

Innovation in Public Sector Organisations

A pilot survey for measuring innovation across the public sector

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Foreword

The need for us to deliver public services in new, better and cheaper ways will come as no surprise. The combination of straightened public finances with major social challenges mean that public services need to become more productive and develop new ways of working. Innovation in the public sector is therefore a pressing task, hindered, not least by the lack of available data on activity and performance.

Measurement has an important role to play in this task. Measuring innovation has played an important role in encouraging innovation in the wider economy, the Lisbon R&D target being a prime example. This research stems from a desire to create a tool that will play the same role for the UK's public services.

It should be stressed that this work is preliminary. There is scope to develop the measurement of public sector innovation in a number of ways, including by building on the ground-breaking efforts of the Office for National Statistics to measure public-sector productivity and to draw on the complementary work of the Organisation for Economic Cooperation and Development.

Although a pilot project, we believe that the findings of this pilot provide useful insights into both how innovation is happening in parts of the public sector and the factors that enable it.

As always, we welcome your comments.

Stian Westlake
Executive Director of Policy and Research, NESTA

March, 2011

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Contents and Executive Summary

Innovation in Public Sector Organisations

A pilot survey for measuring innovation across the public sector

Part 1: The development of the public sector innovation index – an important component of NESTA's Innovation Index	4
1.1 There is a pressing need for innovation in the public sector and the index should enable this	4
1.2 Our pilot study has found that a survey-based index can provide practical insight in to innovation in the public sector	4
Part 2: Pilot findings: what the survey tool tells us about how innovation is happening in the public sector	10
2.1 The overall index scores suggest that innovation is stifled: the key opportunity to improve innovation is the conditions in which organisations operate	10
2.2 The index helps understand the focus of surveyed organisations' innovation efforts – survey results suggest that efficiency and localism will be the key focus	12
2.3 The index helps understand how innovation is happening across the surveyed organisations – mechanisms to encourage effective sharing of ideas should be improved	15
2.4 The index helps analyse the incentives for organisations to innovate – the key incentive is customer feedback and competition is yet to take full effect as an incentive	17
2.5 The index helps understand the impact of autonomy – the pilot study has identified lessons from the NHS model of Foundation Trust development	20
Part 3: Pilot findings: what the survey tool tells us about how public sector organisations are managing innovation	23
3.1 Those organisations with innovation strategies have consistently higher innovation indices	23
3.2 However there is a lack of systematic approach to managing innovation across the surveyed organisations	24
3.3 Leaders are expected to create the conditions for teams to innovate	27
3.4 Critical organisational enablers of innovation should be recognised and improved where necessary	30
Part 4: Pilot findings: additional findings for policymakers and researchers	33
4.1 Additional findings for local authorities – the index findings suggest potential differences across types of authorities	33
4.2 Additional findings from the NHS – the index findings suggest that there are useful lessons from Mental Health Trusts that could be applied elsewhere in the public sector	34
4.3 Final additional findings for policymakers – the index findings suggest that short-termism and restructuring hinder organisations from innovating	36
4.4 Examples of future application of the index as a tool for policy development	37
Part 5: The lessons and conclusions from our pilot study	42
5.1 Lessons cover the limitations of a telephone-based survey tool	42
5.2 The tool should be developed further and made available for use across the public sector	43
Appendix 1: Acknowledgements	46
Appendix 2: Public Sector Innovation Framework	47
Appendix 3: Index methodology	51
Appendix 4: Sample scorecards	54
Appendix 5: Examples of innovation	57
Appendix 6: Innovation Index scores	66
Appendix 7: Disclaimer	85

Part 1: The development of the public sector innovation index – an important component of NESTA's Innovation Index

1.1 There is a pressing need for innovation in the public sector and the index should enable this

This study details a pilot approach to measuring innovation in the public sector and is a part of NESTA's Innovation Index programme, a commitment under the UK Government's White paper in 2008: 'Innovation Nation'.

Since NESTA started work on the Innovation Index in March 2008, several factors have led to a need for much greater levels of innovation across the public sector. First, the Comprehensive Spending Review in October 2010 confirmed the expected dramatic reductions in public sector funding through the next four years and beyond. Second, continually rising expectations have created a need for much greater impact of remaining spend on public services – especially in a time of significant budget reductions – well beyond that of simply 'minimising the impact' of the cuts. Accordingly, new approaches to delivering public services are being considered which embrace new models of user engagement, local accountability and citizen responsibility.¹ Finally, short-term changes in public service provision are occurring against a backdrop of long-term expensive social challenges including, for example, the impacts of an ageing and growing population.²

Furthermore, measuring innovation in the public sector is difficult. The impacts of successful innovations in the public sector tend not to be reflected in immediate financial outputs. This, combined with the nature and diversity of public sector organisations and services, makes measuring these innovations extremely challenging.

These factors create the need for a public sector innovation index that goes beyond existing measures of national public sector service delivery and productivity³ and enables more effective consideration of how to improve innovation across the public sector.⁴ Such an index should achieve this by:

- Helping policymakers and researchers understand levels of innovation and different drivers within different parts of the public sector.
- Helping delivery organisations understand their levels of innovation, performance and their underpinning capabilities. As such, the index should also be a practical enabler for public sector managers to take action accordingly.

Our pilot study has investigated the practical insights that can be gained through applying a survey-based tool targeting leaders in public sector organisations responsible for delivering innovation and improvements in public services.

1.2 Our pilot study has found that a survey-based index can provide practical insight in to innovation in the public sector

The project developed and piloted a survey-based approach to measuring innovation in the public sector, with participation based on a voluntary, or self-selected, approach. We developed and tested this approach during the summer and autumn of 2010, across two parts of the public sector: the NHS and Local Government. The findings reflect the sample of organisations surveyed, which are sub-sets of the overall population of organisations in these two parts of the public sector.

The feedback that we have received so far from potential users of the index, including survey participants and policymakers, suggests that the index tool can provide practical insight into innovation in these parts of the public sector. These insights are

1. See NESTA's work on public services in particular - Boyle, D. and Harris, M. (2010) 'The Challenge of Co-production: How equal partnerships between professionals and the public are crucial to improving public services.' London: NESTA. Bunt, L. and Harris, M. (2010) 'Mass Localism: A way to help small communities solve big social challenges.' NESTA: London.

2. Major challenges facing public services in the future, whatever the economic situation, are described by the 2020 Public Services Trust (2009) 'Drivers for Change: Citizen Demand in 2020.' London: 2020 Public Services Trust.

3. For example, Phelps, M. (July 2010) 'Total Public Service Output, Inputs and Productivity.' Newport: UK Centre for the Measurement of Government Activity, Office for National Statistics.

4. There is a growing international recognition of the importance of effective metrics of innovation in the public sector. A series of international initiatives, including NESTA's, will lay the groundwork for bringing the public sector in to the innovation measurement picture. The NORDIC countries have a long-standing survey project underway, the OECD National Experts on Science and Technology Indicators (NESTI) are examining methodological considerations, and the European Commission (EC) has surveyed EU public sector organisations and has published a proposal, in Innovation Union (part of the Europe 2020 Strategy), for developing a public sector innovation scoreboard.

regarding the levels and types of innovation that are happening, the levels of underpinning capabilities and the sector conditions for innovation. These insights are contained in the main body of the report, from Section 2.

The Index has been designed to provide this insight through achievement of the following two objectives, in order of priority:⁵

1. **Accuracy:** that is, to accurately reflect how innovation happens in the public sector.
2. **Comparability:** that is, to enable comparisons to be drawn across different parts of the public sector and also future comparisons to be drawn between public and private sectors, primarily in the UK but also across other countries.

In doing so, NESTA's broader Innovation Index objectives were considered⁶ – specifically metrics that balance the need for **longevity** and **ease of collection** alongside the core requirements of accuracy and comparability (something innovation indicators have traditionally placed at a premium).

The index is based on a framework that reflects how innovation happens in the public sector

In order to achieve the first objective above, accuracy, the approach was based on a framework of public sector innovation developed from NESTA's Innovation Index and broader public sector innovation research. In particular, the project compared the frameworks, findings and NESTA observations of four Innovation Index exploratory project reports produced in October 2009.⁷ These reports each proposed an innovation index for public sector organisations, based on a scorecard approach. Across the different aspects of the proposed frameworks a relatively high degree of alignment of the key factors was found and the framework below developed based on this work which was tested and refined through syndication with a group of project stakeholders (described in Appendix 1).

Importantly, the framework recognises the following:

- It reflects the innovation that is important in the public sector, whilst remaining consistent with an international standard definition of innovation.⁸
*"An innovation is the implementation of a new or significantly improved product (goods or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations."*⁹
- It recognises two important differences between the public and the private sector:
 - a. Differences in how value is defined. Innovation in the public sector is assessed through impact on a range of social value as well as economic value indicators.
 - b. Differences in the systems in which organisations operate. The framework reflects that public sector organisations operate in a range of different systems and assesses the impact of the system conditions on innovation in organisations.
- The public sector innovation framework is shown in Figure 1.¹⁰ The coloured areas within the circle represent those aspects that are within the control of the organisation: these are 'Innovation Capability', which underpins an organisation's 'Innovation Activity', which 'Impacts on Performance'. The area outside, 'Wider Sector Conditions for Innovation', represents those aspects that are outside of the control of the organisation, but within the control of policymakers or other sector bodies of strategic influence. These conditions describe how the system, in which an organisation operates, helps or hinders innovation – that is, how the system impacts an organisation's innovation activity and capability. A consideration of these factors also allows comparisons to be made, and lessons drawn, across different systems.

It should be noted that none of the relevant current international survey instruments, in particular the Community Innovation Survey for measuring innovation within businesses¹¹ and the MEPIN Survey public sector project, which is being piloted across the

5. This priority reflects NESTA recommendations contained in its Research Report (2007) 'Hidden Innovation.' London: NESTA.

6. As contained in the NESTA Policy Briefing (2008) 'Measuring Innovation.' London: NESTA.

7. CFA DAMVAD (2009) 'Public Sector Innovation Index – A Diagnostic Tool for measuring innovative performance and capability in public sector organisations.' Deloitte (October 2009) 'Driving innovation in the public sector, Developing an Innovation Index.' Ernst & Young (October 2009) 'Public Sector Innovation Index: Exploratory Project.' The Innovation Unit (October 2009) 'An Innovation Index for the Public Sector.' London: The Innovation Unit.

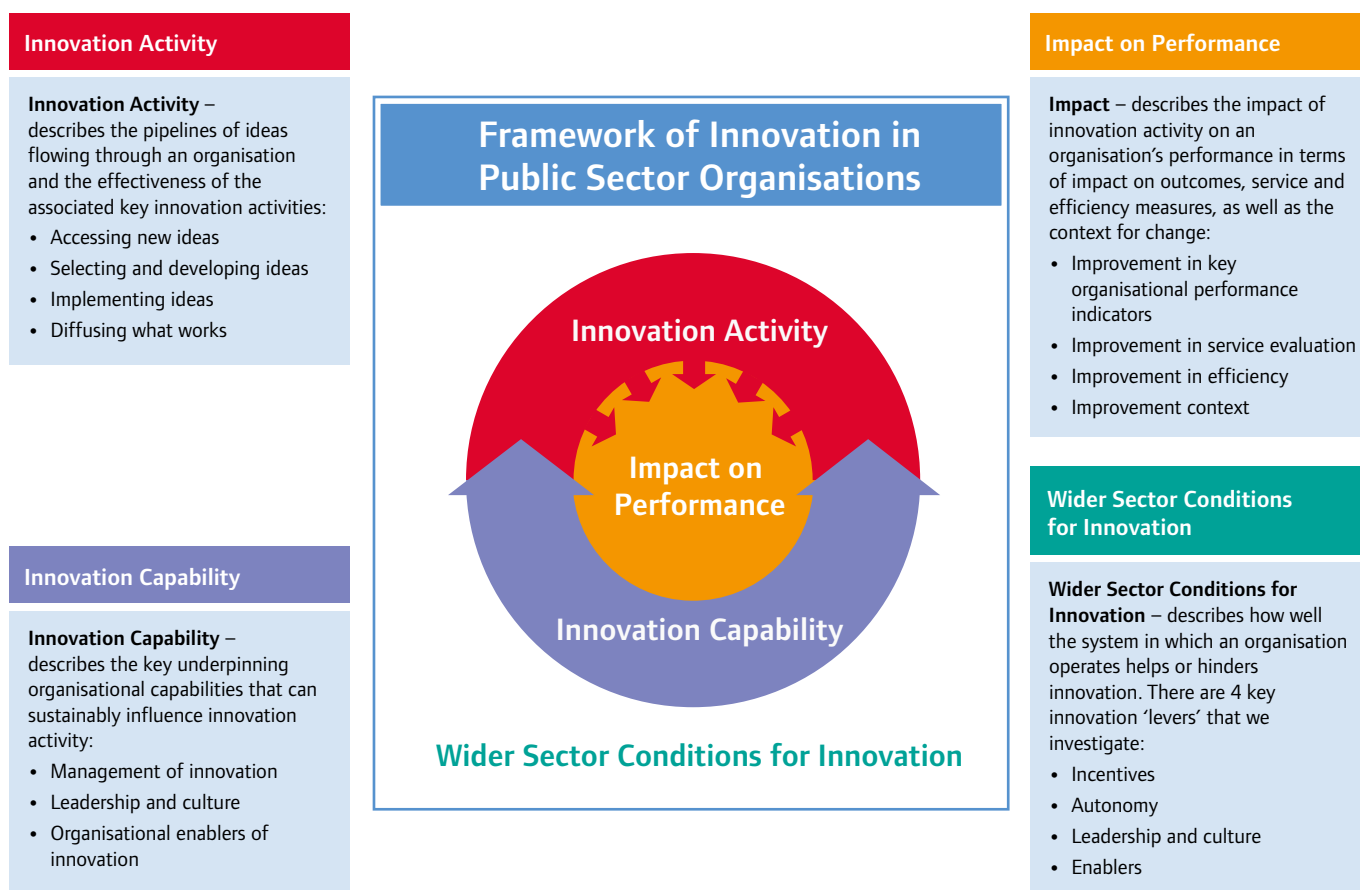
8. OECD (2005) 'Oslo Manual: Guidelines for Collecting and Interpreting Innovation Data.' 3rd Edition. Paris: OECD.

9. Ibid. This is an excerpt from the full Oslo Manual definition. We used a simpler articulation in the actual survey.

10. A detailed description of the framework can be found in Appendix 2.

11. www.dius.gov.uk/policies/science/science-innovation-analysis/cis.

Figure 1: Framework for Innovation in Public Sector Organisations



NORDIC countries,¹² sufficiently accurately reflected the framework above to be used to achieve the Index objectives. Therefore a new public sector survey instrument aligned with the above framework was developed.

The survey instrument also enables comparisons to be made of innovation across different parts of the public sector and the private sector

In translating the framework into an appropriate survey instrument, we also sought to achieve the second objective mentioned above – comparability. This was achieved by developing a survey instrument that:

- Is based on the same definition of innovation¹³ as NESTA's Private Sector Index Survey and the above-mentioned international survey instruments: these being the MEPIN Survey and the Community Innovation Survey.
- Where possible, aligns first with NESTA's Private Sector Index survey questionnaire¹⁴ (through many of the questions contained within) and also the international survey instruments mentioned above.

Comparability of results is also dependent on how the survey instrument is applied.¹⁵ Ideally, any application of the survey instrument across different types of public sector organisations should be consistent with the common guidance¹⁶ which is used by the above-mentioned survey instruments.

12. The Nordic Survey on Public Innovation 2009 (pilot study). www.mepin.eu.

13. Ibid.

14. Roper, S. *et al.* (2009) 'Measuring sectoral innovation capability in nine areas of the UK economy.' London: NESTA.

15. Guidelines for application of innovation survey instruments are contained in the (2005) 'Oslo Manual: Guidelines for collecting and interpreting innovation data.' 3rd Edition. Paris: OECD.

16. Ibid.

Please note that at the time of writing, these guidelines are currently being revisited.¹⁷ In the meantime, we add a note of caution to comparisons made across the participating organisations contained in the survey findings. Any comparisons will depend on the types of organisations surveyed (the different types of local authorities and the NHS Trusts), their different activities, their different sizes and their comparability as enterprises.¹⁸

The survey results were analysed through indices (each based on a scale of 0-100 per cent) which are aligned with the framework above. A description of the index methodology adopted can be found in Appendix 3.

Accordingly, the public sector innovation indices cover the following four areas:

Impact	Innovation Activity	Innovation Capability	Wider Sector Conditions for Innovation
Improvement in organisational key performance indicators	Accessing new ideas	Leadership and culture	Incentives
Improvement in service evaluation	Selecting and developing ideas	Management of innovation	Autonomy
Improvement in efficiency	Implementing ideas	Organisational enablers of innovation	Leadership and culture
Improvement context	Diffusing what works		Enablers

Future comparability with the above-mentioned private sector indices is enabled by providing the results of the survey in the form of a dataset that allows this future research to be conducted. However, please note that the results of the survey (contained in the following sections of this report) should not be compared directly with private sector indices such as NESTA's private sector index.¹⁹ This is because although there is some commonality of the underpinning survey data gathered, the datasets are not wholly directly comparable; nor are the innovation indices we used (as they are designed to accurately reflect the framework of public sector innovation shown above). Finally, any comparisons across private and public sector organisations should also be made with reference to the previously mentioned guidelines regarding the definition of comparable enterprises.²⁰

Our pilot application of the survey suggests that meaningful results can be achieved based on levels of voluntary participation

In piloting the survey, the aim was to test whether meaningful results (given the anticipated sample size and budget) for the users of the survey could be achieved and also to maximise learning for the application of a survey-based approach.

Two sectors, the NHS and Local Government, were selected based on prior indications of demand, potential participation and also the ability to draw meaningful sector insights from an anticipated sample size of up to 100 interviewees per sector. Support for the study was gained from both the Department of Health and the Department of Communities and Local Government, and the project team worked with the respective policy teams to agree the best approach to launching the survey and securing participation.²¹

In each case we were seeking to survey, on a voluntary basis, one senior person per organisation (Local Authority, or NHS Trust) responsible for innovation or improvement activities. Each interviewee would be commenting on behalf of the organisation as a whole and, in return, received an individual organisation scorecard along with the overall findings.

The survey was promoted in different ways. In the case of Local Government, a joint letter on behalf of Irene Lucas the acting Permanent Secretary of the Department of Communities and Local Government and Jonathan Kestenbaum the Chief Executive of NESTA was sent to all Local Authority Chief Executives and Deputy Chief Executives, requesting their organisation's voluntary

17. The Oslo Manual Guidelines are currently being revisited by the group of OECD National Experts on Science and Technology Indicators (NESTI) who are examining methodological considerations for measuring public sector innovation.

18. The Oslo Manual Guidelines (note 27 of the Manual) define the enterprise as: 'The smallest combination of legal units that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations.'

19. Roper, S. (2009) 'Measuring sectoral innovation capability in nine areas of the UK economy.' London: NESTA.

20. OECD (2005) 'The Oslo Manual: Guidelines for collecting and interpreting innovation data.' 3rd Edition. Paris:OECD.

21. Further information regarding the detailed communication materials used is available on request.

participation in the study. They were asked to forward the request to the most appropriate person in their organisation responsible for innovation and improvement. In the case of the NHS, the survey was announced and disseminated to NHS Trusts through the ten Strategic Health Authorities (SHAs), specifically through the network of SHA Innovation Leads.

The majority of respondents were in senior and cross-organisation roles. The breakdown of the types of participating organisations and interviewees is shown below:²²

Table 1a: Population and survey sample in England

Sector	Health	Local Government
Number of organisations in England	388	353
Number interviewed	64 (16%)	111 (31%)

Table 1b: Breakdown of local authority respondents by type of authority

Local Authority Breakdown	Total in England	Surveyed
Non-metropolitan districts	201	63 (31%)
Unitary authorities	56	13 (23%)
Metropolitan districts	36	11 (31%)
London boroughs	33	9 (27%)
Two-tier 'shire' counties	27	15 (56%)
Total	353	111 (31%)

Table 1c: Breakdown of NHS Trusts by Strategic Health Authority

Health Sector Breakdown	East Midlands	East of England	London	North East	North West	South Central	South East	South West	West Midlands	Yorkshire & Humber	Surveyed	Total in England
Acute trusts	3	3	2	4	9	2	1	4	4	4	36 (22%)	167
PCTs (and Care Trusts)	3	0	0	0	3	2	1	2	4	2	17 (11%)	151
Mental Health Trusts	3	0	1	0	1	1	0	1	0	1	8 (14%)	58
Ambulance Trusts	0	1	0	0	0	0	1	1	0	0	3 (25%)	12
Total	9	4	3	4	13	5	3	8	8	7	64 (16%)	388
Foundation trusts	1	1	2	4	6	2	1	4	3	1	25 (19%)	131

22. In addition to the above, we tested the questionnaire in advance with a small number of participants (three from the NHS and four from Local Government). These participants are not included in the above figures. Similarly, the results from testing have not been included in analysis of the findings.

Table 1d: Breakdown of survey respondents by position

Interviewee Breakdown	Health	Local Govt.
Title		
Chief Executive	2	20
Deputy Chief Executive	4	20
Chief Operating Officer	6	
Executive Director	3	9
Director	20	38*
Associate/Deputy Director	8	3
Programme Director	4	
Head/Head of Services	10	15**
Manager	5	5
Other	2	1
Total	64	111

* Strategy & Development, Finance, Customer Services, Community Services, Corporate Services, Not Specified (2).

** Corporate Services, Resources, Strategy & Planning, Performance, Customer Services, Transformation.

Table 1e: Breakdown of survey respondents by broad function

Interviewee Breakdown	Health	Local Govt.
Title		
General	14	47
Strategy & Improvement	12	31
Finance, Performance & Resources	3	16
R&D and Clinical	14	
Other	21	17
Total	64	111

The pilot survey was conducted in the two month period during the summer of 2010, from 21st July to 24th September. This was in the period following the General Election (May 6th) and just after the publishing of the NHS White Paper²³ (12th July).

The survey itself was conducted by Ipsos MORI using a structured Computer Assisted Telephone Interview (CATI) approach which was selected (instead of an online alternative) because of the ability to maximise benefits and minimise costs for this pilot study. In particular it was considered to be a better way of achieving the required sample size, high quality data and a better experience for respondents. Each interview took approximately 37 minutes on average.

In order to demonstrate the potential of the tool at a national level the results were analysed in three ways.

1. Through a '**sector drill-down**' approach examining the index scores across the two surveyed sectors. In doing so, we tested hypotheses that innovation might differ across:
 - The two sectors participating in the survey.
 - The different types of organisation in each sector (types of NHS Trust; types of local authority).
 - The different sizes of participating organisation.
 - The different Strategic Health Authority regions (for participating NHS Trusts).
 - Those organisations with innovation strategies and those without.
2. In addition to the above, we also analysed findings through the different aspects of the framework – at a **thematic level**. This was first as a way to understand and add richness to any patterns identified above, but also to explore the potential of the tool to explore important detailed aspects of innovation across the participating public sector organisations.
3. Finally, we also sought to test the usefulness of the tool by providing **examples** of how the index findings can be combined with other potential data sets to demonstrate broader policy applications.

In order to demonstrate the potential of the tool for participating organisations, we provided each organisation with their individual scorecard benchmarking their survey results with peer organisations, along with guidance for interpretation and a request for feedback.²⁴ Please see Appendix 4 for sample scorecards.

23. Department of Health (2010) 'Equity and excellence: Liberating the NHS.' White Paper. London: Department of Health.

24. Each participating organisation will also receive a copy of this report.

Part 2: Pilot findings: what the survey tool tells us about how innovation is happening in the public sector

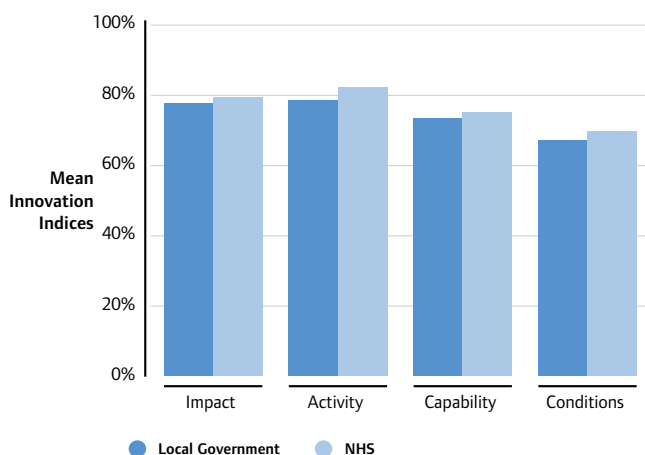
The following three sections describe the findings from the pilot application of the survey tool across the NHS and Local Authorities. In this section (Part 2) we describe what the results tell us about how innovation is happening and the lessons that can be learned. The following section (Part 3) then contains additional survey findings for the participating public sector organisations. Part 4 contains additional survey findings for policymakers, researchers and others who have roles improving the conditions for innovation in the public sector.

The findings are of course the results of a pilot, whose primary aim was to test and develop a survey tool. They should not be interpreted as a thorough diagnosis of innovation across the public sector as a whole. As mentioned earlier, differences in the institutional levels surveyed mean that these findings should not be used as a basis for comparison with those from private sector studies.

2.1 The overall index scores suggest that innovation is stifled: the key opportunity to improve innovation is the conditions in which organisations operate

In analysing the index scores²⁵ the most useful insights can be drawn from the relative differences between the innovation indicators. Figure 2 compares the index scores across the impact, activity, capability and conditions indicators for all surveyed organisations.

Figure 2: Overall innovation indicators across the NHS and Local Government



These results suggest that the surveyed organisations rated their activity levels highest relative to other aspects of innovation. The conditions for innovation were rated the lowest and could potentially provide the greatest opportunity to improve innovation in the surveyed organisations.

The results also suggest slight, but consistent differences across the two sectors surveyed. Potential reasons discussed with policymakers in the two sectors included that innovation has been an explicit part of the national, regional and local NHS strategy through the Quality, Innovation Productivity and Prevention agenda (QIPP)²⁶ underpinned by each regional Strategic Health

²⁵ The overall index scores are contained in Appendix 6.

²⁶ www.dh.gov.uk/en/Healthcare/Qualityandproductivity/index.htm

Authority having a Regional Innovation Fund to stimulate the invention, implementation and spread of innovative ideas in their area as well as a statutory duty to innovate.²⁷

Another reason discussed for the differences in survey scores across the two sectors are potential differences in attitudes (and hence responses) to the national use of self-assessment processes.

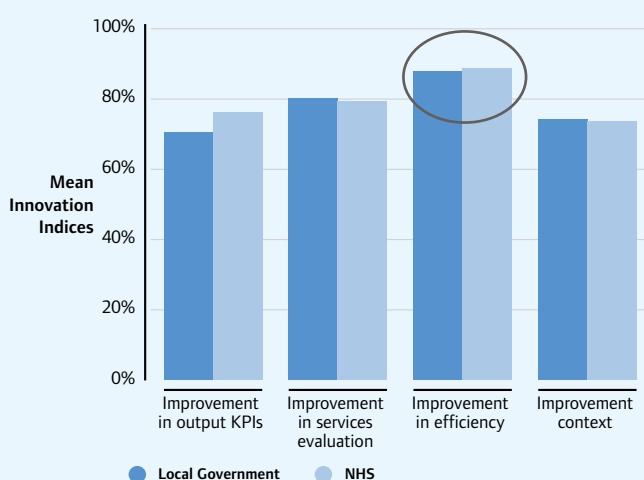
Drilling down in to the above indices suggests the following particular insights across three of the four indicators: impact, activity and conditions:

Box 1: Survey results across framework dimensions

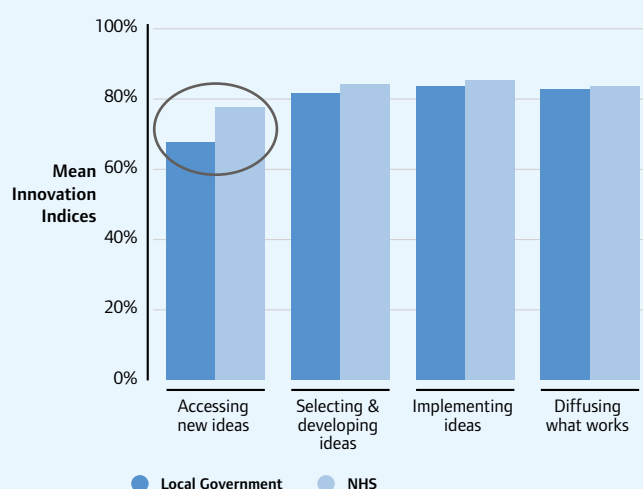
Achieving improvements in efficiency have been the key surveyed impact of innovation (A).

Lowest level of innovation activities are reported to be in the accessing of new ideas, particularly in Local Government (B).

A: Impact indicators across the NHS and Local Government



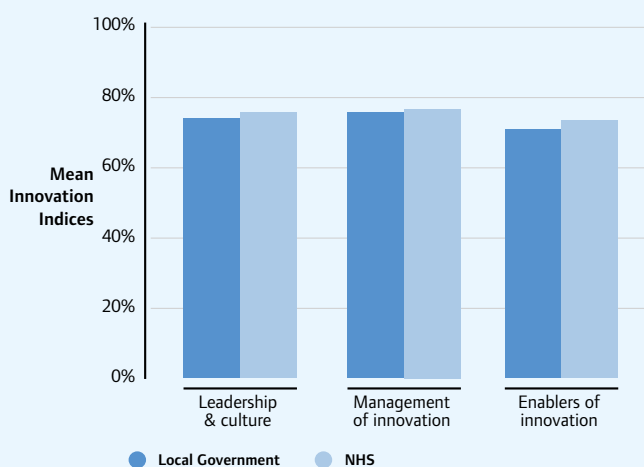
B: Activity indicators across the NHS and Local Government



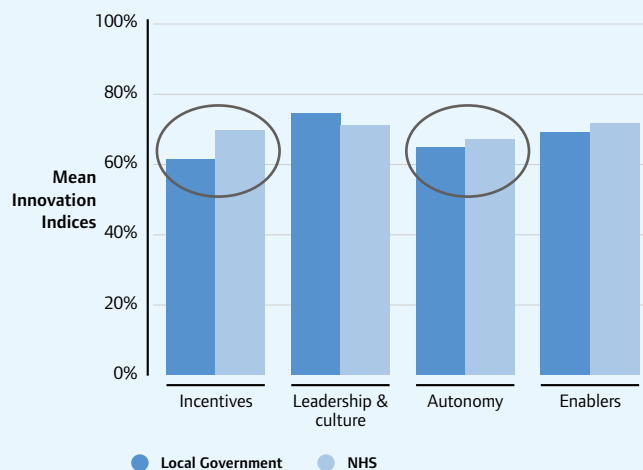
There are not significant differences across indicators of organisational innovation capability (C).

The greatest potential opportunities to improve the conditions for organisations to innovate are their incentives and autonomy (D).

C: Capacity indicators across the NHS and Local Government



D: Wider sector conditions indicators across the NHS and Local Government



27. Further details can be found in Department of Health (2008) 'NHS Next Stage Review.' Final report. London: Department of Health.

The Index provides insight in to each of the highlighted areas (circled) in Box 1 which we will now explore in turn.

2.2 The index helps understand the focus of surveyed organisations' innovation efforts – survey results suggest that efficiency and localism will be the key focus

The data generated from the survey help provide insight in to the levels of different types of innovation activity across the surveyed organisations (Box 2).

Box 2: Innovation activities

Looking back over the last three years, over 90 per cent of interviewees reported introducing new or significantly improved services. However, the levels of the different types of innovation that were introduced during this time varied between Local Government and the NHS (A).

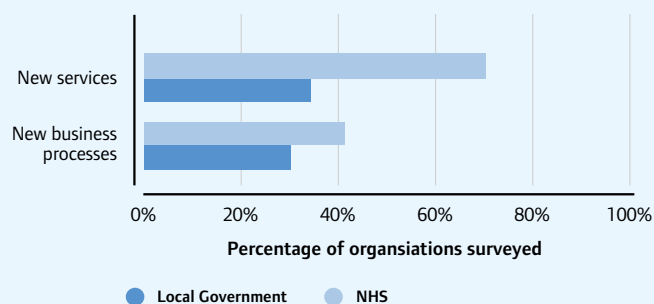
Over a third of these changes were considered new to the sector, with NHS participants stating that double the number of new service innovations were new to the sector, compared to local government participants (B).

A: Innovation introduced over the last three years



Source: Survey questions 2, 7, 11b,c,d,f. A copy of the detailed survey questions is available upon request.

B: Innovations introduced over the last three years that were considered new to the sector



Source: Survey questions 3, 8.

Our analysis of the examples provided by interviewees (see Appendix 5) supports the spread of types of innovation activity (see A in Box 2) but also suggests a higher degree of commonality of innovation than the perceptions provided (see B in Box 2). Discussion of this with sector representatives suggested that the above perceptions could be due to organisations operating more in isolation than otherwise perceived.

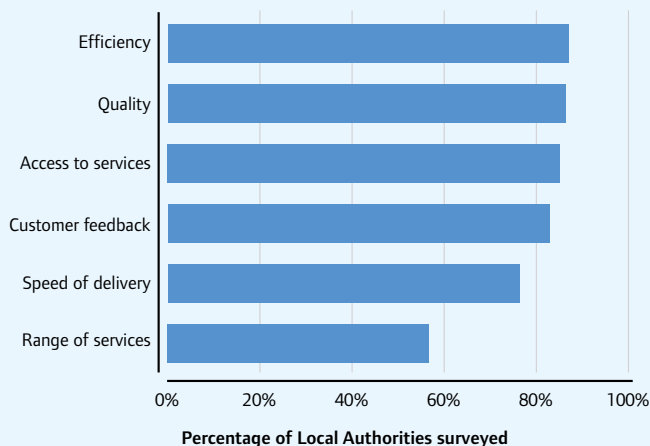
The survey results suggest that the intended impact of innovation is changing across surveyed organisations (Box 3).²⁸

28. Survey questions 1, 2 and 4. Answers to questions 1 and 2 are descriptive, and the results were collated and analysed by Ernst & Young/Ipsos MORI.

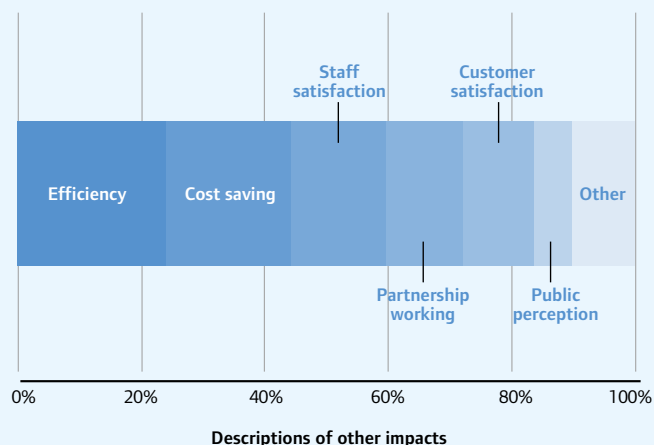
Box 3: Innovation impacts – Local Authorities

Looking back, over the last three years, the focus has been on providing the same services more efficiently or better in Local Government (A1, A2).

A1: Ranked impact of innovation in service delivery over the last three years



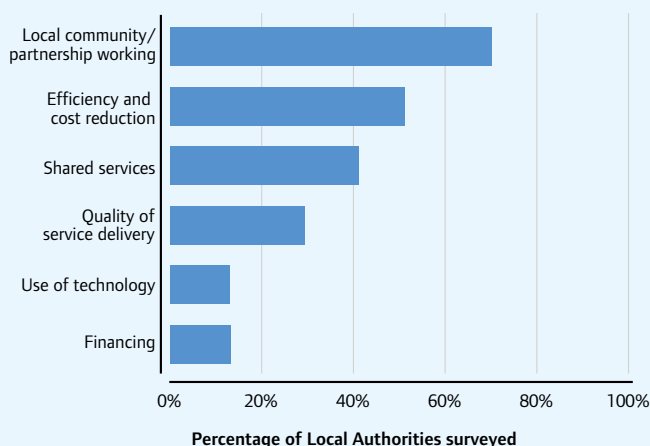
A2: Organisations were asked to describe the impacts of innovation in service delivery over the last three years – the main categories were:



Source: Participants were asked to rank the impact of innovation in service delivery over the last three years, according to the criteria shown.

Looking ahead, over the next two years, we expect the localism agenda to increasingly drive innovation (B). The results suggest that efficiency and cost reduction will remain a key driver.

B: Key areas of innovation over the next one to two years

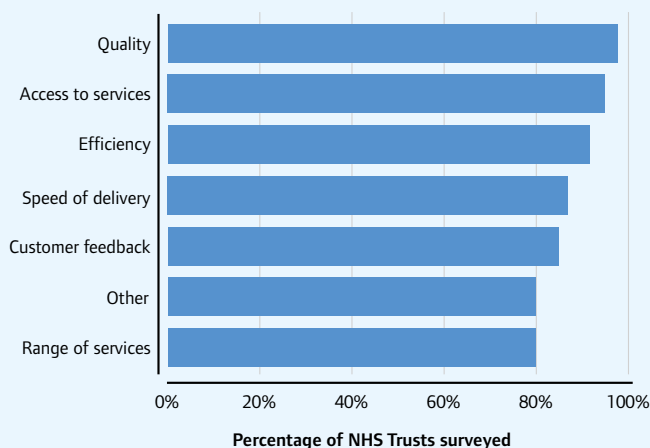


Source: Participants were asked to describe key areas for future service or process improvement. We grouped the responses in to the main categories shown.

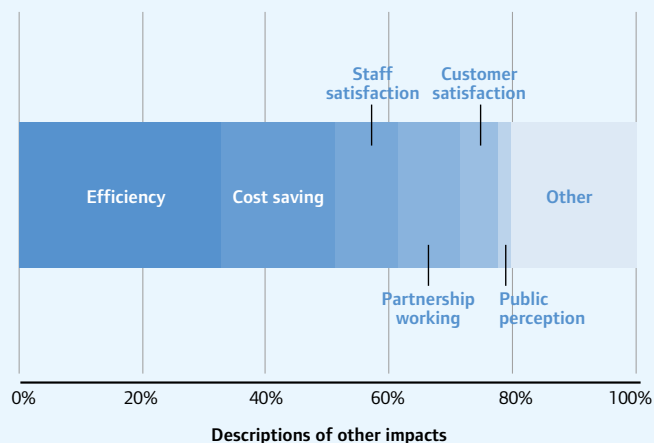
Innovation Impacts – NHS

In the NHS, the picture is similar. Over the last three years, the focus has been on providing the same services better, improving access, or improving efficiency (C1,C2).

C1: Ranked impact of innovation in service delivery over the last three years

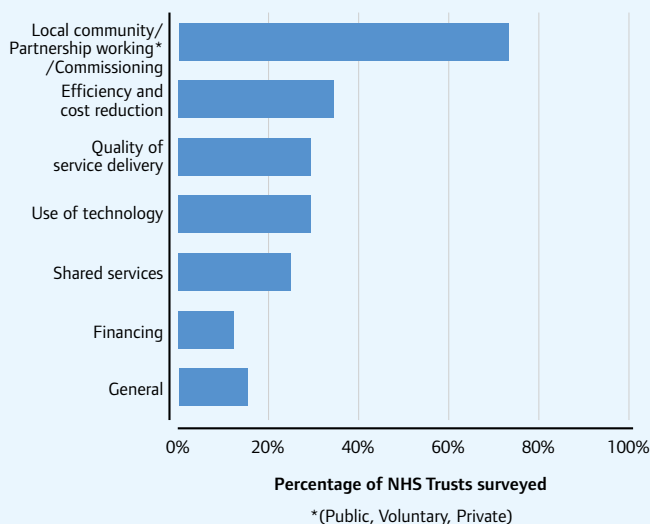


C2: Organisations were asked to describe the impacts of innovation in service delivery over the last three years – the main categories were:



Looking ahead, over the next two years, we expect the localism agenda to also have a marked impact on innovation in the NHS (D). The results also suggest that efficiency and cost reduction will remain key drivers.

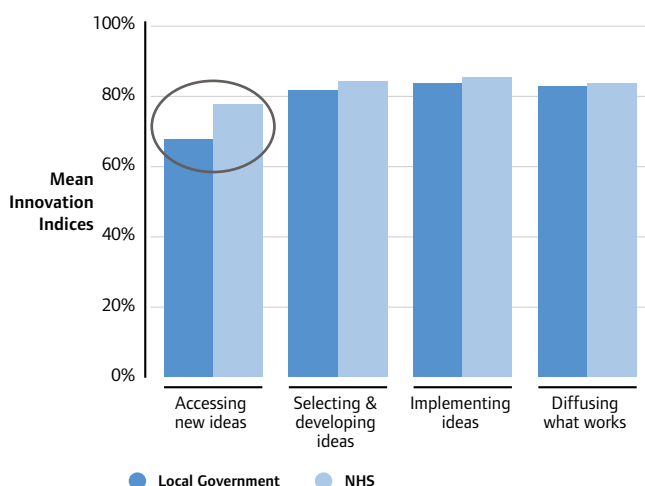
D: Key areas of innovation over the next one to two years



2.3 The Index helps understand how innovation is happening across the surveyed organisations – mechanisms to encourage effective sharing of ideas should be improved

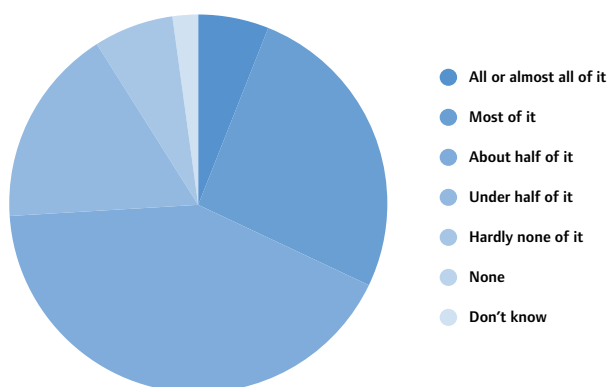
As mentioned so far, overall activity indices are the highest relative to other aspects of organisational innovation. This is underpinned by relatively high levels of different types of innovation activities (Figure 3). However, levels of reported activity in ‘accessing new ideas’ is relatively low, especially in Local Government.

Figure 3: Activity indicators across the NHS and Local Government



Our survey results also provide insight into how surveyed organisations are accessing new ideas. This is an important measure of the degree of open innovation that can enable more effective innovation. Survey results (across both sectors) suggest that most ideas are sourced from outside the organisation (Figure 4). The individual sources for these are examined in more detail in Box 4.

Figure 4: Proportion of new services and processes originating from ideas developed outside the organisation



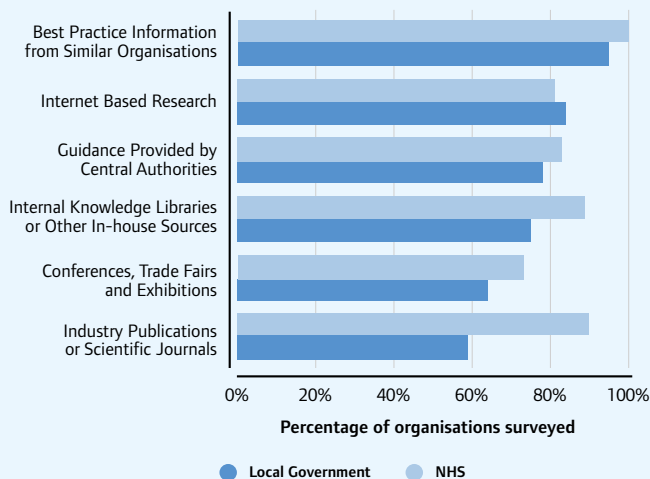
Source: Survey question 16. Almost identical findings for both surveyed sectors

Box 4: Sources of new ideas

Participants stated that access to best practice information is the key external source of ideas (A).

Within organisations, frontline staff and service users are viewed as the most important sources of ideas (B).

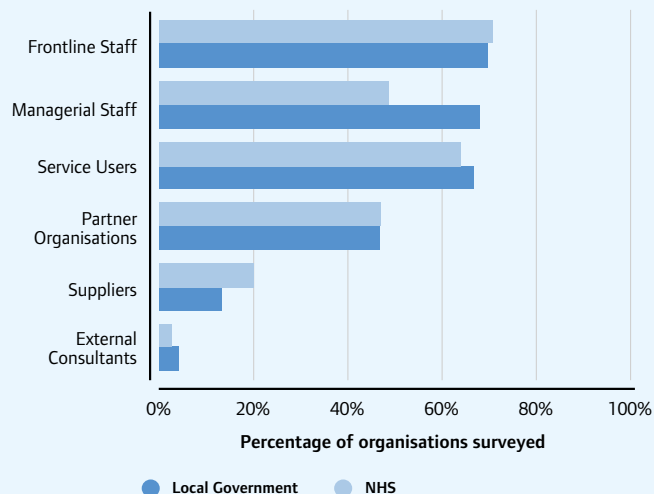
A: Sources of ideas and information used to develop new or improved services or processes



Organisations ranked different sources of ideas and information used (to develop new or improved services or processes) as shown. Please note the relative importance of clinical journals highlighted by NHS representatives.

Source: Survey questions 22a-f.

B: Most important sources of ideas



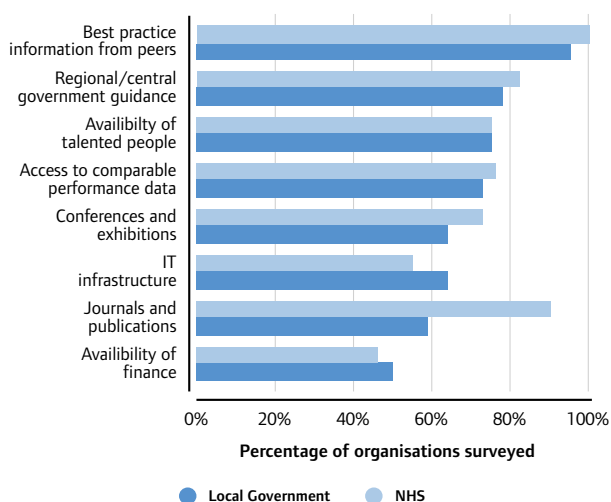
Please also note the differences across the two sectors of perceptions of the relative importance of managerial staff. Partner organisations are also viewed as important.

Source: Survey questions 21a,d,e,f,g,h.

Indeed, of all the key enablers of innovation surveyed, access to best practice information is viewed as the most important.

Figure 5 below shows surveyed views regarding the importance of key enablers of innovation across the two sectors. The key important enabler is access to best practice information from other similar organisations. Central guidance, when managed well, is also well-received.

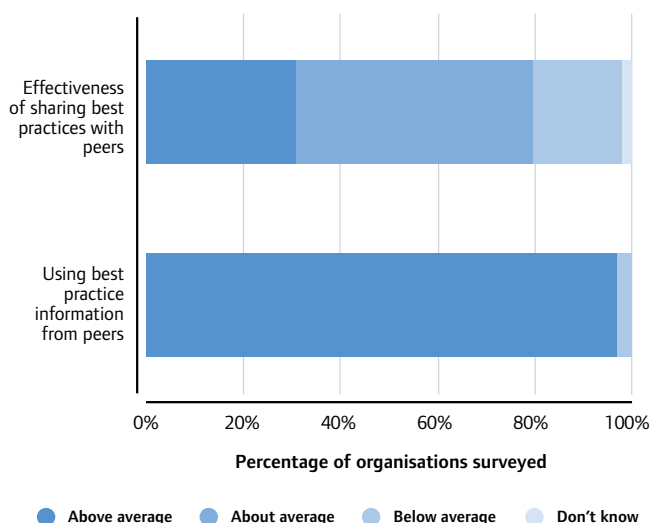
Figure 5: Enablers of innovation



Source: Survey questions 22b,c,d,e, 42c,e,f,i.

Despite this importance of best practice information from similar organisations, mechanisms to encourage effective sharing of ideas can be improved (Figure 6). The survey findings suggest that the organisations recognise that they are less effective in sharing best practice which may hinder wider diffusion of new ideas.

Figure 6: External connectedness

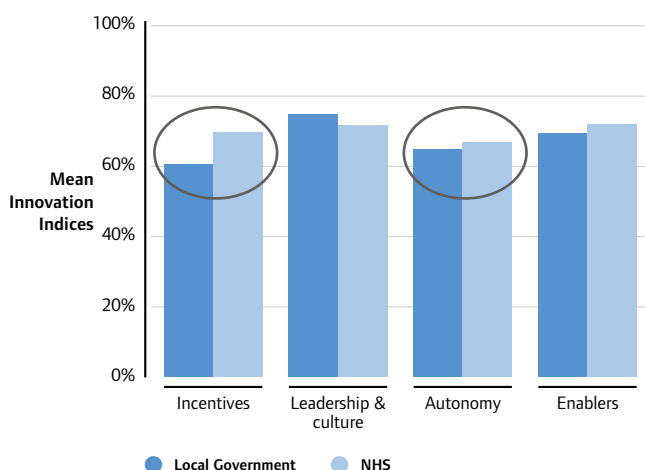


Source: Survey questions 15c, 22b.

2.4 The index helps analyse the incentives for organisations to innovate – the key incentive is customer feedback and competition is yet to take full effect as an incentive

The greatest potential opportunities to improve the conditions for organisations to innovate are their incentives and autonomy (Figure 7).

Figure 7: Wider sector conditions indicators across the NHS and Local Government

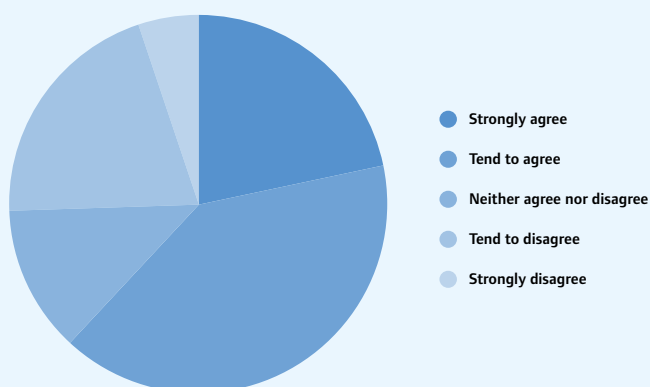


The index explores the impact of different incentives: customer feedback, transparency of performance, demand for new services and competition from alternative providers (Box 5).

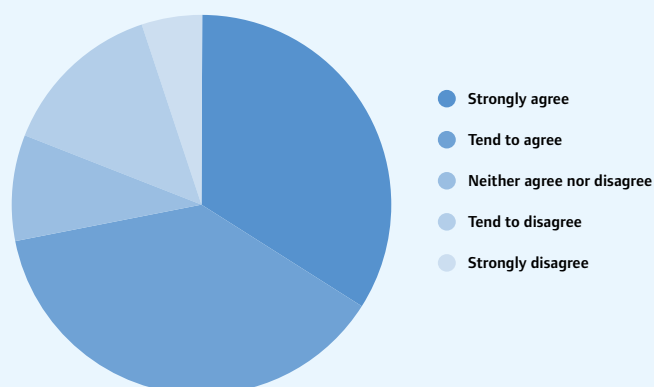
Box 5: Incentives to innovate

The survey results suggest that incentives can be improved – not everyone surveyed considered that there are incentives, as a whole, to be innovative.

A: Incentives, as a whole, to be innovative – Local Government



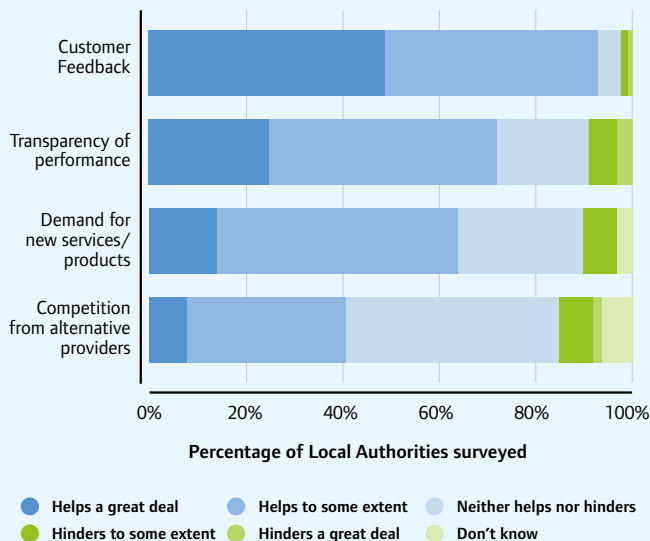
B: Incentives, as a whole, to be innovative – NHS



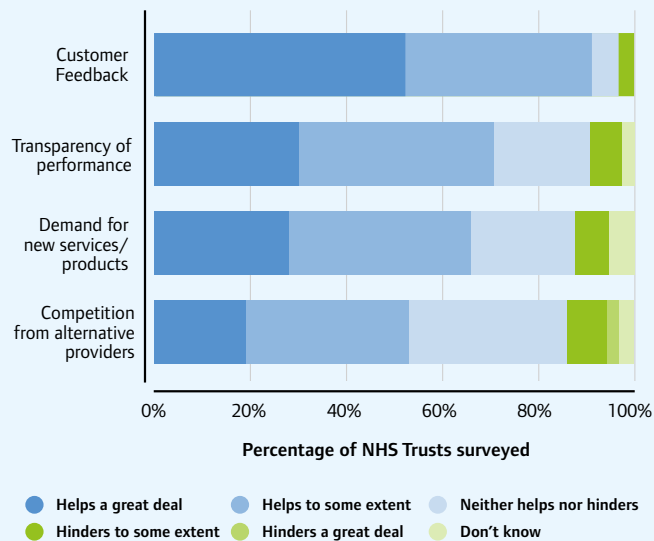
Source: Survey question 43h.

The survey results suggest that the key incentive for organisations to innovate is customer feedback.

C: Incentives, as a whole, to be innovative – Local Government



D: Incentives, as a whole, to be innovative – NHS



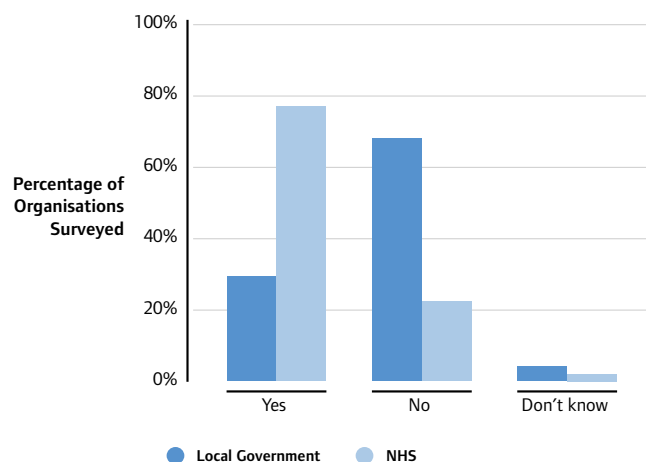
Source: Survey questions 42a, 42b, 42d, 42h.

Competition is reported to exist but is not the key incentive for innovation.

In the NHS, competition from alternative providers is the weakest of the incentives surveyed (Box 5).

However, organisational views on levels of competition are significantly higher in the NHS than in Local Government (Figure 8). This suggests that although competition is reported to exist in the NHS, it is yet to fully take effect as an incentive for innovation.

Figure 8: Organisational views on the presence of direct competitors (yes/no/don't know)



Source: Survey question 49.

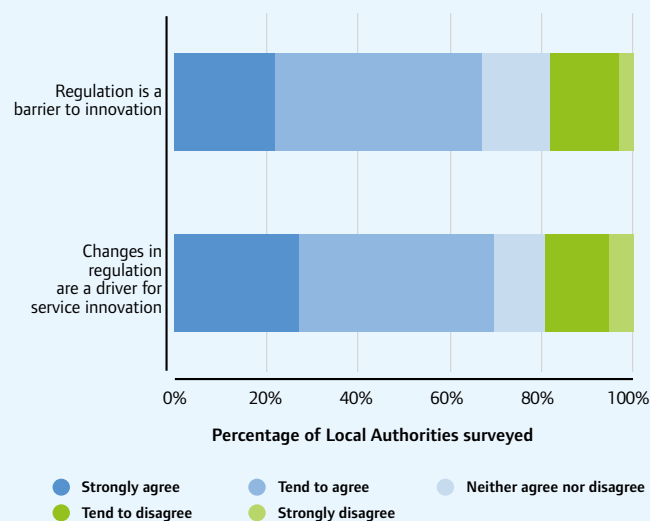
The survey results suggest that the impact of regulation as a barrier or as a driver for innovation differs across the two sectors (Box 6).

Box 6: Regulation and innovation

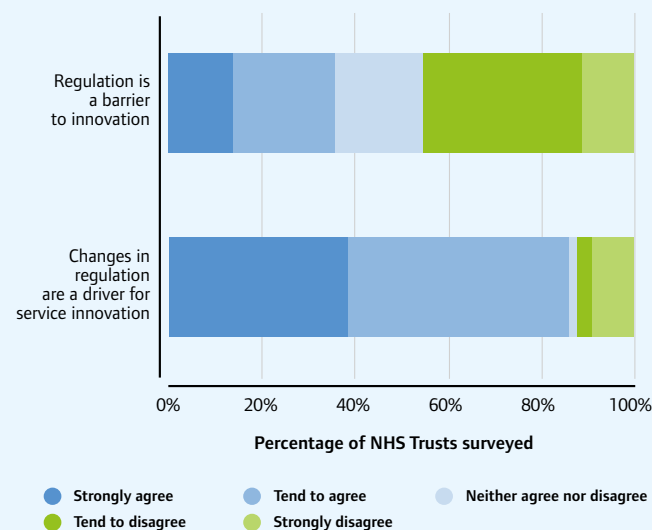
In Local Government, regulation is viewed as a double-edged sword, acting as both a barrier and a driver of innovation.

In the NHS, regulation is generally viewed as more of a driver of innovation.

A: Local Government



B: NHS

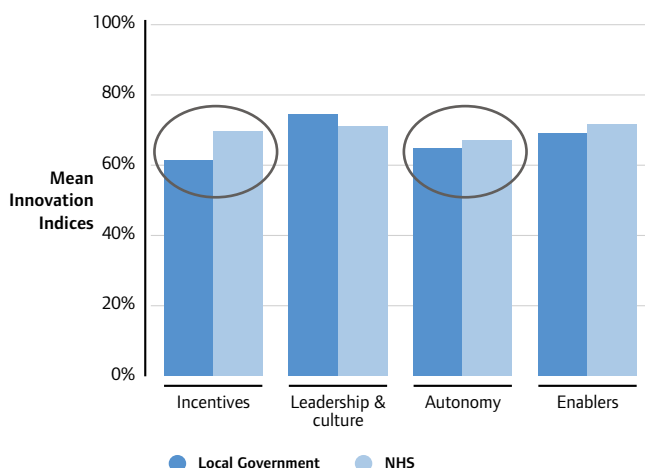


Source: Survey questions 38f, 43a.

2.5 The Index helps understand the impact of autonomy – the pilot study has identified lessons from the NHS model of Foundation Trust development

The highest potential opportunities to improve the conditions for organisations to innovate are their incentives and autonomy (Figure 9).

Figure 9: Wider sector conditions indicators across the NHS and Local Government



The index explores the impact of different aspects of autonomy.

The survey results suggest that NHS Foundation Trusts (FTs) are more innovative (across all indicators) than non-Foundation Trusts (non-FTs) (Figure 10a and 10b).²⁹

Figure 10a: Innovation indicators for Foundation Trusts and non-Foundation Trusts

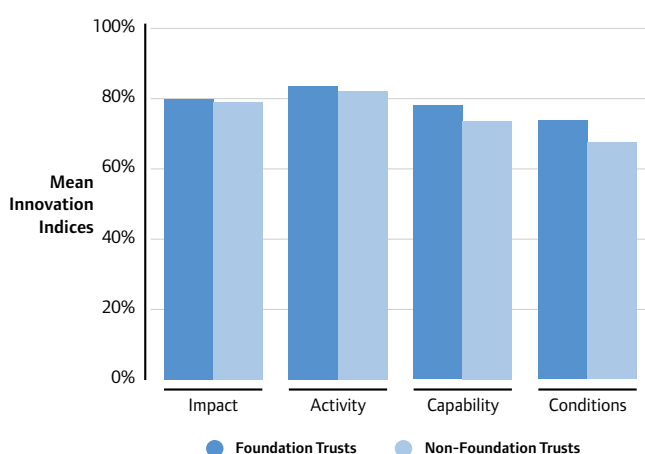
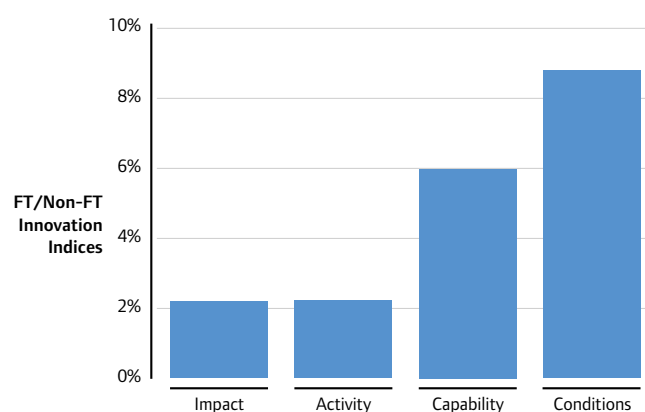


Figure 10b: The percentage difference between the indices shown in Figure 10a

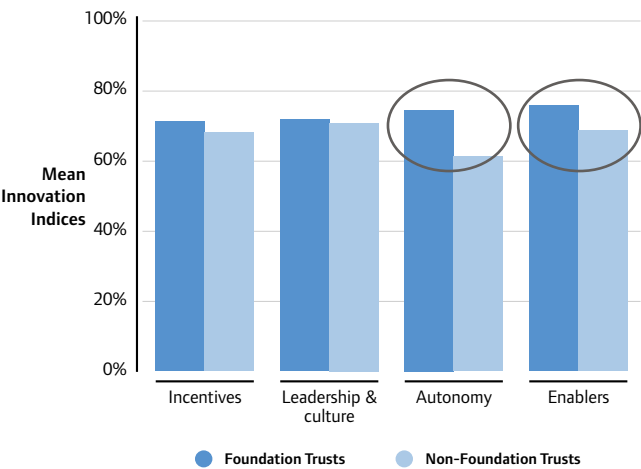


The results suggest that the biggest differences are in the conditions for Foundation Trusts to be innovative (incentives, autonomy, leadership and culture, and enablers) and that they have greater capability to innovate (management of innovation, leadership and culture, organisational enablers). However, the relative differences in conditions and capabilities for Foundation Trusts to innovate appears to not yet be fully translating into their innovation activities and impact on performance.

²⁹ Overall innovation scorecard indices (see Appendix 4).

The survey results suggest that the key differences in sector conditions between Foundation Trusts and non-Foundation Trusts are their relative autonomy and access to enablers of innovation (Figure 11).

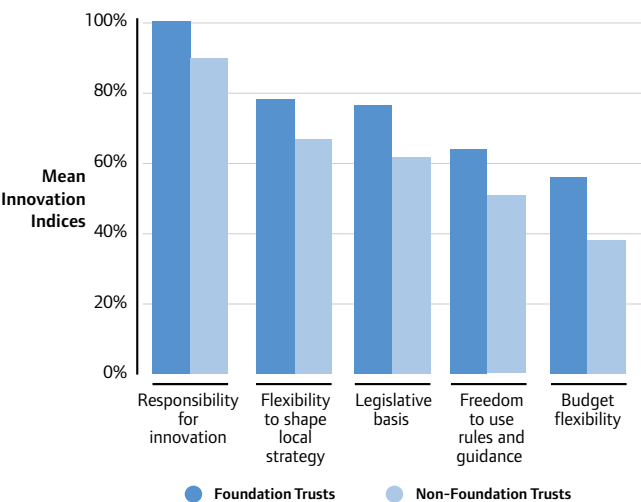
Figure 11: Wider sector conditions indicators for Foundation Trusts and non-Foundation Trusts



Please also note that the survey results suggest that there is very little difference in the incentives for Foundation Trusts to innovate, compared to non-Foundation Trusts and no difference in the impact of sector leadership and culture.

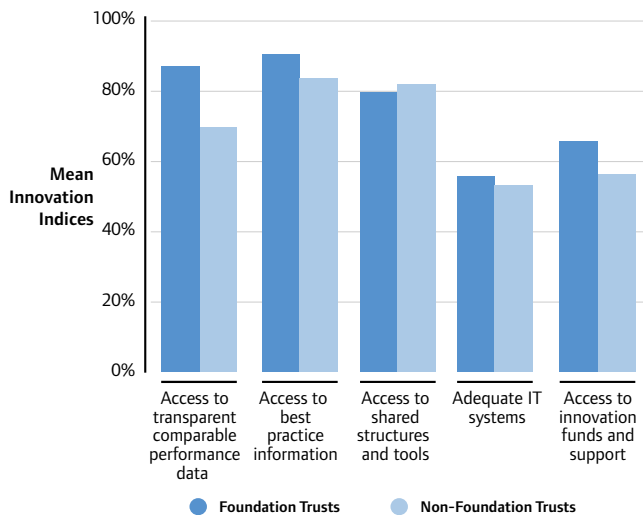
The different aspects of autonomy show consistent differences. Please also note the profile across the different aspects of autonomy explored through the index.

Figure 12: Comparison between Foundation Trusts and non-Foundation Trusts across autonomy indicators



A comparison of access to different enablers of innovation suggests that there are key differences across access to comparable performance data, best practice information and innovation funds and support. Note also the consistently relatively inadequate IT systems.

Figure 13: Comparison between Foundation Trusts and non-Foundation Trusts across enablers indicators



Finally, the biggest differences in the 'capability' to innovate between Foundation Trusts and non-Foundation Trusts are the 'leadership and culture' indicators (particularly 'vision and spirit of senior managers' and 'attitudes to risk taking and learning').

Discussion of the above results with health sector representatives suggests that the above differences could possibly be explained by the attitudes and capabilities developed as non-Foundation Trusts progress through the Foundation Trust accreditation process.

The above results tentatively suggest that there are lessons from the NHS model of Foundation Trust development that could possibly be applied elsewhere in the public sector as well as lessons on how the impact of Foundation Trust development can be improved within the NHS.

Part 3: Pilot findings: what the survey tool tells us about how public sector organisations are managing innovation

This section contains additional key pilot survey findings for the participating public sector organisations.

3.1 Those organisations with innovation strategies have consistently higher innovation indices

The survey results suggest that, overall, those participating organisations with innovation strategies are more innovative (across all indicators) than those organisations without (Figures 14a and 14b).

Figure 14a: Innovation indicators for organisations with innovation strategies and those without

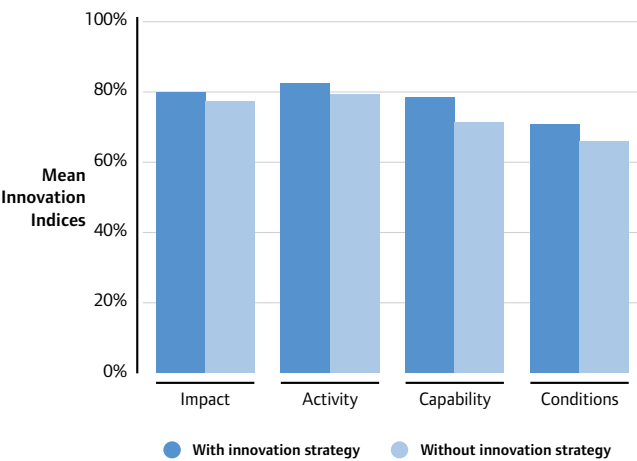
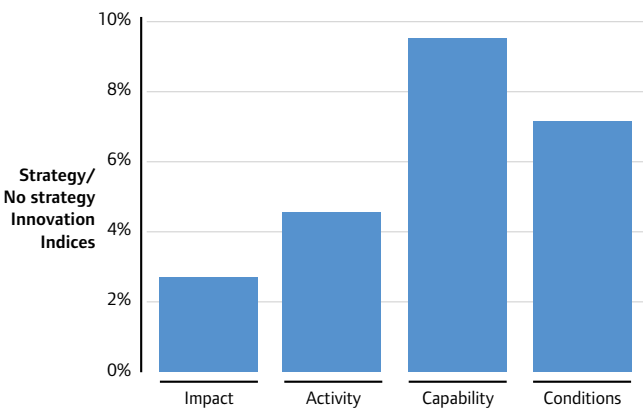
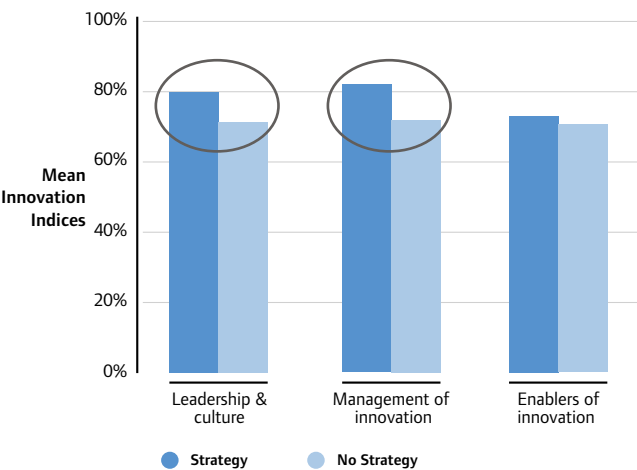


Figure 14b: The percentage differences between the indices shown in Figure 14a



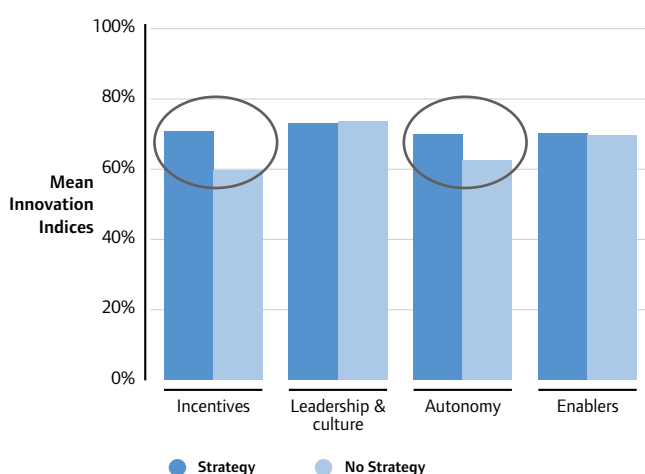
For those organisations with innovation strategies, capability indicators in particular are all higher. This is mostly due to higher ‘leadership and culture’ factors (including the prioritisation of innovation) but also capabilities in the ‘management of innovation’ (Figure 15).

Figure 15: Capability indicators for organisations with innovation strategies and those without



Perceptions of the wider sector conditions for innovation (of the surveyed organisations with innovation strategies) is higher – due to reported relatively high levels of incentives and autonomy compared with those organisations without innovation strategies (Figure 16).

Figure 16: Wider sector conditions indicators for organisations with innovation strategies and those without



Please note that the ‘activity’ indicators are also higher for the group of surveyed organisations with innovation strategies, which suggests that innovation capability is impacting levels of actual innovation activity in organisations.

The rest of this section shows what the pilot survey results tell us about the surveyed organisations’ capabilities to innovate: how well they are managing and leading innovation in their organisations.

3.2 However there is a lack of systematic approach to managing innovation across the surveyed organisations

Thirty-seven per cent of surveyed organisations (28 per cent of Local Authorities and 53 per cent of NHS Trusts) reported having an innovation strategy as part of the overall strategy of the organisation.³⁰

Sector representatives suggested that the higher numbers of NHS Trusts reporting having an innovation strategy could be due to innovation being an explicit part of the national, regional and local NHS strategy through the Quality, Innovation Productivity and Prevention agenda (QIPP).³¹

Low levels of innovation strategies are underpinned by a lack of ‘management indicators’ – particularly the existence of specific funding and objectives for innovation (Figures 17a and 17b).

Figure 17a: Local Government

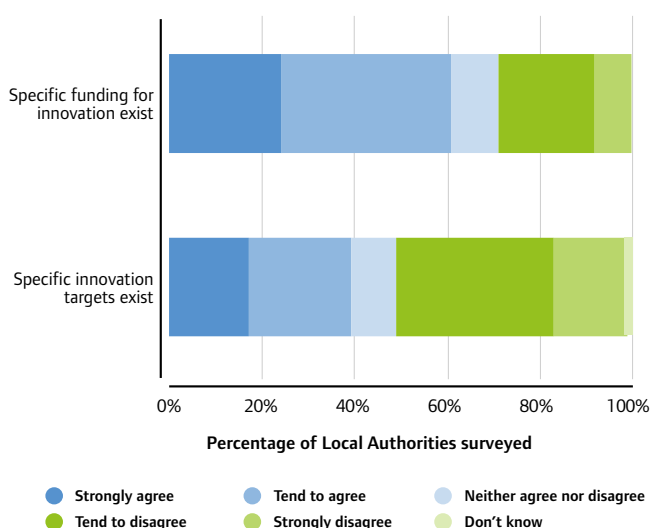
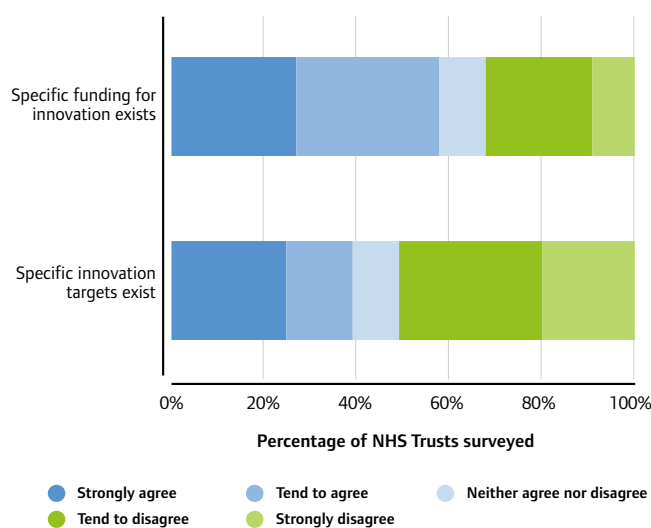


Figure 17b: NHS



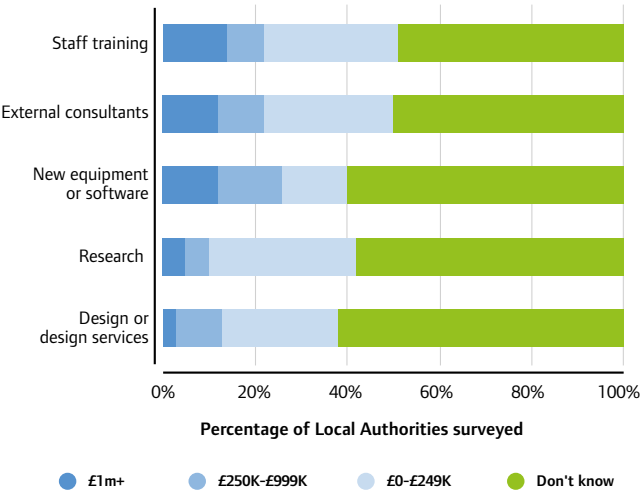
Source: Survey questions 38a, 38b.

30. Survey question 36.

31. www.dh.gov.uk/en/Healthcare/Qualityandproductivity/index.htm

Surveyed participants also showed a lack of awareness of levels of different types of investment in innovation activities (Figures 18a and 18b).

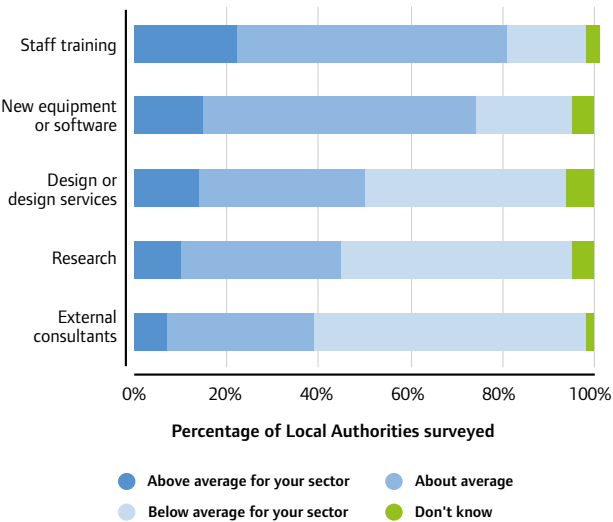
Figure 18a: Investments in innovation activities – Local Government



Source: Survey question 37.

Though they did have perceptions of spend relative to their sector (Figures 19a and 19b).

Figure 19a: Perceptions of investments in innovation activities – Local Government



Source: Survey questions 14a,b,c,d,e.

Figure 18b: Investments in innovation activities – NHS Trusts

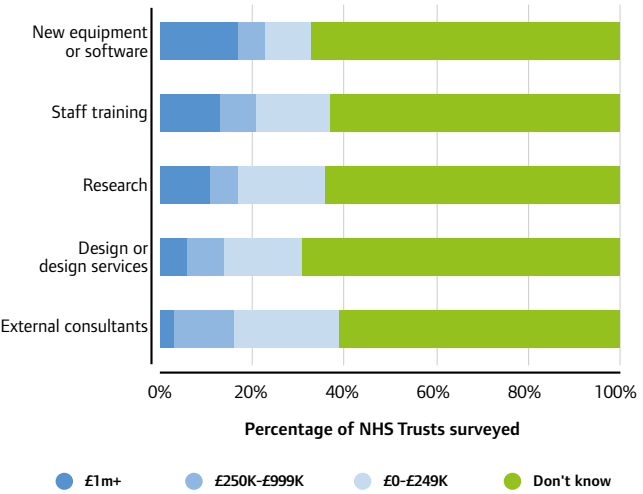
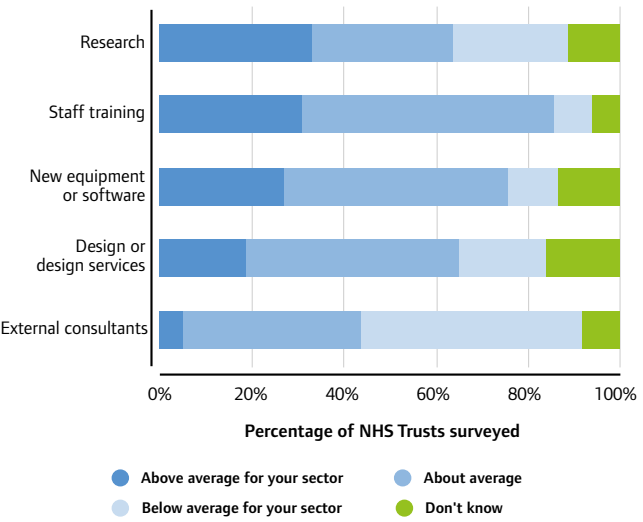


Figure 19b: Perceptions of investments in innovation activities – NHS Trusts



Similarly, whilst self-assessments of governance effectiveness seem encouraging (Figures 20a and 20b).

Figure 20a: Self-assessment of governance effectiveness – Local Government

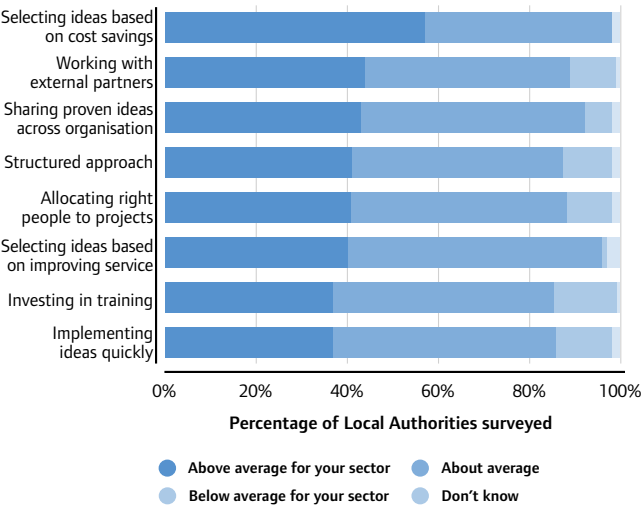
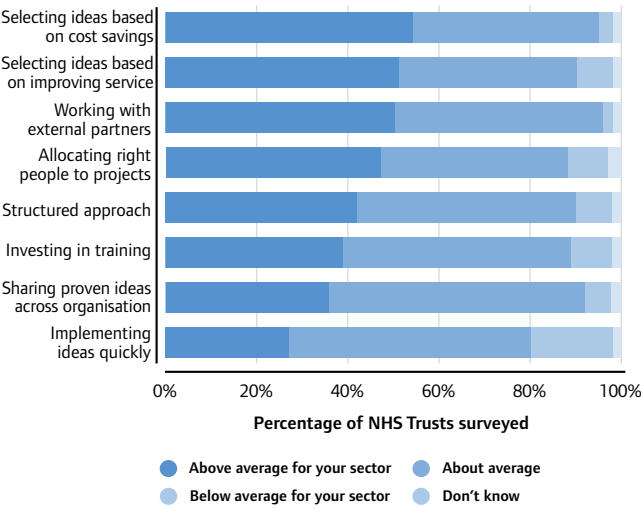


Figure 20b: Self-assessment of governance effectiveness – NHS



Source: Survey questions 24a,b,c,d,e,f,g,h.

The results of more objective governance indicators surveyed are mixed (Figures 21a and 21b).

Figure 21a: Local Government

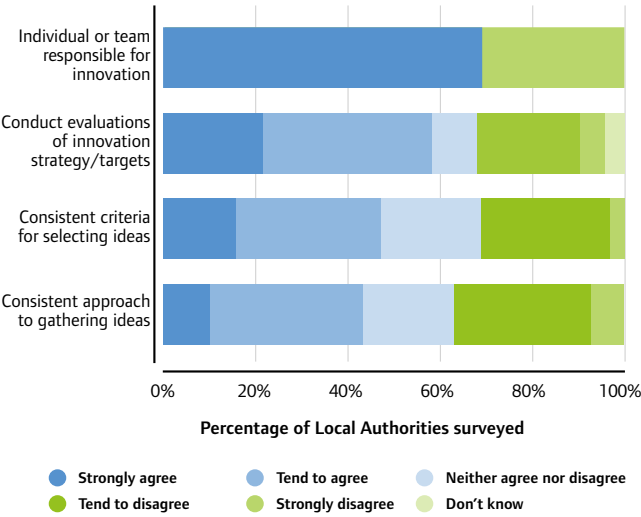
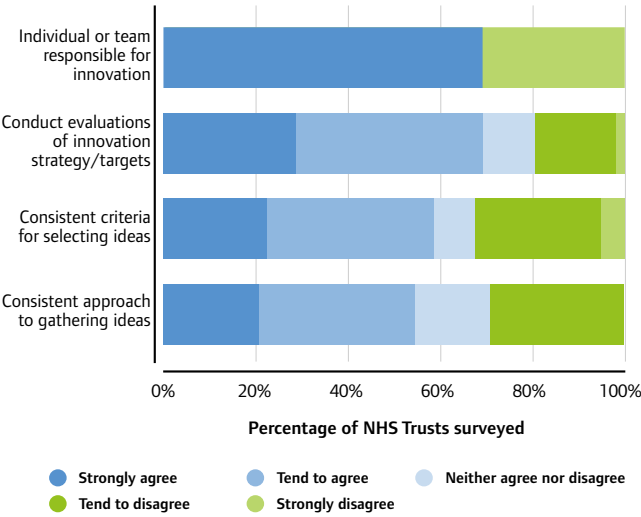


Figure 21b: NHS



Source: Survey questions 23b, 23c, 34, 38c.

3.3 Leaders are expected to create the conditions for teams to innovate

The survey findings suggest that senior leadership is expected to drive innovation and that these teams are viewed as relatively stable (Figures 22a and 22b).

Figure 22a: Expectation and stability of senior leadership – Local Government

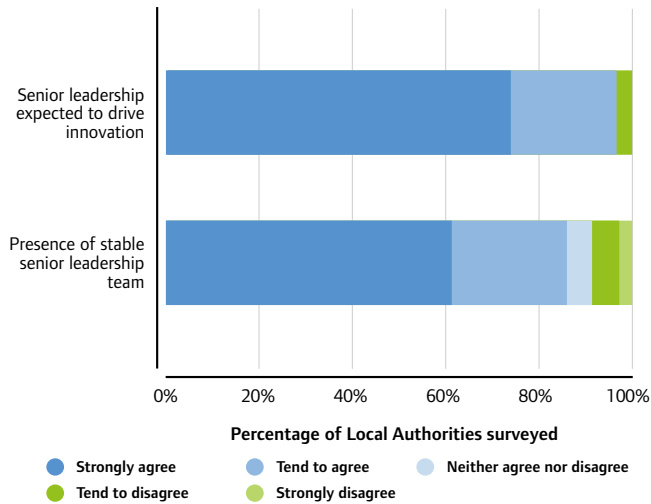
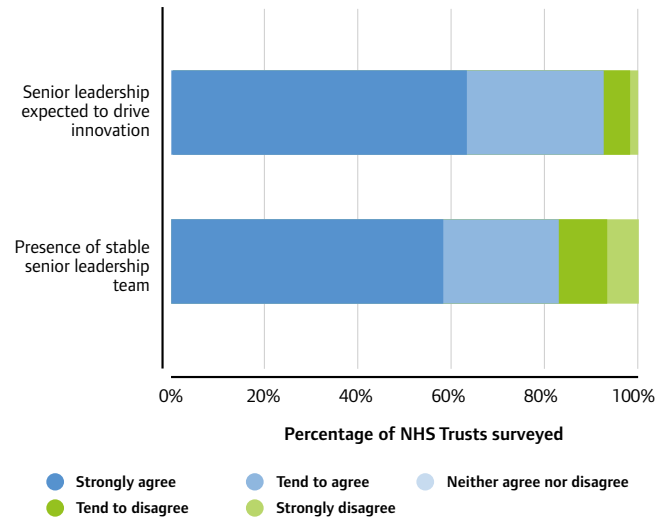


Figure 22b: Expectation and stability of senior leadership – NHS



Source: Survey questions 39d, 39e.

Survey results suggest that managers give high priority to developing new ways of working, and supporting the trial and error testing of new ideas. Also, that staff understand the value of innovation (Figures 23a and 23b).

Figure 23a: Cultural indicators of innovation – Local Government

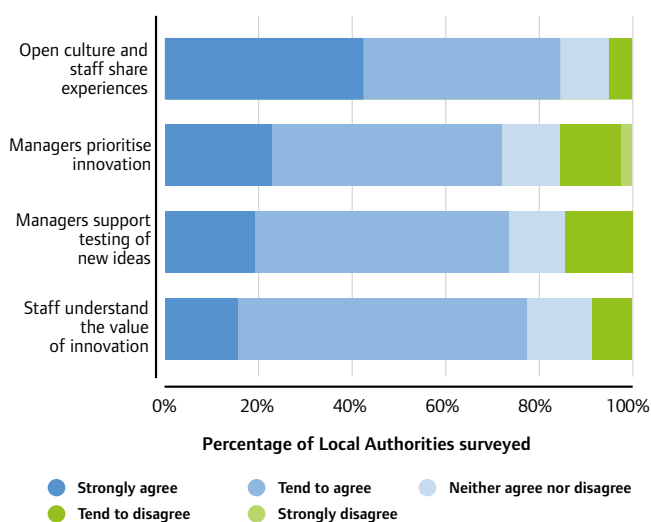
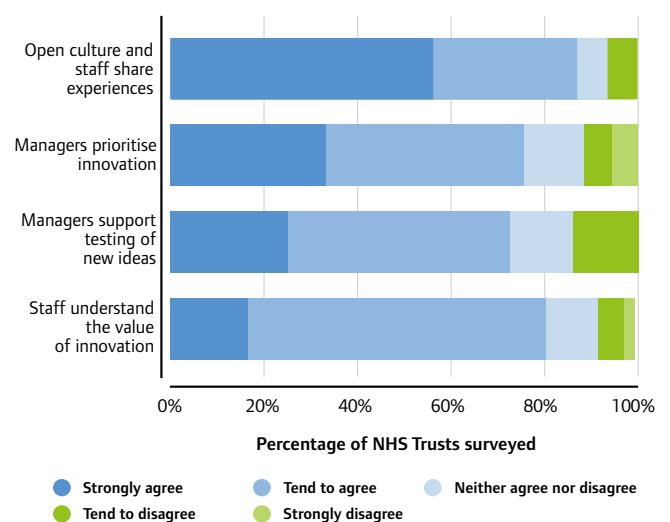


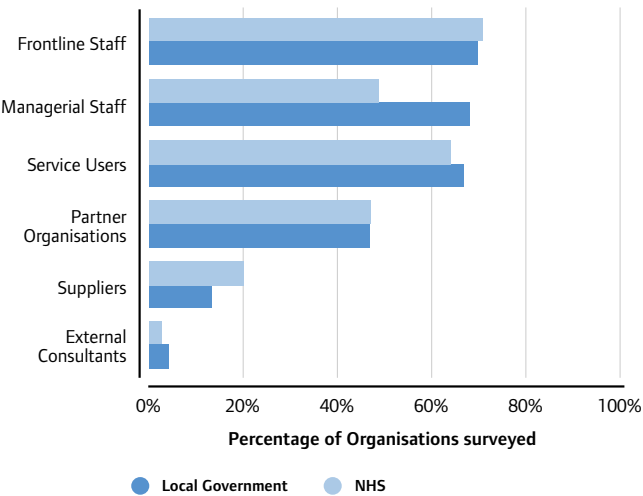
Figure 23b: Cultural indicators of innovation – NHS



Source: Survey questions 23f, 39a, 39b, 40a.

Managers appear to pay high levels of attention to the views of front line staff, middle managers and service users (Figure 24).

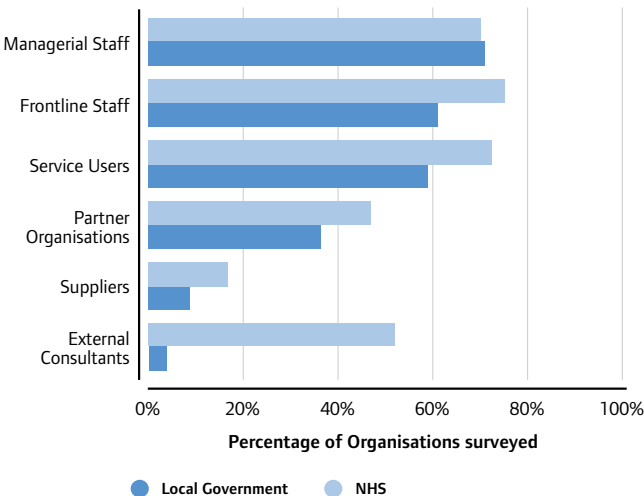
Figure 24: Most important sources of ideas



Source: Survey questions 21a,d,e,f,g,h.

And when it comes to developing ideas, the most important people to involve changes slightly (Figure 25).

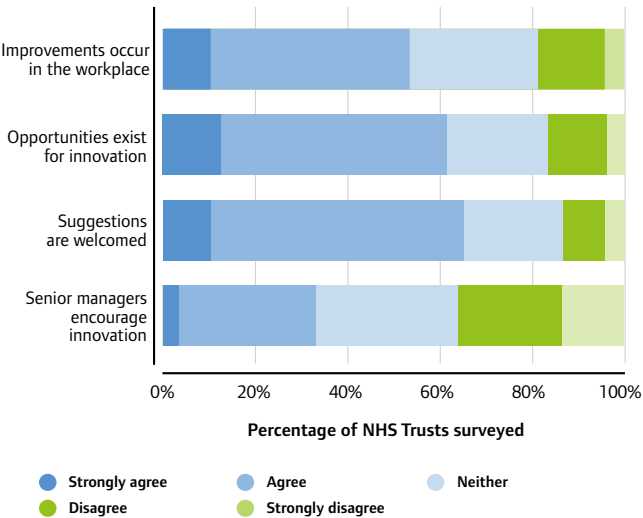
Figure 25: Most important people involved in development of ideas



Source: Survey questions 30a,b,d,e,f,g.

However, it is useful for organisations to validate survey findings alongside other cultural indicators. As an example, for the NHS, the staff survey results are less favourable (Figure 26).

Figure 26: Cultural indicators of innovation – NHS Staff survey results



Source: NHS Staff Survey 2009, Questions 16c, 22 a-c.

Over three-quarters of surveyed organisations stated that they conducted pilot testing for significantly improved service in the last three years and almost all used multi-disciplinary project teams from different departments.³² However, the survey results suggest that project teams can be given more freedom to solve problems (Figures 27a and 27b).

Figure 27a: Team freedoms – Local Government

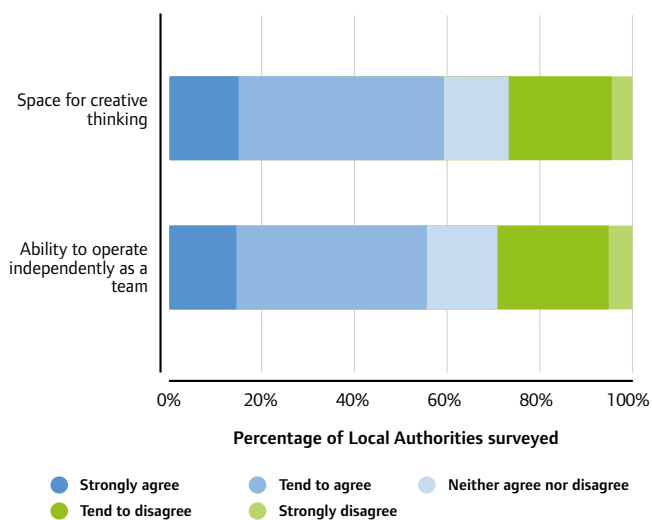
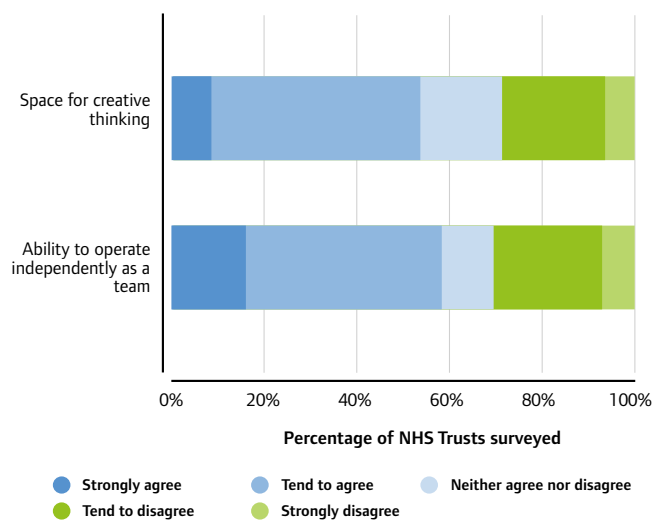


Figure 27b: Team freedoms – NHS



Source: Survey questions 28c, 39g

The survey results also suggest that funding, skills and time allocated for innovation projects can be improved (Figures 28a and 28b).

Figure 28a: Local Government

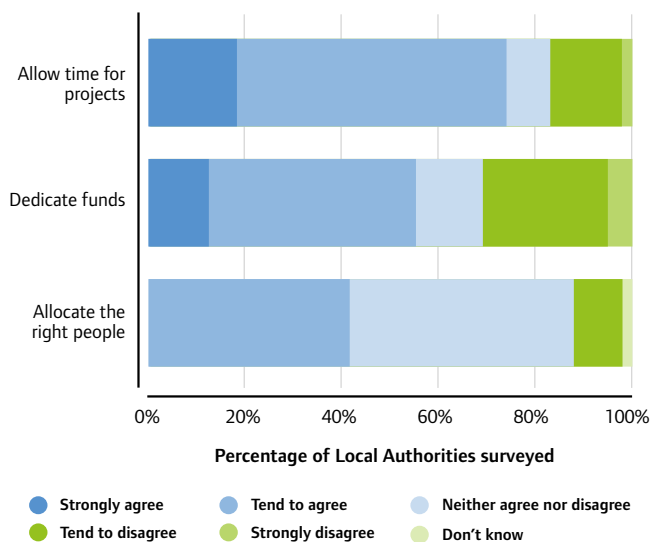
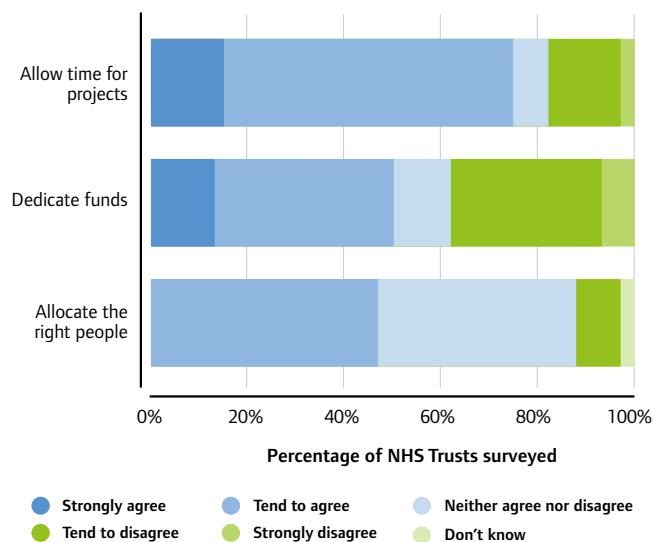


Figure 28b: NHS



Source: Survey questions 24f, 28g, 28h

32. Survey questions 11e, 27, 28a, 28b.

3.4 Critical organisational enablers of innovation should be recognised and improved where necessary

Critical organisational enablers of innovation are management information, connectedness (internally and externally), access to support and skills, the use of incentives and rewards and the quality of ICT (information and communications technology) infrastructure. The survey findings suggest that some aspects are better than others.

The use of management information appears to be effective (Figures 29a and 29b).

Figure 29a: Local Government

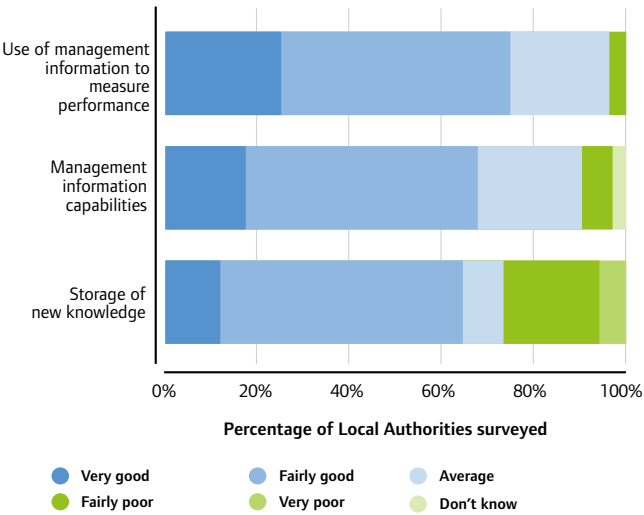
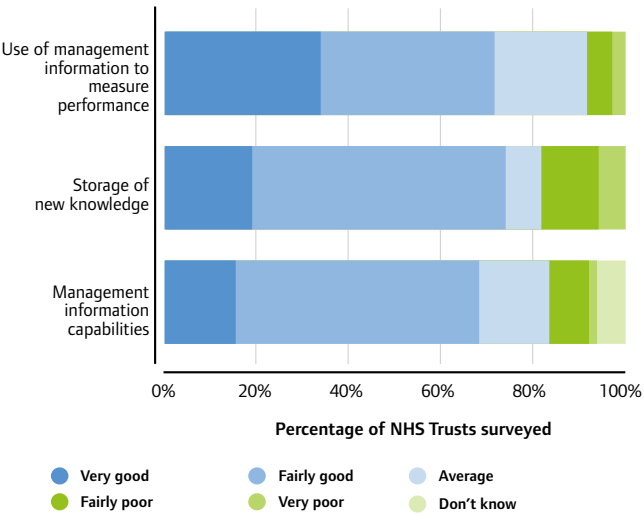


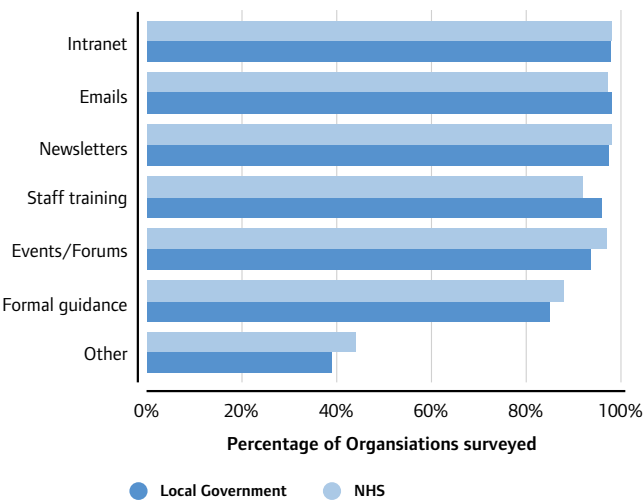
Figure 29b: NHS



Source: Survey questions 12a, 12b, 23a.

A range of diffusion methods are used which are important aspects of internal connectedness (Figure 30).

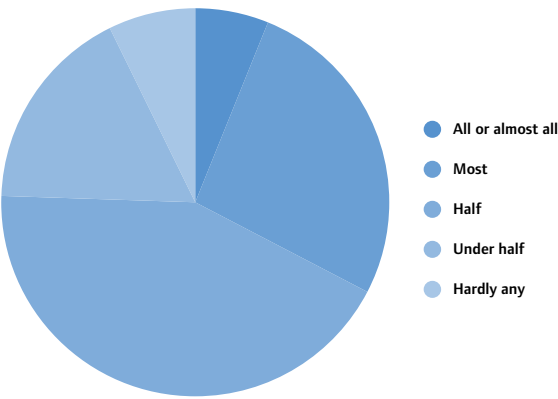
Figure 30: Internal diffusion methods used



Source: Survey questions 31a,b,c,d,e,f,g.

External connectedness is important because the majority of ideas are sourced externally (all surveyed organisations) (Figure 31).

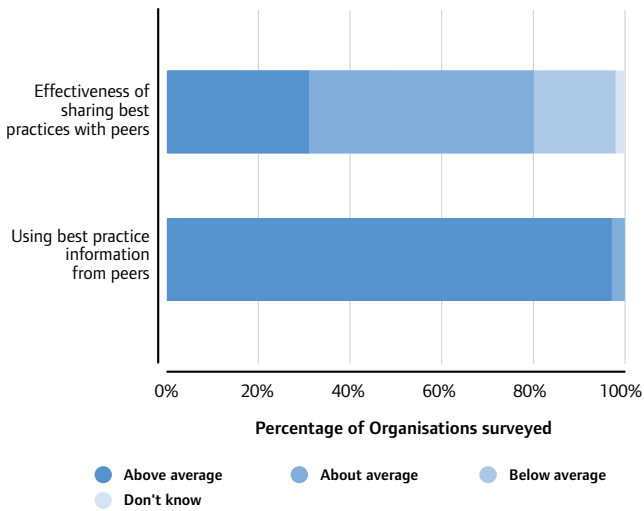
Figure 31: Innovation from ideas developed externally



Source: Survey question 16.

However despite high levels of use of best practice information (from similar organisations), sharing of ideas can be improved (Figure 32).

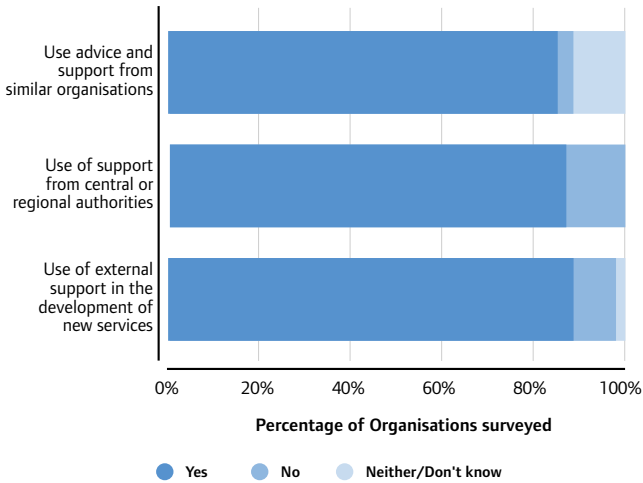
Figure 32: External connectedness



Source: Survey questions 15c, 22b.

Access to external support is good from a range of bodies (Figure 33), although sector representatives commented that over-reliance can be risky.

Figure 33: Access to support from external bodies and organisations



Source: Survey questions 17a, 23g, 29.

However, access to funding, as well as the use of team-based incentives and rewards, can be improved within organisations (Figures 34a and 34b).

Figure 34a: Local Government

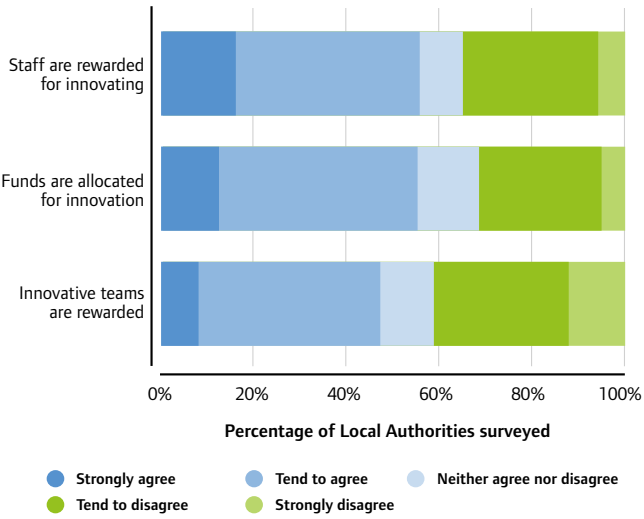
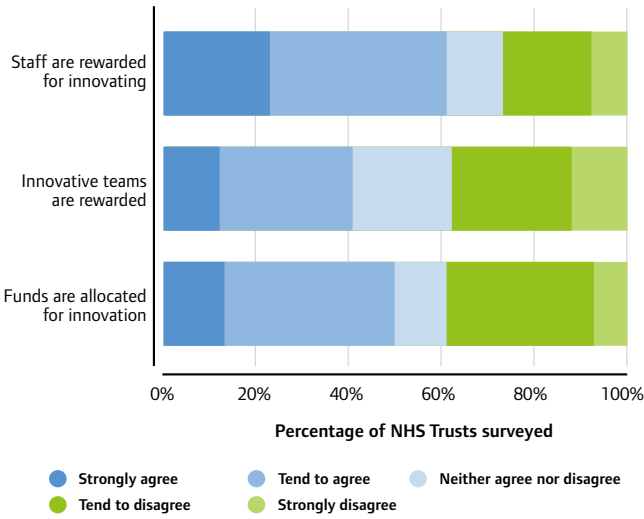


Figure 34b: NHS



Source: Survey questions 40b, 28f, 28h.

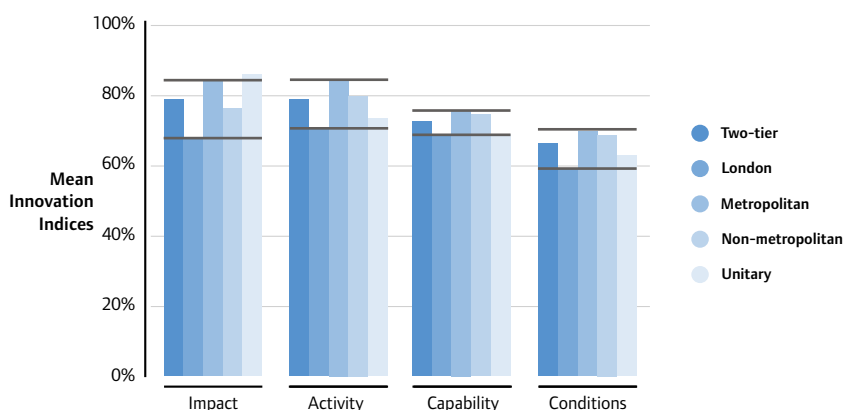
Part 4: Pilot findings: additional findings for policymakers and researchers

This section contains additional survey findings for policymakers, researchers and others who have roles improving the conditions for innovation in the public sector.

4.1 Additional findings for local authorities – the index findings suggest potential differences across types of authorities

Analysis of the innovation indices across the different types of participating local authorities suggests that the biggest differences might exist between participating London Boroughs and Metropolitan District Authorities, with Metropolitan District Authorities showing higher relative levels of innovation indices, in particular across impact and activity indicators (Figure 35).

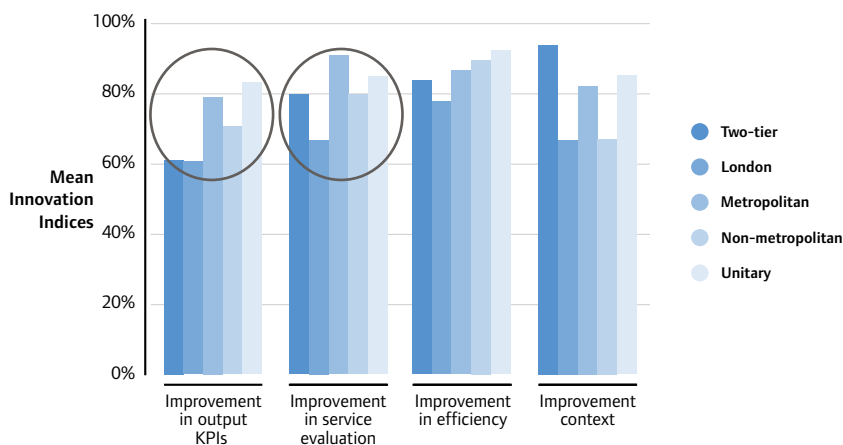
Figure 35: Innovation indicators across types of Local Authority



Drilling down in to these indicators suggests the following:

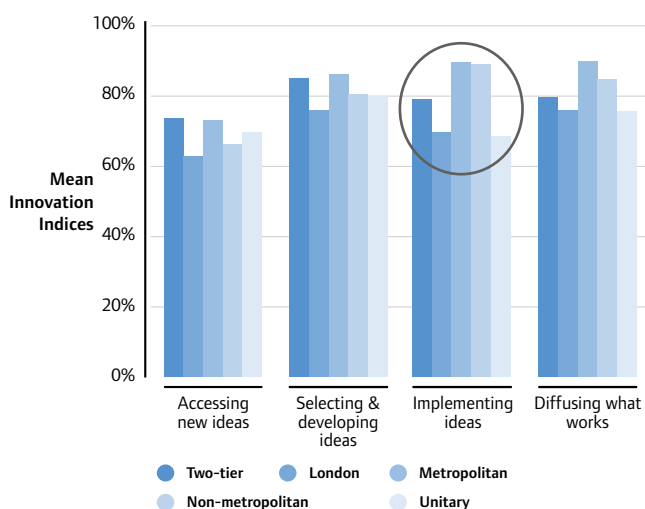
The key difference in the reported impact of innovation is due to differences in the improvements in indicators of organisational performance and service evaluation (Figure 36).

Figure 36: Impact indicators across types of Local Authority



The key difference in the reported innovation activity is due to differences in the levels of implementation (Figure 37).

Figure 37: Activity indicators across types of Local Authority



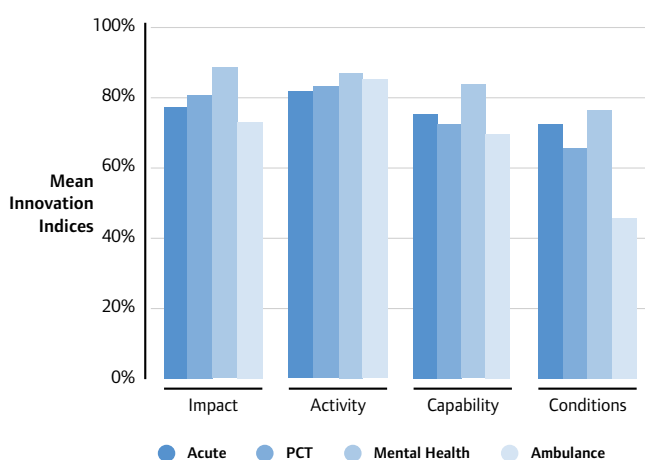
Please also note that the activity indicators are consistently among the highest for the surveyed Metropolitan District Authorities.

The feedback received from Local Government policy officials and sector representatives was that it would be particularly helpful to be able to compare the innovation index results with other data sets. Examples of how this activity might be performed separately are presented in section 4.4.³³

4.2 Additional findings from the NHS – the index findings suggest that there are useful lessons from Mental Health Trusts that could be applied elsewhere in the public sector

A comparison of the innovation indices across the different types of participating NHS Trusts, suggests that Mental Health Trusts seem to be relatively more innovative than other types (Figure 38).³⁴

Figure 38: Innovation indicators across types of NHS Trust



³³. Please note that these are intended as examples of how the survey findings might be used and the results themselves should not be used for other purposes.

³⁴. For a full breakdown of the indices for Mental Health Trusts, please see Appendix 6, Section 2.

The results suggest that the biggest differences are the capabilities and the conditions in which Mental Health Trusts operate, relative to others.

Capability indices were consistently higher: management of innovation, leadership and culture, and organisational enablers.

Some aspects of the conditions for Mental Health Trusts scored more highly: leadership and culture, and autonomy.

Note: all the Mental Health Trusts surveyed had a new or significantly changed strategy in the last three years (this context influenced the rating for the impact of innovation).

Feedback so far has strongly re-inforced:

- The relative freedoms that Mental Health Trusts have together with similarly high degrees of staff autonomy.
- The close involvement of patients in service delivery.
- Collaborative ways of working that are cross-organisational and multidisciplinary.
- Professional and managerial philosophy including less hierarchical levels.

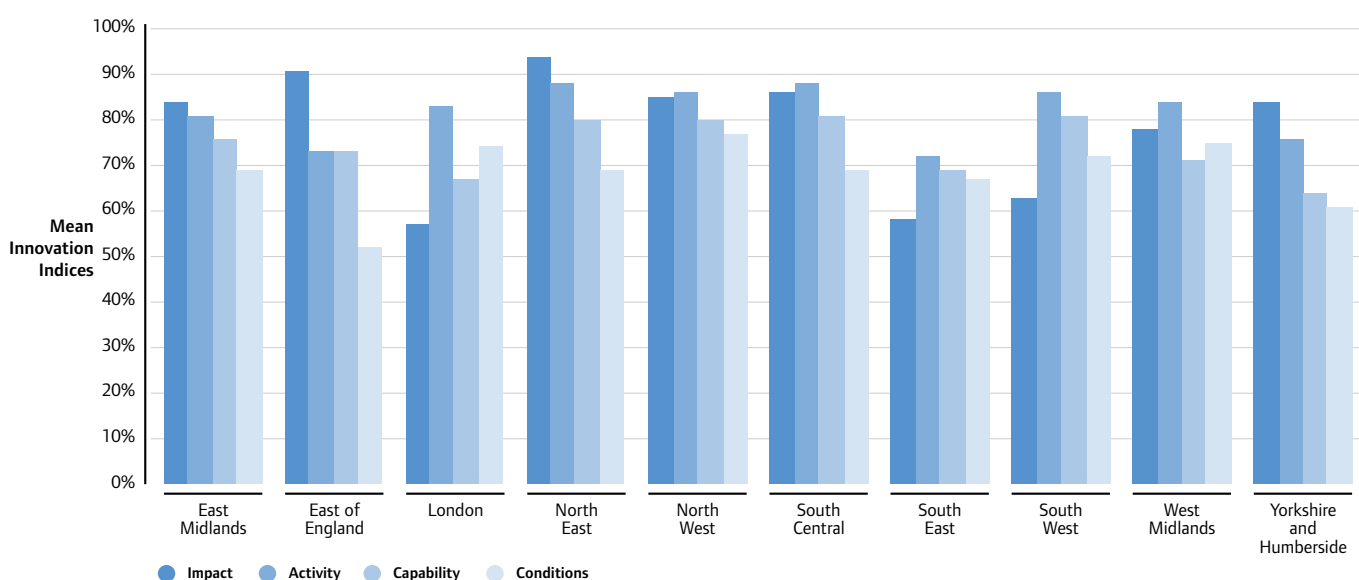
These observations are supported by independent staff survey findings (mentioned earlier) relating to Mental Health Trusts.

Figure 38 also suggests that the conditions for innovation are least favourable for Ambulance Trusts (please note that we interviewed three out of 12 Ambulance Trusts). The scorecard results confirm that the associated 'conditions' innovation indicators are indeed consistently lower compared to other types of trust.

Finally, as well as comparing innovation indices across different types of participating NHS Trusts, we also compared indices across regions.

Figure 39 shows that we found no major differences between the participating trusts across the Strategic Health Authority regions.

Figure 39: Regional comparison of innovation indicators in the NHS



4.3 Final additional findings for policymakers – the index findings suggest that short-termism and restructuring hinder organisations from innovating

The survey findings suggest that a short-term focus on rapid return on investment hinders organisations' ability to innovate.

The charts below suggest that despite good wider leadership and cultural indicators supporting innovation, a short-term focus hinders ability to innovate. This suggests that certainty about medium-term organisational strategic objectives might be required – particularly in the NHS (Figure 40a and 40b).

Figure 40a: Wider leadership and cultural indicators – Local Government

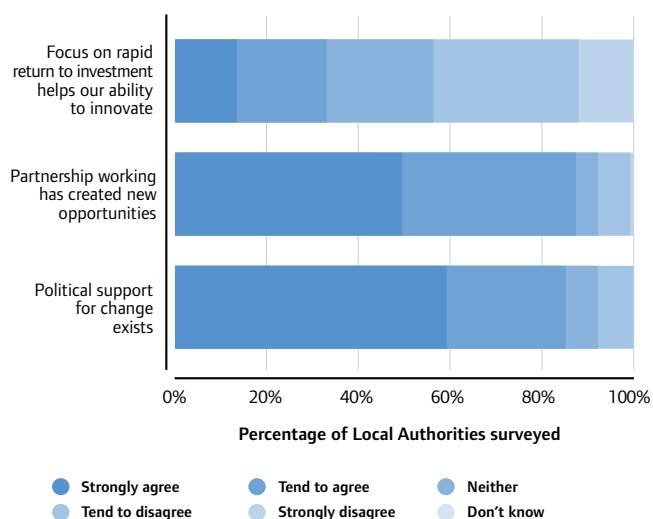
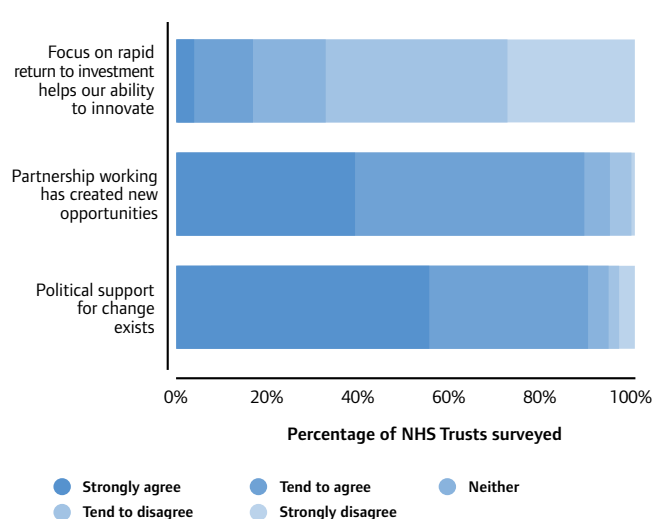


Figure 40b: Wider leadership and cultural indicators – NHS



Source: Survey questions 39c, 42k, 43c

The survey findings also suggest that although different attitudes to re-structuring exist across the two surveyed sectors (which could partly be due to the timing of the survey for NHS participants³⁵) the majority of surveyed participants considered that re-structuring hinders more than helps their ability to innovate.

Figures 41a and 41b show that almost three-quarters of NHS participants and a third of Local Authority participants considered that restructuring hinders their ability to innovate. Another third of Local Authority participants also stated that restructuring neither helps nor hinders their ability to innovate.

Figure 41a: Local Government

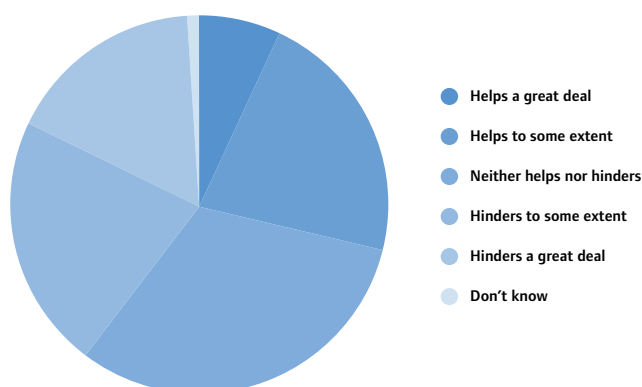
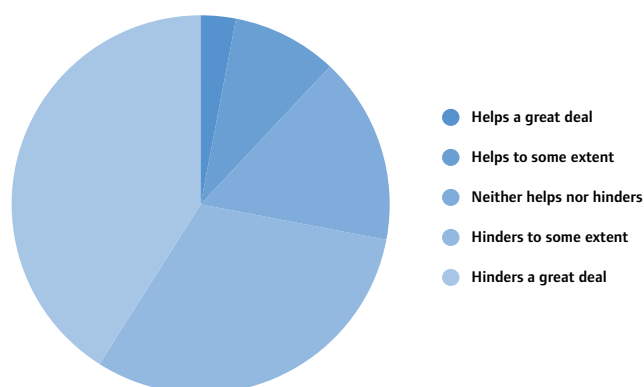


Figure 41b: NHS



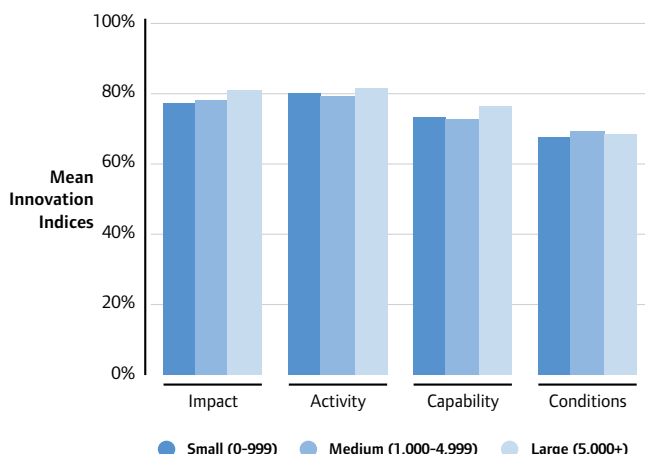
Source: Survey question 42j.

35. We conducted the pilot survey in the two month period during the summer of 2010, from 21st July to 24th September. This was in the period following the General Election (May 6th) and just after the publishing of the NHS White Paper (12th July).

The survey findings also suggest that there are not significant differences in innovation indices across the sizes of the surveyed organisations.

Figure 42 shows that any differences due to the size of the surveyed organisations are relatively minor. The results suggest that the relatively large organisations surveyed have slightly higher levels of innovation capability. This is due to consistently marginally higher indices across all aspects of innovation capability.³⁶ This suggests that these larger organisations have a marginally more systematic approach to innovation.

Figure 42: Innovation indicators for different sizes of organisations



Please note that although conditions for innovation are broadly similar for all sizes of public sector organisations, ‘Leadership and culture’ conditions are more supportive in the relatively smaller organisations.³⁷ In particular, this is due to ‘attitudes to collaboration/working across organisational boundaries’.

4.4 Examples of future application of the Index as a tool for policy development

In this section we provide examples of how the findings from the Index can form useful ingredients, when combined with other data, of the policy development process. Please note that these are examples of how the survey findings might be used and the presentation of the results themselves should not be used for other purposes or be interpreted as causal relationships between the framework dimensions and other factors.

Example 1 – Exploring variations in innovation across Local Authorities relative to the number and range of services provided

As people involved (from policymakers and researchers to leaders of local government organisations) in considering new types of service providers or carving out provision of some services, they might seek to consider the impact of the number and range of services provided on the innovation in the affected organisations. For example, by focusing on fewer numbers or a smaller range of services, are the providers of these services more likely to be able to innovate?

Table 2 shows how the innovation indices for the surveyed Local Authorities could contribute to such wider questions. The data could begin to be analysed by comparing to the number and range of services provided.

36. Please refer to Appendix 6, Section 6 for more information.

37. Ibid.

The services provided across the different types of Local Authorities can be broken down as shown below.

Table 2: Breakdown of services offered by different types of Local Authority

Services	London Area		Metropolitan Districts	Unitary Authorities	Non-Metropolitan	Two-tier 'shire' Counties
	City of London	London Boroughs				
Education	x	x	x	x		x
Social Services	x	x	x	x		x
Housing	x	x	x	x	x	
Police	x					
Fire						x
Environmental Health	x	x	x	x	x	
Waste Collection	x	x	x	x	x	
Waste Disposal	x	x	x	x		x
Planning Applications	x	x	x	x	x	
Highways	x	x	x	x		x
Passenger Transport				x		x
Transport Planning	x	x	x	x		x
Leisure & Recreation	x	x	x	x	x	
Libraries	x	x	x	x		x
Strategic Planning	x	x	x	x		x
Local Taxation	x	x	x	x	x	

Source: Ernst & Young Local Government team.

Figure 43a compares the innovation indices for those authorities with a relatively higher number and range of services. Figure 43b compares the innovation indices for those authorities with a relatively lower number and range of services.

Figure 43a: Innovation indicators for London Boroughs (Inner and Outer), Unitary and Metropolitan Authorities

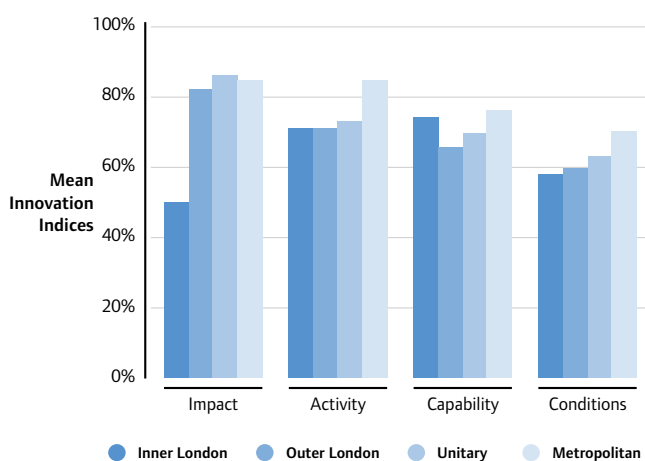
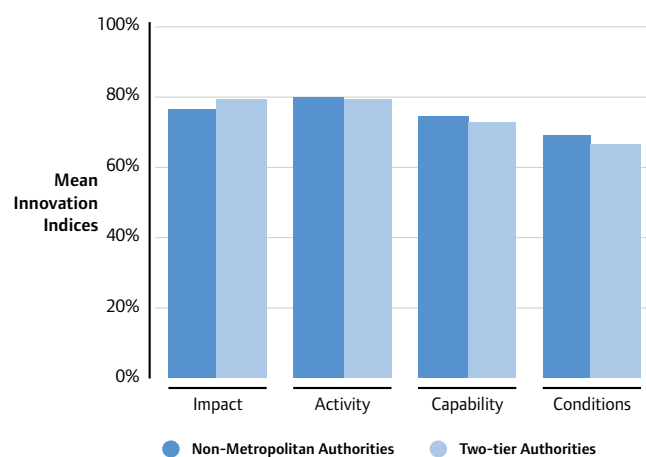


Figure 43b: Innovation indicators for non-Metropolitan and two-tier Authorities



Such results suggest that there could be greater variability in organisational innovation where there are a greater number or range of services provided. In turn, this could suggest that the risk or opportunity for innovation varies depending on the number or range of services a Local Authority provides.

Example 2 – Exploring variations in innovation across Local Authorities relative to levels of deprivation

An important policy question could consider how innovation varies according to patterns of deprivation across the country: policymakers might seek to identify opportunities where innovation activity could be better targeted and if the impact of innovation is where it can be most effective.

Figures 44 and 45 provide examples of how Local Authority innovation activity and impact indices could be mapped with levels of deprivation. Similar, more detailed, analyses could be performed focusing on specific types of innovation activity from the index survey data gathered.

Innovation activity in the surveyed Local Authorities³⁸ is spread across areas of deprivation³⁹ as shown in Figure 44.

The clustering towards the top left of the chart suggests that innovation activity might currently be concentrated on Local Authority geographic areas of lower levels of deprivation.

The impact of innovation in the surveyed Local Authorities is spread across areas of deprivation as shown in Figure 45.

Similarly, the lack of clustering towards the top right of the chart suggests that innovation efforts might be better targeted on Local Authority geographic areas of higher deprivation.

Figure 44: Comparison of innovation activity against deprivation levels in Local Government

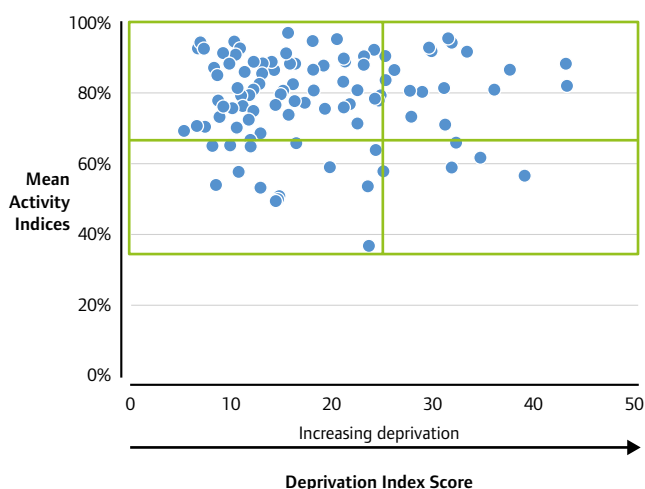
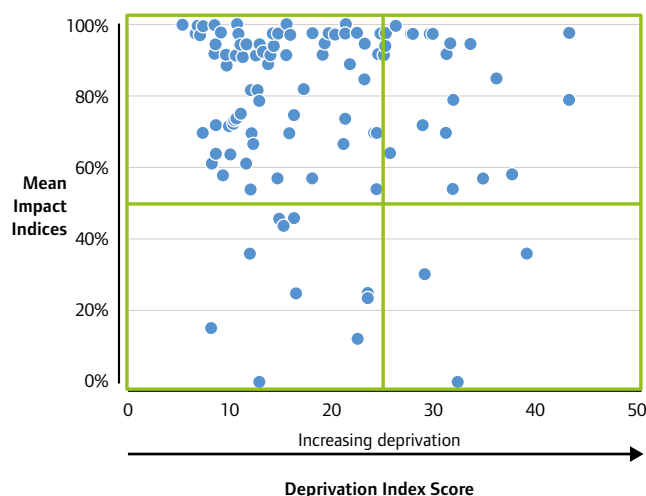


Figure 45: Comparison of innovation impact against deprivation levels in Local Government



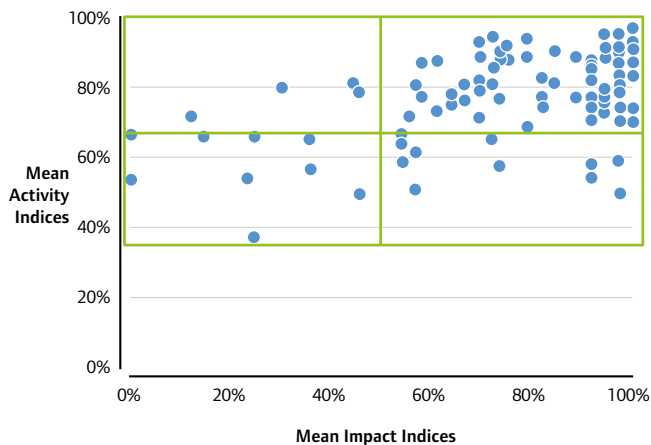
As well as using such methods to provide evidence when considering a re-focusing of innovation efforts, policymakers and local government leaders might also want to ensure that existing innovation activities are having the desired impact. The innovation index data can also be used to identify where existing innovation activities could potentially be having more impact.

A comparison of the activity and impact indices, based on the survey results, is shown in Figure 46. These suggest that certain local authorities (in the top left quadrant) could possibly be achieving greater impact from their innovation activities, whilst lessons could be learned from others (in the bottom right quadrant).

38. Results exist for all survey participants except seven local authorities (total 104).

39. Index of Deprivation Levels 2007, Department of Communities and Local Government National Archive.

Figure 46: Comparison of activity and impact indices in Local Government



Example 3 – Exploring variations in innovation activity across surveyed organisations relative to available performance data

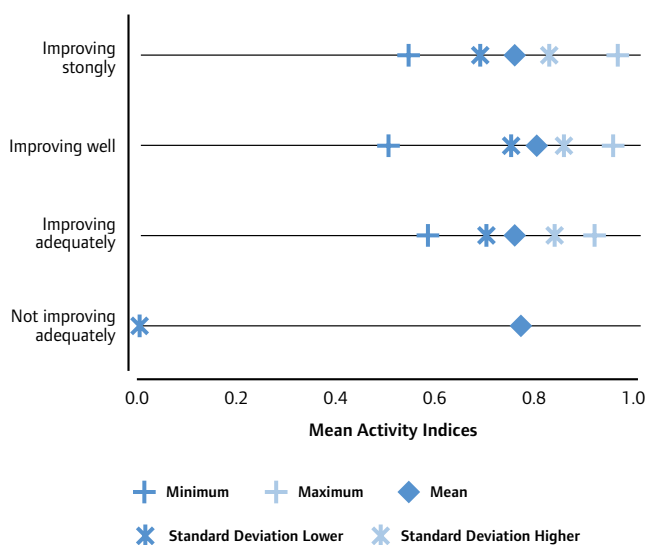
Those people seeking to explore the relationship between innovation activity and impact on independent performance assessments might seek to understand the available data sets and the corresponding insights and limitations such as through the examples below.

We found that the ability to compare the survey findings with available performance data is limited. This could be because innovation is an indicator of future, not current, performance.

Figure 47 compares the (2010) innovation survey results for Local Authorities with (2008) performance improvement data which is available for 48 of the 111 surveyed Authorities.⁴⁰

The chart does not suggest a relationship between historic performance improvement and current levels of innovation.

Figure 47: Comparison of innovation activity and performance improvement for local authorities



40. Audit Commission: 2008 CPA 'Direction of Travel' assessment. 2008 was the last year of this assessment and data exists for Single-Tier and County Councils only (48 of the surveyed organisations).

The examples below are for the NHS.

Figures 48 and 49 compare the (2010) innovation survey results for NHS Trusts with recent (07/08 to 08/09) performance improvement data.⁴¹

At most, they hint that those organisations with worsening or improving performance show greater levels of innovation activity and impact. Those with the same performance show slightly lower levels of innovation activity and impact. This suggests that the impact of recent performance improvement on organisational innovation might be useful to explore further.

Figure 48: Comparison of innovation activity and quality improvement for NHS Trusts

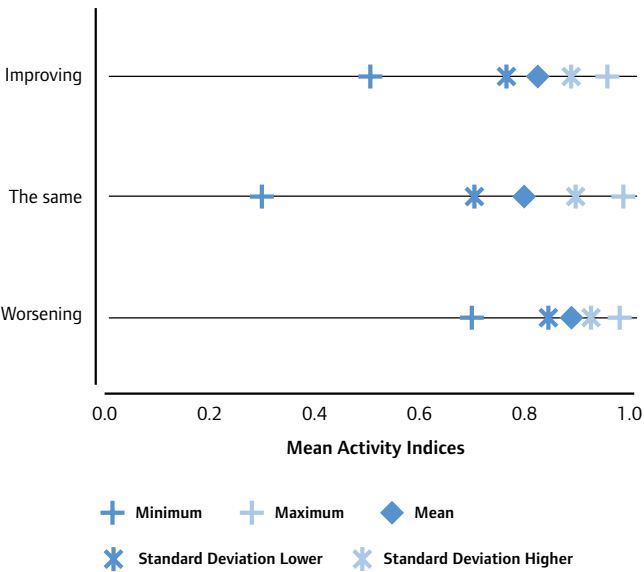
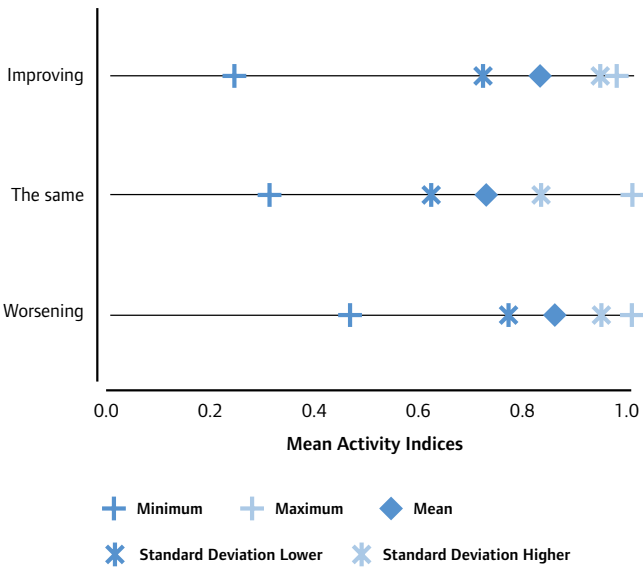


Figure 49: Comparison of innovation impact and quality improvement for NHS Trusts



41. NHS Performance Ratings 2008/09, Care Quality Commission.

Part 5: The lessons and conclusions from our pilot study

5.1 Lessons cover the limitations of a telephone-based survey tool

There are three key lessons that we have taken from the experience of piloting the survey tool using a computer assisted telephone interview approach. This is based on feedback received from survey participants (via email and a small number of participant interviews) and conversations to discuss the tool and the survey findings with stakeholders across the surveyed sectors as well as the broader public sector innovation policy and research community.

1. The first lesson is the need to address engagement and accuracy limitations inherent in a telephone interview-based approach. In particular, we found that this approach limited interviewees' ability to access organisational data (and hence they answered questions based on individual perceptions rather than actual organisational evidence). Whilst access to a range of organisational data or metrics would be helpful across many parts of the framework, it would be particularly helpful in the following ways:

- i. Access to data would improve interviewees' ability to comment accurately on the performance impact of their innovation efforts.
- ii. Access to data would improve interviewees' ability to comment on the scale of innovation activity (the number, size, types and expected impact of their innovation projects).
- iii. Access to data would improve interviewees' ability to draw on innovation-related capability data, such as staff survey data or other cultural indicators that they might have available.

It was found that, in some cases, participants wanted to be able to conduct the survey in small groups – to discuss the questions and their responses. As such, they would welcome a tool that has the flexibility to allow them to do this.

Similarly, we also found that participants preferred to receive their benchmark scorecard findings immediately and to have access to support (through external assistance) to analyse these – to help understand the scorecard findings, plan deeper organisational analysis and integrate with broader sector-specific tools and support that might be available.

This broader suggestion – for sector-specific access and integration of the Index tool alongside other related tools and support – was echoed by policymakers.

2. The second lesson is the relevance of repeatability. This is in two ways:

- i. The feedback from participants suggests that they would welcome the ability to conduct repeated self-assessments as a way of monitoring the impact of their efforts to make improvements.
- ii. Policy researchers have commented that repeated application could improve the richness, accuracy and coverage of the research data:
 - Richness (for example) by providing the ability to analyse subsequent trend data.
 - Accuracy, by improving the level of participation in any given part of the public sector.
 - Coverage, by extending application across other parts of the public sector.

3. The third lesson is the importance of delivery mechanisms, timing and context in securing survey participation.

There are different delivery mechanisms across Local Government and the NHS: in Local Government the survey benefited from the endorsement both from the Acting Permanent Secretary of the Department of Communities and Local Government, and also the Chief Executive of NESTA. In the NHS, we disseminated the survey through the ten Strategic Health Authority Innovation Leads.

The pilot survey was conducted in the two month period during the summer of 2010, from 21st July to 24th September following the General Election (May 6th). We found that interview availability was impacted by general levels of post-election activity and also this being the holiday season (from our evidence of levels of voluntary participation and subsequent securing of interviews).

In particular, we conducted the survey just after the publishing of the NHS White Paper⁴² (12th July) and found that this had a particular impact on levels of NHS activity and subsequent willingness to participate in the pilot project.

Please note that although these factors were national in this case, they might equally apply regionally or locally in future applications.

5.2 The tool should be developed further and made available for use across the public sector

Whilst not a study of demand for a public sector index tool, nevertheless the pilot project has provided useful insight regarding the potential applications of the index tool. This insight includes the lessons learned (described above) during the pilot project, a deeper understanding of the role of an index tool and initial evidence of demand.

A survey-based index is an enabler of a more systematic approach to innovation in the public sector

An index tool, if applied well, can be an enabler or catalyst of innovation in the public sector. Within our framework of public sector innovation, the measurement of innovation is a part of the 'Wider Conditions for Innovation'. These conditions comprise incentives for innovation, autonomy structures, leadership and culture and key enablers (such as access to comparable performance data, access to best practices and the use of innovation measurement tools).

Essentially, the index can provide a practical way to engage both national decision-makers and leaders in public sector organisations on the subject of innovation in a systematic way. The index tool promotes, stimulates and enables innovation in two ways.

1. **As a measurement tool for national decision-makers to engage the subject of innovation. The index provides:**
 - a. **A body of research evidence to help understand which national interventions are working and which aren't, in improving innovation in the public sector.** This research base can also be used for additional analyses, including comparisons with private sector index findings, comparisons with international indices and (for surveyed sectors) comparisons with additional national datasets such as performance or capability improvement data.
 - b. **A way of identifying where innovation is happening well and what actual innovation activity and capability underpins this.** In this respect, the tool provides a lead indicator of performance improvement and also supports the identification and diffusion of good ideas.
2. **As an engagement tool for organisations.** The tool can support the development of a systematic approach to innovation in public sector organisations, in particular by stimulating and supporting the development of innovation strategies and by providing a mechanism for ongoing monitoring.

The pilot study's findings suggest that the majority of surveyed organisations should take a more systematic approach to managing innovation

The survey results suggest that those organisations with innovation strategies are more innovative (across all indicators) than those organisations without (Figures 50 and 51).

42. Department of Health (2010) 'Equity and excellence: Liberating the NHS.' White Paper. London: Department of Health.

Figure 50: Innovation indicators for organisations with innovation strategies and those without

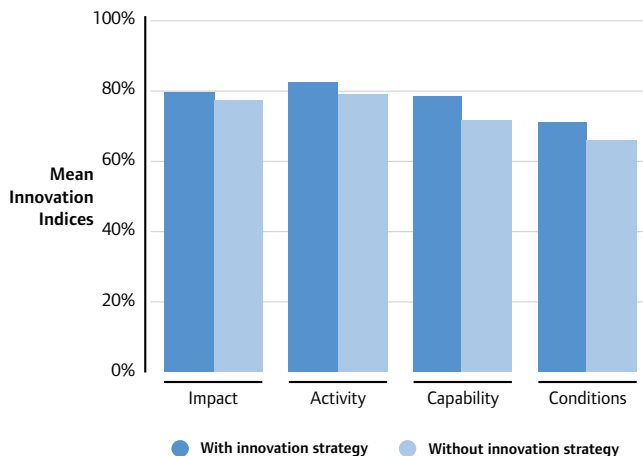
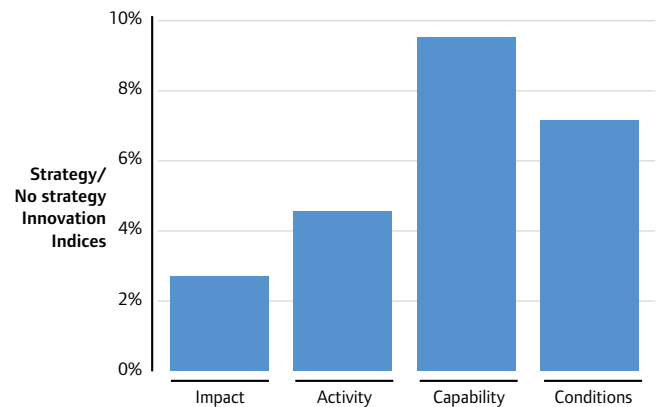


Figure 51: The percentage differences between the indices shown in Figure 50



However, the survey results also suggest that there is a lack of systematic approach to managing innovation across two-thirds of the surveyed organisations and that critical organisational enablers of innovation should be recognised and improved where necessary.

The index tool, if made available, can work as a critical enabler of organisational innovation by promoting, stimulating and supporting the development of innovation strategies.

It is hoped that, by publishing this report and the materials contained within (the innovation index framework, the scorecard approach and the pilot survey findings), this stimulates and helps organisations to seriously consider the development of their innovation strategies. If organisations require support as they consider this, please do not hesitate to contact us.

The pilot study has provided early indications of demand for such a tool

The pilot application of the survey shows that the index can deliver useful results based on voluntary levels of participation. Whilst these levels of participation in the survey do not necessarily indicate levels of sustainable demand for a public sector index tool, they do provide a useful indication of what can be achieved across different parts of the public sector.

The study also provided the opportunity to have conversations with a range of future customers for the index. These customers included survey participants, policymakers and researchers with a role supporting improved innovation in the public sector, and finally a broader set of observers, researchers and commentators.

These conversations have highlighted the need for a tool that can support organisational application as a benchmarking and engagement tool and also support national measurement and research purposes. Applications could include:

- Application of the index as a widely available, NESTA-endorsed, benchmarking and engagement tool for voluntary use by public sector organisations (and groups of organisations seeking to improve collaborative innovation efforts).
- Application as a national co-ordinated periodic survey across all public sector services (supporting, for example, the Annual Innovation Report⁴³).
- Application of (i) and (ii) above across parts of the public sector by the corresponding government departments or other sector bodies. The use of the index could be integrated alongside other sector-specific tools or approaches.

43. www.bis.gov.uk/policies/innovation/annual-innovation-report

The index tool's potential can best be realised by development in to an online benchmarking tool

We believe that this pilot project has provided useful lessons, indications of potential demand and some of the benefits of practical application of the index tool for public sector organisations and policymakers and researchers.

We believe that the potential of the Index tool can best be realised by further development in to a **highly engaging, standardised, online tool** that can be made available flexibly for use by public sector organisations through a range of existing and new channels.

An online tool not only provides a good way to address the lessons learned during this pilot project, but also a practical way to optimise its use along with a fuller range of related functions. These functions could include access to analysis tools and training materials, networks of similar organisations, sign-posting to support, access to performance data and best practice information, and access to innovation funds.

The assessment is that this pilot project has stimulated serious consideration of the use of the index tool, by those people responsible for making such tools available (policymakers, researchers and other innovation-related public sector bodies) and public sector leaders responsible for improving innovation in their organisations.

Appendix 1: Acknowledgements

This report was commissioned from Ernst & Young in partnership with Ipsos MORI. Lead authors were Alastair Hughes, Kyla Moore and Nimesh Kataria from Ernst & Young.

We would like to thank the following people in particular for their guidance and support in part across the following activities: the development of the index framework and the survey instrument, the delivery of the survey, analysis of findings and co-ordination and provision of feedback.

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Drew Pearman, Assistant Director, Business Innovation Networks.

NHS and the Department of Health

Peter Houghton, Director of Innovation, South East Coast Strategic Health Authority.

George Leahy, Senior Policy Advisor, Innovation Team.

Sue Nunn, Fund Advisor, Regional Innovation Funds Advisory Service.

Mark Wilkinson, Director Life Sciences Innovation, Office of Life Science Delivery Board.

Jonathan Wong, NHS National Innovation Centre.

Department of Communities and Local Government

Stephen Aldridge, Director for Analysis and Innovation.

Ruth Marshall, Jon White, Shreena Kotecha, Innovation Team.

Ben Monks (acting in the above role), Strategy Unit, Cabinet Office.

National Audit Office

Sandy Gordon, Audit Manager.

Cabinet Office

Rupert Cryer, Capability Review Team.

HM Treasury

Felicity Harvey, Director, Prime Minister's Delivery Unit.

National Endowment for Science, Technology and the Arts (NESTA)

Mike Harris, Director of Public and Social Innovation.

Philip Colligan, Executive Director, The Public Services Lab.

Stian Westlake, Executive Director, Policy & Research.

Ipsos MORI

Matthew Chatterton, Director.

Daniel Cameron, Research Manager.

Paola Ricoldo, Senior Research Executive and Statistical Analyst

Appendix 2: Public sector innovation framework

This appendix provides a detailed description of the framework of innovation in public sector organisations, which has the four parts shown.

- The coloured areas are within the control of the organisation. These areas are innovation capability, which underpins an organisation's innovation activity, which impacts on its performance.
- The area outside, 'Wider Sector Conditions for Innovation', are outside of the control of the organisation, but within the control of policymakers. These conditions can impact an organisation's innovation activity and capability.

Figure A1: Framework for innovation in Public Sector Organisations



Figure A2: Impact on performance

This part of the framework provides a view of the impact innovation is having on the organisation's current performance. These indicators are the ones that senior management and staff pay most attention to when managing innovation. Depending on how an organisation views innovation, its innovation activities might fit alongside other improvement initiatives to improve performance. It is important to understand how the organisation views these relative contributions. An assessment of the impact of innovation should include recent organisational performance improvement data.

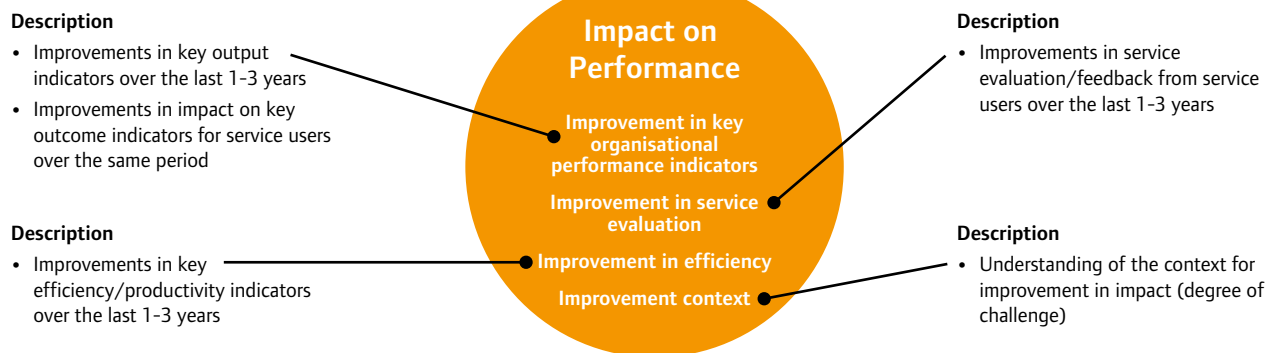


Figure A3: Innovation activity

This part of the framework provides a view of the current innovation activity of the organisation. This view provides a view of the activities most likely to impact future performance in the short - medium term (1-3 years). Innovation activity can be considered as pipelines of new ideas flowing through the organisation as they are accessed and identified, selected and developed, implemented and diffused. To gain a clear picture of the overall pipeline, an assessment of this activity should be based on quantitative indicators where possible (such as the volume and descriptions of improvement initiatives), but will need to be augmented by qualitative assessment.

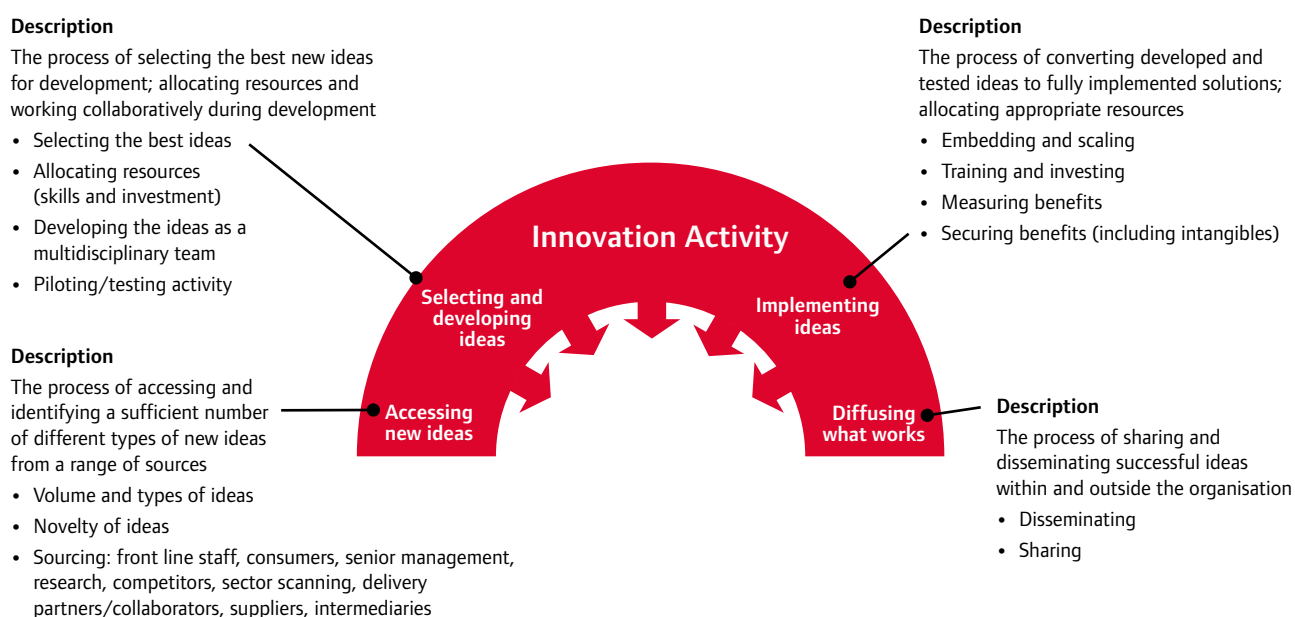


Figure A4: Innovation capability

This part of the framework provides a view of the innovation capability of the organisation.

It contains the key underpinning capabilities that can sustainably influence innovation activity and performance in the medium-longer term (3+ years).

The ability to develop these capabilities is within the control of the organisation.

An assessment of these capabilities is mostly qualitative in nature and can be supported by other data such as staff surveys.

Description

The behaviours and conditions required for innovation to flourish

- Vision and spirit of senior managers
- Prioritisation of innovation
- Attitudes to risk taking and learning
- Attentiveness to views of users, front-line staff and middlemanagers
- Space and capacity for creative thinking
- Term of office for leadership

Description

The quality of organisation and planning for innovation activities

- Innovation objectives linked to performance priorities
- Investment intensity
- Innovation governance
- Professional engagement
- Risk management

Description

The critical enablers of innovation activity within the control of the organisation

- Management information
- Connectedness
- Incentives and rewards
- Profile/forums/events
- ICT Infrastructure
- Access to support and skills (including quality of staff)

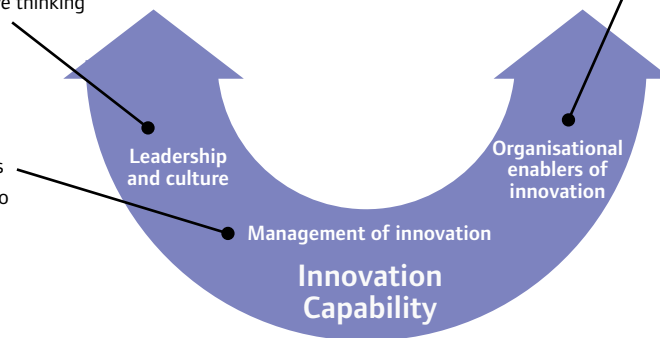
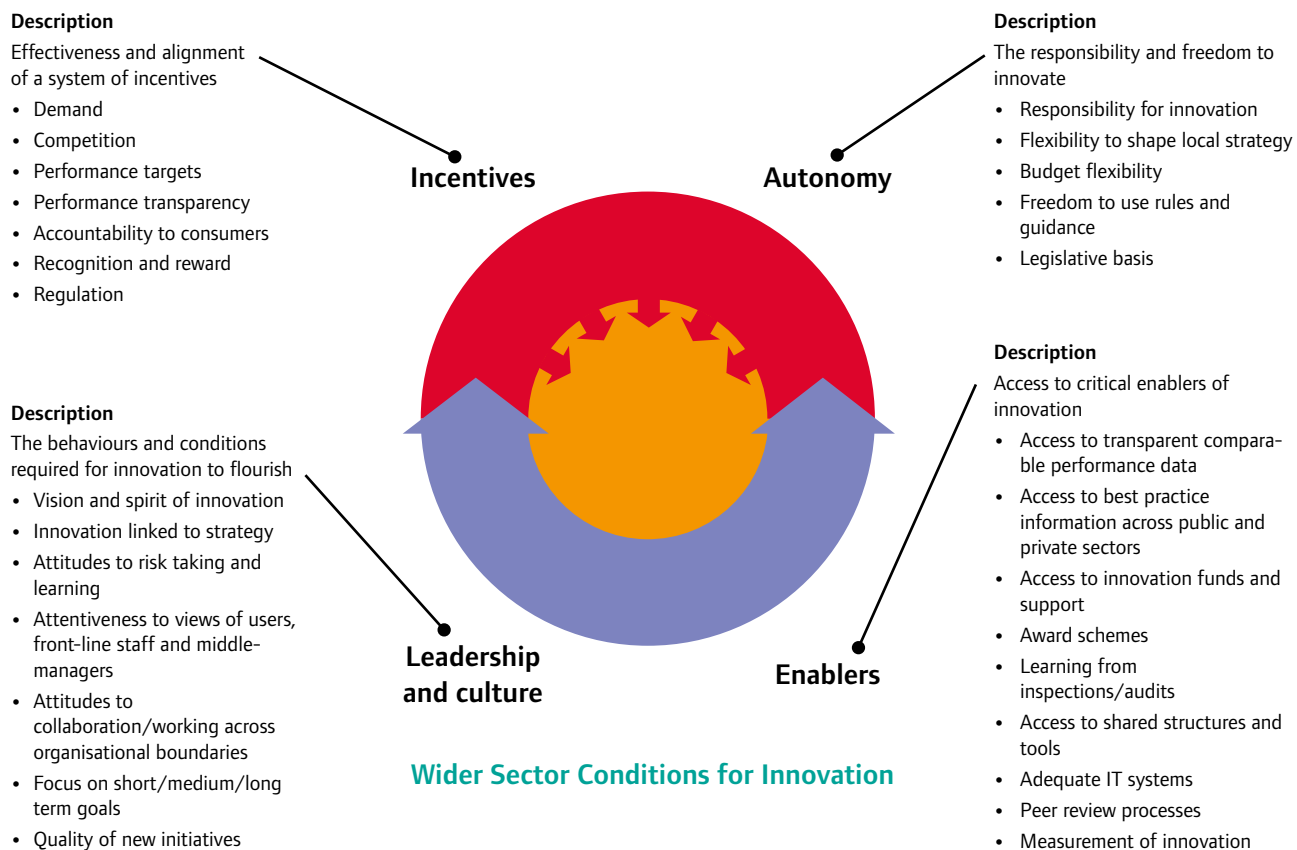


Figure A5: Wider sector conditions for innovation

This part of the framework provides a view of how well the system in which an organisation operates helps it to innovate. The system contains policy levers that can help or hinder innovation. These policy levers are outside the control of the organisation but within the control of policymakers or other influencing bodies. The framework allows organisations to provide a view on the effectiveness of the use of these levers to policymakers. This feedback is qualitative in nature.



Appendix 3: Index methodology

This appendix describes the approach to the construction of the innovation indices aligned with the framework.

Whilst the index is based on a framework that accurately reflects how innovation happens in the public sector, in translating this framework into an appropriate survey instrument we also sought (through application) to build a data set that would not only allow comparisons to be made across the different parts of the public sector surveyed, but also future comparisons to be made across different parts of the private sector.

Accordingly, the longevity of the data collected and the ease of collection was also considered – given the practical limitations of a survey tool.

In translating the framework in to an appropriate survey instrument, comparability was achieved by:

- Basing the survey on the same definition of innovation as NESTA's Private Sector Index and relevant international survey instruments: these being the Nordic Survey⁴⁴ and the European Community Innovation Survey.⁴⁵
- Where possible, aligning the survey instrument first with NESTA's Private Sector Index survey questionnaire⁴⁶ (through many of the questions used) and also the international survey instruments mentioned above.

In order to achieve this, the questions from NESTA's Private Sector Index survey questionnaire⁴⁷ were used as a starting point. We tailored these questions to suit the public sector innovation framework and where required added additional questions from either international survey instruments where appropriate – the Nordic Survey⁴⁸ (which is aligned with the European Community Innovation Survey⁴⁹) – or completely new questions. Approximately half of the questions in the survey are adapted from NESTA's Private Sector Index survey questionnaire.

Each question was allocated to the relevant sub-category of the framework (and more than one sub-category in several cases). We prioritised and re-organised the questions in order to make the survey engaging and the length reasonable, and tested the questionnaire with a sample of users (three from the NHS and four from Local Government). Where trade-offs were made, we sought to minimise impact on accuracy, when compared with the framework.

In seeking to ensure a reasonable degree of future comparability with NESTA's private sector index, there were two trade-offs that we identified. The first was that there were some parts of the public sector framework where there were relatively more data than other parts (potentially impacting relative accuracy across the associated indices). The second was that there were different scoring mechanisms used across the range of different types of questions (potentially impacting accuracy and also user engagement with the survey). The impact of these trade-offs was minimised through judicious tailoring and testing of questions and in the subsequent approach to analysing findings.

Segmentation data was added to the survey findings. For Local Authorities, this was sourced from the Local Government Association (www.lga.gov.uk) and the Chartered Institute of Public Finance and Accountancy www.cipfastats.net). For NHS organisations, this was sourced from the NHS choices website (www.nhs.uk).

Each answer corresponded to a relevant sub-category of the innovation framework, shown below.

The different approaches to scoring for each answer were harmonised by attributing each answer either '1' or '0' to indicate whether the associated variable was having an overall positive impact ('1') on this aspect (sub-category) of innovation or not ('0') and then averaged the scores for each of these sub-categories, representing each score as an indice of 0-100 per cent.

44. The Nordic Survey on Public Innovation 2009 (Pilot study). www.mepin.eu.

45. www.dius.gov.uk/policies/science/science-innovation-analysis/cis.

46. Roper, S. (2009) 'Measuring sectoral innovation capability in nine areas of the UK economy.' London: NESTA.

47. Ibid.

48. Ibid.

49. Ibid.

Each of the higher-level categories were scored by averaging the scores across the sub-categories. Similarly, each overall indicator (impact on performance, innovation activity, innovation capability, wider sector conditions) was scored by averaging the scores across the categories. Innovation indices cover the following indicators, categories and sub-categories:

Table A1: Taxonomy of innovation indices

Indicator	Category	Sub-categories
Impact on performance	Improvement in key organisational performance indicators	Improvement in key output performance indicators
		Impact of these on outcomes
	Improvement in service evaluation	Improvement in service evaluation/feedback from consumers
	Improvement in efficiency	Improvement in key efficiency/productivity indicators
Innovation activity	Improvement context	Context for performance improvement
	Accessing new ideas	Volume and types
		Novelty
		Sourcing (overall, internal, external)
	Selecting and developing ideas	Overall
		Selecting
		Allocating resources
		Development as a multi-disciplinary team
		Piloting / testing
	Implementing ideas	Overall
		Measuring benefits
		Training
	Diffusing what works	Disseminating and sharing
Innovation capability	Leadership and culture	Overall
		Vision and spirit of senior managers
		Prioritisation of innovation
		Attitudes to risk taking & learning
		Attentiveness to views of staff and service users
		Space and capacity for creative thinking
		Term of office for leadership
	Management of innovation	Innovation objectives alignment to performance priorities
		Investment intensity
		Innovation governance
		Professional engagement
		Risk management
	Organisational enablers of innovation	Management information
		Connectedness
		Incentives and rewards
		ICT infrastructure
		Access to support and skills
Wider sector conditions for innovation	Incentives	Overall
		Demand
		Competition

Indicator	Category	Sub-categories
Wider sector conditions for innovation	Incentives	Performance targets
		Performance transparency
		Accountability to consumers
		Regulation
	Autonomy	Flexibility to shape local strategy
		Responsibility for innovation
		Budget flexibility
		Freedom to use rules and guidance
		Legislative basis
	Leadership and culture	Vision and spirit of innovation
		Attentiveness to views of staff and service users
		Attitudes to collaboration
		Focus on short/medium/long term goals
	Enablers	Access to transparent comparable performance data
		Access to best practice information
		Access to shared structures and tools
		Adequate IT systems
		Access to innovation funds and support

In order to demonstrate the potential of the tool at a national level, the results were analysed in three ways.

1. Through a '**sector drill-down**' approach examining the index scores across the two surveyed sectors. In doing so, we tested hypotheses that innovation might differ across:
 - The two sectors participating in the survey.
 - The different types of organisation in each sector (types of NHS Trust; types of local authority).
 - The different sizes of participating organisation.
 - The different Strategic Health Authority regions (for participating NHS Trusts).
 - Those organisations with innovation strategies and those without.
2. In addition to the above, we also analysed findings through the different aspects of the framework – at a **thematic** level. This was first as a way to understand and add richness to any patterns potentially identified above, but also to explore the potential of the tool to explore important detailed aspects of innovation across the participating organisations.
3. Finally, we also sought to test the usefulness of the tool by providing examples of how the index findings can be **combined** with other potential data sets to demonstrate broader policy applications.

In order to demonstrate the potential of the tool for participating organisations, we provided each organisation with their individual scorecard benchmarking their survey results with peer organisations, along with guidance for interpretation and a request for feedback. Please see Appendix 4 for sample scorecards.

Appendix 4: Sample scorecards

The scorecards below are real examples of individual organisational benchmark scorecards sent to each participating organisation along with guidance for interpretation and a request for feedback. Each participating organisation will also receive a copy of the overall survey findings.

The scorecard is divided into four areas to represent the main sections of our framework: Impact on Performance, Innovation Activity, Innovation Capability and Wider Sector Conditions. Each organisation was provided with their index scores according to the categories that exist within each of these four key areas.

The organisation is able to clearly identify their position according to their peers, in relation to the mean, minimum and maximum index scores, as well as the standard deviation of their relevant sample.

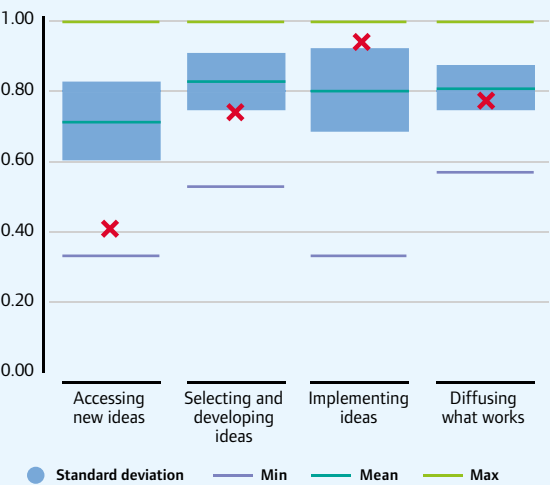
Local Authorities are benchmarked according to their surveyed (CIPFA) ‘nearest neighbours’,⁵⁰ as shown below:

Box A1: Innovation Index scorecard

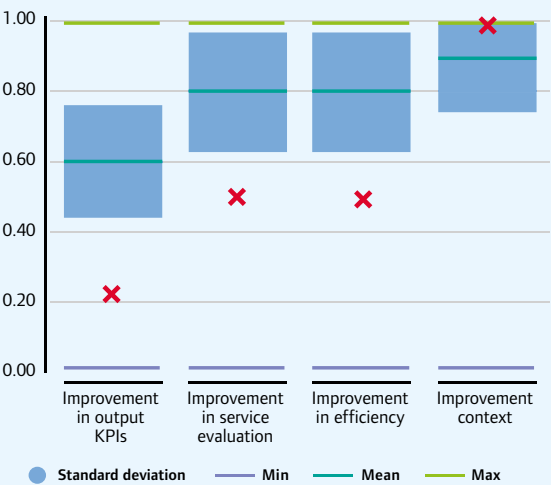
These charts show the results from the pilot innovation survey that you kindly took part in. We compare your results with your ‘Nearest Neighbour’ Group as per CIPFA Nearest Neighbour classification (in this case, the number of nearest neighbour organisations participating in the survey is ten).

For each part of the scorecard, your organisation’s index scores are shown in red compared to your peers participating in the survey.

A: Innovation Activity



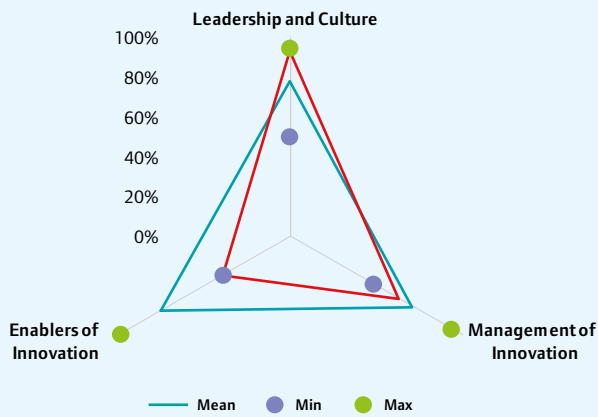
B: Impact on Performance



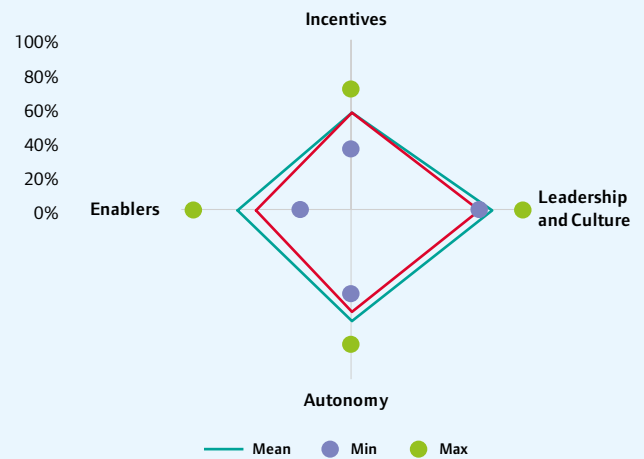
Source: Standard deviation: a measure of the spread of most responses

50. Each Local Authority has a defined group of ‘nearest neighbours’ – those authorities which form the closest basis for comparison. For each Local Authority, their ‘nearest neighbours’ can be found at www.cipfastats.net.

C: Innovation Capability



D: Wider Sector Conditions



For Innovation Activity and Impact on Performance, a red 'X' symbol is used to mark the indices. These can then be compared to the minimum, maximum and mean innovation indices of the Local Authority's benchmark group (represented by the horizontal lines). The shaded blue regions show the standard deviation around the mean score (and so help the organisation identify if any of its indices are outliers).

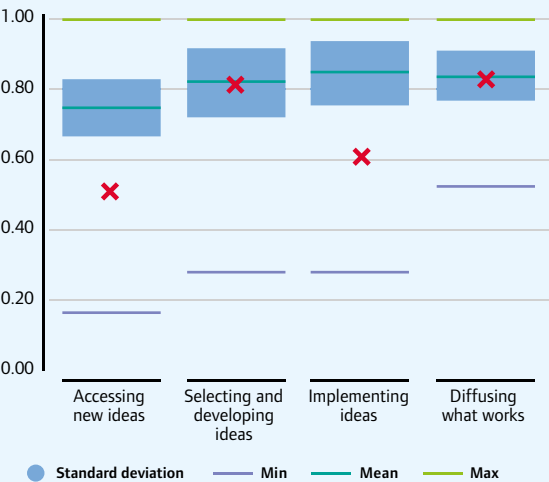
The organisation can also compare their Innovation Capability and their views on Wider Sector Conditions relative to their peers. This is done by distinguishing between the blue and red lines that represent the mean innovation indices and the organisation's scores respectively.

Similarly, NHS Trusts were benchmarked according to their type. For example, all Acute Trusts were provided with a scorecard that compares their results to the other Acute Trusts that participated in the survey, as shown below:

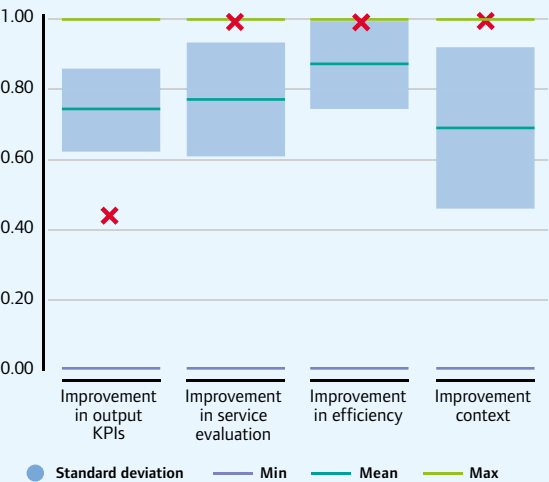
Box A2: Innovation Index scorecard

These charts show the results from the pilot innovation survey that you kindly took part in. We compare your results with all other Acute Trusts participating in the survey (in this case, the number of Acute Trusts participating is 36). For each part of the scorecard, your organisation's index scores are shown in red compared to your peers participating in the survey.

A: Innovation Activity

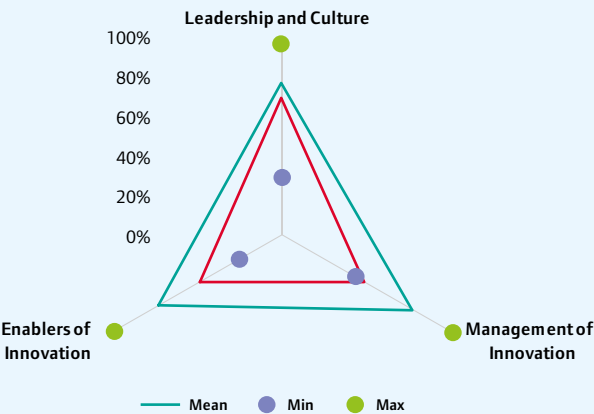


B: Impact on Performance

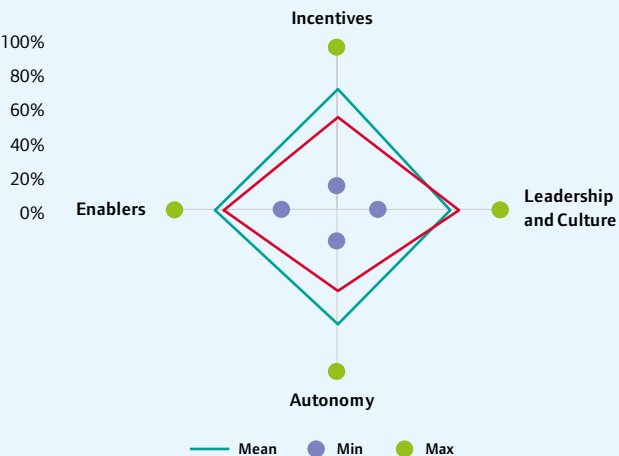


Source: Standard deviation: a measure of the spread of most responses

C: Innovation Capability



D: Wider Sector Conditions



Appendix 5: Examples of innovation

The tables below provide an (anonymised) summary of the qualitative results from Question 32 of the survey, which asked participants to describe successful examples of service or process innovations within their organisation. From the examples provided, the types of activities performed and the impacts were analysed.⁵¹

The following table describes the 60 NHS examples provided.

Table A2: Examples of innovation activities reported by respondents within the NHS

Ref.	NHS Examples of Service or Process Innovations	Impacts							Types of activity					
		Speed of service	Quality of service outcome	Efficiency/cost of service	Service range/extension	Service integration	Transfer/re-location of service	Other	Process re-design	Information & communications technology	Technology (other)	Culture/management approach	Collaboration/partnerships	Re-organisation/operating model
1	New range of treatments for heart attack patients.	●	●	●	●				●		●			
2	Implemented enhanced telephone diagnostic service.	●	●	●	●				●	●		●		●
3	Total organisation-wide service re-design programme.	●	●	●		●	●		●	●		●		
4	Changed the method of delivery for optical regeneration particularly in elderly patients, including the logistics and delivery method of medicine.	●	●	●		●	●		●	●				
5	Developed a range of acute services within the community.	●	●	●		●	●		●				●	●
6	Redesigned emergency acute pathways with our social care partners which also reduced the length of stay at hospital.	●	●	●		●			●	●		●	●	
7	Prescribing information communication system.	●	●	●		●			●	●		●		
8	Electronic tracking of blood transfusions and e-rostering.	●	●	●		●			●	●			●	
9	Orthopaedics care pathway re-design.	●	●	●		●			●					
10	A new bowel screening service providing faster, more efficient access for suspected cancer patients, resulting in a five year license to operate.	●	●	●					●					
11	Establishing of a high performance culture to enable more responsive and higher levels of care.	●	●									●		
12	Telemedicine service offered to prisoners.	●		●	●			●		●				
13	Delivery of telemedicine to remote sites.	●		●	●				●	●				
14	Redesigning urgent care pathways.	●		●		●			●			●	●	
15	Changed the way medical emergencies are managed by directing people to the assessment unit and not A&E, resulting in fewer admissions and smaller queues.	●		●		●			●			●		

51. Ernst & Young analysis of examples provided by survey participants.

Ref.	NHS Examples of Service or Process Innovations	Impacts						Types of activity						
		Speed of service	Quality of service outcome	Efficiency/cost of service	Service range/extension	Service integration	Transfer/re-location of service	Other	Process re-design	Information & communications technology	Technology (other)	Culture/management approach	Collaboration/partnerships	Re-organisation/operating model
16	Fully integrated PCT-provided community services with secondary care services.	●		●		●			●				●	
17	Reduced treatment time for breast surgery to 24 hour stay.	●		●					●					
18	Reduced patient journey in Haematuria treatment: streamlined process from 5-6 weeks to 7 days.	●		●					●					
19	Reviewed the productivity of the mental health ward, and reduced release time of patient care.	●		●					●					
20	Improved process by which people who have had strokes are scanned.	●							●	●			●	
21	Telecare solutions implemented for people with long term conditions to monitor their progress at home, thus reducing hospital admissions.		●	●	●		●		●	●	●		●	
22	Creation of single centres for patients with rare forms of cancer in collaboration with other organisations.		●	●	●		●		●				●	●
23	A new musculo-skeletal community service.		●	●	●		●		●				●	
24	Introduction of a range of new social care services.		●	●	●		●						●	●
25	Introduced a new system called PEWS (Paediatric Early Warning System), which gathers and uses information to predict when a child might become ill.		●	●	●				●	●				
26	Investment in intermediate care team.		●	●	●				●					●
27	Increased coordination of community services.		●	●		●			●	●			●	
28	Developed new integrated stroke care service.		●	●		●			●				●	
29	Received a national award for our dementia care, which included GP-led cataracts pathway redesign, leading to a reduction to referrals.		●	●		●			●					
30	Hyper Acute Stroke Service introduced whereby all patients displaying stroke symptoms in the area are brought to this hospital instead of their own for specialist care.		●	●			●						●	
31	Changed shift patterns for nursing staff by reducing the number of shifts in a day from 3 to 2, thus saving £500k in handover costs and increasing patient satisfaction/safety.		●	●				●						●
32	Lean-based improvements of a range of systems and processes.		●	●					●	●		●		
33	Focus on front line staff to introduce change and improve hospital wards and community services.		●	●					●			●		
34	Speedy opening of specialist unit for 16-18 year olds with mental illnesses		●		●	●	●		●				●	
35	Developed new integrated community paediatric therapy service.		●		●	●			●				●	
36	Developed an early onset dementia service for those who get dementia before the age of 65 using extra funding received.		●		●				●					
37	Introduced a new weight management programme in partnership with providers such as Weightwatchers.		●		●								●	

Ref.	NHS Examples of Service or Process Innovations	Impacts						Types of activity						
		Speed of service	Quality of service outcome	Efficiency/cost of service	Service range/extension	Service integration	Transfer/re-location of service	Other	Process re-design	Information & communications technology	Technology (other)	Culture/management approach	Collaboration/partnerships	Re-organisation/operating model
38	New doctor handover systems to enable continuity of care.	●				●			●	●		●		
39	Use of multi-functional teams to accelerate service planning and implementation.	●				●			●			●		
40	Developed a continuation manual detailing how we do business.	●						●	●			●		
41	Improved customer service by visiting well known high street supermarket to learn from them, supported by a non NHS-related innovation company to implement the new approach.	●						●				●	●	
42	Rolled out standard drug “check lists” nationally to ensure the right drugs are delivered to the right place	●							●			●		
43	Established mentor teams to deliver support to trainee paramedics whilst retaining operational availability.	●										●		
44	New diabetes service – communities based with consultants involved to reduce hospital admissions.			●	●		●		●				●	●
45	Centralised acute services and re-engineered the service model.			●		●	●		●	●				●
46	Implementation of electronic patient flow management system.			●		●			●	●		●		
47	Developed an e-procurement tool for equipment needs whereby interested companies can bid for business.			●				●		●				
48	Virtual e-learning delivery of training to achieve cost savings.			●					●	●				
49	Mobile learning for medical students which involves them maintaining electronic records.			●					●	●				
50	Implementation of ‘productive ward’ series.			●					●			●		
51	Applied lean thinking to improve surgery productivity.			●					●			●		
52	Clamped down on start and finish times, and less down time.			●					●					
53	Lean delivery programme and working with service users/ staff/partners to save £55m.			●					●			●	●	
54	Introduced a lean process in the lab, reducing important procedures from 7 to 5 days.			●					●					
55	Lead consultant in our bowel surgery team has developed new technique to reduce time spent by a third.			●							●			
56	Introduced patient internet whereby communication with the hospital is possible.				●	●				●				
57	New service improvement and management methodology developed as online toolkits, accessible to all members of the trust.							●	●	●		●		
58	Annual planning process review – implemented.							●	●			●		
59	Created an innovation lab as a separate facility.							●				●		●
60	Prioritised business planning and risk management.							●				●		

The table below shows a summary, by volume, of the service and process innovation examples provided by NHS survey participants.

Table A3: Examples of innovation within the NHS by impact and activity dimensions of the framework

Analysis of innovation examples provided by survey participants, by types of activity and their impacts	Impacts							Types of activity					
	Speed of service	Quality of service outcome	Efficiency/cost of service	Service range/extension	Service integration	Transfer/re-location of service	Other	Process re-design	Information & communications technology	Technology (other)	Culture/management approach	Collaboration/partnerships	Re-organisation/operating model
Numbers of examples	20	34	43	16	20	11	9	47	21	3	23	19	9
Percentage of examples	33%	57%	72%	27%	33%	18%	15%	78%	35%	5%	38%	68%	15%

The following table describes the 101 Local Government examples provided.

Table A4: Examples of innovation activities reported by respondents within Local Government

Ref.	Local Government Examples of Service or Process Innovations	Impacts							Types of activity					
		Speed of service	Quality of service outcome	Efficiency/cost of service	Service range/extension	Service integration	Transfer/re-location of service	Other	Process re-design	Information & communications technology	Technology (other)	Culture/management approach	Collaboration/partnerships	Re-organisation/operating model
1	Establishment of joint customer contact for tourism and library services staffed by a single team.	●	●	●		●	●		●	●				●
2	Complete restructuring of planning services, including use of new ICT systems.	●	●	●		●			●	●		●		●
3	New customer services centre and improvement to web pages to make information more accessible.	●	●	●		●			●	●				
4	Development control – reorganised planning and built new system around customer.	●	●	●		●			●	●				
5	Development of an Area Action Partnership in the county (council staff, public and partners) in order to devise action plans for issues.	●	●		●	●			●	●		●	●	
6	Created JAG (Joint Action Group) as part of the neighbourhood management team, which identifies hot spots where there are a number of priority issues that are then solved.	●	●		●	●			●	●		●		
7	New “One Touch Service” set up in collaboration with Government and call centre provider.	●	●			●	●		●	●		●	●	
8	Total customer service programme.	●	●			●				●		●		
9	Implemented a self service area in our main customer services centre.	●		●	●	●	●		●	●		●		
10	Use of bar coding technology regarding vehicle fleet for refuse and waste.	●		●				●	●	●				

Ref.	Local Government Examples of Service or Process Innovations	Impacts							Types of activity					
		Speed of service	Quality of service outcome	Efficiency/cost of service	Service range/extension	Service integration	Transfer/re-location of service	Other	Process re-design	Information & communications technology	Technology (other)	Culture/management approach	Collaboration/partnerships	Re-organisation/operating model
11	Use of satellite navigation for refuse collection.	●		●					●	●	●		●	
12	Made our Parking team customer calls process more efficient.	●		●					●	●				
13	Review of the Blue Badge Scheme (application time down from 50 days to 3 days).	●		●					●	●				
14	Development control – Lean process introduction to reduce time spent waiting for a decision by half.	●		●					●					
15	Reduced turnaround time for housing benefit applications.	●		●					●					
16	Reduced turnaround time to receive housing benefits.	●		●					●					
17	Introduction of a “Planning Hotline” to improve planning team responsiveness.	●								●				
18	New waste and recycling strategy.		●	●		●		●				●		●
19	New recycling system that doubled amount of waste recycled, more efficiently.		●	●		●		●	●			●		
20	Formation of a company owned jointly with another local authority – which reduced costs and increased capacity.		●	●		●		●		●			●	●
21	Numerous partnership programmes with other organisations to define the future of the District in terms of economy and community.		●	●		●		●				●	●	
22	Centralised all procurement activity and taken a new approach to category management.		●	●		●			●	●		●	●	●
23	New telecare service.		●	●		●			●	●			●	
24	Developed revenues and benefits partnership with two other councils.		●	●		●			●	●			●	
25	Transformed depot and trade waste services by taking a more radical approach.		●	●		●			●			●	●	
26	Revenues and benefits team have an ‘agile’ working project that has increased productivity by 20%.		●	●		●			●			●		
27	Use of Lean processes to make repairs to housing.		●	●		●			●				●	
28	Process reorganisation and team restructuring.		●	●		●				●				●
29	Outsourced waste and recycling services.		●	●			●	●					●	
30	Established tenant-led housing trust to undertake housing management responsibility for 10,000 properties, thus allowing the council to focus on more strategic housing issues.		●	●			●	●		●			●	●
31	Partnering with private sector landlords.		●	●			●		●				●	
32	New strategic partnership.		●	●			●						●	●
33	Established shared service centre with another local authority for customer support.		●	●				●	●	●		●	●	●
34	Packaged small contracts for local business suppliers in the economic recession – won innovation award.		●	●				●	●				●	

Ref.	Local Government Examples of Service or Process Innovations	Impacts						Types of activity						
		Speed of service	Quality of service outcome	Efficiency/cost of service	Service range/extension	Service integration	Transfer/re-location of service	Other	Process re-design	Information & communications technology	Technology (other)	Culture/management approach	Collaboration/partnerships	Re-organisation/operating model
35	New IT systems allowing staff easier, better and more flexible access outside the office.		●	●				●		●		●		●
36	Delegated management of some functions/services, e.g. voluntary groups now run leisure centres and tourism bureaus.		●	●				●					●	●
37	Lean review of Highway Services.		●	●					●			●		
38	Authority-wide Lean programme.		●	●					●			●		
39	Lean review of housing system.		●	●					●			●		
40	Use of Lean techniques to improve processes.		●	●					●			●		
41	Improved procurement processes.		●	●					●				●	
42	Restructured local service provider.		●	●										●
43	Introduction of one stop shop for customers.		●		●	●	●		●	●		●		
44	Worked collaboratively with the Health sector to improve services and child centres.		●		●	●	●		●	●			●	
45	New intervention programme regarding child poverty.		●		●	●			●	●			●	
46	Improved recycling, which now includes the collection of food waste (boosted recycling figures by 10-15%).		●		●			●	●					
47	Introduction of paperless green bin pick up service subscription (via internet and direct debit).		●		●				●	●			●	
48	Increased use of single home safety checks.		●		●				●					
49	New recycling scheme.		●		●				●				●	
50	New contact centre for booking systems, allowing 24/7 access for customers.		●			●	●		●	●		●		
51	Lean process restructuring involving suppliers and improved customer engagement.		●			●			●	●		●	●	
52	Formation of new customer services team.		●			●			●	●		●		●
53	Transforming community service integration with other organisations to improve service.		●			●			●	●			●	
54	Joined-up service delivery with variety of partners.		●			●			●	●			●	
55	Partnered with other Local Authorities to improve Community Services.		●			●			●	●			●	
56	Changed our neighbourhood structure which now involves communication with county and police staff.		●			●			●	●			●	
57	Partnership working with other councils to provide assistance to children with learning difficulties.		●			●			●				●	●
58	Improved Housing Services integration, e.g. repair services now communicate directly with tenant.		●			●			●			●		
59	Improvement in Housing services such as repairs.		●			●			●			●		
60	Reorganised methods of assisting homeless.		●			●			●					

Ref.	Local Government Examples of Service or Process Innovations	Impacts						Types of activity						
		Speed of service	Quality of service outcome	Efficiency/cost of service	Service range/extension	Service integration	Transfer/re-location of service	Other	Process re-design	Information & communications technology	Technology (other)	Culture/management approach	Collaboration/partnerships	Re-organisation/operating model
61	New customer relationship management system.		●			●				●		●		
62	Opened a call centre to improve customer service.		●			●				●		●		
63	New customer service programme improving communication.		●			●				●				
64	Partnership working and improved communication.		●			●							●	
65	Delegated problem resolution to front line staff.		●					●	●			●		
66	Use of personalised tailored approach in social care.		●					●				●		
67	Migration of new services into call centre.			●	●		●			●				●
68	Moved from being separate County Council and Borough Council into one council.			●		●		●					●	●
69	Savings through Lean procurement.			●		●			●				●	
70	Formed second biggest unitary council in England.			●		●							●	●
71	Moved revenues and benefits service to a shared service centre.			●			●	●	●	●			●	●
72	Outsourced front and back office transaction services.			●			●	●		●			●	●
73	Shared service programme with neighbouring councils.			●				●	●	●		●	●	●
74	Re-organised back office services.			●				●	●	●				●
75	Development of Business Support Centre to manage payroll, HR etc.			●				●	●	●				●
76	Established partnership schemes with 3 other councils to achieve cost savings.			●				●	●			●	●	
77	New radical project management systems implemented across the organisation, including efficiency checks and better planning.			●				●	●			●		
78	Changed HR transaction processes to improve responsiveness.			●				●	●					
79	Sharing HR services with another council.			●				●		●			●	●
80	Electronic document retrieval management systems.			●				●		●				
81	Introduction of combined heat and power units.			●				●			●			
82	Strategic alliances with other councils.			●				●				●	●	
83	Introduced shared waste services with a neighbouring local authority.			●					●	●			●	
84	Utilised a Business Transformation Programme to redesign the way the organisation works which helped save £3m.			●					●			●		●
85	Efficiency review saving over £1m.			●					●			●		
86	Partnership alliances with other councils regarding property procurement.			●					●				●	
87	Reviewed process for instigating affordable housing to save time and cost.			●					●					
88	Electronic invoicing.			●						●				

Ref.	Local Government Examples of Service or Process Innovations	Impacts						Types of activity						
		Speed of service	Quality of service outcome	Efficiency/cost of service	Service range/extension	Service integration	Transfer/re-location of service	Other	Process re-design	Information & communications technology	Technology (other)	Culture/management approach	Collaboration/partnerships	Re-organisation/operating model
89	Reduction in energy consumption via investment in slim line technology.			●							●			
90	Corporate Transformation Programme and delayering of structures to achieve cost savings.			●								●		●
91	Decreased cost of waste and management overheads			●								●		
92	Use of twitter as a form of communication.				●			●		●				
93	Wider transport services and housing repairs services available due to partnerships with other councils.				●								●	
94	Key performance management framework implementation to provide online system for all stakeholders which includes performance objectives and updates.					●		●	●			●		
95	Implementation of new financial management system – Agresso.							●	●	●		●		
96	Development of enterprise architecture which is a set of underpinning principals that define how services are designed and operate.							●	●			●		●
97	New Lean methodology and project management.							●	●			●		
98	Developed a new staff appraisal system.							●	●			●		
99	Introduced tailored and structured project management tools.							●	●			●		
100	New project management approach established as a mechanism for project approval and monitoring.							●	●			●		
101	New Chief Executive has implemented a new “Managing Change” toolkit which is aimed at learning from other major change programmes that have occurred.							●	●			●		

The table below shows a summary, by volume, of the service and process innovation examples provided by Local Government survey participants.

Table A5: Examples of innovation within Local Government by impact and activity dimensions of the framework

Analysis of innovation examples provided by survey participants, by types of activity and their impacts	Impacts							Types of activity					
	Speed of service	Quality of service outcome	Efficiency/cost of service	Service range/extension	Service integration	Transfer/re-location of service	Other	Process re-design	Information & communications technology	Technology (other)	Culture/management approach	Collaboration/partnerships	Re-organisation/operating model
Numbers of examples	17	57	62	13	42	13	36	70	48	3	44	41	26
Percentage of examples	17%	56%	61%	13%	42%	13%	36%	69%	48%	3%	44%	41%	26%

Finally, Figures A8 and A9 below summarise the examples provided by both sectors.

Figure A8: Analysis of innovation examples provided: impacts

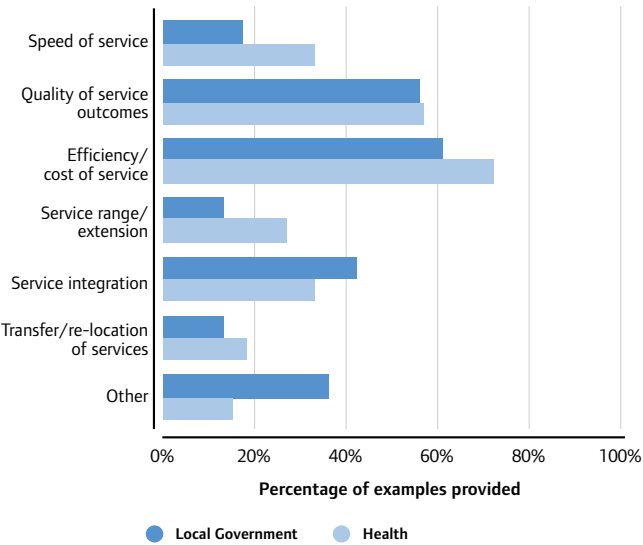
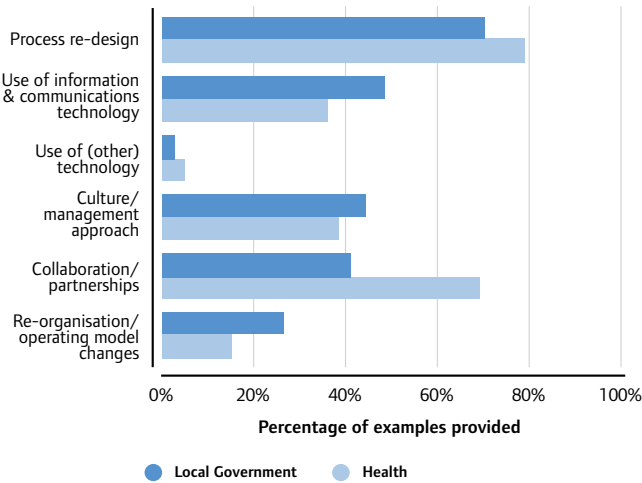


Figure A9: Analysis of innovation examples provided: types of activities



Appendix 6: Innovation Index scores

This appendix contains a set of charts that describe the innovation index scores (mean innovation indices) for the participating sectors and types of organisation. The charts cover:

1. Overall index scores for the participating organisations in the two sectors.
2. NHS index scores for the different types of trust participating in the survey.
3. NHS index scores for the Foundation and non-Foundation trusts participating in the survey.
4. NHS index scores for participating trusts across the different Strategic Health Authority regions.
5. Innovation index scores for the different types of Local Authority participating in the survey.
6. Innovation index scores for the different sizes of organisations participating in the survey.
7. Innovation index scores for those organisations participating in the survey with innovation strategies and those without.
8. Innovation index scores for those NHS organisations participating in the survey with innovation strategies and those without.
9. Innovation index scores for those Local Authorities participating in the survey with innovation strategies and those without.

Each set of charts shows the overall index scores according to the four aspects of innovation surveyed (impact, activity, capability and wider sector conditions) followed by the breakdown of each individual aspect.

The first set of charts, below, shows the overall index scores for the two sectors according to the four aspects of innovation surveyed, followed by the breakdown of each individual aspect: impact, activity, capability and wider sector conditions.

1. Overall index scores for the participating organisations in the two sectors

Figure A10: Innovation indicators across the NHS and Local Government

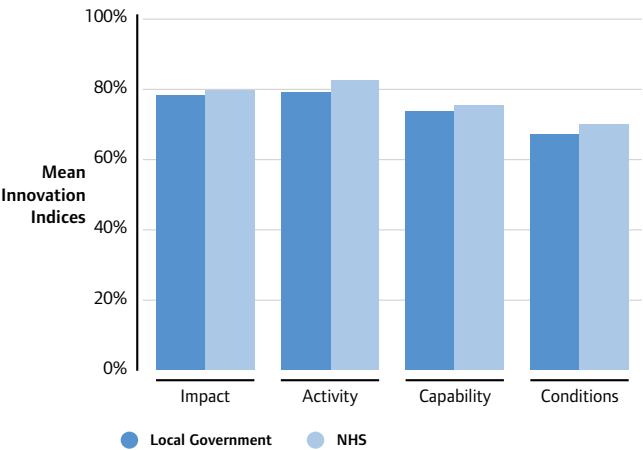


Figure A11: Activity indicators across the NHS and Local Government

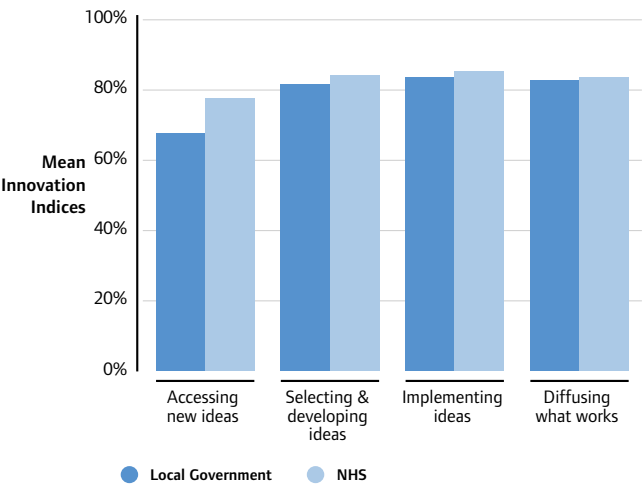


Figure A12: Impact indicators across the NHS and Local Government

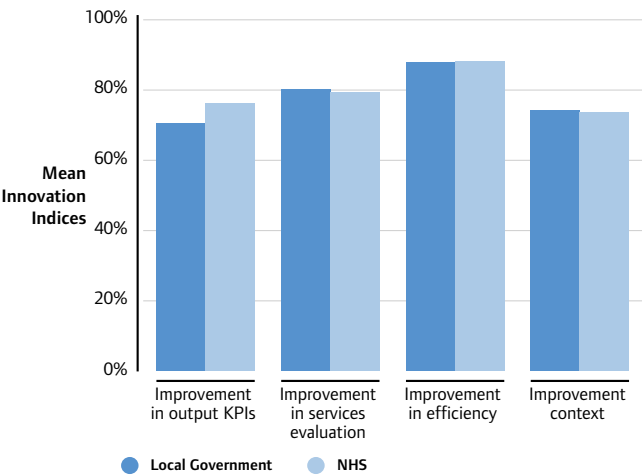


Figure A13: Capability indicators across the NHS and Local Government

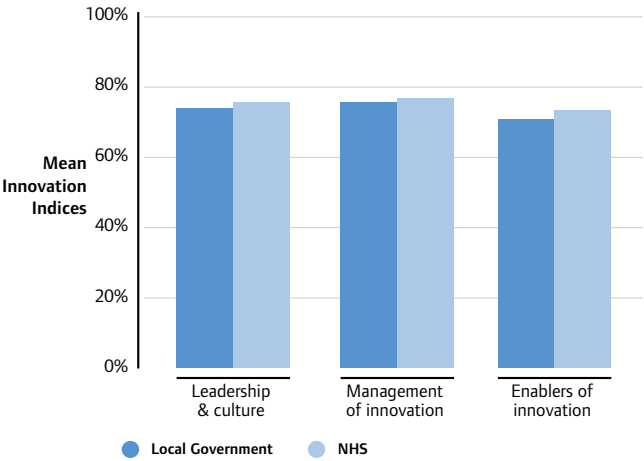
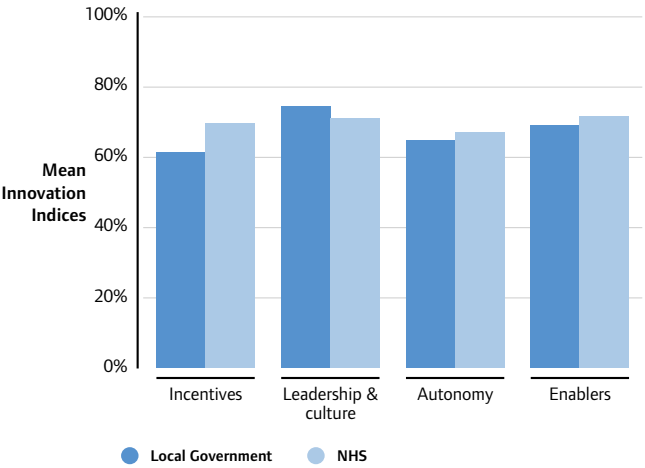


Figure A14: Wider sector conditions indicators across the NHS and Local Government



For reference, the numbers of participating organisations are shown below.

Table A6: Population and survey sample in England

Sector	Health	Local Government
Number of organisations in England	388	353
Number interviewed	64 (16%)	111 (31%)

This set of charts shows the index scores for the different types of NHS Trusts surveyed. The charts cover the four aspects of innovation surveyed, followed by the breakdown of each individual aspect: impact, activity, capability and wider sector conditions.

2. NHS index scores for the different types of trust participating in the survey

Figure A15: Innovation indicators across types of NHS Trust

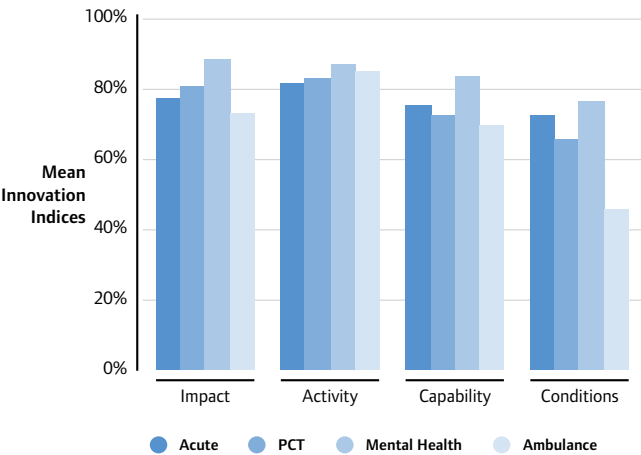


Figure A16: Activity indicators across types of NHS Trust

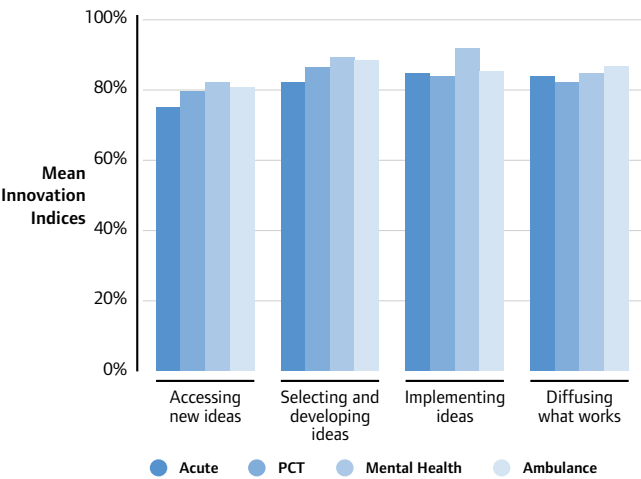


Figure A17: Impact indicators across types of NHS Trust

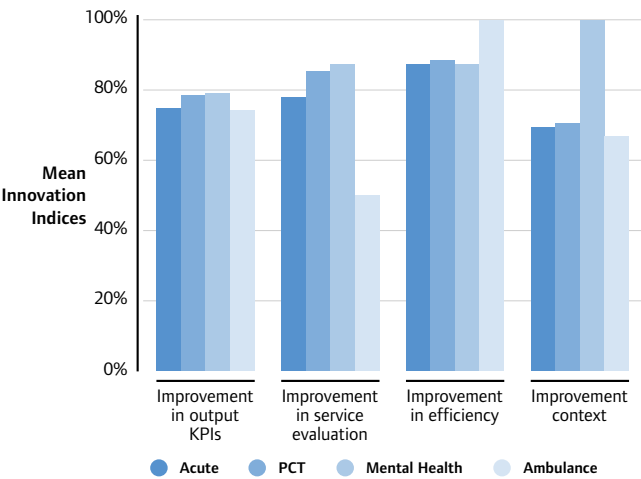


Figure A18: Capability indicators across types of NHS Trust

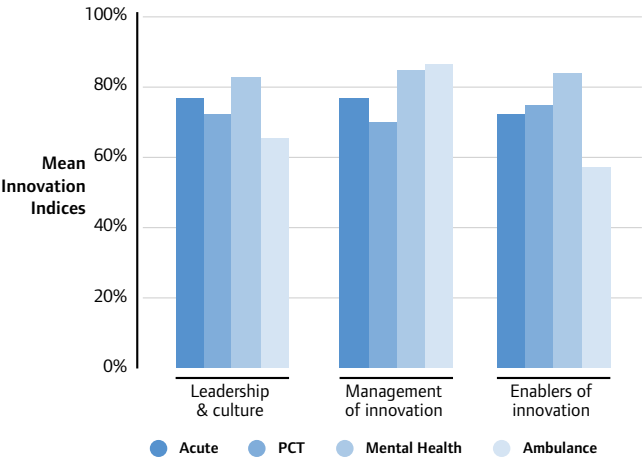
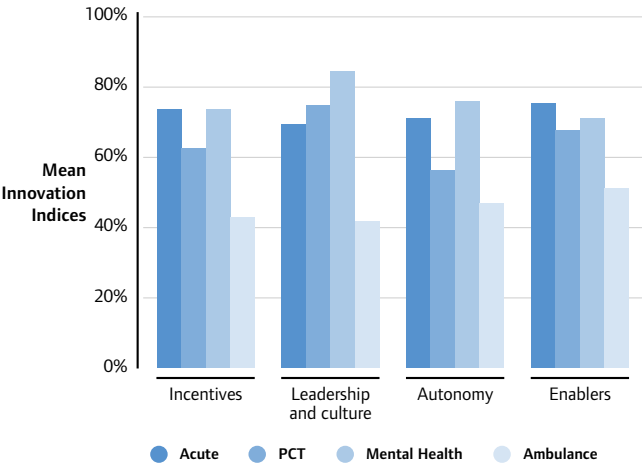


Figure A19: Wider sector conditions indicators across types of NHS Trust



For reference, the numbers of participating NHS organisations, by type, are shown below.

Table A7: Breakdown of NHS Trusts by type

Health Sector Breakdown	Surveyed (% of total in England)	Total in England
Acute trusts	36 (22%)	167
PCTs (and Care trusts)	17 (11%)	151
Mental health trusts	8 (14%)	58
Ambulance Trusts	3 (25%)	12
Total	64 (16%)	388

This set of charts shows the index scores for the Foundation and non-Foundation NHS Trusts surveyed. The charts cover the four aspects of innovation surveyed, followed by the breakdown of each individual aspect: impact, activity, capability and wider sector conditions.

3. NHS index scores for the Foundation and non-Foundation trusts participating in the survey

Figure A20: Innovation indicators for Foundation Trusts and non-Foundation Trusts

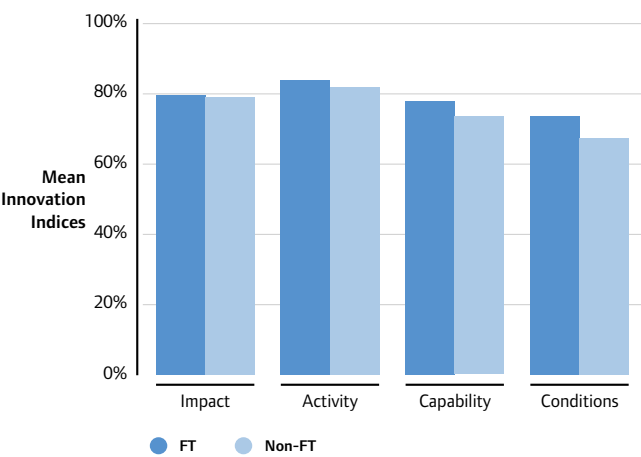


Figure A21: Activity indicators for Foundation Trusts and non-Foundation Trusts

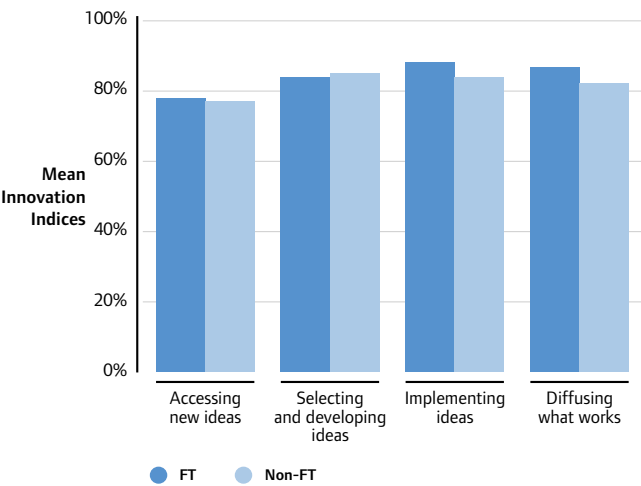


Figure A22: Impact indicators for Foundation Trusts and non-Foundation Trusts

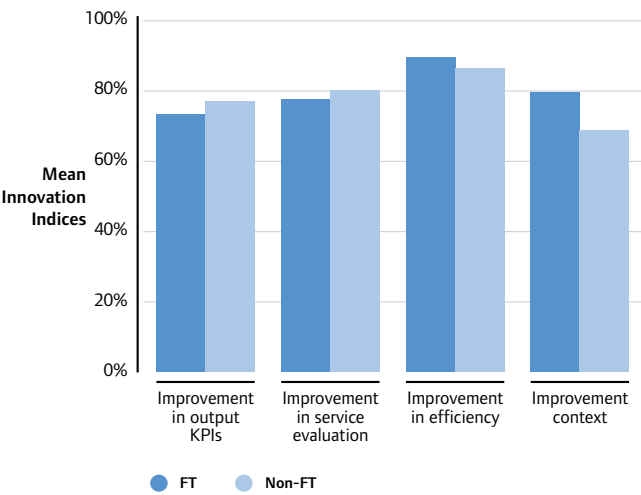


Figure A23: Capability indicators for Foundation trusts and non-Foundation trusts

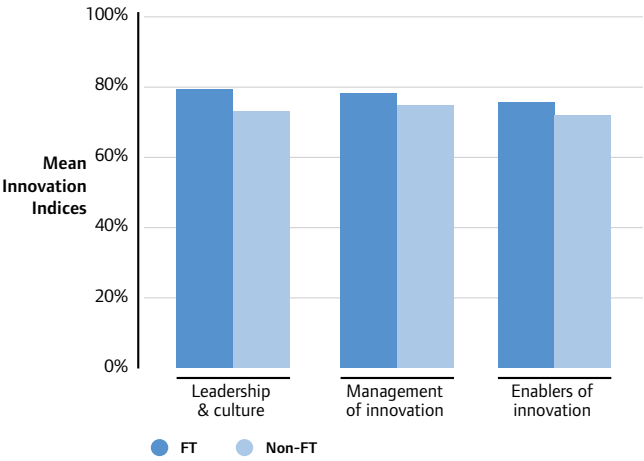
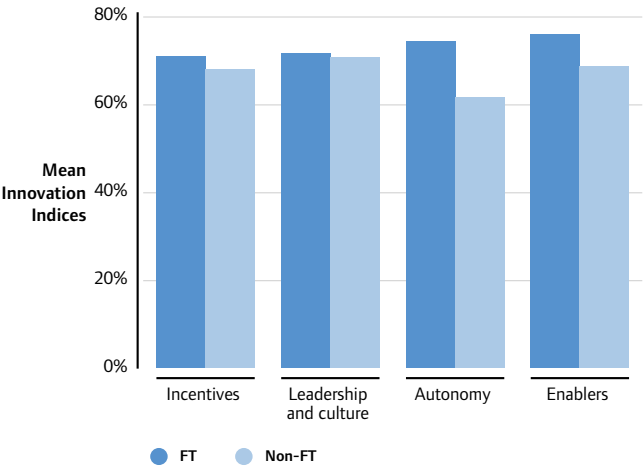


Figure A24: Wider sector conditions indicators for Foundation trusts and non-Foundation trusts



For reference, the numbers of participating NHS organisations, by type, are shown below.

Table A8: Breakdown of NHS Trusts by Foundation status

Health Sector Breakdown	Surveyed (% of total in England)	Total in England
Non-Foundation Trusts	39 (15%)	257
Foundation Trusts	25 (19%)	131
Total	64 (16%)	388

This set of charts shows the index scores for the NHS Trusts surveyed across the different Strategic Health Authority regions. The charts cover the four aspects of innovation surveyed, followed by the breakdown of each individual aspect: impact, activity, capability and wider sector conditions.

4. NHS index scores for participating trusts across the different Strategic Health Authority regions

Figure A25: Innovation indicators across NHS regions

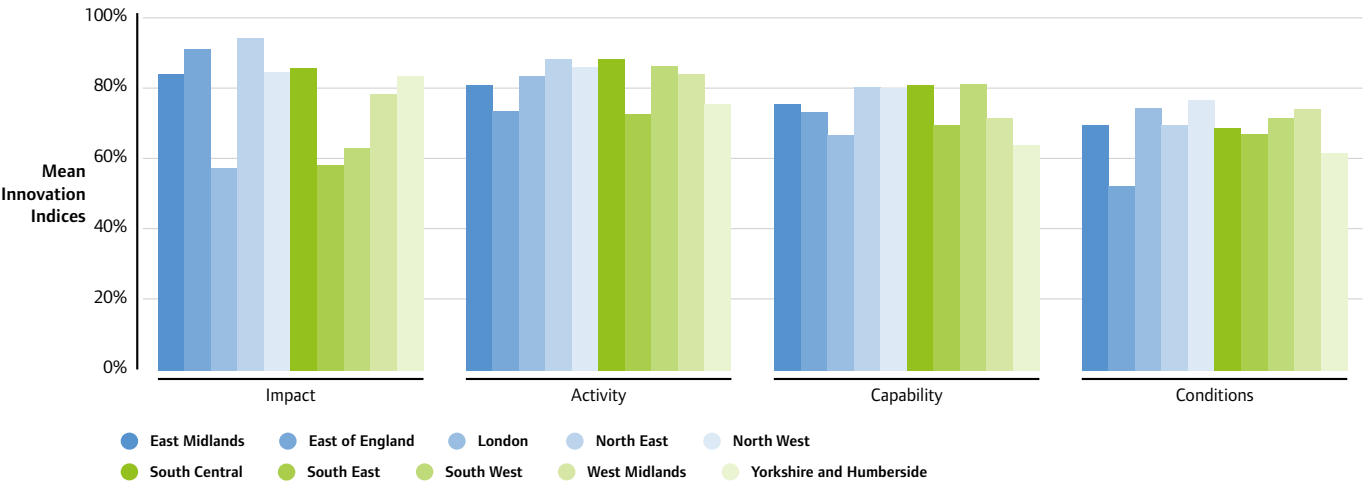


Figure A26: Activity indicators across NHS regions

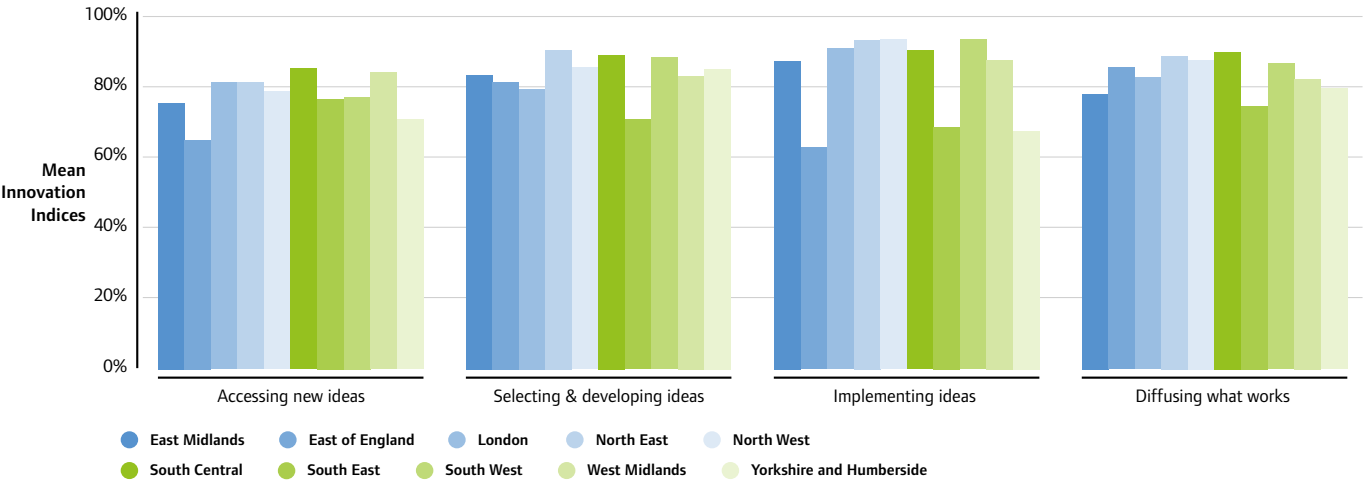


Figure A27: Capability indicators across NHS regions

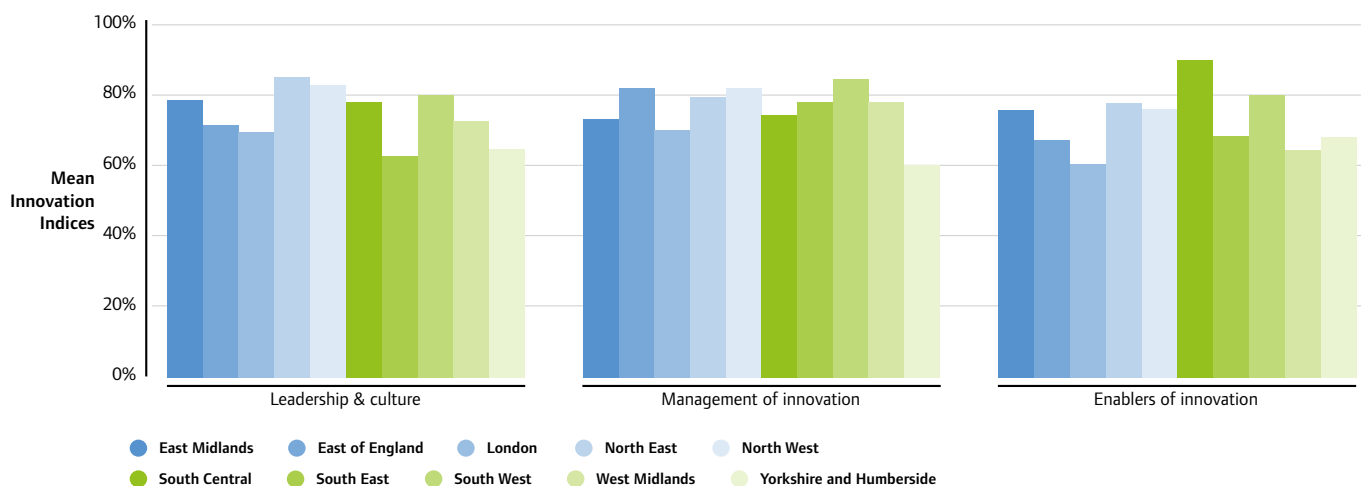


Figure A28: Wider sector conditions indicators across NHS regions

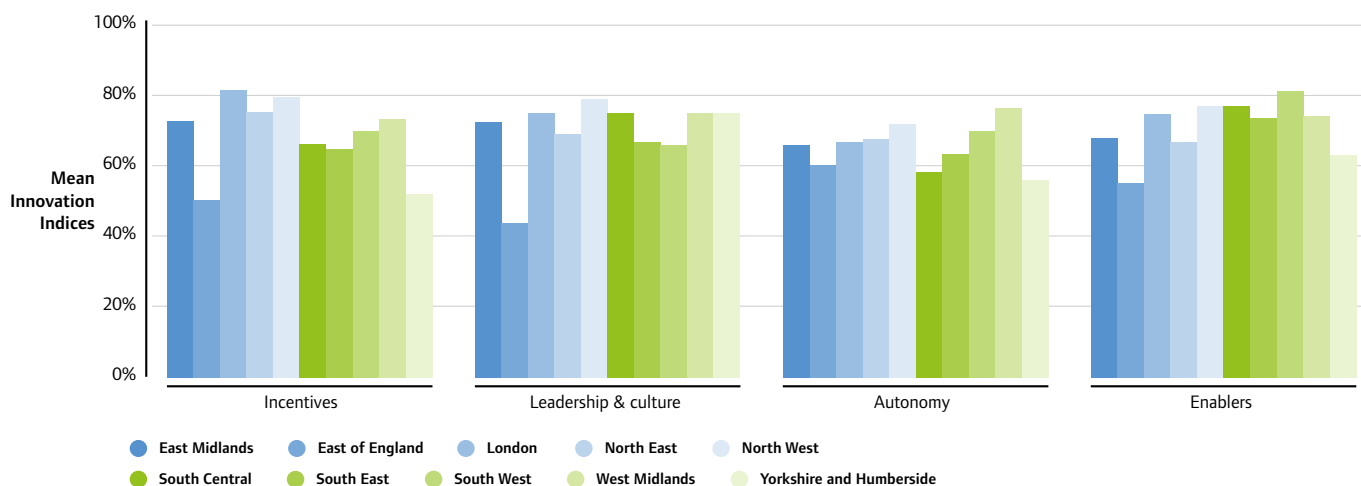


Table A9: Breakdown of NHS Trusts by Strategic Health Authority

Health Sector Breakdown	East Midlands	East of England	London	North East	North West	South Central	South East	South West	West Midlands	Yorkshire & Humber	Surveyed	Total in England
Acute trusts	3	3	2	4	9	2	1	4	4	4	36 (22%)	167
PCTs (and Care trusts)	3	0	0	0	3	2	1	2	4	2	17 (11%)	151
Mental health trusts	3	0	1	0	1	1	0	1	0	1	8 (14%)	58
Ambulance Trusts	0	1	0	0	0	0	1	1	0	0	3 (25%)	12
Total	9	4	3	4	13	5	3	8	8	7	64 (16%)	388

This set of charts shows the index scores for the different types of Local Authorities surveyed. The charts cover the four aspects of innovation surveyed, followed by the breakdown of each individual aspect: impact, activity, capability and wider sector conditions.

5. Innovation index scores for the different types of Local Authority participating in the survey

Figure A29: Innovation indicators across types of Local Authority

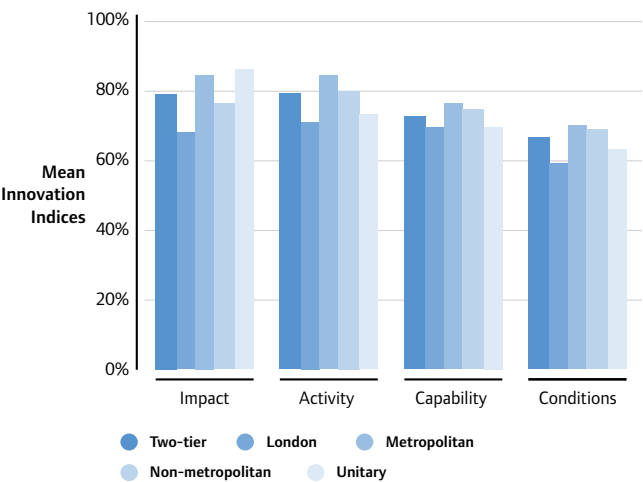


Figure A30: Activity indicators across types of Local Authority

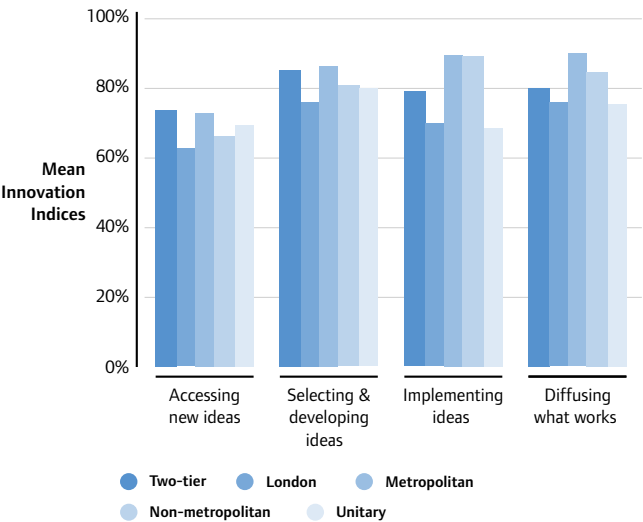


Figure A31: Impact indicators across types of Local Authority

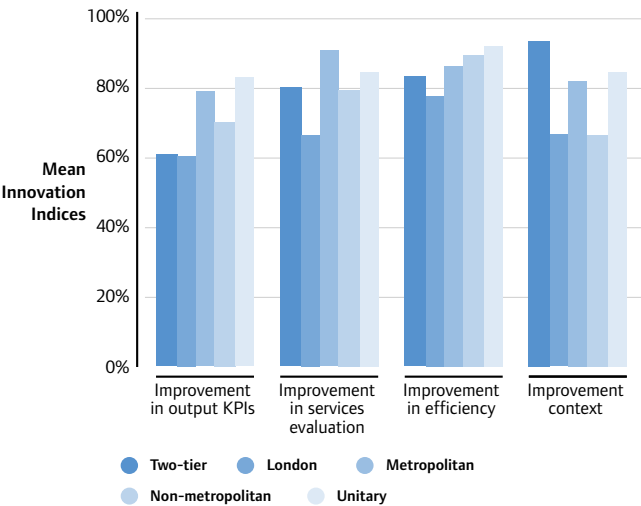


Figure A32: Capability indicators across types of Local Authority

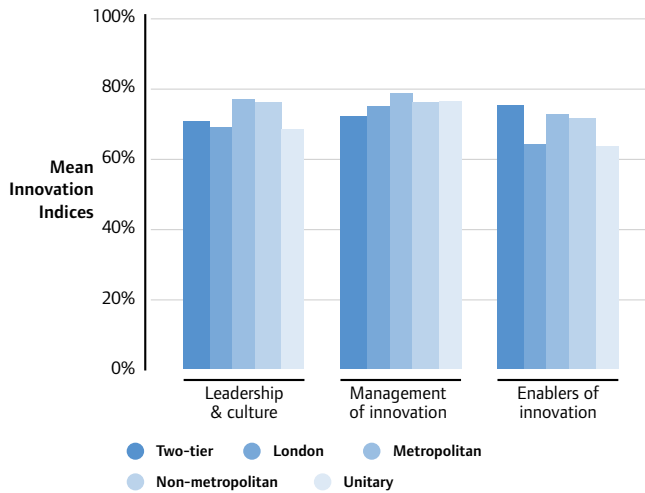
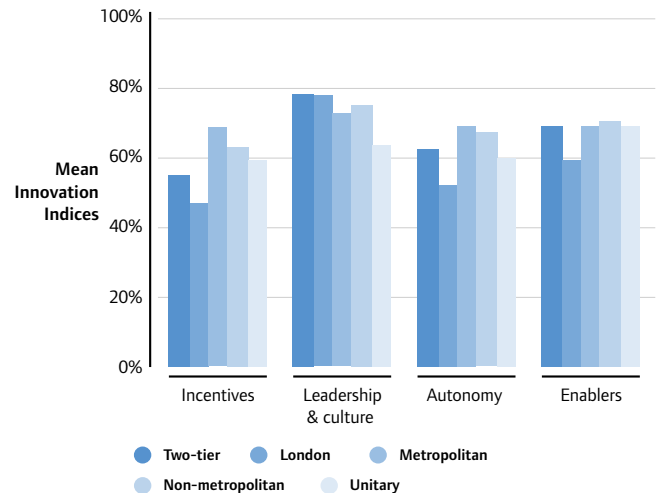


Figure A33: Wider sector conditions indicators across types of Local Authority



For reference, the numbers of participating Local Authorities are shown below.

Table A10: Breakdown of local authority respondents by type of authority

Local Authority Types	Total in England	Surveyed	Percentage of total in England
Non-Metropolitan districts	201	63	(31%)
Unitary authorities	56	13	(23%)
Metropolitan districts	36	11	(31%)
London boroughs	33	9	(27%)
Two-tier 'shire' counties	27	15	(56%)
Total	353	111	(31%)

This set of charts shows the index scores for the different sizes of organisations surveyed. The charts cover the four aspects of innovation surveyed, followed by the breakdown of each individual aspect: impact, activity, capability and wider sector conditions.

6. Innovation Index scores for the different sizes of organisations participating in the survey

Figure A34: Innovation indicators for the different sizes of organisations

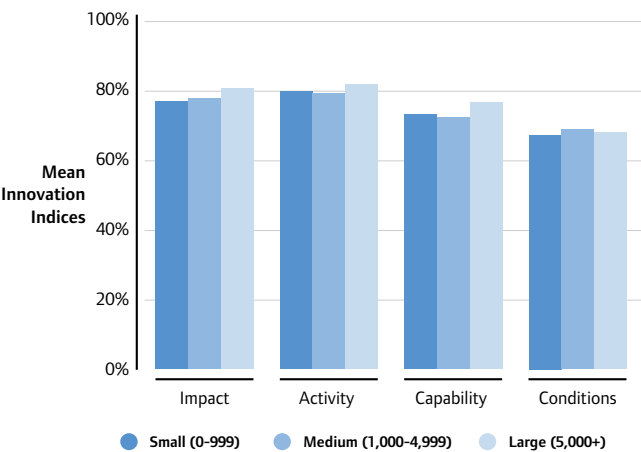


Figure A35: Activity indicators for the different sizes of organisations

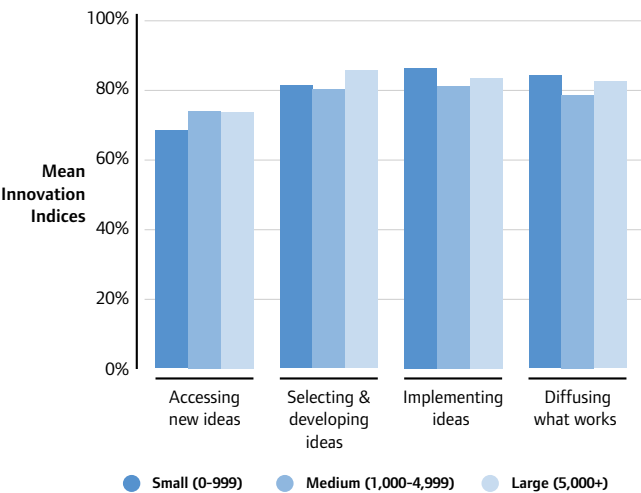


Figure A36: Impact indicators for the different sizes of organisations

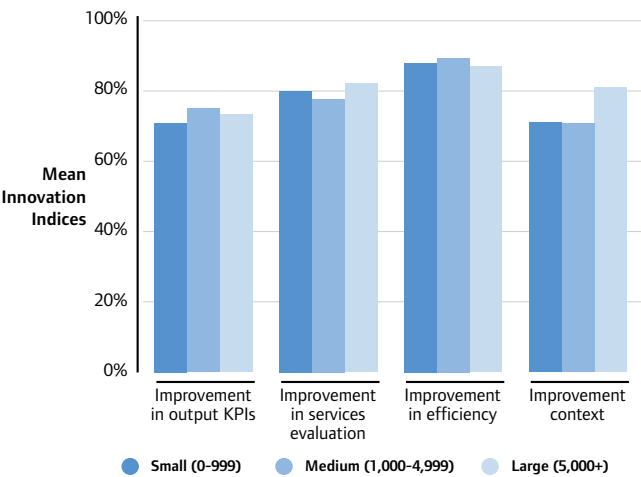


Figure A37: Capability indicators for the different sizes of organisations

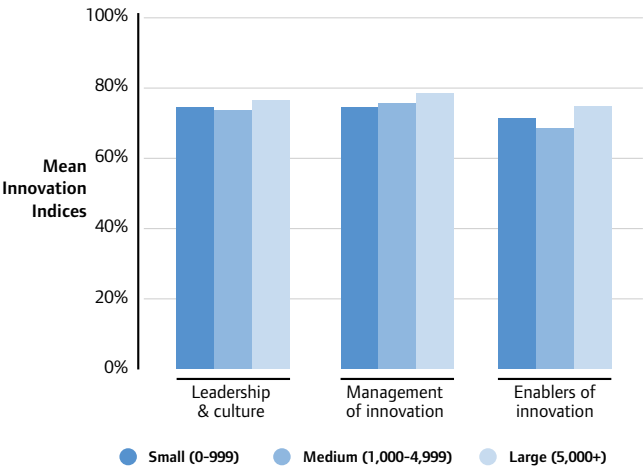
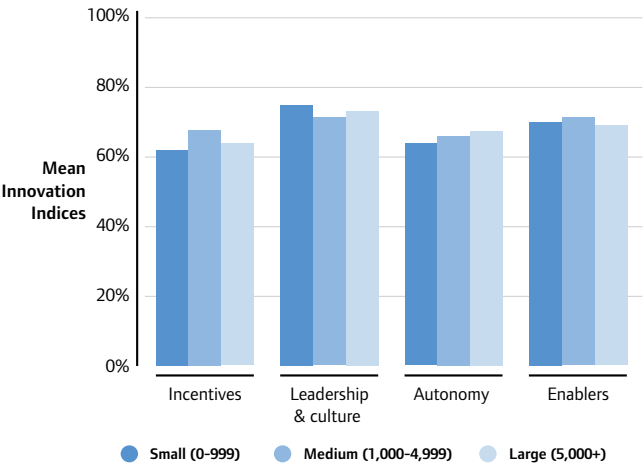


Figure A38: Wider sector conditions indicators for the different sizes of organisations



This set of charts shows the index scores for those organisations surveyed with innovation strategies, and those without. The charts cover the four aspects of innovation surveyed, followed by the breakdown of each individual aspect: impact, activity, capability and wider sector conditions.

7. Innovation index scores for those organisations participating in the survey with innovation strategies and those without

Figure A39: Innovation indicators for organisations with innovation strategies and those without

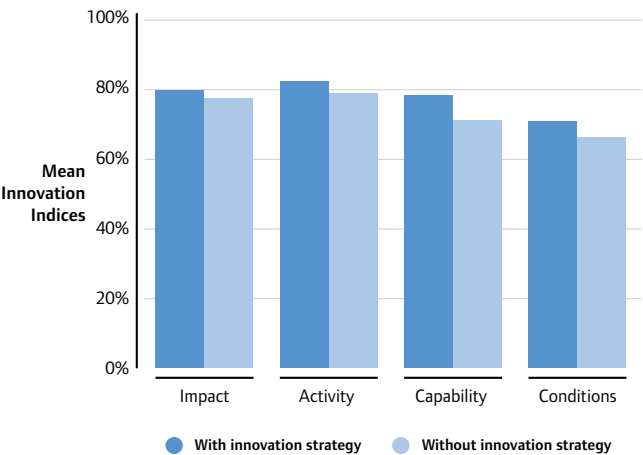


Figure A40: Activity indicators for organisations with innovation strategies and those without

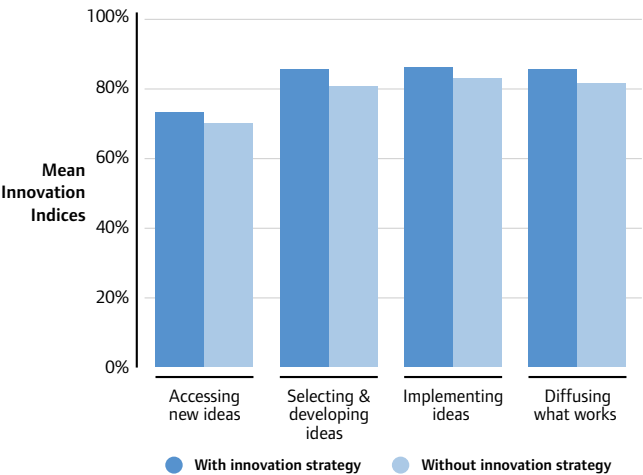


Figure A41: Impact indicators for organisations with innovation strategies and those without

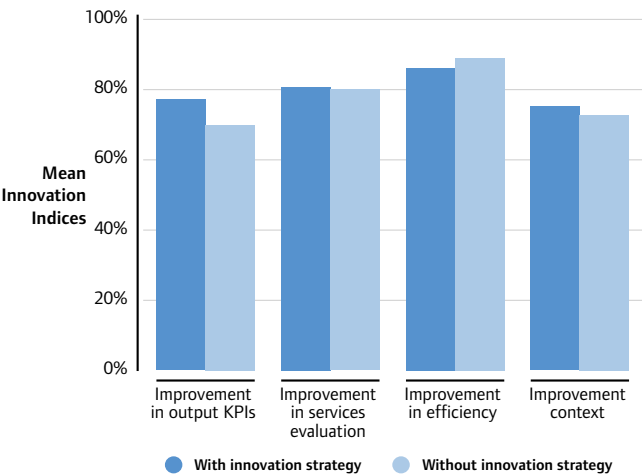


Figure A42: Capability indicators for organisations with innovation strategies and those without

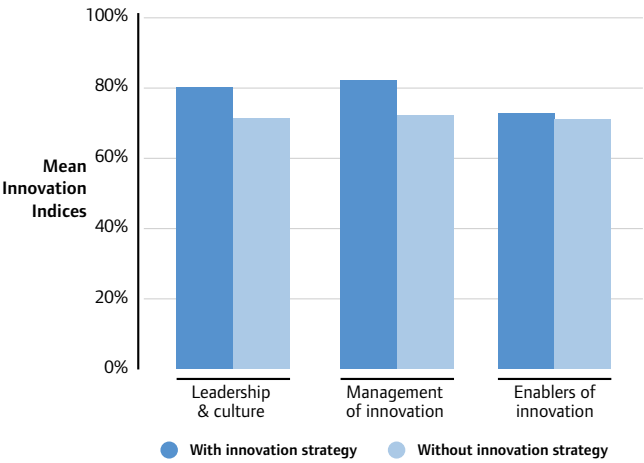
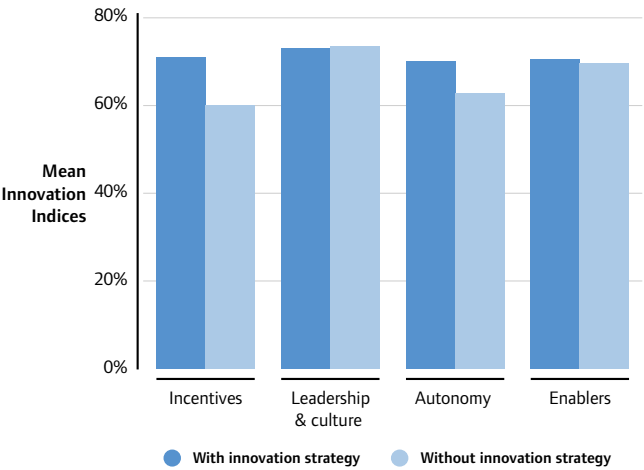


Figure A43: Wider sector conditions indicators for organisations with innovation strategies and those without



This set of charts shows the index scores for those NHS organisations surveyed with innovation strategies, and those without. The charts cover the four aspects of innovation surveyed, followed by the breakdown of each individual aspect: impact, activity, capability and wider sector conditions.

8. Innovation Index scores for those NHS organisations participating in the survey with innovation strategies and those without

Figure A44: Innovation indicators for NHS Trusts with innovation strategies and those without

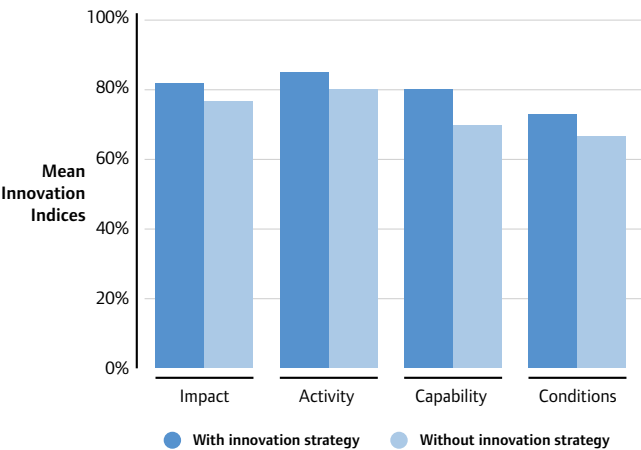


Figure A45: Activity indicators for NHS Trusts with innovation strategies and those without

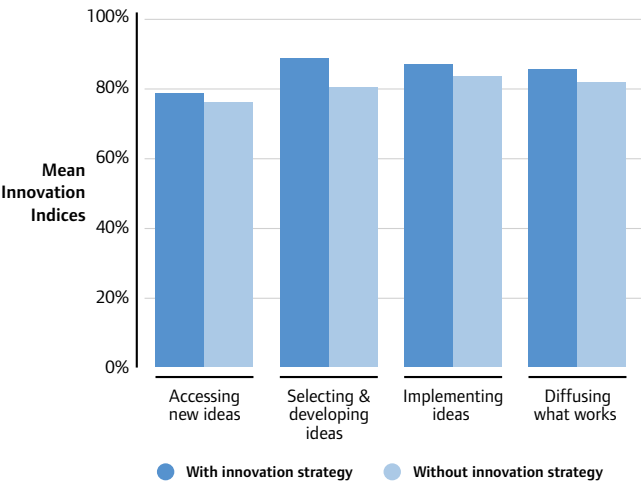


Figure A46: Impact indicators for NHS Trusts with innovation strategies and those without

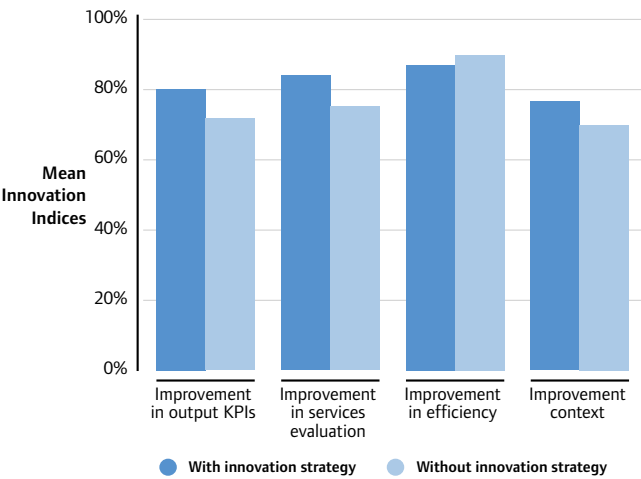


Figure A47: Capability indicators for NHS Trusts with innovation strategies and those without

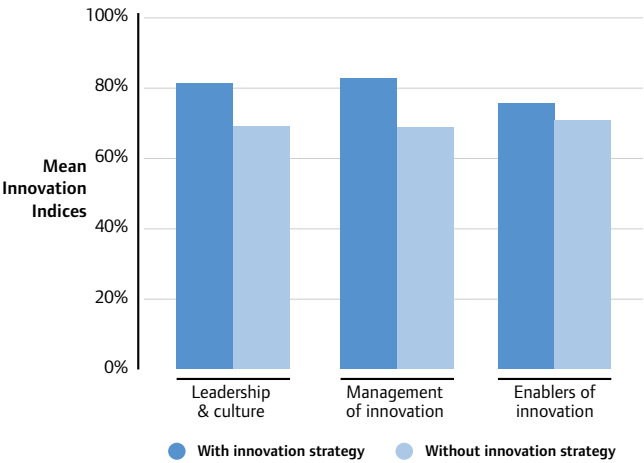
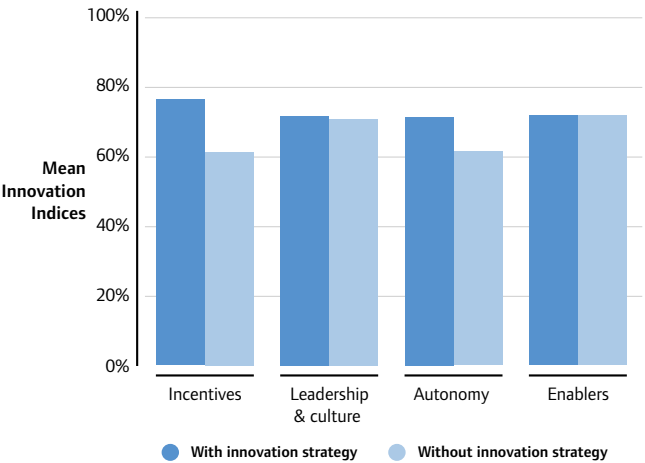


Figure A48: Wider sector conditions indicators for NHS Trusts with innovation strategies and those without



This set of charts shows the index scores for those Local Authorities surveyed with innovation strategies, and those without. The charts cover the four aspects of innovation surveyed, followed by the breakdown of each individual aspect: impact, activity, capability and wider sector conditions.

9. Innovation Index scores for those Local Authorities participating in the survey with innovation strategies and those without

Figure A49: Innovation indicators for Local Authorities with innovation strategies and those without

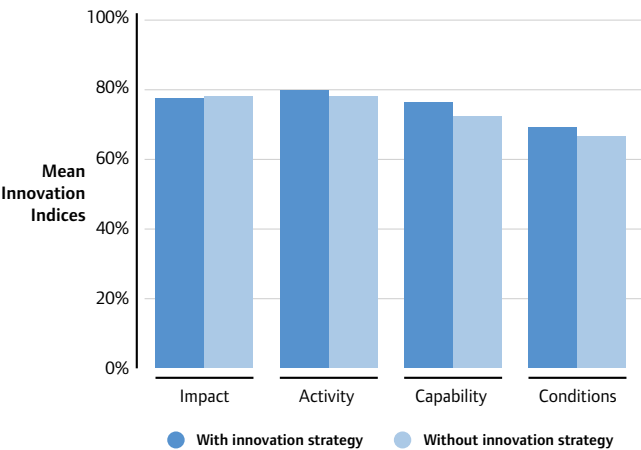


Figure A50: Activity indicators for Local Authorities with innovation strategies and those without

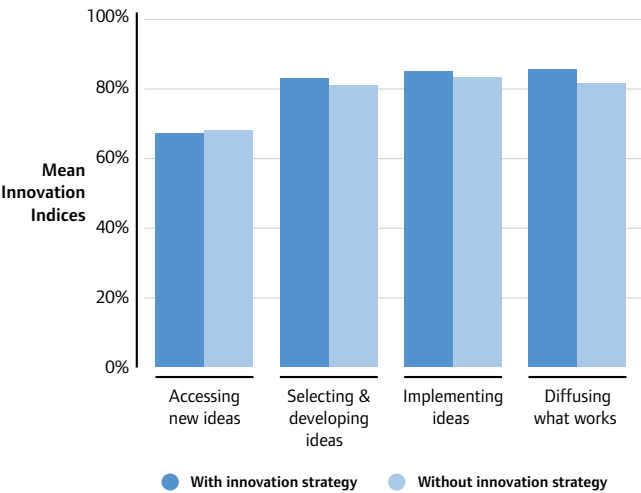


Figure A51: Impact indicators for Local Authorities with innovation strategies and those without

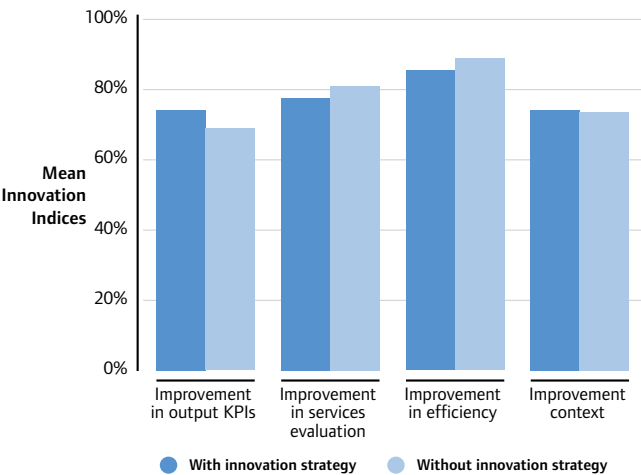


Figure A52: Capability indicators for Local Authorities with innovation strategies and those without

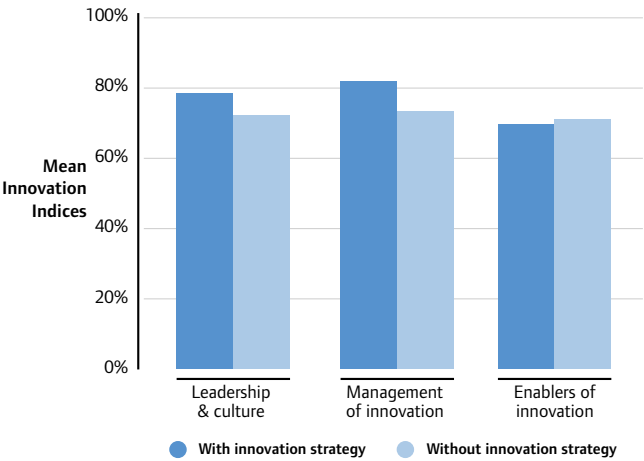
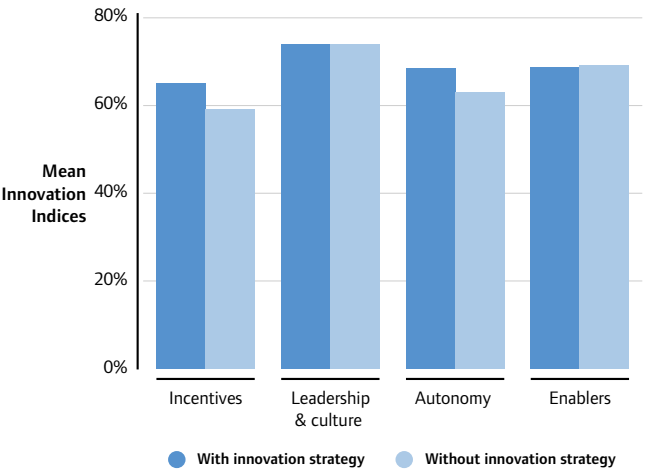


Figure A53: Wider sector conditions indicators for Local Authorities with innovation strategies and those without



Appendix 7: Disclaimer

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