

How can public and social innovation build a more inclusive economy?

Friday 27th January 2017



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Welcome and Introduction

Madeleine Gabriel

Head of Inclusive Innovation, International Team, Nesta

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What an inclusive economy means for CrESSI

Alex Nicholls

Professor of Social Entrepreneurship, University of Oxford

CRESSI

- Economic underpinnings of social innovation in the EU
- Particular focus on marginalization
- 4 year EU funded project (FP7)
- 6 countries, 7 institutions
- UK, Italy, Germany, Netherlands, Hungary, Finland
- 36 month point
- This seminar draws upon policy strands of research

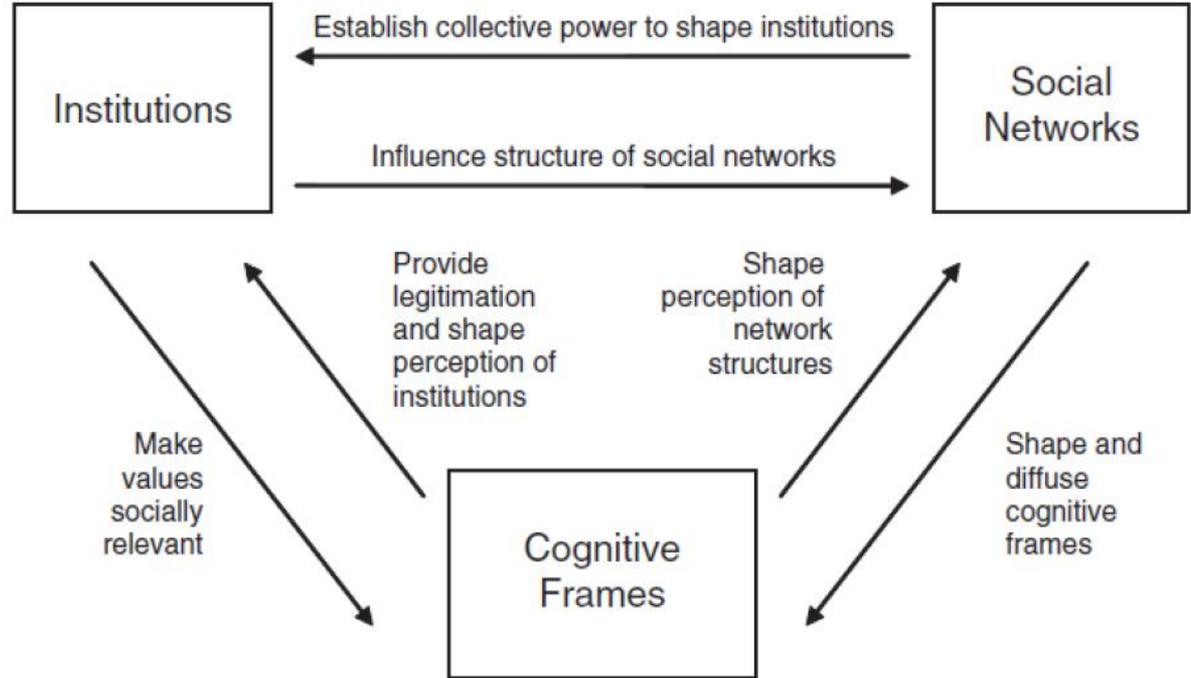
Social Innovation

The development and delivery of new ideas and solutions (products, services, models, markets, processes) at different socio-structural levels that intentionally *seek to change power relations and improve human capabilities*, as well as the processes via which these solutions are carried out

Levels of Social Innovation

Type	Objective	Focus
Incremental	To address identified market failures more effectively: eg negative externalities and institutional voids	Products and Services
Institutional	To reconfigure existing market structures and patterns to create new social value	Markets
Disruptive	To change the cognitive frames of reference around markets and issues to alter social systems and structures	Politics (Social Movements)

The Social Grid: Framework



Beckert (2010)

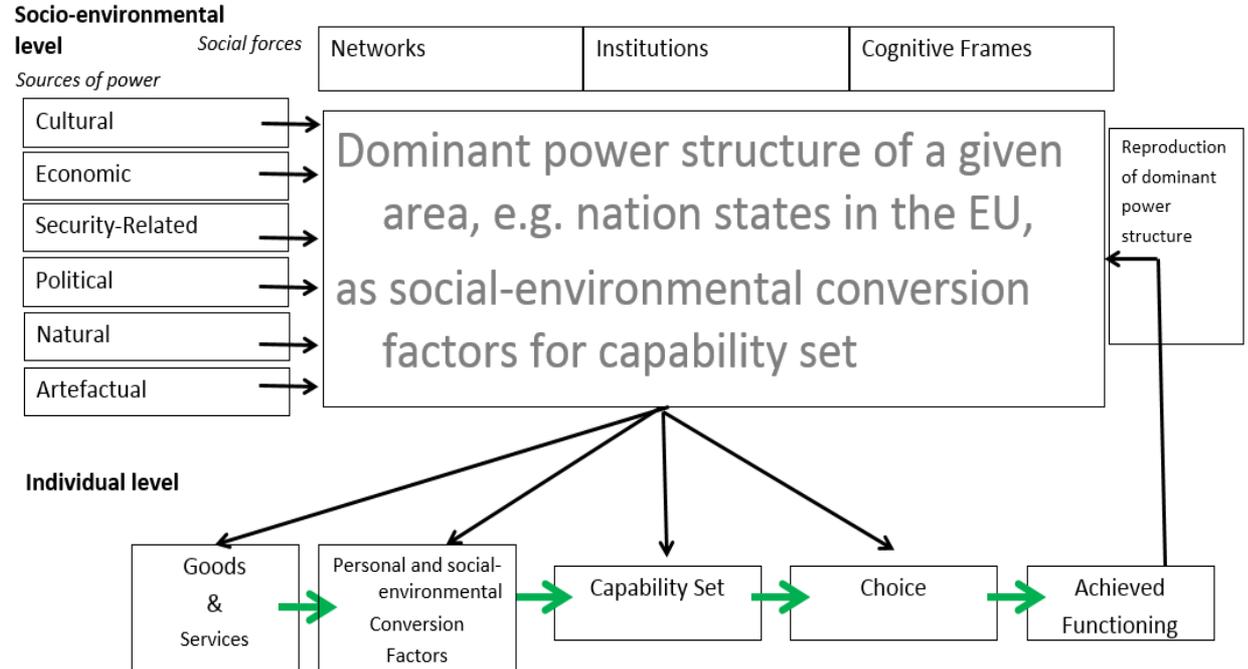
The Social Grid: Dynamics

Social Force	Dynamic Effect	Social Innovation (Example)
Institutions	Influence the structure of social networks	Build bridging social capital
	Make values socially relevant for cognitive frames	Influence regulatory norms
Social Networks	Establish collective power to shape institutions	Increase political mobilization
	Shape and diffuse cognitive frames	Deepen focused activism
Cognitive Frames	Provide legitimation and shape the wider perceptions of institutions	Build a social movement for change
	Shape perceptions of network structures	Change value perceptions of cultural material

Table 1: Social Innovation Dynamics in the Social Grid Model

Extended Social Grid

The extended grid model (static version)



SI and Inclusive Economies

- Marginalization as a **structural** issue
- Economics as (eco)systems of power
 - Eg Lukes (1972)
- Rights based analysis
 - More than just about access to employment
- EU policy development and implementation:
 - Bottom up v top down?
 - Centralized v regional/local?
 - One solution fits all?

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Drawing lessons from three international cases of social innovation policy

Daniel Edmiston

CrESSI Post-Doctoral Researcher, University of Oxford

Drawing lessons from three international cases of social innovation policy

- CRESSI Research Questions
- The Case of PAAVO Housing Programmes Tackling Homelessness in Finland
- The Case of Social Impact Bonds and Social Investment in the UK
- The Case of Social Cooperatives and Public Works in Hungary
- Six Findings and Recommendations for Policy and Practice

CRESSI Research Questions

- How can public policy and practice better support social innovation to foster a inclusive social and economic development?
- What are the barriers to supporting social innovation capable of tackling inequality and marginalisation?
- How might these be overcome in light of the challenges faced by policymakers and practitioners engaged in the field of social (policy) innovation?

Exploring Social and Public Sector Innovation Policy

- Doing more with less within and beyond the public sector
- New or better compared to what?
- Examination of the domestic public policies that seek to support social and public sector innovation
- Multi-stakeholder analysis
- How different policy agendas (and institutional conditions) exhibit the capacity to shape, constrain and foster social (policy) innovation
- The drivers of, and barriers to effective public policymaking for inclusive social innovation across the public, private and third sectors.

The PAAVO Housing Programme in Finland (1/2)

- Government-sponsored (technological) innovation – SI?
- “PAAVO 1” (2008-2011) and “PAAVO 2” (2012-2015)
- Permanent reduction of long-term homelessness by converting temporary shelters into housing units and acquiring rental housing for the homeless.
- Financial support system for acquiring, building and re-purposing housing units ++ joined-up housing support and social services
- Tailored and contingent transition to ‘independence’
- Homelessness decreased by 37%
- Centrally supported and financed initiative
- New networks of governance, action and organisation transcending sectoral boundaries in welfare/need provision

The PAAVO Housing Programme in Finland (2/2)

- Change in how the problem of long-term homelessness is understood and addressed: ‘Housing First’ principle
- Capitalising on and overcoming the respective strengths and limitations of the private, public and third sectors
- Costly re-purposing of shelters: affect changes in broader structural conditions and human capabilities that affect homelessness outcomes
- Disruptive social innovation: improving public service innovation but also ‘social change entrepreneurship’
- leveraging of interests/motivations from institutional centre
- Greater policy feedback and learning so that lessons are taken on board beyond operational programmes.
- A social democratic example of social innovation in public policy-making.

Social Impact Bonds and Social Investment in the UK (1/2)

- Relatively privileged political and policy position of social innovation as a means through which to foster inclusive socio-economic activity for marginalised groups.
- Social impact: liberal market economy and welfare regime.
- Payment-by-results contracts that use private social investment to cover the up-front expenditure associated with costly social and welfare services.
- Capitalising on expertise and skills of civil society organisations and social enterprises: intended to increase space for innovation by 'de-risking' service experimentation
- Service interventions tend to be preventative in nature and focus on achieving one or more specified social outcomes.
- Theoretical cost-savings accrued by the public sector are used to fund the service and cover the dividends paid to private social investors.

Social Impact Bonds and Social Investment in the UK (2/2)

- Private capital shifts the regulation and performance management away from public sector commissioners and towards private sector actors and stakeholders
- Real-time performance measurement and management fostered through social impact bonds increases responsiveness of service provision by encouraging service providers to perform to profile
- Benefits appear to originate more from the novelty, size and experimental nature of contract
- Stifles flexibility and autonomy of service providers
- Little evidence to suggest that services funded lead to any *relative* improvement in social outcomes.
- Risk of paying increased transaction costs associated with private social investment without realising the putative benefits offered through the SIB model.

Social Cooperatives and Public Works in Hungary (1/2)

- Policy support has tended to cohere with EU policy and investment strategies
- Social co-operatives that create 'employment opportunities and facilitate by other means the improvement of other social needs of its disadvantaged members'
- In 2012, new legislation introduced local authorities as members
- Incremental social innovations that seek to fill gaps in provision of social goods and improve efficiency and effectiveness of public works schemes in tackling unemployment through effective labour market (re-) integration.
- Improving efficacy of public sector operations (or at least public sector performance through statistics), with the capacity and potential of the social economy treated as a somewhat secondary consideration.

Social Cooperatives and Public Works in Hungary (2/2)

- Motivated by need to address high levels of structural unemployment and social exclusion
- Undermines democratic and co-operative potential of social economy organisations
- Lacks institutional conditions to foster social innovation without corrupting its integrity
- Time-limited nature of financing programmes inhibits financial and operational sustainability of social co-operatives
- Instrumentally drawn upon to improve (if only superficial) efficacy of public service provision.
- Highlights the importance of a climate that places sufficient value on civic participation, democratic accountability and inclusive growth.

Six Key Findings and Recommendations for Policy and Practice

1 Collaboration is King! (Most of the Time)

Six Key Findings and Recommendations for Policy and Practice

2 Protecting the Integrity of Sectoral Approaches and Provision

Six Key Findings and Recommendations for Policy and Practice

3 Markets Matter



Six Key Findings and Recommendations for Policy and Practice

4 Moving from Incremental to Institutional Transformation



Six Key Findings and Recommendations for Policy and Practice

5 Scaling Initiatives

Six Key Findings and Recommendations for Policy and Practice

6 Being For and Against

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www.sbs.ox.ac.uk/cressi

- Re-assessing social innovation to tackle marginalisation
- Creating (economic) space for social innovation
- EU Public Policy, Social Innovation and Marginalisation: Reconciling ambitions with policy instruments
- Public Policy, Social Innovation and Marginalisation in Europe: A Comparative Analysis of Three Cases
- The (A)Politics of Social Innovation Policy in Europe: Implications for Socio-structural Change and Power Relations



What is the (potential) relationship between social innovation policy and building an inclusive economy?



1. Can and should publicly-sponsored social (policy) innovation ever be 'disruptive'?
2. Under what conditions is cross-sectoral collaboration effective for contributing towards inclusive economic growth? Under which conditions is it not?
3. How can public policy capitalize on cross-sectoral collaboration without detracting from the integrity and autonomy of civil society?
4. Is the role of the market in an inclusive economy a question of social (policy) innovation or regulation?
5. How do we get from social (policy) innovation to inclusive economic growth? Are these distinct or mutually enforcing projects?
6. Is it possible to move from pragmatic solutions to systemic change centred on an inclusive economy?
7. If we are *for* social (policy) innovation and an inclusive economy? Then what does that we mean we are *against*?



How can public and social innovation build a more inclusive economy?

Sophie Reynolds

Senior Researcher, Public and Social Innovation, Nesta

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**SOCIAL
INNOVATION
COMMUNITY**

How can public and social innovation build a more inclusive economy?

Sophie Reynolds

Senior Researcher, Nesta

Social innovation policy as an emerging field?

- A number of social innovation experiments and policies appearing

Policymakers can promote social innovation using tools from innovation policy

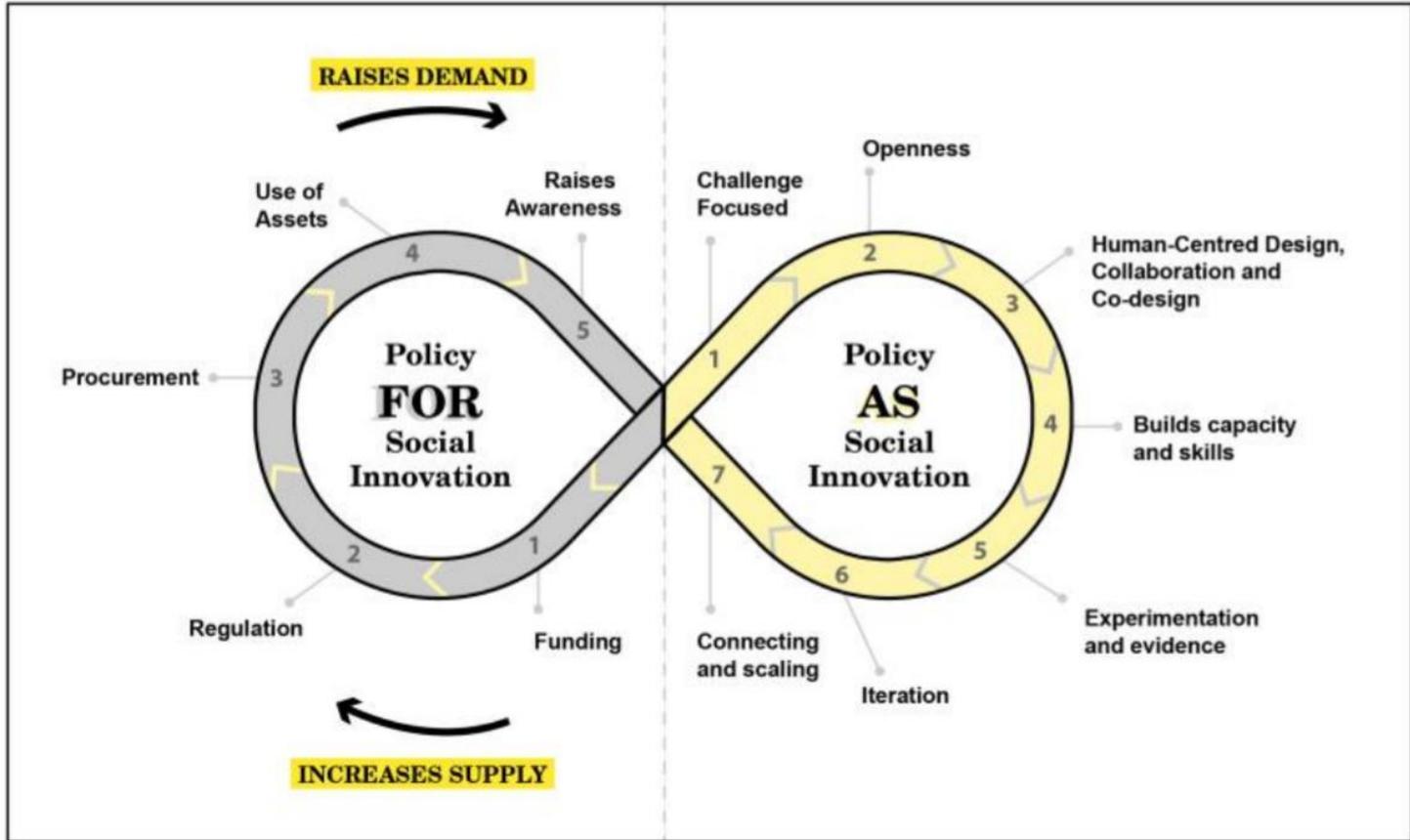
- intervening to support new initiatives to start up and scale,
- investing in innovation skills
- creating a stronger market for social innovations
- helping to create a more vibrant 'ecosystem' of support for social innovation.

...we suggest that social innovation policy should be broader in its scope than this.



What is the value in policymakers adopting social innovation principles?

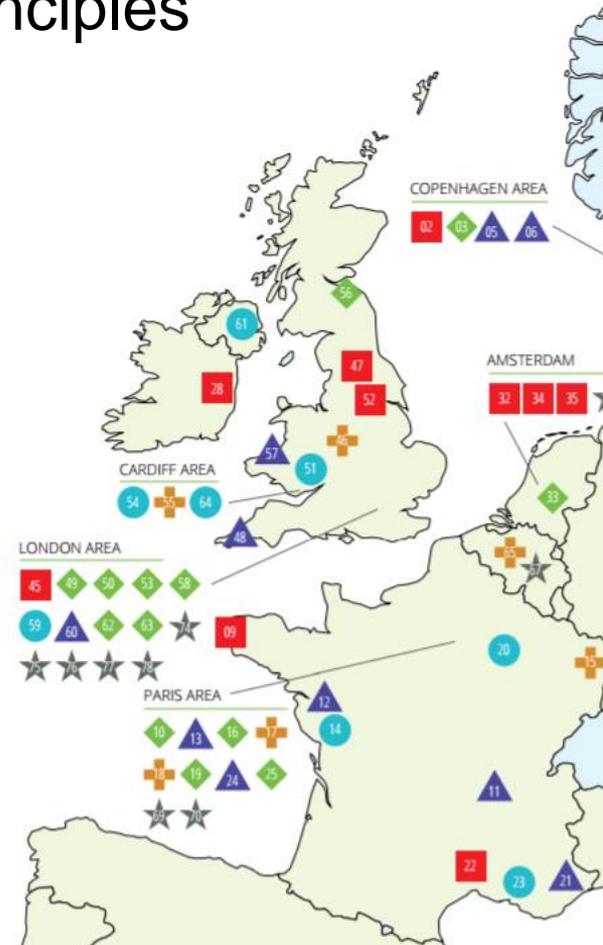
insights, policymaking,
human-centred,
transformative, learning,
outcomes-focused,
co-creation, open, research,
user adapt, design
user
community-led,
policy, society,
collaborative, public
inclusive, learn co-design,
improving,
citizens, sector



Governments are increasingly drawing on social innovation methods and principles

LEGEND

- City-level Policy Labs
- ▲ County/Metro-level Policy Labs
- Regional-level Policy Labs
- ◆ National-level Policy Labs
- ⊕ Other Policy Labs
- ★ Influencers



Who benefits?

"Intrinsic motivation can be impacted by the way that staff are made aware of the impact of their work – how close they are to the beneficiaries of the policies that they develop, how they see value created as a result of their ideas and their labour."

OECD (2014) 'Building organisational capacity for public sector innovation: Background paper.' Paris: OECD.

Table discussion

3 questions, (45 minutes)

Question 1: "In what ways can social innovation contribute to a more inclusive economy?"

Question 2: "How could policymakers go further to support this sort of innovation to achieve a more inclusive economy?"

Question 3: "What are the risks, limits, or hidden traps of policymakers getting involved in this way?"

Dot voting on the priority issues

- Out of the three questions you've been asked to reflect on today, spend the next 5 minutes selecting the 5 top issues/suggestions you've heard during your discussion by dot voting
- A table spokesperson will then be asked to report the top suggestions back to the group!

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Reporting back and discussion

Keep the discussion going at tinyurl.com/hvk2x3e

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Panel Discussion

Madeleine Gabriel (chair) Head of Inclusive Innovation, International Team, Nesta

Beatrice Andrews Senior Policy Advisor, UK Policy Lab

Camilla Buchanan Senior Policy Advisor, Department for Culture Media and Sport

Nicholas Mays Director, Policy Innovation Research Unit

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