therefore, the European Commission is currently seeking inputs on approaches as to how to harness the latent potential of public services for innovation and to help orient this potential towards societal challenges. In pursuit of these aims the EC is considering the promotion of public procurement networks, measurement and benchmarking of public innovation performance, and transnational cooperation. The latter option was the focus of this workshop.

Scope

Transnational cooperation is one of the founding principles of the European Union. What does cooperation mean and encompass, when applied to the public sector and to public services? Specifically, in which ways can cooperation promote innovation? In other words, in these times of scarce resources on the one hand and significant societal challenges on the other- how can transnational cooperation make Europe more innovative and efficient?

These topics were addressed with a focus on the following fields:

- Healthcare
- Energy efficiency and sustainability
- Information security
- Urban planning

Participants' profile

The workshop gathered 25 participants (see Annex I for details). The largest group of participants was composed of experts either with a general experience of innovation in public services or more focused experience in the sectors of health, energy/sustainable development, urban planning and information security.

The European Commission was represented by members of staff from the Directorate-General for Enterprise and Industry and the Directorate-General for Regional Policy.

2. Public Sector Innovation – Major points of consensus

The public sector and public services can be highly innovative – but innovation and its diffusion face strong barriers

It is acknowledged that public services can be- and often are- highly innovative. The experts confirmed that there are many innovative initiatives in public services across the European Union; two are illustrated in the following Boxes.

Illustration 1: 3D model of the city of Cannes

In 2006, Cannes (71000 inhabitants) launched a 3D model of the whole town to support decision-making related to urban planning.

Displayed on Cannes' web site since 2007, this tool more concretely aims at:
- Improving the citizen's understanding of the projects and vision
- Giving located information to citizen and professionals
- Making risks and disadvantages of urban planning projects more obvious.

**Illustration 2: Program to support energy savings at the**

***Syndicat intercommunal pour le gaz et l'électricité en Île-de-France* (SIGEIF)**

The objective of this measurement program developed in 2006 is actually to provide the municipalities with a practical method of awareness-raising about to energy saving among the public servants.

For each selected spot, this tool provides daily information and as well as comparative measurement of the situation before and after the various actions taken.

While there is much debate about the nature of innovation in public services, and despite some efforts towards establishing innovation audits, there are still few evaluations of public sector innovation and very little research to systematically measure the impact of innovation in public services.

There are also very few studies comparing innovation in the public and private sector. Nevertheless, according to one of these studies carried out in Canada (an historical comparison of technological change 1998-2000 and 2000-2002 in the private and public sector by Louise Earl) public/private differences may be overstated. As the figure below indicates, the study reported innovation rates to be higher in the public sector organisations studied.
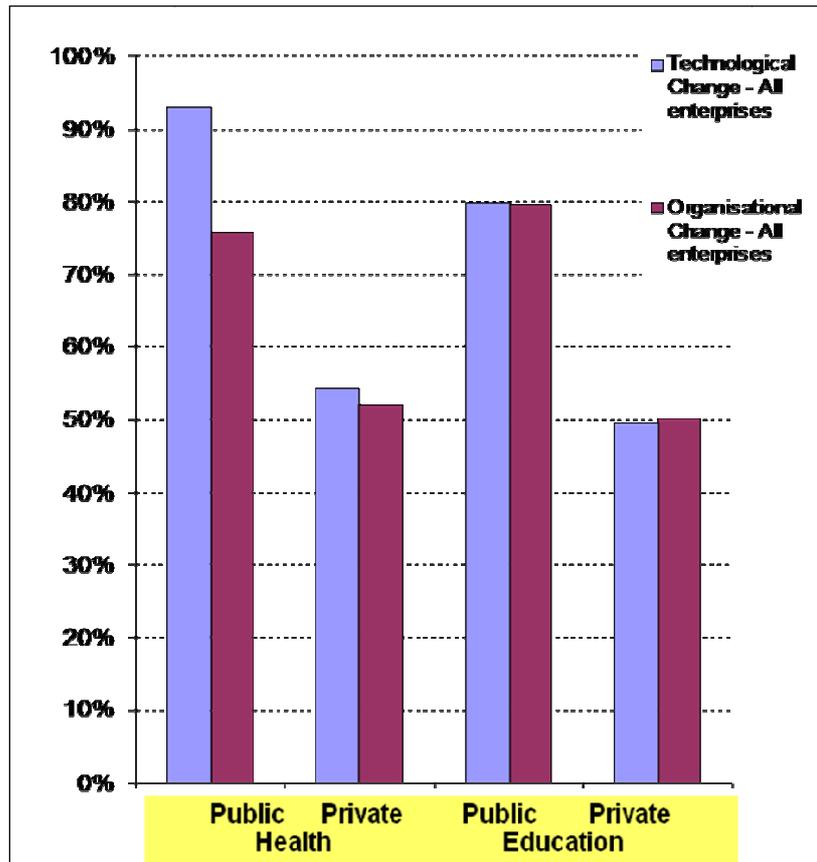
Earl, L. (2004)
An historical comparison of technological change, 1998-2000 and 2000-2002, in the private and public sectors
Ottawa: Statistics Canada (also see Earl 2002)

Types and specificities of public sector innovation

As regards the scope of innovation in public services, it is generally agreed that the notion encompasses organisational (staff and management), technological (e.g. development of e-health or e-government services) and process-related (rules and procedures) innovation.

A recurrent point of discussion concerns the public services' ability – or lack thereof - to generate radical versus incremental innovation. In other terms, is radical innovation possible in public services or should this sector -and the policies aimed at supporting innovation in this sector- rather focus on incremental innovation?

While many incremental innovations and their diffusion could help improve service quality, it is also necessary to consider more transformative innovations.

> **Workshop participants' view on the types of innovation in public sector to be considered**
>
> - *Top-down* (common) vs. *user-driven* (rare)
>
> - *Improvement-oriented* (application level, disciplinary) vs. *problem oriented* (method/concept level, interdisciplinary)
>
> - *Incremental* (common) vs. *radical* (rare)
>
> - *Experimentation* and *invention* vs. *adaptation (learning)* vs. simple *imitation*
>
> - *Organisational and process innovation:* often IT-based; scope for outsourcing; scope for user self-servicing
>
> - Public-private engagement, supplier networks as site of innovation

The barriers to innovation in public services

Although innovation can help us protect our cultural and social heritage, the public sector is often considered as conservative and reluctant to innovate.

Beyond financial resources, one of the most commonly acknowledged barriers is found in the organisations themselves. Reluctance to innovate, often combined with few or poor skills to handle innovation (e.g. limited procedures for stimulating, rewarding, and managing innovation), can indeed stymie the introduction of innovation in public services.

In addition, the commonly held belief that public services' innovative projects have to be successful probably also has a deterring effect. The public sector is confronted with the difficulty in balancing the risk attached to innovation with the well-being -and even sometimes the security- of the citizens it serves.

This timid attitude toward innovation can also affect relations between the public and the private sector. As a provider of products or services, the latter can be a source of innovation in the framework of procurement contracts. However, public sectors cannot expect these types of benefits to emerge on their own. Procurement contracts must be shaped in ways that enable innovation (notably by granting the private actors some room to manoeuvre). Fruitful exchanges also require specific skills to manage the contractual relationship.

Yet a creative potential is apparent in the public services; innovative projects do exist. But - and here stands another barrier - these innovative projects often suffer from a lack of visibility that contributes to their low diffusion among other public services.

Finally, public services are too often reluctant to open access to and share their information. One of the most common arguments put forward for this is the risk for the citizens concerned. However, this risk is often at most minimal, and ways of protecting against identity theft and intrusion can be deployed.

Workshop participants' view on barriers to innovation in the public services

- Financial resources

- Resistance to change of service staff

- Resistance to change until the last possible moment

- Poor capacity to deal with innovative ideas

- Poor partnering capacities

- Poor innovation management schemes / skills

- High level of risk adversity : pre-commercial public procurement is an exception / project MUST be a success

- Skill gaps – don't know how to?

- No mechanisms for replication and scaling-up of pilot projects

- No actual implementation of projects that just lead to recommendations

It appears therefore that innovation is not always a 'natural' trend in public services and thus ways of encouraging it are required.

Need for innovation support and stimulation in the public sector

The challenge for innovation in public services is twofold:

1. *Innovation for public services themselves*

   Public services are large areas of expenditure and employment and make important contributions to quality of life and social welfare. Innovation is vital for increasing public sector efficiency and for delivering new and better quality services.

2. *Public services as vectors of innovation*

   Public action provides the framework and necessary inputs for wealth creation and procurement, as well as other activities which can help set standards and promote innovation.

   But also, the public sector is an important market for innovative products (goods and services) from across the economy. It can be a critical inventor – many disruptive technologies are indeed launched in the public sector. It can also be a test-bed or demonstrator for innovative solutions, and contribute to establishing new services, infrastructures and standards. Finally, it can also be a promoter of innovation via public procurement on innovation systems (standards procedures, HEI-industry, etc.).

Social, political and economic arguments underline the importance of stimulating more innovation in public services. The populations that public services are designed to serve are becoming increasingly diverse. Public services thus need to adapt themselves to changing social conditions, which makes innovation all the more essential and worth being supported.

There is clearly room and need for supporting initiatives and policies to foster innovation in public services the question is then: how best to address this issue? Shall these policies and initiatives address public services as a whole or rather adopt a more sectoral approach? According to which criteria?

Variations across public sectors mean that "one size fits all" approaches are liable to have substantial limitations. Differences that may need to be considered range from the level - national or more local- of public services, the specific area concerned, the degree to which private sector or third sector organisations are engaged in the service, the need for specific infrastructures, the skills required, etc. While substantial differences exist between sectors, it appears that common features are important and that sectors can learn from each other.

Whatever the approach adopted, public services need to remain connected to the policy aims they were designed to meet. The example of the UK's "private prisons" shows how this specificity can be salient in an innovation context: recourse to private actors in these prisons may have increased management efficiency, but what about the impact on the implementation of broader criminal justice policy itself? Are these prisons working to reduce reoffending rates, for example, as well as simply providing lower-cost incarceration?

Who should be involved in public sector innovation?

As shown in the box below, there is general agreement on the necessity to consider a broad range of actors both inside and outside public services, as well as on the need to clearly define the role of each category.

In this respect, two points can be stressed. First, specific attention should be given to citizens as final beneficiaries of public services. Not only is the quality of service to citizens the end-goal of most services (and who better to judge such quality), but also citizens are often intimately involved in co-producing the final service (the results of health and educational interventions, for instance, very much depend upon user input). Second, much could be done in terms of public-private relationships, in order to organise exchanges in a balanced, constructive way and reach win/win situations more often.

Participants' view on the actors to be involved

- Mobilise all, though respective methods and roles should vary

- Politicians should keep the leadership

- Involve innovative employees, down to junior levels

- User-citizen innovators, civil society organisations

- External expertise and inputs (consultants, suppliers) – especially in thematic areas?

- Intermediaries – media should be more engaged – to diffuse materials, sort ideas, link users and institutions. Coaches, organisers of overviews, platform builders (innovation laboratories)

- Procurers

The mobilization and involvement of all actors are key elements to tackle the challenges and opportunities at stake.

Challenges and opportunities

The most obvious challenge facing public services is to find a balance between ever increasing demands, especially concerning societal challenges, and shrinking budgets.

As exposed above, public sectors are large and complicated systems, where potential for innovation exists but which is too often smothered by various elements: aversion toward innovation, heavy heritage, compartmentalization, occupational specialisation, etc. In this context, the creation of an innovative culture and *innovation-friendly* environment is a challenge that cannot be ignored. But it is also a huge challenge that has to be tackled from different angles.

Recognition for the innovators and the innovative quality of projects is one potential tool here. In this respect, it appears that competitions awarding innovative projects can be useful. Several already exist, at national or European level, very general or focused on specific sectors or types of innovation, etc. One difficulty, especially at the European level, is to identify award criteria that can take into account the many differences existing between public services across the EU.

Indirectly connected to this need for recognition is the need to improve risk management capacities and opportunities among public services. Successful projects deserve recognition and awards - but lessons can and should also be drawn from failures. Failures seem especially common – and commonly repeated – in IT-based innovation, for example.

The issue of evaluation now arises. Many outputs are intangible or implemented without market feed-back. And many initiatives start without in-depth analysis, which makes it difficult to assess an innovative initiative's outputs and to further promote these.

Another challenge is to encourage and strengthen transversal and multidisciplinary cooperation between services, departments of a same organisation, as well as with other relevant entities.

Societal challenges are often so complex that a single organisation cannot address a challenge alone, and needs to draw upon external sources to complete its own knowledge and scope for action.

Additionally, the increasing mobility of citizens is a relatively new matter that needs to be taken into account by the public sector.

In order to address all of these elements when new policy initiatives are developed, the recourse to large-scale consultation, including staff, citizens and third sector organizations, is important – especially when top-down strategies are being considered.

The challenge of communication and dissemination must also be taken into account. As already mentioned, innovation and innovative initiatives exist but too often suffer from a lack of visibility. Yet, disseminating initiatives, projects and good practices could bring a lot to the general spread of innovation among public services. When applied to policies or public actions, communication efforts should be extended to the next steps, next plans, next strategies, etc.

Finally, the re-use of public information - either for commercial or non-commercial purposes - can be considered both as a challenge, given the level of resistance that public sectors might face, and as an opportunity. There is considerable scope for innovations that add value to the masses of poorly coordinated information that public sector organizations routinely generate.

The boxes below outline the main challenges discussed in the workshop, and some specific points raised in the context of urban planning.

Participants' view on challenges faced while fostering innovation in the public sector

- Knowledge deficit, need for an improved communication and higher levels of transparency.

- Need for impact assessment: if improvements are conducted in one sector, what are the effects and consequences in other sectors? Need for transversal cooperation on common themes.

- Evidence-based policy design and know-how vs. short-term "actionism" and lack of strategy. Empowerment of citizens through user-centred design of public services vs. fear of loss of control of elected representatives. Fear of change and job losses.

- Leadership: how to enable public sector leaders to create an innovative environment/culture in their organisations?

- Attitude to risk: how to bring about better risk management (e.g. smart failure) or how to learn from failure? Challenge of the lack of diffusion.

- Challenge: being more inclusive in involving stakeholders in the public action.

- Relevant knowledge should be used when it comes to public innovation, no matter who possesses the knowledge (e.g. research institutions, private companies, other public organisations,).

- More inclusivity of stakeholders needed: triple helix partnership shall be given incentives to address and come up with innovative solutions to societal challenges.

- Public or public type sources are included but hidden in the majority of practices that can be disseminated - importance of spreading innovation.

- General risk averse nature / resistance to change.

- Being able to encourage transversal cooperation between services/departments of a same organisation by organising transversal projects such as CO2 calculation / control.

- Opening public sector information: major challenge in public sector culture, not wishing to make the public service information available.

- Interface management: inter-departmental (communication + cooperation) / cooperation between different branches of public organisations.

- Experiments bear risks, difficulties, and may hit regulatory barriers: need for leadership and risk culture.

- Demanding and proactive citizens, user innovation.

- Peer pressure on public services (plus financial pressures and grand challenges). Shrinking public budget vs. increasing demand for public services.

Specific challenges in the field of urban planning

- Public spaces – urban art, squares, relationships between multiple city users. The revitalisation of public spaces forms the backbone of urban strategies.
- Landscape – Landscaping schemes, showcasing parks, the role of green spaces in urban regeneration.
- Infrastructures – integrating infrastructures into towns and cities (roads, railways, canals, ports), interchange hubs, mobility, transport strategy
- National heritage – rejuvenating old town centres, regenerating centres undergoing urban shifts, handling listed sites and protected areas
- Reconversion – revamping industrial wasteland and dockland, redeveloping empty urban spaces, refashioning the riverbanks, wharves and canals
- Urban regeneration – urban renewal, restructuring housing estates and social housing districts, demolishing and reconstructing
- New central areas – leisure and commercial hubs, business parks, expanding suburbs, new towns
- New quarters
- The city for all

What might the added value of transnational cooperation be? Examples of successful initiatives

The discussion here is mainly based on the presentation of two projects - Innovative Thinking and URBACT.

Whatever their size (very small or large), or nature (public or private), organizations that have experienced transnational projects consider that, despite learning costs, the engagement with other countries' cultures and experiences is almost always a major positive point. Transnational cooperation indeed appears as an excellent way to spread good practices and learn from others' experiences.
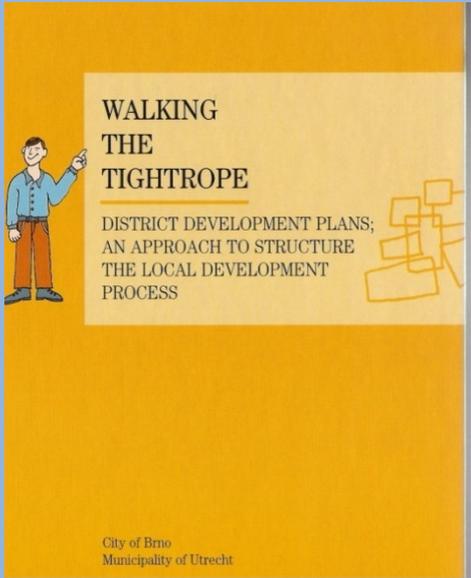
The discussions held during this workshop highlighted some interesting points on transnational cooperation projects addressing innovation. The lessons can be summarised as follows:

- Get the main stakeholders involved…

- and at the same time overcome the resistance of surrounding actors (political, sector lobbies, end-users).

- Find strong leadership and project champions.

- Gather partners around a common/shared interest, while taking into consideration the different objectives and time perspectives of the actors involved (private swift return on investment, public budget and resource allocation, long term planning, immediate population needs...). In this respect, projects starting with a limited number of partners, enlarged in a later phase to more partners, so that the first outputs can be discussed and shared, are generally considered more successful.

- Transnational dialogue and cooperation appear to be highly supportive when it comes to the implementation of innovative measures.

- Address and deal with resource deficits, including those related to data or language capabilities. This observation is especially true when small entities (small municipalities more used to usual regional cooperation) are involved.

- Cope with and learn about (and from) "local" institutional/operational methods and cultures (legislative framework, financial structures…).

- Recognise that real in-depth cooperation takes time; when talking about networks, 3 or 4 years could be considered the typical time needed to become efficient.

- Recognise that results and cost effectiveness may be difficult to measure as all results are not visible / tangible.

- Communicate! (Communication is critical.)

Illustrations – projects presented by workshop participants

The three case studies presented below are projects that were led by workshop participants. These case studies were discussed, and helped identify and illustrate ways in which cooperation initiatives can contribute to favouring innovation in the public sector.

More information can be found about each of these on the presentations available online at the Inno-GRIPS' website (http://grips.proinno-europe.eu/).

WALKING THE TIGHTROPE DISTRICT DEVELOPMENT PLANS; AN APPROACH TO STRUCTURE THE LOCAL DEVELOPMENT PROCESS City of Brno Municipality of Utrecht	**Cooperation between the Municipality of Utrecht (Netherlands)** **and** **the City of Brno (Czech Republic)** The project of the municipalities of Utrecht (NL) and Brno (CZ) which started in 1993 in the framework of an EU-funded programme focused on professional co-operation. The project ended in 2002 with the publication of a guide "Walking the tightrope – District development plans; an approach to structure the local development process", in which the two municipalities provide supporting advices based on their own experience. The EU played the role of a positive stimulus to build and share experience and best practice.

REPAIR – URBACT II City Exchange Project

Objective

To develop alternative site uses and techniques which both secure the long-term preservation of the (military) heritage site, and contribute to broader sustainable development of the surrounding urban areas.

4 pillars

- How to achieve the sustainable re-use of built heritage through maximising buildings' energy efficiency, the use of renewable energies and effective waste management.

- How to develop alternative site uses to preserve the military heritage in the long term.

- How to maximise access to military heritage sites by sustainable modes of transport, minimising car use. This must decouple transport growth from GDP growth.

- How the socio-economic re-use of military sites can maximise local jobs for local people and therefore engender more sustainable, cohesive communities.

Partners

- Rostock (Germany)

- Kaunas (Lithuania)

- Karlskrona (Sweden)

- Thessaloniki (Greece)

- New Dutch Water Line (Netherlands)

- Paola (Malta)

- Opava (Czech Republic)

- Avrig (Romania)

- Florence (Italy)

- Charente-Maritime (France)

- Medway (England) – LEAD PARTNER

Innovative thinking

Actions and Strategies for Sustainable Growth

through Community Networking and Innovative Thinking

Co-ordinator: Dals-Eds Municipality (4800 inhabitants, 730 km^2, 400 lakes)

Partnership: 14 partners from 7 countries

Objective:

Establish long-term sustainable development of the community towards an energy efficient and renewable energy.

The aim of the project was to establish and implement an action plan in each community as a document jointly agreed with key community stakeholders, such as utilities, buildings owners, transport companies, the municipal/district council and NGOs, as well as politically accepted in the community. This included concrete actions, such as investment plans, as well as plans and actions for information and training. The strategy documents and action plans that were agreed upon, were based on the actual RES/RUE status and possibilities per participating community.

Results :

- Action plans and strategies including <u>concrete</u> actions to increase the share of renewable, increase the energy efficiency in buildings and industrial processes, also including the transport sector.
- Broad commitments between stakeholders, incl. politicians.
- Community status reports – overview of present energy situation.
- Community strategies for the transition towards a sustainable energy community
- Community action plans – concrete actions.
- European conference and Booklet on Good Examples Guidelines.

Lessons learned

- Data collection takes time and proper statistic information is not always available.
- The Innovative Thinking project proved the importance of involving local and regional stakeholders.
- Communication is a key word.
- It is fruitful to work with other countries.
- Regional co-operation -Especially for smaller municipalities it is beneficial to join forces.
- Do not underestimate the language barriers within the consortium.

3. Major orientations for future action, in response to identified challenges and opportunities

Diffusion and scaling up of successful innovations

Since there is much innovation in public services, one major challenge is less a matter of inventing new solutions, and more one of diffusing and adapting such initiatives more widely within the organization itself in some cases, and more generally to other thematic areas and/or territories.

The first obstacle to tackle consists of the lack of visibility of innovative projects implemented by public services. Many initiatives do exist, from competitions (e.g. the Innovation Prize of the French Association Territoria) to large European events (e.g. DG REGIO events dedicated to innovation), networking projects (e.g. Project URBACT on urban planning) but still, most actors acknowledge that more efforts have to be made to better communicate.

Transferring/taking-up is neither an easy task nor a guarantee of success. Difficulties can come from:

- Specific features of authorities and/or services at the origin of the innovative project. Projects designed for large cities, for example, may be difficult, if not impossible, to adapt to smaller entities. When analysing the transferability of an initiative, one should therefore carefully consider the regulatory framework, the political objectives of both the creator and possible replicators, the administrative and financial rules, etc.

- Projects might actually impact more than is visible. In order to efficiently take up and adapt a successful initiative, it is important to extensively analyse its results and impacts – including its indirect results, or potential impacts in domains that are not directly related to those targeted by the initiative.

- There is a lack of tools (guidelines) to support public services in these tasks. That demand exists for such support and discussions is demonstrated by, for example, the unforeseen success of the "Guide pratique pour les groupes de soutien locaux" (practical guide for local supporting groups) issued within the URBACT II project.

- Too little attention is paid in terms of communication efforts to the "transferability features" of the initiatives presented. In order for an idea or a methodology to be adapted and scaled-up, information needs to be made available by project "insiders" to potentially interested "outsiders". As such, a communication strategy should be developed by project leaders to enable diffusion and adaptation. Of course, this requires considerable effort and is rarely deemed a priority when an initiative is launched.

In spite of these difficulties, it is agreed that local authorities show great interest in initiatives implemented by counterparts facing similar challenges to their own (e.g. initiatives implemented by port cities within the Project URBACT II). Successful and visible innovative initiatives can be quickly transferred and adapted.

Pressure from below: Citizen-driven innovation

The discussion here is mainly based on the presentation and discussion concerning the health sector and related projects.

Citizens are the end-users of most public services, whose ambition should be to answer their needs. But citizens' aspirations and expectations do not always receive the attention they deserve. New thinking has emerged in favour of citizen-centric services, which leads to the question: can citizens become drivers of innovation?

Many relevant examples of this *citizen-driven* trend can be found in the health sector.

As an illustration, an abstract of the findings of the Health Consumer Powerhouse's work is presented below. According to these findings, « *tomorrow's health consumer will not accept any traditional borders. In order to become a powerful actor, building the necessary reform pressure from below, the consumer will need access to knowledge to compare health policies, consumer services and quality outcomes ».* But too often the "consumer-focused *market information*" remains the missing link.

Another interesting illustration is the strong contribution brought by communities of patients to the development and success of some medical treatments (e.g. in the HIV field). There are also substantial contributions from the so-called third sector to essential issues such as end-of-life care (e.g. hospice services).

Well informed citizens/users, especially when organised in structured communities, as well as smart third sectors entities could thus place pressure on public services.

Attracting these citizens/users and encouraging their involvement in the evolution of the public sector and public services could therefore be a good way to introduce the innovations required to better meet their needs. But this would also require creating a strong and efficient cooperation process to ensure that this pressure is exerted in useful ways.

Opening the consultations preceding the elaboration of new policies and/or initiatives to citizens would be an option for citizen-driven approach. Given EU citizens' mobility and access to several countries' medical systems, for example, this approach can be expected to take on a transnational dimension and create increasing cooperation between national public sectors.

Another option could be the "solve it your way" approach, developed by the UK cabinet office, by which citizens are asked to make proposals and suggestions to solve a specific problem or address a specific challenge.

Some public services are already implementing such initiatives, for instance the Institute for Innovation and Improvement of the UK's National Health Service.

But while consumers' community-driven platforms create debate and could therefore lead to the emergence of innovative ideas, similar initiatives led by public services are often considered as "restricting" and leaving little space for the free expression of citizens' concerns.

To sum up, the collection of needs and feed-back from the citizens/consumers constitutes an opportunity to introduce and/or spread innovation in public services. Two difficulties remain: *collection* tools need to be set up to gather people's expectations and indicator systems and reporting frameworks need to be built to process and organise this information.

"Open innovation "

Open innovation consists of drawing upon solutions developed outside of a concerned organization. This type of innovation can emerge from the confrontation of public sector needs with solutions/methods already experimented with by other actors (including other public services , private companies, third sector representatives, etc.)

It is largely acknowledged that the private sector, as a supplier of goods and services, can contribute to the introduction and spread of innovation in the public sector and thus in public services. Nevertheless so-called public-private partnerships do not always live up to their promises.

While senior public sector managers are usually in favour of public-private partnerships and satisfied with such projects, operational staff members are often rather sceptical about what they see as a loss of competences/responsibilities - not as a win-win process.

Public-private partnerships cannot systematically be considered the best solution and more consideration could be given to the exploration of other alternatives. Better pre-analysis could, for instance, lead to other types of partnerships and cooperation where public services would share their resources and/or their training processes instead of completely outsourcing a service.

Indeed, entering public-private partnerships is not without consequences for public services and these consequences are not always foreseen. One – and not the least - consequence of this weakness, is that once public services are entrusted to the private sector, it appears difficult to change the related policies.

Besides, this lack of vision too often leads public sectors to only consider public-private partnerships in terms of "manufactured solutions". In other words, they buy solutions but do not share – or share too little of - their overall and political objectives, although this would enable both public and private partners to co-design better innovative solutions

Nevertheless, there are some successful examples of public-private partnerships. One of these suggested in the workshop is the Agency convened by the City of Helsinki together with private partners to deliver social services. Success factors can surely be found in the close cooperation between the public and private actors from the very beginning. Indeed, the creation of the Agency was preceded by real cooperation on the goals, objectives and needs and is not solely the result of a public procurement.

The Danish authorities have adopted a new approach where "public private partnerships" have been replaced by "public private alliances". This is more than a shift of terminology. Cooperation processes are enlarged to all the relevant actors, including the public sector and private actors, but also universities, etc.

Strengthening the skills of public services resources therefore appears essential in designing efficient procurement frameworks, to best manage the contracts in the long term and to overcome the common trend to only buy what the public sector can evaluate.

Finally, innovation can also come strictly from private initiatives. These successes may then lead to public sector replication. An example would be the solution implemented in Finnish rural areas to make up for the lack of doctors by mobilizing a private company; this was later replicated by local authorities. Voluntary organizations have often experimented with new care initiatives (and also innovations in training, emergency support, etc.) that have been later adopted by the public sector.

Public Sector Information: source of innovation?

This section draws heavily on the presentation of Mr. Chris Corbin at the workshop. He noted that one of the Lisbon Strategy (March 2000) initiatives was to open up public sector information in order to foster the creation of new innovative information services based in some part on public sector information.

Public Sector Information (PSI) is the fuel that enables the public sector to operate and as a consequence is an asset that requires management.

EU directives addressing – exclusively or not – public sector information issues provide the concerned actors with a supportive legislative framework. The harmonised transposition thereof is ensured by EU reviews, complaints and court cases, and monitored by the PSI re-users.

European Commission shows the way!

In November 2007, the European Commission's Directorate-General for Translation (DGT), in cooperation with the Joint Research Centre (JRC), made its multilingual Translation Memory for the *Acquis Communautaire* (the body of EU law) publicly accessible. This is a collection of parallel texts (texts and their translations, also referred to as bi-texts) in 22 languages and 432 possible language combinations.

The most outstanding advantage of the *translation memories* – apart from being freely available – is the number of rare language pairs (e.g. Maltese-Estonian, Slovene-Finnish, etc.). In 2008, almost 24 000 downloads of the translation memories for the *Acquis Communautaire* were registered on the JRC server*.*

Other examples Eurostat, EUR-LEX, EU Bookshop Digital Library

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Who are the PSI re-users?

The public sector - which includes a large but quantifiable number of public bodies – obviously stands on the supply side, while the PSI re-users are on the demand side.

Although hard to quantify at the present moment, there are a large number of PSI re-users (mostly small or micro entities) that can be divided into 4 categories: 1) Commercially active, 2) Commercial future activity, 3) Not commercially active, 4) Not commercial future activity.

See the diagram taken from Mr. Corbin's presentation below:
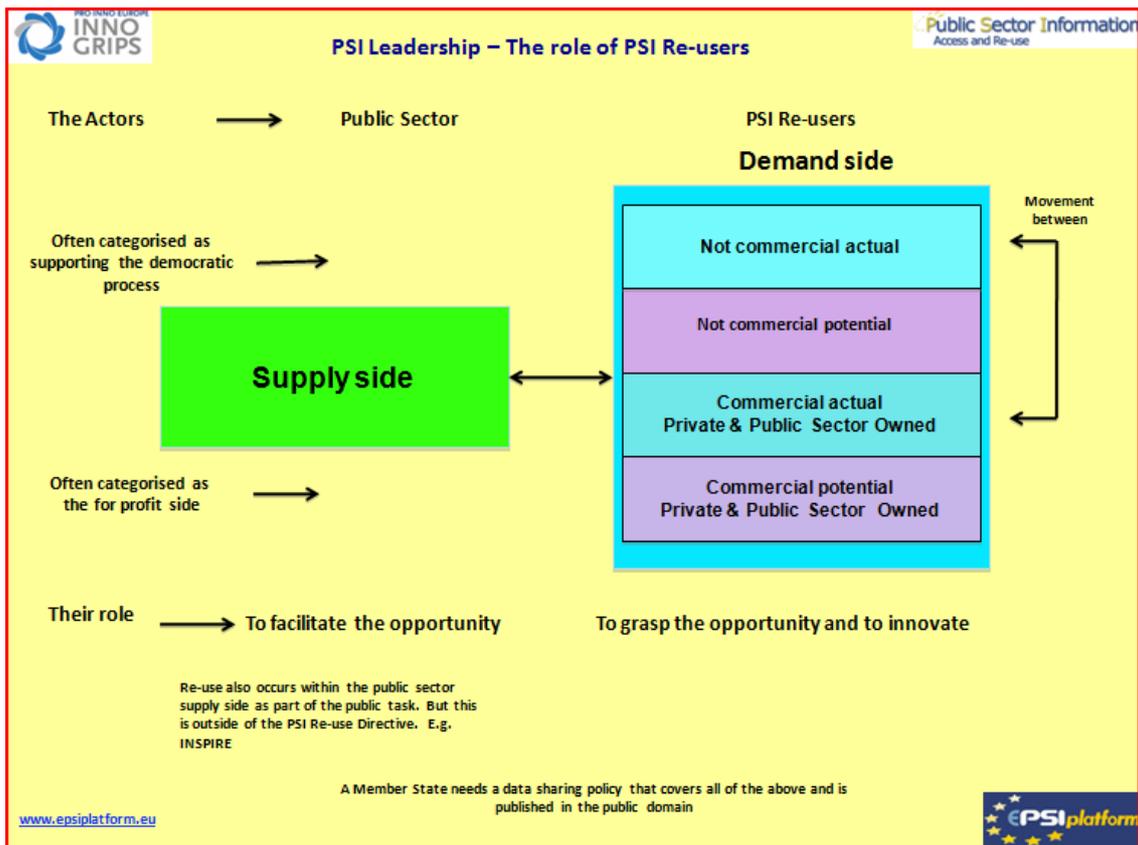
Each Member State needs a data sharing policy, published in the public domain, that covers all of these categories. In this respect, the building blocks of success could be the following:

- Governments and their administration must have a track record of operating openly, acting transparently and being accountable.

- Governments and their administration must recognise that they are: not self providing and sustaining; part of society; dependent upon the products and services provided by society to operate and should only provide products and services where society is unable to do so and then only as long as is needed; the guardians of the society's information that they hold and serving the society.

Examples of initiatives

Many initiatives related to PSI's diffusion and re-use exist all over the world. The European Public Sector Information Platform in particular can be visited (EPSI – www.epsiplatform.eu). See also: *Show us a better way* (www.showusabetterway.co.uk); the *Open Knowledge Foundation Blog* (http://blog.okfn.org/) which displays the first mock-ups for the project *Where does my money go?; the American Data.gov (www.data.gov); Mashup Australia (www.mashupaustralia.org/); or the competition of the Danish national IT and telecom agency (http://digitaliser.dk/group/406812)* .

4. Suggested EU actions

Why act at the EU level to support innovation through transnational cooperation?

The rationale for EU action emerges from the barriers and opportunities identified above. Several aspects of this potential added-value can be put forward.

First, facing barriers is most often a harder task when it is a lonely task. Transnational cooperation here can provide an efficient framework to better address these barriers. Resistance to change is normally reduced when confronted with partners who are willing to innovate; skills gaps are more quickly and accurately identified when they can be compared with other countries'; the specific risks associated with experimentation in the public sector can be mutualised, or at least experiments' results can be better drawn upon. Facing barriers is, in itself, a meaningful enough reason to support transnational cooperation for public sector cooperation. Given the increasing number of policies now being dealt with at the EU level or at least concerned with EU level decisions – policies that have an impact on public services – the EU (transnational) level is increasingly relevant for organising such support.

But facing barriers is not the sole rationale for action at the Community level. Another (and maybe the main) one is that we all face many of the same societal challenges, albeit in different contexts. Transnational cooperation enables member states as well as EU actors to compare the various approaches and answers adopted throughout the EU. This in turn allows adapting solutions from one place to another, facing similar challenges. Thereby, progressively, a coherent response to these challenges is constructed at the EU level.

For this mechanism to fully function, there is a need to support best practices exchanges, but also to go beyond this logic and allow a real dialogue with EU-level outputs between European public sector actors. In other words, EU action should contribute to providing public sectors with relevant conditions and tools for cooperation, but also it should create a context in which the outputs of such cooperation can be scaled up to the Community level.

Paths for action

Although good initiatives already exist, expectations towards the European Union in this domain are rather high. The first (maybe unforeseen by certain actors) expectation concerns the European Commission itself: how can the EC as an organisation be a model (e.g. by opening information resources for others to develop and encourage innovative use of such resources)?

Besides this specific orientation, others mentioned below are relevant paths for action at the EU level in support of public sector innovation:

EU initiatives and policies to strengthen and speed-up the dissemination of information

Building on existing initiatives, activities or cases, EU policies/strategies are expected to favour the spread of *organised* information:

- Common language and metrics: to develop a *common code* to favour the dissemination of information and the development of specific tools.

- Best and "next best" practices: what are they, what lessons can be learnt and how can such practices be generalised?

- Impact: how can the impact of innovation be (better) assessed and how can results measurement be (better) used?

EU initiatives and policies to strengthen public services capabilities in terms of innovation and especially radical innovation

EU initiatives are expected to:

- Address procurement's role in innovation, and the need to train and/or guide procurers, especially in order to stimulate radical innovation and the use of European funds to support such radical trends.

- Help the development and promotion of tools and methods especially aimed at designing and engineering public services, supporting their scaling-up and adaptation. Indeed, when specific cases may be difficult – or even impossible - to replicate, methods and processes can be more easily adapted and used broadly.

  EC initiatives should also give specific consideration to the use of external expertise and intermediaries and further explore ideas such as innovation laboratories and platforms, web resources, personnel and interdisciplinary exchanges, coaches, and events as well as any initiative aimed at creating and exploiting the links between users and institutions.

- The European Commission could favour the creative use of structural funds and other EU programmes to support experiments and pilots, as well as inter-sectoral public service innovation aimed at societal (grand) challenges.

Workshop participants' suggestions

Proposals for action were generated in group discussions on the three following themes:

- Theme 1: Awareness activities, competitions, indicators and reports (metrics; benchmarking; using data).

- Theme 2: Demonstrators and upscaling (experiments; research; diffusion and adaptation: PPP and procurement issues).

- Theme 3: Tools (methods for creativity and innovation management; design; labs and platforms.

Further to a short presentation of these proposals, experts were asked to vote for those they considered to be the most relevant. The following box reports on the results of this exercise.

Suggestions EU actions (sorted by preference order)

- Innovation laboratories to favour experimentation

- Favouring cross-national alliances (at least 3 countries), cross-sectoral and holistic approaches

- Elaboration of an index of innovation in public services

- Encouragement of innovation and innovative mindset within the European Commission itself

- Set-up of innovation credits and/or vouchers to favour consultation of relevant intermediaries by public services

- Evaluation of public services models

- Development of a system of quality indicators for public services

- Implementation of knowledge gathering and dissemination initiatives

- Development of portals for collecting user experience

- Strengthening of better application of existing tools

- Creation –but no management- of a specific public services innovation-oriented venture fund

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Further details on the first three proposals

Innovation laboratories to encourage experimentation

Such an action would aim at creating and supporting innovation laboratories for public sector and public services innovation. Innovation labs already exist in some places (MindLab in Denmark for example and La 27e Région in France). They can either be physical places or frameworks for action. Their objective is to enable the initiation and launch of pilot projects and the experimentation of collaboration between various actors. Such labs could be an efficient option in views of some of the

challenges faced by public sector innovation: aversion to risk (and the need for experimental options), the need for interdisciplinary approaches, adaptation of methods used in former projects, transnational projects, etc.

The role of the EU in such an action could be to encourage the creation of new labs dedicated to innovation in the public sector, as well as to organize, support and enhance innovation labs' networks throughout the EU.

Encouraging cross-national alliances (at least 3 countries), cross-sectoral and holistic approaches

This suggestion also provides a potential solution to identified challenges and proposes the creation of experimental frameworks for actions. The idea here would be to create ad hoc initiatives to support transnational cooperation between public sectors (from at least three countries) on a pre-identified topic.

Such initiatives could help address specific societal challenges through cooperation in targeted contexts. They could draw inspiration from the way URBACT projects are organized and managed.

Elaboration of an index of innovation in public services

In order to efficiently cooperate, EU public sector actors need to rely on indicators that can be shared and understood throughout Europe which would allow them to share relevant information. The development of an index of innovation in public services was therefore proposed as a potential action.

The construction of this index would first imply the identification and definition of a set of criteria that can assess innovation in public services and help actors in Europe exchange information, tools and methods. These elements could, for instance, propose answers to the following questions: can the innovation be scaled up or down to organisations of other sizes? Can it work well in different sectoral, cultural or regulatory contexts?   How can service design be effected for the new circumstances, and what actors will need to play what roles in implementation and delivery?

The construction of this index could rely on existing studies on the topic, as well as on the consultation of European public sector actors. The index would then be made available on a public platform and regularly updated.

5. Conclusions

The workshop suggested that while there is much experience of public services being highly innovative, strong barriers to innovation and its diffusion do exist in many public service organisations. It is important to confront these barriers in the context of societal 'grand' challenges and constraints on public expenditure. Perhaps we should translate the grand challenges that Europe faces into grand ambitions for our public services.

The need to overcome the failure to effectively diffuse public service innovations can be seen in this light. We need especially to do better in terms of increasing awareness of innovations that can tackle grand challenges, and innovation processes that can facilitate these. We need ways of finding out what public service innovations have been successfully brought to bear elsewhere; we need tools to assess how these innovations can be adapted in new contexts. We need to learn about new approaches to public sector innovation, including the use of open innovation and the opening up of public information. Relevant experience may come from private or third sector providers of public services, as well as national and local government bodies.

In particular, where we consider Grand Challenges and Ambitions, we are liable to need to do more than diffuse good practice and stimulate more incremental innovations to improve service quality. We need to consider more transformative innovations that can ensure the achievement of social goals. This may mean borrowing models from private sector organisation and management; and making use of newer technologies, such as the Web and mobile phones (and even games consoles!).

Fostering such public service innovation is more than just a matter of better dissemination of information and sharing of experiences. It will involve the development of tools for service design and engineering, the creation of spaces for creativity and testing of ideas and learning methods of innovation management. It will require leadership that can promote innovation, pay attention to ideas emerging from all stakeholders, and challenge the risk-averse culture of many public organisations.

ANNEX 1 – List of participants

- David Albury (The Innovation Unit - UK)

- Charlotte Arwidi (European Commission – DG ENTR Unit D1 - Innovation policy development)

- Julie Basset (INNO GRIPS - LL&A - FR)

- Christopher Corbin (European Public Sector Information Platform – UK)

- Eloisa Del Pino (Agencia de evaluación y calidad - SP)

- Peter Dröll (European Commission – DG ENTR Unit D1 - Innovation policy development)

- Sławomir Górniak (ENISA)

- Johan Hjertqvist (Health Consumer Powerhouse - BE)

- Marie-Christine Jung (Observatoire TERRITORIA – FR)

- Szabolcs Klubuk (European Commission – DG ENTR Unit D1 - Innovation Policy Development)

- Katharina Krell (Greenovate! Europe EEIG - BE)

- Paulius Kulikauskas (Network Innovative and Urban Planning and Management DK/MT)

- Louis Lengrand (INNO-GRIPS-LL&A – FR)

- Mikko Martikainen (Ministry of Employment and the Economy Innovation Department – FI)

- Stefen Mengel (European Commission – DG ENTR Unit D1 - Innovation Policy Development)

- Jean-Claude Milak (Urban Challenge – FR)

- Ian Miles (INNO-GRIPS - University of Manchester - UK)

- Christian Nilsson (Dals-Eds Kommun – SE)

- Alain Quévreux (INNO-GRIPS –ANRT - FR)

- Jesper Rasch (Ministry of Science, Technology and Innovation - DK)

- Katja Reppel (European Commission – DG ENTR Unit D1 - Innovation policy development)

- Luisa Sanches (European Commission – DG REGIO Unit D2 - Thematic coordination, innovation)

- Raj Sivalingam (Department for Business, Innovation & Skills – UK)

- Philip Stein (Urbact – BE)

- Henriette Van Eijl European Commission – DG ENTR Unit D1 - Innovation Policy Development)

ANNEX 2 – Programme

DAY 1: Wednesday 28 October

9h00-9h10   **Arrival**

9h10-9h15   **Welcome** by Louis Lengrand, (LL&A, INNO-GRIPS co-ordinator)

9h15-9h45   **Round-table: participants' self-introduction**

9h45-10h00   **Opening: policy context, objectives pursued** (Katja Reppel - European Commission, DG Enterprise and Industry)

10h00-10h30   **What is public sector innovation? What does it mean in the EU?**
Moderation by Ian Miles, INNO-GRIPS partner.

In the selected fields of health, energy, information security and urban planning, this session will aim at examining the following elements: specifics of public sector innovation (types, sources), major related opportunities and difficulties in the EU context (needs for transnational dispositions, specific opportunities for cooperation across different fields...)

10h30-10h45   **Coffee break**

10h45-11h45   **Public sector innovation and public services improvement**
Introduction (Mrs Marie-Christine Jung, TERRITORIA – Presentation of the "Special Public Innovation Prize") & discussion

This session will aim at examining whether there is any evidence of the impact of innovation in the public sector on public services performance, and how this impact can be measured. Which are the relevant criteria: cost-effectiveness, users' satisfaction, etc?

11h45-12h45   **Transnational cooperation and public sector innovation for public services enhancement**
Introduction (Mr. Johan Hjertqvist, Health Consumer Powerhouse – Presentation of the Euro Health Consumer Index) & discussion

This session will focus on the main features of and conditions for cooperation in the field of public sector innovation and public services improvement. The following questions shall be addressed: How far do the various kinds of public services offer similar opportunities for transnational cooperation to strengthen innovation capacity? What are the main differences between services managed almost exclusively at state level (e.g. defense) and services managed by professionals (for example health)? What does this imply in terms of cooperation practice regarding - levels (state, regional, local, sectoral), modes (open method of coordination...) requirements (forms of confidentiality...), limits, etc.? Preliminary conclusions in terms of potential room for manoeuvre for EC action.

12h45-14h00   **Lunch**

14h00-15h00   **Existing initiatives in the fields of health, energy, urban planning, information security**
Presentation of 2 case studies & Questions.

This session will consist in two case study presentations (see below), followed by questions. A specific focus will be made on cooperation modes and on related observed developments.
- *Case study 1: Mr. Philip Stein, URBACT - "Cities and Integrated Sustainable Development"*
- *Case study 2: Mr. Christian Nilsson, Intelligent Energy Europe - Actions and Strategies for Sustainable Growth through Community Networking and Innovative Thinking*

15h00-16h00   **Evaluating cooperation initiatives: main lessons**
Discussion
Drawing on the former presentation of the two case studies and on any other relevant existing initiatives, this session will aim at examining the following points:

How can transnational cooperation be appreciated in the innovation context? Did the initiative give way to knowledge transfer or to capacity building? Did it contribute to enhanced innovation capacity for addressing societal challenges? How balanced are partners' relationships? How can the impacts of a cooperation initiative be measured: cost/effectiveness, users' satisfaction, quality of service, public employees' satisfaction, societal and environmental impacts, developments in related fields and services (impact on related services, launch of related or continuation initiatives...)?

16h00-16h15   **Coffee break**

16h15-17h30   **Main limits and barriers faced / main identified opportunities**
Discussion

In the light of the preceding presentations and discussions, this session will aim at identifying the main barriers that can be faced by cooperation initiatives. It shall examine whether and why these barriers can originate in the way a project is organized, in public sector specific features, in cooperation modes and requirements, or in other external factors? The session shall also aim to identify potentially unharnessed opportunities for cooperation.

17h30-17h45   **Synthesis & Close** (INNO-GRIPS partners)

20h00   **Dinner in Brussels**
Location: "**Vert de Gris**", 63 rue des Alexiens, 1000 Brussels

DAY 2: Thursday 29 October

9h00-9h15   **Day 2 introduction**
Summary of day one findings, in particular of the identified limits and opportunities (INNO-GRIPS partners)

9h15-10h30   **EC actions in overcoming the identified barriers and harnessing new opportunities**
Discussion

This session will aim at examining to which extent and in which ways could EC action contribute to overcoming the barriers and limits identified the day before. The discussion will besides focus on the role the EC could play in supporting the implementation of the unharnessed opportunities for cooperation identified during day 1. What benefits can the EU supporting transnational cooperation provide (e.g. reducing risks, allowing more experimentation, spillovers to national innovation systems)? Where can the EU support have the greatest added value? What role for the EU (developing best practice, funding pilots for joint actions)?

10h30-10h45   **Coffee break**

10h45-11h30   **Group work: opportunities for cooperation**
Group discussion
This group working session will aim to come up with detailed proposals for new cooperation initiatives.

11h30-12h45   **Proposed EC action in supporting and encouraging the implementation of new cooperation initiatives**
Presentation of the groups' ideas and proposals & discussion

12h45-14h00   **Lunch**

14h00-15h00   **Room for EC action in favouring synergies between EU cooperation initiatives and between EU and non-EU / world initiatives**
Introduction (Mr. Christopher Corbin – Member of the UK Advisory Panel on Public Sector Information & eContentplus ePSIplus Thematic Network) & discussion

In order to examine this potential action, the following questions shall be addressed:

How can synergies between existing EU initiatives be enhanced? Can lessons be drawn for future EU initiatives? What can the EC play to reach such a goal: avoiding duplication and systemic failures, supporting information exchange and best practice sharing, building on results to improve all running projects' impacts... How can synergies between EU and non-EU initiatives be enhanced?

15h00-15h30   **EC representatives reactions and feed-back**
Roundtable for EC representatives' reactions & discussion.

15h30-16h00   **Wrap-up and close** by the INNO-GRIPS team