

SURREY COUNTY COUNCIL**CABINET****DATE: 27 NOVEMBER 2012****REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL****LEAD OFFICER: DAVID MCNULTY, CHIEF EXECUTIVE****SUBJECT: ONE COUNTY, ONE TEAM – STRENGTHENING THE COUNCIL’S APPROACH TO INNOVATION****SUMMARY OF ISSUE:**

Over the coming years the council will need to continue to strengthen its capacity and capability to innovate in order to continue improving outcomes and value for money for Surrey’s residents. The report explains the reasons for this and describes the development of a strategic framework to achieve a strong “One Team” approach to innovation.

The council will define innovation as “**ideas into action to improve lives in Surrey**”. This simple and broad definition allows for the fact that innovations come in many forms: they can be small or large scale; incremental or radical; they can relate to a specific service, a process or a whole system; they can be entirely new or borrowed and applied in a new setting; but whatever they are, they must improve the lives of Surrey’s residents.

RECOMMENDATIONS:

It is recommended that:

1. The Cabinet agrees the strategic framework for innovation set out in the report in order to build on the council’s recent achievements and further strengthen its innovation capacity and capability
2. The Chief Executive works with colleagues to develop and implement the strategic framework for innovation and provides a progress report to the Cabinet on 26 March 2013

REASON FOR RECOMMENDATIONS:

To further refine and strengthen the council’s approach to innovation so it can exploit new opportunities, navigate significant challenges and achieve improved outcomes and value for money for Surrey’s residents.

DETAILS:**Background**

1. Shortly after the last county council elections in May 2009 a four-year plan was agreed to improve the council’s performance, stabilise its finances and recover its reputation. By the summer of 2012 the council had completed the

first phase of its recovery and improvement and is recognised again as a high performer (for details see the [Chief Executive's Progress Bi-annual Report January-June 2012](#), report to Council on 12 June 2012).

2. The improvements staff and Members have achieved over the last four years while also delivering more than £220m savings reflect the council's growing capacity and capability to innovate. There are excellent specific examples of innovation from right across the council. Changes to youth services, the introduction of community-partnered libraries, and the opening of citizen hubs run by and for disabled people are examples where new ways of working have handed power to local volunteers and community groups.
3. Elsewhere there are examples of innovative joint working with other organisations, such as new agreements with district and borough councils to regenerate local communities, and work by the South East 7 regional collaboration on highways (see the Public Value Review Closing Report presented separately to Cabinet for more details and examples). These and other examples demonstrate a level of innovation that compares well against other local authorities.
4. As I signalled in my speech to Council on 16 October 2012, to deal successfully with the significant challenges faced over the next five to ten years the council must now further strengthen its capacity and capability to innovate.
5. The council faces a different set of challenges to those it faced in 2009. The UK is still at the start of a prolonged period of economic recovery. Growing demands, new responsibilities and a reduction in real terms resources mean the council can no longer afford to deliver the services demanded of it in the way it delivers them today. Securing a prosperous future for Surrey in these challenging times requires developing an innovation capacity and capability that compares well not just to other local authorities, but to leading organisations from all sectors and industries.
6. This means creating and nurturing the conditions in which widespread and regular innovation can flourish. There is no quick or simple recipe for this. It will require a sustained effort over the long term, building on the foundations that are in place. Getting the conditions right will mean learning from experiences and adapting approaches over time.
7. Deliberate steps will be taken to tackle the issues that can make innovation in the organisation difficult; issues which are common to public service organisations such as a limited appetite to take risks, a reluctance to accept setbacks on the path to success, dealing short term pressures, lack of time, and difficulties working across organisational structures and hierarchies. The council has started to address these but there is much more to do. This will inevitably challenge existing arrangements and some long held beliefs. It will require the council to re-consider how services are designed and delivered and the way it works with residents, businesses and partners.
8. The objective is to become an organisation where *all* staff and Members can innovate *because* of the climate they work in and the support they receive, not *in spite* of it. The remainder of the report describes the development of a strategic framework to achieve a strong "One Team" approach to innovation.

Strategic framework for innovation

9. An overall strategic framework is required to help embed a “one team” innovation approach into the council’s DNA. The strategic framework is purposefully high level. It has three elements.
 - a. A definition of innovation for Surrey
 - b. The process and key phases of innovation
 - c. The building blocks for stronger innovation
10. The framework is summarised overleaf with further more detailed description over the following pages.

STRATEGIC FRAMEWORK FOR INNOVATION

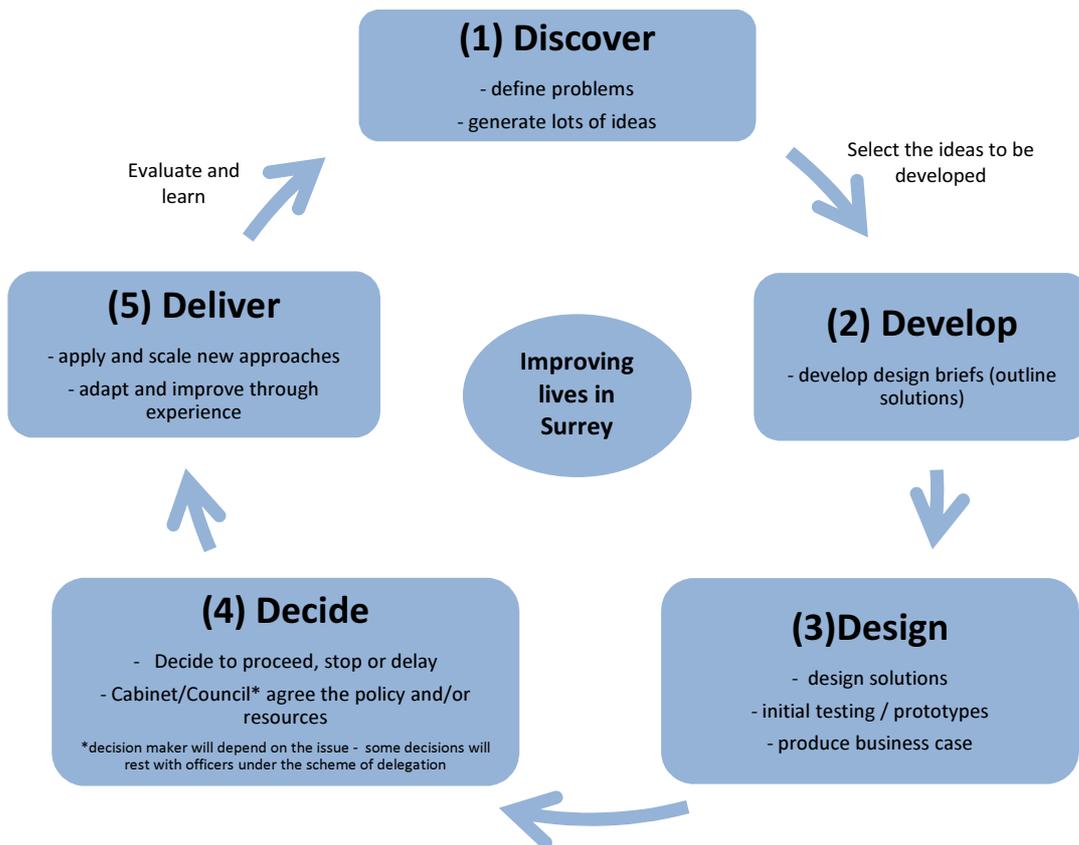
Definition of innovation

“Ideas into action to improve lives in Surrey”

There are many different definitions of innovation. This simple and broad definition allows for the fact that innovations come in many forms: they can be small or large scale; incremental or radical; they can relate to a specific service, a process or a whole system; they can be entirely new or borrowed and applied in a new setting; but whatever they are, they must improve the lives of Surrey’s residents.

Process and phases of innovation

The process of innovation is complex and varied but typically involves the five phases of activity illustrated below. Successful innovation by the council rests on being effective at each of these phases. In practice this is not always a smooth sequential process but is iterative with feedback between the different phases. Within this cycle creative new ideas at the “discovery” phase provide the crucial spark but they need to be developed, designed, tested, decided on and delivered before they can improve the lives of Surrey residents.



This process requires the combination of different skills and competencies at different stages. **All the council’s staff and Members therefore have an important role to play.**

The success of this process rests on the ability of **different individuals and teams to work together with residents, partners and other stakeholders as “one team”**. The council cannot possibly find all the answers to everything; innovation is also about creating the conditions in Surrey for individuals, families, businesses and communities to find the local solutions that work for them.

Building blocks for stronger innovation

There are three key building blocks that underpin the council's capacity and capability to innovate; leadership; culture; and tools and skills. These will be further developed together to create the conditions that will enable staff and Members to successfully innovate more regularly.

There are also some additional actions, or "catalysts", that can help accelerate the process of innovation within the council. The components of the diagram below are described in more detail on the following pages.



*Innovation projects portfolio – a strategic overview, or programme, of the different projects and innovations planned and underway which is used to help plan and manage activity and resources

**Innovation hub - small units with flexible resources embedded within organisations to support colleagues who are testing, developing and implementing new ideas

Leadership

11. **(i) All efforts to innovate will focus on achieving the core purpose and objectives in the corporate strategy.** A clearly articulated and shared sense of purpose is proven to be crucial to successful innovation by organisations. It means people can be freed up to be creative and try new things while still all pulling in the same direction. The council's [One County One Team Corporate Strategy 2012-17](#) affirms its enduring purpose; "to ensure good quality public services for the residents of Surrey so they remain healthy, safe and confident about the future". All innovation efforts must be focussed on this.
12. **(ii) A cross-council "innovation projects portfolio" will be developed.** A strategic overview of simultaneous changes and projects is required to help plan and manage activity and resources. A portfolio approach will enable opportunities and risks to be understood and balanced across the spectrum of the council's work. This will be used to ensure there is a healthy mix of both small and large scale innovations and that there is capacity to deliver key priorities. Building on the PVR programme the "bottom line" target for the portfolio will be to generate increased levels of value for residents. This will be jointly led by the Leader and Chief Executive working with other colleagues.

Culture and behaviours

13. **(iii) To create the right climate for innovation the council's values and People Strategy will continue to be embedded.** Innovative organisations have healthy cultures, where relationships and behaviours are mature, supportive, and encourage learning from both successes and failures. They are outward facing, work fluidly across teams and services, have strong relationships with their customers and partners, and can adapt quickly to changes to the context they work within.
14. The values that council staff developed in 2009 – **listen, responsibility, trust, respect** – capture perfectly the values and behaviours that are necessary to foster innovation. The challenge now is to fully embed the People Strategy, accelerating the positive cultural changes achieved in recent years to unlock the full innovative potential of all staff and Members.

Skills and tools

15. **(iv) The council's training and development programme will be further developed with a strong focus on innovation capability.** This will mean focussing the next phase of training and development for officers and Members on the different phases of the innovation process. It will include a focus on areas such as commercial skills, developing business cases, research and design methods, collaboration and systems leadership, and evaluation.
16. **(v) Tools, methods and IT infrastructure will be further developed to support innovation.** Over the last four years teams from across the council have developed and refined a huge range of tools and techniques to help solve problems and make improvements. These have started to be pulled together in an online Improvement Toolkit which features, for example, Rapid Improvement Events and creative thinking techniques. There is no single way to approach innovation and the Toolkit, along with case study examples

of from staff, will be further developed, building on the full variety of experiences and learning from across the organisation.

17. In parallel, the work to upgrade IT infrastructure and exploit new technologies such as social media will continue apace. Over the next two to three years the focus will be on realising the full benefits of investments already made to bring the council's technology back up to date. Beyond this further effort and investment will be required to ensure that by 2017 the council is at the leading edge of innovative technology use, and is using this to empower residents and improve lives.

Catalysts to accelerate progress

18. The actions described above will help to strengthen the council's overall innovation capacity and capabilities over the medium and long term. Given the immediacy and growing scale of the challenges faced there are some additional areas of work that will be taken forward to help accelerate the process of innovation within the council.
19. **(vi) Introduce an "innovation hub" approach.** The most innovative organisations design specific structures and processes to support and manage different types of innovation. A common feature is the use of innovation and design hubs – small units with flexible resources embedded within the organisation to support colleagues who are testing, developing and implementing new ideas. Work will be completed to establish how this "innovation hub" approach can be applied to support innovation across the whole council.
20. **(vii) A small team of expert peers will visit the council in February 2013 to test progress and plans on innovation.** Innovative organisations are adept at learning from others and utilising thinking from outside their own organisation boundaries. The findings from the peer challenge in February 2013 will be used to refine the council's approach to innovation. See Annex A for more details.

CONSULTATION:

21. The proposals were developed following discussion with the following groups:
 - Cabinet
 - Corporate Board
 - Groups of staff from across the council through interviews and workshops

RISK MANAGEMENT AND IMPLICATIONS:

22. There are no direct risk management implications arising from this report.
23. The council needs to strengthen its innovation capacity and capability in order to mitigate the risks posed by the financial challenges it faces and ensure services are sustained and improved. Any risks associated with specific new innovations will be assessed in each case when the proposals are brought forward.

24. More generally an increased focus on innovation will require the council to develop more sophisticated understandings of the opportunities and risks associated with new approaches.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

25. As the framework is refined and implemented over the coming months business cases will be developed for investments required to support the approach. A stronger approach to innovation will over time enable the council to further improve value for money.
26. Any financial implications associated with specific new service innovations will be assessed in each case when the proposals are brought forward.

SECTION 151 OFFICER COMMENTARY

27. The Section 151 Officer (Head of Finance) confirms that all material, financial and business issues and risks have been considered / addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER

28. There are no direct legal implications/legislative requirements arising from this report.

EQUALITIES AND DIVERSITY

29. Equality Impact Assessments will be completed for all specific future proposals that emerge from the focus on innovation. At this stage no Equality Impact Assessment was completed as this report sets out a proposed new strategic framework which has no immediate or direct impacts on services for residents or on council staff.

WHAT HAPPENS NEXT:

30. Pending approval of the recommendations in this report the following will happen.
- The Chief Executive will engage with Members to refine the framework.
 - The Chief Executive will work with Members, colleagues and stakeholders to develop the implementation of the components of the strategic framework for innovation.
 - A peer challenge on innovation takes place 26 February to 1 March 2013.
 - The Chief Executive provides a progress report to the Cabinet on 26 March 2013, including the feedback from the peer challenge.
 - Further reports will be presented to Cabinet and Council in due course on specific new innovative proposals.

Lead Officer:

David McNulty, Chief Executive

Contact Officer:

Daniel Shurlock, Policy and Performance Service, Chief Executive's Office

Consulted:

Cabinet

Corporate Board

Groups of staff from across the council through interviews / focus groups

Annexes:

Annex A: Background to the peer challenge

Sources/background papers:

Leading the Way: Standing up for Surrey and shaping our future, report to Cabinet 14 July 2009

One County One Team Corporate Strategy 2012-17, report to Council 7 February 2012

Medium Term Financial Plan, report to Cabinet 27 March 2012

People Strategy 2012-17, report to Cabinet 29 May 2012

This page is intentionally left blank