

## Can we deliver better public services for less money?

*Sir Michael Bichard*, Design Council chairman, leads a virtual discussion on the numerous risks and rewards offered by innovation in the UK public sector

### In conversation with...

Sir Michael Bichard  
Chairman, Design Council

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Co-director, Engine

Dr Sue Maddock  
Psychologist and  
organisational development  
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Chair of think tank Involvement  
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10 Downing Street

Ben Reason  
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Sometimes, the really significant political shifts go unnoticed. The rhetoric of the Reagan-Thatcher era, which implied that the state was a burden on business and society, has been replaced by a more nuanced appreciation, across the political spectrum, that nations don't just compete on labour costs or the sophistication of their IT but on the quality and affordability of the health and transport solutions they provide to their citizens. The challenge, in a globalised economy, is to enhance public services without increasing the tax burden and that is why the need to innovate has soared to the top of the Whitehall agenda.

Sir Michael Bichard, the new chairman of the Design Council, has a lifetime's experience in public service and recently chaired a House of Commons seminar on innovation in the UK (pictured right) where, among others, Ian Pearson, minister for science and innovation in the Department for Innovation, Universities & Skills, was on hand to hear some inspiring case studies of design-led innovation. To accompany that seminar, DCM held a virtual conversation between Sir Michael and interested parties from politics, policy and design to reflect on issues surrounding innovation in government.

### Is the public sector really less innovative than the private sector?

*Geoff Mulgan* The commonplace wisdom that public organisations cannot innovate is at odds with the history of innovation. The internet, the moon landing and the Open University are all profound innovations that came out of public organisations. Business was not particularly innovative until the late 19th century, and the idea that businesses are powerhouses of innovation is very recent. The caricature of public agencies as stagnant enemies of innovation is belied by the public servants who have discovered novel ways of combating AIDS, or implementing intelligence-led policing. But innovators usually succeed despite, not because of, the sector's dominant structures and systems. »



Making a change: delegates at the Design Council seminar at the House of Commons included (clockwise from top left): Sir Michael Bichard; Eddie Obeng, Pentacle Virtual Business School; Jan Casson, programme manager, Sure Start; Deborah Szebeko, director, Thinkpublic; Ian Pearson, minister for science and innovation

**Public sector innovation: not a new idea**  
As illustrated on this issue's front cover

**Ordnance Survey**  
The OS began life as the Board of Ordnance in 1790, surveying the UK's borders to prevent a French invasion through better mapping.

**Postage stamp**  
Introduced by the Royal Mail in 1840 to combat fraud and make the sender responsible for the cost of carrying a letter.

**Fibre optics**  
Munich student Heinrich Lamm was the first person to transmit images through optical fibres, in 1930.

**Radar**  
Sir Robert Watson-Watt of the National Physical Laboratory successfully trialled the first anti-aircraft radar system at Daventry in 1935.

**Penicillin**  
Commonly credited to Alexander Fleming, the antibiotic only made it to market after its potential was spotted by a team of Oxford research scientists in 1939.

**Internet**  
The net's origins lie in research by the US Information Processing Technology Office (IPTO) in the 1950s. The European Centre for Nuclear Research's Tim Berners-Lee developed the first web server.

**DNA**  
The first accurate model of DNA structure, in 1953, was put forward by James Watson and Francis Crick at Cambridge University.

**Road signage**  
Jock Kinnear and Margaret Calvert used design principles to produce a common system of road signage applied across the UK in the 1960s and widely copied in other countries.

**The moon landing**  
Arguably the 20th century's scientific highpoint was led by the public sector. The USSR's 1957 launch of Sputnik 1 was followed in 1969 by NASA's manned moon landing.

**Open University**  
Harold Wilson's dream of affordable distance learning became reality in 1971, when the Department of Education and Science's Open University threw open its virtual doors.

**Hospital beds**  
The NHS is leading the way in patient comfort and staff safety, with a new generation of beds resulting from a King's Fund-run design competition.



**James Crabtree** Why do private sector organisations innovate? To create wealth. That incentive doesn't exist in the public sector. Public sector innovators innovate with public money – and must be careful – but an ability to identify, shepherd and grow innovative public services should be written into the contracts of senior public managers. That would overcome a lot of risk aversion.

**Sue Maddock** The management and commissioning regimes in government institutions constantly guard against risk and are built around processes and procedures that protect public money. In long-standing institutions, custom and practice is very strong, and departments are still organised around an old command-control model. The innovative parts of the private sector are close to the market and have flatter, more responsive structures.

**Sir Michael Bichard** The difference is certainly not black and white. I get better service from my local council than from my bank. But there are specific cultural issues in the public sector. The point about risk aversion is true. If you make a mistake in the public sector, it will be plastered all over the papers. We all know that private companies have IT cock-ups, but they're not headline news and they're not investigated by the National Audit Office and the Public Accounts Committee which hang, like a sword, over many civil servants.

So the public sector has to be very skilful in its risk assessment and historically it hasn't been. There is a need to distinguish between stupid failure and sensible failure. If you've done something without the proper process and it's failed, expect flak. But if you've come up with a genuinely innovative approach to a problem and gone about it in the right way, and it hasn't worked, it sends out the wrong message if everyone just plays the blame game.

The question is: how do you culturally create a space where innovation can take place? At the Department of Employment, I set up an innovation unit so that, whatever else was going on, we had a place where people could develop new ideas. When you're under pressure, there is a tendency to regard these people as out of touch, not contributing or nutters. You have to fight against that.

**Joe Heapy** There are clear benefits in getting people more engaged in their communities, health systems and schools, but government needs to get over this idea that it ought to be responsible for rationing demand and controlling resources and service quality and so on.

**Mulgan** Some governments have acted to institutionalise innovation in the way Sir Michael mentioned. The NHS has done something similar with its Institute for Innovation and Improvement while, to cite just one example, Singapore's prime minister has run an Enterprise Challenge which has funded such ideas as teleconferencing for prison inmates to interact with relatives. But the bureaucracy is almost designed to systematically discourage new ideas.

**Can competition help drive innovation in the public sector?**

**Richard** One of the great things competition does in the marketplace is kill bad innovations. That doesn't always happen in government. Both sectors could learn from each other. Not every skill is easily transferable from the market to government – the public sector's goals are much more complex than a company's – but it's irritating when the public sector reacts against something just because it has come from business.

**Crabtree** The public sector could involve more contestability in its contracting-out of services, to reward innovative providers. More generally, you could create competition between public sector employees with prizes and rewards.

**Heapy** When you bring in the private sector in competitive markets, you're dealing with the same big players. Other parties that could contribute – charities and designers – find it hard to compete with very big players. If you could create design challenges, similar to architectural competitions, designers would respond and it would encourage people to innovate.

**Richard** Procurement does need to be looked at. If a business has an innovative idea that could either improve quality of service or save money, the way the process works now, that idea would have to be incorporated into a tender so their competitors could benefit. Obviously, we want to safeguard against cronyism and corruption, but we need some flexibility, otherwise there is no incentive for businesses to suggest innovations.

‘You need to create a space where people can be innovative and not regarded as out of touch, not contributing or nutters’

*Sir Michael Bichard* Design Council



It's good to talk: Sir Michael Bichard chairs a wide-ranging debate into the best public sector innovation

**How do we learn from – and scale up – good innovation in the public sector?**

**Ben Reason** We've worked in the NHS, and if you make an improvement in one place, the benefits may be reaped in another part of the organisation, or in a parallel organisation somewhere else, so accounting for success is quite hard.

**Heapy** Having a multiplicity of autonomous organisations could be exciting. The tension comes when you try to run that within a system of tightly controlled procurement. These bodies should share innovations, but not necessarily have them standardised. Central government instinctively likes to find best practice and then roll it out. That can be counter to a model of emergent and local best practice.

**Crabtree** Britain has the most centralised state in the western world, so it's not surprising it's hard to innovate. In the USA, where individual states control many services, they're often seen as a hotbed of innovation. Traditionally, the British public sector has been strong at 'Soviet-style' innovation, for example the NHS saying: "We will have NHS Direct, everyone has to go and do it now." That has advantages – you can quickly roll out certain leading-edge innovations by putting a lot of money into them. But this isn't as good as taking small, innovative local projects, recognising what's good about them and migrating them into other areas. If the state was less centralised, we'd be better at that.

**Reason** In the public sector it's almost easier to get more money than less. We can build great new health centres, but designers often argue for doing smaller things earlier on, rather than jumping to solutions and investing heavily in them.

**Maddock** I agree. We need to rebalance the system to recognise the space people need to operate at the local level. That doesn't have to mean local government, but any local players. Innovators need the space to work with other people addressing similar problems, even if they're from diverse backgrounds – the »

introduction of designers, for example, has been phenomenal. Driving change from the top can be unhelpful. The role of policy-makers is to create an architecture or landscape that supports innovation.

*Bichard* There have been significant improvements in the quality of local government – especially in developing a strategic capacity and improving relations with the politicians – but public satisfaction hasn't improved in the same way. That's partly because, 20 years ago, we made allowances if we didn't get the right quality of public service. We don't any more.

But Whitehall can help local governments do more. I'll give you just one example: councils will now be able to impose parking fines without sticking tickets on windcreens. But to exercise that power, they will have to write to the secretary of state and ask for permission. If you're telling these councils you don't trust them to issue parking tickets, you're telling them you don't trust them to do anything else.

How much difference can innovation make to quality of service and cost?

*Mulgan* It can make a difference through tactics to deal with short-term problems, like IT crashes, in the medium term in shaping policy and implementation and in the longer term, dealing with issues like pensions and climate change where very radical innovation is essential to our survival.

*Heapy* Government is very good at looking on a grand scale at things like online tax self-assessment, but there's less emphasis on how to get people involved in

'We've been good at "Soviet-style" innovation and not so good at recognising smaller innovations and migrating them into other areas'

*James Crabtree* Institute for Public Policy Research

their local hospital. If we can create services, in the way business does, that are much more attractive propositions for involvement, not only does that support those institutions, but it should benefit the individuals who get involved.

*Crabtree* Innovation could save enormous amounts of money. Think about training. It's currently done by management consultancies and training agencies and costs billions. Use innovation to develop systems that manage knowledge as effectively as in the private sector and you could change that.

*Bichard* If you put the money in, public services will improve, but it will be incremental, not transformational, especially if you're putting money into services that are themselves badly designed. You have to innovate and one of the best ways to do that, I believe, is to use design.

Sir Michael Bichard: 'Design is at the very epicentre of our economy'



Helping the public sector use design to become more innovative is just one of the items on the 'to do' list for Sir Michael Bichard in his new role as chairman of the Design Council. The other matters in his in-tray include ensuring that UK designers acquire – and develop – the right skills, driving forward Designing

Demand to benefit businesses across the UK and championing design with the public and the media.

Fortunately, Sir Michael has broad and deep experience of successful reform and putting creativity at the heart of organisations. He has been chief executive of Brent and Gloucestershire local authorities and the Benefits Agency, permanent secretary to the Department of Employment (later the Department for Education and Employment) and rector of the London Institute (which he helped refocus and reshape into University of the Arts London).

Though he admits he can't draw, he has always had a strong interest in design and

has long been convinced of its importance to the UK:

"Design – and the Design Council – are at the very epicentre of our economy and our society. Design can help tackle crime, an ageing population and sustainable development. Good design is often about simplifying a process that's complex, focusing it on the client, the user. As the UK is so strong in the service sector, that is just what we need."

A firm believer in the power of leadership to "get people to the point where people use their own initiative to deliver", he says the Design Council has one central mission: "To help the UK make better use of design than any other country in the world."

Time for action: a House of Commons seminar brought best practice from the private sector into the public arena

Changing the public sector: at home and further afield

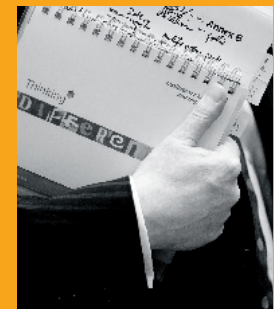
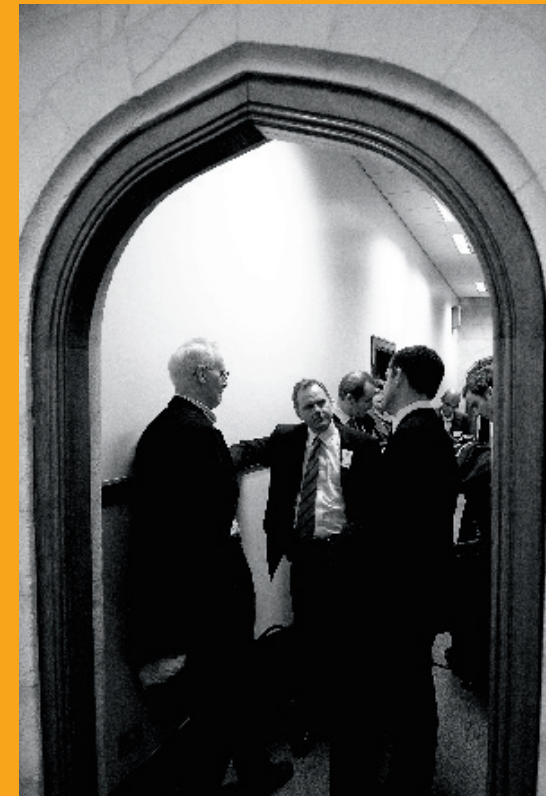
Virtual wards, Croydon, UK  
Croydon Primary Care Trust's virtual wards are leading a move towards prevention and social networking for patients with long-term health problems. Those at highest risk of hospital admission are offered routine monitoring in their homes via a remote link – freeing up beds and resources.

Sure Start, UK  
Making sense of the maze of early years healthcare, childcare and support services, Sure Start is an example of an umbrella organisation which still allows local initiatives to flourish. Praised by several DCM panellists for its innovation and vision.

Move Me, Scremerston, UK  
An ambitious Dott 07 project in Northumberland has helped make school transport more sustainable, working with service providers such as bus companies to improve routes and information and setting up a car-share scheme for parents.

Wired taxis, New York, USA  
New York's iconic yellow cabs are speeding into a new era of technology-driven customer service. Following the Taxi 07 initiative, the fleet is being fitted with credit card readers, an SMS network and seatback monitors that track location on a digital map and offer entertainment and public information.

e-voting, Zurich, Switzerland  
Voting has never been easier for Zurich's citizens: all they have to do is reach for a mouse, mobile phone or even TV remote. Following the huge popularity of a pilot scheme, there are plans to extend e-voting across the country.



*Reason* Bigger national programmes need a design input to make them truly fit for purpose, especially things like the failed IT projects. There needs to be more engagement with users, rather than just a big idea. Design can be a bridge between top and bottom, translating between policy requirements and goals, and local communities. It can feel like the small things are too small for central government to care about, but lots of small things can make a big difference.

*Bichard* People are so optimistic about the power of a policy idea that we have seen some policies introduced at a ridiculous pace. The problem is ministers, even those who want to take a long-term view, need a few quick wins and the introduction, say, of a common design practice like prototyping a new idea slows things and is fraught with danger.

If you try something out in the north east of England and it doesn't work, you stand accused of using them as guinea pigs and if it does work, people in the south east will want to know why you didn't try it there first.

*Maddock* If we don't talk to the people who are experiencing public service, we don't have the first idea of what services we need. For instance, in mental health, we've spent years trying to organise services without trying to understand the experience of what it is to undergo mental health distress. That may sound trite, but there's often a fantastic disregard for the user's experiences.

There's also an assumption that if you involve people, they're going to come up with huge, unfeasible ideas. Actually what they do want can be incredibly simple, for example people in residential care for dementia wanting different-coloured doors for the toilets. Small things, that don't cost much money, that can be changed very easily just by listening to people.

*Reason* I'd love to see innovation gain more momentum, with more engagement. But we need to change our relationship with public services, from one where we just expect things to be there for us, to one where we're more engaged in ensuring we don't need them, or managing our way through them.

*Bichard* If we can stimulate innovation in the public sector, the rewards are tremendous. It provides the bedrock for business to compete. If it can meet the big challenge – finding a way to maintain accountability, without crushing risk, innovation and creativity – and spend its £42bn purse more imaginatively, it could make business in this country that much more innovative too. <sup>DC</sup>