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**BLUE PAPER**

## **A new public service paradigm: innovation through citizen-centred collaboration**

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### **Summary**

Initial interest in the new Coalition Government focused on whether the political coalition will last, and how the Cabinet works together to pursue a joint programme. The size of the reduction of the structural deficit has since dominated the headlines. But missing in the analysis of both developments – the political and the economic- is an understanding of the social dynamics that ensure that the UK achieves innovation on an unprecedented scale by tapping the forces of collaboration between government, business and civil society. The citizen is not just the passive recipient of the effects of such collaboration, but now occupies the pivotal position of ensuring that scarcer resources are prioritised and targeted to deliver better outcomes rather preserve existing processes.



## **Context**

The idea of a 'new paradigm' for service delivery is emerging, reflecting the openness (in principle at least) of the new 'coalition' politics. Victorian capitalism led to many developments, but one of them was significant inequalities and injustices. Socialism grew as a response to this, and tried to replace a harsh (though sometimes paternalistic) society with one of central state provision. Labour is in many ways largely committed to this view. Liberals in the UK have sought some kind of response with more individual and local freedom. Conservatives, after flirting with Victorian capitalism in the name of Margaret Thatcher, have wondered what to do at all. However, we can now see the Liberal Democrat/Conservative coalition possibly finding some new, multi-level version of social capitalism. It is an important experiment that might set a new trend, and clearly voluntary relationships and collaboration within and between sectors are at its heart.

## **Urgent issues**

Public services are at a crossroads, and face danger and opportunity. The primary task is to cut the structural deficit, while preserving front-lines services and achieving better outcomes. Under Labour, the trend was already under way to move to a more citizen-centred model of public services delivery - a point often lost in party political debates. The change of government, and a perceived need to make more radical cuts, will accelerate the process if the government programme of efficiency and reform is matched with effective engagement of citizens and innovation in public service delivery. Without the last two elements, a vacuum will be created, leading to failure to build on the promise of a Big Society. David Cameron's vision of a Big Society risks being just rhetoric: but it has potential to galvanise transformation in public services. Collaboration and innovation have to be made an integral part of the coalition government's plans for public services.

## **Innovation – the problem**

Before exploring in depth the need for innovation in the public sector, and the vital role that collaboration can play, it is worth cutting through the semantic debate that can quickly accrue around any concept that is very much of its time. The Centre for Public Innovation likes to use a very simple definition that enables action. **Innovation is "change that outperforms previous practice."**

Systemic and service innovation is the strategic response to the economic downturn and the subsequent need to tackle the financial deficit. Cuts in public sector spending represent as much of an opportunity as a threat. NESTA, the National Endowment for Science Technology and the Arts, has spoken of the need to "attack the recession" and that "the deeper the 'crisis' the more we are forced to recognise the necessity of radical approaches."<sup>1</sup> The recession and the need to cut the structural deficit are factors that



have just exacerbated a pre-existing need for radical innovation that have existed for a number of years. An ageing population, the increase in chronic health conditions (such as diabetes and obesity), climate change and public expectations about increased quality of services are all issues that were present long before the economic downturn occurred, and are issues that have been causing concern for policy makers for years. The necessity for radical innovation in the public sector is independent of unfolding macroeconomic conditions and policy. While there is broad consensus on the need for reducing the deficit in the medium term, the persistence of a fragile economic recovery has led many experts to caution that the present cuts may have adverse effects on the sustainability of economic growth. Regardless of whether we experience a sustained recovery and continued structural budget reform or the prospects of a double dip recession and the need for further stimulus measures, both scenarios should be viewed as critical opportunities for implementing and accelerating innovative and collaborative capacities in the public sector. This purposeful aim would stand in sharp contrast to reactive spending measures that merely reinforce and enlarge already bloated or ineffective programmes.

**The public sector is poor at innovation and has failed to tackle adequately the underlying issues.** These are the main reasons: bureaucracies are designed to manage and mitigate risk; organizational cultures do not encourage creativity and frown on challenges to accepted practice; and strong command and control structures expect new ideas to come from senior management. These issues are not peculiar to the public sector, but are rather issues that relate to large institutions and hierarchical structures whether they are in the for-profit or non-profit sectors. What is unique to the public sector is the additional factor of clearly delineated silos – areas of expertise, remit and control that discourage a shared approach to problem solving and are further entrenched by budgets that replicate silo structures.

Clearly delineated departmental structures can often be accompanied by a strong measure of “group-think” – a shared identity, set of values and worldview. An atmosphere where group-think predominates is likely to stifle innovation as new ideas will have to conform to the current mode of thinking, fit in or around existing processes, and match the accepted understanding of clients and their problems. At best an atmosphere which predominates in group-think will be able to generate the kind of adaptations to existing practice that can be best described as incremental innovation.

**The creation of the current coalition government may represent something of a challenge to some of the cultural organizational barriers that currently impede innovation, being characterized by an approach that sets aside ideology, and emphasizes pragmatism.** Vince Cable noted in his recent Denning Lecture a new emphasis on cooperation and consensus in government which he felt was “cathartic”.<sup>ii</sup>

**The new government appears to be setting the tone for a wider conversation about what government does, what it should provide, who should provide services, and where ideas should come from.** An opening has been created that looks beyond binary polarities where one party confidently asserts knowledge about the



correct course of action with complete certainty, to one where there is mutual acknowledgement that it is not clear what the correct responses should be and what needs to be done, whilst sharing a clear understanding that the *status quo* is no longer viable.

This questioning approach and lack of dogmatism needs to become a feature of attitudes across the entire public sector – an acceptance that no single department or sector has the answer or solution and that whatever efforts have been expended to date, these have not resolved all the issues that they were designed to resolve. The Institute for Government has looked at how government can get better at overcoming departmental silos, but has yet to produce the thinking that will make citizen-centred collaboration a reality for public services. When governments look at “joining-up”, as was the fashion at least in Tony Blair’s first terms, they see joining-up as a way for the supply-side, in this case government, to organise itself better, rather than organise itself around demand, particularly the needs of citizens. Government departments have no particular need to join up unless there is a combined drive from HM Treasury and the public to have spending prioritised to meet local demand, rather than just to manage it. To achieve really effective joining-up, and by extension better collaboration, the citizen has to be at the centre of how public services are delivered, and not merely the focus of such delivery. The crucial distinction is between “doing to (citizens), and doing for” and “doing with, and doing by (citizens themselves)”. Citizens themselves need to take more responsibility for the risk of managing competing pressures on resources, and government – national or local – needs to be enabling that process, including changing the way that money is allocated through the system, and where accountability for outcomes for citizens rests. If the process for allocation of funds, and accountability for use of these funds, remains locked up in the HM Treasury – Department of State system, it will be almost impossible to achieve the kind of citizen-centred approach, and the consequential need to spend monies from across the normal organisational boundaries, that will be necessary during a period of fiscal austerity.

### **The resource myth**

An immediate response to the argument for the need for innovation is that it is a luxury that cannot be afforded. In a time of massive budget cuts, expenditure on new - and often untested forms of practice – is wasteful and risky. Such a response is an implicit argument that the only options available are doing “the same for less” – that is seeking operational efficiencies and streamlining existing provision – or “less for less” – cutting services and stopping doing things.<sup>iii</sup>

**To refuse to engage in innovation on the grounds of resource limitation is to misunderstand the nature of the change that the public sector will have to go through and also – more profoundly - misunderstands the nature of resources.** The swiftest rebuttal to the “salami-slicing” approach (seeking to make incremental savings and efficiencies) is that this radically fails to grasp the almost existential nature of the problem that public sector services face. Given that the Budget has mandated



25% cuts over the lifetime of the parliament for all departments (bar the NHS and DfID), either a significant swathe of service provision simply becomes untenable or thresholds for accessing services are made so high so as to preclude all but the most vulnerable or ill.

## **Resources redefined**

Accepting the clear and present need for change and marrying this with a commitment to rigorous and genuine collaboration allows us to start exploring possibilities for radical innovation that will make a difference.

**Some work has already begun to take place with regard to meaningful organisational collaboration within the public sector through the piloting of the Total Place agenda.** Total Place was launched in the Budget of 2009 and involves the mapping of the totality of public spending in a given area, then viewing this as a “virtual pot” shared by all which can be used to better deliver services to the public.<sup>iv</sup> The Total Place initiative has put a significant demand on those areas piloting the initiative: a truly collaborative approach requires that a shared language is developed as well as shared outcomes, agencies need to create a common means of framing the problems that communities face so that no single agency “owns” the problem or the solution, time and effort is required to think strategically across the piece rather than reviewing activities solely in the light on the impact on a single organisation or department.

By breaking down the barriers and budgeting silos, the early results from the Total Place pilots seem to show that new and deeper relationships have been created between participating agencies. “We have been able to talk to each other in a way we never have before. Through these conversations relationships have been liberated, and as a result our discussions have enormously improved.”<sup>v</sup> Furthermore, the joint approach ensures that budget cuts in one area do not have the effect of driving up demand for services elsewhere, thereby over-burdening other public services.

The Total Place agenda – or indeed any approach that encourages organisations to look beyond their specific purview – is likely to have a strong enabling role for innovation. By collaborating with partners who can look at problems from a difference perspective, who can challenge received thinking and accepted practices and can help reconceptualise the relationship between service and provider, new ideas are more likely to flourish that provide the kind of radical solutions that are required.

Total Place, for all its merits, continues to keep a primary focus on resources in terms of finance and capital (although the role of social capital and “co-production” has been part of many of the Total Place pilots). Perhaps more radically, a collaborative approach can also help us to explore this concept of social resource – what this means, how it can be tapped into and what impact this can have. Or to put it in the language of economics, can help us move from innovation that is supply side driven, to that which is demand side driven.



The concept of social resources is encapsulated in the idea of “co-production” a concept developed by Edgar Cahn, a community activist in the USA. Cahn argues that our current framework for delivering public services focuses solely on clients as having a problem and thereby defines people in terms of their deficiencies, to the extent that “the deficit perspective prevails as the default mode of defining reality.”<sup>vi</sup> By defining people in terms of deficits, professionals hold the power in a dependency relationship. Co-production breaks this paradigm and argues for a new relationship between client and professional in which “The relationship between professional and non-professional shifts from one of subordination and dependency to parity, mutuality, and reciprocity.”<sup>vii</sup> Co-production seeks to identify what the client/non-professional can offer - how they can not only help to design services but also be involved in the delivery of services, what skills they have they can offer others and what role they can play in the community other than as a passive recipient of services and largesse. It demands that public agencies seek to engage with communities and do so in a way that transcend the tired and outmoded ideas of “user representative” or “consultative group”.

The challenge co-production sets is for professionals to develop a new relationship with those they have treated as clients. Professionals must adopt a tone of humility and accept the need for equal and open engagement, embracing their interdependence with those whom they work. Clients- a better formulation would be “peers”- must be able to tell stories about the problems that affect them and then professionals seek to enable them to use whatever skills they have for the benefit of both themselves and their community. Language can reflect the desired change of relationship: an example can be found in some approaches to healthcare, where the doctor is an expert in medicine, but the patient is vastly more 'expert' at having the illness.

The innovation potential inherent in co-production is significant. Strong and collaborative relationships with communities will significantly increase the pool of ideas from which ideas can be drawn, a pool of ideas that pays no heed as to how things have been done, what organisation provides a service or what budget heading a service is paid from. To use the language of innovation theory, co-production opens the door to “open innovation” - where those outside of an organisation provide the ideas that lead to the radical changes that are needed.

Co-production is by no means an easy option. Collaborating with communities can be a difficult and drawn-out process if it is to be done meaningfully. Cahn argues that a community’s confidence in its ability to deal with social issues may have been eroded through prolonged contact with professional agencies and so will need to be nurtured. Both professionals and communities must understand what they can achieve together in a new-formed partnership, recognising the strengths and limitations of both parties in the transaction.



## **Innovation and private sector service delivery**

Innovation that turns on better collaboration can be found in the private sector. Martin Jones, a Principal with the Brooklands Consulting Group, provides this example:

An organisation provided a credit service to 140,000 live customers, collecting £80m in cash every month. Debtor days were increasing and customer satisfaction, both internally & externally was poor.

A collaborative approach was taken creating a multi-disciplinary full-time project team, empowering them to collectively understand the root cause problems and breaking down narrow departmental perspectives. This holistic view of the problems enabled an innovative shared vision for the credit service organisation to be established, critically providing organisation-wide commitment to support and drive a successful implementation over a 6 month period. Customer insights and contributions were regularly captured and sought throughout the process, sharing key experiences and ideas for improvement.

Cash collected improved by £30m, improving debtor days by 17% within one year from project initiation. Importantly the wasteful activities which resulted in negative customer experiences were reduced to improve productivity by 20%.

## **Innovation in the public sector**

Alex Plant, Chief Executive, Cambridgeshire Horizons, formerly a senior civil servant with HM Treasury and a leading member of the Collaborative Strategies Network, provides illustration of what such an approach might mean in practice.

Cambridgeshire is one of the fastest growing counties in the country, and the cluster of knowledge-based businesses in the Cambridge area is one of the UK's key assets in a globally competitive marketplace. It is imperative that it addresses housing and infrastructure needs to facilitate future economic growth and requires significant capital investment in a worsening public sector funding climate.

Recognising this dichotomy, public sector partners across Cambridgeshire have joined forces to explore whether they can get more out of the public sector's land and buildings in the county. There are many examples of underutilised office space, vehicle servicing depots, or customer centres that could, if public sector bodies got together, be put to better use.

By pooling assets, adopting a single approach to strategic asset management and joining up capital programmes, the following benefits are expected to be realised:

- rationalising/consolidating the combined property estate;



- better utilisation of existing property assets to deliver savings in revenue and carbon costs and allowing for better use by the public sector as a whole;
- a far more effective way of managing the estate through a joint property function;
- realising synergies that are currently missed;
- using publicly-owned assets to draw in significant levels of investment which would help deliver key capital projects and wider policy goals around growth, regeneration, and carbon reduction, particular given the likely diminution in availability of public capital spend in the short to medium term.
- opening up new possibilities for delivering a more joined-up approach to services delivery to citizens, and enable a more collaborative approach to be developed between central, local and regional government bodies operating in Cambridgeshire, which could also be extended to the voluntary and community sectors
- estimates of some 15-20% of cost savings being achievable, as well as enabling income to be generated through better use of investment assets

## **Innovation and network theory**

**New thinking regarding the emerging “network society” offers some insight into how co-production may play out and what the nature of the collaboration must involve. In finding who to collaborate with, it is necessary to identify key people at key locations in a network – so called “key nodes”.**<sup>viii</sup> Collaborating with nodes recognises that it is impossible to treat any group as a singularity. Network theory also emphasises that engagement must depend on intrinsic motivation rather than external pressures – that is, people must want to participate and opt-in on their own terms rather than being co-opted, that “communities must feel they are involved and are genuinely heard not subjected to demands for compliance.”<sup>ix</sup>

## **Innovation and social media**

This thinking is also relevant in the evolving world of social media and its use in collaborative projects. In “Here comes everybody”<sup>x</sup> Clay Shirky discusses the role of *connectors*, a term taken from Malcolm Gladwell<sup>xi</sup>. Connectors are people who function as ambassadors and are connected to many individuals. They bring together sparsely linked groups of densely linked sub-networks creating massive networks by their presence.

**Social media has now provided the technology and the tools to support communication within and between these networks, and taken the lead in facilitating innovative collaboration.** Two examples of this are from the New Zealand



Police and the US government. New Zealand Police<sup>xii</sup> set up a wiki in 2007 to garner information and feedback from the general public to help them produce the revised version of their Policing Act. The wiki was set up in 2007 and promoted to the general public, many people added their thoughts and ideas to the wiki. This information was then used to produce the new Policing Act which became law in 2008. There has been some criticism that the information put forward by the public was not used in the new version of the act, highlighting the need as expressed above for communities to feel that they are genuinely heard.

The second example comes from President Obama's Open Government Initiative<sup>xiii</sup>. In January 2009, Obama committed his administration to an unprecedented level of openness in government, "We will work together to ensure public trust and establish a system of transparency, public participation and collaboration." One example of this is the BetterBuy project<sup>xiv</sup> which asks the question: "How can we use collaboration and social media to make the federal acquisition process more efficient and effective?" Promising ideas will be selected by the U.S. General Services Administration to be piloted on an upcoming acquisition, where lessons learned will be captured for future implementation. Visitors to the site are encouraged to put up their ideas, and to vote on others ideas, thus producing a ranked list of suggestions which may, or may not, be acted upon.

It is too early to tell whether the use of this type of project is seen as truly open and collaborative by the public. Its success will depend upon how much of the feedback garnered is used in practice, but gives a strong signal that alternative approaches are possible.

## **Programme of action**

**This paper is aimed at mainstreaming and embedding collaboration across the public sector, and between the public, private and third sectors, by recognising that effective collaboration has both top-down, and ground-up, dimensions.** The ground-up dimension is at risk of being ignored or trivialised in the pursuit of efficiency and reform. Public policy needs to be adjusted to deliver the benefits of collaboration and innovation, specifically:

1. Match the government's emphasis on efficiency and reform with a strong drive to enhance collaborative government by establishing a national and local programme of cross-sector engagement and institutional reform.
2. Reinforce existing initiatives to promote citizen-centred collaboration by building into any local service delivery funded by the public sector a requirement to draw on citizens at the outset to be part of the definition of the problem, and identification of risks and opportunities, so that citizens are treated as active agents rather than passive recipients of change that they themselves own.



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3. Capture further evidence from the private and third sectors of collaboration as a tool for making more of resources and creating opportunities to deliver innovation.
4. Develop the UK's capacity to deliver collaborative, cross-sector collaboration between sectors by promoting and supporting good practice in collaborative leadership and teamwork at every level.

### How Cornerstone Global Associates can help

Cornerstone Global Associates are an international strategy and management consultancy. Our unique set of expertise enables us to assist in planning the strategy, developing the "working tools", implementation and follow-up. The expertise we offer is both UK and international, in the public, private and non-profit sectors.

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### Conclusion

For citizens to have a more active role in future changes, government, national and local, must be ready to innovate processes and change behaviours. A prerequisite for the Big Society to work is that the public sector champions collaboration on ground rules that get the best from stakeholders who are most likely to be defensive and uncertain about the effects of cuts in budgets on their operations, and citizens for whom collaborative government is yet to translate into practical steps on the ground. **This means working not just on *what* needs to change, but *how* collaboration works, within the public sector, and between public, private and non-profit sectors.**

### Why Cornerstone and CPI

Cornerstone Global Associates Ltd and the Centre for Public Innovation are strategic partners working jointly on relevant projects. Cornerstone Global Associates is an international, London-based consultancy and the Centre for Public Innovation is a London-based social enterprise.

Cornerstone works on seemingly intractable challenges. Working under three divisions, we help clients around the world by developing and implementing strategies in a number of fields. Cornerstone brings together an unrivalled pool of expertise from around the world, including recognized world authorities, with extensive experience in the public, private and non-profit sectors. Our team specializes in creating bespoke solutions that ensure optimized and sustainable results. The international expertise ensures experiences that are borrowed from overseas are not blindly copied, but are tailored to the local conditions in Britain (*see for example Blue Paper on the Canadian example by Professor David Cook, Senior Consultant*).



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The Centre for Public Innovation has unparalleled experience of *doing* innovation rather than commenting on the sidelines. It has worked with a wide range of government departments, organisation and agencies as well as civil society groups and community groups. It understands where innovative ideas come from, where to find them and how to grow their potential to turn a concept from potential to actuality.

Through our strategic partnership, Cornerstone Global Associates and the Centre for Public Innovation, our clients are offered a yet more thorough experience of the challenges facing the UK, bringing together the best talent in the world.

#### *Further reading*

Our credentials in collaboration and innovation go beyond practicing them, but also in developing innovative and collaborative strategies that aim to mitigate problems before they become predictable by most consultants.

Lucian Hudson (Partner and Managing Director at Cornerstone) is the author of the highly-acclaimed report "The Enabling State: Collaborating for Success", written for and published by the UK government. It is available to download from <http://www.cstoneglobal.com/enablingstate>. It draws on extensive research on what makes for effective collaboration between and within the public, private and non-profit sectors.

Jordan MacLeod (Co-founder and Partner) is the author of the highly innovative book "New Currency: How Money Changes the World as we Know it". James B. Quilligan described Jordan as a "visionary thinker" for the innovative approach to money discussed in the book. The book can be purchased from Amazon.

#### *About Blue Papers*

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For further information about the Consultancy services provided by Cornerstone Global Associates, or for a no-obligation discussion with any of the authors of this paper or our consultants, please email Ghanem Nuseibeh [gn@cstoneglobal.com](mailto:gn@cstoneglobal.com)



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