Contents

Foreword 4

1.0 The setting for innovating in government 7
1.1 We need to keep innovating 8
1.2 We see innovation as change that adds value 10
1.3 A shared commitment to innovation 12

2.0 Sharing our stories of innovation 15
2.1 Public Transport Victoria 16
2.2 Victoria Legal Aid 18
2.3 Department of Premier and Cabinet
   Behavioural Insights 20

3.0 What does great innovation look like? 23
3.1 Leaders 24
3.2 Employees 25
3.3 Learning 26
3.4 Sharing 27
3.5 Partnering 28
3.6 Delivering 29

4.0 Actions to put innovation in motion 31
4.1 Understanding, valuing and rewarding 32
4.2 Creating space 34
4.3 Building skills and perspectives 36
4.4 Connecting and sharing 38
4.5 Partnering collaboratively 40
4.6 Practising what we preach 42

Get involved 44
Foreword

Special Minister of State

This government is committed to making a real difference to the lives of Victorians.

That’s a very important challenge that we, as elected representatives and public servants, have a collective responsibility to rise to and meet every day in the workplace.

To deliver on this promise, we are embarking on an ambitious agenda, from delivering world-class public transport, to building a vision for a future health system, to ending family violence.

For this agenda to achieve the biggest impact, the public sector needs to continue to renew and refresh – to be innovative, collaborative and responsive to the needs of Victorians.

This strategy is a first step in supporting and driving innovation already underway across the public sector. It aims to put innovation in motion to deliver tangible benefits for citizens and build the confidence and capability of the public sector.

GAVIN JENNINGS
SPECIAL MINISTER OF STATE
GOVERNMENT OF VICTORIA
As public servants, each of us contributes to improving the quality of life for the people of Victoria.

At our best, we all contribute our different skills and roles to generate more public value, shaped by the common purpose of creating a better society.

That’s what innovation is about. It’s a more collaborative approach to policy and services. It’s organising ourselves around results, embracing technology, data and evidence, having a learning mindset and making the most of our diversity to better serve the people of Victoria.

Such innovation is already underway, and there is much potential ahead of us.

This strategy helps to find, encourage and support change that adds value across the public sector. We need to unlock good intent and talent, share examples and experiences, and learn from each other.

I look forward to working with you all to build a more capable and innovative public sector.

CHRIS ECCLES
SECRETARY
DEPARTMENT OF PREMIER AND CABINET
The setting for innovating in government

The people that make up the public sector work hard to make a difference to the community that we serve. We know some ways of working need to change. We know other things need to stay the same. Many of us have tried to change things in government. We know what can help support innovation, and what can get in the way.

This public sector innovation strategy is a starting point for conversation around the good work that’s happening, and how to build the structures that support a better way of working.
Exciting changes are happening across the public sector.

In a time of declining public trust, governments here and abroad are trying new ways to place people at the centre of policy and services. Significant investment is going into improving how we work and in building structures that support us to create better outcomes for people.

The Victorian Government’s ambitious agenda is well underway. To realise these ambitions, we know that we need to continue trying new approaches to make lives better.

Victoria is focusing on public sector reforms that challenge the status quo. Public servants are designing solutions in collaboration with the people most affected. We’re helping communities achieve the outcomes they most need. We’re starting to share information and data across functions and departments to better understand what works and to wrap services around people. We’re adopting new technologies to accelerate the changes we want to see.

And we’re making real progress. Departments are starting to create environments that foster new approaches, with systems that encourage ideas and enable staff to build, test and implement these ideas and new ways of working.

It is now standard practice in some departments to co-design policy, programs and services with communities. Others are running idea challenges to get the best out of their staff. Victorians now have a single online platform, Engage Victoria, to have their say on the government’s policies and programs. Departments across government are working on innovative projects funded by the Public Sector Innovation Fund and building their skill base through initiatives like the Behavioural Insights Unit. The government is developing new opportunities to support innovation in industry to strengthen the Victorian economy.
But we know we need to do more. New ways of working take time and effort, and it's difficult to make projects scalable and sustainable in an environment that's often focused on maintaining the status quo.

There is great excitement – but we're also realistic. We recognise the hype that sometimes attaches itself to innovation and how unhelpful it can be.

So if there's a place for a public sector innovation strategy, we believe it has to be plain and practical. It must highlight the stories of what’s happening, and take steps to better link and support people, ideas and change across government.
1.2 We see innovation as change that adds value

Innovation is a tricky term. For many people, ‘innovation’ smacks of being trendy and self-serving. For others, it sounds scary or intimidating. In the end, innovation for its own sake is not the point: the point is finding new ways to create better outcomes. Given the ‘i-word’ will be around for some time, we need meaningful and practical ways to talk about it.

Innovation is change that adds value.

It is about how we, as government, work in a new or different way to improve people’s lives. This can involve improving the way we work internally, thinking differently about a policy problem or re-designing an existing service so it better responds to community needs.

Innovation is primarily about people rather than technology or process.

‘Public sector innovation’ has to start and end with the communities we serve. Helping improve the lives of people is why many of us joined the public service. While innovation requires a fundamental commitment from us as public servants, we also recognise that innovation can come from anywhere. The greatest innovation often occurs from joining the best minds from academia, industry or community organisations, and embracing diversity as a key strength.
Innovation must be practical and implemented to make a real difference.

It doesn’t have to mean inventing something ‘new’, or always involve radical change. But it does have to be more than a good idea. It’s about applying good ideas to improve the way we work to solve real-life problems that matter. When we find things that do work (and when they don’t), it’s about capturing and sharing those lessons to spur more innovation, or to avoid making the same mistakes. This requires us to switch from the traditional ‘design/implement/complete’ mindset to a ‘learn/adapt/progress’ mindset.
1.3 A shared commitment to innovation

This strategy draws on several months of discussions and thinking across the public sector, sharing what innovation means in our working lives, and the barriers we face to working differently in government.

We face some big challenges:

How do we move beyond the daily grind to learn what is happening and to ponder ‘what if’?

How can our leaders provide the time and space to test small, and learn fast?

How do we encourage the right conversations about risk, and engage better with the community and other partners?

How can we learn and share beyond silos?

This strategy is a starting point for conversation, engagement and action. It reflects what we know about how innovation happens, what can make or break it, and how we might, together, start building better structures to support us in our work.

It aims to build our shared commitment to innovation by:

1. engaging all levels of the public sector to value practical innovation and those who deliver it, and to recognise and share the work that’s already happening

2. introducing actions to help connect people, ideas and work underway, and to build shared tools and resources for the future

3. growing our capabilities and understanding of practical innovation across all areas of government – designing, testing, learning and doing.
NOT ANOTHER STRATEGY!

There have been public sector innovation strategies in the past. Some may have failed to hit the mark, or had limited impact beyond tinkering around the edges.

We want to learn from the past. We know that innovation is already happening in many areas across government, and we know that no one has all the answers.

This strategy is not an ‘A–Z’ for public sector innovation, nor will these actions magically translate to greater innovation. We recognise some of the actions have been tried before, so we want to learn from that experience and work together to make sure what we do next is meaningful and helpful.
Consider the everyday innovator and what we are already doing in our day to day practice. Let’s amplify and make these stories visible. Let’s celebrate and learn.
Sharing our stories of innovation

We’re not starting from scratch. We’ve been innovating for a long time.

Victoria was the first government in the world to introduce compulsory seatbelts and bike helmets. We were also pioneers in involving the community in the justice system (Koori Court, Neighbourhood Justice Centre), in water resource allocation and in introducing free, secular compulsory education. In 2016, the Victorian Government was the first in Australia to issue green bonds to finance environmental investments.

The learnings from these examples are profound – but few of us have a way to hear these stories.

A key part of this strategy is to uncover and share stories of practical innovation. Sustainable change needs to build on an evidence base. And that’s what these stories represent: evidence we can examine and learn from.
While working at Public Transport Victoria, Jordana Blank was charged with meeting the Victorian Government’s $76 million commitment to improve passenger experience. Jordana knew that user-centred design could play a key role in improving wayfinding and information displayed at Australia’s busiest station.

“One of our main challenges was how to make changes and measure customer response in real time. We couldn’t just stop the station.”

Fast forward a month and the team had created their own working station in a North Melbourne warehouse, complete with ticket booths, signage and railway audio effects.

For four days, and with 100 users, the team’s mock station came to life for a series of usability tests – the live environment allowing the team to test and iterate designs as they went.

“We had some scepticism, or at least some uncertainty about whether the user-centred approach was the right way go. Fortunately we were able to involve staff from across the entire organisation to let them see what passengers really do – not just what they say they do.”

During the trial the team realised there were two distinct types of users, those coming to the service for the first time and those that know exactly where they’re going and want to get there with the least fuss.

“By the end, we’d established that colour based wayfinding made it faster and more efficient for both types of customers. We had a proven model that could be rolled out across the broader network and the confidence internally with the user-centred approach.”

Whether it’s ‘meet me under the clocks’ or ‘meet me on the steps’ Melbourne’s iconic Flinders Street Railway Station has a special meaning for Victorians.
Fortunately we were able to involve staff from across the entire organisation to let them see what passengers really do – not just what they say they do.
The fellows demonstrated a can-do attitude towards improvement – understanding needs of users and developing prototypes that could be critiqued, tested and deployed in a short amount of time.

Khoi Cao-Lam
Manager
Client Access
Access and Equity
Victoria Legal Aid
The Code for Victoria program has been transformational for us.

Khoi leads a service improvement team at Victoria Legal Aid (VLA) – finding ways to make legal services more accessible for the most disadvantaged members of the community.

VLA was grappling with matching clients to suitable legal support across the organisation and the broader sector. Then an opportunity came along to bring in new perspectives and skills from outside the organisation to meet this challenge. Through the Code for Victoria program, Khoi’s team was joined by three Code for Australia fellows – a product design engineer, software developer and project manager.

“The fellows demonstrated a can-do attitude towards improvement – understanding needs of users and developing prototypes that could be critiqued, tested and deployed in a short amount of time. They combined their skills with the experience of end-users rather than simply telling us how we should do things.”

In six months the team developed a prototype online tool which could potentially save VLA staff up to 30 hours of phone calls every week. They also developed an app that partially automates the process of sending SMS reminders to support clients to access services.

“In terms of culture change at Victoria Legal Aid we now have a better appreciation and understanding of design, technology and rapid improvement techniques. The next stage is a major project building on the work of the fellows to improve referrals.”
Governments here and abroad are actively looking for opportunities to innovate and deliver better outcomes for their citizens.

Behavioural insights (BI) draw on fields such as psychology, behavioural economics and human-centred design to build evidence for effective public policy, service design and delivery.

Christian Stenta, the leader of the Victorian BI unit, explains, "Whether you call it nudge theory or behavioural insights, what we are doing is broadening our toolkit to better understand people’s behaviour."

"Many of the levers we use in government, such as regulations and fines, influence behaviour. These solutions often come from what our experience intuitively tells us will work. BI brings the behavioural sciences and data into the mix, to help us more deeply explore behaviour. We test our thinking using experimental approaches to build an evidence base for what works."

Since starting in 2016, the BI Unit has been working across government looking at where behavioural insights can help improve outcomes.

The team have collaborated with DHHS and Monash University to run trials that resulted in a 3.84% increase in adolescent HPV vaccinations in target school groups.

“We've just finished a piece that seeks to understand what influences information-sharing between frontline workers in the family violence system.”

“At the end of the day, our approach helps identify more effective approaches to the problems that government is trying to solve,” says Christian.
Whether you call it nudge theory or behavioural insights, what we are doing is broadening our toolkit to better understand people’s behaviour.
We would be hard-pressed to find any other large organisation with such value alignment around making a difference. People join to do good.
What does great innovation look like?

Many of us have tried to change things in government. We all know of peers who have made a difference often *despite*, rather than *because of*, the systems and processes that shape working in the public sector.

Here are six themes of innovation that have repeatedly come up in discussions around what can stifle innovation, and what can better support it. These themes are all about people: what holds us back, and what we can do to help make innovation thrive.
Too often, innovation is stifled by leaders who don’t value or support it.

We need leaders who understand, value and reward innovation and those who deliver it. Leaders who appreciate the courage needed to try to change things for the better. Leaders who understand practical innovation is a way to reduce risk, rather than vice versa.

We need leaders who understand their power can have a wide impact. Leaders who will get behind their people, even when things don’t go to plan. Leaders who clear a path through the ‘blocks’ in our systems.

“Let’s flip the risk conversation. Think about the risk of not doing something.

“The public sector is the easiest place to say no. But it’s remarkable what happens when you start saying yes unless there’s a good reason to say no.

“We can never predict unintended consequences, but we can back our people if they happen.”
3.2 Employees who feel confident and empowered

Unfortunately, some of us have tried to change things and been held back, either because we were not given the autonomy or we were denied the practical support to pursue a great idea.

We need to create space for people to reflect, think and test their ideas, to give them a real chance to develop. This may be as simple as having quiet physical spaces to reflect in, or having more collaborative platforms from which to share, learn, develop and test our ideas. What matters is not only that we feel confident to try, but that we’re given the time and support we need to design and deliver.

“Government doesn’t stop innovation, people do. And people don’t innovate if they don’t feel safe to try something or invest in something.”

“Most people want to improve things but our systems and structures don’t support this.”

“Managers need to provide funding and practical support for change.”
We need more opportunities to build skills and perspectives, to recognise and tap into our diversity and latent talents, and to broaden our perspectives as we work. Where it’s appropriate, we also need to build our internal capability more formally, update our skills, and rise to the challenge of solving society’s biggest problems.

Pockets of good practice exist across the public sector but, as a rule, we don’t encourage our people to constantly search for better ways of doing things, to learn and adapt as we go, and to ponder the ‘what if?’.

“We need to value learning more than we value not getting things wrong.”

“We don’t always need to be at the cutting edge. We just need to be learning.”

“Building new capabilities involves learning, which involves mistakes. Government needs to be a learning environment.”
3.4 Sharing with each other

Our silos serve some needs and stifle others. Our ‘vertical’ structures around departments or portfolios can hold us back in sharing our ideas, experiences and knowledge across government.

We need more ‘horizontal’ structures to connect and share so that people working on similar problems can find each other, avoid making similar mistakes, and join heads around similar solutions. The conversations and language are not always the same, but our common purpose is undeniable: most of us joined government to serve the public. A simple connection, a comparison of notes or a brief conversation can unlock great potential and spark innovation that improves lives.

"We are facing the same challenge and aiming for the same thing. Let’s share more with each other.

"I could sit next to someone for six months and not realise they had a key piece of information that would have directly helped my work."
Despite good progress, it remains difficult for us to maintain open and honest conversations with the community from start to finish.

We need more opportunities to partner collaboratively. Engaging early to enrich our understanding of the problem enables a more agile and open way of working with others. Diversifying beyond traditional providers to include smaller innovative organisations means we identify and develop new ways of thinking and working.

“There’s a distance between us and the people we serve. But they’re our boss.”

“There is a tension around the need to be very specific about the outcomes of procurement, while we’re just discovering what needs to be solved.”

“Our failures have made us understand the value of place-based two-way conversations with the public.”
3.6 Delivering value to people

Having the goal of improving people’s lives and working closely with them is not enough.

Continuing to measure the things that we did rather than what we achieved means we can’t be sure that we’re focusing on what matters and achieving the outcomes the community expects.

Starting with what the community wants, we need a strong focus on outcomes and meaningful ways to measure and assess public value. We need to focus on practical innovation that’s targeted at creating better outcomes, not just generating change. Part of this is also practising what we preach.

"The first step is to be clear on what difference is being sought. What does value look like for people?"

"Don’t innovate about random things. Innovate on outcomes you’re being measured on."

"We can sponsor lots of little things. But how do we support great projects to build systemic change?"
Actions to put innovation in motion

Drawing on these six themes, we’ve identified initial steps to put innovation in motion. These actions build on what is practical and already happening in departments.

Each step is an experiment to trial new cross-government structures and opportunities to share, learn, connect and collaborate. It may be that some actions will thrive better than others. All of these actions will need to change and adapt as we work together to ensure what emerges is useful and sustained.
4.1 Understanding, valuing and rewarding

We need leaders who understand, value and reward innovation and those who deliver it.

To encourage a learning culture at all levels, we want to encourage leaders to participate in reverse mentoring (Action 1). To appreciate the power of practical innovation, we want to create opportunities for leaders to model it in their everyday work (Action 2).

For leaders to value innovation, we need to not only make our stories more visible, but find ways to reward the determination and commitment to getting the things that matter done (Action 3).
Reverse mentoring program

Trial a mentoring program that enables VPS executives to learn from more junior staff, to bring fresh perspectives and learning into senior levels

Due September 2017

Innovation in executive leadership

Build on current departmental trial that has inserted innovation into the performance development plans of VPS executives

Due December 2017

Celebrate practical innovation

Establish a high-profile event to recognise and reward practical innovation across government

Due March 2018

“We don’t always measure public value. Nor do we always reward people for the right thing, emphasising outputs not outcomes.”
4.2 Creating space

We need to create space for people to reflect, think and test their ideas so they have a real chance to develop.

Much of what we do and the challenges we face in doing it are common across all departments. So are the solutions. To complement our stories of innovation, we want to access practical details, contacts and lessons that we can apply to improve our work (Action 4).

We want to support ways that unlock the potential of our people, and to capture and cross-fertilise their ideas for making things better (Action 5). This will create an evidence base for what works and what doesn’t.

Innovation also has the best chance of success when there is dedicated space to develop, build and test ideas. We want to trial an incubator environment for our biggest problems by drawing together expertise from within and outside government (Action 6).

“Let’s trust our internal expertise and listen to the evidence we already have.”

“The problem is that government largely works in silos – departments, agencies or portfolios. There is not enough space or incentive to work horizontally around problems nor mechanisms to share information and knowledge across government.”

“I would love having a co-working space for the whole of government to work together.”
04

Practical innovation bank

Trial a common digital space for cross-government sharing of practical resources (case studies, contacts, templates, guides, lessons learned etc.)

Due December 2017

05

Ideas challenge toolkit

Develop tools and other guidance based on government experience of how to run an ideas challenge

Due December 2017

06

Learning lab trial

Trial an incubator environment for cross-government use on a project by project basis

Due March 2018
4.3 Building skills and perspectives

We need more opportunities to build skills and perspectives, to recognise and tap into our latent talents, and to enable us to broaden our perspectives as we work.

There is value in more formal learning. This does not mean theory for theory’s sake. Rather, it means a pragmatic approach that builds on existing work challenges so the learning is relevant, is peer based (Action 7) and creates real value (Actions 8).

By working and learning directly with new partners (Action 9), we can bridge silos and learn to walk in each other’s shoes. This not only brings fresh perspectives, empathy and insight, it can also introduce new skills and relationships back to our day-to-day roles.

“We need exchanges to build capability and work experience. This can benefit both ways – bringing new ways of thinking and new skills.”

“We need to build our people with the right capability, then learn by doing, and consolidate with formal learning.”
07

VPS Academy

Trial a new peer learning program (VPS Academy) through two further pilot projects to build the case for scaling

Due July and December 2017

08

Innovation Learning and Development (L&D)

Work with L&D leaders across government to integrate innovation skills into their existing professional L&D programs

Ongoing

09

Cross sector exchange

Trial a program that promotes exchanges between government and the private or community sectors

Due December 2017
4.4 Connecting and sharing

We need more ‘horizontal’ structures to enable people working on similar problems to find each other, to connect and share, so we can avoid known mistakes and join heads around similar solutions.

Engaging in different contexts and with a diverse network of people across government helps to reaffirm how much we have in common (Action 10). Creating a different way to meet others and uncover our shared purpose and challenges can spark unlikely relationships and inspiration (Action 11).

At present, most of us have little way of learning from the stories of our peers who have tried to change things. We need to make these stories of practical innovation more visible, to share and learn from them (Action 12).
10  VPS-wide ‘innovation’ network
Re-launch the existing innovation network (Victorian Public Sector Continuous Improvement and Innovation Network – VPSCIIN) to be aligned with the priorities of this strategy
Due September 2017

11  VPS coffee dates
Trial an initiative that randomly matches people who want to meet others across the public sector – to make new connections and explore different perspectives
Due September 2017

12  Stories of innovation
Collect and share stories of practical innovation from across the VPS, to inspire and learn for future innovation
Due September 2017

"It all comes back to relationships."

"There must be mechanisms to share learnings, build communities of practice and bring in the right skills at the right time."
4.5 Partnering collaboratively

We need more opportunities to partner collaboratively.

Engaging with broader perspectives and skills that challenge our own is key to a more capable and responsive public sector. We want to learn from the experience of others who have worked with potential providers beyond the traditional (Action 13).

We need to create new structures to work in more agile ways (Action 14). We want to provide ways to seek expertise from across our community (Action 15) so we ‘bring in the right people at the right time to do the right task’.

“Procurement is very intensive and doesn’t always support a collaborative discussion about the problem you’re trying to solve.”

“The agile approach and working in sprints means that risks are quickly identified and dealt with.”
13

**Provider directory**

Trial development of specialist directories for the VPS to access a broader view of potential service providers

**Due September 2017**

14

**Agile contract template**

Develop a standard cross-government contract for software development that enables a more iterative and flexible approach

**Due December 2017**

15

**Collaborative procurement**

Trial a collaborative procurement approach to procure a solution to a given challenge with the market

**Due December 2017**
4.6 Practising what we preach

We need to practise what we preach and ‘walk the talk’ with this strategy and its delivery.

To increase visibility and accountability, we will provide regular reports on how it’s all going: wins, work underway and lessons learnt (Action 16). We also want to connect with our colleagues in other jurisdictions dealing with the same challenges and opportunities (Action 17).

Finally, this strategy is itself a trial in making innovation more visible and supported across government. Just like all the other examples we’ve listed, we need to assess the strategy’s impact, and adapt as we go to make sure that it delivers on its promise (Action 18).
16

**Reporting progress**

Provide quarterly reports on progress against strategy, including what’s working, lessons learned and new initiatives across government

*Ongoing*

17

**Build inter-jurisdictional links**

Find new opportunities and build relationships across jurisdictions domestically and internationally

*Ongoing*

18

**Public Sector Innovation Strategy – next steps**

Review impact and learn from strategy implementation to drive the next iteration and continue to build visibility

*Due June 2018*
Get involved

We know that a strategy is only as good as the outcomes it delivers.

The actions we propose need your input and participation to make sure what develops is useful and sustained.

Please get in touch if you would like to tell us your story, sign up for VPS coffee dates or volunteer to trial any of the other initiatives.

Go to http://publicsectorinnovation.vic.gov.au to find out more.
The Public Sector Innovation Branch at the Department of Premier and Cabinet works to enable and accelerate innovation across the Victorian public sector.

We can help with:

- funding innovation under the Public Sector Innovation Fund
- providing expertise, such as from the Behavioural Insights Unit
- finding innovation training, events and networking opportunities (Victorian Public Sector Continuous Improvement and Innovation Network).

You can also contact us on psi@dpc.vic.gov.au