



Sudeep Bhargava

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Making the case for innovation capacity in city governments

European city governments need to be able to innovate if they are to tackle existing and emerging policy challenges. Sudeep Bhargava outlines how best to understand a city's ability to innovate, and what it will take to build capacity in city governments.

Public Innovation Blogs

Reflections on a new LSE Cities report
on European city government innovation

*This article is part of a series to accompany a new LSE Cities Report, **Public Innovation: building capacity in Europe's city governments**.*

The challenges that cities across Europe face today seem to expand and overlap in concerning ways. News headlines constantly alert us to the **shortage in affordable housing** or to **climate goals that are repeatedly missed**.

Extremist politics are becoming more mainstream, evidenced by **Germany's recent federal elections**. Meanwhile, the recent Artificial Intelligence Action Summit hosted in Paris **exposed diverging attitudes** towards the role of technological innovation.

One thing has become clear: in order to attend to these issues, European city governments and their elected leaders need to invest in the creative long-term management of complex problems rather than formulaic interventions.

Public innovation in cities

Crucial to this process is a city government's internal capacity to innovate. Putting innovation at the centre of municipal strategy means forging new partnerships in civil society and restructuring municipal government in ways that may, at times, counter conventional thinking.

We must approach **innovation as a process**, allowing it flexibility to take various forms and involve various actors, both within and outside of city halls. Since no two cities are exactly alike, it is not enough to simply adopt strategies that have been successfully tested elsewhere.

A **new report from LSE Cities** unpacks this further. It argues that innovation in city governments does not happen by magic. Instead, city governments must build up their innovation muscles – their capacity to generate new ideas, test them and learn the lessons.

Such civic creativity has a proven track record. Historically, Europe's cities have led the way in mixed-use development, public transport and social infrastructure. More recently, they are experimenting with democratic innovations such as citizens' assemblies, which **promises to be an effective strategy** for restoring trust and participation in the democratic process.

Prioritising innovation at the municipal level can transform the ability of city governments to address complex and interrelated challenges. Research has shown that by building their capacity to innovate, cities can better **align with citizens' ambitions** and **improve resident wellbeing** and satisfaction levels.

Leaders across European cities are also aware of the change that innovation can bring: 87% of European city mayors who participated in the **2024 Eurocities Pulse Mayors Survey** agreed that public innovation would help them deliver on their priorities. It is now up to city governments, and those who aim to support them, to systematically assess their innovation capacity to identify the most effective path forward.

Classifying innovation capacity

The new LSE Cities report lays the groundwork for this task by developing an analytical framework which breaks down the capacity to innovate into distinct capabilities (shown in the figure).

Figure: Analytical framework for assessing city government innovation capacity



Note: For more information, see the accompanying LSE Cities report, [Public Innovation: Building capacity in Europe's city governments](#).

Efforts to systematically build innovation capacity can be structured around the framework to determine what city halls are doing well and what challenges they still face. The report distinguishes four capabilities, drawing on [existing models](#) and findings from an LSE Cities-Eurocities survey of 65 cities across Europe.

First, organisational capabilities include the resources available to support innovation, the internal culture that enables a city government to harness innovative ideas, and the structures, teams, strategies, regulations and processes that facilitate innovation.

Second, analytical capabilities include the ability to access, generate, integrate and analyse data; keep abreast of research and practice relevant to innovation; undertake or commission qualitative research with citizens and stakeholders; employ techniques to support innovation; and evaluate and learn from initiatives.

Third, partnership capabilities include collaboration with external partners in generating innovation. Partnership working can take a wide range of forms, from regular meetings or workplace exchanges through shared information, strategies and projects, to the creation of new shared institutions.

The final category, leadership capabilities, includes the commitment of city leaders to public sector innovation and their ability to inspire their administration and to provide strategic direction.

The first three capabilities are positioned within the analytical framework as interrelated, with space for overlap that enables other specific capabilities within city governments. The fourth, leadership capabilities, can be pivotal in building and sustaining a city's overall innovation capacity. The report suggests that developing these capabilities is a particularly effective way of strengthening a city's capacity to innovate.

The report also identifies the local culture of innovation as an external factor that can contribute to or deter a city government's innovation capacity. This culture can be identified in a city's socioeconomic fabric, social and cultural movements, the creative and political organisations of its residents or the presence of civically engaged research centres.

*For more information, see the accompanying LSE Cities report, **Public Innovation: Building capacity in Europe's city governments**.*

*Note: This article gives the views of the author, not the position of EUOPP – European Politics and Policy or the London School of Economics. Featured image credit: **prochasson frederic** / **Shutterstock.com***

About the author

Sudeep Bhargava

Sudeep Bhargava is a Researcher at LSE Cities.

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