We are happy to share with you the seventh newsletter of the FP7 research project LIPSE: Learning from Innovation in Public Sector Environments. LIPSE is a EU-funded project advancing the research agenda on the drivers and barriers of successful social innovation in the public sector. With a budget of €2.5 Million—funded by the 7th Framework Programme of the European Union—it is one of the largest projects on social innovation in the public sector. The research is being conducted by EU researchers from 12 different universities in 11 countries. For more information on LIPSE, please visit our website www.lipse.org and follow us on Facebook and Twitter @eulipse.

Public Sector Innovation Indicators. At the end of 2015, the LIPSE team published its 6th research report and set of policy recommendations: “Public Sector Innovation Indicators: Towards a New Evaluative Framework”. Policy evaluation and, in particular, measuring policy impacts via indicators has become one of the key domains of public policy. In this research report, Rainer Kattel, Aleksandrs Cepilovs, Tarmo Kalvet, Veiko Lember and Piret Tõnurist analyse the foundations of public sector innovation measurement and develop a new analytical framework to evaluate public sector innovation sets. The report reviews prior innovation measurement efforts (MEPIN, EPSIS, APSII, NESTA, GII). In the course of the analysis, experts participating in these projects were interviewed. The report finds that, surprisingly, productivity and performance measurement do not play a large role in prior measurement efforts. As surprisingly, none of the attempts to create public innovation indicators used performance measurement and quality management tools (e.g. self-evaluations) widely used in many public organisations. Thus, existing public innovation indicators fail to take on board key lessons learned in performance measurement and quality management over the last decades. More complex relationships (e.g. capturing the effects of networks, or co-creation) within the public sector innovation process were not included either.

Based on their findings, the authors argue that rather than using individual indicators to measure public sector innovation, it is instead advisable to use evaluative frameworks. These allow for both internal and external evaluations to take place over longer time periods and, equally important, such frameworks make it easier to analyse failed or partially failed public sector innovation attempts and to locate reasons for failure and key lessons to be drawn. This enables us to connect public sector innovation evaluations with existing performance management, auditing and risk governance practices allowing them to become part of larger evaluation, feedback and policy learning tools and practices. Eventually, evaluative frameworks could ensure that feedback from evaluation processes reaches policymakers in an understandable and useful form.

The framework was tested in two empirical studies: e-procurement case studies from the city of Tallinn and a global survey and analysis of innovation labs (i-labs) in the public sector. The cases from Tallinn illustrated that currently used evaluation frameworks are relatively narrow and often determined by limited public procurement frameworks. The study of i-labs focused on new forms of public sector organisations that attempt to fundamentally challenge how innovations are conceptualised, designed and evaluated in the public sector. The report shows that while i-labs are set up to disrupt current design, evaluation and implementation practices, most such labs currently operate on the relative fringes of the public sector. The key challenge now is to bring lessons learned in i-labs to the core of public policymaking. The report ends with a 5-step-guide to use the new evaluative framework for public sector innovation.
Public Sector Innovation Indicators: Five policy recommendations

1. Public sector innovations should be designed and evaluated in a wider comprehensive set of evaluative frameworks that allow more complex issues to come to the fore and also allow evaluative exercises to take place over longer periods of time.

2. Evaluative frameworks should pay attention, first, to efficiency gains and wider policy goals (such as trust in the public sector, legitimacy of public sector activities); second, to where and how proposed innovations will have the most impact; and third, to how proposed changes relate to the technological (mostly ICT) capabilities of existing civil servants and users.

3. It might be advisable to establish specific organisations (such as i-labs, publicly owned companies) to experiment on a small scale with new ideas, solutions and partners. In this way, the involved stakeholders and the public sector can learn from mistakes and failed innovations, and also use diverse evaluation methodologies and frameworks. However, it is important to devise mechanisms for key lessons from such organisations to reach core areas of the public sector.

4. It is important to connect public sector innovation measurement efforts with wider performance measurement attempts, accountability procedures, and risk governance measures.

5. Organisations should vocalize and formalise their innovation and procurement strategies in evaluative frameworks before they set out to procure new technological solutions. The research results indicate that the evaluative framework offered in this report serves as a useful starting point for that.

Conference in Budapest, October 15-16, 2015: The LIPSE team traveled to the beautiful city of Budapest, Hungary to participate in the conference: Public service innovation and the delivery of effective public services, co-sponsored by LIPSE, the National University of Public Service (NUPS) in Hungary and the University of Edinburgh Business School, and the International Research Society for Public Management (IRSPM).

The Social Innovation Research Conference in Budapest was the second international conference dedicated to exploring research on social innovation (the first having been in Shanghai in May 2015). The event attracted over 100 researchers from across Europe and the US. Key papers from the event will be published in a future special issue of Public Management Review.

Participants discussed new conceptual and theoretical ways through which to understand the processes of innovation in public and social policies and in public service delivery, the role of co-production, co-design and co-creation in public services delivery, and the role of government in stimulating public services innovation. LIPSE WP4 on risk and social innovation presented a special plenary panel on this topic at the conference which was very well received. It discussed both national comparisons on the topic and highlighted the emerging themes.
coming out of the WP. The panel was led by Stephen Osborne. Also sitting on the panel were Sophie Flemig, Taco Brandsen, Valentina Mele and Juraj Nemec, discussing the national results of a cross-country study on risk governance in innovation in Scotland, the Netherlands, Italy and Slovakia respectively.

Also showcasing LIPSE research, William Voorberg chaired a panel session on Smart government, knowledge management and innovation and presented a paper on “The outcomes of co-creation with citizens during social innovation: An international comparison”. Sophie Flemig and Stephen Osborne each chaired a session on co-production. Sharing their expertise on smart cities and technological innovation, Veiko Lember presented a paper entitled “Smart city and administrative capacity: do smarter cities require smarter bureaucrats?” and Greta Nasi presented a paper based on LIPSE work package 5: “ICT-driven social innovation in the public sector: an empirical analysis of determinants and barriers”. Ani Matei and Carmen Savulescu also presented LIPSE research with the paper “A model of systemic approach for social innovation. Empirical research concerning the assessment of best practices”. Krista Timeus presented a paper in progress on “How professionals perceive types of risk in public service innovation: Reports from Copenhagen municipality”, co-authored with Lykke M. Ricard. Thank you to all participants and presenters!

**Recent publications by the LIPSE team**


- **OPINION PIECE**: Lykke M Ricard and Jenny M Lewis wrote an opinion piece for the “Democracy renewal” online forum of Melbourne University, which was co-published with the Mandarin (themandarin.com.au).
In other news....

- Victor Bekkers gave the key note speech “The future of social innovation in public administration: co-creating with citizens” at the European Public Sector Award Conference 2015, in Maastricht on 17 November 2015. Around 200 policy makers from all over the EU attended.
- Bekkers also gave the key note speech on the First Euritas Summit—the European Alliance of Public IT service providers—on the future of social innovation in the public sector in Rome on 15 October 2015. Approximately 120 policy makers attended, especially from the field of public IT service providers and implementation agencies.
- Lykke M Ricard (Roskilde University) attended the Democracy in Transition conference, a conference hosted by the Melbourne School of Government Conference on 7-8 December 2015. Lykke kicked-off the session on “Reforming the policy process: how do we get better outcomes?” with a LIPSE presentation on “Innovation capacity and democracy: views from the inside and outside” in co-authorship with Jenny M Lewis, University of Melbourne.
- Ricard was also on the Australian Radio National – RN DRIVE with radio host Pats Karvelas and Sara Bice from University of Melbourne talking about LIPSE research (WP1) on “city government’s use of social media in relation to connecting with citizens and be better at innovation related to city development”. Link to the ABC broadcast: http://www.abc.net.au/radionational/programs/drive/social-media-offers-new-hope-for-a-jaded-citizenry-to-reconnect/7011562
- Juraj Nemec, Maria Svidronova and Beata Mikusova Merickova presented a paper on “the Dark side of co-creation: social innovations failures in Slovakia” at the EGPA conference, 2015.

**NEW** Public Sector Innovation Blog

And check out our latest blog post on “Not an oxymoron: our blog on public and social innovation” at www.publicinnovationblog.com

⇒ Start-up Governments, or Can Bureaucracies Innovate? By Rainer Kattel and Erkki Karo (Tallinn University of Technology)
⇒ Stability and innovation: a balancing act by Wouter Van Acker (KU Leuven)
⇒ Innovation Units in Executive Government (Part I) by Krista Timeus (Hertie School of Governance)

Some innovation humor for you

“My team has created a very innovative solution... but we’re still looking for a problem to go with it.”
Progress update on the LIPSE research agenda


WP 1: Innovation environments and innovation capacity.
WP1 has delivered the research report and the policy brief with recommendations. The WP team is currently in the stage of further research providing an important advance in linking innovation environments to innovation capacity in the public sector (specifically in municipalities), and disseminating their findings via publications and conference presentations that includes discussions with researchers, practitioners and students. For more information, contact Lykke M. Ricard (lykker@ruc.dk).

WP 2: Co-creation and co-production during social innovation: Based on the cross-sectoral and cross-country comparative case study analysis and the focus group findings we developed a final report and a policy brief. They can be downloaded via www.LIPSE.org. The WP2 team continues to disseminate our findings via publications, conference presentations, discussions with practitioners (including the LIPSE social innovation game) and social media. For more information, contact Lars Tummers (tummers@fsw.eur.nl).

WP 3: Mapping and analyzing the recommendations of ombudsmen & audit offices: Work package 3 has come to an end, and the research report and policy brief to be downloaded via www.LIPSE.org. The team is now focused on disseminating its findings in workshops and scholarly articles. For more information, contact Wouter van Acker (Wouter.VanAcker@kuleuven.be).

WP 4: Risk-definition and risk governance in social innovation processes. Work package 4 has come to an end, and the research report and policy brief about risk governance in innovation processes can now be downloaded from our website. The team is now busy organizing workshops based on the findings. For more information contact Sophie Flemig (Sophie.Flemig@ed.ac.uk).

WP 5: Determinants and barriers of ICT-driven social innovations. Work package 5 has concluded and the research report and policy brief can be downloaded from www.lipse.org. The report includes a systematic literature review and an empirical comparative analysis across 6 EU countries. The latter encompassed the use of both qualitative and quantitative methods. Further dissemination activities to spread evidence-based knowledge relevant for policy-makers, practitioners and scholars will follow. For more information, contact Greta Nasi (greta.nasi@unibocconi.it).

WP6: Public sector innovation indicators: Work package 6 has concluded and the research report and policy brief can be downloaded from www.lipse.org. The results of the working package will be discussed at the LIPSE road show event in Tallinn, March 15, 2016. For more information, contact Rainer Kattel (rainer.kattel@ttu.ee).

For more information on the LIPSE project, please visit www.lipse.org and subscribe to our mailing list, or send us an email at lipse@hertie-school.org. You can also follow us on Facebook and Twitter @eulipse to receive the most up-to-date information on public sector innovation research and upcoming events. You can unsubscribe from this mailing list anytime by sending a blank e-mail with the subject line UNSUSCRIBE to lipse@hertie-school.org.