



Government
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THE
INN·VATION
HUB



ANNUAL REPORT

CENTRAL INNOVATION HUB

2016–2017

Canada 

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INTRODUCTION

THE HUB'S SECOND ANNUAL REPORT FOCUSES ON CREATING PUBLIC VALUE AND IMPACT

PROMOTING INNOVATION AND EXPERIMENTATION

There is a recognized need for the government to innovate, experiment and find new and better ways to address persistent problems that traditional approaches have failed to solve.

The Government of Canada is committed to innovating in program and policy design to deliver better outcomes for Canadians. This includes a commitment to employ rigorous experimental approaches to test and scale-up programs that work.

The second annual report of the Privy Council Office's (PCO) Innovation Hub ("the Hub") focuses on how it advances this agenda through its work to improve program results, support broader systems change, and proactively engage with stakeholders and other governments. The report highlights:

- A series of case studies designed to improve outcomes in a range of public policy areas
- The Hub's lessons learned from the past year
- A discussion on its objectives for 2017–2018

“**Innovation** means applying new *insights, resources or approaches* that can be demonstrated to **improve outcomes for the public** compared to the conventional ways of doing things.”

WHAT WE'RE TALKING ABOUT WHEN WE TALK ABOUT INNOVATION

Too often innovation is understood to simply mean doing something new, interesting, or novel. Used in this way, the term can lose its meaning.

The Hub takes a specific view of what innovation is to guide its work. In our context, innovation means applying new insights, resources, technologies, or approaches that can be demonstrated to improve outcomes for the public compared to conventional ways of doing things. Demonstrating the effectiveness of an innovation requires, where possible, using rigorous evaluation and structured experimental methods to generate evidence of impact.

In the coming year, the Hub will be working with government departments along with external partners to promote a shared view and approach on public sector innovation and experimentation.

EVOLVING THE HUB'S APPROACH AND GOVERNANCE

The Hub was originally established in 2015 to help transform the way in which the Federal Public Service does its business by exploring how new policy and program tools can help address complex public policy challenges. The Hub is committed to adapting and evolving its role to meet current demands. Over the last year the Hub moved under the Results and Delivery Secretariat within PCO to better align its work on outcomes. The Hub also broadened its mandate to:

- Co-designing and implementing solutions with departments, stakeholders, and others levels of government in high priority areas;
- Partnering with departments to measure results from program experimentation using rigorous and outcomes-based evaluation methods; and
- Documenting what works in public sector innovation to support learning and scaling up programs with proven impact.

— Lessons learned —

It's not about the space

This year the Hub moved from its original location to more traditional offices within PCO. We learned that while functional collaboration and workspace is important, the most critical element to pursuing innovation in government is getting the right team of people in place in an environment that promotes productivity as well as creativity.

It's all about outcomes

Initially the Hub was set up to promote the use of "innovation tools" in government. Through our work, we were always committed to measuring and achieving impact to improve results for the public. However, it became clear that we need to place a more explicit emphasis on implementing solutions with partners rather than promoting tools for their own sake.

SYSTEMS CHANGE TO ENABLE INNOVATION AND EXPERIMENTATION

In addition to improving results at a program level, the Hub is advancing changes to government systems to support the widespread adoption of innovative and experimental approaches.

1 IMPACT CANADA FUND

The Hub will be spearheading the development and implementation of the Impact Canada Fund, announced in Budget 2017 with partner departments. The Fund will be designed to accelerate efforts toward solving some of Canada's biggest public policy challenges while helping the Government test and scale the best ideas to deliver real impact and better outcomes for Canadians. It will focus its initial efforts in finding solutions in two initial program streams:

- Clean Technology with Natural Resources Canada, supported by \$75 million over two years; and
- Smart Cities with Infrastructure Canada, supported by \$300 million over 11 years.

The Hub commits to providing further details on the Impact Canada Fund as it is being developed and report out on its impact in future years.

2 EXPERIMENTATION

The Hub worked with Treasury Board Secretariat (TBS) to provide direction and assistance to departments to support the effective implementation of the government's commitment to allocate a fixed percentage of program budgets to pursuing experimental approaches. To support the implementation of this commitment over the longer term, the Hub worked with TBS to establish an Assistant Deputy Ministers' Committee on Experimentation which had its inaugural meeting on March 24, 2017.

3 DEPUTY MINISTERS' COMMITTEE ON POLICY INNOVATION

The Hub manages the secretariat function for the Deputy Ministers' Committee on Policy Innovation (DMCPI). DMCPI examines trends and technologies with the potential to strengthen or transform policy development and delivery, and tests and assesses innovative approaches that will enhance policy outcomes. In addition, the Hub periodically presents its expert views to DMPCPI on matters ranging from innovative finance, design, experimentation as well as seeks feedback on key proposals such as precursor proposals to the Impact Canada Fund.

4 INNOVATIVE FINANCE

The Hub conducted a systematic review of the government's grants and contributions (Gs & Cs) mechanisms. It provided recommendations to DMPCPI and TBS to enable new authorities and enhance capabilities to pursue outcomes-based financing (e.g. prizes, challenges, and other pay-for-results instruments). Following a process led by TBS, government departments now have increased flexibility to implement these tools.

PARTNERING ACROSS THE FEDERAL GOVERNMENT ON INNOVATIVE PROJECTS

In its project work, the Hub uses a unique method that combines behavioural science and design expertise to identify, test, and implement insights and innovations that can improve people's lives. The Hub manages about a dozen projects at any given time. Below are some highlights from 2016–2017.

CASE STUDY I

INCREASING RESPONSE RATES TO A MANDATORY SURVEY

The Challenge

Statistics Canada (StatsCan) is looking for alternative approaches to encourage more people to fill out surveys to address the steady decline in response rates observed in recent years. StatsCan and the Hub decided to focus initial efforts on the Farm Financial Survey which provides critical information on the effects of agriculture programs and policies on farms across Canada.

The Innovation

Using behavioural insights principles, we worked with the Behavioral Economics in Action Research Centre (BEAR) at the University of Toronto to co-design a new *touch-point* – a reminder letter to encourage those that had not yet filled out the survey to do so. Two versions of the reminder letter were tested against a control group – with the most successful letter seeing an almost 7% improvement on average across Canada compared to not providing a letter at all. The effects of the intervention were even higher in certain regions like Alberta, where performance was over 15% better compared to the control group.

The Impact

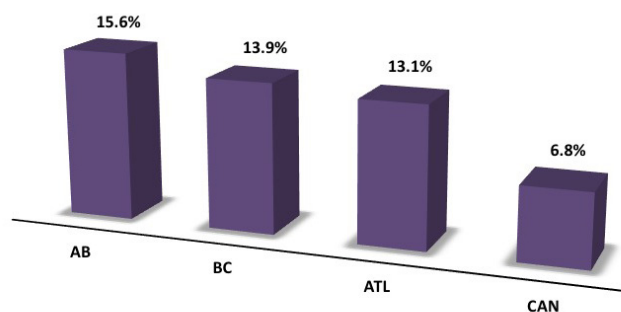
The trial produced a series of findings that can have lasting impact. For example, StatsCan has mainstreamed this innovative approach into this survey. There is also the potential to scale these results in applying lessons to other surveys. The main impact is in helping improve the evidence base to inform the development of programs and policies to support farmers.

— Lessons learned —

It's all about the data

This successful partnership with StatsCan reinforced the Hub's view that good data and data analysis capabilities are critical factors in testing and understanding the impact of innovations. Publishing the results of our projects also helps promote the transfer of knowledge about "what works". We therefore now make it clear to our potential partners at the outset of our projects that data and transparency are critical to achieving success.

Boosting Response Rates: Percentage Change in Response Rates for Most Effective Intervention versus Control Groups (% Change)





CASE STUDY II

DIVERSIFYING RECRUITMENT: INCREASING RECRUITMENT OF WOMEN INTO THE CANADIAN ARMED FORCES

The Hub has provided advice to the Canadian Armed Forces (CAF) to test new approaches to increase the number of women recruited into the military. Building on the success of a major design and behavioural research project, new trials are being launched, with results expected in late 2017.

The Challenge

The CAF has put in place an ambitious goal to significantly increase the number of women recruited into the military from the current 15% to at least 25% by 2020. Meeting this objective requires the CAF to pursue new and innovative approaches in addition to its ongoing efforts.

The Innovation

The Hub undertook a major research and design project with the CAF to gain an in-depth view on how using behavioural insights principles could improve recruitment results. This included providing a comprehensive set of recommendations to help address various potential issues in areas such as the recruitment process itself, marketing and communications efforts, and general CAF policies and guidelines.

The Impact

The Hub provided twenty recommendations to the CAF, many of which are being implemented. For example, creating gender neutral job titles and developing new recruitment support

and mentorship programs. In addition, the Hub will be launching two trials with the CAF to test more effective communications approaches, with results expected in late 2017.

— Lessons learned —

**We will stick with
our partners
until the end**

Brainstorming is easy, but addressing complex policy challenges requires more than new ideas. We need to develop strong partnerships and delivery chains to test and implement innovations that can truly have an impact.

CASE STUDY III

FAMILY CLASS DESIGN CHALLENGE: IMPROVING THE EXPERIENCE OF FAMILY CLASS CLIENT APPLICANTS

Immigration, Refugees and Citizenship Canada (IRCC), in collaboration with the Hub, looked to gain insights on ways to improve the spousal sponsorship process, without adding significant new costs for the users or the government. This effort responded to a key priority for the Minister of IRCC to improve client service for Canadians looking to sponsor their spouse to come to Canada.

The Challenge

IRCC sought to better understand its clients' needs and how it could improve its service offerings. In particular, the department sought to gain in-depth knowledge of experiences related to the family sponsorship process – with a focus on spousal sponsorships – in part to respond to indications that the application process was causing significant levels of frustration for applicants.

The Innovation

The Hub worked with its partners to put in place a “user-centred” design challenge to improve the application process by taking into account the views, needs, experiences of users. This process generated a series of concepts for IRCC to test to make the process more predictable, friendly, transparent and responsive.

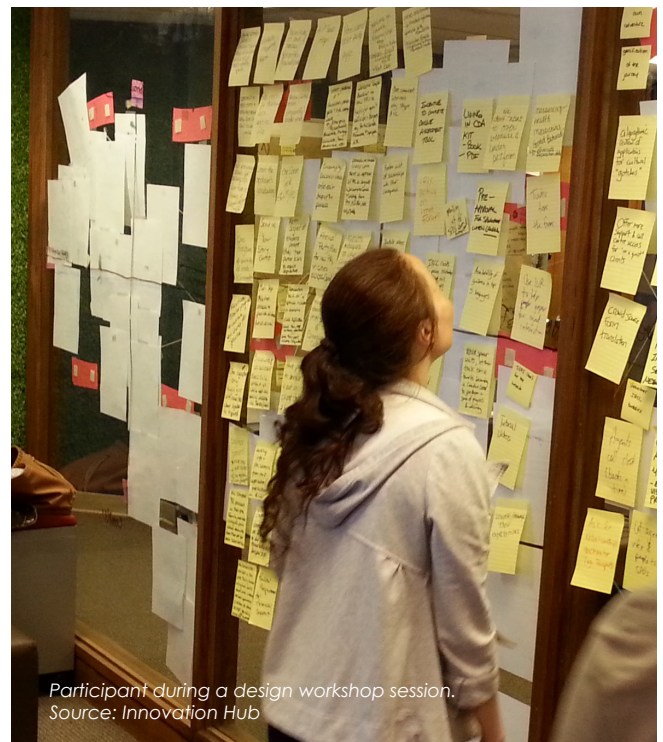
The Impact

The design challenge generated new evidence and insights about user experiences that has informed a number of service design improvements. For example, information guides and forms were simplified to make them easier to understand submission processes were streamlined and a change in the communications approach at call centres has generated positive feedback from clients and has been mainstreamed. In addition, a case study was developed that was presented at various Government of Canada management tables to exemplify how a user-centered design approach could be implemented in a public sector context.

— Lessons learned —

Co-design is essential

Working as a team with partner department creates the greatest chance for lasting culture change. As a result of this collaboration, IRCC created ‘change leaders’ who returned to their units and shared their new knowledge about what clients really care about across the organization, from frontline staff to policy makers and communications.



Participant during a design workshop session.
Source: Innovation Hub

COLLABORATING WITH STAKEHOLDERS AND OTHER GOVERNMENTS TO SUPPORT INNOVATION

The Hub has established deep and broad networks to advance the public sector innovation agenda:

- Collaborating with Bloomberg Philanthropies and Nesta on innovative finance and challenges/prizes.
- Partnering with the Organization for Economic Co-Operation and Development's (OECD) Observatory of Public Sector Innovation to undertake a cross-government innovation review.
- Coordinating federal-provincial-territorial (F-P-T) public service efforts through an annual F-P-T Clerks and Cabinet Secretaries Conference on Policy Innovation.
- Working with the MaRS Solutions Labs to better understand the role of design in public policy and to assess the impact of federal innovation hubs and labs.
- Establishing BIN—the Behavioural Insights Network—which brings together federal, provincial, territorial and municipal governments working in the field by providing a forum to share experience and make linkages and create project partnerships.

MOVING FORWARD

After its launch in February 2015, the Hub gradually deepened and broadened its activities to promote innovative tools and approaches in government by pursuing a range of trial projects. 2016-2017 saw the impact and scope of the Hub's work expand. In the past year, the Hub pursued systems changes to enable greater innovation and experimentation across the federal government and began to see tangible and positive results emerge from its project work in improving outcomes for the public.

The start of 2017-2018 marks an important year for the Hub that will see a number of changes take place. New opportunities will emerge as the Hub spearheads the development and implementation of the Impact Canada Fund announced in Budget 2017. As a result, the Hub will expand its work significantly in areas related to innovative financing and experimental programming. In addition, further results from project trials already in the field are expected this year, which will help reinforce the value of applying behavioural insights and design innovations, backed by rigorous evidence of effectiveness, to help solve complex policy challenges.