



National Audit Office

Achieving innovation in central government organisations

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL | HC 1447-I Session 2005-2006 | 25 July 2006

The National Audit Office scrutinises public spending on behalf of Parliament. The Comptroller and Auditor General, Sir John Bourn, is an Officer of the House of Commons. He is the head of the National Audit Office, which employs some 850 staff. He, and the National Audit Office, are totally independent of Government. He certifies the accounts of all Government departments and a wide range of other public sector bodies; and he has statutory authority to report to Parliament on the economy, efficiency and effectiveness with which departments and other bodies have used their resources. Our work saves the taxpayer millions of pounds every year. At least £8 for every £1 spent running the Office.



National Audit Office

Achieving innovation in central government organisations

This volume has been published alongside a second volume comprising of
Achieving innovation in central government organisations:
Detailed research findings, HC 1447-II, Session 2005-2006

LONDON: The Stationery Office
£9.25

Ordered by the
House of Commons
to be printed on 20 July 2006

This report has been prepared under Section 6 of the National Audit Act 1983 for presentation to the House of Commons in accordance with Section 9 of the Act.

John Bourn
Comptroller and Auditor General
National Audit Office

19 July 2006

The report was produced on behalf of the National Audit Office by a team from the LSE Public Policy Group at the London School of Economics and Political Science, led by Professor Patrick Dunleavy and Professor Helen Margetts (Oxford University), together with Simon Bastow, Jane Tinkler, Oliver Pearce and Patricia Bartholomeou. The project was overseen by Leon Bardot and Jeremy Lonsdale from the National Audit Office.

This report can be found on the National Audit Office web site at www.nao.org.uk

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Tel: 020 7798 7400

Email: enquiries@nao.gsi.gov.uk

© National Audit Office 2006

CONTENTS

PREFACE	4
EXECUTIVE SUMMARY	5
PART 1	
Innovations and change in government	6
What departments and agencies see as innovations	7
Organisational innovations, government sector productivity and policy effectiveness	8
The context of overall changes in UK central government	14
PART 2	
Progress in developing innovations across government	20
The overall characteristics of nominated innovations	21
PART 3	
Recommendations	30
APPENDIX	
1 List of innovations submitted	34

PREFACE

The quest to achieve improvements in quality and efficiency of service provided across the public sector continues apace. There remains considerable potential to develop new ways of delivering services and improve value for money. Innovation has a key role to play. This report is the first independent assessment of innovation in central government. It has been prepared by the Public Policy Group of the London School of Economics on behalf of the National Audit Office.

Innovation often requires departments to take well managed risks – to experiment and develop new ideas where more traditional ways of working are not able to deliver real change. In the past, however, there has been a tendency for public organisations to be risk averse. Previous reports by the Comptroller and Auditor General¹ and the Committee of Public Accounts have emphasised their support for well managed risk taking.² This report follows on from that work, emphasising our continuing support for innovation and well managed risk taking. It draws on evidence from 125 specific cases to assess the progress to date in developing innovative solutions to improving government productivity and effectiveness.

1 Comptroller and Auditor General, *Supporting Innovation: Managing Risk in Government Departments* (HC 864 1999-2000) and *Managing risks to improve public services* (HC 1078 2003-04).

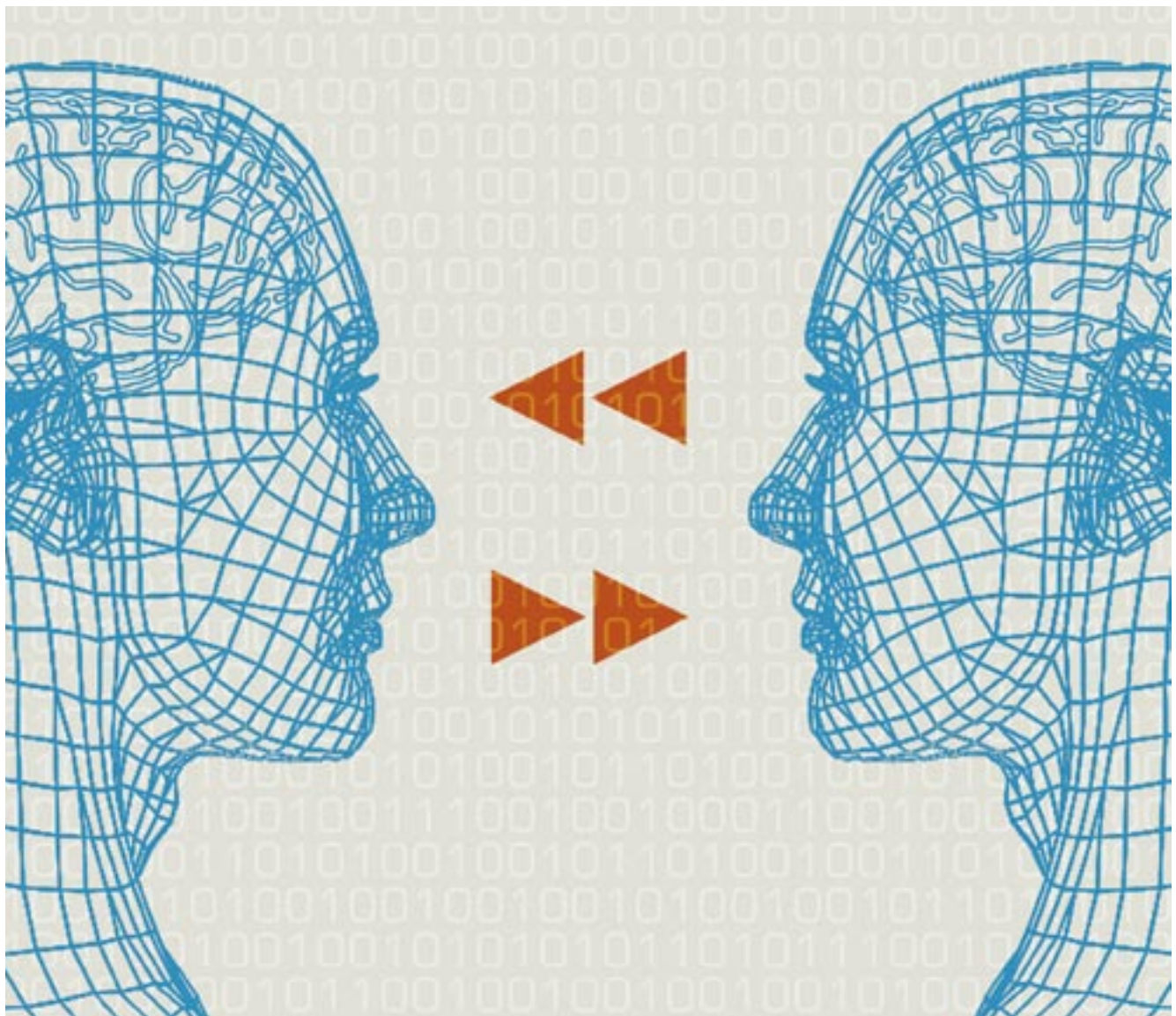
2 *Managing Risk in Government Departments: First Report 2001-02. Managing Risks to Improve Public Services: Fifteenth report 2004-05.*

EXECUTIVE SUMMARY

- 1** The role of innovations in improving government productivity and the effectiveness of services has previously been little studied. This report surveys central departments and agencies to ascertain what kinds of innovations they have recently made, and analyses the factors that they see as important in sustaining the innovations.
- 2** Organisational or administrative innovations in central government are diverse, but most involve improving performance management, introducing new IT projects or web services, as well as some physical technology changes. Many recent projects focus on joining up government and improving users' experience of services. The average innovation nominated takes 24 months to deliver and costs £900,000, but a minority of projects are much bigger and take longer.
- 3** The innovation process in central government is top-down and dominated by senior management. Contributions from lower-level staff are not so important. Innovative changes are often launched because of either political or ministerial pressures or efficiency drives. However, once this external trigger is provided departments and agencies have a stockpile of possible innovations to hand which they use to sustain change.
- 4** The availability of funding is cited as a key factor sustaining innovations, but using means to search for innovations such as specific innovation units can also play an important part. The main barriers to innovation are a reluctance to embrace new ways of working and fragmentation within government, creating 'silos' between agencies. The main impacts of applied innovations are improvements in services and responsiveness, but innovations seem to be less successful in cutting costs or improving staff working conditions.
- 5** There is scope for government to take a more systematic approach to developing innovations by improving costs and productivity data, communicating more simply to staff what kinds of innovations can be helpful, encouraging some counter-cultural thinking and methods for finding innovative solutions, and ensuring that approval and piloting processes are not over-protracted. The behaviours needed for innovation often challenge traditional ways of thinking and need to be recognised and rewarded. Departments and agencies can learn lessons from the private sector in developing more regular and serial innovations.

PART ONE

Innovation and change in government



1.1 Governments constantly appraise and alter how their policies are conceived and delivered, responding to the changing pattern of problems and issues, and to political and public expectations of what is or should be achievable. But in addition to these top-level changes, the organisation of public services reflects a steady progress in improving public management and service delivery through more administrative or applied innovations across departments and agencies. These changes often focus on implementation and they bring in new methods for organising existing staff and resources (like joined-up working); exploiting new inputs (like e-government); or developing new outputs and improving the quality of services.

1.2 The underlying process of organisational innovation in UK government has previously been little studied, but there are good reasons to believe that it has a major long-run influence on how government achieves value for money. It is a key motor of productivity change in government, in many ways analogous to the importance of innovation and productivity in the private sector. This report:

- shows what kinds of applied or organisational innovations³ are under way in central government departments and agencies;
- examines the scale, pace and other characteristics of applied innovations being undertaken by central government organisations; and
- assesses how the development of innovations in central government organisations compares with other sectors and how the rate and success of innovation across government might be improved to deliver enhanced value for money.

3 We have referred to innovations that happen within a central government organisation as organisational, administrative, internal, and applied. These terms are used interchangeably.

1.3 The report draws mainly on a survey of 125 innovations returned by 85 central departments and agencies, combined with an extensive programme of interviews with civil servants across Whitehall and with outside stakeholders and experts; a set of focus group discussions of our survey results with different kinds of public and private sector stakeholders; and some brief comparator studies of innovation in overseas governments, local authorities and private companies.

What departments and agencies see as innovations

1.4 We set out to determine what kinds of innovations are underway in central government by asking departments and the largest executive agencies and other public bodies to nominate one to three innovations recently undertaken or in progress in their organisation. **Box 1 overleaf** shows the methods we used. We took care to define ‘innovation’ broadly in our survey form and to invite the organisations responding to choose their own examples of changes that they count as innovative. Our analysis is therefore completely based on how departments and agencies chose to respond. The survey form sought to be neutral, open and non-prescriptive on what kind of innovations should be returned. In particular, it did not make a distinction between policy innovations and internal innovations, which we use to analyse the responses below.

BOX 1

Our methods approach focused on discovering how departments and agencies see innovation

- **We defined innovation broadly as ...**
 'Having new ideas, developing the best ones, and implementing them in such a way that there is (at least) a good chance that they will improve the ways in which your organisation operates or performs'.¹
- **We asked central government organisations to nominate up to three of their own innovations ...**
 These could be small or large scale, as long as they have impacted on a core part of the organisation's business. They should be relatively recent, well progressed, and be something that has worked relatively well.
- **Departments and agencies described their innovations in some detail...**
 telling us about the objectives of the change, the timescales involved, how they originated, and roughly how much they cost the organisation to develop from first ideas to implementation.
- **We ran a series of focus groups to discuss the survey findings on the characteristics of government innovations.....**
 with civil servants from three different levels of staff, private sector consultants working with government, major commercial businesses, information technology companies working with government, local authority chief executives and major interest groups.

NOTE

¹ Our survey also offered four short characterisations of innovation taken from the recent expert and academic literatures. Here innovation is

- 'Anything new that works'.
- 'Change that creates a new dimension of performance'.
- 'Creativity is thinking up new things. Innovation is doing new things.'
- 'Change worth recognising as innovation should be...new to the organisation, and be large and durable enough to appreciably affect the operations or character of the organisation.'

1.5 In nominating innovations (for a National Audit Office study), departments and agencies clearly followed a conventional sense of the word, denoting mainly internal organisational or administrative changes, involving fairly applied alterations in the organisation's processes or programmes. In government these shifts are generally politically-neutral and hence somewhat removed from

policy influences. **Box 2** provides brief details of fifteen examples of good, recent innovations, covering one in eight of all the innovations nominated in response to our survey. The Box shows that they spanned across a range of different kinds of change and operated on a number of different levels. Some of the changes in Box 2 are quite large, representing major departures in approach, while others are worthwhile developments of previous practices. We followed up the accounts of innovations that central government organisations provided and also consulted National Audit Office experts about the quality and significance of the changes made. We provide a list of all 125 innovations nominated for our survey along with some brief details in Appendix 1 of this report, together with a fuller description of each project on the National Audit Office website at www.nao.gov.uk.

Organisational innovations, government sector productivity and policy effectiveness

1.6 The role of organisational innovation processes within departments, executive agencies and major non-departmental public bodies (hereafter termed 'central government organisations') has been relatively neglected. But there are good reasons to believe that it has a long-run significance analogous to the much-studied role of innovations in the private sector. Innovations in central government organisations can be made in many different and diverse ways, including:

- altering or re-engineering existing business processes or organisational arrangements so that they work in an improved way;
- bringing new technology into use, for instance, new IT or web systems or a new piece of capital or physical equipment;
- more generally, bringing new inputs into use which will often fuel innovation in organisations;
- creating new outputs and perhaps seeking to achieve new outcomes or extending the quality of services provided, in a way more akin to product development by private sector firms.

BOX 2

Fifteen examples of recent innovations by central government organisations included in this study

Administrative re-organisations



The Department of Health established a central Customer Service Centre to handle all correspondence (including MPs' letters, other letters and emails) plus Public Enquiry telephone calls, instead of the previous pattern where this work was distributed across many different sections of the organisation. The change was triggered by the Department coming bottom of Whitehall league tables for handling correspondence. The new system was implemented progressively over 15 months and completed early in 2004. Service quality and timeliness has greatly improved. Correspondence turnaround times have been much reduced. Eighty per cent of phone inquiries are now answered within 30 seconds, and 97 per cent within 90 seconds. The Department also estimate that savings of staff costs on correspondence and public enquiries of 50 per cent have been achieved.



ABRO, in conjunction with the DLO Change Programme Staff, has overhauled its approach to repairing Warrior armoured fighting vehicles so that the numbers of vehicles in the repair loop at any one time can be reduced from 75 to a target of 30 and the throughput time can be radically reduced. New performance metrics have been introduced. Within six months of commencing in 2003 the programme cut the number of vehicles in the repair loop to 30 and decreased throughput times from 107 to 51 days, yielding cost savings of 20 per cent for the Integrated Project Team responsible for Warrior vehicles.



UK Transplant has introduced a programme to increase organ and cornea donations directly from front-line NHS bodies. UK Transplant's role is to match donated organs with patients needing new organs, and this initiative responded to Department of Health requirements that improvements be made in organ donation and to ministers' concerns. Twelve UK Transplant staff work with a wider network of around 200 staff in partner organisations, mainly NHS trusts, to create new organisational processes that can yield more useable donations. The project took 12 months to first implement, using research and working with stakeholder organisations, and then two more years to mainstream. The costs of the initiative were £4 million, three quarters spent on implementation. The scheme has helped reduce the NHS's core costs, achieved savings/costs ratios of around 10, and significantly increased some forms of organ and cornea donations.



The **Legal Services Commission** manages the government's substantial legal aid disbursements. It has developed a leadership development programme, a human resource initiative, which uses a variety of training methods to help senior managers develop and experiment with different styles of leadership, against a leadership profile. Managing performance through improved feedback is a central element, along with improving flexibility. The initiative took two years to develop and drew on work with consultants. The initiative cost £470,000 in its first year and five staff support the programme (two in consultants' firms). The main impacts have been improvements in evaluation, improving staff development and increasing the organisation's ability to develop new solutions and respond to new demands.



The Insolvency Service analysed its caseload and determined that some straightforward cases do not need to be handled by qualified specialist professional staff ('examiners'). The Service reorganised its administrative arrangements and developed a new grade of 170 Executive Officer staff who can take on less complicated cases, amounting to around seventy per cent of all cases. The new system eases workloads on examiners and improves timeliness and cost efficiency. Developing the new system itself cost £0.1 million, but after allowing for the costs of new staff, net savings of up to £1.7 million a year are projected. In addition, the change improves flexibility and creates more interesting jobs for casework staff.

BOX 2 *continued*

Services innovations



The **Maritime and Coastguard Agency** in co-operation with fire services around the country has introduced fire-fighting and chemical hazard teams to address a gap in arrangements before 2003, whereby the Agency had no formal capacity for dealing with fires and chemical hazards at sea while the fire services' remit covered only fighting fires on land. The new teams have greatly revised training and joint working procedures with the fire services and ambulance services, as well as overhauled equipment and helicopter transport arrangements agreed with the Ministry of Defence to reach vessels in distress. The new capability is available for operations up to 200 miles out at sea, as well as to all land applications if needed.



HM Prison Service has developed a new contracting strategy to reduce the demand for drugs in prisons. Providers are mainly comprised of voluntary sector organisations. The trigger for this change was the need to re-contract previous arrangements. Currently, roughly two out of three people come into prison with a drugs problem and are likely to continue to misuse drugs when they leave prison if their problem is not addressed. Under the new arrangements HMPS has secured the services of counselling and assessment specialists, usually from the voluntary sector, to work with prisoners inside. The project is rolling out following initial implementation. The project was resourced by full time procurement staff and Prison Service Drug Coordinators as part of their role. The total cost of the full time equivalent posts was £225,000. An additional £100,000 was spent on external consultancy and legal fees. The costs of contracts is £21.3 million annually. The new arrangements are somewhat more expensive than the old ones, but HMPS forecasts that they will achieve 20 per cent more outputs and that effectiveness and outcomes will be much improved.

Procurement changes



The **Office of Government Commerce** introduced the Gateway Review Process in 2001 as an external review and 'challenge' process for assessing the viability of major capital investment projects by departments and agencies. Initially envisaged as being run predominantly by senior civil servants from other departments, the review process has actually made more use of private sector consultants as reviewers than originally envisaged. But it has been successfully refined and developed. OGC has run 1,000 reviews on 600 projects, covering 123 different departments and agencies. The review process absorbs 28 staff and implementation costs are around £3 million per year. Cumulative value for money savings of £730 million have been estimated.



The **Environment Agency** has introduced 'electronic reverse auctions' for procuring high value but low risk commodities. Auctions are driven by the lowest prices or best value (depending on the commodity) and bidders are invited to submit increasingly competitive bids for established tenders. The e-aspect allows the process to work swiftly and produce 'energy and enthusiasm'. The Agency worked with the Office of Government Commerce to develop the initiative, which took 10 months to implement. The change cost £21,000 to introduce but involves less than one staff member to operate. There has been some industry resistance to e-auctions, but the Agency estimate net savings of around £1.4 million already, as well as improvements in better specifications and supplier selection.



Work on maintaining defence bases and properties was previously delivered through a large number of individual contracts (around 800). This approach involved the placing of financially small contracts and incurred avoidable administrative costs. **Defence Estates**, on behalf of the Ministry of Defence, introduced Prime Contracting, a system using a small number of strategic partnerships. This change radically reduces the numbers of contracts to 10 to 20, with five delivering the key services on a regional basis across the UK mainland, and provides better supply chain management and more creative partnering with major firms. Cutting paperwork, incentivised payment mechanisms, economies of scale and greater contracting flexibility are already yielding efficiencies. The initiative is a large-scale one, taking five years and a team of around 50 to implement nationwide, affecting around 500 Defence Estates staff (plus those in contractors) and costing around £15–20 million to develop.

Technology changes



Home Office

BUILDING A SAFE, JUST
AND TOLERANT SOCIETY

The Home Office in co-operation with police forces has introduced an Automatic Number Plate Recognition (ANPR) system, allowing number plates to be captured on digital cameras and cross-checked with wanted or suspect vehicle databases. Cameras allow police to run constant checks on traffic, without significant drain on personnel. One police force experimented with the idea from mid-2001 and a pilot project with 23 police forces began in 2003, with Home Office capital funding from 2004. The scheme will roll out nationally in 2006. Positive impacts have been achieved. Officers using ANPR technology have attained an arrest rate nine times the national average, and the rates of 'Offences brought to Justice' have been three times higher than for conventional unassisted policing.



The NHS Purchasing and Supply Agency has introduced a new non-sterile two-litre urine drainage bag that incorporates a safer means of opening and emptying. The new bag is easier to operate safely and it reduces the risks of spreading hospital acquired infections. The innovation emerged from front-line staff and was actioned in specialist consultation meetings with stakeholders. These stakeholders worked with suppliers to develop a product which met the criteria. The main impact of the change is to improve the work life of staff.

IT systems and web projects



Land Registry has commenced a major programme to design, build and pilot a completely re-engineered system of conveyancing using electronic technologies via the web. Stages in the conveyancing process previously not recorded by Land Registry will now be included on the database, and once completion has taken place, title to the property will be granted on payment of the requisite fees. The Land Registry database will be updated using the internet. Legislation enabling the programme was passed in 2002 and the programme will be rolled out in modules. A total capital estimate for development and implementation of £146 million was approved by HM Treasury in August 2005. The expected annual cost of running e-conveyancing services in a full year was also approved as £4 million in 2007-08 rising to £19 million by 2013-14. The main benefits of the programme will be in providing a faster, more responsive and more detailed service to solicitors and customers.



Driver and Vehicle
Licensing Agency

The Driver and Vehicle Licensing Agency (DVLA) is undertaking a change programme to make electronic by 2008 all transactions carried out between drivers and the Agency. Developing a central driver database is the first component and went live at the end of 2005, allowing many (but not all) drivers to renew their licences electronically and providing enhanced enquiry facilities. This is a large-scale e-government programme that responds to ministerial and government priorities, offers extended services to drivers and aims to reduce costs and improve delivery. This innovation is still in development but the first stages have so far been implemented well by DVLA, with encouraging early results.



The Ministry of Defence has a ten-year plan for improving its human relations work and its Joint Personnel Administration Programme involves moving 240 disparate and bespoke computer systems to a central system covering all staff areas across the three armed forces. The change brings together staff from different uniformed services, centralises and integrates IT systems. It provides many online facilities and gives self-service capabilities for service personnel that should reduce the amount of form-filling, improve responsiveness and accuracy, and lead to better workflow. This is a large and complex IT project, involving around 140 staff and costing £150 million, mainly on the administrative costs of implementation. MOD hopes that once fully implemented the JPA programme will deliver efficiency savings of £110 million annually, as well as offering improved services to forces personnel.

1.7 Top-level or programme innovations blur into policy changes and political decision-making generally, which this report does not cover. The main contemporary drivers for change in the UK include:

- the government’s targets for improving services quality;
- a shift towards tailoring public services to make them more responsive to citizens’ choices;
- a concern to meet the public’s growing expectations of service standards, notably in healthcare and education;
- Public Service Agreement (PSA) targets, which have focused increased attention on departments improving the effectiveness of their outputs.

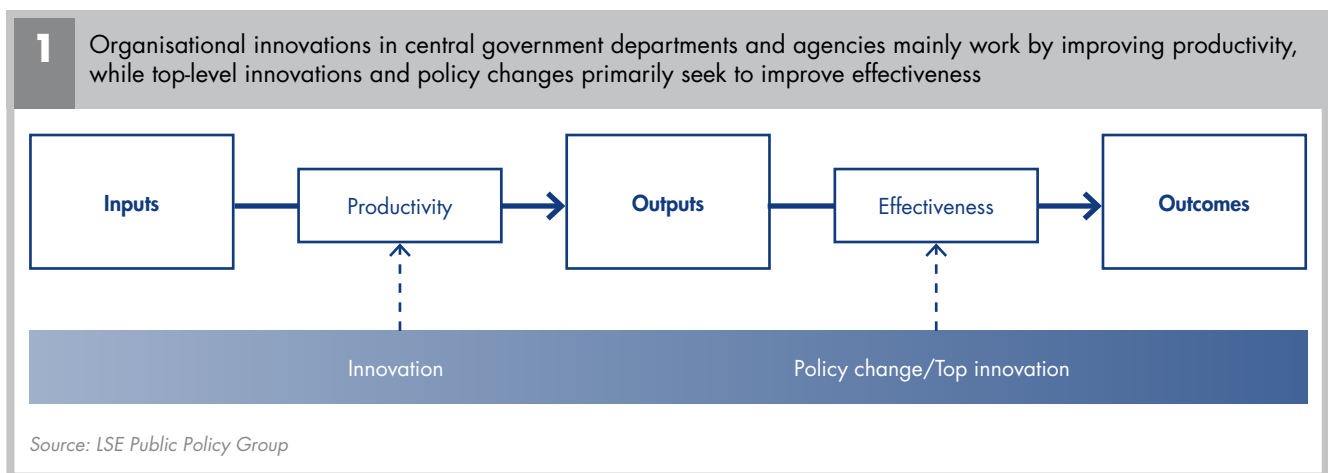
As **Figure 1** shows, such developments are primarily directed at improving the *effectiveness* of a government organisation – that is, is the extent to which its outputs help to realise the outcomes that policy-makers seek to achieve. The political aspects of top-level innovations fall outside the scope of this report, and departments and agencies clearly recognised this in the nominations of innovations that they made.

1.8 Figure 1 also shows that innovations in the conventional sense (and the focus of this report) primarily have the effect of improving the productivity of a central government organisation’s activity. Productivity is defined as the ratio of an organisation’s outputs divided by its inputs. Improving productivity means that an organisation can deliver more immediate outputs with fewer inputs, an important way of realising increased value for money. In the private sector of the economy, continuous productivity change is a central motor of economic growth and rising national prosperity. Of course, some applied innovations

also improve the effectiveness of government services, especially those that create new relationships between government organisations and their customers or that focus on improving the quality services. As Figure 1 shows there is no hard and fast boundary between more applied innovations and top-level policy changes. The two types of change instead blend together in a gradual progression.

1.9 The government has long recognised that innovations made by private companies are critical for economic development, especially in improving firms’ productivity. But, in addition to consumption by firms and individuals, **Figure 2** shows that just under a quarter (24 per cent) of final consumption in the UK takes place in the public sector. Of this total some 15 per cent (amounting to £151 billion of consumption spending a year) is undertaken by central government organisations (for more details see Detailed Research Findings volume, pages 4 and 5). In addition, central departments have a considerable influence upon how the remaining 9 per cent of public consumption spending is undertaken. If innovations in central government organisations can improve how this sizeable amount of economic activity is undertaken then there is considerable scope for major economic benefits to accrue.

1.10 Despite this there has been much less discussion of the role that innovation plays in government productivity change than the equivalent processes in the private sector. Indeed for a long time both economic analysis and the national statistics have tended to assume that productivity in the public sector is flat. This position has now begun to change, with the Office of Government Commerce Efficiency Team implementing the Gershon agenda working closely with the UKCeMGA team in the Office of National Statistics (ONS) which has responsibility for productivity measures. In addition, major departments are

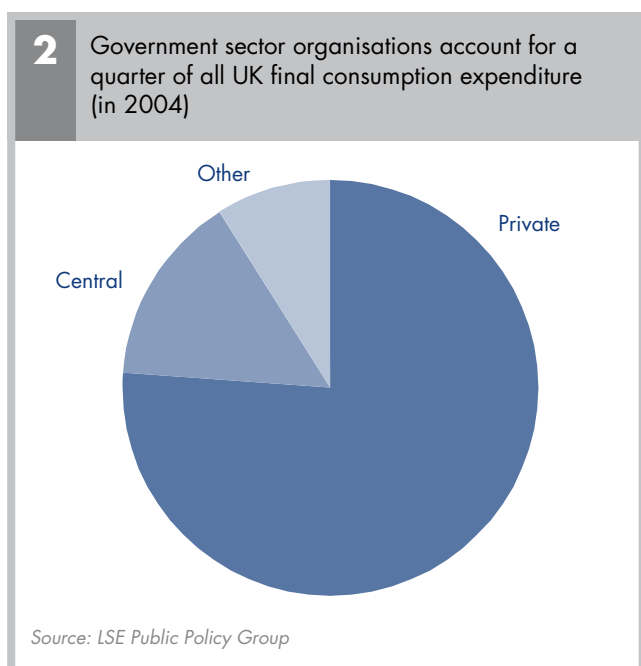


developing productivity data, with ONS, for their sector of public spending, such as health care or social security (see the February 2006 NAO report, HC 802 *Progress in Improving Government Efficiency*). These new data will provide useful information on productivity changes at quite a macro-level that was not previously available.

1.11 Responsibility for encouraging innovations and productivity change at the centre of Whitehall has also been rather fragmented. **Figure 3 overleaf** shows that four main departments play a part. The Cabinet Office includes ‘innovativeness’ as one of the nine key aspects to be developed by civil service training, and four of its sub-units play a part in more specific initiatives fostering aspects of innovation. In November 2005, the Cabinet Office e-Government Unit (the successor to the Office of the e-Envoy) outlined an IT policy strategy in *Transformational Government*⁴ aiming at consolidating progress achieved in the 1999-2005 period, and focusing on three goals: moving forward progress with citizen- and business-centred electronic

services; developing shared services; and growing IT professionalism within government. This strategy clearly has important implications for embedding an innovation process in government, especially since we show below that many existing innovations nominated by departments and agencies concern IT-enabled business changes. For example, the Cabinet Office believe that the shared corporate services initiative in *Transformational Government* demonstrates a different way of thinking about administration in government. The Cabinet Office is also leading the new Capability Reviews of central government departments, announced by the Cabinet Secretary Sir Gus O’Donnell, which aim to “give civil service leaders a real grip on how well the service is performing and not by its own measure but by independent, credible, objective assessment”.⁵ The first three reviews were under way in July 2006.

1.12 The Treasury has an interest in improving public service productivity and one of its component units, the Office for Government Commerce is leading the Gershon efficiency drive and working with the Department of Trade and Industry to help contracting authorities embed innovation in government procurement. Past work has included guidance for procurers on capturing innovation and currently includes a joint project examining how innovative ideas can be pulled through into the procurement process in ways which are consistent with the policy and legal framework governing public procurement. In March 2006, the Treasury co-sponsored with the National School of Government (NSG) a conference on “Mastering Innovation and Risk”. The conference saw the launch of the NSG report on Innovation and Risk Management and the publication of *Risk: good practice in government* which highlights examples encouraging and supporting innovation. The Treasury also has a Public Services Productivity Panel, which issued 13 reports in 1999-2000 and five between 2001-2002, but only one since then, in 2004.⁶ This reflects a deliberate change of focus for the Panel away from reports and towards hands-on consultancy and support to departments and central government, particularly on the delivery of PSA targets and the Gershon Efficiency programme.

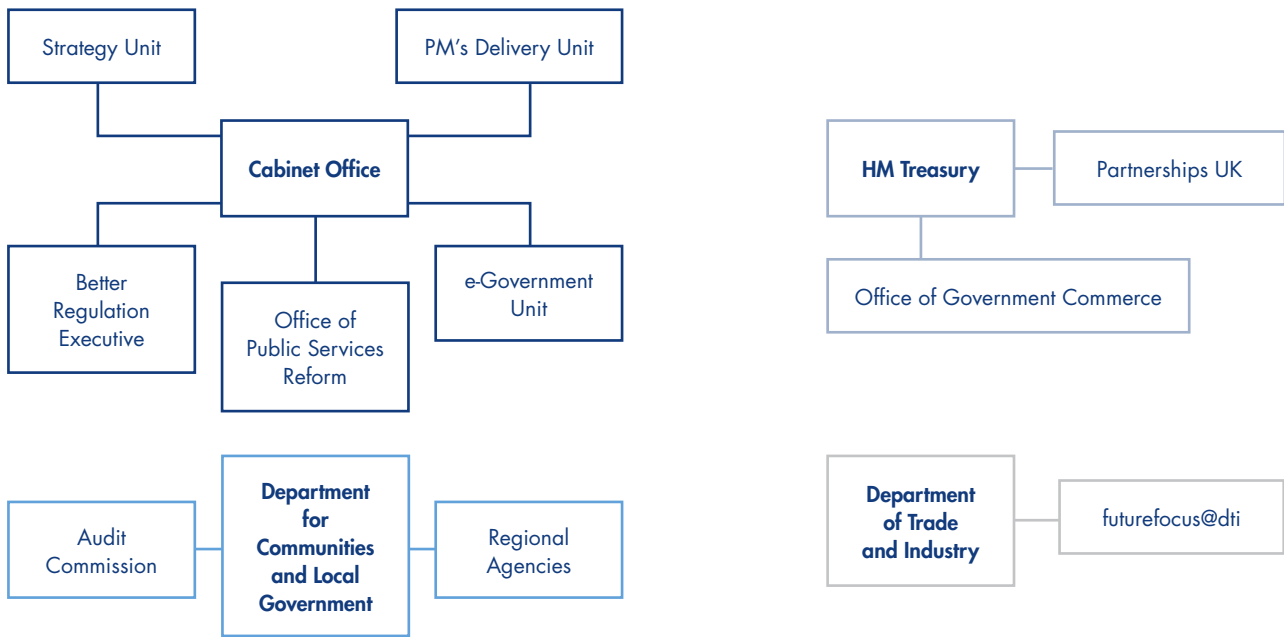


⁴ *Transformational Government: Enabled by technology*, Cabinet Office, Cm 6683, 2005.

⁵ Cabinet Office website: <http://www.civilservice.gov.uk/reform/capabilities>.

⁶ See http://www.hm-treasury.gov.uk/documents/public_spending_and_services/public_services_productivity_panel/pss_psp_index.cfm Building Effective Boards published November 2004; *Working Together: Effective Partnership Working On the Ground* (“The Partnerships Report”) published April 2002; *Accountability For Results* (“The Accountability Report”) published March 2002; *Making A Difference: Motivating People To Improve Performance* (“The Motivation Report”) published February 2002; *Role of External Review in Improving Performance* (“The Inspections’ Report”) published December 2001; *Customer-Focused Government* published November 2001; *Public Services Productivity: Meeting the Challenge* published August 2000; *Effective Reporting in Education* published July 2000; *Maximising Value for Money* published July 2000; *Putting your house in order* published June 2000; *Out in the Open* published June 2000; *Working in partnership* published May 2000; *Sold on Health* published May 2000; *Refocusing Performance Management* published May 2000; *Improving Police Performance* published April 2000; *Targeting Improved Performance* published April 2000; *Customers in the Driving Seat* published January 2000; *Incentives for Change* published January 2000; *Variations In Outpatient Performance* published November 1999; *PSPP Report on Building Effective Boards*.

3 At the heart of Whitehall, a number of government organisations are involved in encouraging innovation in government



NOTE
Partnerships UK is a private sector classified company which has the Treasury as its largest shareholder.

1.13 The Department of Trade and Industry promotes productivity improvements across the United Kingdom economy. Its Foresight Directorate contributes to central government organisations’ ability to look ahead at social and technological trends. The Department of Trade and Industry also has a small unit for helping departments with innovative thinking. The Department for Communities and Local Government and the Audit Commission promote productivity improvement in local government and the Department’s regional agencies help foster innovations in the regional private sector economies. This reflects the Government’s belief that its devolution agenda is also a way of promoting innovation. The Treasury consider that allowing local agencies to make decisions informed by local circumstances may often lead to better solutions to policy problems. It considers that central government can promote innovation by giving those nearer the problem the power to identify, develop and deliver solutions.

The context of overall changes in UK central government

1.14 The last decade has seen rapid change in British central government, with a renewed push for greater modernisation and responsiveness to customers. As part of this, there has also been considerable rebuilding of government offices and other facilities, together with many renewals of IT systems. All of these kinds of changes have clearly been helpful in promoting wider organisational change and administrative innovation. For instance, departments and agencies can often take the opportunity of moving staff into modern office spaces to reorganise how they undertake work, making changes that would have been difficult in older and less flexible accommodation.

1.15 Inherently, the extent of overall change within central government is hard to measure and it is not part of this study's remit to do so. However, it is useful to get at least some bearing on this essential context for studying more organisational or administrative innovations.

Figure 4 overleaf shows that after declining in the mid 1990s, capital investment in centrally-financed public services has surged strongly in the last five years. The Private Finance Initiative, shown in **Figure 5 overleaf**, has contributed a particular impetus to improving capital investments. At headquarters and agency level, PFI deals have helped move central government organisations into more modern workplaces, better equipped with technology appropriate for contemporary public management. UK central government spent around £14 billion on government information technology in 2004 and has the highest rate of spend of any country in the European Union according to IT market analysts, including investments in many new systems and facilities.

1.16 The government has also been active in restructuring organisational arrangements to fit with new policy priorities and administrative approaches, especially joined-up government. **Figure 6 and Figure 7 on page 17** show that there has been a fairly continuous adjustment of the number of organisations in UK central government, and that reorganisations have affected quite large numbers of staff through to 2005. These structural and statistically observable changes have gone along with other equally important but less visible alterations to how central departments and agencies are run. Systematic efforts have been made to bring people from a wider range of backgrounds into the senior civil service. Strong developments have taken place in partnership working between departments, agencies and sub-national government, and the management of complex public service delivery chains. New standards of professionalism in the civil service have been developed, including mention of the importance of innovation. And there has been much greater experimentation with different organisational models, delivery mechanisms, diversification in providers. As a result, many civil service organisations are now hard to recognise when set against their counterparts of a decade ago – with different buildings, more diverse staff, much improved IT systems and business processes, and more ambitious targets and policy aspirations.

1.17 It is clearly important to recognise that the amount of top-level or policy changes summarised in Figure 4 can have important impacts upon the ability of organisations to make more conventional or bottom-up innovations. In our focus groups and interviews three kinds of inter-relationship were frequently discussed: positive connections; negative connections; and no connection.

1.18 Positive connections occur where top-level changes and new policy directions open up opportunities for central government organisations to make additional applied or internal innovations and improvements, and to question and re-arrange established 'legacy' processes or arrangements. Here top-level change and organisational innovations complement and sustain each other. Many interviewees within the senior civil service stressed to us that there was a rapid pace of change under way in departments' and agencies' ways of working, which primarily responded to ministers' demands for improved effectiveness in delivering public services. There was a recognition that elected politicians play a key role in shaking up what might otherwise be hide-bound organisations and communicating new priorities. For instance, one civil servant told us:

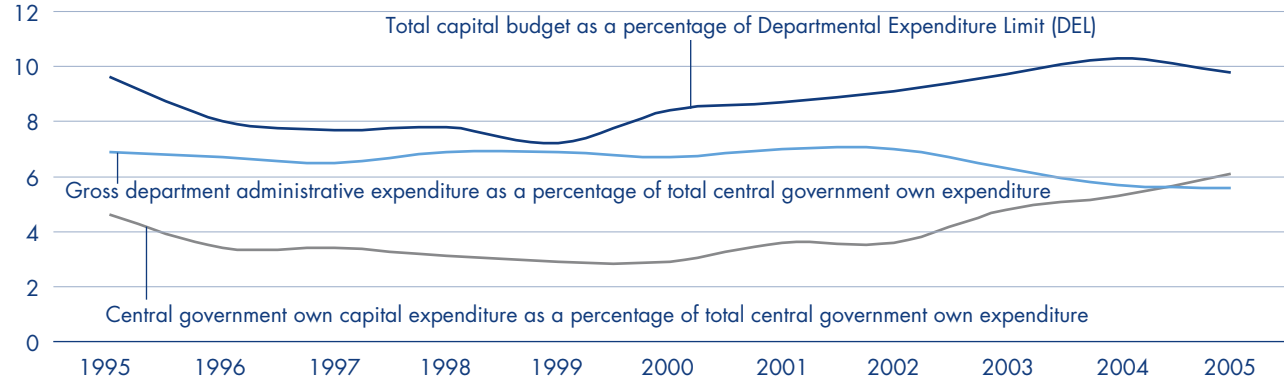
'My perception is that there is far more willingness to seek improvements through innovation throughout the middle to senior managers than there would have been ten to fifteen years ago. A quantum leap in innovation often comes from external pressure, but then within the range of the organisation there are improvements in efficiency and so on.'

Senior civil servant

4 There has been considerable strategic change in UK central government in the last decade

Capital investment in public services has grown

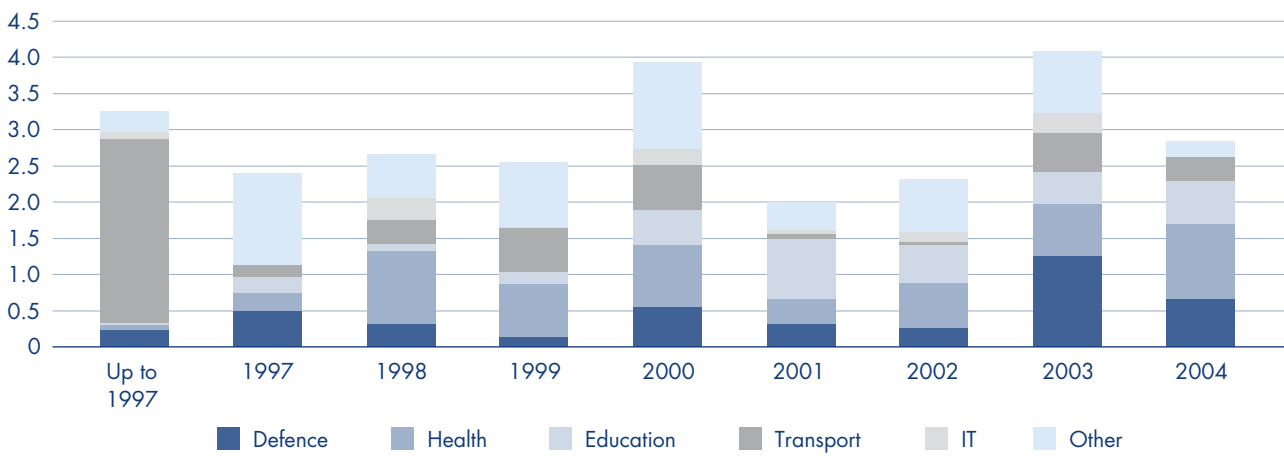
Percentage



Source: HM Treasury Public Expenditure Statistical Analyses (PESA) publication, 2006

5 Private Finance Initiative investments have contributed impetus to improving capital investments

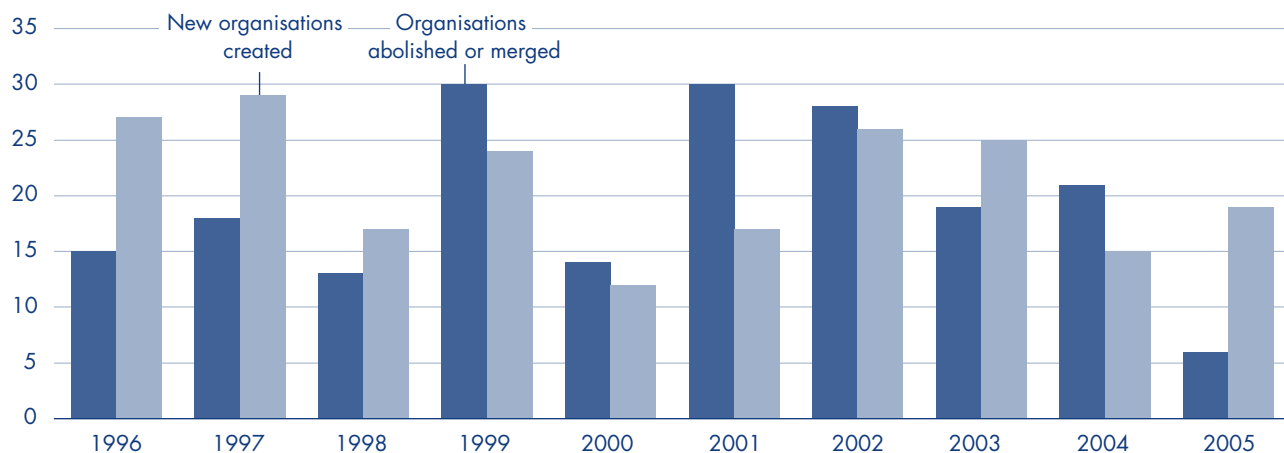
Total capital value of PFI deals (£ billion)



Source: HM Treasury Private Finance Initiative (PFI) statistics

6 A substantial number of central government organisations have been created or abolished/merged

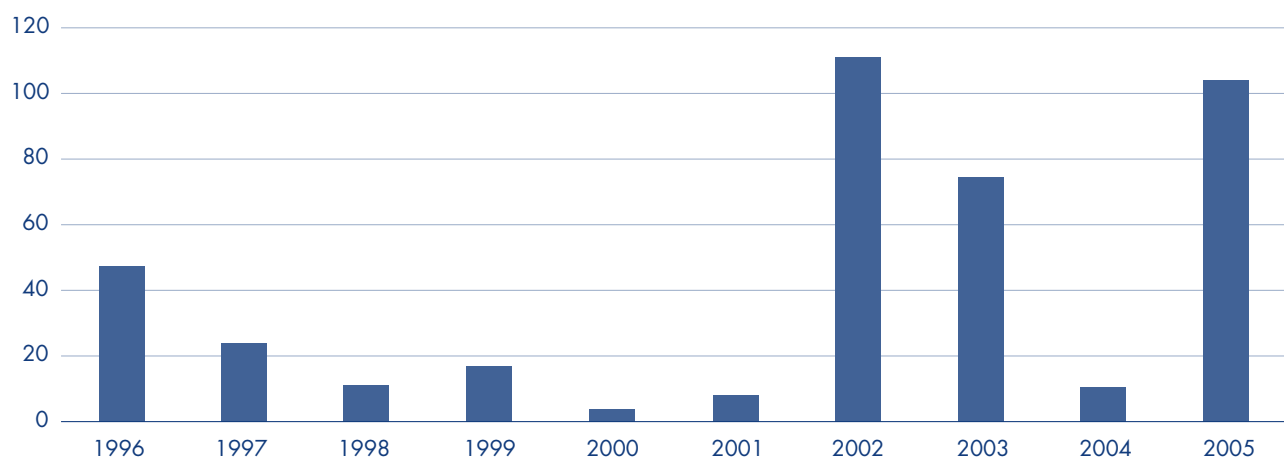
Number of central government organisations



Source: Civil Service Statistics and Public Bodies Publications 1995 to 2005

7 Substantial numbers of staff have been affected by the creation of new or merged central government organisations

Staff numbers in newly created organisations (000s)



Source: Civil Service Statistics and Public Bodies Publications 1995 to 2005

NOTE

The 2005 data here are estimated from 2004 organisation and personnel numbers. The charts cover all central government ministries, major executive agencies and major non-departmental public bodies. NHS bodies at national level are included but all regional and local NHS bodies are excluded. Public corporations and advisory committees are both excluded.

1.19 Negative connections would exist if the demands of policy changes or of top-level policy innovations compete with more organisational innovations for resources and managerial attention, a potential problem stressed by private sector participants in our focus groups. Top-level or political/policy changes might absorb all the capacity for successful change management within central government organisations, creating a shortage of resources or of management time to devote to improving organisational processes and productivity. Even a lesser but still high level of top-level or policy changes might be disruptive for organisational innovations lower down. For example, if structural reorganisations of roles and responsibilities preoccupy managers and staff and are difficult and expensive to manage, they may leave too little time or resources for managers to also push through more applied kinds of innovations. Some business respondents argued that ministers naturally want to prioritise policy changes and politically salient issues. In their view this pattern can produce a chronic under-funding of, or insufficient attention to, the endogenous innovation processes within central government organisations. Hence the core ‘machine’ processes of departments and agencies tend to be too static or to lag behind innovations in the private sector partly because not enough resources and management attention can be spared to develop them or to build cumulatively innovative organisations on a par with some well-known private companies. For instance, one focus group participant argued:

‘The thing that distinguishes the [private sector] innovator is their ability to do these things cheaper, better, faster, every time. So clearly this [government sector] idea of large system development projects with long time-scales [does not fit with that]... There may be technical reasons for [doing] that sometimes. But very often [in companies] people try to create environments in which it is possible to bring on new services and processes online in weeks, sometimes every week. And that would be seen as innovative in the private sector.’

Private sector participant

‘If you ask how you distribute your budget to the extent it was discretionary, and then work out how that budget was spent on things that were essentially to do with delivering the government policy agenda versus fixing up the fabric of the department, the ability of the department to respond to changes over time... then my guess is it will be [the former] ... The problem with this is that every time you need to deliver policy, you can only deliver it using components that are incremental, because the fabric of the department is never fixed up. It’s always going to be behind the Tescos and Sainsburys.’

Private sector participant

1.20 No connection or variable connections might exist between conventional organisational innovations and top-level or policy changes because organisational innovations are driven chiefly by external modernisation trends, affecting both private and government organisations alike. For instance, in the last decade changes in information and communication technologies, how offices are designed and how human resources are managed have all had important impacts on central government organisations, in ways quite similar to those in private companies. A visitor to the headquarters of a government department a decade ago and today would notice many changes. Ten years ago, the offices would often have been unmodernised, administrative systems would have been paper-based, PCs would be rarer (although networked terminals might have been present) and staff numbers would have been larger. Today the same organisation is likely to be located in a modern, possibly PFI-built building, with a much more streamlined staff working primarily on PCs and using sophisticated software and internet technologies as central methods of working. Each of these changes has had to be implemented, staff re-trained and working practices adapted in rather separate sets of processes from either top-level policy changes or organisation-specific innovation.

1.21 Whatever view is taken of public/private sector differences generally, it is clear that British central government is widely regarded internationally as comparatively dynamic. The UK civil service is seen as (on the whole) successfully absorbing large amounts of organisational and programme changes when compared with the central administrations of comparable countries. Our interviewees and focus group participants often remarked on this aspect:

‘Anyone who has worked in [my Department] will say that we are all absolutely change-weary and that the Department in relation to [lower tier public service organisations] has done nothing but press changes (and some would call it innovation, I suppose) relentlessly’

Senior civil servant

‘Performance and management has been concentrated on a lot. I think it is not surprising that has come out top of your chart, because I think that has affected everybody [in the civil service]. They do a lot of things in a more aggressive way than the private sector, in terms of individual performance, goal-setting and so forth.’

Private sector focus group participant

1.22 The extent of recent changes also sits oddly with a ‘conventional wisdom’ that is well-entrenched in the United Kingdom and other countries, which views the public sector as worse at achieving innovations than private companies. Two main reasons are cited for these views. First, there has been a lack of data showing government productivity improvements, following on from the general difficulties of measuring outputs as distinct from inputs in the public sector. And second, the greater stability of government organisations, with fewer ‘births’ and ‘deaths’ than amongst private firms, has suggested to many observers less opportunity for efficiency-enhancing selection processes to operate. Civil servants in the United Kingdom (as elsewhere) complain of a great deal of ‘stereotyping’, in which the public sector is seen as generically slow, inefficient or unresponsive on the basis of little or no evidence.

PART TWO

Progress in developing innovations across government



2.1 Looking across the whole set of 125 organisational innovations nominated by central departments and agencies provides new information about the characteristics of recent innovations implemented in British government.⁷ Of course, in choosing which one or several innovations to submit, central government organisations chose projects that work reasonably well. Studies of private organisations suggest that a large majority of attempted innovations fail. So the data analysed here explicitly cover only a sub-set of attempted organisational or applied innovations, those that are broadly successful. The analysis here does not seek to give a representative picture of all innovations in central government, which would be a very difficult research task.

The overall characteristics of nominated innovations

2.2 The innovations submitted by departments and agencies fell into three main types:

- The largest group of 47 nominations broadly involved *joining-up across government agencies* so as to improve service delivery.
- The next largest group of 42 nominations involved *improving performance management* in other, diverse ways.
- A third group of 28 nominations focused on *improving public services for end-users or citizens* in different ways.

The first and third types of innovations (accounting for three-fifths of all nominations) reflect past ministerial desires for joined-up government and better customer services. Some newer government policy thrusts are not yet represented in the dataset of innovations – for instance, only one nomination was concerned with boosting environmental sustainability. IT and web-based changes were well represented, accounting for a third of nominations, twice as many as for physical technology innovations. Most innovations (around half) lacked a technological component and instead focused mainly on administrative systems, plus a handful of human resources projects. In terms of the Gershon report’s workstreams, very few of the innovations related to ‘back office’ services.

2.3 From our survey there are indications that some departments and agencies found it difficult to pinpoint innovations. We asked 126 of the largest central government organisations to submit three, two or one innovation, according to their size and expected to receive up to 250 innovations. In fact, only half this number (125 innovations) were nominated, and then often only after repeated requests. Some organisations (41) returned no data, some saying that they do not “do innovations” and others that it would be too much work to research an innovation to submit.

⁷ Indeed our literature review and comparator research suggests that such extensive information has not previously been available in other advanced industrial countries.

2.4 Those organisations closer to implementing policy seemed to find it easier to nominate innovations, while organisations whose work tasks are remote from implementation seemed to find it harder. Some large department headquarters made no return and others nominated only a single item. Just under half (60) of the innovations submitted were from executive agencies, and just over a fifth from Ministerial and non-ministerial departments, with the remainder from non-departmental public bodies. The top four departmental groups in terms of submitting the largest number of innovations were Defence, Health, Trade and Industry and the Home Office (for more details see Detailed Research Findings volume).

2.5 In making nominations, departments and agencies clearly made a strong distinction between government or ministerial policy changes (which were not submitted) and organisational innovations in the sense used here, which were. Very few innovations nominated bear on large-scale public service modernisation policies or programmes of recent years. Most civil servants with whom we discussed the survey attribute the pattern of submissions to historic civil service orientations to non-policy/non-political issues, which also is the focus of National Audit Office work (see also the Detailed Research Findings volume). Some private sector focus group participants and interviewees suggested that civil servants no longer feel that they ‘own’ government policy changes (where ministers and special advisors are dominant). In their view, the innovations nominated reflected a feeling amongst the civil service that their influence has narrowed down to service delivery and organisational issues.

2.6 The kinds of nominations made by departments and agencies suggest that they often see innovations more as involving one-off changes or ideas, rather than innovation being a process where serial changes are made. Over a third of nominations are stand-alone changes, while only one in eight are explicitly part of a wider innovation process. The other half of the innovations could not be classified from the data submitted. Private sector interviewees and participants in our focus groups stressed that innovation needs to be a continuous process, one that is regularly repeated and consciously strived for in central organisational policies and arrangements. In their view central government organisations are not close to this pattern, although some market-responsive agencies have made progress towards it. Civil servants by contrast felt that their organisations have become more innovative than in the past.

2.7 Interviews and focus groups suggest that the civil service is still in transition between two basic types of work arrangements. The newer pattern is for work to be allocated to project teams (with explicit project management techniques) and for participation in serial projects to be the norm for team members. Here work practices may evolve more rapidly and incremental innovations are easier to push through. This approach is seen by interviewees as best developed in the Ministry of Defence, but also as spreading into other big agencies, including more recently the Department for Work and Pensions. By contrast, in the older civil service work pattern, staff predominantly look after separate, individual briefs, and rotate jobs regularly. Here innovations may be made only episodically and in a more one-off way. For example, changes might occur in response to strong stimuli from ministers or stakeholders to do things differently, or because an external timetabling opportunity comes up to make changes, such as moving offices or needing to renew an old IT system.

2.8 We analysed the descriptions given of innovations (including their costs, the numbers of staff involved and the impacts claimed for them) and we asked for the views of National Audit Office experts on how significant and beneficial the changes made have been. This exercise suggested that around a quarter of the nominations submitted are either not very substantial or not very innovative. Some private sector respondents in interviews and focus groups also commented on this aspect of the nominations:

‘Putting up a website isn’t really innovative. Kids can do that.’

Private sector respondent

‘I mean one of the things that did strike me about these innovations was to be honest that they were disappointing. They may have cost a lot but basically, though, they were disappointingly small scale.’

Private sector respondent

The costs of innovations

2.9 The innovations nominated by departments and agencies varied widely in their costs, with a median figure of £900,000. The mean costs of administrative systems and physical technology innovations were generally smaller, while the mean costs for information systems and web innovations were substantially larger. **Figure 8** shows that round a fifth of departments and agencies submitted relatively small innovations costing at £100,000 or less, including some large agencies and departments. Some nominations cost only a few thousand pounds. Some interviewees inside and outside government were surprised at the narrowness and small scale of many of the innovations submitted. By contrast, the top fifth of the projects nominated cost in excess of £6.25 million. The top seven largest innovations submitted each covered several hundred million pounds. Private sector respondents found these changes to be very large indeed when compared with the scale of innovations commonly made by private companies.

2.10 There were indications from our survey returns that some departments and agencies faced difficulties in assessing the cost of innovations that they nominated. **Figure 9** shows that although nearly four-fifths could provide total cost information, the proportion providing capital costs data fell to around two-thirds. Private sector focus group participants and interviewees stressed that having accurate, detailed cost information is a key foundation for an effective innovations process. From this perspective it is worrying that between one in five and one in three organisations responding had difficulties in supplying basic cost information. Data on staffing were if anything more patchy, but the staff numbers involved in nominated innovations were generally quite low. Fewer than one nomination in five involved more than 100 staff. Costs per staff member indices varied very widely (see Detailed Research Findings for further information on this).

8 The median cost of nominated innovations is £0.9 million

Total cost	Percentage of innovations with costs under or equal to
£100,000	20
£500,000	42
£800,000	48
£2,100,000	61
£6,250,000	80

Source: National Audit Office survey of central departments and agencies

9 Between two-thirds and four-fifths of central government organisations were able to provide cost data on their submitted innovations

Cost element	Percentage of submissions providing data
Total costs	78
Administrative development	74
Administrative implementation	71
Capital development	69
Capital implementation	64

Source: National Audit Office survey of central departments and agencies

The time-scales for innovations

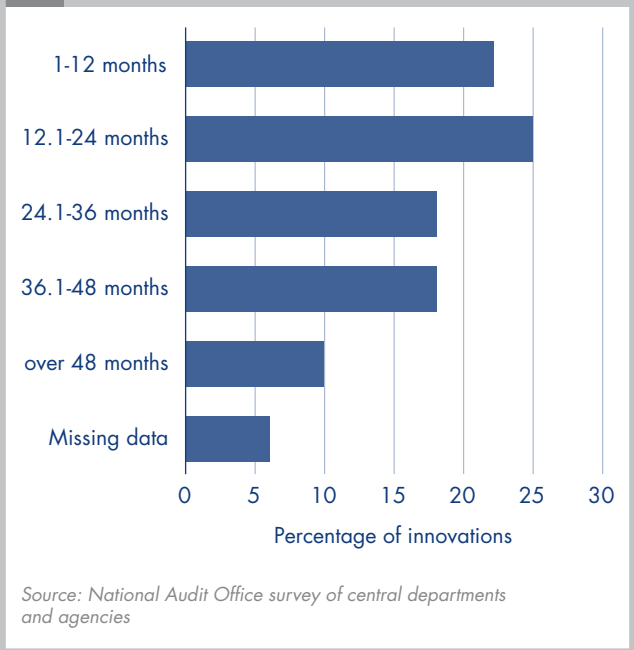
2.11 Departments and agencies reported relatively long time-scales for completing innovations, with an average time of 31 months. **Figure 10** below shows that nearly a third of innovations nominated took over three years, and one in ten took over four years. The longer innovations were concentrated in the Defence and Health departmental groups and on larger cost projects. Some private sector respondents commented that a minority of projects were ‘horrendously long’ but they also felt that the time scales of the very biggest projects were very long. Some major private innovations are timetabled in terms of weeks to rolling out pilot implementations. We found no cases of similarly fast action by central government organisations. Some interviewees suggested that the strong annualisation of major targets in the public sector creates a disincentive to faster implementation, since the impacts of mid-year starts will not show up in the first year. Most civil service respondents generally felt that the timescales reported by departments and agencies were inevitable given the authorisation procedures involved, the need to wait to fit things within annual budget cycles, and the importance in the public sector of not rolling out initiatives that do not work. But some insiders acknowledged that project timescales were long:

‘Yes, I agree with that. There’s only one group I think who are slower than we are, and they are the European Commission... I don’t think that’s very good I’m afraid. We still have this view that because of the particular nature of the external accountabilities that work on us, we still have to be very risk averse and very certain before we move in doing anything... So I am afraid we still grind things quite small in analysing issues before we decide that action is justified.’

Senior civil servant

Civil service personnel who have come into central government from the private sector, NHS or local government also saw the timescales for innovations inside central departments as too long, as did most private sector respondents.

10 The median time taken to develop and implement nominated innovations was 24 months



The triggers for, and origins of, innovations

2.12 We asked central government organisations to identify the main influences upon getting their innovations started. Ministers and political influences clearly played an appreciable part in triggering the innovations nominated, but a somewhat smaller role in sustaining them through their early stages. Government organisations often seem to have the capacity to be innovative, for example, by accumulating cases or processes where they can see how to do things differently. But interviewees said that departments and agencies will often not themselves take action to make changes until they are directly pushed to do so. Changes in ministerial or policy priorities plus efficiency drives seem to play key roles in many potential innovations being taken up and acted upon. The impact of the Gershon report in stimulating a search for innovations was mentioned frequently in focus groups and interviews. Officials in ministerial departments generally feel that Gershon sets demanding targets for major department groups. But other groups (such as most private sector and local government respondents) believe that the targets are not particularly demanding.

2.13 We asked central government organisations to say which groups of actors were most involved in getting their nominated innovations started. From the returns sent in, innovation in government organisations appears to be a highly top-down process. **Figure 11** shows that senior or middle management originate much of the innovation in departments and agencies, and they are nominated as primary origins twice as often as the centre of government or ministers, ranking third here. Other organisations were mainly seen as important as secondary origins for innovations. By contrast, front-line or individual staff seem to play a very small role and customers or clients are not mentioned. Complaints or requests from customers or citizens were also less prominent, being cited as involved in one in ten central government organisations' innovations. Some civil servants in interviews and focus groups argued that this pattern reflected the fact that our surveys were filled in by senior managers, who might not know of the role of front-line or individual staff in bringing about change. However, amongst less senior civil servants, two focus groups also saw extensive discussion of 'gradism', an over-emphasis on hierarchy and ranks seen as inhibiting staff contributing freely to projects in terms of their individual expertise, and hampering communications among people of different grades.

2.14 From our interviews and focus groups it seems that policies for communicating that top managers value innovations are poorly developed within the civil service. Our interviews also showed that employees' suggestion schemes within the civil service often do not seem to be working very well or much valued by managers: in fact they are mentioned as a factor in only one innovation nominated. Managers do try to give information about innovations made to their staff. More than half of the nominated innovations were publicised by the department or agency originating them in four or more different ways, normally including internal staff newsletters or websites. But this kind of specific publicity about changes is not the same as having well-communicated general corporate strategies for developing an organisation's innovation policy. Indeed interviews with civil servants suggested that the emphasis since 1998 upon departments and agencies achieving PSA targets specified in terms of outcomes and overall effectiveness often seems to entail communicating rather complex messages to their staff about how they can contribute to improvements.

11 Senior management were the most important originators of innovations

Type of origin	Primary driver	Secondary driver	All
Senior management or middle managers	103	49	152
Other organisations	40	35	75
Centre of government or Ministers	42	15	57
Frontline staff	13	16	29
Individual staff	18	6	24

Source: National Audit Office survey of central departments and agencies

2.15 By contrast, private sector respondents emphasised that front-line staff have key operational knowledge that can be very valuable in saving money or improving customer service. In their view suggestion and feedback schemes have to be very well communicated to staff and backed by clear processes for handling suggestions and rewarding employees. Some private sector companies have invested heavily in excellent internal communications and strategies designed to give senior managers insight into shop floor conditions, as with Tesco's practices set out in **Box 3 overleaf**.

2.16 Within the public sector, another comparator organisation we studied was Kent County Council, which considerably increased its efficiency by:

- cutting previously high levels of staff turnover;
- bringing in incentives and rewards to develop staff loyalty and to show more clearly that staff are valued; and
- greatly increasing the feedback from staff to top management, especially about service innovations.

Box 4 overleaf shows that a more bottom-up communication and innovation strategy plays an important role in this approach.

BOX 3**How Tesco's communications policies help encourage innovations**

The UK's largest supermarket operator is Tesco, which places a lot of emphasis on achieving a continuous flow of innovations. The company strongly promotes an internal process for evaluating innovation suggestions to manager and staff focusing on the 'Better, Simpler, Cheaper' slogan – better for customers, simpler for staff, and cheaper for Tesco. Innovations must meet all of these criteria at once, which is relatively demanding, and this apparently straightforward approach is backed up by a detailed business process. Staff suggestions are systematically processed up the hierarchy by local managers. Employees are given feedback on what has happened to their idea and receive recognition when ideas are adopted or prove useful.

Tesco also operates a range of well-publicised and branded internal policies that increase top management's direct experience of conditions in stores and processes on the ground, including:

- 'Tesco Week in Store', a mandatory week on the shop floor or in a warehouse once a year for the top 2,000 staff in the firm (including the Chief Executive). Feedback from participants is systematically collated and possible changes are passed on to relevant headquarters sections;
- helping out at key times. Nearly 8,000 headquarters staff do two days in store before Christmas and one day before Easter;
- 'Town Meetings' at store or regional level, where all board members meet with the full range of local staff;
- carefully managed internal communications to avoid overloading store managers with too many central priorities, including a daily phone update to them limited to five items.

Factors sustaining innovations

2.17 We asked departments and agencies to say what factors inside their organisations help innovations to be successful. The single most cited response was 'making funds available' in over half of innovations. But taken together, three other elements related to looking actively for innovations were more important than funding. These were cross-cutting work by specific innovation units; looking actively for spin offs; and experimentation. And when combined, methods for generating new ideas (formalised brainstorming, away days or group events and using web sites) are the third most important internal factor supporting innovations' progress. Regular internal review or audit is also important, while external audit is influential in some particular areas, such as defence.

BOX 4**Stimulating innovations in Kent County Council**

The Chief Executive of Kent County Council, Peter Gilroy, believes that to be innovative an organisation must encourage a culture that:

- is obsessive about the simple things at the customer care end;
- is not afraid of ambiguity, change and even a little chaos: "Anyone in the organisation who has a good idea, we want to hear it. If that means the system has to cope with some ambiguity and some paradoxes, then fine. Modernisation is all about embracing and managing change and not avoiding it";
- encourages staff training and development: at a difficult time for the Council he decided, "I'm not going to cut training, I am going to invest in training. So the very moment where intuitively managers would be attacking the soft areas, I refused to do it, we invested and the results speak for themselves with one of the lowest staff turnovers in local government and a significant reduction in the costs of advertising vacancies. An organisation is only as good as the staff it employs and their dedication and commitment are what lead to high quality services".

2.18 In our comparator work we looked at the role that specialised centres for innovation can play in helping government organisations to become more innovative. **Box 5** shows three initiatives on these lines in Denmark, the Netherlands and the United Kingdom. They generally work by providing settings with professional facilitators, where civil servants can meet to plan projects, seeking solutions in less hierarchical ways, and look at a wider range of possible ideas. Inside some Whitehall departments there are also units to pull together information about new ideas and good practice across large public services and to disseminate these ideas, such as the Innovations Unit within the Department for Education and Skills.

2.19 We asked departments and agencies what *external* influences were useful in supporting their innovations. Co-operating across organisational boundaries clearly emerged as the biggest factor here. More than half of the innovations nominated reflect inter-agency co-operation. Executive agencies and non-departmental public bodies especially value guidance and support from their supervising departments. Contractors were cited as an important source of innovations by many departments and agencies.

BOX 5**Innovation Centres in Denmark, the Netherlands and the UK**

In Denmark, the Ministry of Economics and Business Affairs founded **MindLab** in 2002. They undertake about 70 projects a year with five staff. They have influenced the way the Ministry allocates funding for innovative projects, encouraging senior staff to look at the idea first and resource implications second.

Four government departments in the Netherlands (Economic Affairs, Interior and Kingdom Relations, Finance and Spatial, Housing and Environment) jointly set up the **Futures Centre** in 2004. The over-riding ethos is 'Getting People Together' as a way or source of creating and sharing knowledge. They reject organisational hierarchies by asking participants to remove their ties and turn off their mobile phones.

In the United Kingdom, the Department of Trade and Industry (DTI) founded **futurefocus@dti** (www.dti.gov.uk/futurefocus) in 2001. The facility is managed by the DTI aided by professional technology and facilitation staff. The unit's aim is to 'future proof policy and strategy'. Each year they run 300 events for 4,000 participants. As there are no similar organisations in the UK, futurefocus@dti has to look overseas for its 'innovation community'.

2.20 Looking at the triggers and origins of ideas for change, plus the factors supporting innovations once they get started, some civil service and agency officials interviewed or participating in our focus groups clearly believe that there have been major improvements in the overall climate supporting innovations in service delivery within central government. The key factors cited in all cases (especially by junior and middle level staff) were strong support from top officials, especially those brought into more senior positions from outside, together with pressures from ministers for innovation. Officials in co-ordinating departments at the heart of Whitehall also point out that three out of every ten entrants to the senior civil service now come from the private sector, local government or the NHS. They believe that this change away from the life-long civil service career model will have important positive effects in diversifying civil service culture, and has already done so at the top two or three levels across departments and major agencies. However, some interviewees also told us that it was hard for a minority of officials to change entrenched civil service orientations, a view shared by most (but not all) focus group participants from consultants and businesses (who work extensively with central government).

Barriers to innovations

2.21 We asked departments and agencies about what factors tend to constrain innovation. The top barrier to innovation was working with external stakeholders, principally the difficulty of securing agreement amongst interest groups representing different viewpoints or material interests. **Figure 9** shows that next most important constraints on innovation were internal, governmental barriers – a diffuse reluctance to accept new ways of working, and fragmentation within government, creating 'silos' between agencies. Difficulties in freeing-up resources ranked fourth overall. Working with private contractors was also mentioned as a barrier in some cases, since being locked into inflexible ongoing contracts could limit central government organisations' capacity to innovate.

9 The most important barriers in the development of innovations are working with stakeholders, reluctance to accept new ways of working and silos inside government

	Main barrier	Other barrier	Total
Barrier to innovation cluster			
Working with stakeholders, or private contractors	51	40	91
Reluctance to embrace new ways of working/or to experiment with new solutions	56	26	82
Fragmentation or silos/lack of agreement on objectives	41	33	74
Difficulties in freeing up resources	35	16	51
Risk of public failure/uncertainty about political environment	6	19	25
Some other barrier to innovation	10	11	21
Organisational problems/lack of leaders	4	9	13

Source: National Audit Office survey of central departments and agencies

2.22 In our interviews and focus groups with civil servants, most feel that government organisations are rather weakly orientated towards making purposeful innovations. This was especially so of those who had come into the civil service after working in the private sector or in local authorities or NHS bodies. Officials perceived that in most contexts their superiors' expectations seem to stress avoiding mistakes far more than accomplishing change. They also told us that a willingness to take realistic risks and accept a certain degree of failure was very patchily developed by senior managements across departments and agencies. Many staff apparently still feel that one 'black mark' can hurt their careers, a perception that encourages them to adopt very risk averse attitudes. As a result, maintaining a stable job brief and avoiding any potential embarrassment to ministers are seen as widespread attitudes amongst colleagues that inhibit innovation. One senior interviewee told us that until 'Be innovative' was listed on every civil servant's annual appraisal sheet, innovation would not happen. Civil service interviewees also feel that departments can be poorly set up for making repeat use of experienced innovators or even successful project managers.

2.23 There was a great deal of discussion in all our focus groups about the need for an organisational culture that is more supportive of innovation and conveys effectively to middle and junior staff a message that making innovations is an important priority for top managers. Virtually all private sector respondents strongly believe that civil servants are overly slow in considering changes and over-cautious in implementing improvements. They cite a lack of direct incentives for officials to be risk-takers or to 'stick their necks out' in pushing ahead changes. They believe that much stronger incentives are needed to encourage innovation, such as evaluating staff far more in terms of their concrete performance, including specific innovation achievements. **Box 6** highlights the importance of organisational culture and leadership in driving innovation.

BOX 6

The organisational culture supporting innovation at the Greater London Authority

The Greater London Authority (GLA) is a strategic body heading up a group of functional bodies running key services for London. The culture of the GLA is 'of changing things', coming partly from the leadership of the Mayor. The Mayor is keen to make changes and manage risks and his particular style is important. Staff clearly felt that with a weaker mayor, the organisational environment might be less innovative.

This leadership style affects all aspects of the GLA's work. A key influence on the functional bodies is through the GLA budget process. The Mayor sets a top line budget for each organisation, which must then work with the GLA, to show how the mayor's priorities for that service will be achieved. Failure to do so will 'inform the budget for next year'.

The impacts of innovations

2.24 The impact of innovations are not well measured in central government and there is a tendency to claim 'soft' impacts more than 'hard' achievements. **Figure 10** shows that the top three impacts claimed by departments and agencies for the innovations they nominated are 'improving service delivery', 'improving responsiveness' and 'creating new resources'. In each case far more organisations claimed a 'high' impact on these criteria than a 'low' impact. The two least claimed impacts for innovation are 'reducing core costs' and 'improving work life for staff'. The final column of Figure 9 calculates a ratio of how often a particular kind of impact is rated 'high' by departments and agencies compared with 'low'. It is apparent that civil servants generally are much more confident in claiming success with the 'soft' impacts at the top of the table than they are for the bottom two 'hard' impacts, or for improving evaluation. Civil service interviewees and focus group respondents believed that these impacts data are creditable, but they acknowledged that achieving cost savings is difficult. On staff conditions, some managers in central government organisations argued that modernisation is inherently likely to involve employees working harder and accepting changes in established practices, neither of which is likely to be welcomed by staff.

2.25 Private sector respondents argued that the pattern of impacts claimed by government organisations is disappointing. In their view without better information on where costs are incurred, departments' and agencies' innovations may often not save money. They may only add to staff workloads and overall costs. To counteract this possibility managers need to be committed to cost reductions and efficiency improvements. Workflows need to be studied in great detail to identify where small changes can cut time and save money, cumulating into major savings when rolled out on a large scale. Private sector respondents suggested that a relative lack of costs and benefit information within central government was a problem:

'Most public sector organisations haven't benchmarked where they are now. Therefore they cannot show that they have benefited from change. They have no base line, whereas that is second nature in [private services like] retailing or a law firm.'

'A [key] internal factor for me, in terms of innovation, is complete financial transparency. Everybody in my team knows whether my team is profitable or not. And you know, if someone is not making money you take them out. This very aggressive financial transparency, I think, is a driver [for change].'

'It's not just control costs, it's control of the benefit that is gained. If you are just going to lose it then there is no incentive [to innovate].'

10 The main impacts claimed for nominated innovations are improvements in service delivery, creating new resources and improved responsiveness

Impacts	Innovations scored 'high' or 'very high' (1)	Innovations scored 'low' or 'very low' (2)	Success rate Columns (1)/(2)
Improving service delivery	88	5	18
Creating new resources, or improving effectiveness	77	7	11
Improving responsiveness	65	6	11
New/extended services	71	15	5
Improving evaluation	33	21	1.6
Reducing core costs	45	34	1.3
Improving work life of staff	23	30	0.8

Source: National Audit Office survey of central departments and agencies

PART THREE

Recommendations



3.1 The primary benefit of applied innovations within central government is in enhancing productivity, as well as contributing to improving effectiveness. Performance review and strategic planning processes for departments and agencies need to pay more attention to increasing rates of innovation and productivity growth.

The Government should aim to (i) foster a greater rate of applied innovation in central government organisations; (ii) give more focused support to the feed through from innovations to better labour productivity; and (iii) improve the amount and the usability of information available on departments' and agencies' productivity. Current arrangements already give some attention to these aspects, but information is generally handled in rather qualitative, judgemental or informal ways, and central policy for linking applied innovations with productivity change is fragmented. To go further, we suggest:

- The central departments (Cabinet Office, Prime Minister's Delivery Unit and Treasury) should consider how these three objectives can be built into the new Capability Reviews of departments, and strengthened within the Comprehensive Spending Review process. An emphasis on applied innovation should also be more directly, explicitly and publicly incorporated into existing methods for assessing departments' performance.
- The main focus of the Office of Government Commerce is on improving value for money in procurement. It should continue to promote the idea that allowing for innovative procurement solutions can improve value for money.

- The Cabinet Office should develop the importance of innovations as an element of its Professional Skills in Government (PSG) agenda and examine how training support to foster innovativeness can be developed.
- Departments should themselves consider how they can build these three objectives into the performance targets and methods they use for regularly reviewing the performance of their major executive agencies and non-departmental public bodies.

3.2 For innovations to be successful in reducing core costs and improving productivity, central government organisations need excellent data on where costs are being incurred in their operations and on the costs of possible innovations. Better cost comparisons can also be a spur to innovation and productivity growth.

Generally, the cost data available within central government are not good enough, certainly by comparison with private sector services firms. Central government organisations have also not made as much progress as local government and NHS bodies in developing comparative costs and performance information. Standard costs would allow organisations to compare themselves with the sector as a whole and so to identify where their costs are above average. This has been recognised by the Treasury, and improving the supply of financial data to decision makers has been, and continues to be, a core part of the Financial Management improvement work that Treasury has been undertaking with government departments. We recommend:

- Departments and agencies need to improve their information on where costs are incurred in their operations and how they are distributed over different types and ranges of outputs.

- All central government organisations should develop and publicise widely metrics and average costs data for their key operations, so that staff have a clear picture of where costs are incurred and hence where innovations can potentially contribute to cutting core costs.
- The central departments (Treasury and the Cabinet Office) could best foster the development of improved costing information amongst central government organisations by researching, developing and regularly updating ‘industry standard costs’ data for the most widespread administrative tasks across the central government sector.
- There is also scope for improving the systematic data available about costs and performance in the same policy sectors by comparable governments overseas.⁸

3.3 Individual incentives to encourage managers in central government organisations to develop or promote innovations need to be improved. In recent years, departments and agencies have successfully addressed a previous culture of ‘risk passivity’. But a lower-scale risk aversion inhibiting creativity and innovation still seems to be widespread. To counter this, we recommend:

- Policy documents and guidelines that are published by departments at the centre of government (for example, the Cabinet Office and the Treasury) should emphasise the importance of recognising and rewarding innovation and better incentivising managers to propose and promote changes.
- Departments and agencies should review their individual procedures for appraisal and promotion to strengthen an emphasis on continuous innovation and boosting productivity.
- Departments and large agencies especially should encourage innovations by expanding their use of project teams and project management techniques; and making more systematic use of staff with a track record of designing and progressing innovations.

3.4 Central government organisations are far from being the ‘snails pace’ stereotypes of popular commentary, but they do take a relatively long time to develop and deliver innovations compared with the private sector.

Departments and agencies should ensure that:

- Their review processes are purposeful and proportionate for the risks that innovations pose.
- Pilots are appropriately scaled for projects and explicitly analysed.
- Reversible innovations can be tested speedily and at small scale, before being rolled out more widely if successful.
- Decision-making processes take appropriate account of the opportunity costs of delays, especially the foregoing of expected financial savings.

3.5 Efforts are under way to change civil service culture towards being more innovative, but the culture is a resilient one. The recruitment of people from outside the civil service is clearly spreading knowledge and awareness of alternative methods of working. But there is also a danger that the civil service culture can absorb or neutralise incomers’ inputs. We recommend:

- Central departments and agencies should strengthen their ability to learn the lessons of successful innovations made by others - for example, by scanning systematically for relevant innovations that they might adopt; holding joint seminars or conferences with others in related policy fields; and pooling information on innovations more within departmental groups.
- Departments and agencies should invest in fostering the innovativeness of their middle and senior staff via education and training, within the recently developed ‘Professional Skills in Government’ framework, which includes innovativeness in its elements.

⁸ For instance, the Netherlands government has done some work here: see Social and Cultural Planning Office of the Netherlands, *Public Sector Performance: An International Comparison* (The Hague, Netherlands: Social and Cultural Planning Office, 2004).

- Central government organisations should ensure that research (including everything from market research to external audit reports) is better collated and more purposefully directed to improving innovation, increasing knowledge of where costs are being incurred, and exploring where productivity benefits might be realised through applied innovations.
- Central government organisations should make more use of counter-cultural processes, events and methods of innovation such as innovation units, brainstorming sessions, conferences and away-days. And they might encourage younger managerial staff to meet and to take a broad view of their organisation's purposes, including making suggestions for changes.
- Managers should be trained to respond constructively to suggestions, to route them upwards, and provide feedback to staff on what happened to them.
- Central government organisations need to find productive ways to allow senior staff to regularly refresh and broaden their direct experience of front-line work. They could also bring together staff of different grades and divisions into productive thinking and discussion sessions, such as open forums with senior managers.
- Departments and agencies should strengthen their capability to regularly learn about possible innovations from customers' views (via focus groups, surveys and other forms of market research), to analyse in detail customers' behaviour (which may well not be the same as their expressed views) and to respond to both in a more agile fashion.

3.6 Current innovations processes in central government organisations are overly 'top-down' and dominated by senior managers. Yet there is a wealth of research to show that innovation does not flourish easily within strongly hierarchical or siloed structures.

Useful suggestions from front-line staff need to be positively sought out, backed by clear leadership interest and supported by excellent internal communications. And departments and agencies must listen hard to customers or clients (including other agencies). We recommend:

- Central government organisations should strengthen and simplify the internal branding of their innovations policies and approaches, so staff can see clearly where they might contribute to successful innovation within the organisation.
- The leaders of departments and agencies should make clear to staff that achieving continuous innovation matters to the organisation's mission and to them personally. Departments and agencies should consider renewing or refreshing their suggestions schemes and strengthening the internal communication of innovations.

APPENDIX ONE

Listing of innovations submitted

Organisation	Innovation submitted	Cost	Staff	Time (mths)
Advisory, Conciliation and Arbitration Service	National Helpline	£215,000	15	14
Appeals Service	Intranet	£80,000	5	8
ABRO	Lean integrated management system	£203,000	2.5	48
ABRO	Reducing the repair loop	£264,000	15	22
Army Training and Recruiting Agency	Immersion training courses	ND	20	12
Army Training and Recruiting Agency	Aviation Command and Tactics Trainer	£6.25m	3	72
Assets Recovery Agency	Joint Asset Recovery Database	£400,000	23	14
Big Lottery Fund	Programme Development Framework	£4,000	3-4	4
Biotechnology and Biological Sciences Research Council	Electronic grant application system	£80,000	60	45
British Educational Communications and Technology Agency	ICT Route Map	ND	ND	25
Cabinet Office	Better Internet Project	£146,000	13	17
Cabinet Office	Direct.gov.uk	£16m	90	12
Cabinet Office	Internal survey of value added	£62,000	2 FTE	10
Central Science Laboratory	On-site test for quarantine plant pathogens	£175,000	2 FTE	60
Commission for Patient and Public Involvement in Health	Knowledge Management System IT system	£4m	11	7
Commission for Racial Equality	Outsourcing IT provision	£14,000	14	10
Commission for Social Care Inspection	<i>Inspecting for Better Lives</i> programme	£17.5m	115	39
Companies House	Electronic Incorporations Service	£223,000	23	18
Companies House	Centrally located corporate function	ND	ND	15
Countryside Agency	Rural Proofing policies	£2.5m	20	24
Criminal Records Bureau	Quality Assurance Framework	£1.35m	13	24
Criminal Records Bureau	Interim I-PLX data search system	£1.3m	13	7
Defence Aviation Repair Agency	The Roll-Back Programme for helicopter repair	£2.2m	132	30
Defence Communication Services Agency	Defence Information Infrastructure IT project	£113m	775	48
Defence Communication Services Agency	Boxer communications towers wider markets initiative	ND	17	30
Defence Estates	Project MoDEL procurement strategy	£6m	27	ND

Organisation	Innovation submitted	Cost	Staff	Time (mths)
Defence Estates	Prime Contracting	£17m	50-80	60
Defence Estates	Procurement of specialist support services	£235,000	3	40
Defence Procurement Agency	<i>DPA Forward</i> change programme	£6m	50	36
Department for Culture, Media and Sport	Lord Burns Charter Review	£45,000	16 (not FTE)	8
Department for Culture, Media and Sport	Centralisation of executives to Executive Body boards	ND	ND	30
Department for Culture, Media and Sport	Project based approach to work	£40,000	435	12+
Department for Education and Skills	Innovation Unit	ND	9	24
Department for Environment, Food and Rural Affairs	Whole Farm Approach to regulatory interaction with farmers	£5.15m	c. 60	41
Department for Environment, Food and Rural Affairs	<i>Taking it on</i> consultation process	£935,000	12	12
Department for Environment, Food and Rural Affairs	Evidence and Innovation Strategy 2005-08	£500,000	c. 8	24+
Department for International Development	The Rough Guide to a Better World	£900,000	1.5 FTE	12
Department for International Development	Reverse electronic auction	£2,000	ND	21
Department for International Development	Corporate Performance Ladder	£5,000	ND	6
Department for Transport	Transport Direct information service	£33m	50	41
Department of Health	Establishing a central Customer Service Centre	£180,000	88	24
Disability and Carers Service	Helpline Transformation Programme	£880,000	800	7
Driver and Vehicle Licensing Agency	Electronic vehicle re-licensing	£38m	75	3
Driver and Vehicle Licensing Agency	Drivers re-engineering project	ND	220	12
Driving Standards Agency	Digital pens for practical driving test instructors	£1.9m	10	24+
Driving Standards Agency	Advanced speech recognition system	ND	20	10
East Midlands Development Agency	Innovation Centre – Silverstone Technology Park	£4.2m	ND	24
Economic and Social Research Council	ESRC Society Today website	£1.6m	3	31
Engineering and Physical Sciences Research Council	Doctoral Training Accounts and Collaborative Training Accounts	ND	ND	NA
English Nature	Humber Estuary Designations Project	£600,000	70	40
English Partnerships	Bedford Bypass partnership project	£24m	ND	ND
English Partnerships	Priority Sites Limited PPP	£70m	1	18
Environment Agency	<i>What's in Your Backyard</i> section of EA website	£2.1m	19	12
Environment Agency	Electronic reverse auction	£21,000	<1	10

Organisation	Innovation submitted	Cost	Staff	Time (mths)
Environment Agency	Modern Regulation programme	£3.5m	17	28
Export Credit Guarantee Department	New risk approach	ND	13	48+
Forensic Science Service	Forensic Response Vehicle	c. £3.0m	Up to 40	26
Forestry Commission	'Forester' Geographic Information System	£260,000	16	24
Health and Safety Executive	<i>Science Research Outlook</i> interactive newsletter	£160,000	4	12
Health Protection Agency	Oral fluid testing for Measles, Mumps, Rubella diagnosis	£420,000	3.5	156
Health Protection Agency	Inactivation method of agent causing vCJD	£350,000	3	108
HM Prison Service	Voluntary sector drug-use counselling strategy	£23m	7 FTE	24
HM Revenue & Customs	Centre for Non-Residents' tax and revenue issues	£90,000	3	6
HM Revenue & Customs	'Shared Workspace' tool for electronic collaborative working	£387,000	10	36
HM Revenue & Customs	Multi-grade working arrangements	ND	32	36
HM Treasury	'Mixed economy' approach to managing tax policy	ND	12	23
Home Office	Automatic Number Plate Recognition system	£25m	500	60
Housing Corporation	Investment Partnering with Registered Social Landlords	£525,000	24	ND
Housing Corporation	Risk tracking model of regulation	£535,000	8	18
Immigration and Nationality Directorate	Re-configuring vignettes room	£3,000	6	<1
Insolvency Service	B1 Examiner Level staff grading	£100,000	12	12
Jobcentre Plus	'Choices Package' strategy for Incapacity Benefit	£129m	450	72
Jobcentre Plus	Employer Direct online	ND	35	60
Jobcentre Plus	Local Government Association Accord toolkit	ND	ND	24
Land Registry	Electronic conveyancing	£310m	70	120
Learning and Skills Council	<i>Agenda for Change</i> programme	ND	c. 4,600	36
Learning and Skills Council	Action for Business Networks partnership	£2.3m	15	30
Legal Services Commission	Leadership Development Programme	£470,000	5	36
Legal Services Commission	VOICE system for performance monitoring	£35,000	7	8
London Development Agency	<i>Realising the Benefits of Hosting the 2012 Olympic and Paralympic Games</i> – report	£55,000	3	26

Organisation	Innovation submitted	Cost	Staff	Time (mths)
Maritime and Coastguard Agency	Fire fighting and chemical hazard teams	£2.75m	9	48
Met Office	Rainfall collaboration project	£100,000	5	76
Met Office	Headquarters relocation with IT emphasis	£106m	600	56
Ministry of Defence	Joint personnel administration programme	£150m	260	80
Ministry of Defence	Defence Logistics Transformation programme	£45m	500	18
Ministry of Defence	In-situ HP air bottle revalidation for gas cylinders	£850,000	7	60
National Blood Service (now part of NHS Blood and Transplant)	Blood Stocks Management Scheme	NA	4	8
National Institute for Health and Clinical Excellence	NICE Technology Appraisal Process	ND	c. 60	14
National Savings and Investments	APPLAUSE cultural change programme	£50,000	180	10
NHS Purchasing and Supply Agency	Non-sterile Two Litre Urine Draining Bag	ND	52	24
North West Regional Development Agency	Change Programme – new management programme	£235,000	c. 100	18
Office of Gas and Electricity Markets	Enhanced Combined Heat and Power unit installation	£191,000	2	15
Office of Government Commerce	West Midlands Small and Medium Sized Business procurement process	£1.19m	20	18
Office of Government Commerce	Gateway Review Process	£6m	31	24
Office of Rail Regulation	Model clause contracts	ND	ND	45
Office of the Deputy Prime Minister (now Department for Communities and Local Government)	Local Area Agreement pilots	ND	9	36
Office of the Deputy Prime Minister (now Department for Communities and Local Government)	Local e-Government National Projects programme	£127m	18	36
Office of the Deputy Prime Minister (now Department for Communities and Local Government)	Neighbourhood Wardens	ND	15	12
Office of Water Services	Draft Business Plan model for Water Price Review 2004	ND	ND	16
Office of Water Services	Aquarius 3 Financial Model	£2.2m	4	39
One NorthEast	Improving the Agency programme – single corporate culture	£560,000	510	18-24
Ordnance Survey	OS Net – Global Positioning Systems to map GB	£1.5m	7	40
Parole Board	Preliminary case review	ND	65	40
Patent Office	ISO 9001:2000 certification on pre-grant patenting	£38,000	2.2	17

Organisation	Innovation submitted	Cost	Staff	Time (mths)
Pension Service	State Pension Forecast e-service	£18.2m	30	21
Pension Service	Pensions Group Solutions Centre	£5.5m	18	9
Pensions Regulator	<i>Design for Delivery</i> Pension policy and The Pensions Regulator	ND	20	14
Remploy Limited	Establishing a white goods resale division	£300,000	100	24
Student Loans Company	Web-based student finance system	£25m	350	28
Teacher Training Agency (now Training and Development Agency for Schools)	Graduate Teacher Programme	ND	15	5
UK Atomic Energy Agency	Reactivity of Pile 1 Project	£680,000	5	36
UK Atomic Energy Agency	Survey of Foil Holes within Pile 1	£300,000	5	12
UK Passport Service (now Identity and Passport Service)	Guaranteed passport services	£1.6m	30	12
UK Passport Service (now Identity and Passport Service)	Passport Validation Service via Omnibase web portal	£2.75m	18	24
UK Sport	'Blackberry' device for mobile employees	£26,450	50	3
UK Transplant (now part of NHS Blood and Transplant)	Organ and cornea donation programme from front-line NHS	£4m	12	42
Ufi	Establishment and development of learndirect	£940m	320	72
Valuation Office Agency	Summary valuations for businesses	£5.5m	100	48
Vehicle Certification Agency	Utilisation of computer simulation for smarter regulation	£1m	8	36
Vehicle and Operator Services Agency	Regulatory e-service	£9.5m	6	48
Veterinary Laboratories Agency	Document management suite for standard operating procedures	£145,000	3	12
Yorkshire Forward	Approach to Renaissance of Place	£2.35m	c. 100	12-36

NOTE

ND = No Data, NA = Not available. For more details on these innovations, see the summaries published on the web at www.nao.gov.uk. 122 innovations are listed here.