

Collaborative Governance for Innovation in Public Services



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As part of the EPSA 2023-24 knowledge dissemination, policy briefings have been drawn up, providing policy makers, innovators and public sector officials with accessible information about key topics relevant for public sector innovation, and hands-on recommendations for practical applications.

Briefing title

Collaborative Governance for Innovation in Public Services

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EXECUTIVE SUMMARY

In response to political reforms of the 1980s onwards – which aimed to unleash innovation through competition and market forces, public management theories, and by questioning this logic – there have been increasingly developed alternative approaches towards service delivery. These approaches have conceptualised and advocated various types of collaborative governance.

This policy briefing explores how transformative innovation of public services and public policies emerges from the intersection of ideas from scientific research, organisational learning, and collaboration between public, private, and third sector organisations and citizens, and other stakeholders.

Based on a collaborative governance typology, it elaborates how collaboration between these different types of organisations can lead to major innovations. Such innovations sustainably improve the quality of life of service users and other citizens, and improve efficiency at a time of financial pressures on the public sector. By drawing on selected examples of the European Public Sector Award (EPSA) 2023–24, it highlights the benefits of co-production between public service organisations and citizens.

To support effective collaboration between organisations, an enabling ecosystem is required at a range of levels, including policies and standards that support multistakeholder inclusion and cooperation. The key factors in such an enabling ecosystem include:

- an enabling policy environment, supportive of collaboration and not over-committed to competition between service providers;
- a partnership platform bringing different actors across sectors together that fosters systematically catalysing collaborative actions;
- selecting organisations that are fit for and committed to sharing and partnering;
- ensuring sufficient resources and capacities of public organisations to make collaboration effective;
- working with public stakeholders and individuals with partnership knowledge and skills;
- design of partnerships that are built to good practice standards and deliver outcomes with an impact on the quality of life of priority stakeholders;
- acknowledging and embracing the potential risks of collaboration, taking into account the political sensitivities and public scrutiny;
- providing arrangements for transparency and joint decision-making to render such risks more acceptable to service users and communities.

1. Introduction

For over a century, academics and politicians have been extolling the virtues of competition and self-interest in creating efficient markets. From the 1980s onwards, many governments have been attempting to gain these advantages by privatising or at least outsourcing public services in competitive procurement processes. However, within a couple of decades it became clear that market competition does not always stimulate innovation (Hartley, 2014). At this point, a different set of theories became powerful in public management – the theories around collaborative governance.

2. Understanding interoperability in the European public sector

This concept has been defined in a number of ways. It can be defined as a ‘governing arrangement where one or more public agencies directly engage non-state stakeholders in a collective decision-making process that is formal, consensus-oriented, and deliberative, and that aims to make or implement public policy or manage public program[me]s or assets’ (Ansell and Torfing, 2022: 4). Other definitions emphasise that collaborative governance is how an organisation works with its partners, stakeholders, and networks to influence the outcomes of public services and public policies (adapted from Loeffler, 2024: 196).

2.1. Key questions about collaborative governance

What is different about this concept?

The literature highlights that collaborative governance involves important roles for multiple stakeholders, which go beyond public sector organisations, and that policy outcomes cannot always be achieved by one public sector organisation but very often necessitate collaborative arrangements. In this respect, competition may have a role at certain times in procuring public services, but collaboration may be more suited to achieving many aspects of service effectiveness and efficiency (see Loeffler, 2024).

It needs to be emphasised, moreover, that in collaborative governance, values (e.g. accountability, transparency, honesty) are important in themselves (‘the ends do not justify the means’) and therefore collaborative governance is inherently political, requiring a functioning representative democracy but also stakeholder participation.

Why is collaborative governance needed?

There are a range of reasons why this can be a more productive way of organising society’s affairs than through organisations working in silos. It can be effective in dealing with ‘wicked’ problems by taking account of interdependency, and developing and implementing innovation. In the later section on benefits and pitfalls of collaborative governance, examples from the EPSA case studies of each of these benefits are given.

Why does collaboration work?

There is one fundamental mechanism which means collaboration is more productive than working alone – it increases synergy.

Synergy is defined as the positive non-linear effects of working together. This means that, when there is

collaboration, the stakeholders increase the outcomes they achieve without having to increase their inputs – in other words, ‘the whole is more than the sum of the parts’ (Bovaird, 2014).

There can be synergy between inputs (almost all production requires this), processes (e.g. ‘telling my story once only’), outputs (e.g. more community centres and a wider public transport network equates to less loneliness), or outcomes (better employability and better health can lead to higher income). Of course, the whole is sometimes LESS than the sum of the parts, especially if the parts work against each other, which is the opposite of collaboration!

2.2. Types of collaborative governance

Given the importance of multiple stakeholders, at least three different types of collaborative governance can be distinguished. Each type involves a different combination of stakeholders finding ways to collaborate effectively.

The first type of collaborative governance consists of collaboration with an organisation (often referred to as ‘joined-up government’). A second type is collaboration between public service organisations (generally referred to as ‘partnership working’ or ‘networking’). Third, collaboration can involve organisations working closely with their service users and/or with the communities in which these service users live (‘co-production’).

There is a clear timeline in how these different forms of collaboration have become seen as important. The emphasis on joined-up public policies and services has been a high priority in many governments since the 1980s. The interest in partnership working intensified across the world from the 1990s (Bovaird and Klijn, 2024). Co-production was first studied in the late 1970s and early 1980s by Ostrom and colleagues, but has only become a major theme since the early 2000s (Loeffler, 2024).

3. What are the main benefits and pitfalls of partnership working between public service organisations that achieve transformational innovation?

As regards the notion of ‘partnership’, it needs to be clarified what is to be understood under the term ‘partnership working’. The following definition of collaborative working can be used: ‘Collaborative working arrangements [are] based on a mutual commitment (over and above that implied in any contract) between organisations’ (adapted from Bovaird, 2004). It encompasses a wide range of interorganisational arrangements, such as public–public partnerships, e.g. between health and social care organisations, public–private partnerships (PPPs) and joint ventures, such as digital infrastructure projects), and public–third sector partnerships (such as anti-drug abuse projects). The benefits of such interorganisational partnerships are best derived from asking the question ‘Why do people like partnerships so much?’.

Reasons typically given include that they result in benefits such as a wider range of expertise, cheaper service delivery, economies of scale and scope, joined-up working (services/areas/organisations), more innovation, access to more funding, sharing risk, potential for cutting out ‘bureaucratic’ processes and, finally, killing off ‘sacred cows’ with which a stakeholder may be burdened with (Bovaird, 2004).

Of course, not every partnership delivers all these benefits – the range of potential benefits depends very

much on the context. When thinking about entering into a partnership, it is important to identify which of these benefits is being sought, so the design of the partnership can focus specifically on achieving these benefits. It is also important that the potential downsides of partnership working are identified and weighed up realistically. Again, these negative aspects of partnership working can be derived by asking a question: 'Why do people hate partnerships so much?'

Typical answers include results such as loss of control by politicians and/or commissioners, staff fear losing their jobs, less accountability, higher commissioning costs, and reduced competition, so granting 'monopoly power' (especially to profit-oriented partnerships), more complex decision-making, slower decision-making, and symbolic (not real) change (Bovaird, 2004).

Clearly, the pros and cons of partnership working need to be weighed up against each other. One particularly powerful way of doing this is to ask whether partnership working is likely to bring 'collaborative advantage', a concept developed by Chris Huxham (1993). It is a parallel concept to competitive advantage, except that it is about the potential for the partnership – that is ALL the members – being especially effective through being better at collaboration, rather than just one of its individual members being competitively better than the others. Huxham highlights that collaborative advantage will only occur when something unusually creative is produced that no organisation could have produced on its own. This creativity, achieved by an integrated process of collaboration between policymakers, business, and society, is why collaborative advantage has more potential to bring about transformation through innovation (Johnsen and Ennals, 2017).

While those promoting partnerships will often be advancing evidence of their potential advantages, it is important that the credibility of such claims is subject to careful scrutiny. Therefore, questions which always need to be asked include the following.

- Is there real commitment or just 'partnership claiming' to show willing and to qualify for funding from the commissioning organisations?
- Are these partnerships between equals, or just new clothes over old relationships?
- Will these partnerships make a real difference to service quality or costs?
- Are they just a ploy to disguise a lack of new resources?

In evaluating whether partnership working has been cost-effective there are a number of performance indicators which will typically be considered, such as:

- changes in the knowledge, attitudes and/or policies of partners;
- changes to the outputs of the partnership;
- user satisfaction of the services provided by the partnership;
- changes in outcomes – both in terms of improved quality of life of citizens and implementation of governance principles such as social inclusion.

Furthermore, efficiency improvements (changes in the unit costs of the activities undertaken by the partners) and changes in the social and environmental costs of the partnership need to be considered. Most importantly, there is a need to evaluate to what extent the capabilities of the partners are complementary to provide synergies. While there is often talk about 'shared objectives' or a 'shared vision', it is rarely the case that organisations have identical objectives. This would risk confining partnership visions to the lowest common denominator, whereas making use of the different purposes and strengths of each partner can trigger transformative innovation.

The level of improvements in these performance indicators will demonstrate whether the innovations which have been implemented during the partnership working have been transformative or not. To increase the

likelihood of transformative innovation, partnerships need to focus on finding ways of improving the outcomes which are most important to their service users (their ‘outward’ or ‘market’ orientation). Also, they need to find ways to make the most of each other’s resources, assets, technologies, and strengths (their ‘inward’ or ‘capability’ orientation), both of which contribute to giving them a distinctive comparative advantage. Of course, each innovation will have its own particular focus, so only some of these performance measures will be relevant. For example, the PPP innovating the plastic substitute Caleyda® focuses on a change in outcomes (reduction of environmental harm through plastic waste).¹ Looking inwards, it uses the technical knowledge of water boards in water treatment and the commercial knowledge of a private sector company to develop and scale an innovative product.

Box 1 EPSA Project: Public–Private Partnership Innovating the Plastic Substitute Caleyda®

This innovation project arose in response to the urgent need to find sustainable solutions to the growing environmental problems caused by plastic waste. In the Netherlands, Waterschap Brabantse Delta has been leading the development of a partnership including five water boards, the business company Paques Biomaterials, and the public sector energy and waste water agency Huisvuilcentrale (HVC).² The formation of the partnership was an innovation itself, as it had to overcome legal and financial obstacles.

However, this enabled the harnessing of synergies between the partner organisations to develop a substitute to plastic based on waste water, called Caleyda. The partnership is now focused on the construction and operation of the demonstration installation as a first step of scaling the innovation and developing a blueprint for other water boards. The team involved brings together expertise from different sectors and disciplines. Creativity is also promoted through the involvement of staff and senior leaders on platforms such as Winnovatie.³ The transformation of waste water into a natural raw material not only reduces environmental harm from micro-plastics, but also reduces dependence on oil as a fossil source of energy.

To support effective partnership-building between organisations, an enabling ecosystem is required at a range of levels, including policies and standards that support multistakeholder inclusion and collaboration, where relevant stakeholders have the necessary knowledge and skills for partnership creation, and where partnership platforms bring different actors together and catalyse new partnerships and actions across sectors. The key factors in such an enabling ecosystem include⁴:

- an enabling policy environment, supportive of collaboration and not over-committed to competition between service providers;

¹ For more information about the award-winning Caleyda project see the project entry in the EPSA Database:

<https://www.eipa.eu/epsa/pha2use-natural-plastic-substitute-caleyda/> (see also Box 1).

² The HVC group is a conglomeration of Dutch public energy and waste companies consisting of 52 municipalities and eight water boards; see <https://www.hvcgroep.nl/>.

³ The Winnovatie platform brings together the innovation community of the Dutch water boards and other organisation involved in water management; for the Caleyda project, see <https://winnovatie.nl/innovaties-openbaar/2257931.aspx>.

⁴ Adapted from UN DESA & TPI (2020), *The Partnership Enabling Ecosystem, The SD Partnership Guidebook* <https://www.un.org/development/desa/dpad/publication/un-des-a-policy-brief-103-transformational-partnerships-and-partnership-platforms/>

- working with organisations employing individuals with partnership knowledge and skills;
- selecting organisations that are fit for, and committed to, sharing and partnering;
- designing partnerships that are built to good practice standards and deliver outcomes with an impact on the quality of life of priority stakeholders;
- partnerships which feature platforms that systematically catalyse collaborative actions.

Empirically, the EPSA Award winners demonstrate the full range of potential benefits from interorganisational collaboration, including:

- **dealing with wicked problems**, which cannot be solved by one organisation alone (e.g. [Klagenfurt on the way to climate neutrality](#));
- **taking account of interdependency** – where the activities of one organisation have an effect (positive or negative) on another organisation (e.g. [developing a post-industrial eco-system in Baia Mare in Romania](#));
- **developing innovation** in organisations by encouraging them to learn from each other's ideas and activities (e.g. [collaboration ENFUSE between Dublin City Council, universities, and local business to strengthen innovation in SMEs](#));
- **implementing innovation** in the public domain, so that good ideas are scaled quickly and cheaply (e.g. [Irish parliamentary initiative OWL, working with networks of employment agencies to increase public service employment targets for people with disabilities to 6 per cent by 2024](#)).

4. What are the main benefits (and pitfalls) of collaboration between public service organisations and citizens to co-produce transformational innovation?

Turning now to collaboration between public service organisations (which might be in public, private, or third sector) and citizens, a clear understanding of collaboration between public service organisations is needed. In this briefing note, this type of collaboration is referred to as 'user and community co-production'. The following definition is used: 'User and community co-production is about public service organisations and citizens making better use of each other's assets, resources, and contributions to achieve better outcomes or improved efficiency' (Loeffler 2021: 27).

There are a number of distinctive principles of user and community co-production.

- Citizens and staff are active contributors bringing together their assets, skills, capabilities, and other resources.
- The relationships are based on collaborative working – the public service organisations are engaged in 'doing with', not 'doing to', the service users and communities with which they are engaged.
- The objective of co-production is to achieve outcomes that really matter to both citizens and public service organisations, not just to deliver public services.
- There is an important role for elected politicians as community enablers and guardians of public governance, so that the way in which service users and communities are involved in co-production is compatible with good governance principles.

This collaboration between a public service organisation with its service users and communities can occur at different stages of the service co-production cycle, leading to the involvement of both stakeholder groups in co-commissioning, co-design, co-delivery or co-assessment (see Figure 1).

Figure 1: The Governance International Co-production Star



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The critical question here is, how can the public sector move to a situation where service users and communities co-produce with public administrations? In Table 1, two major routes through which this can happen are illustrated.

Table 1: How can we move to co-production?

Who is involved?	Involvement of service users and communities		
Involvement of professionals	<i>Level of involvement</i>	<i>active</i>	<i>passive</i>
	<i>active</i>	Co-production	Traditional service provision
	<i>passive</i>	Self-help	Little service provision

Source: Adapted from Loeffler (2021: 51).

The conventional approach to promoting co-production is to ‘bring the service users into the service’. This essentially means ‘starting from where we are now’ from the perspective of public sector organisations – getting service users to join the existing organisational processes for planning, designing, delivering, and evaluating the service. This allows those organisations to co-produce with relatively little change to their policies and practices – but, of course, it is likely to mean significant efforts from the service users and their networks. Here, the pressure for transformative innovation is likely to be placed less on the organisations and more on those who need their services. An example is the [EPSA Award Winning Case Study from Longford County Council in Ireland](#), where school children were engaged in a ‘do your bit’ challenge in their local schools to create projects aligned with the UN’s Sustainable Development Goals. The local showcase not only celebrated student achievement but also highlighted their potential as future innovators in a rural area.

However, a very different approach is available – bringing the expertise of the service professionals into the lives – and self-help approaches – of the service users and their communities. This type of co-production is therefore much more ‘natural’ for the service users and their communities, but it may entail very substantial change to the policies and processes of the organisations concerned. Here, transformative innovation is likely to be required in public service organisations, whereas the initiative is tailored to fit as smoothly as possible into the everyday lives of the participating service users and communities. An example of an ‘outside-in’ pathway to co-production is highlighted in Box 2.

Box 2 EPSA Project: Supporting Pupils with Special Education Needs in Dublin⁵

This innovative initiative aimed at improving the quality of life of families and children who are impacted by intergenerational poverty, crime, addiction, and gangland violence in the North East Inner City (NEIC) in Dublin. This involved delivery of a tiered model of support in ten primary schools through an interdisciplinary team based on an inter-agency collaboration between the National Health Executive and the [National Educational Psychological Service](#). The model involved co-production with children, their families, and wider communities.

Between 2020 and 2023, 1600 children, their families, and their schools participated in targeted training, advice, prevention work, assessment, and therapeutic interventions. During the period, 195 consultations were held with key stakeholders (parents, school staff, other professionals), 1039 assessments were completed, and 2442 interventions were provided. Furthermore, 21 training sessions were delivered each year for parents and school staff across a range of topics, including trauma informed practice, communication skills, emotional regulation, and fine motor skills. This enabled the parents to provide more effective support to their children, and school staff became more skilled at addressing the special needs of the children. The intense collaboration with children and parents also drove the development of inclusive practices in schools and the promotion of well-being for all children, staff, and families.

There was early identification of positive impacts in school attendance and calmer classrooms. Teachers were more confident in their ability to support children with special needs, and parents and children became more resilient, so the funding of the NEIC MDT was mainstreamed through Health and Education government departments.

⁵ For more information about the project see the entry in the EPSA Database: <https://www.eipa.eu/epsa/north-east-inner-city-multi-disciplinary-team-neic-mdt-delivering-the-first-interagency-multi-disciplinary-team-mdt-in-10-inner-city-primary-schools-in-dublin/>

In Table 2, the benefits which may be experienced by the different stakeholders involved in user and community co-production are listed.

Table 2: Benefits to stakeholders from user and community co-production

Stakeholder	Benefits
Service users	<ul style="list-style-type: none"> improved outcomes and quality of life higher quality public services
Communities	<ul style="list-style-type: none"> increasing social capital higher quality public services
Front-line staff	<ul style="list-style-type: none"> more job satisfaction from working with empowered and more satisfied service users
Public managers	<ul style="list-style-type: none"> mobilising new resources and expertise for innovation reducing demand for public services
Politicians	<ul style="list-style-type: none"> strategy to cope with reduced budgets building trust with communities improving social inclusion

Source: Adapted from Loeffler (2024: 307).

To support effective collaboration with citizens, the Co-production Star model of Governance International suggests a five-stage transformation process (see Figure 1) of mapping opportunities, focusing on priorities, recruiting the right people, marketing the behaviour change, and growing cost-effective initiatives.

Of course, co-production relies on the willing contributions of citizens, individually and in groups, and on public services having the time and staff to interact with citizen co-producers. This means that there are some potential limitations intrinsic to co-production. It must be recognised that not everyone WANTS to co-produce, and not everyone CAN co-produce – what is needed, therefore, is a variety of service models. The key point is that up until recently, co-production has not been given appropriate weight as one of these alternative models.

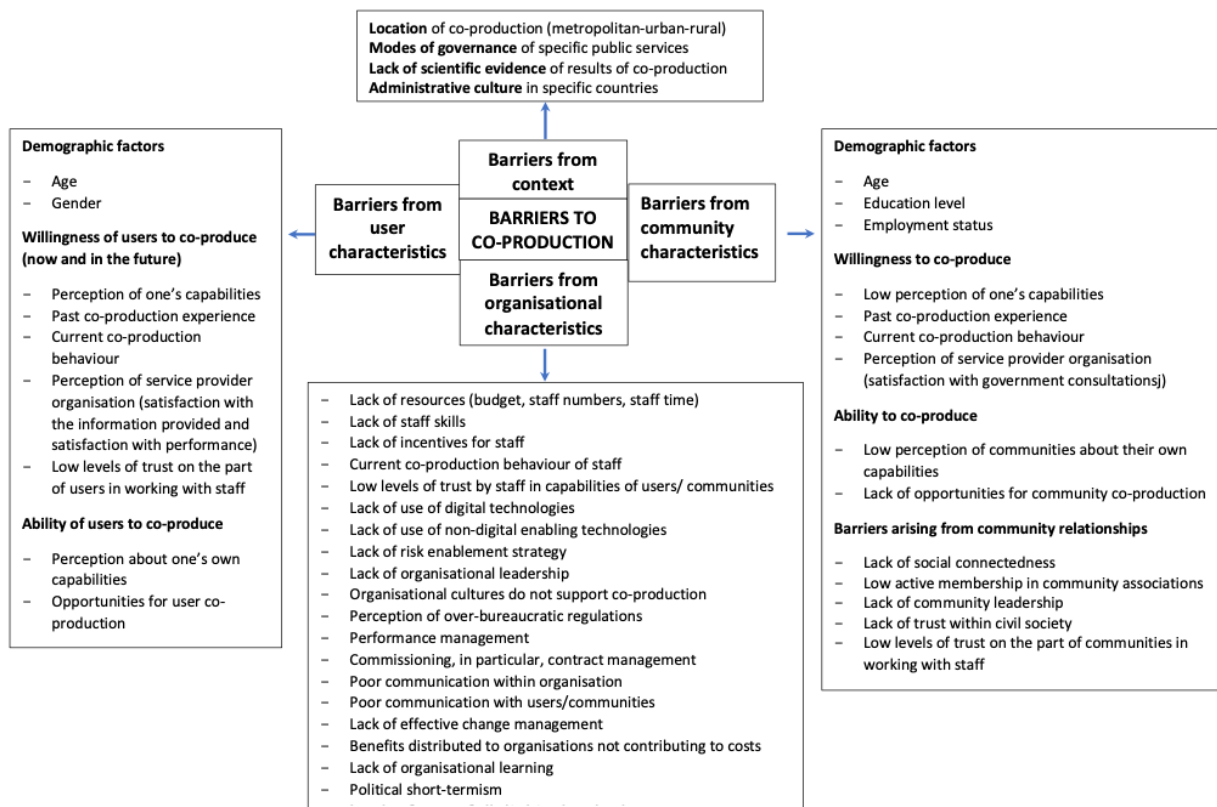
It is also essential to realise that co-production is generally not ‘free’ – it requires resources and investment on the side of public service organisations for its full potential to be realised. Moreover, it is likely to require some considerable inputs from service users and their community members (although, when done well it may relieve them of time-wasting bureaucratic procedures).

Finally, co-production may be seen as risky by public service managers and their political masters, since it opens up decisions on WHAT public services should be produced and HOW they should be produced, according to the thoughts and experiences of ‘non-experts’. That is, non-expert in terms of their educational and professional qualifications, although these people may be seen as ‘experts by experience’.

However, the importance of these limitations must be kept in proportion – the alternative models (traditional expert-determined production and citizen self-help approaches) also suffer from serious limitations.

Clearly, there are many barriers to user and community co-production. In Figure 2, these barriers are listed under four different headings – barriers from the context of the public service or intervention; barriers from demographic factors relating to the citizens who are asked to co-produce; barriers from the characteristics of those communities which are asked to participate in co-production; and barriers from the characteristics of those public service organisations which are involved in co-production.

Figure 2. Barriers to co-production



Source: Adapted from Loeffler (2021: 251).

5. Conclusions

This briefing note demonstrates how transformative innovation in the public sector to solve social and economic problems can be achieved through partnership working between public service organisations or through collaboration between these organisations with service users and their communities. In both cases, such collaboration can lead to major innovations which can sustainably improve the quality of life of service users and other citizens, and may also reduce the costs of public services.

To make the most of these opportunities, public service organisations need to formulate collaborative strategies, together with their key stakeholders including their partners, service users, and communities.

Potentially, transformative innovations can be risky and therefore may appear unattractive to public service organisations, which need to be very sensitive to public opinion and therefore reluctant to choose innovative solutions to the challenges they face. However, it will often be the case that current approaches are clearly unsatisfactory, and innovation is necessary. The risks involved and the level of resources required are more likely to be acceptable when they are decided upon jointly as a set of collaborative activities – in partnership with relevant organisations – and through co-production with their service users and communities.

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