RADICAL EFFICIENCY

Different, better, lower cost public services

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EXECUTIVE SUMMARY

'Radical efficiency' is about different, better and lower cost public services. It is about innovation that delivers much better public outcomes for much lower cost.

Radical efficiency is not about tweaking existing services. Rather, it is about generating new perspectives on old problems to ensure a genuine shift in the nature and efficiency of the services on offer and to transform the public's experience of these services.

This is not an abstract theory – radical efficiency is based on hundreds of well-evidenced examples from around the world, from different services, contexts and on very different scales. It is also being put into practice in a joint project between NESTA and the Innovation Unit working with local authorities to transform early years provision.

In the short term, radical efficiency can help to tackle the unprecedented financial pressures in public services – evidence from our case studies suggest savings of between 20 per cent and 60 per cent are possible, alongside better outcomes. If the UK can realise the potential for radical efficiency that we have seen in cities and states around the world then this would amount to both huge savings for government and better outcomes for citizens. In the long term, radical efficiency is the necessary foundation of the UK's response to the changing nature of demands on public services.

The radical efficiency model

From Chicago's approach to community-based policing to restorative justice in Brazil, and from patient rehabilitation in Sweden to tackling worklessness in Sunderland, radical efficiency is demonstrably different, better and lower cost than traditional approaches.

We have examined more than 100 case studies of radical efficiency in action in different places,

contexts and services across the globe. In this report we present ten of these cases in more detail, and develop a model that explains what it is about these innovations that make them different, better and more affordable.

There are four parts to radical efficiency:

- New Insights – where new ideas come from.

- New Customers – re-conceptualising customers.

- New Suppliers – looking again at who is doing the work, and reconsidering the role of the customer.

- New Resources – tapping into latent resources locked up in the people, assets and organisations that are often taken for granted.

There are many examples of innovations that successfully achieve 'more for less', often by using new suppliers and mobilising new resources. However, the most important and radical innovations also generate significant new insights and reconceptualise who their customers are. These examples produce the greatest savings and improvements in services; they represent radical efficiency in action.

Radical efficiency depends on a different approach to reforming public services

There are five conditions for those wishing to develop radically efficient public services. These conditions are illustrated by the ten cases that are the focus of this report.

1. Make true partnership with users the best choice for everyone.

The Chicago Police Department developed a much stronger partnership with the public by engaging

frontline police officers and the community in mapping crime and criminal networks in real time. Violent crime decreased by 16 per cent and the Police Department has achieved a 20 per cent increase in officer time on the streets.

2. Enable committed, passionate and open-minded leaders to emerge from anywhere.

Mental Health First Aid was founded in Australia by a husband and wife team who wanted to train community members to support fellow citizens in moments of mental health crisis in the same way they do in physiological crisis. Their approach offers early identification of and intervention in mental ill health, with implications for long-term savings by avoiding spending on expensive, acute care.

3. Start with people's quality of life not the quality of your service.

Ubudehe, founded on a community tradition of mutual support, began in Rwanda in 2001 following a 'Declaration of National Unity' that committed the government to engaging citizens in public policymaking. Today, one-quarter of the population are involved in prioritising, running and monitoring their own community projects, often delivering them at one-third of the cost that government can.

4. Work with the grain and in the spirit of families, friends and neighbours.

Restorative Circles were founded in 1996 by Dominic Barter, whose shock at the poverty and crime in Rio de Janeiro's favelas drove him to talk to its residents and explore how he could help. Restorative Circles focus on engagement and understanding of the roots of disagreements. Dominic's work with young people in schools has led to a 50 per cent reduction in referrals to youth courts.

5. Manage risks, don't just avoid them.

In 2007, more than a quarter of the working age population in Sunderland was economically inactive. Livework – a service design company – used ethnography to unpick the real story of people's often difficult and bureaucratic journey back to work and designed a suite of services that supported them through it. In its initial phase, the Make It Work programme supported more than 1,000 people, generating early savings of more than a quarter of a million pounds for the council. Their approach was experimental but it was informed by rigorous evidence and was tested by iterative prototyping.

Recommendations for radical efficiency

As all of these examples demonstrate, radical efficiency requires a significant degree of local autonomy in order to flourish. National governments cannot hope to have the responsiveness to and empathy with different communities that radical efficiency requires. Radical efficiency depends on national governments' ability to 'let go' of the reins of innovation and liberate local innovators to develop new types of services and approaches that will serve their communities in different and better ways for much lower cost.

But radical efficiency isn't just about the devolution of power and responsibility to local agencies and communities, crucial though this is. It will require clear, distinct and mutually reinforcing roles for central strategy and local action. National government should provide strategic direction, whilst the organisations closest to the citizen design, develop and deliver new public services.

National government should be responsible for establishing a clear agenda and direction based on the pursuit of long-term goals such as quality of life and sustainable economic growth. An aspirational framework, describing UK citizens' shared conception of the outcomes to which all can collectively aspire, is critically important. This approach would replace more technocratic targets, performance indicators and performance management that have dominated public services for the past 30 years.

In order to liberate innovators from within and beyond the old system, this new system would have to create the space and incentives for creative people to design and deliver services in new ways. Realising the power of a new framework would require a completely different system for the accountability and commissioning of public services. This new system would have to create the space and incentives for creative people to design and deliver services in new ways. This includes access to at least two types of risk capital: central risk capital to address systemic challenges; and local risk capital to tackle local priorities.

Localities should become the leaders of innovation – only they can take responsibility for connecting deeply with their communities to explore how they can best contribute to achieving these ends in better and more sustainable ways.

Clearly, this represents (and is dependent on) a long-term vision for how public services need to work differently. But we also believe that immediate action is required. Local public services must pioneer a different approach and create a

different culture if innovation is to deliver the better outcomes and lower costs that are required. We believe that the right next step is a series of radical efficiency zones. These would create the space and encourage the aspiration in local authorities to rethink how they can improve the quality of people's lives in their area. Radical efficiency zones build on the work of the Total Place pilots but are definitely not the same thing – they are public-facing, starting with local communities, and require both better outcomes and lower costs. They go much further in their aspirations for the local reform of public services and the freedoms necessary to realise them.

This is not a reversion to earlier strategies that 'let a thousand flowers bloom'. This is about highly rigorous and evidenced development, commissioning and monitoring of services around a deep understanding of user needs. Radical efficiency is about enabling the right people with the right motivation and the right tools to set their imagination free. The result: different, better and lower cost public services.

Recommendation: Invite 20 pioneering localities to form 'radical efficiency zones' with barriers to innovation removed and tough new requirements to produce different, better and lower cost services

These radical efficiency zones should be modeled on 'enterprise zones' and abolish barriers to innovation through:

- Replacing the requirement to report output and input-based performance indicators to national government with a duty to develop 'radical transparency': evaluation indicators and processes defined and developed by local providers to help them understand how well they are contributing to the outcomes users want to see.

- Replacing all planned statutory inspections for three to four years on the local authority, the Primary Care Trust (PCT), and the police authority with the 'radical transparency' above and the duty to request external evaluation if local indicators and/or user feedback suggest underlying, systemic problems.

- Changed accounting rules that enable council funding, NHS funding, police and prison funding to be pooled under new common governance arrangements.

- The creation of new Trust arrangements that integrate leadership and governance

arrangements across services within a locality (including integrating Care Trusts, PCTs, and Probation Trusts).

- The flexibility to use capital funding as local risk capital in the form of loan, grant or equity investment in new social innovations.

- The right to retain and reinvest any savings made beyond the original negotiated budget allocation.

In return, radical efficiency zones would be required to:

- Negotiate more demanding lower budget allocations with national government over a three to four year period and indicate what savings they will retain and reallocate locally.

- Adopt and use an evidence-based methodology for putting radical efficiency into practice.

- Generate and publish their own long term outcome-based measures of success (for this they may need to partner with organisations who are good at developing and implementing new outcome metrics).

- Make all their ideas, innovations, learning and performance measures open source so they can be adapted and adopted in other contexts.

- Define their own partners and structures for the programme and the size and scope of the locality they want to operate in (this could be bigger or smaller than the local authority area).

- Engage in ongoing internal and external evaluation activity.

- Operate under a legal 'duty to promote innovation' (similar to the NHS).

CONTENTS

PART 1:
SYSTEM CHANGE FOR PUBLIC SERVICES

R adical efficiency is all about different, better and lower cost public services. It is about innovation that delivers much better public outcomes for much lower cost.

Radical efficiency is not about tweaking existing systems. Radical efficiency is about generating new perspectives on old problems to enable a genuine paradigm shift in the services on offer – and transform the user experience. Radical efficiency is not just an aspirational theory. This report will demonstrate that it is a grounded reality, with well-evidenced examples occurring across the globe in different services, contexts and on very different scales.

In the short term, radical efficiency can help to tackle tough financial pressures in public services. In the long term, it is the necessary foundation of the UK's response to the changing nature of demand for public services and the tools available to supply them.

Short-term impact

Public service staff and users are living in fear of the potential impact of promised budget cuts. The new UK government has made it clear that public spending will have to be scaled down significantly in order to tackle the UK's spiraling budget deficit. Equally, all of the major parties have made it clear that after a decade of unparalleled investment and energetic efforts at reform, public services are still not delivering sufficiently high quality services for users in many different areas.

So the new government will be looking for ways to improve outcomes in public services and significantly cut costs at the same time. The measures currently proposed do not support this ambition. Politicians of all parties are relying on the tools of central government to deliver 'more for less'. But central government can only drive reform in very limited ways: at the very best, they

can hope to deliver 'less for less' or 'same for less'.

'Less for less'
'Less for less' describes 'allocative efficiencies'.[1] This entails cutting low impact services and prioritising spending on services for specific client groups. It means stopping doing some things and shifting priorities and resources appropriately.

Many of the current proposals for public spending cuts take this approach – cutting child benefit for wealthier families, or fuel duty for wealthier pensioners for example. Delayed or reduced funding for major capital projects also fits here – the NHS IT system or for updating the Trident missile defence system for example.

Some of these cuts may offer sustained efficiencies over time – like new income thresholds for families receiving child benefit. Others may simply be deferred investment for projects that are still necessary in future. None of these measures will come close to patching the projected £45 billion cut that will be necessary in 2011-12 alone to start trimming the UK's £155 billion budget deficit.

International examples confirm how these centrally driven approaches ultimately fail to deliver for users. Even Canada's budget-cutting policies of the 1990s, which are often held up as an exemplar of good practice, ultimately delivered 'less for less'. They delegated budget cuts to the local level. But local governments were encouraged only to trim the existing system so hard choices still had to be made about the best ways to cut services. Services and their users suffered – if in moderately more appropriate places through better-informed local government priorities.[2]

'Same for less'
'Same for less' describes 'operational efficiencies' – keeping the same services in place but streamlining administration, using assets more intelligently and switching to cheaper suppliers.

The manifold promises to 'cut Whitehall bureaucracy' are clear examples of 'same for less'. So are the plans to make better use of – or sell – under-utilised government buildings, outlined in HM Treasury's 2009 'Operational Efficiency' report.[3] Plans to freeze public sector pay and the state pension provision are also important examples of this approach.

There is no doubt that these efforts to streamline existing systems and make them run more effectively are important. But even HM Treasury's most ambitious savings targets – the £15 billion announced by the previous government to be realised by the end of the next spending review period (2013-14)[4] and the £6 billion in additional savings announced by the new government – only go a small way to tackling the deficit. With major public spending areas ring-fenced, such as the NHS and education, there can be no doubt that other service areas will face cuts of a high order to meet budget targets.

So 'less for less' and 'same for less' are both useful tools for helping to resolve the current funding squeeze. But they are not nearly enough, and they risk seriously undermining the (already inadequate) quality of public services. This is because they only aim to trim existing systems, which were already reaching their limits before the financial crisis hit.[5]

Local service leaders also recognise that with cuts in the region of 20 per cent, eking out efficiencies from existing models will be inadequate. The Innovation Unit has recently worked with local authorities in Croydon, Central Bedfordshire and Knowsley, all of whom recognise that innovation – doing things differently – is going to have to play an important role in meeting new financial stringencies. Our early work exploring radical efficiency in practice with local authorities confirms its relevance and usefulness as a starting point and framework for positive thinking during this tough economic time.

Radical efficiency – different, better and lower cost public services – is required, in addition to allocative and operational efficiencies, to tackle the scale of the UK's medium-term fiscal challenges. Our case studies demonstrate cost-savings of between 20 and 60 per cent (Figure 1).

We are not arguing that these innovations can or should be directly transplanted from Scandinavia, Africa, South America or the US to the UK. We argue instead that the conditions and processes that generate radical efficiency should be fostered in the UK. We expect that these conditions

might apply specifically to about half of current government spending including personal social services, health, education, transport, public order and safety.[6] If the UK can realise the potential for radical efficiency that we have seen in cities and states around the world then this would amount to huge savings with better outcomes for citizens.

This is hugely compelling in the medium term but radical efficiency will play an even more important role in developing effective and sustainable public services in the future.
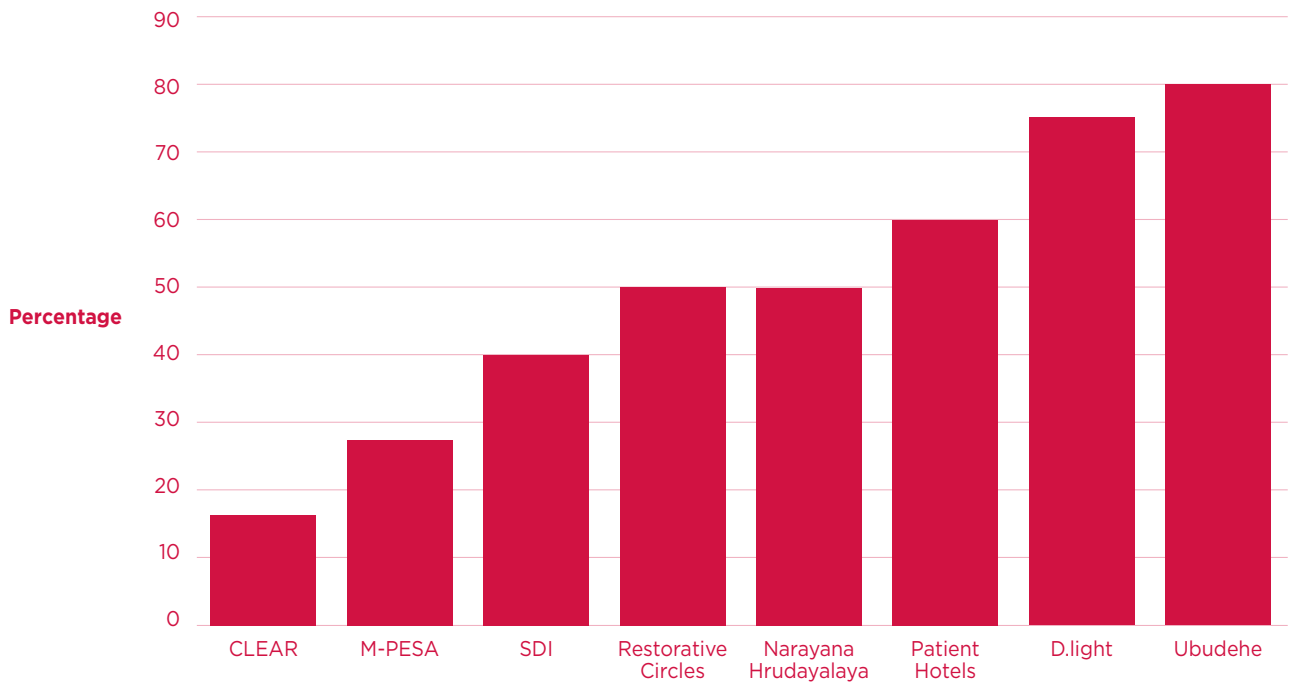
Long-term transformation

Demand for public services was changing even before the recession. Professionals struggled to cope with the increasing demand of an ageing population and complex behavioural and social issues like obesity, binge drinking, chronic disease and social cohesion. They were not set up to deal with them, and could not do so effectively. The financial crunch just makes the old system even less tenable.[7]

Traditional models of supply have also become critically outdated. The economics of public services that have persisted largely unchanged since 1942, are based on mass consumption, a Fordist approach to production and limited choice. The consequences of pushing these old technologies to deliver more in a new world can be seen in both the private and public sectors: the collapse of the car industry in the face of declining demand for expensive, mass-produced, gas-guzzling vehicles; and the disintegration of a postal service unable to adapt to a transformed, communication environment.[8] In both cases, jobs are haemorrhaging and users of existing products and services are suffering.

Our examples of radical efficiency mirror a broader shift in our economy to new sources of value and 'supply' – they harness the potential of new technologies and the power of community participation and creation. These different, better and lower cost public services – whether they enable restorative justice in Brazil or facilitate Mental Health First Aid in Australia – all work with the grain of these new sources of value, not against them. They build on the emerging foundations of a new system, rather than trying to pile more pressure onto the old pillars of mass production and individual transactions. These innovators recognise that the challenge lies in how we shape this new world, not whether or not it will emerge. It is already happening.

Figure 1. Estimated cost savings for radical efficiency case studies as a percentage of previous spend

System change for central government

This implied system change – in the short and the long term – requires a corresponding shift in responsibility for innovation and change. As we explore in depth in Part 3, all of our case-studies of radical efficiency rely on generating empathy with and responsiveness to the different communities they serve. National or central government can never hope to do that. It is impossible to engage and empathise with a whole, diverse population. Success depends on central government's ability to 'let go' of the reins of innovation and liberate local innovators to develop new systems that will serve their communities in different and better ways for much lower cost. The alternative is that we end up with 'less for less' by pumping the tired old system for more than it can give.

The following sections look at the characteristics of radically efficient services and what is necessary to enable them. Finally, we look at the policy implications of radical efficiency for UK public services: what is required immediately, and over the long term, to facilitate the local autonomy required for radical efficiency to flourish.
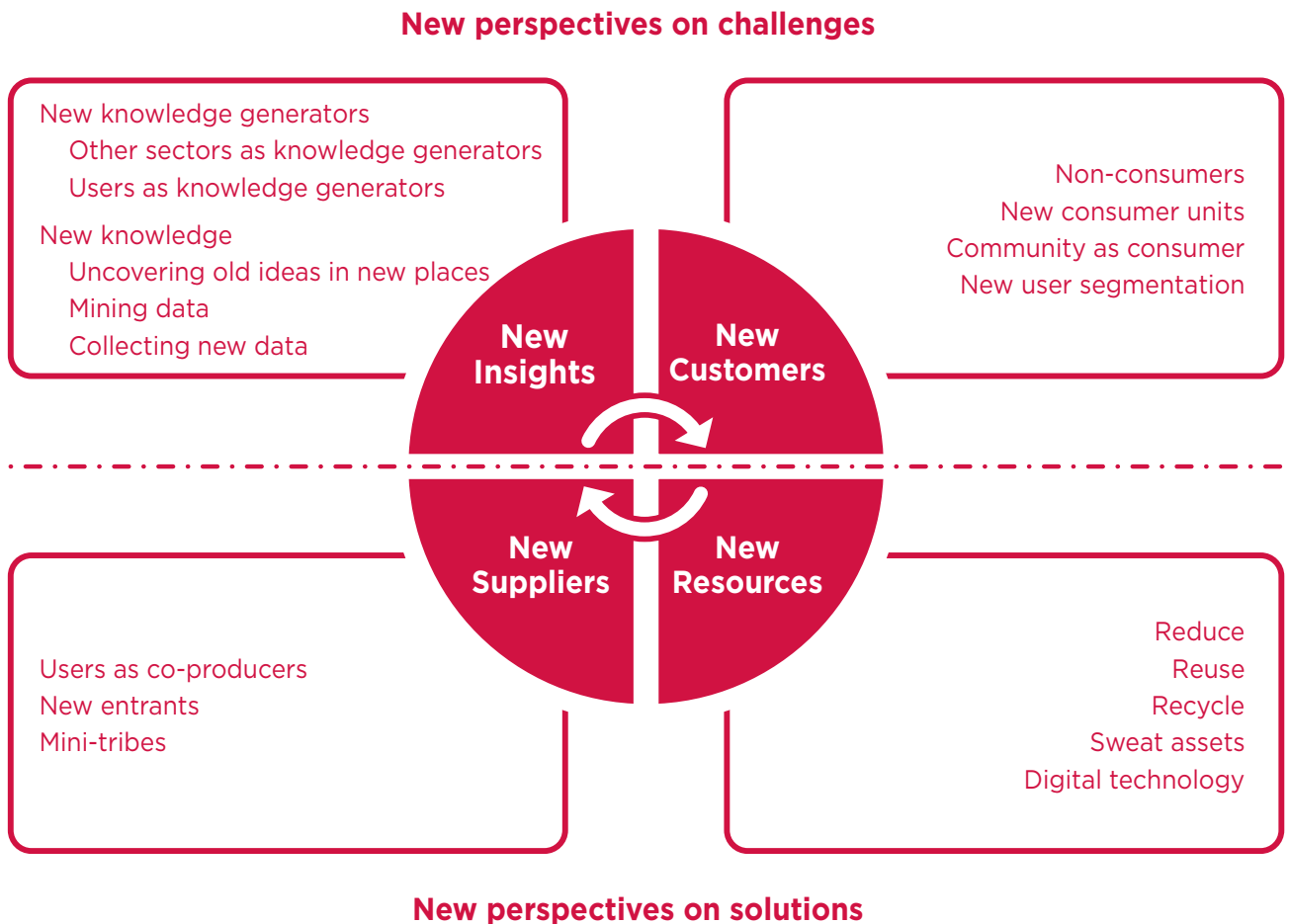
PART 2:
THE RADICAL EFFICIENCY MODEL

Radically efficient innovations exist in different places, contexts and services across the globe. Radical efficiency describes a new system of different and better services that offer much better value for money than the old system. Radical efficiency does not just offer 'more for less' of traditional services.

Our model below (Figure 2) attempts to distil the key components of radical efficiency and distinguish between 'more for less' and 'different, better and lower cost'. It is based on the case studies that are presented in subsequent sections.

The bottom half of the model, 'New Perspectives on Solutions', describes 'more for less'. Innovations that are situated here improve the current system, they do not move to a new one. The results can be powerful, as we describe below. But more transformational innovation is possible.

The top half of the model, 'New Perspectives on Challenges', offers the possibility of 'different, better and lower cost' – radical efficiency – when used in conjunction with the bottom half of the model. Rethinking the challenge creates the

Figure 2. Radical efficiency

New perspectives on challenges

New knowledge generators
   Other sectors as knowledge generators
   Users as knowledge generators
New knowledge
   Uncovering old ideas in new places
   Mining data
   Collecting new data

Non-consumers
New consumer units
Community as consumer
New user segmentation

New Insights   **New Customers**

New Suppliers   **New Resources**

Users as co-producers
New entrants
Mini-tribes

Reduce
Reuse
Recycle
Sweat assets
Digital technology

New perspectives on solutions

space for a paradigm shift in services, whilst new suppliers or resources might be the vehicles that deliver much better outcomes for much lower costs.

A brief description of the model

'New perspectives on solutions'
On the bottom half of the model, 'New Suppliers' and 'New Resources' provide new tools for problem solving. They can be applied to tackle challenges old and new.

- 'New Suppliers' is about rethinking who might be best suited to deliver parts of a service. This could literally involve new entrants to the market, like in Sweden's Patient Hotels, where an experienced hotel chain was brought in to run the enterprise in its early days. It might also engage community members to provide a service, like with Mental Health First Aid. Finally, users themselves might be important suppliers of services, as with Ubudehe in Rwanda where users of the process become facilitators, project managers and labourers.

- 'New Resources' are not about finances – money sits outside this model. Resources are the assets and tools deployed to make things happen – from buildings, to people and technology. This could be about 'fresh' assets – like the digital technologies employed by Chicago's Police Department to develop its virtual crime-mapping tool. It could also be about re-using an existing resource in new ways – like M-PESA's use of wide-spread mobile phones to revolutionise banking in Kenya. Users themselves could also be 'new resources' as in Shack and Slum Dwellers International where expert local knowledge is shared globally to help solve other dwellers' problems.

'New perspectives on challenges'
On the top half of the model, 'New Insights' and 'New Customers' provide the fuel for asking new questions about what public services are trying to achieve – the catalyst for different and better outcomes.

- 'New Insights' is about new thinkers or other sources of knowledge (like new data) offering new perspectives on existing challenges. This could be a totally new entrant to an issue bringing passion, naïve intelligence and insights from elsewhere. Dominic Barter, who founded Restorative Circles, is a great

example of this. It could equally be about uncovering fresh insights from the community being served, as with the D.light team who spent a long time living with their users to help shape the idea for their revolutionary solar lamp.

- 'New Customers' is about reconceptualising who you are truly serving. As we discuss in the next chapter, this might be as simple and as fundamental as reconceiving users as partners in, not recipients of, delivery. It could be about identifying and reaching out to previous non-users, as Dr Shetty did with the Narayana Hrudayalaya cardiac hospital in India. It could also involve reconsidering the unit of your customer, from an individual to whole families, as Patient Hotels did in Sweden or to whole communities, as with Ubudehe in Rwanda.

It should be noted that in every one of these segments, a new relationship with users – a partnership – is implied in the collaborative design and delivery of services.

From 'more for less' to radical efficiency

All of these elements are important and powerful. But it is how these components are combined that determines whether or not an innovation offers 'more for less' or is radically efficient ('different, better and lower cost'). *For an innovation to be radically efficient, it must employ components both above and below the line – it must offer a new perspective on the challenge as well as a new perspective on the solution.*

'More for less'
Innovations that employ only the two components that lie below the dotted line offer new solutions to old problems. This is using different resources and suppliers, and maximising the usefulness of existing ones. It offers more outcomes from the old system at lower cost.

This kind of innovation takes the system – or desired ends – of public services as given and static. This is not to say that exciting innovation is not possible here. User involvement, as discussed earlier, is evident in all segments of the model and is capable of reshaping existing services with dramatic results.

The Arizona Department of Corrections[9] offers an excellent example of this kind of innovation in practice. By engaging recent inmates in the design of programmes that help prisoners to

re-integrate into society, savings are made in the short term and in the long term. In the short term, resources are focused on targeted programmes with real impact. Expensive, ineffectual programmes are decommissioned. In the long term, reductions in recidivism[10] offer major savings to the criminal justice system amongst others.

But in Arizona, a prison is still a prison. The effectiveness of service delivery has been improved but something even more significant is still possible. Radical efficiency offers a paradigm shift, not an improvement.

Radical efficiency: 'different, better and lower cost'
Innovations that employ three or four components of the model – that is, above and below the dotted line – offer something truly different, better and at significantly lower cost.

Radical efficiency turns the role of provider on its head – they are no longer solution 'deliverers', crafting better answers to decades-old questions about how to provide a standardised welfare state for mass consumption. They are pioneers of a new type of public service using new insights into old problems and reconceptualising who they are truly serving to obtain a new perspective on the challenges they face.

We only have to look as far as the success of The Open University (OU)[11] to see the power of rethinking whom you are serving, and deploying different resources to offer users something different and better. The OU's founders designed a system around previous 'non-customers' of higher education who were unable to afford expensive, full-time, residential education. They re-used the cheap resource of unused bandwidth on public television (amongst other things) and 'recycled' people's homes as study venues. This has resulted in a system which today serves over 150,000 undergraduates. Unit costs per student are significantly lower than those in the traditional system.

Some of the world's most well respected, game-changing innovations clearly fit here. The Grameen Bank[12] in Bangladesh revolutionised how micro-credit is financed, allocated and monitored in the developing world. They started with a new perspective on the challenge of scarce funds and adverse selection (unreliable borrowers defaulting and making loans too expensive for reliable members of the community). Grameen's founders did not keep hammering on how this could be solved in its existing micro-finance

system. Instead they asked afresh how capital could be made available cheaply for the small business investments that play a major role in development.

The bank's founders reconceptualised who its customers should be (mostly women who are responsible in practice for family business investments), it reconceptualised who its suppliers should be (members of the local community who know each other) and what its available resources were (close-knit groups of women who know all about each others lives, their reliability and who were able to issue meaningful social sanctions against defaulters). All this was initiated not by the old system-designers (private lenders) but by the fresh insights of a new 'knowledge-generator' – Professor Muhammed Yunus – an economist who has since been awarded the Nobel Peace Prize for his efforts.[13] This was a whole new system in microcosm, which has since been replicated throughout and beyond Bangladesh.

So Grameen represents radical efficiency that re-thinks the challenges its community faces (and the outcomes it wants to see) as well as employing different resources creatively to construct an effective new solution. In doing so, it seeds a whole new system, rather than perpetuating the existing one.

It is by creating new systems that radically efficient innovations are able to generate significant savings. They are not eking out minor efficiencies from existing services but creating a whole new cost structure for their organisations. As evidenced in the next chapter, these new cost structures save money by focusing resources on the most critical issues for users. They do not waste them on less important legacy services legitimised by history, rather than by need. They also ask new questions about who or what might be best placed to deliver a service – building on existing expertise, creating partnerships and asking more of users – enabling them to mobilise resources more intelligently. In the long term, we highlight more potential future savings from these radical efficiency case studies – by tackling the true root of the problem, many offer preventative as well as immediate savings too.

The next section looks at ten of the best examples of radical efficiency in different services and sectors, and on different scales, from across the globe. We examine them in depth to understand what makes them truly different, better and more affordable. Each case study independently illustrates three important things:

- 'Different' – how the systemic change illustrated in the radical efficiency model is lived out in practice.

- 'Better' – what the positive outcomes are for users and society.

- 'Lower cost' – what the cost savings are.

We try to draw out from these cases some implications for innovators and for policymakers under the following headings:

1. Make true partnership with users the best choice for everyone (Part 3).

2. Enable committed, passionate and open-minded leaders to emerge from anywhere (Part 4).

3. Start with people's quality of life not the quality of your service (Part 5).

4. Work with the grain and in the spirit of families, friends and neighbours (Part 6).

5. Manage risks, don't just avoid them (Part 7).

PART 3:

MAKE TRUE PARTNERSHIP WITH USERS THE BEST CHOICE FOR EVERYONE

CASE STUDY

Chicago Citizen Law Enforcement Analysis and Reporting (CLEAR): virtual crime mapping in the USA

Throughout the 1990s, Chicago had been making impressive progress in fighting crime through its policy of community engagement. But the police force was still making insufficient progress city-wide. Ultimately, the step change in effectiveness was driven by a difficult and important question – why is there still a dearth of detailed information about Chicago's crime networks and patterns after years of investment?

The team decided to tackle three major responses: the community does not trust us enough and will not share information; information we do have is extremely fragmented; we cannot use or update information as we need it or find it.

Faced with this set of challenges, their Research & Development unit came up with a simple solution – a virtual map that could be accessed and updated with real-time information from local people and frontline officers. The question was how to do it, particularly in the context of a distrustful community and sceptical frontline officers following years of similar but unsuccessful projects.

Jonathan Lewin, the commander currently leading this work, attributes the ultimate success of the project to one key factor: engagement, of both frontline staff and the local community in the design, development and goals of the final product.

> *"It took a multi-year development effort that involved three police districts, community organizations, youth groups, businesses, residents schools, to develop a set of functional requirements that the community would agree on."*

This engagement strategy continues today as

the force develops more and more sophisticated functionality for the system.

The virtual map is called 'CLEAR: Chicago Citizen Law Enforcement Analysis and Reporting'. It is the shared crime-mapping and analysis tool for the whole city, from local children to senior police officers.
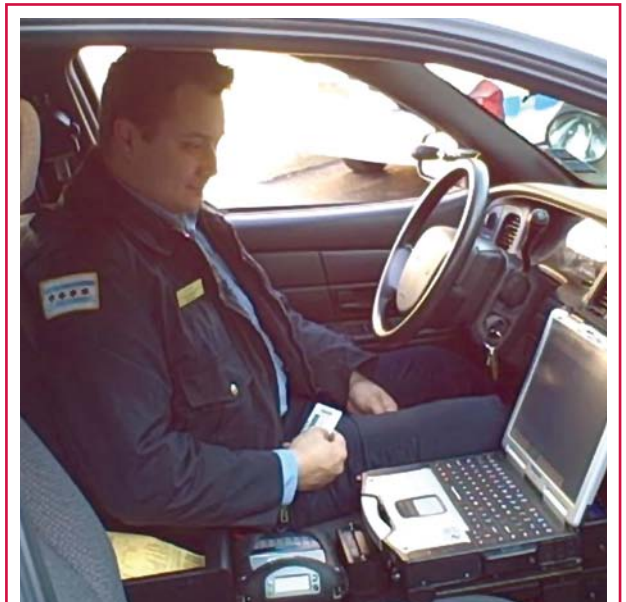

Photo courtesy of Chicago Police Department.

> *"It is really about empowerment and trusting our officers and members of the public to partner with us to solve problems."*
> **Jonathan Lewin**

One of CLEAR's most important contributions is to enable preventative policing. By mapping community concerns and real-time crime

scene information, police officers have a better understanding of where problems are likely to arise – and can resolve the situation before it gets out of hand.

A wiki style relational database has been particularly effective. This allows officers to make constant updates about offenders' aliases, special features like tattoos and their last known addresses. All of this information is available remotely at the crime scene and can help kick-start an officer's investigation. Other databases include community concerns, 'mug shots' and 'rap sheets' and geographical mapping of the areas ruled by gangs.

Crucially, CLEAR also now receives information from other city departments whose responsibilities relate to crime fighting and public safety. One application allows schools to upload blueprints of buildings and class schedules, which can help officers to plan evacuation and security if an emergency occurs. Another enables the city's Department of Buildings to share information on vacant buildings, where there is a high risk of crimes being committed.

This information is also being fed back to collaborating departments to improve their operations. The Department of Buildings receives updates on those empty buildings and the Department of Sanitation receives citizen reports on broken streetlamps and garbage piles.

One core element of collating and sharing high-quality information has been to equip the force with more than 2,000 handheld computers. These are linked to CLEAR and enable officers to access and contribute information from or to one of the many databases in CLEAR when they are at a crime scene or on patrol.

As Officer Corey W. describes it, this helps reduce paperwork and increases efficiency.

"It just makes sense when you are on the street, instead of wasting manpower and downtime … you can start all those reports on the scene."

This innovation resulted from an officer's request to make the computers, originally tied to the patrol cars, more mobile. *"When you make an*
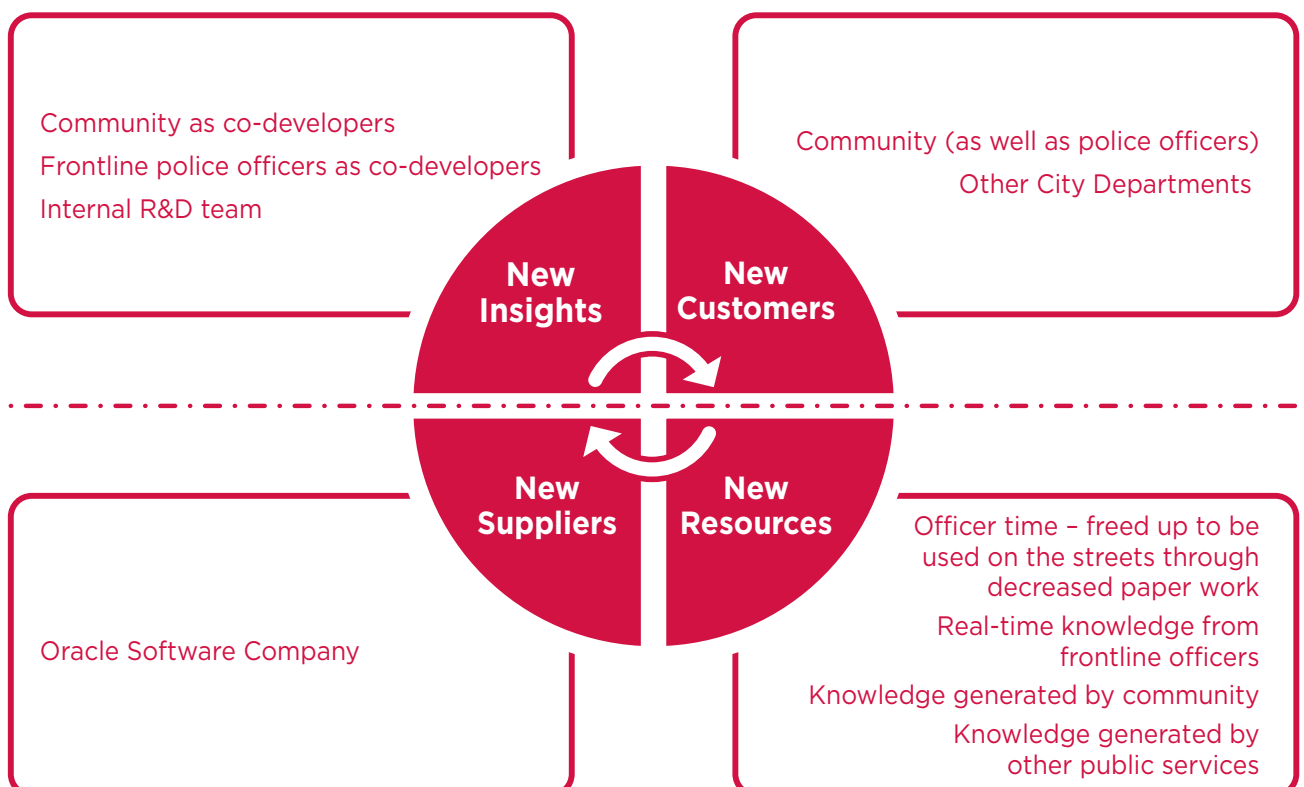
Figure 3. CLEAR and radical efficiency

Community as co-developers
Frontline police officers as co-developers
Internal R&D team

Community (as well as police officers)
Other City Departments

New Insights

New Customers

New Suppliers

New Resources

Oracle Software Company

Officer time – freed up to be used on the streets through decreased paper work
Real-time knowledge from frontline officers
Knowledge generated by community
Knowledge generated by other public services

Table 1. Benefits and cost savings from CLEAR

Benefits	Cost savings
16 per cent per cent decrease in violent crime (2001-03). 20 per cent increase in police time on the streets/police officer efficiency (with the same number of officers).	Reduced clerical staff/civilian positions by 340 from 2,042 to 1,702. This equals a reduction in clerical staff by 16.65 per cent. (Clerical staff has since gone down to 771. This is not all due to CLEAR but means a reduction in staff of 62.25 per cent).
UK equivalent (conservative estimate).	**UK equivalent (conservative estimate).**
London Met employs 20,494[14] police officers. A 20 per cent increase in their efficiency equals an extra 4,099 officers. If we assume these are all constables (lowest pay group = £22,680)[15] this increases the value of police by £92,965,320.	London Met employs 14,217 civilian staff.[16] A 16.65 per cent reduction in staff equals eliminating 2,367 positions. If these are all in the lowest income group of £22,000 this would equal a saving of £31,277,400.

arrest on the street, and your prisoner has to go to hospital you end up with a lot of downtime at the hospital, that you could use to work on a report." This insight resulted in the investment in handheld computers, which can be taken anywhere to record prisoner details there and then. When they get back to the station the only thing left to do is get fingerprints and mug shots.

Today, CLEAR is going from strength to strength. Its ongoing development is run by a rotating team of frontline officers who *"try to bring that street knowledge in to here"* (Corey W.) and make the system ever more fit for a dynamic policing environment.

This continual engagement has led not only to a high-quality system – but greater demand:

"Eventually people not only embraced it but expected more, and asked why can't it do this, this and this. Once you put things out there, it's like opening the floodgates, people not only expect it, they demand it."
Jonathan Lewin

Fortunately, the efficiencies generated by the system enable the force to keep up with this increasing demand from staff and from the community. As Lewin explains it, by reducing paperwork and bureaucracy and speeding up information flow, CLEAR has essentially turned every one officer of the past into 1.2 officers today. He believes this has played a major role in Chicago's 16 per cent per cent reduction in violent crime over the period of CLEAR's introduction.

CASE STUDY

Shack and Slum Dwellers International (SDI) – sharing community-based solutions world-wide

Everyday, shack and slum dwellers around the world struggle to find ways of making their lives a little bit easier and more secure. Shack and Slum Dwellers International (SDI) is an international umbrella organisation for national federations representing the urban poor. With the help of a few dedicated professionals it empowers shack and slum dwelling communities to prioritise their problems, identify the most appropriate solutions, make them happen locally and share their learning nationally and internationally.

Photo courtesy of Astrid Ley 2007 (oikos Human Settlements Research Group).

The key to SDI's impact can be found in a philosophy that starts and ends with dwellers' needs as they define them.

> "Traditionally organisations are telling people what to do, we realised that this was a waste of time and energy. So we formed a partnership with the National Slum Dwellers Federation and entered a dialogue on what their challenges were and how they were going to get addressed, and how we were going to deal with it."
> **Sheela Patel**

SDI was built on the foundations of several

national and regional organisations already working by these powerful principles. By 1991, the Asian Coalition for Housing Rights and the South African Homeless People's Federation were undertaking small-scale exchanges of knowledge between communities. In 1996, during a meeting of similar organisations from across the globe, SDI was born to encourage and facilitate this bottom-up approach worldwide.[17]

Since its creation in 1996, SDI has successfully supported and connected national federations of shack and slum dwellers across 30 Asian, African and Latin American countries. It has helped life-changing knowledge to travel from slums in Mumbai to shacks in Mombasa.

Before SDI's inception, many NGOs were doing excellent work in shacks and slums – but they often failed to deal with the root of the problem. As Sheela describes it, dwellers in most cities live in a state of constant crisis:

> "We were dealing with people who faced evictions all the time...we were saying to ourselves what are we doing here working on health and education when the primary need of these people is housing and having a safe place to live."

Each of SDI's national federations recognises that they cannot reach their long-term goals – access to basic services and tenure security – before they help dwellers to meet their immediate needs.

At a local level, national federations enable communities to identify and resolve these immediate needs in three main ways: supporting them to negotiate better relationships with local and national government; building their confidence and capacity; and connecting them with other communities whose experiences can support their development.

Negotiating better relationships with government begins by organising local communities and helping them to formulate a set of collective needs. National SDI organisations help communicate these needs to officials and politicians on local, regional or national levels depending on the topic and needs. This mediation supports both crisis and development work – negotiations between communities and the

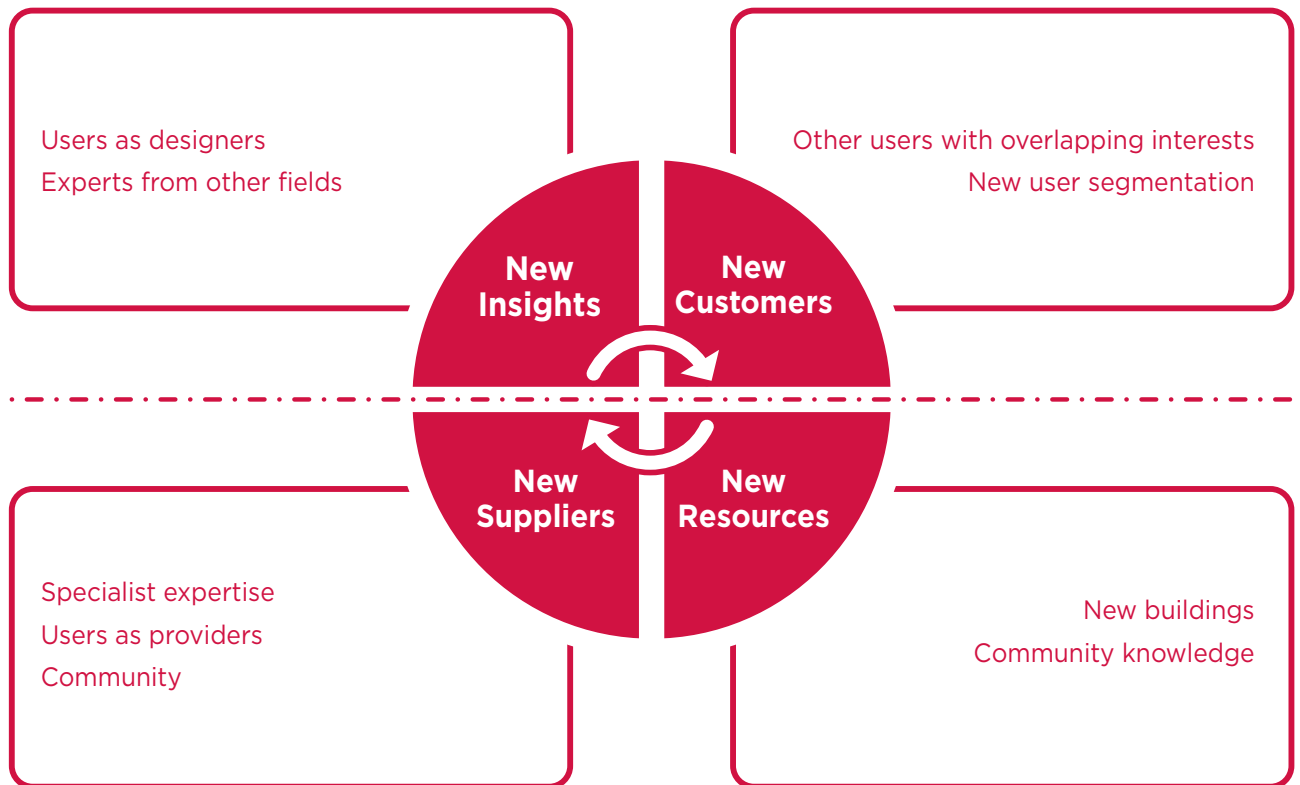Figure 4. SDI and radical efficiency

Users as designers
Experts from other fields

Other users with overlapping interests
New user segmentation

New Insights

New Customers

New Suppliers

New Resources

Specialist expertise
Users as providers
Community

New buildings
Community knowledge

Table 2. Benefits and cost savings from SDI

Benefits	Cost savings
Evaluations of SDI land securing projects in Malawi and South Africa conclude that the projects have been successful.	There was an overall 40 per cent cost reduction in the building of houses.
Mumbai urban transport project – 20,000 families safely resettled into permanent housing.	More efficient development of urban areas by users.
Kenyan resettlement – 2,000 structures.	IIED concludes that the horizontal networking between communities has a significant positive impact on speedy and efficient spread of best practice.[21]
Pune sanitation project – 115 community toilet blocks.	
Malawi – dwellers construct their first 200 homes.	
South African dwellers who have constructed over 35,000 houses.[20]	

authorities during threats of eviction; and as a representative of priorities for development in the slums, like sewage systems. Over time, this mediation aims to build local capacity in advocacy and negotiation:

> "…To develop leadership amongst the urban poor so that they themselves could lead the negotiations with the state and its agencies to extend and obtain entitlements."

The emphasis for SDI affiliates in these negotiations is collaboration not conflict. In South Africa, this has led to significant reductions in cost for the government. The South African Homeless People's Federation facilitates a partnership between communities and the government to enable them to build their own 'core houses'. Communities are able to do this at 40 per cent of the cost of private developers, enabling them to build many more houses for the same budget.

For shack and slum dwellers, the benefits of this are manifold. As well as building the most appropriate housing and gaining jobs through the construction process, the knowledge of what they have achieved is a powerful outcome: *"It changes their perception of who they are and what they can do."*

SDI organisations also run community-based 'savings and credit' groups. These schemes directly support development in shacks and slums and perhaps most importantly contribute to skills development and cohesion within communities.

> "The purpose with these isn't just to provide micro credit, but also to build trust between people in the communities and produce financial literacy…who is paying, who is not, what is the money being spent on… transparency."
> **Sheela Patel**

Brokering connections between communities facing similar issues is the final piece of the local puzzle. This can be as direct as exchanges between individuals. Lunghi Nzama, a community leader from a squatter settlement in Durban, South Africa flew to India to learn from women facing familiar challenges in the very different context of Bombay's 'pavement dwellings'. Alongside the knowledge about savings that she was particularly interested in, she learnt about negotiating with city authorities, building

affordable houses and much more.

SDI also enables this brokerage of locally derived intelligence on a much bigger scale – between local governments planning major projects for example. In 1999, SDI federations began helping to facilitate negotiations between the Indian government, World Bank and local slum dwellers to relocate 32,000 families living along Mumbai's main railway line. *"The management of the resettlement … was voluntary and needed neither police not municipal force to enforce it".*[18] In 2003, Kenyan officials were faced with a similar challenge on the line between Mombasa and Nairobi. SDI *"…got all the officials working on this to come to Mumbai to learn from what had happened here…now they are designing a relocation strategy based on these lessons."* By 2004 they had agreed a plan to resettle the first 800 families.[19]

SDI is keen to share its user-centric process with others. It was for this reason that it began a partnership with the United Nations Centre for Human Settlements (UNCHS) in 2000. For all the risks of tainting its own, dweller-centric brand and values, the potential benefits of sharing its philosophy at real scale made it worthwhile. After a successful launch of the partnership in India, they ran an event in South Africa, which showcased SDI activities, celebrated its communities and led to organisational and government support for the dweller-centred process.

Perhaps the most important route to scale though has been the consistent demonstration of their values and successes, and the openness to local and national federations adopting and adapting them for themselves.

> "When you do something well, you keep reproducing it, you keep trying to grow and expand it, but you never seem to have enough money to address the problem at scale. We ended in designing new strategy that supported the communities in reproducing the growth at scale."
> **Sheela Patel**

> "Inevitably these groups have chosen some of the same principles, strategies and methods as those that have inspired them. The result is a family of affiliates who have many similarities and yet many differences."

Analysis

A new partnership with users is the crucial underpinning of radical efficiency. It is a non-negotiable shift that enables innovators to develop and define their mission, construct the best possible service offer and draw on new resources to deliver them.

This section will outline why this partnership is central to success. It will also describe the necessary incentives for both innovators and service users to make it happen.

Why a new partnership?
Radical efficiency requires innovators to re-conceptualise who their customers are. Innovators must learn how to reach out to new customers; and think of an individual user's family, household, neighbours and community as the people they serve and can work with.[22] Many innovators in our case studies commit to doing this through deep, granular work with communities to understand their lives and networks better.[23] SDI works closely on the ground with shack and slum dwellers from Mumbai to Mombasa. D.light employees live with their users for extended periods. Dominic Barter spent months talking with the young people of the favelas who he wanted to serve. The Ubudehe process literally maps the lives and networks of the communities it supports.

Service users are also crucial partners in developing ideas for new services. This is as much about working closely with users to understand their lives and needs deeply, as it is about asking them about ideas for how to resolve them. It is also about seeing them as a continual development resource with whom to test and challenge emerging practices.[24] As Dominic Barter of Restorative Circles explains, he had no preconceptions of what his restorative justice tool would end up looking like. He just spoke with local children to understand their lives and tested prototypes out with them: *"…through many years of experimenting with this [Restorative Circles] with kids and then adults, learning from their stories I got used to certain ways of hosting the conflict."* Similarly, the CLEAR tool is still evolving and being improved eight years on through constant engagement with users and their development ideas.

Innovators work with users to understand and assess what resources they can bring to help provide a service. These might range from their insider knowledge (as in helping crime fighting in Chicago) or their homes (as in Ubudehe) to

their labour (Mental Health First Aid) or even their families (as with Patient Hotels in Sweden).

Innovators also seek a profound shift in responsibility for certain elements of service delivery.[25] The 'co-production' that happens when users become suppliers might range from self-monitoring of blood samples or simple bandaging (in Patient Hotels), to running and managing their own community projects (as with Ubudehe) or managing their own conflicts (as with the schools involved in Restorative Circles). It is a fundamental transfer of risk and responsibility.

This partnership is a force for driving change as well as a critical tool for delivering it. It is the crucible for identifying future priorities as well as resolving current ones. As Charlie Leadbeater puts it: *"the public good emerging from within society…self-organising solutions"*,[26] facilitated by public service professionals, not delivered by them. This emerges vividly from the CLEAR project in Chicago as well as from Mental Health First Aid, Ubudehe and SDI. Each of these creates the tools and capacities that enable citizens to drive service development tomorrow as well as helping to design and develop it today.

Partnership

None of this is easy. It is a major new commitment from innovators and service users – and not always an obviously attractive one, despite the evidence of radically improved outcomes as a result. For professionals, it is a relinquishing of power and identity,[27] which can also be perceived as a major risk when they are accountable to government for specific targets. For users, it can be seen as 'more work' and may also be a loss of identity in another sense – many UK citizens expect to 'receive' public services, bred into us by years of a system that has done exactly that. In some cases this antipathy towards greater engagement can even lead to 'sabotage' of experiments in co-production.

Radically efficient innovations overcome this reluctance in both professionals and users by making partnership the most desirable option. They do not use coercion.

Partnership is desirable to users in all our case-studies because it saves them time and money at the same time as generating quick, relevant

and important improvements to their quality of life. For D.light, involvement in co-design of the product ultimately results in huge financial savings for families and major improvements in health, literacy and productivity. For CLEAR, staff and users are saved huge amounts of time in reporting crime (or indicators of crime) by using the new system. They have also seen fast, tangible improvements in safety on the streets. SDI members see improved infrastructure, and less fear of eviction as a result of their involvement, as well as building their own advocacy skills and financial literacy.

Partnership is desirable to professionals because they are accountable directly to users in a variety of ways.[28] For social enterprises like D.light, M-PESA and MHFA, if they do not continue to adapt their products to fit users' evolving conceptions of value, they will have no market and no business. Their survival depends on it and their governance (safe-guarding solvency) reinforces it. For SDI – a cooperative of service users employing professionals on their behalf – if their employees do not reflect their priorities, they can be fired. For charities like Restorative Circles, their funding depends on take-up. If they stop providing a valuable service, their users – and funders – will desert them.

Empathy

Making partnership desirable for both parties requires deep empathy with users. Empathy is the building block for understanding users' conceptions of the value of a service. This empathy needs to be dynamic – innovators' understanding needs to evolve with their users' lives and needs.[29] Static systems can be highly destructive as well as inefficient. If social care systems operate around black and white thresholds of 'support-worthy' and 'not support-worthy', what incentive is there to users to grow their independence, improve the quality of their life and ultimately increase their contribution to society?[30] If a council house comes with life tenure, what incentive is there to move when employers and work moves elsewhere?

Make it Work in Sunderland builds this dynamic empathy into the design of its service to support people back into the workplace. It understands the multiple different stages of personal development required to make the whole journey from being 'unwell' to being able to hold down sustained, paid work. Workers monitor and support users in different ways at different stages

(like helping them to stabilize their lives and build their capabilities) to ensure meaningful and ongoing development. 'Success' can take many different forms over time and only sometimes involves actually accessing work.

Empathising with users' conception of value is a matrix of understanding cost and quality – what users can afford (in time and/or money) and what matters to them (key outcomes). The exact price-point is critical to success. For a social enterprise like M-PESA or D.light, this is relatively straightforward and transparent. By understanding their customers' current outgoings – as well as their aspirations – they know where to price their own products and services to significantly undercut the current market offer, whilst never compromising on quality. Both organisations have captured major chunks of their respective markets by offering users upwards of 50 per cent savings.

For organisations like Restorative Circles and MHFA, what people get out of their interactions with them has to be worth more than what they put in. Their rapid and organic global spread suggests that these organisations have more than fulfilled that balance.

Accountability

Empathising with a whole population – and the value they place on universal services – is impossible. Yet it is empathy with users' conception of value that generates the incentives that drive desirable engagement for users – and accountability for professionals.

The current system attempts to get round this by creating proxy measures of successful user outcomes to incentivise staff. All incentives to suppliers, therefore, are to shape provision to those centrally defined ends. Some providers are able to do a clever double act and respond to users simultaneously – the very best reach central targets relatively easily to create the space they need to work more flexibly with users. But this all happens despite the system. It is not incentivised by it.

National organisations like the National Institute for Clinical Excellence (NICE) are the other institutional response. They are charged with being agents of public value for money – and should be lauded as such. In reality, they are constantly harangued for under-spending in highly emotive areas like treatment for breast

cancer. In part, this is because they attempt to aggregate and respond to national priorities. In reality, health challenges are highly distributed across the UK – obesity is a far greater challenge in Wales than in the South East of England for example.[31] A national body can never hope to reflect local conceptions of value.

Empathy for local conceptions of value – how service users balance investments of time and money with the outcomes they receive – is the only way to cut through this paradox. It is relatively straightforward to see how this would work for the trade-off between time and money: users all spend their own time navigating services; they all have individual experiences of the quality of services. So each service user can monitor the trade-off between time invested and quality of outcome.

Creating a shared sense of value for money is far harder and relies on a new transparency. What are the right price points for public services? Whilst all UK citizens pay individually into the collective spending pot, they do not have a shared sense of what services cost – and therefore whether they are good value or not. So local services should develop simple measures of value that can be policed by the community. They should be highly publicised and used to help turn the desirability of value into a campaigning tool for change.

Commissioning practices and local democracy offer two vehicles for enforcing this new, deep partnership with users. Local commissioners should be connected directly to the users they are working on behalf of. They should be working to cultivate the empathy that allows them to understand local conceptions of value and to embed and safeguard it at all costs in the services they commission. This practice should be reinforced by local democracy. Those commissioners and policymakers should be accountable to the people they serve – they should be elected by them and ejected by them if they do not live up to their empathetic mission.

PART 4:

ENABLE COMMITTED, PASSIONATE AND OPEN-MINDED LEADERS TO EMERGE FROM ANYWHERE

CASE STUDY

Mental Health First Aid: community support for people with mental illness in Australia

It all began when Betty Kitchener and her husband Tony Jorum were walking their dog. Betty is a professional nurse and teacher, who has personal experience with depression. Tony is a professor at the University of Melbourne and an expert in mental health conditions. During that walk, they discussed Betty's observation that first aid courses teach the public how to assist someone in a physical health emergency, but they did not teach people how to respond to someone developing a mental illness. From this insight, Mental Health First Aid (MHFA) was born.

MHFA is a 12-hour course designed to give ordinary people the skills to help someone who is developing a mental health problem or who is already in mental health crisis. Early intervention prevents the illness from developing into something more severe. Informed dialogue and knowledge about correct referrals helps to support people already in crisis. This is about preventing escalation – Betty and Tony stress that this is not the same as prevention, nor does the first-aider function as a professional counsellor.

Betty and Tony launched MHFA in 2000 with a few, experimental workshops in their local community. Despite positive feedback and learning lots about how to improve them, it was not until 2001, when a small government grant gave Betty the opportunity to work part time, that MHFA really took off.

From those earliest days, ongoing evaluation and rapid modifications of the programme have been key to its success. Betty gave the first MHFA courses for free on the condition that participants agreed to participate in an evaluation of the project.

As Tony says:

> *"Really good evaluation is important, if the outcomes are good, that's what carries the project."*

Photo courtesy of Rob Thomas,
www.robthomasphotography.com

This is one area in which their partnership has been critically important:

> *"I think it's the answer to the secret of the program…we couldn't do it either of us individually, it is having the quality of research and evaluation and Betty being an expert trainer."*

Scalability has been the other crucial element

of MHFA's impact. As Betty and Tony point out, anyone, anywhere can experience mental illness or encounter others who are having problems. So to be truly successful, MHFA has to be capable of working and spreading effectively throughout society.

Betty and Tony have always aimed to make MHFA self-perpetuating. People who take the MHFA instructor course work independently to train members of the public. Instructors must have excellent communication skills, understand mental illness (either personally or professionally) and have good knowledge of mental health support organisations.

Partnerships with existing community organisations have also been vital to MHFA's rapid spread across Australia:

> "We run a very small operation and never thought we could run this across Australia... so we always work in partnership with local organisations...they are different from region to region with local knowledge and this is primarily why it has disseminated to even quite remote areas of Australia."

MHFA courses are now being delivered by the Red Cross alongside traditional First Aid courses. Other participating organisations include telephone help lines, marriage guidance counsellors, religious organisations and the police.

The importance of this collaboration with trusted organisations is two-fold: introducing MHFA at the community level appeals to civic values, which engenders a natural obligation to participate in courses; people with mental illnesses are also more likely to seek help when approached by a person or organisation they are familiar with. This connection is compounded by the fact that many MHFA instructors have themselves suffered from mental ill health. As Betty points out, this familiarity bridges what has traditionally been a destructive gulf: *"It doesn't matter how skilled the professional is, if the public won't go to them."*

Grant capital to develop extensions of the programme has been the other important factor in its rapid spread – Betty and Tony often receive grants to venture into a new region or develop a new version of the course. These adaptations include programmes aimed at adults working with adolescents, people working with aboriginals and

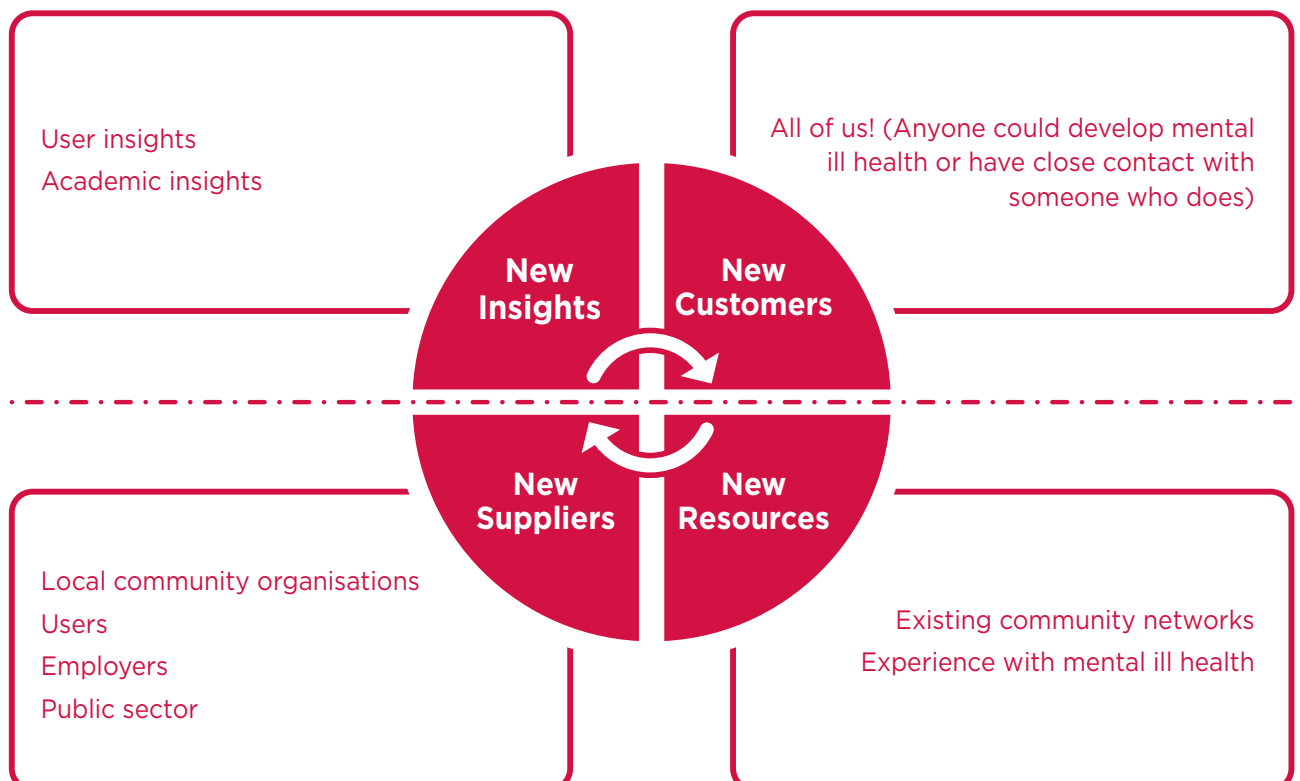## Figure 5. Mental Health First Aid and radical efficiency

Table 3. Benefits and cost savings from Mental Health First Aid

Benefits	Cost savings
Increase in the number of people helped with mental ill health. Improvement in participants' own mental health.[32] Spread in agents/people capable of early intervention. Increased awareness of mental illness: compared with a control group, people who participated in MHFA increased their awareness of mental illness and their confidence in being able to deal with it.	Similar to conventional First Aid, evidence of direct costs savings is difficult to assess as MHFA programmes are run almost entirely without government funding.
	UK equivalent (conservative estimate).
	UK evidence shows that average cost of mental illness to society is estimated at £48.6 billion (service costs £22.5 billion plus lost earnings £26.1 billion).[33] Research shows that there is a significant gap between the number of patients who seek treatment and the people who actually need it. The same research shows that the group of people who don't get help for their illness increase the severity of their illness and thereby the overall costs of mental illness.[34] Early intervention has a proven impact on depression,[35] anxiety,[36] psychosis[37] and for people with substance abuse.[38] The King's Fund estimates that early intervention for depression and anxiety alone can save up to £118 million.[39] This amounts to a percentage saving of 4 per cent on overall spending on depression and anxiety.

with immigrant communities.

Day to day, MHFA is self-sustaining. It receives no ongoing government money. The primary funding comes through people paying A$3,000 (£1,700) to participate in the 10 day MHFA instructor course. Once qualified, an MHFA instructor can choose to charge people to participate in a MHFA course or deliver it for free.

The benefits and savings of MHFA come from people seeking help early in their illness, reducing the severity of their condition and the long-term burden to the system. As Betty says:

> "There is evidence that the longer you wait to give people treatment, the worse long-term outcomes people have throughout their lives…

> we are teaching people to nip it in the bud and address it before it is a full blown crisis."

Chris Morgan from MHFA England agrees that alongside long-term savings, the program will actually increase the number of people seeking help in the short term.

MHFA's popularity and impact has resulted in international reach. MHFA now operates in 12 countries, including Japan, Canada, Finland, South Africa, Scotland, Wales and England. And all this despite Betty's and Tony's self-confessed lack of business acumen:

> "…we weren't really into marketing at all, we were in it to help people with mental illnesses."

CASE STUDY
D.light: solar-powered lamps for communities without electricity

D.light's solar lamps began life as a project for Stanford's 'Entrepreneurial Design for Extreme Affordability' course where students are asked to construct a product solution that addresses a real need in the developing world. This particular team of three designers and two business students began with a fact-finding trip to Myanmar. Their aim was to gain a true understanding of the major challenges to improving quality of life in rural communities. Their answer was clean, bright lighting – the key to studying effectively, working longer hours and leading healthier lives (by eliminating polluting kerosene lamps).

The team developed its early product by introducing prototypes of a rudimentary solar lamp to the communities they were living with. Local families instantly raved about their transformative effect.

Photo courtesy of D.light Design.

"With the D.light products, my children can now study during the night… We also use both the lights to go out to the toilet… If there is no power, our life can still continue."
Mr Morris, Tanzania[40]

They also taught the design teams important lessons about the critical importance of a durable, portable product.

This was now much more than an extremely compelling assignment. It was a major opportunity to transform people's lives and build a profit-making enterprise at the same time. Whilst they were still at college, they began to seek venture capital for further development.

From the very beginning, social impact and business rigour have gone hand in hand for D.light. Their business plan is built on an understanding of need on a huge scale and lucrative markets ready to be tapped: 1.6 billion people worldwide have no access to electricity and around 2 billion have only poor or sporadic access; the annual kerosene market is worth $38 billion, with many families spending up to 60 per cent of their income on the light-giving oil. They received VC funding and some smaller awards from business plan competitions as start-up money to try building a sustainable enterprise.

Following early experiments with their prototype 'ForeverBright', the team appointed Robin Chilton as Head of Product Design to develop an even more systematic approach to the design process. Robin describes the user-focus he immediately instilled on taking on the job – he moved to India to get to the heart of the communities they hoped to serve:

"We need to understand what we're facing… focusing on the customer and their needs is the fundamental basis for success for us…if we don't, there's just no point."

He and his team lived with local communities, often employing local people as brokers and translators *"to appreciate their difference, similarities and ways of life".* For him, this is about understanding customers' 'conceptions of value' – the matrix of quality and cost that makes a purchase worthwhile. The combination of these elements is non-negotiable.

"Cost is really important…if we don't get it down, we don't have a product."

"We can't compromise on quality…imagine a product being introduced into an East African market – the abuse it gets from being in harsh environments would mean it would be destroyed almost instantly if this wasn't a quality product."

This empathy with users is emphasised in every unit of the organisation – from accounting to engineering. As Robin says, customers engage with the whole concept of D.light. The decision to purchase is influenced by marketing, informal communication and reputation as well as by the product itself.

> *"Everyone needs to get it if we're going to have a product we can use...everyone has to understand what $10 a month means to the families we serve...it can be four month's wages!"*

In the regional sales offices, all new members of staff live with a user community for 36 hours minimum as part of their induction. They get involved in local activities and might focus on a particular aspect of village life. An accountant spends time understanding local finances for example – what does the balance of rains mean for crops and income, how and why do people save money?

Dorcas Cheng-Tozun, Head of Communications, emphasises the important role of their business model in reinforcing this focus. As a commercial enterprise whose business plan is dependent on scale and volume of sales (they have a smaller than typical margin on every unit), if they do not have a product that people 'want, need and can afford', they do not have a business. For Dorcas, this rigour is key to their product's value: unlike many NGOs who are accountable to donors, D.light is directly accountable to users for survival.

Recent surveys of a community in India suggest that they are getting it right, with satisfaction rates of 97 per cent and D.light lamps paying for themselves in forgone kerosene bills in an average of six months.[41]

Getting the most from suppliers has also been critical to keeping costs down. The team worked hard to source the best value worldwide and has ended up moving its product manufacturing hub to Shenzhen, China to be close to manufacturers there.

Leadership that is both inspirational and open to new ideas and challenge is also credited as an important driving force of success. As Robin
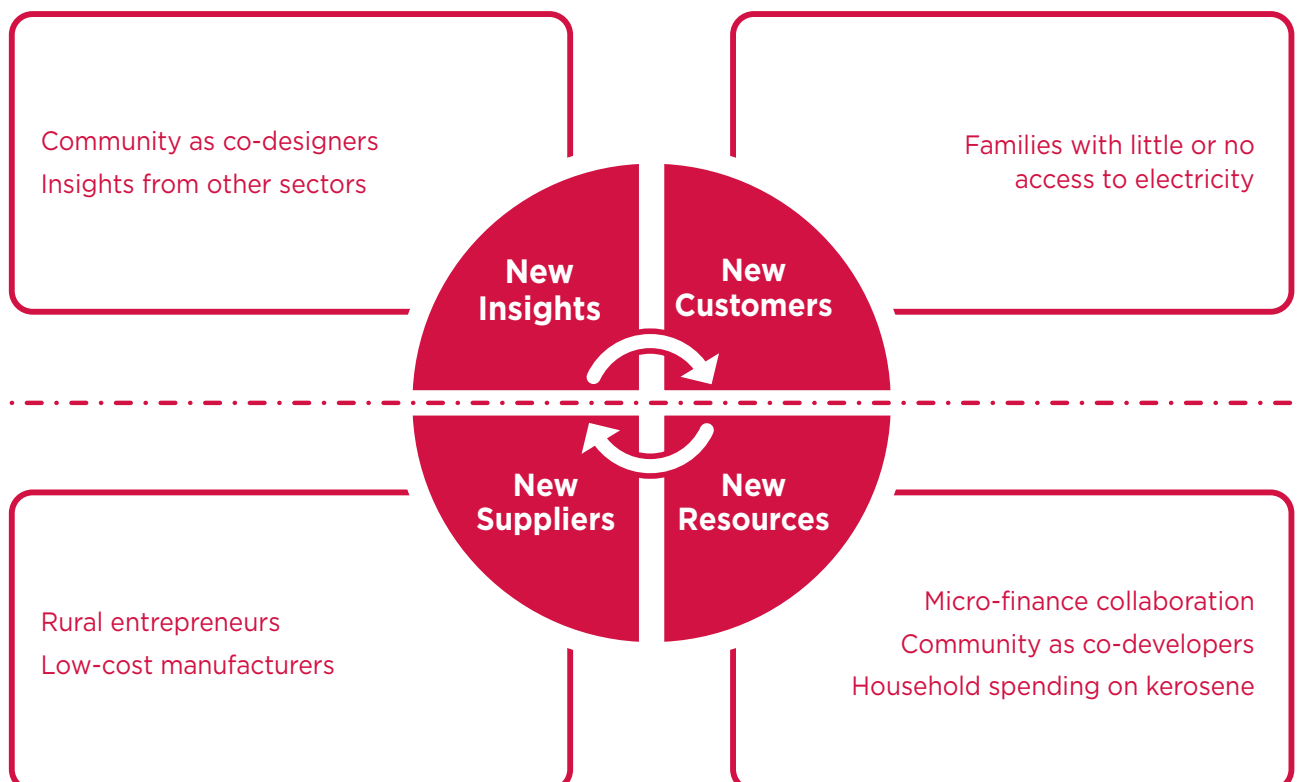
Figure 6. D.light and radical efficiency

Community as co-designers
Insights from other sectors

Families with little or no access to electricity

New Insights

New Customers

New Suppliers

New Resources

Rural entrepreneurs
Low-cost manufacturers

Micro-finance collaboration
Community as co-developers
Household spending on kerosene

Table 4. Benefits and cost savings from D.light

Benefits	Cost savings
D.light customers have reported an increase in monthly income by as much as 50 per cent from the extended workday. D.light customers share how their children, who previously studied less than one hour per night, are now able to study four hours or more per evening with a D.light lamp. D.light lamps are extremely safe and use super-bright LEDs that do not emit any pollutants. Every D.light lamp purchased can completely replace one or more kerosene lamps, effectively reducing global carbon emissions on the scale of tens of thousands of tons.	75-94 per cent savings per family over the two-year life of their lowest cost model. Avoided spending on conventional electricity infrastructure – such as extension of the national grid.
	UK equivalent (conservative estimate).
	With little direct equivalent in the UK, comparison could be made with large-scale infrastructural projects in the supply of energy market compared to energy efficiency and energy self-sufficiency on a local scale.

Chilton says:

> "We call Sam [Goldman, the CEO] the 'human torch'…because he's on fire with ideas and is able to set us all on fire [in our thinking]."

Structural and cultural openness – open offices and little hierarchy – are important complements to this positive energy. They lead to an ongoing internal conversation about how best to realise a shared mission.

> "…it allows us to knock down the bad ideas and pick up the good but even more importantly, it forces us to keep challenging our assumptions…we keep asking questions… nothing is taken for granted…this takes us ever closer to the 'true' answer."

Analysis

D.light is now building on its success by extending its reach. The team is beginning to employ 'rural entrepreneurs' as distributors of their product. These agents buy products in modest quantities, selling them at a small margin to members of their local networks. Rural entrepreneurs can relate meaningfully to customers and their lives, gaining trust as well as increasing D.light's interfaces with rural communities.

Microfinance institutions are also becoming important partners – they help to provide the necessary capital for users to purchase a solar lamp. Their initial pilot with SKS saw a very high adoption rate and 98 per cent satisfaction.[42]

'Kiran', their latest model,[43] launched in October 2009. By the end of 2010, D.light aim to have improved the quality of life of over 10 million people worldwide.

Leaders of bold innovations are often synonymous with adjectives like 'visionary', 'charismatic' and 'brave'. The people leading these cases of radical efficiency are remarkable. But they are not the traditional egotisical figureheads. They are guardians of a clear, shared mission, always open to great new ideas for realising it. These leaders could come from anywhere.

Guardians of the mission
To be guardians of a shared organisational mission, leaders both feel it in their 'souls' – they empathise with its importance from head to toe – and are capable of inspiring that feeling in others. As Robin Chilton, Head of Product Design at D.light told us, they call their CEO *"the human torch"*. He embodies and guards D.light's mission and is always *"on fire with ideas [to make it happen]…and setting us on fire to have our own ideas [about it]"*.

In one of our case studies, that guardian was a silent but important partner in the innovation process – the Mayor of Chicago. He was not involved in the development of CLEAR but was deeply committed to extending and maximising the impact of community-based policing. He was 'always in the background', quietly endorsing the importance and the future of innovative developments.

Crucially, these leaders do not generate this and other radically efficient missions with a 'good idea', magically plucked from the ether. This is not a model that depends on an individual 'genius'.

These missions are derived from the needs, lives and aspirations of the people they serve.[44] They are often defined initially by collaborative teams who come to the kernels of a solution together – CLEAR's R&D team, D.light's founding team from Stanford, the husband and wife founders of MHFA to name but a few.

Guardians of the mission often create organisational scaffolding to reinforce its importance practically and tangibly. D.light's genesis and development demonstrate this perfectly. The organisation is cohered around the primacy of 'extreme affordability' and 'real value' to the user in the lamps they provide. This is mirrored in the induction of all staff – from accountants to product designers. It involves at least 36 hours staying in and living with families from the villages they serve. As Robin Chilton put it, it is *"all about empathy"*.

Openness
For these leaders, safeguarding the mission is as much about pushing the means by which it is realised as it is about protecting its integrity. This is why the role of 'guardian' is intrinsically linked with the organisational openness that enables the mission to be lived out in the best, most imaginative possible ways. This openness is about creating constant loops of stimulus, feedback and learning from failure both within and beyond the organisation.[45]

Within the organisation, this necessitates a flat organisational structure and a reflective culture. CLEAR's development team, rotating regularly with new staff members, new opinions and new experiments, illustrates this approach.

Beyond the organisation, this is about an openness to ideas from outside – and to the experts who might be best placed to drive an initiative forward. The founders of Patient Hotels were clear that they *"…knew nothing about running a hotel, we needed to bring someone in who did"*. Narayana would have struggled to break even without the expertise of a family building firm who were able to lead low-cost construction of their unique, large-scale facility.

Finally, it is also about setting a product or service free to multiply and increase its influence. MHFA's franchise, which has now been taken up at very different scales by local community groups and several PCTs, would never have spread so effectively with total control from its founders.

D.light's independent local agents who buy their products in bulk and sell them on at a small profit have significantly increased their reach. SDI's international presence and Narayana's tele-health arms all reflect a role for flexible extension – and distribution – of an original idea.

Who are these leaders?
These leaders are heavily involved in their organisations – but they are not heavily controlling. They cannot be major egos – they lead these organisations because they love them – and because they want the mission to be itself and realise its potential.

The relationship between them and an excellent team is symbiotic and interdependent. Whilst leaders cannot succeed without excellent teams, brimming with ideas, enthusiasm and commitment, those teams cannot excel without the focus, inspiration and decision-making capacity of these leaders.

These leaders could come from anywhere. In our case-studies, they share aptitudes and approaches to the world, they do not share similar backgrounds, training or education. They are young, old, male and female. They may be 'lead users' who have direct experience of or involvement with an issue or 'passionate outsiders' who just find a cause deeply compelling. They are all empathetic, passionate and committed. They are all ready to seize opportunities that mean something powerful to them when they arise.

Not everyone can be a leader in this way. But this set of aptitudes, passions and commitment can come from far beyond the 'usual' pool of leadership applicants. The question is, are we ready to recognise potential when it arises?

This is powerfully illustrated by the founders of MyPolice – a highly successful, online feedback tool that *"enables the public and the police to have a conversation. It fosters constructive, collaborative communication between people and the police forces which serve them."*[46]

No-one would have recruited two service design students without experience of running anything to lead this organisation. But their unique perspective, commitment and insights have made them highly effective figureheads. They were ready to – and capable of – seizing the moment.

PART 5:
ASPIRATIONS AND A WHOLE-LIFE APPROACH: START WITH PEOPLE'S QUALITY OF LIFE NOT THE QUALITY OF YOUR SERVICE

CASE STUDY
Ubudehe: community-led public projects in Rwanda

Ubudehe literally describes the traditional practice of Rwandan communities working together to dig the fields in preparation for the rains and planting season. Ubedehe is highly inclusive – referring to men, women and children. It is all about mutual support for collective gain. Contemporary Ubudehe projects describe an ambitious experiment in participative community development, which began in 2001 with a modest pilot programme in Butare Province. Today, the Ubudehe process touches – and improves – the lives of over one quarter of Rwanda's population, radically cutting the cost of community projects in the process.

The new millennium heralded an important new era in Rwanda's recent history. In 2000, the government published a Decentralisation Policy, developed after widespread consultation on *"the cause of disunity and long-lasting underdevelopment among Rwandans".* Rwanda's citizens stated clearly that their voices should be at the heart of public policymaking to reduce poverty.

Ubudehe's founders sensed an unmissable opportunity. Amongst these was Action Aid employee Francis Karake. Action Aid's strategy of 'fighting poverty together', previously exercised on a very small scale, was ideally placed to help realise nationwide decentralisation of policy formulation, public spending and project management. This was about fundamentally shifting responsibility for defining strategic priorities, and the means of tackling them, from government to communities themselves.

> *"[Ubudehe aims] to help community groups and some poor households to create their own problem solving experience…starting from [their] aspiration, ability and traditions."*[47]

In early 2001, the modern Ubudehe process was iteratively tested in the old Butare Province for its ability to increase the relevance, efficiency, effectiveness and impact of public spending. This began with five 'cellules' (now 'villages') as a prototype in old Byumba province in February, 2001 and rose to 679 by June of that year. This was jointly funded by the EU, DfID and by the Rwandan Government.

Ubudehe has four main stages:

- Mapping: Generate a shared understanding of the levels, causes and consequences of poverty in a village of between 100 to 150 households; map all the households, their poverty levels and social networks to identify pockets of resources – and lack of them.

- Prioritising: Generate a long-list of community problems, prioritised to five and then one; identify a particularly impoverished household for targeted support.

- Action: Appoint a 'Development Committee' to come up with a plan of action; check plan with the community; submit for approval to the central government who release funds to the village bank account.[48]

- Monitoring: Appoint a 'Control Committee' to oversee the implementation progress of the 'Executive Committee' and correct mistakes.

The process takes time. As Francis points out, this is one of Ubudehe's biggest challenges. Successfully mobilising each Ubudehe cell requires the formal training of two local facilitators and even more importantly, the informal induction of local people into a new way of thinking and interacting. Local leaders

are not involved in this process in its early stages – their presence inhibits contributions from other community members and risks distorting priorities to reflect political (or personal) ends.

Buying the time for Ubudehe to begin facilitating this major cultural shift has made rigorous evaluation of Ubudehe's impact crucial at every stage. As Francis says: *"there are [very few] big new buildings in all this for donors to put their name on"*. Demonstrable impact has to be the substitute.

Photo courtesy of Jean Baptiste Ngerejaho (public relations officer of CDF) in South Province in 2008.

From its earliest days, evaluations of Ubudehe have reported on public projects of great relevance and impact, which are better managed than equivalent central government programmes. A 2006 study of the project for its EU seed funders confirmed that 98 per cent of participants believe their Ubudehe projects to be highly relevant to their lives. A 2008 study demonstrated the impact of this relevance: 96 per cent of participants reported a decrease in poverty as a result of Ubudehe; for 71 per cent of people this meant a doubling of their income or more.

Local knowledge about how to run and resource projects effectively has been as powerful as the choice of projects themselves. School construction for example has come in at one-fifth of the cost of equivalent central government projects. As Francis told us: *"they know the guys who sell the bricks and how to transport them effectively"*. Local networks mean special prices.

Furthermore, the rigorous transparency and monitoring of Ubudehe projects at community level reinforces spending in line with collective priorities. That same 2008 study showed that virtually 100 per cent of participating villages could see the 'bank book' or accounts for their project. Equally importantly, independent researchers found strong social controls exercised by the Ubudehe Committee over sound expenditure. As Fidele Kayira, National Coordinator of Ubudehe, put it: *"honesty is an important output"*. As a result, 96 per cent of projects are finished on time. Ubudehe won a UN Public Service award for this local accountability in 2008.

Francis attributes some of this to active community participation in projects – as well as to their administrative ownership. This participation is financial and in kind. Nine per cent of funds for Ubudehe projects have come from communities themselves, particularly for water and electricity infrastructure.[49] Community labour has been both a benefit of Ubudehe (new jobs created) and a major contributor to its success. The sustainability of projects rests heavily on the national obligation to spend a few hours a month – usually the last Saturday morning of the month – working for free ('Umuganda') on community projects. Participation is highly visible, easily enforced and everyone has a personal stake in success as a result.

Social cohesion and confidence have also been an important outcome. Eighty-nine per cent of participants state that Ubudehe has had a great or very great impact on social cohesion – crucial in a country torn apart by genocide only 15 years ago. Leaders of the project also stress the significance of an emerging 'spirit of entrepreneurship' or 'emergence of rural micro-capitalism'. The project interdependently generates both social and human capital.

Since 2001, EU funding has increased along with Ubudehe's impact, enabling the initiative to reach 1.4 million people with an average investment of €16 per person. The vital next step for scalability is to improve governance of the project above the level of the village. Information flows in both directions are poor between the different levels of local, regional and central government. This risks slow and ill-informed distribution of funds and poor accountability. Francis sees better governance being achieved by cutting out unnecessary layers of government so that public funds and information can be transmitted directly between central government and empowered, responsible local communities.
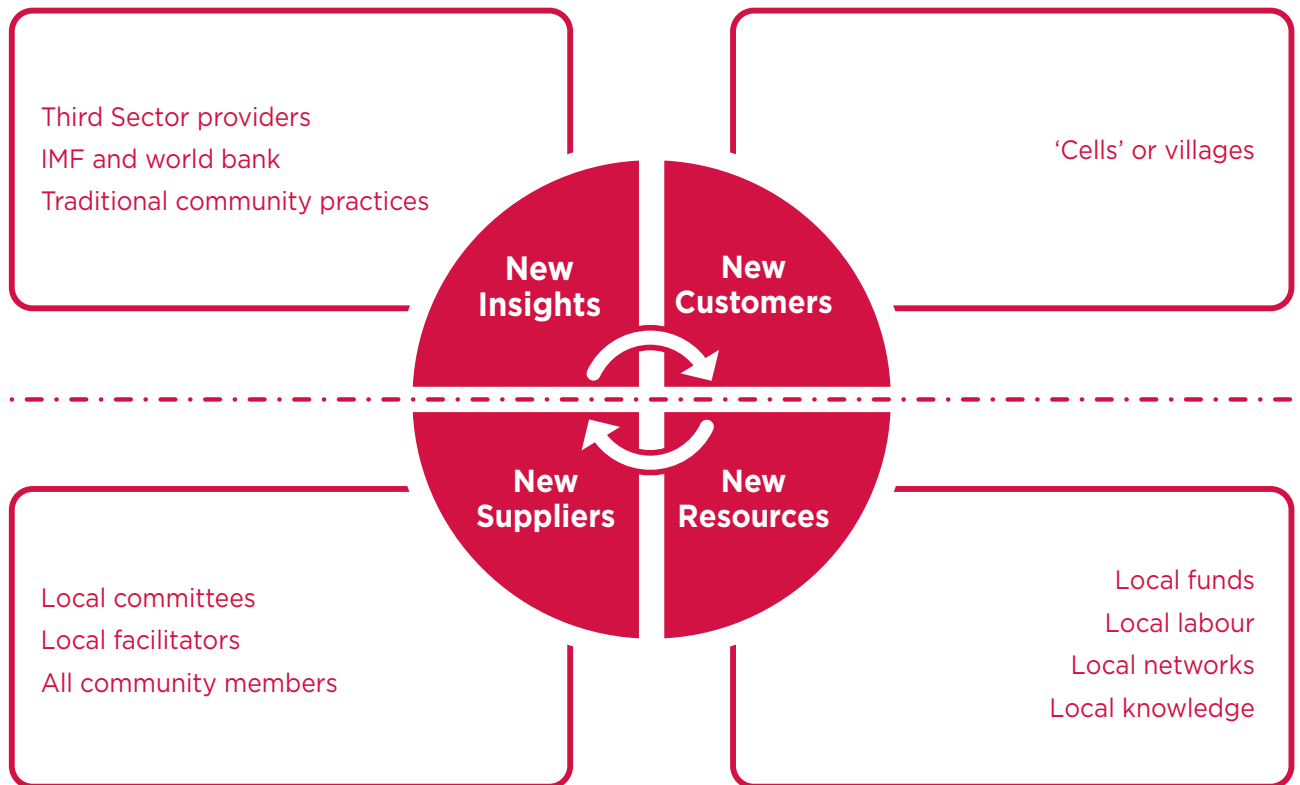
Figure 7. Ubudehe and radical efficiency

Third Sector providers
IMF and world bank
Traditional community practices

'Cells' or villages

New Insights **New Customers**

New Suppliers **New Resources**

Local committees
Local facilitators
All community members

Local funds
Local labour
Local networks
Local knowledge

Table 5. Benefits and cost savings from Ubudehe

Benefits	Cost savings
Poverty reduction. Increased social cohesion. Increased relevance of public spending. Improved management of public funds. Culture change: 'spirit of entrepreneurship'.	Up to 80 per cent savings on local construction projects. Increased growth with poverty reduction (World Bank).[50]
	UK equivalent (conservative estimate).
	While comparisons with large capital programmes such as Building Schools for the Future (£5.8 billion) are misleading, there are lessons for community regeneration programmes.

Ubudehe's success has now spread within and beyond Rwanda. The Ministry of Health is using Ubudehe mapping to identify its poorest citizens so that they can receive an insurance health card. Preliminary discussions have also been initiated with neighbouring Burundi to begin using the process.

CASE STUDY
Narayana Hrudayalaya: the 'Walmartisation' of health care in India

"He'll be finished in half an hour maximum… he's only got five patients to go."

Dr Devi Shetty began his professional life as a cardiac surgeon at the world renowned Guys and St Thomas Hospital in the NHS. Alongside learning his trade he made an observation that would shape the future development of Narayana Hrudayalaya (NH) Cardiac Hospital – in the NHS, costs continue to go up as quality increases, the exact opposite of Silicon Valley. Surely that is not right? Surgeons, he thought, could also spend much more time in theatre to maximise the impact of their expertise.

In 2001, Dr Shetty decided to put these ideas to the test. He founded Narayana Hrudayalaya in Bangalore to provide the highest possible quality cardiac care to anyone who needed it – at truly affordable prices. Narayana means 'God's compassionate home'. Scale is at the core of his vision for making this possible. He has sometimes called his approach the 'Walmartisation' of cardiac care. Dr Shetty's notion of scale works in many different ways to support both quality and affordability.

The original Narayana Hospital focused purely on cardiac procedures and was big – it housed 500 beds and ten operating theatres. Today it houses 1,000 beds, compared with 160 beds in the average hospital in the US.[51] His family was key in making this happen – they own a building business so were able to construct the facility at low cost, lending him the capital to make it happen. Today they are rewarded with an annual 7.7 per cent profit after taxes.

There is a simple point here about pure economies of scale – Dr Shetty is India's largest purchaser of heart valves, for example, giving him significant purchasing power. This is reinforced by the quality of his brand – Narayana is synonymous with the very best cardiac care, so suppliers are keen to associate themselves with this prestige.

This early focus on cardiac care only was critical to both quality and cost. The sheer volume of similar procedures undertaken every day (12 per cent of India's cardiac surgeries or 30 procedures per day) means that their machines are used at a far higher rate than in other hospitals, offering much better value for money.

"We might use our ECG 15 or 20 times per day compared with two or three times at other hospitals."
Dr Shetty

Perhaps even more importantly, this volume of similar procedures means that surgeons become truly practised in their field. They each perform two to three procedures per day, six days per week.

"This is the exact opposite model from a small hospital that does a huge range of surgeries."
Dr Shetty

Photo courtesy of Narayana Hrudayalaya.

This means that surgeons can become totally expert in specialised types of heart surgery, not just cardiac procedures generally. A recent Wall Street Journal article on Narayana highlights one surgeon, Dr Colin John, who has performed nearly 4,000 instances of one particular, complex, paediatric procedure (Tetralogy of Fallot) over a 30-year career.[52] Most other surgeons in other countries would never reach that number of generic cardiac procedures during that time.

As a result, NH boasts enviable recovery rates, reporting a 1.4 per cent mortality rate within 30 days of coronary artery bypass surgery, a common procedure. This compares with an equivalent figure of 1.9 per cent in the US.[53] Their

patients also spend less time in intensive care units (ICU) and go home faster than equivalent patients in other hospitals.

Dr Shetty relates other aspects of their scale and success to operating in India. Firstly, they are able to recruit and train as many domestic doctors and nurses in-house as they can manage – India trains more doctors than any other country in the world (32,000 per year versus 16,000 per year in the US). Combining this with the scale and prestige of NH itself, Dr Shetty's hospital is able to operate *"like an academic institution"*. They train many of their own doctors and nurses, ensuring the highest standards of quality as well as early induction into the *"Narayana culture…a true passion and commitment to make a difference."*

NH also benefits from India's manufacturing and engineering expertise to ensure real affordability – they are not beholden to branded, high-cost multinational suppliers. They used to buy surgical stitches from Johnson and Johnson. Today they are able to purchase them at half the price from a Mumbai company, Centennial Surgical Suture Ltd.

As a result of these cumulative assaults on cost, the price of an average procedure at NH is $2,100. This compares with hospitals in the US costing between $20,000 and $100,000. This price is also between one-third and a half of the cost (depending on procedure) at other private Indian hospitals.[54]

Dr Shetty is not concerned by the risks of a business model reliant on scale. He has never had a marketing strategy to draw people in, believing that *"good work is the best marketing strategy"*. Demand for NH procedures has increased year on year since its inception.[55] The scale at which they can operate is only increasing.

NH operates a system of cross-subsidy between its patients to provide access to those who could still not afford even current low prices. Those who want it, and can afford it, pay a premium to stay in a private room (the medical treatment is exactly the same). The surplus this creates is used to pay for – or heavily subsidise – the procedures for those who cannot afford it. Currently, the ratio of those who pay full or premium prices to those who are subsidised is 60:40.

This system depends on a clear understanding of what each operation really costs and gatekeepers who ensure that the right people are getting financial support. Dr Shetty credits a charitable wing *"run by a large group of smart people"* with getting this right. They interview all subsidy

applicants and keep track of the hospital's overall balance sheet.

Narayana has also pioneered a farmers' insurance scheme, in partnership with the state of Karnataka, to support universal access to its services. The plan costs $3 per year and reimburses NH for four-fifths of its costs per procedure. Full-paying private individuals subsidise the remaining one-fifth of costs.

Dr Shetty has not been content with the reputation of his high-quality, low-cost work reaching the ears and entering the aspirations of the rural poor. He has instituted active outreach to make it happen, through rural 'Coronary Care Units' (CCUs). CCUs undertake basic consultations and scan patients, sharing their data with experts at NH. They are able to do this by building on another of India's remarkable strengths – its ability to put a satellite into space. Shetty entered into a partnership with the Indian Space Agency to connect remotely with these CCUs free of charge. To date, NH has treated more than 50,000 people across India in this way, ensuring that the 99 per cent of patients receive the preventative care they need and the 1 per cent of acute cases are sent to NH for treatment.

NH operates this system of remote treatment across the world, with CCUs from Malawi to Afghanistan. *"Other than the operation you can do everything…[even] seeing the doctor's compassionate face"*. In some cases, Shetty has gone further, inviting doctor's from these units to undertake basic training at NH.

This kind of reach is merely a hint of things to come, both within and beyond India. Dr Shetty is currently planning a network of 'health cities' in India, which apply the 'Walmartisation' principles to a wide range of conditions. He is also in the process of attempting his most ambitious international project yet – in the US.

He aims to challenge the orthodoxy of his early days in medical school, where professors told students not to worry about health policy and universal access to health care, which they suggested:

> *"… would be something that automatically came with wealth…but the US proves that's not the case. We need to prove that our model works in the context of affluence."*

The project will see a cardiac centre built in the Cayman Islands with procedures costing, on average, half of what they do in other US

hospitals. Dr Shetty is characteristically excited and ambitious about the possibilities: *"If it's successful, maybe I can help President Obama!"*

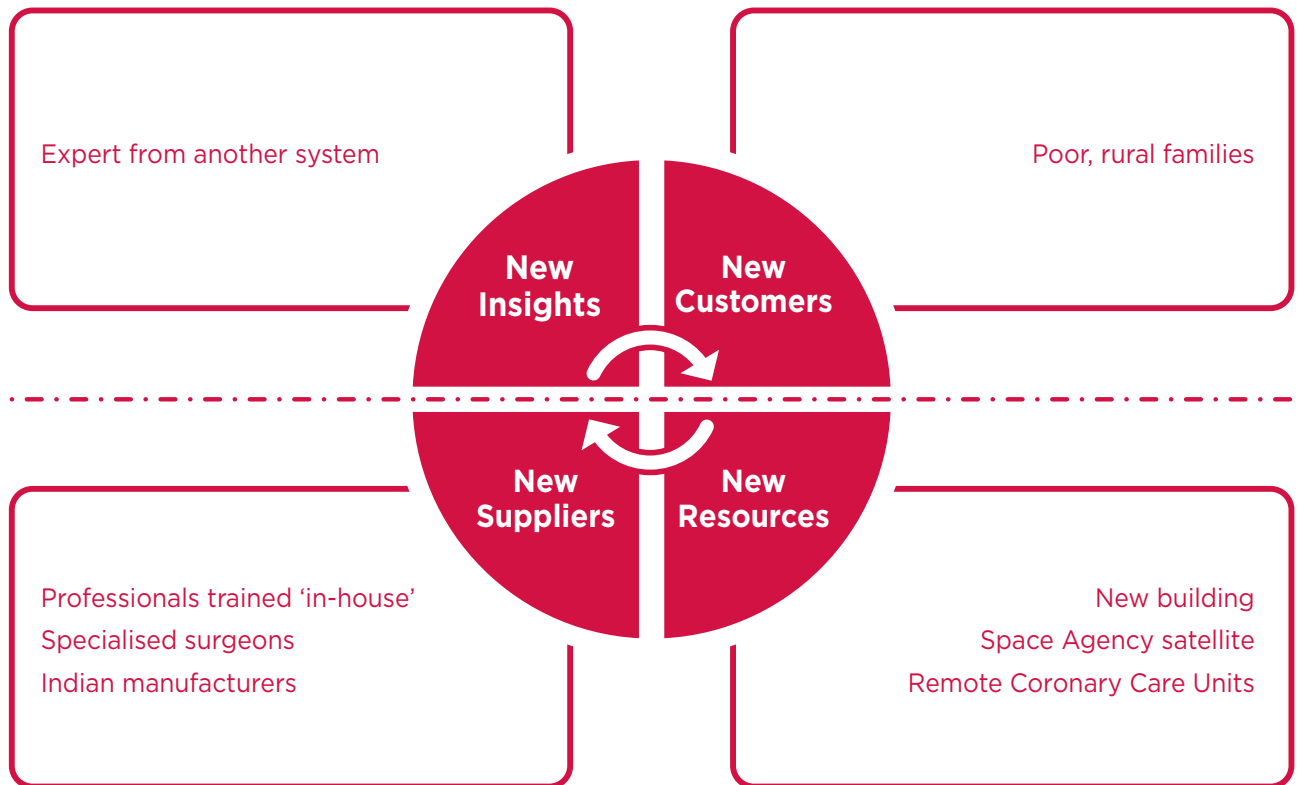Figure 8. Narayana Hrudayalaya and radical efficiency

Expert from another system

Poor, rural families

New Insights

New Customers

New Suppliers

New Resources

Professionals trained 'in-house'
Specialised surgeons
Indian manufacturers

New building
Space Agency satellite
Remote Coronary Care Units

Table 6. Benefits and cost savings from Narayana Hrudayalaya

Benefits	Cost savings
1.4 per cent mortality after surgery versus 1.9 per cent in the US.	Increase efficiency use of machinery (such as ECG) by as much as 30 per cent.
Patients spend less time in ICU and go home faster than equivalent patients in other hospitals.	At a minimum reduces costs of average procedures by 50 per cent.
	UK equivalent (conservative estimate).
	The European Heart Network estimates that £13.6 billion was spent in 2006 on inpatient care for cardiovascular disease in the UK.[56] Halving these costs would amount to savings of £6.8 billion.

Analysis

Each of our case studies starts with a shared and fundamental question about its user group – what will it take to improve the quality of their lives? It is not about cost cutting. This does two very different things from policymaking orthodoxy. First, it starts with aspirations, not problems. Secondly, it starts with a person's whole life. This has profound implications for the domain of innovation – this is about solving social issues, not improving individual public services.

Aspirations

D.light began its development process not by thinking about how to resolve the lack of rural electricity supply, but how to improve the quality of life of some of the world's most impoverished communities. Solar lamps were the answer, not the question.

Patient Hotels were founded in response to the question of how people's health could be improved – not how we could improve hospitals. Restorative Circles were about improving the quality of life in conflict-ridden communities in Brazil – not reforming the prison system. Ubedehe was about engaging communities in defining and making choices about the best ways to alleviate poverty in Rwanda – not of improving schools or building hospitals.

This is a far cry from 'how can we improve GCSEs at this school' or even 'what is the future of social care'? It is about understanding aspirations for whole lives. It is not about solving problems in the subset of people's lives that engages with a specific service, like the bit of us that goes to school or to hospital.

From public services to social issues

For innovators, this is a true 'domain change'; to move from public services to social issues. It means coming to people's lives without preconceptions of what they are like or how you could intervene to help improve them. This was the open starting point for D.light, Restorative Circles, Make it Work and Ubudehe amongst others. It has profound implications for the challenges services tackle and the resources they can draw on.[57]

'Social issues' encompass a much bigger canvas and messier set of challenges than public services. This can have some unexpected and instinctively uncomfortable consequences as the Young Foundation's recent report 'Sinking or Swimming' illustrates.[58]

This 'domain change' also enables innovators to mobilise a whole new set of resources. Social issues entail social responsibility. This is why MHFA is able to train lay people from the community as mental health first aiders. It is why Ubudehe is able to train local villagers to facilitate the social issues mapping that lies at the heart of their service development process. It is why patient hotels are able to rely on peer-support networks and patient families to play key roles in the rehabilitation process. So whilst the move from public services to social issues seems to create more complexity, it also helps to liberate the engagement and contributions that can tackle it effectively.

From public services to social issues in practice

Each of the radically efficient innovations that we examined drew on three key elements to make this shift: a shared conception of what 'quality of life' entails; a deep understanding of existing quality of life in their user-community; and a clear idea of the skills and resources they could best deploy to help improve the situation.

In Part 4, we discussed how innovators might start to get that deep, empathetic understanding of existing quality of life in their user community.

So how can the other two conditions be enabled in UK public services: this shared conception of quality of life and a clear idea of how they can best contribute? We believe this is about clear, distinct and mutually reinforcing roles for central strategy and locality policymaking.

Central government should learn to be more strategic. It should be responsible for establishing a clear agenda and direction based on the pursuit of long-term goals such as quality of life and wellbeing, economic growth and sustainable development. It should cease to set output targets, input targets, micro-manage processes, and performance manage educational or health outputs of local organisations.[59]

Only a national, representative government can generate the overall strategy and direction and set goals legitimately. Only they can aggregate – and reveal – the shared weaknesses in attaining it, and priorities for development.

Localities must take responsibility for connecting deeply with their community to explore how they can best contribute to achieving these ends in meaningful ways. Total Place represents a microcosm of this approach at a local level. Local Strategic Partnerships[60] could have achieved this too. By pooling resources spent on supporting young children and families in Croydon, for example, they are able to reassemble resources around them in ways that make sense for families locally – not for existing providers or for Whitehall.

Strategy from central government and policy at locality level sounds vastly ambitious and superficially impractical – but we would argue that the opposite is true. This approach goes with the grain of innovation. It plays to well-evidenced ideas of relative advantage – central direction and local policymaking – rather than undermining them. As such, it is inherently less risky – it is much more likely that we will get things right and is much easier for us to correct things when they go wrong.

In this context, accountability should link central indicators and local assessment in very different ways from the current system. If the central priority and responsibility is to safeguard and drive overall improvements in quality of life, the centre should collect and collate generic indicators that give a rough idea of progress – and key areas for improvement. These might be similar to current, international development measures, like life-expectancy, maternal health and gender equality.[61] These indicators would be the basis for asking questions – they would not, unlike with many current performance management indicators, be used to jump to perceived solutions.

Local evaluation would entail regular, robust self-assessment against user-generated indicators of 'success'. This would be a regular, dynamic part of service-development: qualitative and quantitative assessments used to interrogate learning and generate new solutions. They would not be periodic, retrospective judgments of the 'success' of a static offer. This is where the policy 'answers' would be generated to the strategic questions generated at the centre.

PART 6:

WORK WITH THE GRAIN AND IN THE SPIRIT OF FAMILIES, FRIENDS AND NEIGHBOURS

CASE STUDY

Patient Hotels: spaces for rehabilitation in Sweden

Patient Hotels began in 1988 when Lund University Hospital needed more beds to meet increasing demand for hospital services but had insufficient budget to fund them. They recognised that many patients were capable of managing their own conditions and did not need intensive hospital-based care from doctors and nurses – they needed a safe, comfortable space for recuperation. So the Lund team designed spaces where patients could largely manage their own care – from bandaging to meals – and let them wear their own clothes instead of hospital clothing.

Photo courtesy of Patienthotellet Lund.

This meant rethinking service processes and the physical environment so the design team looked for people with particular expertise in delivering them. Ultimately, the Scandinavian hotel chain,

SAS, was the hospital's key partner in designing Patient Hotels. Maria Lipinska, manager of the hotel explains:

> *"We needed help to get going, there [was] no tradition for this in Sweden…so no one knew which end to begin with."*

The Patient Hotel was originally run by SAS, and then by Scandinavian Patient Hotel. For the last eight years it has been owned and run by Lund Hospital who take full financial and administrative responsibility for the project. Since its inception the Patient Hotel has nearly doubled its rooms from 95 to 160 (108 for guests, 52 for relatives) in response to demand.

Doctors still play a key role in the hotel, even if they do not work on the premises. They refer patients to the hotel from any ward except the intensive care unit. The doctor remains responsible for the patient's treatment – from afar – throughout their stay.

The absence of doctors is important in reinforcing the sense that guests are not solely 'patients'. This is compounded by the appearance of the rest of the staff who are all skilled nurses but do not wear traditional uniforms. Instead, they wear the black and red hotel staff outfit. Maria Lipinska suggests that patients seem revitalised by this 'real life' environment:

> *"I think the biggest difference is that there is a little distance for the patients from the hospital … people feel fresher here… they are guests…often we are told by nurses at the wards that [the patients] can't to this and this and this, but after one day here they do it."*

Alongside staff, families and other guests are crucial resources in supporting hotel residents.

Relatives of people admitted to hospital in Sweden are guaranteed five days with their relative at the hospital by law if prescribed. In Lund, they can now stay in the patient hotel annex instead of taking up a costly bed at the hospital. If the patient is staying at a patient hotel, staff prepare an extra bed so relatives can share their room. This is of critical importance to the effectiveness of patient hotels – many patients cannot stay at the hotel without a relative who enables them to be sufficiently mobile to move out of the hospital.

Groups of guests also provide important support to each other. The relaxed environment enables longer-term guests, such as cancer patients receiving radiation treatment, to gather in the restaurant or lobby to socialise and talk about their treatment.

"They meet each other relatively quickly, and then they start having lunch and dinner together and enjoy each other's company...a lot of people say when they leave here that what should be so bad was actually ok here –

time just went by."

Maria Gabrielsson, one of the hotel's nine staff nurses describes how the staff actively try to facilitate the integration of new guests into these groups:

"Sometimes it happens naturally, other times I help it along by introducing a new patient to a group that might be relevant to this patient... they talk about everything, they often become very confidential with each other ... it definitely has a positive impact on their wellbeing and treatment."

Trying to look and feel like a hotel does not remove staff's awareness that their primary objective is helping people who need care. Maria Gabrielsson explains how working with the guests at the patient hotel is a constant balance between being a nurse and hotel staff:

"Quite a lot of it is admin work, getting taxis, finding trains, booking rooms. But at the same time, when patients come to the hospital

Figure 9. Patient Hotels and radical efficiency

Users as designers
Experts from other fields

Families
New user segmentation

New Insights

New Customers

New Suppliers

New Resources

Specialist expertise
Retrained professionals
Families
Fellow guests

New building
Freed-up staff time

and enter the reception for the first time, my 'nurse's eyes' help me assess if they have special needs."

Nurse-receptionists also provide vital support for guests at the hotel managing simple elements of their own care. There is no medicine or equipment at the patient hotel but if the hospital provides it, Maria and her team can help patients with basic nursing tasks such as cleaning wounds, setting a drip and administering drugs. This helps reduce the workload for nurses working at the hospital.

They are also important arbiters of what patients should and should not be doing for themselves to help avoid accidents and manage potentially dangerous risks.

"We have to ask them do they want it? 'Yes!' Can they handle themselves? 'No!' And then we have to say they can't come."

Maria Lipinska suggests that the patient hotel could serve even more people as an integrated part of the hospital building. This has already happened at the Odense in Denmark, one of the many countries, including the UK, where the patient hotel concept has spread. At Odense, patients with higher demands can still be hotel guests, albeit in one of its manned units.

The patient hotel is popular with policymakers as well as with its guests, which is one of the reasons for its rapid spread across Scandinavia. Patient hotels make sense financially. The average cost per night for a bed at the hospital in Lund is 3,000 Sek (£260). A bed at the patient hotel costs 823 Sek (£71). As Maria Lipinska puts it:

"The patient hotel is highly cost effective and often runs a surplus – this has allowed us to lower costs to patients several times over the past few years, which is good for everyone!"

Table 7. Benefits and cost savings from Patient Hotels

Benefits	Cost savings
Increases wellbeing for patients. Increases wellbeing for families. Reduces pressure on hospital and need for expensive hospital beds by translating these into cheaper patient hotel beds.	One hospital bed costs 3,000 Sek per night, one patient hotel bed costs 823 Sek per night. This amounts to a saving of 2,177 Sek per hotel guest. Estimates from Norway and Denmark where patient hotels are widespread suggest that the average cost reduction per patient hotel bed compared with a hospital bed is 60 per cent.[62] (The patient hotel's 108 inpatient capacity make up 12 per cent of the hospital's 900).[63]
	UK equivalent (conservative estimate).
	According to the NHS the minimum cost for an inpatient bed is £225 per night.[64] Transfer to a patient hotel means a decrease in cost per unit of £135.

CASE STUDY

Restorative Circles: community self-management of conflict in Brazil

Brazil's favela shanty towns are some of the most conflict-ridden and dangerous places on earth. In Rio alone 5,000 people die every year as a result of gun crime.[65] Dominic Barter, a self-educated restorative justice practitioner, ignored these dangers and, in the mid 1990s, walked into favelas to propose a dialogue with residents, gangs and police. His aim was not to convince them to change, but to explore whether there are ways to respond to conflict other than violence.

> "I wanted to do something about it, and was told that it was too dangerous to do something about it."

Photo courtesy of Chico Ferreira

Over his years with these communities, a process emerged that came to be known as Restorative Circles. At its core lies an understanding of conflict as something to be engaged with and learnt from, not 'resolved'. For Dominic, the question became how to create the conditions for conflict to 'flower fully' without getting distracted by violence and blame, transforming defensiveness into engagement. A key element was to bring all those involved together in a space of 'shared power', within a community-owned agreement to generate common understanding.

Dominic's personal experience with conflict came from social justice movements in Europe in the 1980s, far away from the favelas. While living in Amsterdam, Dominic encountered a couple fighting in a narrow street.

> "While watching them argue, I had the strange idea that they were raising their voices to compensate, not for the physical distance between each other, but for the growing distance in their understanding of each other."

Dominic thought often about his observation, but did not act on it until he followed his Brazilian girlfriend to Rio de Janeiro in 1992. Arriving in Rio, Dominic was startled by his starkly contrasting first impressions – the natural beauty of the city and its high levels of crime, reflecting the huge gap in living standards between rich and poor. He was particularly shocked by how ingrained the structural violence was, seeming to involve everyone while bringing safety and wellbeing to none.

Remembering his insight from the couple in Amsterdam, he wondered what would happen if the opposite dynamic was applied: would mutual comprehension reverse the trend and diminish levels of painful conflict that precede violence?

> "This was completely counterintuitive to me – to walk towards the pain. If what I saw in Amsterdam was accurate…and I walk towards the point at which the conflict is manifesting, I should see the level of violence diminish."

This began a long process of learning from and with favela residents. Initially, the only people willing to talk with him were young children on street corners. Over time older kids, many already running errands for the drug gangs that control the communities, got involved too. They brought teenagers, and eventually adults to the conversation.

> "I was interested in listening to the stories they told me, and learning more…It began to occur to me that there were patterns emerging that I could respond to."

Noticing that his preconceptions and desire to help often interfered with meaningful partnership and dialogue, he focused increasingly on

following the requests of those he met, or the ideas that emerged from their conversations. This built trust. In response, the residents opened up about the tough issues they faced. Dominic *"began to receive these stories of conflict as gifts"*. Seeking to understand them more deeply, a process emerged – the seed of what would become Restorative Circles.

> *"I got many more things wrong than I got right. Restorative Circles are the way that they are, because of being honed. Everything based on opinion but not on practice got discarded over time… people simply didn't use it, because it was less effective."*

Until 2000 this research and development occurred on a small, community scale. Around this time Dominic began experimenting with the process in schools and other organisations where conflict-phobic cultures stifled connectedness and trust. However, the larger change happened with the hijacking of an urban bus just a kilometre from his home – a police officer shot the hijacker and one of the passengers. Dominic was shocked by the police's lack of preparation and confrontational style and realised the potential in implementing what he had learned more widely.

Soon after, he began working with the municipal government in Rio to mediate between favela residents and police, and between gangs. This culminated in a presentation of the principles of what was now called Restorative Circles at the World Social Forum in 2005 alongside judges and others interested in bringing restorative practices into the judicial and education systems. Following this event, the Brazilian Ministry of Justice (MoJ), with funding from UNDP, established pilot projects in restorative justice. Dominic was asked to apply Restorative Circles in Porto Alegre and Sao Paulo. The MoJ understood that very little scientific data could be generated, *"they just wanted to see what would happen over a year with Restorative Circles"*.

> *"Much of this came about because people don't have answers for the questions that I ask them. Whether they are drug gang leaders, police, teachers or judges, they can't really stand up and say we have a solution for this and it works. People are willing to apply this – and give it the benefit of the doubt – because the alternative is so extremely expensive, in all the ways they understand expense."*

In both cities, Dominic worked primarily with young offenders. In Sao Paolo young people who are caught breaking the law and who attend a high school close to the city's biggest favela, 'Heliopolis', are immediately offered a Restorative Circle at their school, at the police station or at the courthouse. In some areas, the police have been given the authority to offer Restorative Circles as an alternative to going to the police station. These districts have seen a subsequent drop in referrals to the juvenile courts by 50 per cent.[66]

Ongoing cooperation with particular schools and families builds the trust and reputation that is pivotal to successful Restorative Circles. Schools are critical because they engage continually with young people. Teachers are important mediators, but Dominic stresses that they are often the ones with the fewest spare resources in a school. He therefore puts an emphasis on training janitors, cleaners, canteen staff and pupils to be Circle facilitators. The facilitator can vary between sessions but always reflects the local community.

> *"I would like everyone in the school's community, not [just] the school hierarchy, to feel that they own this process and collaborate with it."*

Restorative Circles have to be adaptable to spread successfully. In one area, two neighbouring schools participated in the program. After two months, there were key differences in how each project worked but results were equally impressive. In situations where participants are initially unwilling to meet face-to-face, hand-written notes, text messages and any other form of communication can be used to ensure dialogue. This kind of flexibility and scalability have seen the program spread to 14 different countries over the last two years, including cultures as distinct as Uganda, Iran, Germany and Korea.

Restorative Circles are also being used as young people leave the penal system. Schools are often reluctant to accept young ex-offenders, which increases the risks of recidivism. Use of Restorative Circles at this point has been shown to generate 28 per cent more successful cases of reintegration.

Restorative Circles have had other impressive, documented successes. A survey of 400 Restorative Circles in Sao Paulo showed that 93 per cent ended in agreement. Another survey in the Campinas Municipal School District showed an impressive decrease in arrests following Restorative Circles: in 2008, there were 71 police visits ending in student arrest and subsequent court appearance; in 2009, after school-wide adoption of Restorative Circles, there was one such arrest, a drop of 98 per cent.
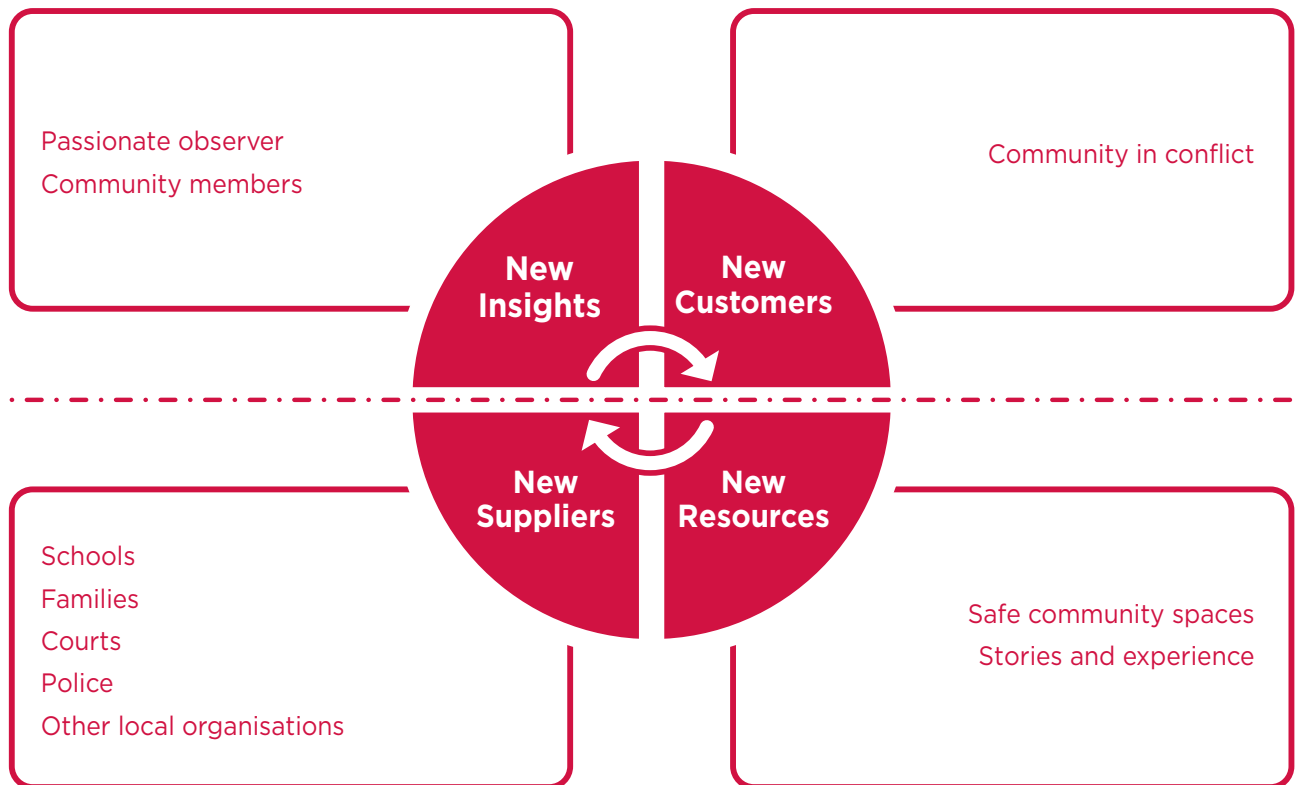
Figure 10. Restorative Circles and radical efficiency

Passionate observer
Community members

Community in conflict

New Insights

New Customers

New Suppliers

New Resources

Schools
Families
Courts
Police
Other local organisations

Safe community spaces
Stories and experience

Table 8. Benefits and cost savings from Restorative Circles

Benefits	Cost savings
Fewer referrals to (juvenile) court due to out of 'system' conflict settlement.	Cost of arrest/referrals to court.
Fewer conflicts in school.	Costs of youths going into crime as a result of failed re-entry.
Community capacity to deal with conflict as it arises.	Costs of decreased community cohesion – whether in neighbourhoods, families, organisations or elsewhere.
Surveys at two schools districts in Sao Paulo show that 93-95 per cent of Restorative Circles ended in agreement.	Costs of broken agreements leading to separation, misunderstanding and lost learning about why this happened and its potential benefit.
After introducing Restorative Circles to one school a survey showed a drop from 71 to 1 (98 per cent) in student arrests that led to court appearance.	Costs of investing resources in fighting reality – conflict is an everyday occurrence in any group.
Other tests show a reduction of 50 per cent in court appearances.	
Used as a re-entry program, Restorative Circles have led to a 28 per cent increase in young people being reaccepted into school (normally they would be excluded).	
	UK equivalent (conservative estimate).
	Based on estimates from the Youth Justice Board the annual costs of youth crime in 2009 were between £48 billion and £60 billion.
	In 2009 YJB reported that 2,600 custodial places were occupied by young offenders.
	The cost of taking these young offenders to trial and imprisoning them adds up to a total cost of £143 million per year.[67] If referrals to youth courts could be reduced by 50 per cent this would mean an annual saving of £71.5 million.

Analysis

Our case studies of radical efficiency see the lives of the people who use their services in the context of the social relationships that give them meaning. As a result, the innovators in our cases design services differently, draw on family and friends as a resource and put as much emphasis on the quality of relationships between staff and users, as on their function.

Designing public services based on a conception of users sitting at the heart of social networks instantly pushes us in two directions: firstly, to build consideration of people's social relationships into the heart of the way services are designed.[68] This sounds obvious but instructions to Think Family! or consider carers are only recent requirements. Secondly, to think about people's relationships as the most valuable resource – not just a constraint – that should be incorporated into the design process.[69] The family supporting and encouraging a recuperating patient with their physiotherapy for example.

Our radical efficiency cases all adhere to both of these principles. Ubudehe builds on existing community norms and networks to prioritise and mobilise local spending. Restorative Circles seek to understand, respond to and rebuild the relationships that keep communities operating effectively and without conflict. SDI builds on trusting networks between friends and families in slums. CLEAR seeks to understand and map latent community networks and hubs of criminal activity.

From the perspective of service users, their world becomes significantly simpler and more navigable as a result. To administrators, this may look – superficially – like increased complexity. M-PESA (Part 7) added a new layer of complexity to the banking system as a new entrant. Ubudehe added a new layer of local government in Rwanda. Restorative Circles and MHFA are both new entrants to already crowded fields. However messy they may seem, these new structures force providers to build on existing realities, rather than forcing users to make sense of providers' internal logic.[70] Furthermore, Ubudehe offers evidence that over time, with proof of their efficacy, the new systems can come to replace the old – and allow some layers of complexity to be removed.

These cases also demonstrate that the qualities of relationships can be as important as the understanding they facilitate. For user-run organisations like SDI and Ubudehe, this is their main advantage and source of value – their long-term, caring, trusting relationships with the communities they serve. It is also true for the leaders of CLEAR who sought as much to build the community relationships that would generate trust and enable engagement – as they did to learn about the local networks that enable criminal activity.

So it is the qualities of human interactions that make them effective. Not just their functions. Real relationships matter to us because they enable deep trust, understanding and care. This insight should tell us as much about how professionals interact with users and the 'mini-tribes'[71] of family and friends that surround them – as about the mini-tribes themselves.

Real relationships require long-term commitment and understanding. Too many public service interactions are fragmented and short-term – Barnet, for example, identified 31 different services interacting with individual families throughout a single year.[72] So we need a fundamentally different structure to public service interactions – particularly if we begin to consider holistic 'social issues' rather than silo-ed 'public services'.

There are valued and popular public service institutions that create their success by building a relationship with families over an extended period, building rich, longer-term relationships. GPs sometimes stay with families for more than a decade. Health visitors stay with families through the early years. Primary schools often work with a family for many years. Family nurse partnerships for vulnerable families work with them from conception until the child is aged two. While many traditional community institutions have declined such as the church and Trades Unions, some public services continue to play a crucial community anchor role. Public services that work with the grain of these social relationships prosper, those that do not (such as Job Centres, Prisons, Careers Services and Youth Services) struggle.

For public services, this is a crucial insight. We need to create new positions (and make more of existing ones) where people simply know each other better.

PART 7:

RIGOUR AND UNDERSTANDING: MANAGE RISKS, DON'T JUST AVOID THEM

CASE STUDY

M-PESA: using mobile technology to move money in Kenya

'Pesa' means money in Swahili. M stands for 'mobile'. M-PESA is a commercial concept for moving money around that was founded not by a bank, but by a mobile phone company. M-PESA was originally launched in Kenya, where limited banking facilities outside the main towns often make moving funds slow, unsafe and expensive. M-PESA's original catchphrase was 'send money home', as it was often used by urban workers to send money home to their families in rural villages, quickly and easily.

M-PESA users can register for the service and then transfer cash into their M-PESA account through a local, registered agent. Once in credit the user can transfer money to any mobile phone number in the country using simple SMS technology. This is not a banking system so there is no appreciation of funds.

> *"It is not a bank account...we are a mover of money...a building block of finance, moving money from A to B."*

M-PESA was born in 2003 as a development project focused on the repayment of micro-finance loans.

> *"The aim of the project has always been to enable financial access."*

Nick Hughes, a Vodafone executive, saw the original opportunity for his organisation to provide a service to customers who were not supported by traditional financial institutions. Vodafone has been part of the huge explosion of mobile phone usage in the developing world and was keen to play a role in helping its markets to reach their Millennium Development Goals – originally as part of a Corporate Social Responsibility (CSR) agenda.

As the project was not a 'normal' telecom service, external funding was required to make the idea a reality. A partnership with the UK's Department for International Development (DfID) was created with the award of a Challenge Grant. The 'Financial Deepening Challenge Grant (FDCG)' focused on improving access to financial services in the developing world and demanded matching money from commercial recipients. Nick's original, successful bid simply proposed to put together the right partnership to assess local need in Kenya and to establish how Vodafone's technology could help construct a meaningful solution.

The original partners included banks, micro-finance organisations, NGOs and both telecoms and finance regulators. Nick posed a single question to this team:

> *"Assume that the technology can do anything you want it to; what are the biggest challenges you face in growing your business or increasing access to financial services?"[73]*

The single most important answer for users was access to finance. A partnership was formed between Vodafone, a micro-finance organisation and a bank to design a solution and make it happen. Hughes and his team quickly realised that any technological solution would have to be built from scratch – all existing applications were built around Western needs, which were just not going to work in the context.

Following a period of intense market and user research, the team constructed a set of design principles for their service, which they could put out to tender to a software developer. These included the need to make any software compatible with the most basic mobile phone and to use existing, trusted retailers as 'agents'.

"Many agents run corner shops, but they can also be in surprising areas. I've visited one which was a fast food outlet. Imagine it – 'can I have chicken and chips and can you top up my M-PESA account please?'"

The original pilot was held in three locations – urban and rural – and focused on supporting local micro-finance groups to repay their loans, via M-PESA. This early focus turned out to be complicated (M-PESA threatened to eliminate the need for weekly meetings of savings circles for example, which have other purposes) but the technology was clearly useful in facilitating the transactions of individual users.

Photo courtesy of Vodafone Group.

Early, unexpected uses of M-PESA included *"people journeying between pilot areas, depositing at one end, and withdrawing a few hours later at the other".*[74] These uses clearly showed that there was an underserved market. The pilot team realised that they could commercialise the product to provide a safe, user-friendly and inexpensive method of transferring money.

The decision to launch a simplified, consumer-focused product meant that rigorous evaluation of the early product was critical. Auditors suggested tightening security and clarifying the roles within each agent outlet. Lawyers had to review compliance with financial regulations and the training team had to be at least ten times its existing size to keep up with the training needs identified during the pilot.[75]

The commercial product finally launched in March, 2007. Although its founders were aware of its potential, they were still surprised by M-PESA's rapid adoption, It has been adopted across the country and currently boasts nine million users (just under a quarter of the population) and more than 17,000 agents.

"There was obviously a demand, which the service met...it was so popular that it spread by word of mouth."

Recent evaluations confirm M-PESA's immediate impact. Before M-PESA, 58 per cent of Kenyans sent money by hand (in person) and 24 per cent via the post office. After only one year, 47 per cent of Kenyans used M-PESA to transfer money, 32 per cent still transferred money by hand and the use of post offices to transfer money had stopped almost completely.

"These surveys show a massive reduction in the use of delivery by hand, post office money and bus courier companies, following the introduction of M-PESA in Kenya."[76]

The primary justification for this tremendous shift is that M-PESA is 27 per cent cheaper than using the postal network and 68 per cent cheaper than sending money by bus.[77] The time-savings are significant too. People no longer have to travel long distances between rural and urban areas to deliver money to or get money from relatives. Money is also significantly more secure when transferred remotely in a country *"where highway robbery is a regular occurrence".*[78]

A recent survey of M-PESA users undertaken by Edinburgh University describes the important consequences of this change. Firstly, the majority of rural users have seen their incomes increase – some by up to 30 per cent. This is due to the ease and speed with which transfers can be made – urban workers are more likely to send the funds. It also costs rural family members far less to receive the money. Secondly, M-PESA enables funds to be held securely (one in five users stores their money in M-PESA like a bank account) leading to more strategic investments in rural communities, like buying a cow for example.

Vodafone and its partners are now developing new applications and looking at new markets for this transformative product. A recent addition to the service enables users to pay electricity bills via M-PESA for a small fee. This would have previously involved queuing for several hours. M-PESA is also being adopted in and adapted to other developing countries including Tanzania and

Afghanistan. In each case they cooperate with a local operator to understand the specific needs of the local population. In Afghanistan high levels of illiteracy necessitated a redesign of the software to read out instructions about the transaction via the mobile phone's speaker.

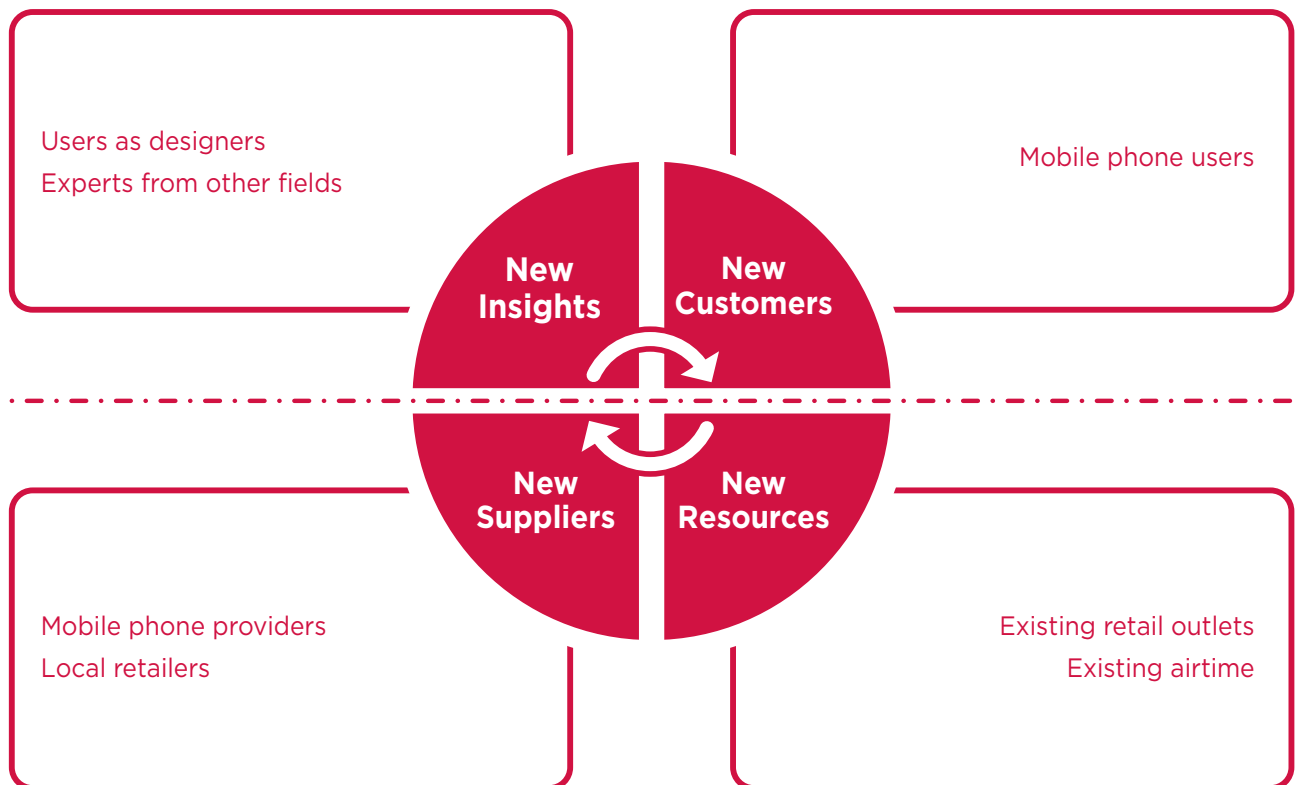Figure 11. M-PESA and radical efficiency

Table 9. Benefits and cost savings from M-PESA

Benefits	Cost savings
Reduces or totally removes the need to travel for users between rural and urban areas leading to more welfare.	Reduced cost per transaction for users between 10-40 per cent per transaction.
Increase in welfare amongst the 70 per cent of the poorest. 38 per cent of these saw an increase between 5 and 30 per cent.	77 per cent of rural users of M-PESA saw an increase in income and in their welfare.
Ability to pay for services via M-PESA has reduced burdens on local authorities handling payments.	Decreasing poverty increases national growth.
	Smart investments in the poor can lead to virtuous circles and the issue of 'pro-growth poverty reduction' should perhaps be as important a policy concern as traditional concerns with 'pro-poor growth.' In other words, investing in the poor is good business for society as a whole, not just for the poor.[79]

CASE STUDY
Make it work: Tackling worklessness in Sunderland

In 2007, 26 per cent of the working age population in Sunderland was economically inactive. Sunderland City Council was spending a significant amount on potential 'solutions' as well as on benefit claims. Very little progress was being made so the council tried a new approach. They put out a tender, with financial support from the Regional Development Agency, asking for new ideas to tackle the issue. Livework – a service design company – was awarded the contract to help address the seemingly intractable issue of worklessness in Sunderland.

Livework did not win the tender on the basis of a fully formed solution, ready for implementation. They won it on the strength of their approach to understanding and tackling the real problem. They began by exploring the issue of worklessness from the perspective of Sunderland's economically inactive population. They spent time with twelve individuals over three months to gain real insight into their lives.

"Livework's approach is to think about services from a service user perspective, so we used ethnographic research methods, travelling with people, talking to people."
Ben Reason, Director, Livework

This exploration quickly revealed that the problem of economic inactivity is not solely about whether a person can access job opportunities. The journey into work for many people is long, complex and comprised of several stages. These are outlined in the figure below (Figure 12). As Livework observed, in this context, it is hardly surprising that job centres, which prepare people for the latter stages of this journey only, seem doomed to failure in many cases.

Livework's ethnography also revealed the presence of many, highly effective community organisations in people's lives during difficult times. Community groups addressing mental ill health, drug rehabilitation and caring were in regular contact with the very users that Sunderland Council was struggling to engage with. Looking at the map above, the importance of these community groups becomes clear – it is they who are engaging with economically inactive citizens right at the beginning of their journey back into work.

Livework also discovered that a lack of

coordination between community organisations, and with council services, meant that clients were being pushed too hard or were not supported enough in the transitions between phases. As a result, many users fell out of work or never made it into work in the first place.

"They ['hard to reach' clients] were helped by health officials with one issue and homelessness shelters in another. There was a lack of coordination between these."

These insights became the foundation for the design of a new service (or suite of services). Given the complexity of the journey into work, the council needed: a new, more nuanced perspective on the outcomes they sought, to include progression between stages; a service that could support people beginning at any stage of the journey; and to collaborate with community organisations who were already engaging effectively with people early on in their journey back to work.

"So the objective wasn't that everyone got a job, but that some just get better and move towards work, or towards being able to work."
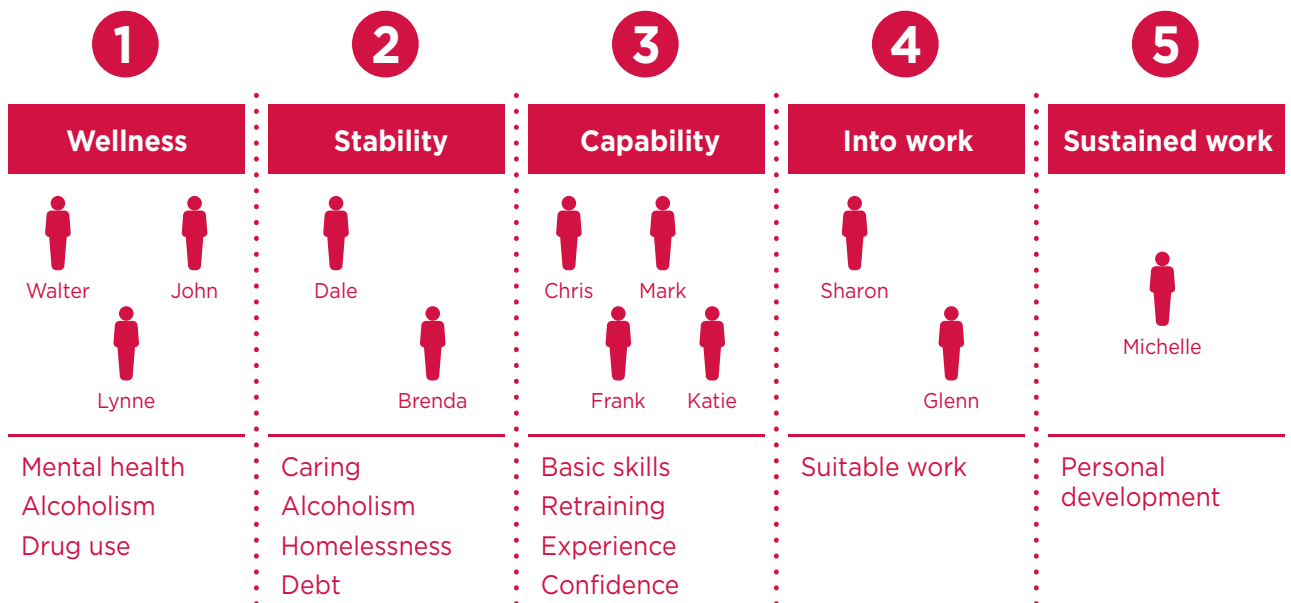
To build the right service solution around these design principles, Livework convened a series of workshops to bring together clients, employers, community organisations and the council. Two hundred and eighty people were ultimately involved in these ideas development sessions. The workshops surfaced a whole range of possible solutions, including a 'one-stop shop' for all support services (at all stages of the user journey) and a 'can do' circle of support to help clients build a positive identity for themselves.

Ultimately, they settled on an 'activity coalition' integrating services offering support at all stages of the user journey and beginning wherever the user is comfortable. One of the first things Livework did was to pool the various offers from community groups into a single brochure.

"We tried to create an activity coalition, that could help people find what is right for them, by making a guide to the offers."

Central to this design was a new relationship, similar to a mentor – the community group that made the initial contact with the user then

Figure 12. Livework analysis of the journey into work

1 Wellness	**2** Stability	**3** Capability	**4** Into work	**5** Sustained work
Walter John Lynne	Dale Brenda	Chris Mark Frank Katie	Sharon Glenn	Michelle
Mental health Alcoholism Drug use	Caring Alcoholism Homelessness Debt	Basic skills Retraining Experience Confidence	Suitable work	Personal development

followed him/her throughout every stage of their journey.

"The good thing for users was, that wherever you start, the people you start with can follow you through the system/route."

The necessary complement to this was to link the early and later stages of the journey back into work – to connect the community groups and council support services. Livework has created a platform that helps them coordinate activity.

"[It is] A platform that joins up services across the city to best meet clients needs on the journey back to work."[80]

For employers, this means that their main point of contact is still the job centre. This addresses their concerns that under the new system, with many different organisations acting as mentors, the recruitment process would become impossibly complex. In fact, the new model simply ensures that more people get to the job centre in the first place. From the outside, the route to the job centre may look like a tangled web of community organisations. To users, they are simply the right organisations in the right place at the right moment. Ultimately, this means that job centres are connecting with clients who would have been extremely hard to reach through the traditional

system.

"It's a kind of exchange, with the city providing some funding and some infrastructure and the community groups/organisations doing the outreach and getting people in."

James has a history of crime and drug addiction and is one of the 1,000 people who have been on this journey so far. His route in was through Voice, a community group offering advice and counselling for drug misuse in the North East. Voice helped secure his 'wellness'. After employment support work it helped him secure motivational training and then training to become a forklift truck driver. In this period, James moved from being 'stable' to being capable of paid work. Assisted by Voice, James continued this journey over the following nine months, ultimately finding a job as a forklift driver with Nissan, which he sustained.

In its initial phase Make It Work supported more than 1,000 people, with 238 of these finding work. Many others made progress on the earlier stages of their journey back into work. Ben believes that success depended on Sunderland Council's willingness to try something new, fund it properly and give it the space and permissions to flourish.

"There was a system in place that allowed for

the experiment, and there was the money to fund it."

The total cost of running the programme was £180,000. An economist for the council has estimated overall cost avoidance for the council of £435,000 through participants entering sustained work, amounting to an initial saving of approximately £255,000.

This early return on investment is dwarfed by the long-term savings of reducing worklessness. David Freud (former adviser to The Department for Work and Pensions and now Minister for Welfare Reform) estimates that it is economically rational to spend £62,000 on supporting the average unemployed person back into work.[81] The average cost of participation in Make it Work is only £5,000.

Figure 13. Make It Work and radical efficiency

Community organisations
User experience in design

Otherwise hard to reach
out of employment

New Insights

New Customers

New Suppliers

New Resources

Community organisations

Community organisation facilities
User stories and experience

Table 10. Benefits and cost savings from Make It Work

Benefits	Cost savings
Gets people back in to work, reduces worklessness.	Initial cost savings to Council of £255,000.
The scheme has supported more than 1,000 people, with 275 finding work.	The average cost per person for the Make it Work project is less than £5,000.
Supporting those people who are still unable to make the whole journey back into work, to improve the quality of their lives.	Estimates from the Design Council and DWP show that it is economically rational to spend £62,000 on getting the average person on incapacity benefits back into work.[82] This amounts to a saving of 90 per cent (£57,000/62,000).
	In February 2010 there were 1.64 million people claiming unemployment benefits in the UK.

Analysis

The risks of innovation are many and varied – if an initiative fails, the risk of reputational harm, the risk of losing money and time, and most importantly, the risk of hurting users are all highly significant.

Yet very few 'radically efficient' innovators start off by talking about the riskiness of their initiatives. They talk about mission and goals. This is not because they are irresponsible individuals, gung-ho about the significance and scale of the challenges they face. In fact, they have all considered and assessed the risks they face – and use the rigour of their development process to mitigate it and to help raise the financial and human capital to start work.

The risk mitigation process

Rigour and understanding

There are at least three key elements to this inherent risk mitigation in radically efficient innovations:

- Empathy: deep connection with and understanding of the people they are trying to serve.

- Prototyping: iterative development of solutions so that 'failure' is learning to be built on quickly, rather than the end of the road.

- Openness: transparency and openness allow for quick understanding of problems and maximum brainpower on developing solutions.

These three elements ensure that radically efficient innovations are more likely to be effective in the first place (by understanding the nature of the challenge) – and are easier to correct if they go wrong (by having many eyes on the success of the solution and voices reporting on it).

The power of empathy as a risk management tool is clearly illustrated by Ubudehe. In these participative community projects, facilitated by their members, the voice of users is directly reflected in priorities for innovation. Users also comprise local 'Control Committees' who oversee implementation and ensure that a project is progressing with integrity to its original aim. MHFA's genesis from a husband and wife team who had respectively studied mental ill health

clinically, and experienced depression personally, also clearly demonstrates the principle.

The importance of prototyping is demonstrated by CLEAR's success. The iterative development of their crime-reporting map with police staff and local communities has led to a powerful tool – and demand for further applications and greater refinement. M-PESA leads a similarly explicit prototyping processes to refine existing models and modify them for new audiences. M-PESA's audio version of its banking system for low-literacy communities is an excellent example of this.

Formal, ongoing evaluation supports prototyping in many cases. Evaluation does not come at the end of these projects – it is initiated at the very beginning and ensures quick feedback that can be reflected on and acted on immediately.[83] MHFA even gave its earliest courses for free on the condition of rigorous evaluation by participants. Evaluation is often quantitative and qualitative. D.light looks closely at the volume of sales as well as in depth surveys with users – and direct feedback from their user-partners.

Finally, openness to new ideas and suggestions from within and beyond the organisation is present in the ethos of all featured case-studies. It is embodied in the explicit challenge of D.light's President to all staff to keep challenging and testing new product ideas – and bring them directly to him.

This message is reinforced by a recent report from the Risk and Regulation Advisory Council.[84] Their key observations about intelligent management of public risk are also three-fold:

- Understanding the risk in context.

- Engaging with a broad community.

- Effective communication.

Time and space

Independent and realistic timelines for development and action are critical to all of these innovations. None of these developments is driven by a high-pressure, high-profile need to respond quickly to an immediate crisis. All required thoughtful consideration of the real issues – and

appropriate responses.

As Francis Karake, one of Ubudehe's leaders from the very beginning told us *"...the challenge is getting donors to understand that it is the process [of participation] – which takes time – that is important. It is not about the buildings or things you can put names on."* Dominic Barter persuaded the Ministry of Justice to take a similar approach with his Restorative Circles work: *"They [the MoJ] just wanted to see what would happen over a year with Restorative Circles...[because] they can't really stand up and say we have a solution for this and it works. People are willing to do this – and give it the benefit of the doubt – because it [the status quo] is so extremely expensive in all the ways they understand expense."*

These cases also offer a lesson about the importance of creating the space to think afresh, from first principles. In many of these cases, this is enabled by context – innovations are not replacing existing services but fulfilling an urgent, unsupported need. This is undeniably a more straightforward context for innovation in many ways. But even if there are services, attitudes and concerns to unpick in the UK context, creating this space to ask the fundamental questions is key.

Risk capital
Each of these cases had access, in different ways, to financial capital to get them going. For some, this was public funding to tackle an agreed, systemic problem: CLEAR received national funds to improve the effectiveness of policing, whilst M-PESA received Department for International Development funding to support achievement of the Millennium Development Goals. Ubudehe received national, EU and DfID funding for its pilots. D.light received a combination of venture capital funding and awards from business plan competitions to support its development whilst SDI initially received grants from an international foundation to pursue its mission.

Simultaneously, every innovator invested significant amounts of their own time – and their personal reputations – in the project. Combined, these represent major up-front costs and all faced the very real possibility of organisational collapse if they are ultimately unable to demonstrate the value of their work. But the belief derived from their understanding of the challenge – and the integrity of their approach – made it worth taking.

Lessons for public services
Rigorous risk mitigation and access to risk capital scaffold the ability of innovators to take

meaningful risks in pursuit of their mission. The risk mitigation process is described in detail above – but where is the financial risk capital in public services? This can, and should, come from two places: central and local sources for different purposes.

Risk capital should be available from central sources (as with CLEAR and Ubudehe, for example) that have identified – and are able to put significant money towards resolving – major collective priorities.[85] As described in Part 5, these priorities would be derived from an aspirational framework for quality of life that drives national strategy. These monies should be available to the empathetic, local innovators able to explore solutions on behalf of the system.

Local funding sources are also key to achieving local priorities and innovation around local need. These could be allocated within the budgets of local service providers – a certain percentage of funding ring-fenced either for the development or adoption and adaptation of interesting new ideas from elsewhere. This should ultimately pay for itself through different, better and more affordable services.

What does this mean for innovators?

Before looking at the recommendations for policymakers and thinking about how the overall system for public services needs to change to encourage radical efficiency, it is useful to distil some important messages for innovators wherever they are in the system.

Reconceptualise your users as equal partners in design and delivery. Reassess who these users really are and what role they play:

- Start by asking how the quality of people's lives could be improved.

- Remember that your users are part of – and are partly defined by – the relationships that surround them. Design around and build on these – rather than isolating individual users from them.

- Spend time with users on their terms – work to understand their lives and needs as closely as possible. See them as co-developers who can continually help to test ideas.

- Find ways of building meaningful, long-term relationships with users that make sense to them in their lives. Recognise that understanding does not come just from asking questions but from building deep, trusting connections with people.

Audit the full breadth of resources available to help deliver a solution:

- Understand the existing and latent resources available from other organisations and the community.

- Work with users to understand and audit the resources that they can bring to bear to help address an issue.

- Ask users to do more – transfer responsibility and risk to where users are better placed to do things for themselves.

- Ask how you could best contribute to and assemble a solution from the mission and resources you have uncovered.

Be rigorous in giving yourself the best chance to get it right – and correct it if it goes wrong through:

- Learning how to prototype in a disciplined way.

- Remaining open to ideas from within and outside your organisation no matter how challenging.

- Developing your own quantitative and qualitative evaluation from the very beginning of projects that allow you to monitor how well you are doing, and build your evidence base.

Assign part of your budget to adopting and adapting new innovations – and to developing location-specific pilots around user need.

PART 8:
IMPLICATIONS AND RECOMMENDATIONS

Radical efficiency offers a tantalising vision of different and better public services that offer much better value for money today, and in the future. This report shows that radical efficiency is not a pipe dream. It is a reality in many places and services across the globe. Part 2 explored the conditions necessary for the paradigm shift in services that radical efficiency describes. These conditions are themselves radical and require major commitment and vision on the part of national and local leaders.

This section looks at where national policymakers might start to create these conditions. It is split into two sections – 'long-term vision' and 'immediate action'. This reflects the immediate imperative to reduce public spending and tackle public debt, and the need for a long-term campaign to change the culture and structures of policymaking and governance in the UK.

Long-term vision

National governments should provide strategic direction, whilst the organisations closest to the citizen design, develop and deliver radically efficient public services.

There are two possible and important starting points for generating radically efficient innovations: reform of existing institutions and creating the space for new institutions to arise. Both of these are present in the case studies.

Reform of existing institutions is almost certainly the 'tortoise approach' – it is likely to be slower but is still critically important. Radical efficiency offers useful lessons about how to reshape practice, and create the conditions for more creative members to emerge from existing institutions.

Creating the space for new institutions to arise is the 'hare approach' – it is likely to be more explosive. The innovators from outside the system

featured in this report all felt that their mission picked them. They could not avoid taking on the challenge they saw before them. Central government should maximise the chance of this happening by creating inspiration, celebrating entrepreneurs, providing enabling risk capital and explicitly opening up commissioned services to new actors.

Strategic direction and aspiration from leaders underpins radically efficient innovation in either context. On a small scale, these leaders can inspire radical innovation that transforms lives in unsupportive environments. But so much more could be done – either within or beyond the current system – in a context established by central government that inspires and enables new perspectives and approaches; in a culture of innovation.

Radical efficiency suggests that this strategic direction should be something that speaks to all members of society – current professionals, potential innovators, current and future users of services. The rationale and foundations for this should engage us all because tackling social issues requires greater social responsibility from everyone.

So an aspirational framework, describing UK citizens' shared conception of the outcomes to which all can collectively aspire is critically important. It would be the backbone of a strategy to inspire both the users of public services and leaders and innovators to contribute to constructing the public services that will make those outcomes a reality. This approach would replace the more technocratic model of Public Service Agreements, targets, performance indicators and performance management that government has developed. A new model could be developed through an official but independent commission for public services, whose outcomes would be embedded in law and reviewed every ten years.

Realising the power of a new framework would

require a completely different system for the accountability and commissioning of public services. In order to liberate innovators this new system would have to create the space and incentives for creative people to design and deliver services in new ways.

Ideas for outcomes-based commissioning, commissioning that gives real control and power to citizens in decision-making, and re-organising government and accountability around citizens and outcomes rather than services and professionals are explored well elsewhere (the 2020 Public Services Trust work on outcomes-based public services[86] and ACEVO's work on participative commissioning[87] for example). We believe these ideas will be critical to the success of radically efficient innovation in the long term – and will form the context and conditions for radical efficiency to happen at scale. However, we also believe that immediate action is required and that local public services must pioneer a different approach and create a different culture if innovation is to deliver the better outcomes and lower costs that are required.

Immediate action

Radical efficiency shows that starting with local aspirations and priorities, and building lower-cost services and budget savings from the bottom-up, yields both better outcomes and bigger longer-term savings than a centralised, top-down, target driven approach can achieve on its own.

Politicians of all parties are agreed that spending on public services will need to be reduced by up to 20 per cent in some areas over the next ten years in order to tackle the UK's structural deficit. As discussed in Part 1, national governments have limited tools at their disposal to make this happen – 'less for less' through allocative efficiency and 'same for less' through operational efficiency are the only real options.

Radical efficiency suggests an additional starting point: local aspirations. Starting with local communities and what matters to them means a bottom-up approach to budget cuts. It suggests service transformation first and cost-cutting that follows. This would necessarily involve a 'whole locality' approach – it would be about understanding, prioritising and redesigning the impact of spending across all services to maximise their impact on overall quality of life. As the Total Place pilots have demonstrated, this is really difficult. Working across traditional

service silos and thinking differently about shared priorities is incredibly hard following years of a totally contrary approach. The public sector is going to have to learn how to do this quickly.

We believe that the right next step is a series of 'radical efficiency zones'. These would create the space and encourage the aspiration in local authorities to rethink how they can improve the quality of people's lives in their area. Radical efficiency zones build on the work of the Total Place pilots but are definitely not the same thing – they are public facing, starting with communities, and requiring better outcomes with lower costs. They go much further in their aspirations for local reform of public services, and the freedoms necessary to realise them.

Total Place and radical efficiency both:

- See a whole locality as the starting point for transformation, encouraging collective local leadership across services.

- Advocate for all financial resources supporting a particular group, issue or place to be pooled across services.

- Encourage local policymakers to build policy and services from the user-perspective.

- Suggest greater autonomy and freedom for local authorities from central government policy and performance management.

Building on these shared foundations, radical efficiency goes further than Total Place in two important ways: it advocates for far greater freedoms for local policymakers, and for far greater responsibility to think in new ways about the outcomes that users really want to see. The Appendix outlines the comparisons between the two approaches.

This is not an abstract notion. Some local authorities are starting to develop radical efficiency in practice. Experiments so far have been on a small scale and with only a handful of authorities. But this experience offers encouragement that a new perspective could yield major dividends. NESTA is supporting six localities to develop and apply a methodology, founded on radical efficiency, that will empower and support participants to develop different and better support for families with young children, at much lower cost (minimum 30 per cent savings).

Total Place Croydon has used radical efficiency to challenge and develop their proposals for new

forms of support for families during the early years and to develop new models of delivery in their library services. The radical efficiency approach has now been used on the Royal College of General Practitioners Leadership Programme, by the Institute for Research and Innovation in Social Services (Scotland), in Central Bedfordshire, and by social care managers in East of England.

We make the following recommendation for the large scale application of radical efficiency.

Recommendation: Invite 20 pioneering localities to form radical efficiency zones with barriers to innovation removed and tough new requirements to produce different, better and lower cost services.

These radical efficiency zones should be modeled on 'enterprise zones' and abolish barriers to innovation through:

- Replacing the requirement to report output and input-based performance indicators to national government with a duty to develop 'radical transparency': evaluation indicators and processes defined and developed by local providers to help them understand how well they are contributing to the outcomes users want to see.

- Replacing all planned statutory inspections for three to four years on the local authority, the Primary Care Trust (PCT), and the police authority with: the 'radical transparency' above; and the duty to request external evaluation if local indicators and/or user feedback suggest underlying, systemic problems.

- Changed accounting rules that enable council funding, NHS funding, Learning and Skills Council, police and prison funding to be pooled under new common governance arrangements.

- The creation of new Trust arrangements that integrate leadership and governance arrangements across services within a locality (including integrating Care Trusts, PCTs, and Probation Trusts).

- The flexibility to use capital funding as local risk capital in the form of loan, grant or equity investment in new social innovations.

- The right to retain and reinvest any savings made beyond the original negotiated budget allocation.

In return, radical efficiency zones would be required to:

- Negotiate more demanding lower budget allocations with national government over a three to four-year period and indicate what savings they will retain and reallocate locally.

- Adopt and use an evidence-based methodology for putting radical efficiency into practice.

- Generate and publish their own long-term outcome-based measures of success (for this they may need to partner with organisations who are good at developing and implementing new outcome metrics).

- Make all their ideas, innovations, learning and performance measures open source so they can be adapted and adopted in other contexts.

- Define their own partners and structures for the programme and the size and scope of the locality they want to operate in (this could be bigger or smaller than the local authority area).

- Engage in ongoing internal and external evaluation activity.

- Operate under a legal 'duty to promote innovation' (similar to the NHS).

All of this makes good use of the catalyst of cuts. It represents the seeds of a completely new approach, developing methodologies and ideas along the way. It delivers cost-cutting approaches that can be adopted, adapted and shared. It also begins to develop, in microcosm, some of the systemic shifts that will need to be in place for the long-term transformation described earlier in the chapter. National government should encourage and enable other local authorities to become part of this new system progressively over time.

These ideas go some way to laying the cultural and structural foundations for radical efficiency to emerge within and beyond the current system of public services.

Ultimately, radical efficiency is about starting with outcomes and people, not structures and services. It enables the best-placed people to contribute

radically efficient innovation to public services whilst being agnostic to the right shape and balance of the system over time. If organisations – both state and non-state – are truly connected to citizens and a shared aspiration for UK society, it seems inevitable that the system will end up looking very different in different areas.

Some innovations emerging outside the mainstream will take the place of the old system. In some places the system will shift from within. In others, there will be a balance between old and new players, each able to offer different parts of a solution most effectively. Furthermore, different areas will be trying to achieve different things, and will have different individuals and resources to make them happen. This is not a reversion to earlier strategies that 'let a thousand flowers bloom'. Instead radical efficiency is about enabling the right people with the right tools to create different, better and lower cost public services.

APPENDIX:
COMPARING TOTAL PLACE AND RADICAL EFFICIENCY ZONES

Total place direction	Radical direction
Uncover all the resources supporting the same public services in an area and eliminate waste and duplication.	Make true partnership with users the best choice for everyone.
Enable strong, collective, local leadership.	Enable committed, passionate and open-minded leaders to emerge from anywhere.
Start from the citizen viewpoint.	Start with people's quality of life, not the quality of your service.
	Work with the grain and in the spirit of families, friends and neighbours.
	Manage risks, don't just avoid them.
	Legal duty to promote innovation.

Total place freedom	Radical freedom
Decrease central indicators by 10 per cent.	Eliminate all central input and process performance indicators – generate local measures.
Lighter touch assessment.	Suspend inspection for three years and replace with a request for external inspection.
Create standard partnership agreements to enable collective, local leadership 'with active engagement of government'.	Create new integrated governance across services.
'De-ring-fence' £1.3 billion (2 per cent funds).	Integrate financial resources – and 'de-ring-fence' all local funding.
	Enable capital funds to be used as 'risk capital' to kick-start new innovations.
	Encourage localities to define the right size for a radical efficiency zone.

Total place outcomes	Radical outcomes
Improvements to the current system.	Move to a completely new system.
Savings of around 2 per cent.	Savings in excess of 20 per cent in some budgets.

ENDNOTES

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RADICAL INNOVATION IN PUBLIC SERVICES: NESTA'S LAB

To achieve radical innovation we need models that work much more closely with citizens, an approach which NESTA calls 'people-powered public services'. There are different ways in which citizens can interact with public services – as users of services, frontline workers in public services, communities, and in new configurations created by the web and digital technology.

Necessarily, this has a greater local emphasis – responses that are designed, developed and delivered locally are often better placed than central initiatives to understand local conditions and needs, and to engage citizens in taking action to tackle challenges more cheaply and effectively.

NESTA's Public Services Lab is running trials in all of the above areas, focused on practical techniques to make these different types of interactions between citizens and public services a reality so that they can be adopted and used by organisations across public services. For example, the Big Green Challenge has tested techniques for working with communities; Age Unlimited is experimenting with user-led approaches; and we are working to increase the understanding of, and improve the environment for, co-production.

Innovation Unit

THE LAB

Innovating public services

NESTA Making Innovation Flourish