

# Middlesex University Research Repository

An open access repository of

Middlesex University research

<http://eprints.mdx.ac.uk>

Lyon, Fergus ORCID logo ORCID: <https://orcid.org/0000-0002-6275-4102> (2010) External evaluation of Innovation Exchange. Working Paper. Middlesex University, London. .  
[Monograph]

This version is available at: <https://eprints.mdx.ac.uk/7102/>

## Copyright:

Middlesex University Research Repository makes the University's research available electronically.

Copyright and moral rights to this work are retained by the author and/or other copyright owners unless otherwise stated. The work is supplied on the understanding that any use for commercial gain is strictly forbidden. A copy may be downloaded for personal, non-commercial, research or study without prior permission and without charge.

Works, including theses and research projects, may not be reproduced in any format or medium, or extensive quotations taken from them, or their content changed in any way, without first obtaining permission in writing from the copyright holder(s). They may not be sold or exploited commercially in any format or medium without the prior written permission of the copyright holder(s).

Full bibliographic details must be given when referring to, or quoting from full items including the author's name, the title of the work, publication details where relevant (place, publisher, date), pagination, and for theses or dissertations the awarding institution, the degree type awarded, and the date of the award.

If you believe that any material held in the repository infringes copyright law, please contact the Repository Team at Middlesex University via the following email address:

[eprints@mdx.ac.uk](mailto:eprints@mdx.ac.uk)

The item will be removed from the repository while any claim is being investigated.

See also repository copyright: re-use policy: <http://eprints.mdx.ac.uk/policies.html#copy>



**Middlesex  
University**

## **External Evaluation of Innovation Exchange**

---

### **Centre for Enterprise and Economic Development Research**

Middlesex University Business School  
The Burroughs  
London NW4 4BT

# Contents

<b>EXECUTIVE SUMMARY .....</b>	<b>4</b>
<b>1. INTRODUCTION .....</b>	<b>8</b>
<b>2. CONTEXT OF BROKERAGE AND THE THIRD SECTOR.....</b>	<b>11</b>
<b>3. THEORIES OF CHANGE OF INNOVATION EXCHANGE PILOT PROJECT .....</b>	<b>14</b>
<b>4. INNOVATION EXCHANGE BROKERAGE MODEL .....</b>	<b>16</b>
<b>5. EMERGING IMPACTS .....</b>	<b>22</b>
<b>5.1 Impact on Innovators.....</b>	<b>22</b>
5.1.1 Developing better services, building skills and innovating .....	25
5.1.2 Developing contract opportunities and winning contracts.....	31
5.1.3 Obtaining finance.....	34
<b>5.2 Impact on commissioning .....</b>	<b>35</b>
<b>5.3 Impact on investors .....</b>	<b>40</b>
<b>5.4 Impact on Third Sector support infrastructure and policy .....</b>	<b>41</b>
<b>6. CONCLUSIONS AND IMPLICATIONS FOR THIRD SECTOR INNOVATION BROKERAGE .....</b>	<b>43</b>
<b>6.1 Summary of key lessons - good practice of brokerage methods .....</b>	<b>44</b>
<b>6.2 Potential and challenges to scaling up elements of the Innovation Exchange brokerage model.....</b>	<b>46</b>
<b>APPENDIX I: METHODOLOGY .....</b>	<b>49</b>

## **Acronyms used**

ACEVO	Association of Chief Executives of Voluntary Organisations
DoH	Department of Health
LA	Local Authority
NESTA	National Endowment for Science, Technology and the Arts
NHS	National Health Service
NPP	Next Practice Programme
OTS	Office of the Third Sector

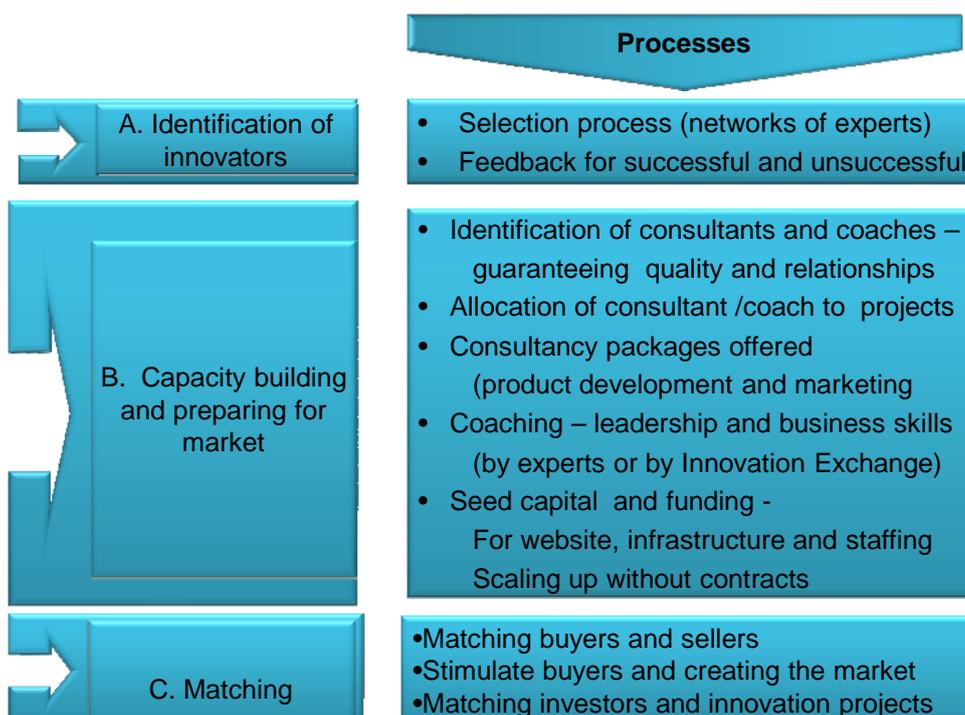
## EXECUTIVE SUMMARY

This report presents the results of the external evaluation carried out by Middlesex University of the Innovation Exchange brokerage programme. Three key questions will be addressed:

- Firstly, to what extent has Innovation Exchange succeeded in engaging and linking third sector innovators, commissioners and social investors?
- Secondly, to what extent have third sector organisations built their capacity and extended their services on account of the programme?
- Thirdly, to what extent have commissioners and social investors increased their understanding of and involvement with the third sector and social innovation?

The Innovation Exchange programme aimed to link providers from the third sector with commissioners and investors through a range of networking activities and capacity building interventions targeted at selected third sector innovators. In particular, the Next Practice Programme delivered intensive support to 15 organisations or what Innovation Exchange refers to as innovation projects; there have been eight Festival of Ideas events (seven of which were included in the evaluation), a website and also ongoing support and encouragement provided by the Innovation Exchange team themselves. Also important has been the learning processes (of which this report is one part) that has allowed this pilot programme to evolve and innovate itself over the two years of its duration to date.

The Innovation Exchange brokerage model is shown in the figure below



The brokerage model championed by Innovation Exchange comprises three key elements: identification of innovators, capacity building and matching. Matching defines the uniqueness and core competence of the Innovation Exchange brokerage model but cannot operate without the tailored approaches to identification of innovators and building their capacity. Innovators, commissioners and investors were largely unaware of similar opportunities for matching and creating bridges between different stakeholders.

### ***Emerging impact***

Although the Innovation Exchange programme has only operated over a short period and is still underway, some initial impacts are apparent. The programme has engaged with a large group of organisations and individuals through Innovation Exchange events, ad hoc brokerage and other related activities. The Festival of Ideas programme has engaged with at least 190 innovation projects, 144 commissioners and 65 people related to funding bodies and investors.

Innovation projects have gained in confidence and experience of working with commissioners, enabling them to develop their innovative products in ways that maximise their attractiveness to the potential markets. Hence it could be argued that Innovation Exchange has made a contribution to consolidating the markets for third sector innovation where these already existed and contributed to creating markets there where they are nascent and in need of developing (e.g. as in the case of the personalisation agenda in health/social service provision).

In particular, interviewees commented on the feedback from the selection day, which was considered useful by both successful and all (bar one) unsuccessful applicants. Similarly, interviewees have been positive about their experience of presenting at the Festival of Ideas. Those receiving the intensive coaching support considered this to be useful in terms of helping them to improve their business models, reorganise and facilitate learning within their organisations.

Five of the 25 interviewed innovation projects reported winning contracts because of the direct brokerage support received from Innovation Exchange and others were confident that the programme had helped them initiate a process that they anticipate will lead to new contracts and funding.

Building links with social investors has been more difficult, with only three (Next Practice programme) innovation projects having received any such investment as a result of the programme.

Commissioners expressed great interest in the Festival of Ideas concept, with a majority interviewed finding the experience 'very useful.' Their attendance at Festival of Ideas events was more for gaining knowledge than identifying specific providers.

Investors were most interested in attending events in order to meet commissioners and develop their knowledge of the new emerging opportunities for their existing customers and applicants. In two cases investors made some initial connections at Festival of Ideas events.

Finally, there is some evidence of Innovation Exchange having a wider impact on existing third sector support infrastructure. Many of those attending events were themselves providers of support and brokerage and included consultants and staff from support agencies, third sector networks and large charities. This group expressed interest in the Innovation Exchange approach, with some stating that they were considering adopting elements of the approach within their own work.

### ***Implications and recommendations***

For both Festival of Ideas and Next Practice programme there is a need to segment the types of innovation projects depending on their experience of running a business organisation and dealing with commissioners, with brokerage packages offered that are suitable for different levels of experience. Next Practice programme in particular should assess innovators' skills and experience in order to design appropriate and differentiated support strategies. Support should also distinguish between those that have well developed 'near to market' innovations and those that need help in refining and developing what may be a more basic idea before it can be formulated as a workable service targeted at a particular market.

Provision of a wider range of less intensive coaching for those pitching ideas for the first time, especially at Festival of Ideas, was considered to be of particular importance by both commissioners and social investors.

Innovation projects – especially the most established ones – would welcome a greater role in the selection of consultants, mentors and coaches; although they also recognise that involvement in a brokerage process will involve delivery of some types of support and advice that they might not have prioritised themselves.

The events, notably the Festivals of Ideas, were popular with most attendees although many, particularly the potential buyers of third sector innovation, were interested in developing knowledge and ideas, rather than seeking sellers or providers of specific services. While there is an element of 'open space' in the afternoons of each Festival of Ideas, attendees felt that more time was needed for them to listen to pitches and enter dialogues around how to develop new markets.

There is a need to refine the existing work with commissioners to find more intelligent and bespoke ways of engaging with the third sector that remove the fear of conflict of interest and encourages new markets. This recommendation, however, needs to be considered in the light of the restrictions that commissioners experience in relation to the risks associated with innovative projects. Risk-averse behaviour on the part of commissioners is considered to be one of the main barriers to third sector innovation, particularly where politically sensitive front-line public services are involved.

In order to replicate the Innovation Exchange brokerage model, the programme should share their good practice with other organisations that already play brokerage roles, such as public and semi public bodies, umbrella Third Sector organisations and consultants. There may be opportunities for social franchises, kite-marks and other ways of ensuring maximum sharing with high quality assured by Innovation Exchange. Online services can play a supportive role to the personalised brokering services, but are unlikely to have a wider impact.

Brokerage is about personalised relationships which need to be resourced using high quality individuals who are able and willing to span boundaries, identify opportunities and weave networks. Innovation Exchange staff actively created new networks throughout the programme around particular policy themes and geographic areas. Many of the interviewees valued the personal links and high quality responsive relationships with the Innovation Exchange staff. This may be difficult to replicate, however, given the difficulty of recruiting and retaining people with the requisite skills and experience, although lessons can be learnt from Innovation Exchange's processes of developing networks.

There is a need to identify the types of stakeholders who will fund Festival of Ideas events in the future, once the pilot programme funding has dried up. Innovation Exchange has already succeeded in doing so via a cost sharing model (with regional partners and the Department of Health) which has been piloted at the Festival of Ideas held in Manchester and at subsequent events. Funders should be given the option of a range of models of differing degrees of resource intensity.

The views of final users should be incorporated wherever possible. Some organisations felt that their presentations at Festivals of Ideas could be made more potent by incorporating the perspectives of users. Good practice case studies, including social impacts of innovations, would add considerably to the value of Learning Papers. Next Practice projects could be encouraged to think of social impact from the early development stages although resources are required to cover the costs of these activities.

## 1. INTRODUCTION

Innovation Exchange is a £1 million pilot project primarily funded by the Office of the Third Sector in the Cabinet Office which aims to demonstrate the effectiveness of brokerage in supporting innovation in the third sector, particularly in the context of public services delivery. The pilot project, which was launched in October 2007 and comes to an end in March 2010, is run by a consortium led by The Innovation Unit (an independent innovation consultancy), in partnership with the Association of Chief Executives of Voluntary Organisations (ACEVO) and Headshift (a website company). The Innovation Exchange programme reflects a growing government effort to increase the capacity of the third sector and social enterprises to play a greater role in public service design and delivery.

Two key central ideas underpin the rationale of the Innovation Exchange programme for supporting third sector innovation. The first is that there is a growing consensus that third sector organizations can be an important source of innovative ideas for addressing social problems. The second is that there appears to be a mismatch between this potential supply of creative ideas and the demand from public sector commissioners, or the capacity for scaling up third sector innovation activity. Innovation intermediaries or brokers such as Innovation Exchange seek to overcome such barriers by brokering relationships between innovators and innovation seekers, between innovators and potential investors, among networks of innovators and between practitioner innovators and policy makers. Innovation Exchange is a pilot project that aims to influence local, regional and national government, as well as national innovation agencies, foundations and third sector organisations.

As the programme claims, since its creation Innovation Exchange *'has been exploring the way an 'honest broker' might best work to bring people together around compelling challenges and support the development of innovative work from the third sector'*.

As an ambitious pilot programme, Innovation Exchange is also committed to creating a legacy from its learning about effective innovation brokerage practice. By testing and refining its three intervention strategies or core products - the Festival of Ideas, Next Practice programme and the Innovation Exchange website (see Box 1) - the programme aims to develop tools, models and methods for brokerage that can be more widely adopted to support third sector innovation beyond the conclusion of the pilot programme in March 2010.

These principles and objectives constitute the focus of the current evaluation, which complements the existing learning papers prepared by Innovation Exchange themselves. This report defines the exact nature of the model of brokerage being used and evaluates the effectiveness of the work to date.

**Table 1: Innovation exchange core brokerage activities**

<b>Festival of Ideas</b>		
Festival of Ideas are events where third sector organisations, commissioners of public services and social investors come together to focus on finding solutions to pressing social problems. Festivals have been attended by more than 400 people.		
Innovation area	Location	Date
<i>'Independent living'</i>	London	April 2008
<i>'Excluded young people'</i>	London	May 2008
<i>'Challenging behaviour'</i>	Leeds	Mar 2008
<i>'Better mental health'</i>	Manchester	Sep 2009
<i>'Innovation for personalisation'</i>	Birmingham	Nov 2009
<i>'Personalisation and providers'</i>	Sunderland	Nov 2009
<i>'Beyond worklessness'</i>	Cambridge	Jan 2010
<i>'Innovation for personalisation'</i>	Derby	Mar 2010
<b>Next Practice programme</b>		
Next Practice programme intensively brokers support for innovative third sector projects to help them to work. 15 projects were supported between 2008 and 2010. Next Practice programme comprised several related events including two 'Discussion Days' (as a part of the selection process of Next Practice programme projects) and the 'One Year On' event.		
<b>BeatBullying</b>	- Tackling bullying in schools by training young people to work as online peer mentors	
<b>Brandon Trust</b>	- Using assistive technology to enable parents with learning difficulties to live safely with their kids	
<b>Clean Slate Training &amp; Employment Ltd</b>	- Creating work opportunities for people often excluded from the labour market	
<b>Creative North</b>	- Developing mobile phone games to engage young people and help them to learn life skills	
<b>Dance United</b>	- Using dance-based alternative education to build the self-confidence and self-discipline of young offenders	
<b>East London Food Access</b>	- Supporting community health and well-being through the local provision of fresh fruit and vegetables	
<b>Enabled by Design</b>	- Building an online community to crowd-source the development of functional and attractive assistive technology	
<b>ESSA/Phoenix Education Trust</b>	- Working with NEET & SEN young people to support peer leadership and build self-confidence	
<b>Prince's Trust</b>	- Making mentoring for young offenders a universal service across the country	
<b>Riverside Credit Union</b>	- Providing community-led financial services to people unable to access basic commercial banking facilities	
<b>Slivers-of-Time</b>	- Using the web to enable individuals to contract directly with one another to provide social care services	
<b>Speaking Up</b>	- Harnessing the power of co-production and peer-support to provide a sustainable brokerage service to personal budgets holders	
<b>Timebank</b>	- Providing mentoring to young men recovering from mental illness	
<b>Horsemouth</b>	- An online mentoring network for life, work and learning which connects people seeking support and guidance with others willing to provide it freely	
<b>58:12 Prop - Aquila Way</b>	- Bringing together landlords and trained volunteers to help vulnerable people to access and retain homes	

Three key questions will be addressed in this report:

- Firstly, to what extent has Innovation Exchange succeeded in engaging third sector organisations, commissioners and social investors?
- Secondly, how effective has the programme been in building the capacity and extending the services of third sector organisations?
- Thirdly, to what extent has the understanding and involvement of public service commissioners and social investors around third sector organisations and social innovation increased as a result of the programme?

The evaluation drew on a range of data sources. In the initial phase, interviews were conducted with key stakeholders in order to assess the theory of change that underpins the programme and the extent to which there may be different understandings and interpretations of this. This multi stakeholder analysis involved the following subgroups: internal stakeholders (Innovation Exchange staff); partnership stakeholders (members of the Consortium); advisory group; policy makers and politicians; regional partners in Festival of Ideas; and independent consultants. This was complemented by the existing programme data generated by the Innovation Exchange team as well as other secondary sources, including official documents and unpublished material on innovation brokerage.

In the second phase, the main beneficiaries of the programme were consulted. These primarily included third sector organisations or '*innovation projects*' – as Innovation Exchange refers to the third sector organisations participating in the programme. Also participating in the various aspects of the programme were public service commissioners, social investors and other funders. Phase II included interviews with fifteen organisations supported by the Next Practice programme (four conducted face-to-face); a sample of unsuccessful applicants to the Next Practice programme; and a sample of innovation projects, commissioners and social investors who attended at least one of the seven Festival of Ideas run by Innovation Exchange.

## 2. CONTEXT OF BROKERAGE AND THE THIRD SECTOR

The Innovation Exchange model is underpinned by the belief that the third sector has many ideas which are rarely developed and applied in practice due to the lack of connection with the bodies that could commission and fund innovation. Although some innovative third sector projects may get a start, the majority of them struggle to make links with the people and resources required to develop, grow and scale up and thus to achieve their full potential.

The interview evidence supports the contention that there is a need for brokerage, particularly between providers and commissioners, although the approach to brokering and type of broker required is dependent on a number of factors including the type of service offered, the policy agenda in question (e.g. personalisation or worklessness) and the geographic scope. For example, organisations with national programmes were in need of brokerage that would link them to national funders rather than commissioners from local authorities.

Demand for brokerage was also found to vary according to the type of social innovation or innovator. Innovations can be divided between those that involve radically new ways of doing things and the more incremental innovations that bring together existing services in novel ways and combinations, or providing existing services in more effective ways. Innovations can also be seen as ranging from those that involve 'bottom-up' developments and ideas (i.e. in most cases related to start-up third sector innovators) to more 'opportunity-driven innovations (i.e. commonly originating from more established third sector organisations which have already tested similar products in a small market place or with a group of users).

A particular challenge for innovation brokerage is how to replicate and scale-up innovations in order to realise their full potential and impact. Brokers can support the process of scaling-up through different support strategies including facilitating access to funding or new contracts, intra-organisational capacity building and developing new markets. Brokerage therefore involves various strategies and intensities of intervention, which enable more efficient linkages between innovators, commissioners and investors, as shown in Figure 1. This will be further discussed in later sections.

The report *Honest Brokers*<sup>1</sup> also sets out the role of brokers in setting up relationships between policy makers and practitioner innovators. The challenges involved in bridging the gap between policy and practice are described in terms of the nature of policy making, the typically short tenure of ministers, the career paths of civil servants and the insularity of government departments.

---

<sup>1</sup> Matthew Horne *Honest Brokers*, The Innovation Unit, 2008 – available at [http://www.innovation-unit.co.uk/images/stories/honest\\_brokers\\_final.pdf](http://www.innovation-unit.co.uk/images/stories/honest_brokers_final.pdf)

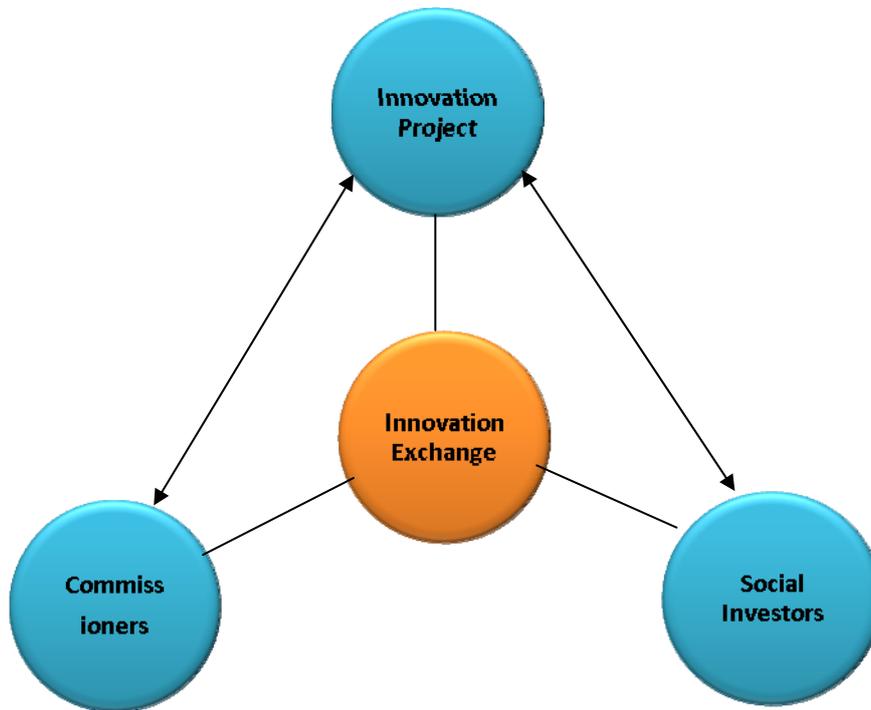
Although there is limited support for brokerage between the third and public sectors at present, there are elements of the existing support infrastructure that complement what a broker might do. For example, building the capacity of organisations is a central part of the brokering service, and there is a range of support targeted at the voluntary/community and social enterprise sectors. However, existing approaches do not, on the whole, address the need to develop understanding of the requirements of public service commissioners or provide opportunities for providers, commissioners and investors to meet.

Matching the needs of commissioners to what third sector organisations can offer is therefore a central role of innovation brokerage. Commissioners are looking for a range of services that can offer value in terms of reach and quality, and for addressing long term challenges such as ageing and behaviour change. In the current climate there are also increasing expectations around the need to find cost effective ways of tackle social and environmental issues. There is a danger that innovative solutions from the third sector will be restricted by the risk averse nature of commissioners, the lack of reward for commissioning innovative behaviour and concern that innovative projects may not deliver according to expectations.<sup>2</sup>

---

<sup>2</sup> Third Sector research Centre ongoing work on innovation and Fergus Lyon (2010) innovative potential of Social Enterprise. Paper given to ESRC Festival of Social Science Seminar on Innovation in Public Services, Edinburg, 19 march 2010,

**Figure 1: Main components of the Innovation Exchange Brokerage Model**



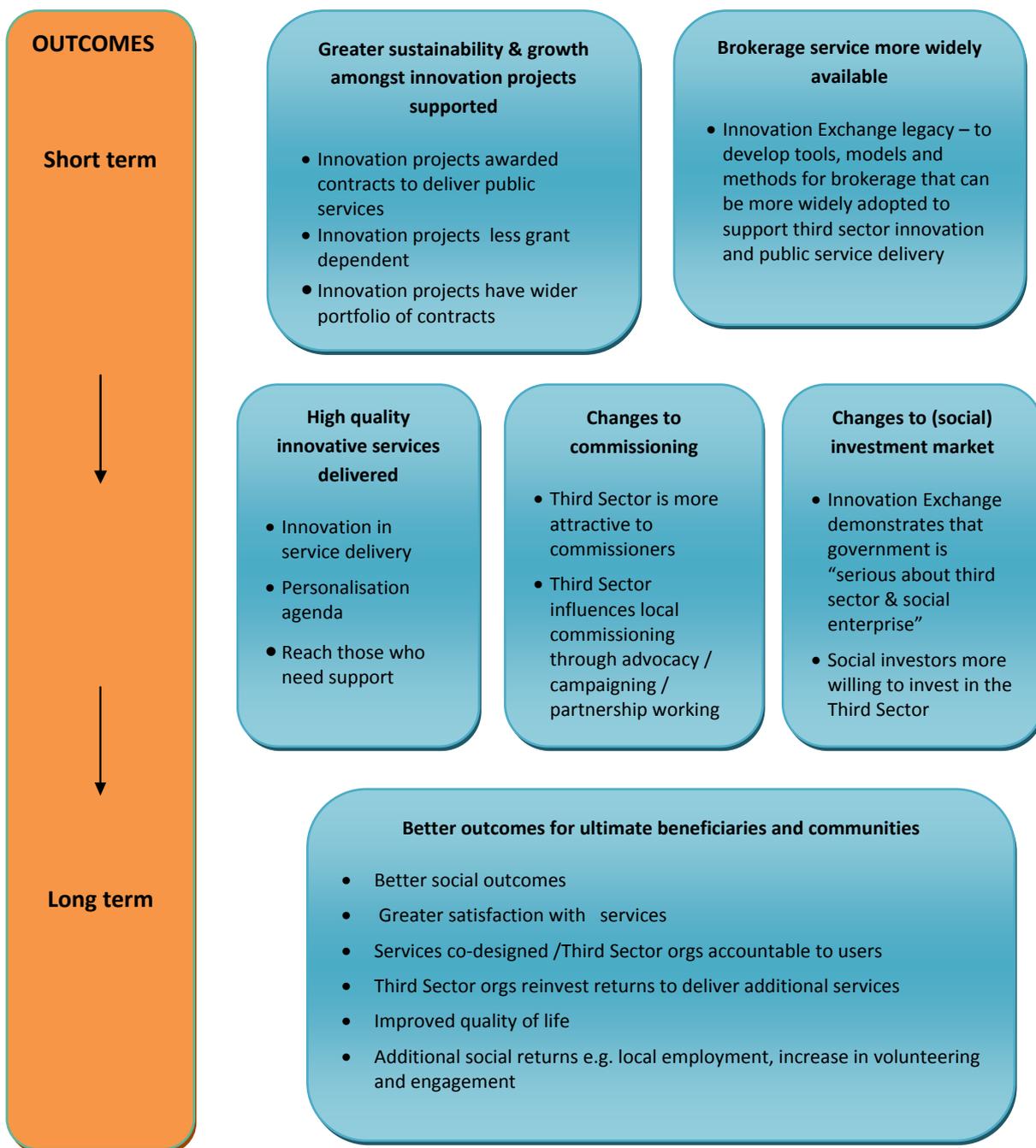
### **3. THEORIES OF CHANGE OF INNOVATION EXCHANGE PILOT PROJECT**

Phase I of the evaluation sought to examine the views of key stakeholders in relation to the overall effectiveness and impact of the Innovation Exchange pilot programme. Stakeholders were specifically consulted in order to assess the extent to which there are different interpretations of the theory of change that underlies the Programme. Some of the main characteristics of the programme and its elements are summarized in the diagram on following page. Phase II of the evaluation examined the emerging impacts in greater detail.

The inputs and activities of the programme can be broadly divided between those that are aimed directly at developing a brokerage strategy, and secondly, those activities related to the learning and dissemination of good practice, which is needed to create the conditions for effective brokerage. As a pilot project, Innovation Exchange has to balance these two objectives.

The outcomes of the Programme can also be divided between the direct impacts on innovation projects and their beneficiaries on the one hand, and longer term impacts on the wider environment for public service delivery on the other. With regard to the wider environment, Innovation Exchange aims to have positive long term impacts on innovation brokerage, on the role of commissioners and the behaviour of social investors. Looking beyond the immediate impacts of the pilot programme, it is also anticipated that there will be further positive longer term outcomes relating to improved practices in a wider group of third sector organisations resulting from the dissemination of learning around good practice.

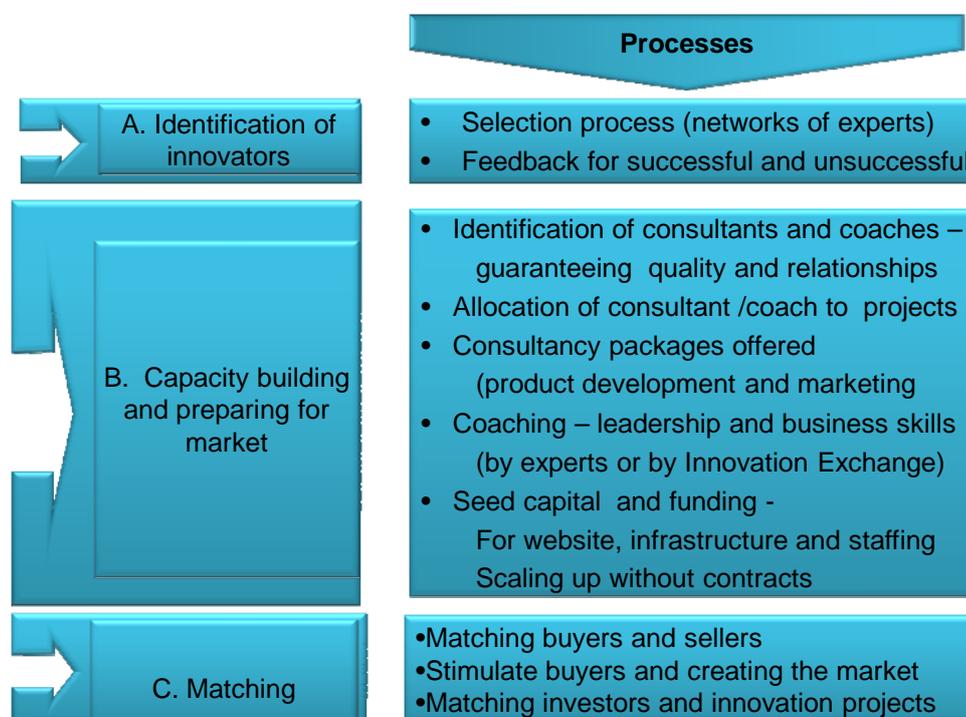
**Figure 2: Theory of Change model showing potential outcomes**



## 4. INNOVATION EXCHANGE BROKERAGE MODEL

The brokerage model for third sector innovation championed by Innovation Exchange comprises three key elements: Identification of innovators (Element A), Capacity Building (Element B) and Matching (Element C) (see Figure 3 below). Matching defines the uniqueness and core competence of the Innovation Exchange brokerage model but cannot operate without the tailored approaches, identification of innovators and capacity building elements. Innovators, commissioners and investors were largely unaware of any other similar brokerage opportunities for matching and creating bridges between different stakeholders.

**Figure 3: The Innovation Exchange brokerage model**



As a pilot project Innovation Exchange has sought to develop a brokerage model that is based on real experiences and learning. Figure 3 shows the range of brokerage activities that make up the Innovation Exchange model. These go beyond the more visible elements such as the Next Practice programme, Festival of Ideas and website. The evaluation has demonstrated that a central role is played by Innovation Exchange staff acting as a hub or resource that can be drawn on by projects involved. Several interviewees highlighted the quality of Innovation Exchange staff which, in their view, is down to a number key elements including the consistency of the team throughout the programme, the quality of the interpersonal relationships, their professionalism, mix of expertise and quality of the networks which Innovation Exchange is able to draw upon. It is the staff of Innovation

Exchange that makes the brokerage model innovative and effective. The pilot project has identified the processes that allow this competency to be developed.

Throughout the project Innovation Exchange has emphasised its operation as a learning organisation that is systematically reviewing and reflecting upon routines, processes and strategies. The more refined knowledge generated through this process is reinserted into the organisation resulting in improved brokerage processes and strategies, which translate into more robust and credible formats for forthcoming events (Festival of Ideas is a good example of this) as well as new opportunities for networking (brokerage support provided to Next Practice projects is an example of this). Hence the Innovation Exchange network is constantly expanding in such a way that new parts of the network are incorporated and activated.

### **Element A Identification of innovators**

The starting point for any innovation brokerage project is to identify innovators in need of the brokering service. Innovation Exchange identified innovators through its Next Practice programme which aimed to build the capacity of 15 selected innovation projects, as well as through selecting organisations to attend the festival of ideas events, discussed in more detail below.

Innovation Exchange attracted a range of projects to apply by issuing an invitation for applications focussed on two areas of policy intervention: 'independent living' and 'excluded young people.' In addition to the offer of support in building capacity and making introductions was the lure of grant funding of up to £50,000 for parts of their projects. This grant funding was considered by all interviewees as the primary motivation for applying, although many interviewees later realised that the wider support was more important in the longer term. The 200 applicants were subject to a selection process, which resulted in a short list of 30 innovation projects being invited to a 'discussion day'. This involved the shortlisted applicants presenting their ideas, in what some projects felt was a challenging 'Dragon's Den' type environment. All shortlisted candidates received detailed feedback.

In the case of Festival of Ideas, Innovation Exchange local networks played a critical role in identifying and inviting delegates from different groups relevant to the subject area of the Festival in question. The partnership agreement worked in such a way that partner organisations have played a critical role in identifying commissioners while the role of Innovation Exchange was to 'unearth', recruit and invite innovators following a competitive call for ideas.

The quality of the innovators' proposals for Festival of Ideas was much more difficult to assess by the Innovation Exchange team and, to judge from commissioners' feedback during interviews, the level of preparedness of those pitching in front of an expert audience was even more difficult to assess.

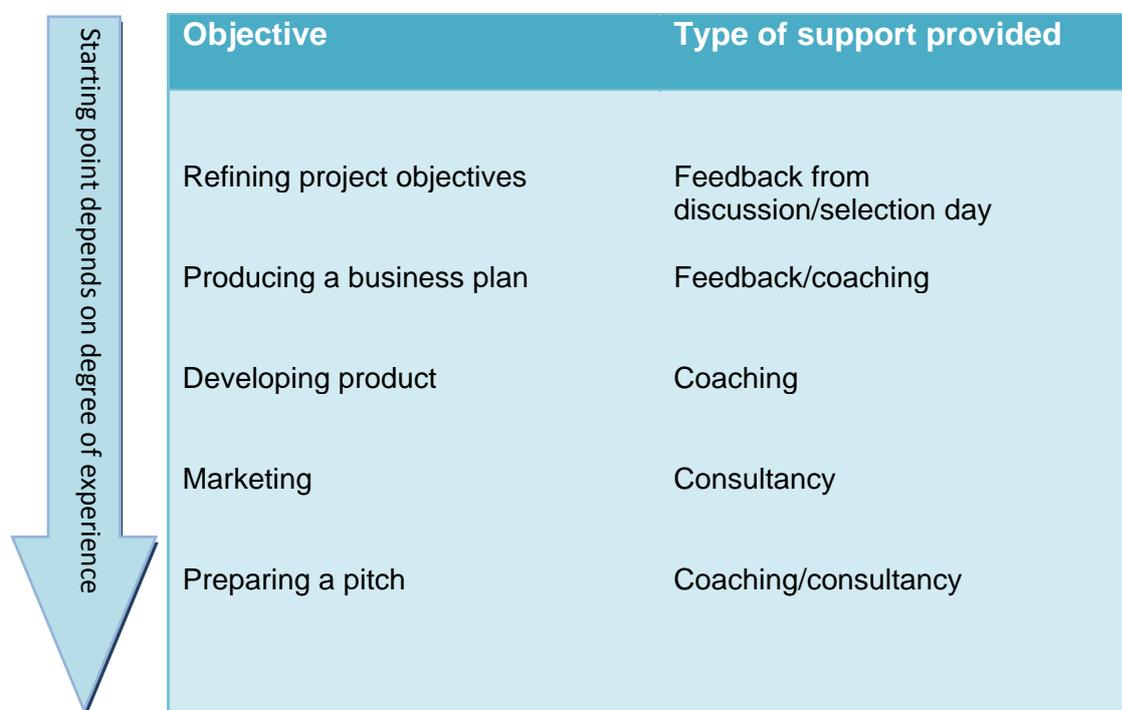
## Element B Capacity building

Capacity building, the second element of the Innovation Exchange programme, is central to the brokerage role. While there is capacity building support already available, Innovation Exchange has developed a package of support measures that relate specifically to brokerage and to enable the matching to take place.

Capacity building was most evident in the Next Practice programme where 15 innovation projects were given differing degrees of support. Innovation Exchange support comprises four aspects: grant funding, expert consultancy, professional coaching and generic support (ad hoc brokerage support from Innovation Exchange team, access to support and invitation to events) (see Table 1). Many of the respondents referred to the importance of the personalised relationships and ongoing input from the team, also allowing the support to be tailored to their needs. The grant funding was provided for specific projects such as infrastructure (websites), marketing and promotional activities, staffing and training. Participants also had access to support in the form of coaching, mentoring and consultancy.

This comprehensive support package allowed the innovators on the programme to refine their objectives, develop their products and understand potential markets. Of particular importance was the sharing of networks, with Innovation Exchange, private consultants and also sector experts acting as a hub linking people to different networks.

**Figure 4: Element B- Support for Capacity Building**



Objective	Type of support provided
Refining project objectives	Feedback from discussion/selection day
Producing a business plan	Feedback/coaching
Developing product	Coaching
Marketing	Consultancy
Preparing a pitch	Coaching/consultancy

The use of sector experts constitutes a novel Innovation Exchange idea, given that these were not consultants as traditionally understood (e.g. with specific professional skills in marketing, social franchising, product development, etc.) but individuals with a wide and rich

portfolio of personal and institutional contacts, notably with commissioners from local authorities. Hence Innovation Exchange refers to them as public sector 'connectors'. The types of support provided depended on the experiences and capabilities of the organisations, as shown in Figure 4.

Innovation Exchange staff identified the consultant for each beneficiary and offered them limited training on what was expected. The Programme attempted to find an appropriate balance between allowing innovators to identify the nature of the support and ensuring that the support would meet important development needs that organisations/innovators might not have recognised or prioritised themselves.

A key element was the preparation and honing needed before innovation projects could be presented to commissioners or investors. This entailed the tailoring of the services to be offered and also the development of presentational and marketing skills needed in order to effectively 'pitch an idea'. This requires a good understanding of the needs of commissioners as well as the language they commonly use. The nature of capacity building in the Next Practice Programme and Festival of Ideas varied considerably, depending on the nature of the innovative projects and their target markets.

The resource-intensive strategies utilised - feedback, coaching and other, more ad hoc support - have clearly been of considerable benefit to some Next Practice projects, which have gained in terms of both personal confidence (e.g. to pitch in front of an expert group) and also through a strengthened belief that their project is worthy of support. This has helped to create and reinforce the 'credibility' and 'reputation' element associated with the supported projects which is central for a successful brokerage strategy.

The Festival of Ideas, on the other hand, involved little in the way of capacity building prior to the events. This is reflected in the criticism of some investors and commissioners that innovators were insufficiently prepared, particularly in terms of their understanding of the markets they were targeting. However, innovation projects reported that they considered the whole Festival of Ideas event to be a worthwhile learning experience and an important source of free expert advice.

The Innovation Exchange pilot programme involved some exploration of the use of online support and a project website. This was found to be less successful, as people tended to prefer the personalised direct relationship where it was available, and there is much competition for people's time from other websites. There was also found to be some resistance on the part of many potential users to online social networking spaces.

### **Element C Matching**

Matching innovation projects to commissioners or investors is the central role of the broker but is only possible within the scope of the Innovation Exchange programme through the selection of innovators judged to exhibit the most potential and through helping them to better represent and market their ideas. This matching takes place in both an informal way, through recommendations and sharing networks (i.e. informal intermediation) or it can be done more formally, such as at the Festival of Ideas events and Next Practice related events such as the 'One Year On' event held in November 2009. These activities involve selected

innovation projects presenting their ideas to an audience of investors and commissioners in order get new business or funding.

**Table 2 Profile of Attendees at Festival of Ideas**

	<i>Independent Living (1)</i>	<i>Excluded Young People (2)</i>	<i>Challenging Behaviour (3)</i>	<i>Better Mental Health (4)</i>	<i>Adult Care: Personalisation Providers (5)</i>	<i>Social Innovation for Personalisation (6)</i>	<i>Beyond Worklessness (7)</i>	<i>Innovation for Personalisation (8)</i>	TOTAL IN ATTENDANCE
<b>Innovators</b>	37	39	22	16	16	19	18	21	<b>188</b>
<b>Social Investors</b>	8	8	10	11	0	7	7	14	<b>65</b>
<b>Other Provider</b>	0	0	0	0	9	0	0	0	<b>9</b>
<b>Commissioners</b>	8	9	12	18	32	24	24	17	<b>144</b>
	<b>53</b>	<b>56</b>	<b>44</b>	<b>45</b>	<b>57</b>	<b>50</b>	<b>49</b>	<b>52</b>	<b>406</b>

The success of any event is to a large extent dependent on advance planning and preparation. In the case of the Festivals of Ideas, particular care was taken to build the following factors into the design of events:

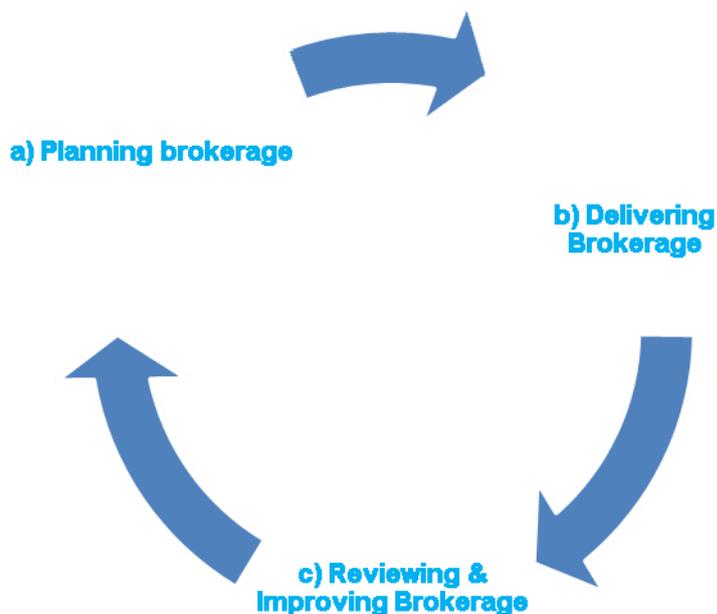
- *Event focus* – giving priority to new ‘hot’ public policy agendas such as personalisation in social care, as well as to more established areas of public policy such as worklessness.
- *Geographic coverage* – aiming to maintain an appropriate balance between the local/regional remit of the events (in relation to innovation projects and commissioners) and the diversity/scope of projects and potential markets (whether the services being sought are being procured at local, regional or national scale). The first two Festivals of Ideas had a national character and took place in London, while later ones had a regional scope.
- *Event partners (for subsequent regional Festival of Ideas)* – prioritising the views of key local or regional key actors with a good knowledge of local commissioners and investors to invite to events. They are public or quasi-public bodies such as Local Authorities or Regional Improvement and Efficiency Partnerships which play a key role in providing local knowledge which becomes vital to organize more customised, context relevant, inclusive, and place sensitive activities.
- *Innovation Projects* –soliciting these through various networks and selection by staff at Innovation Exchange. In the context of each event, efforts were made to represent projects from within and outside the locality, in order to achieve a balance between local specificity and the potential/diversity of ideas from further afield.
- *Commissioners* – aiming to connect with those thought to be most receptive to new ideas and what the third sector has to offer, and willing to take an element of risk with innovative projects. Commissioners were identified and selected by the regional partner in the case of each event. Events were also aimed at stimulating procurers to commission in different ways or even commission new services as a way of creating a market.

Each of the events was facilitated by Innovation Exchange team members working with consultants specifically hired for this purpose (notably, a professional facilitator who is also a Next Practice consultant).<sup>3</sup>

A final key element of the Innovation Exchange brokerage approach has been to promote a process of reflection and learning with the aim of informing practice within the pilot project and beyond, as shown in Figure 5. For example, a comprehensive process of consultation with commissioners (primarily), investors and third sector organisations was carried out prior to the re-launching of Festival of Ideas as a regional rather than national format. Innovation Exchange estimates that around 100 commissioners were consulted in the conception and implementation stage of the new Festival of Ideas format. Reviewing and improving brokerage also relies on team reflection on the feedback provided by attendees after each event organised by Innovation Exchange. Innovation Exchange also aims to disseminate understanding of good practice through its series of Learning Papers.

The learning from the pilot project is being taken into new activities such as Green Next Practice programme that builds on Innovation Exchange and provides brokerage services for green innovation

**Figure 5: IE Brokerage Model as an evolving system of reflection and learning**



---

<sup>3</sup> Details are given in a previous Innovation Exchange Learning Paper: [http://innovation-exchange.org/blog/wp-content/uploads/2009/09/first-learning-paper-from-innovation-exchange\\_web-version3.pdf](http://innovation-exchange.org/blog/wp-content/uploads/2009/09/first-learning-paper-from-innovation-exchange_web-version3.pdf).

## 5. EMERGING IMPACTS

This section presents the initial impacts of the Innovation Exchange Programme although, given that the project was still underway at the time of this evaluation, the evidence presented should be viewed as representing early ‘green shoots’ of what might be future outcomes rather than being definitive. This includes evidence of contracts won or investment received by innovation projects as a direct result of the Innovation Exchange brokerage support and other evidence of different forms and intensity of impact of the Innovation Exchange Programme which are discussed below.

### 5.1 Impact on Innovators

Innovation Exchange has worked with three categories of innovation projects. Firstly, there were 15 projects participating in the Next Practice programme, all of which received different forms of support.

**Table 3: Next Practice Programme support**

Innovation Exchange support	Number of Innovation Projects
Grant funding or seed capital up to £50k	7
Expert consultancy	11
Professional coaching	13
Generic support	15
TOTAL	15

Secondly there are the 15 shortlisted organisations that were unsuccessful applicants of the Next Practice programme. They were provided with detailed feedback and most of those interviewed reported that they gained experience through their participation in the selection process.

Finally, attendees at Festival of Ideas events (188 in total) were given expert feedback during the event and benefited from the experience of pitch preparation and presentation. The survey of all of these attendees produced a low response rate (26 in total) despite repeated requests from the Innovation Exchange offices. Some details are presented here although these should be treated with caution.

While the impacts are limited at present, they demonstrate some emerging ‘green shoots’, with progress attributed to parts of the Innovation Exchange programme. While it has not been possible to include a control group for this evaluation, the sample of unsuccessful Next Practice programme applicants can be used to examine the subsequent experiences of organisations that did not receive support from Innovation Exchange.

**Table 4: Summary of impacts of each Next Practice Programme participant**

Organisation	Project	Initial impact	Perceived additionality of IE
<i>BeatBullying</i>	- Tackling bullying in schools by training young people to work as online peer mentors	- Networking ops: £250k secured from NESTA as a direct result of IE intervention - Develop infrastructure (website) & skills - Build better understanding of market place	Would have developed the product but not at the same scale Would have probably secured alternative funding
<i>Brandon Trust</i>	- Using assistive technology to enable parents with learning difficulties to live safely with their kids	- Helped to develop core product - Continued innovation (new products) - Organisation skills & capacity – coaching service subcontracted by the organisation	Would have been a lot harder without IE
<i>Clean Slate Training and Employment Ltd</i>	- Creating work opportunities for people often excluded from the labour market	- Skills & confidence to help get a large grant - Improved organisation structure to deliver large project	One of several factors e.g. helping with contract' and improving organisational structure would not have happened without IE
<i>Creative North</i>	- Developing mobile phone games to engage young people and help them to learn life skills	- Link and networking opportunities - Enhanced capacity building to rise funding	Would have developed the project at the same scale and speed
<i>Dance United</i>	- Using dance-based alternative education to build the self-confidence and self-discipline of young offenders	- Baseline research on and evaluation of core product	IE support deemed invaluable to scale up the project
<i>East London Food Access</i>	- Supporting community health and well-being through the local provision of fresh fruit and vegetables	- External validation as a result of brokerage support - Invaluable to develop core product	Would not have got anywhere without IE support
<i>Enabled by Design</i>	- Building an online community to crowd-source the development of functional and attractive assistive technology	- Networking ops for potential work - Build credibility (Wish magazine + article in The Guardian) - Build confidence	Would have done on smaller scale but without website (funded by IE grant)
<i>ESSA/Phoenix Education Trust</i>	- Working with NEET & SEN young people to support peer leadership and build self-confidence	- Network: 34K + 44k from sponsorship from businesses - Build skills in organisation - Baseline research	Not possible without IE support
<i>Prince's Trust</i>	- Making mentoring for young offenders a universal service across the country	- Build personal confidence - Better understanding of the market place - Build org capacity particularly through coaching box and expert consultancy	Would have done without IE support but not at the same speed Would have taken a lot longer
<i>Riverside Credit Union</i>	- Providing community-led financial services to people unable to access basic commercial banking facilities	- Made links to investors	Not possible without IE

Organisation	Project	Initial impact	Perceived additionality of IE
<i>Slivers-of-Time</i>	- Using the web to enable individuals to contract directly with one another to provide social care services	- Build a body of knowledge to market core product among commissioners & funders - Access to very high up people with decision making capacity through the IE consultant ('door opening' consultancy) - Large tender won to work with 8 London Boroughs in 2009	Would not have gone to innovate in social care without IE (our expertise was in unemployment). Absolutely not
<i>Speaking Up</i>	- Harnessing the power of co-production and peer-support to provide a sustainable brokerage service to personal budgets holders	- Critically helped to get the project started, to get it embedded within and to cascade it through the whole organisation - Knowledge and experience gained crucial to secure substantial tenders - Made links to important people e.g. DoH - Substantial tender won to work with a LA	Would not have done without IE
<i>Timebank</i>	- Providing mentoring to young men recovering from mental illness	- Build personal confidence - Business skills (preparing a business plan) through the relationship with expert mentor - Networking opportunities with other TS orgs resulted in partnership	-----
<i>Horsemouth</i>	- An online mentoring network for life, work and learning which connects people seeking support and guidance with others willing to provide it freely	None	-----
<i>58:12 Properties, Aquila Way</i>	- Bringing together landlords and trained volunteers to help vulnerable people to access and retain homes	- Access to a consultant who spoke the same language and connected the organisation with the 'right people'	- Would have been tougher and - Would have made a lot more mistakes without IE

Of the 15 Next Practice projects, one has secured substantial growth funding and two have secured large contracts with local authorities. The total value of these investments/contracts surpasses the £250,000 allocated for the whole Next Practice programme. Table 4 summarises the impacts recorded for each of the Next Practice programme participants and the extent to which the 15 successful projects attributed their success to the support provided.

Innovation Exchange support is shown to have been of primary importance to the success of most of the 15 Next Practice projects. Seven out of the 15 innovation projects pointed out that their innovation would not have been possible at all without Innovation Exchange. Another group of six projects highlighted that they would have pursued the project without Innovation Exchange, but that it would have been *'a lot harder'*; would have made *'a lot more mistakes on the way'*; or would have done it *'but not at the same speed'* and/or *'scale'*. The remaining two projects were uncertain of the additionality of Innovation Exchange when interviewed.

The interviews with the unsuccessful cases (9 in total) show that they have experienced very little growth or development since their application. This would seem to add further weight to the additionality of the Next Practice programme of support, suggesting that those selected would not have reached these benefits without this external intervention. The unsuccessful cases can be considered as a counterfactual as they were all drawn from the short list of organisations that were considered good enough to be invited to the selection process. However, it may still be the case that their projects were less likely to succeed due to some flaws in their conception, as evidenced by their lack of success in being selected.

### **5.1.1 Developing better services, building skills and innovating**

As mentioned earlier, a key role of the brokerage model is to build the capacity of innovation projects to offer services and win contracts. Capacity building is furthered through a number of Innovation Exchange activities but most notably through the Next Practice programme and the Festival of Ideas. The impacts attributed to different elements of these programmes are discussed below.

#### ***Next Practice programme selection process***

While the Next Practice programme aimed to build up the capacity of a select group of innovation projects, the process of selection was also found to have a considerable impact on both the successful and unsuccessful applicants. One successful Next Practice project pointed out:

*"The day of pitching was good too - it was especially important in making us think about branding and it was the first time we had done that on a formal footing, having to set out what we are doing differently. It also helped Innovation Exchange set themselves apart to show they are different from other funding organisations."* (N7b)

There were others, however, who felt that the process was overly confrontational and not as empowering as it should have been. Some projects also felt that the competitive environment generated by the format of the day was not entirely appropriate for third sector

organisations. There were further criticisms that the panel members lacked understanding of certain aspects of some of the activities proposed and were less interested in the more radical ideas that might entail greater risks.

Six unsuccessful cases commented on the usefulness of the experience and feedback they gained from presenting their proposals. Any positive impact on this subgroup should be seen as an externality of the programme, given that these innovation projects were not direct recipients of Innovation Exchange support. The experiences of this subgroup are illustrated by the following quotations:

*“I quite enjoyed the process - the feedback was very good [...] The selection day was good, like a conversation, constructive -I received objective views about the project which .helped me to improve the proposal.” (U6a)*

*“The most important impact is that we needed that experience (of the application and selection process) to realise that we were not able to sort things out in-house and that, to move the project forward, we needed external support which we have procured since then.” (U2a)*

### **Next Practice programme coaching and mentoring**

A range of mentoring and coaching services were offered to the selected innovation projects from a number of mentors, the coaching service “Coach in a Box”, and also ad hoc support provided by Innovation Exchange staff. The innovators that took up this support perceived it to have an impact but did not distinguish between the impacts of the different types of mentoring and coaching. The mentoring support was identified by one start up innovator as important for building up the confidence of some employees and helping them in developing business plans, although there was a desire to have more control over who was selected:

*“The business mentor was helpful but it would have been good to have more control over this. It would have been better to spend this money on more practical advice, which we were not able to do. Whatever I say, however, the mentor gave us a fantastic business plan which can be used for different purposes.” (N2e)*

In another case, the coaching led to a re-organisation of how the social enterprise was run:

*“It focused my mind when we had to grow quickly, so I could implement what we had discussed and I had all the systems in place when we got the funding. If I had not spoken to the coach, I would not have got an ops director... I can do some things but I am not good at dotting the i’s and crossing the t’s”. (N7h)*

The impact of the support went beyond the provision of grants, much to the surprise of some participants who had been attracted to the programme by the lure of a grant rather than the capacity building support. This has allowed them to build up their confidence especially when approaching senior figures in the public sector:

*“So the thing that for me has been the most positive about this experience - sometimes you receive funding and then you have to send the report six month later. But with Innovation Exchange you felt like they are there to also offer you support. It was not just like they are trying to own the project. They are very much supportive, from the side line and offering you the ‘Coach in a box’. This service was brilliant. It was all about looking at what you need, looking at your project idea and some of the challenges you are facing - maybe personal challenges, the way that you work with people or maybe things or places that you want to take the campaign to. And they try to help you, to talk it through, what you need to do, and step out the way. But also looking at personal barriers, such as if you want to talk to someone very high up or a very important person in Government and you are nervous about that, and they talk you through: ‘why do you think you are nervous’, that sort of thing which was just fantastic!” N10*

Benefits in terms of building confidence were also outlined by another social enterprise:

*“Professional coaching was astonishing for me, it was well set out and well planned. It made me take time to reflect on what I have done and what I was going to do. It made me braver to ask Innovation Exchange for other things. As a small organisation, we never had the power to do this. Now I know where to begin from. Now I know how to write a proposal. Even if Innovation Exchange would have given me the grant I would not have the know-how to write a proposal. So they [Innovation Exchange] gave me something that I did not know I needed. I am impressed with the flexibility with which they have responded to our demands. The only thing is that I am not sure what is going to happen with us after the end of the Programme. I am not willing to let them go.” (N1a,h)*

Ten of the cases stressed the importance of the supportive role provided by the Innovation Exchange team, including as mentors and coaches themselves, and being available for advice, *“always at the end of the phone when needed”*. However, as the quote above notes, there is a risk of creating dependency.

Innovation Exchange worked with ‘Coach in a Box’ to develop new coaching products to address the professional development needs of third sector leaders and to improve the confidence levels of innovators in a cost effective way – coaching happens entirely over the phone over a six month period. Matched against its objectives, ‘Coach in a Box’ support has clearly had a positive impact on innovators and is highly valued by most organisations that used it. However, it should be noted that some of the most experienced innovators and organisations were less convinced about the usefulness of this service to their own capacity building and others had not taken up the offer.

### **Next Practice Programme grants**

Of the 15 Next Practice Programme projects, seven received grants varying between £20,000 and £50,000 for purposes related to development and capacity building. These included grants to support research on the needs of users of services, preparing a promotional short film, or covering staffing costs for developing innovative services. In each case the respondents reported that the activities would not have happened without the

grants. Whether seed funding has had a direct impact on the realisation of business deals is a different matter. Only three out of the 15 Next Practice projects have so far won contracts to provide innovative services as a direct result of the support received from Innovation Exchange. Evidence of such impacts should become clearer over a longer time period. One case had clear evidence of the impact of the grant:

*“What I can say is that the seed funding that we were given through Innovation Exchange was absolutely crucial to get it started and get it embedded within our work, and cascade it through the whole organisation. And one of the really good knock-on effects of the experience we gained that year was particularly around user involvement in developing personal budgets, in gathering information and in things around advocacy. When we put a tender more recently to a local authority in Lancashire, it basically was the thing that secured the tender. So, a very big tender, a very big piece of work - there is no questions in our minds that we would not have got this work if we had not had that early experience. So the spin-off is not only around the specific project but has been much bigger than that”. (N11)*

### **Learning from participating in Festival of Ideas events**

In total 188 innovators attended Festival of Ideas events. Participation in the events was also valued as a form of peer support through learning from the experiences and practice of other organisations, allowing staff who were new to the sector to see how other organisations operated. A contracts manager at a social enterprise stated:

*“It was a good opportunity to share views and strategies with organisations working in different areas but facing similar problems.” (F6a)*

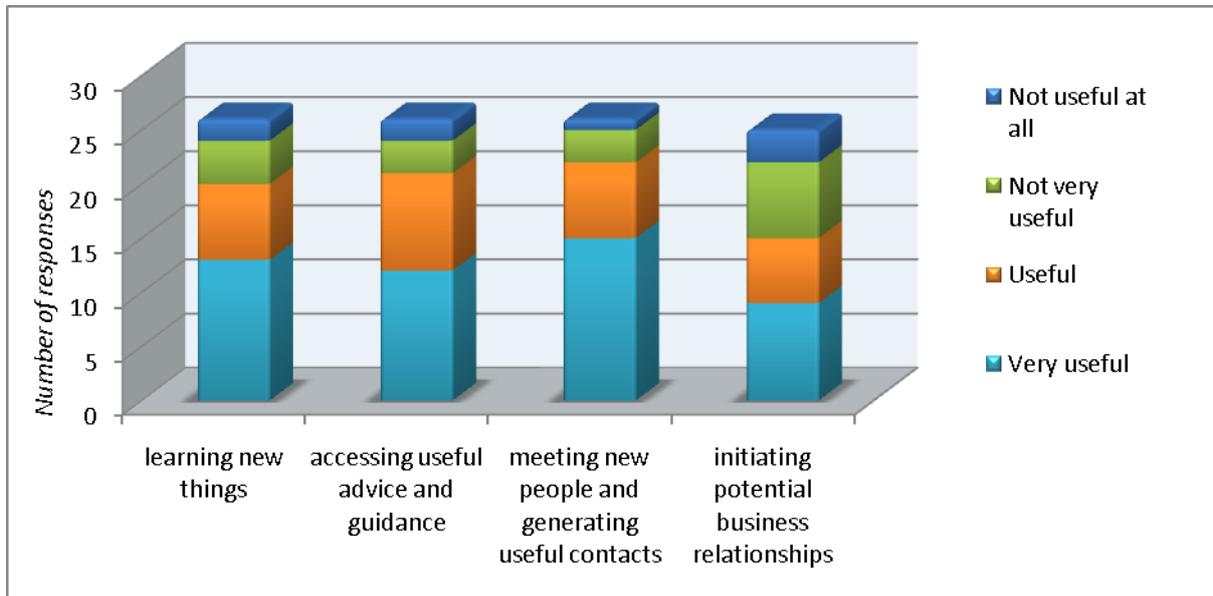
The events also allowed the organisations to gain experience in pitching ideas and to receive useful feedback. Each organisation was given a format to prepare for the presentation, which particularly helped to those with less experience to improve their proposals. One small innovation project stated:

*“We learnt about our own work and got focused as a result of preparing the pitch. There were no concrete steps towards funding, impact was rather on learning, getting ideas clearer, to understand what we can do and what we cannot do and how to move forward.” (F3a)*

Surveys of innovators show that most benefited in terms of learning and a large proportion had not had other opportunities to meet commissioners and innovators. Twenty-two of the 26 surveyed found it useful for meeting new people, 21 found it useful for accessing advice and 20 found it useful for learning new things.

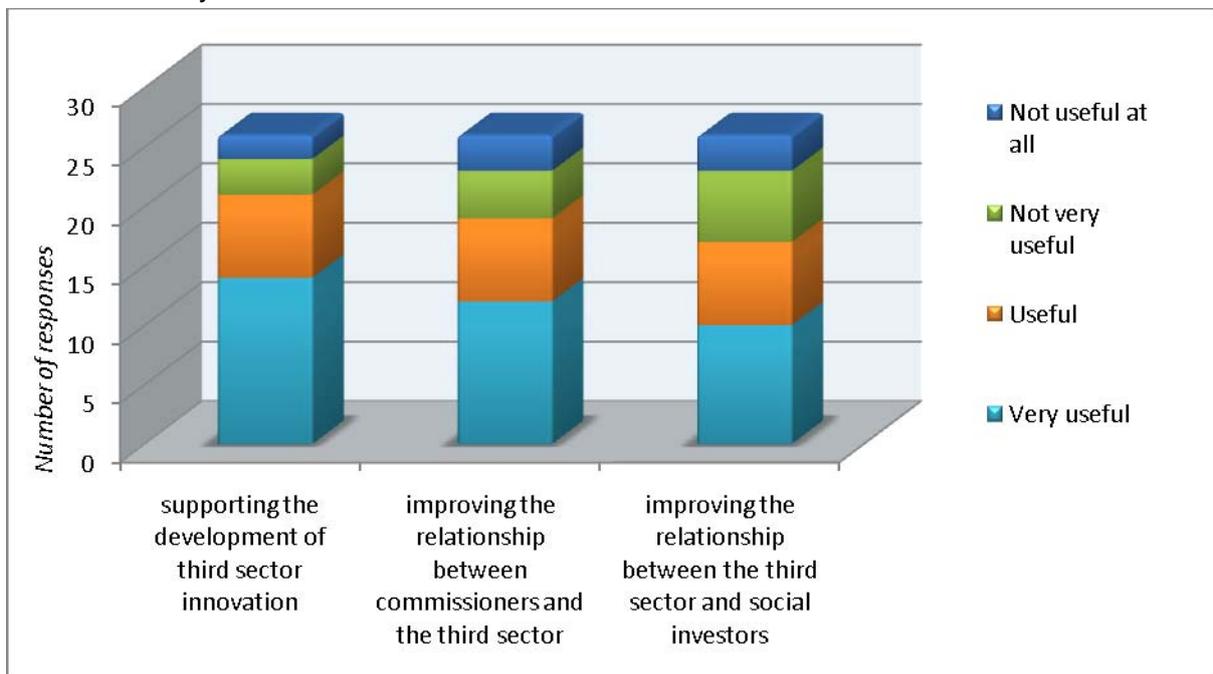
**Figure 5. Perceived usefulness of Festival of Ideas**

5a. How useful did you find the Festival of Ideas organised by Innovation Exchange in terms of:



Source: Evaluation survey of 26 Festival of Idea innovators

5b How would you rate the usefulness of the Festival of Ideas in terms of...



Source: Evaluation survey of 26 Festival of Idea innovators

Feedback collected by Innovation Exchange staff immediately following Festival of Ideas events in Leeds, Manchester and Sunderland revealed that attendance had helped 87% of organisations to generate *'tangible next steps'* in developing their work on innovation. However, when surveyed some months later for this evaluation, 16 innovators (62%) felt that the Festival of Ideas had helped in this way (see figure 6).

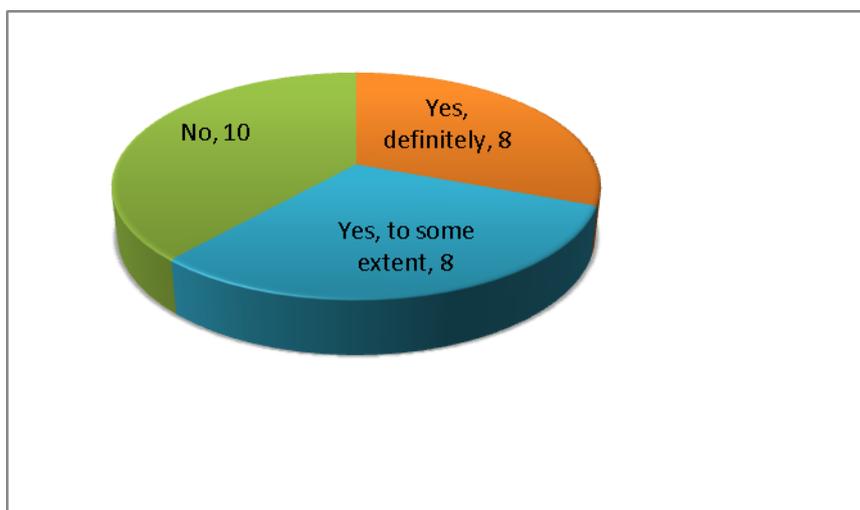
**Table 5: Organisations that had made tangible ‘next steps’ following the event**

Festival of Idea	Developed steps	Had not developed steps	No data
Leeds	17 (74%)	6 (26%)	0 (0%)
Manchester	14 (100%)	0 (0%)	0 (0%)
Sunderland	14 (93%)	0 (0%)	1 (7%)
Total	45 (87%)	6 (12%)	1 (2%)

Source: Innovation Exchange Feedback from Festival of Idea innovators

**Figure 6 Developing tangible next steps**

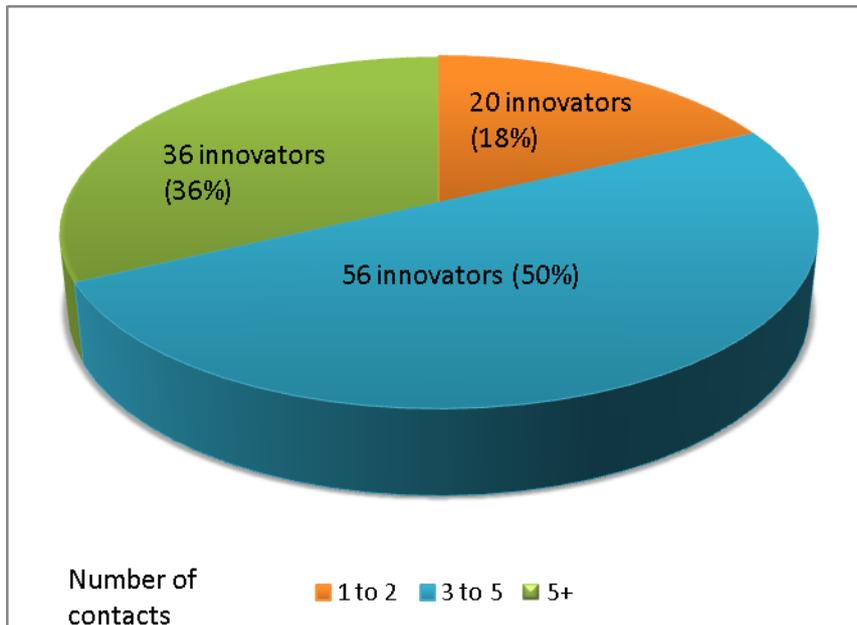
Has the event helped you to generate some tangible next steps in developing your work on third sector innovation?



Source: Evaluation survey of 26 Festival of Idea innovators

The festivals were important for organisations wanting to move into new localities and regions and replicate what they do elsewhere. One established organisation, for instance, used the festival as a platform for launching itself in areas where it was not well known (F3). Innovation Exchange’s own surveys carried out immediately after Festival of Ideas events shows that organisations had made a large number of contacts that were perceived to be useful. This is shown in the figure 7 with half of respondents reporting that they had made between three and five contacts and a further 36% reporting that they have made more than five contacts.

**Figure 7 Number of people met for the first time with whom it might be useful to be in further contact**



Source: Innovation Exchange survey after each event

However, two Next Practice innovation projects that attended a Festival of Ideas reported that they felt disempowered by the structure of the events and the private sector language and discourses being used, highlighting a distinction between the approaches of the private sector and those more typical of third sector organisations, such as charities and social enterprise. Some innovation projects felt patronised by the approach to ‘expert knowledge’ that they felt dominated certain Festival of Ideas events and would have preferred feedback from other experienced third sector organisations rather than what they perceived to be ‘private sector consultants’. One Next Practice project felt this when consultants addressed the audience to explain the importance of marketing in a competitive market place. The same project also felt that the carriers of ‘expert knowledge’ were often individual consultants who lacked experience and understanding of large organisations. While this does not reflect the view given to the evaluation team by the majority of the Next Practice projects, those who expressed it also claimed that such negative perceptions were shared by many Next Practice projects. However, others were willing to put their discomfort aside as they realised they needed to become familiar with and learn more about competitive commissioning processes.

### **5.1.2 Developing contract opportunities and winning contracts**

The Innovation Exchange team were also able to make introductions into networks which might not otherwise be available to organisations, drawing on Innovation Exchange’s existing networks as well as the opportunities made possible by the Festival of Ideas events. In both cases, such introductions were important for starting the process of obtaining public service contracts and, in a few cases, winning bids.

*“The links and opportunities were great. Innovation Exchange pick the right people - it is not by chance we met people like we did, it was clever matchmaking, clever staff, a gift!” (N4b)*

*“[A]s our network of people has grown, we found that there are people out there battling on our behalf that we did not know about! So we find now we are getting emails from people who say: ‘Oh! I met John, who has told us that you are the people to come and talk to. We want to talk to you and get your advice about this, or areas of potential ideas...’ So the impact has been and continues to be much bigger than we initially first thought, and this is quite difficult to measure actually.” (N12)*

*“We found the most value through the networking and opportunities, both through informal and formal conversations that we had with [IE staff] about different funders, different circumstances, which have helped to generate different contacts for us and workshop sessions. The most direct opportunity that has come out of that, which has been hugely important for us, is conversations that we had with [IE staff] and NESTA resulting in us getting a key piece of funding (£250k) which allowed us to take the project forward. I think for any organisation that is trying to grow and trying to implement an innovation, the value of being able to increase your access to potential supporters is hugely valuable. There is only so much that you can do to grow - you need to find out more people who lead to other people. And having a kind of structure, a place where that happens, if you like, your project is championed on your behalf and I think is better value.” (N13)*

One organisation praised the input of a consultant coach who supported them using the Innovation Exchange funding, opening up numerous opportunities using their experience and existing contacts. In this case the matching was done through the consultation rather than any formal event.

*“A lot of that was about ‘door opening’. It was his contact book that was so useful for us - it was brilliant! He just got us into so many Councils and as a direct result of that, we spent the last summer doing a project for eight London Boroughs. We sat down with the Innovation Exchange man and said to him: these are the London Boroughs which we want to get into it. He was very good, he opened his contact book - he held a quite senior position in ADASS [Association of Directors of Adults and Social Services] so he knew everyone. He phoned, we drafted emails which he sent, we followed up and we gradually crashed our way into virtually every London Borough. This did not necessarily result in a sell, but we have certainly drawn awareness.” (N14)*

There is some evidence of organisations generating contracts and funding from these contacts. Another organisation won a bid following a Festival of Ideas event and was expecting an ongoing stream of work to be generated as a result:

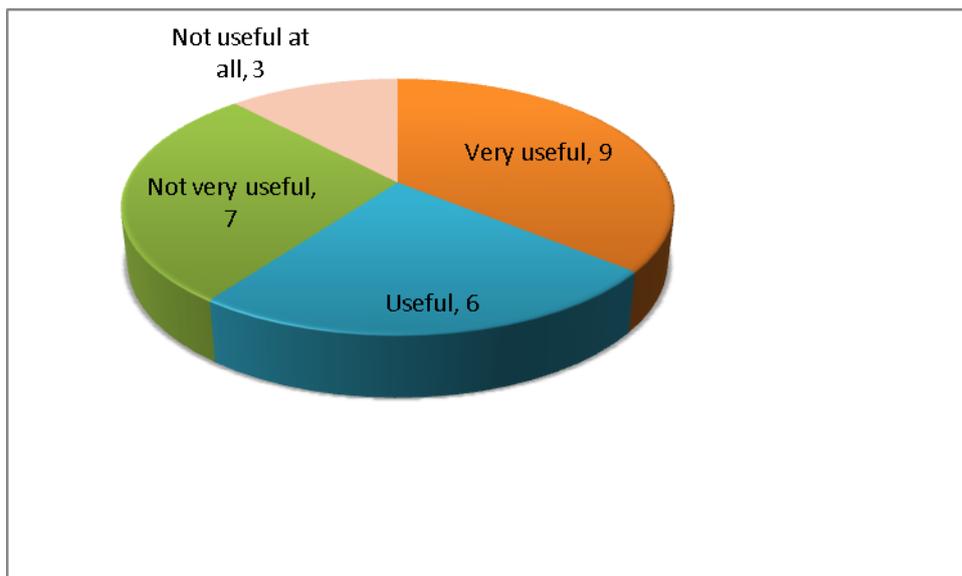
*“We managed to get support for our Citizens Support Exchange. This is a collaboration of two third sector organisations to fill the gap in the market for people seeking personal assistance and to train individuals to support independent living. It involves a bespoke training programme for unemployed people. Innovation*

*Exchange contacted me the very same afternoon of the event to tell me that we had attracted a lot of attention. Eventually we got £160,000 for a year pilot: £100,000 from the Providers Development Fund, £30,000 from Redcar and Cleveland Council and £30,000 from Middlesbrough Council. We also made a lot of other useful contacts, some of which are going to generate more work. This happened both at the event and afterwards through Innovation Exchange as well as their online services. We got a lot of support from Innovation Exchange following the event.” (F1b)*

Other successful examples from our qualitative sample of 10 innovation projects attending the Festival of Ideas include a start up organisation awarded £10,000 to start their service, and another that was in the process of finalising several agreements with local authorities, all based on contacts made at the Festival of Ideas.

However, many innovators reported that they had found it hard to build on the initial contacts. Figures 8 and 9 show that of the 26 innovation projects in the quantitative survey, 13 found it was useful for initiating business relationships and half had succeeded in accessing new funding or contracts.

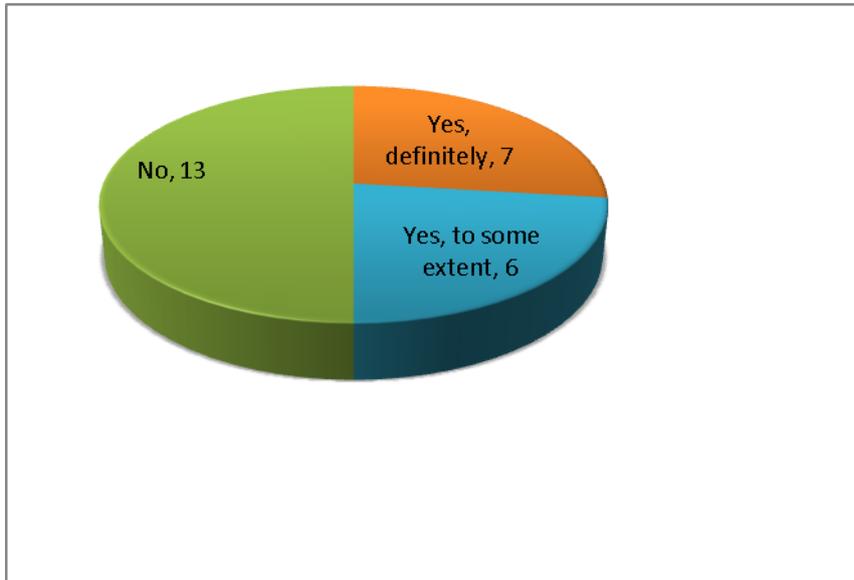
**Figure 8 How useful did you find the Festival of Ideas organised by Innovation Exchange in terms of initiating potential business relationships**



Source: Evaluation survey of 26 Festival of Idea innovators

Smaller organisations still felt that they could not capitalise on introductions made by Innovation Exchange staff or contacts made at Festival of Ideas events due to the complexities of commissioning and the need to build relationships with a large number of procurers in many different local authorities. One such recent start-up stated: *“We cannot go and talk to everybody; we have not got the capacity to do so. We struggle to talk to them, let alone get contracts” (N1e).*

**Figure 9 Has attending the Festival of Ideas event helped in getting new contracts or funding?**



Source: Evaluation survey of 26 Festival of Idea innovators

It was also reported that organisations are less likely to be able to develop firm contracts for the less developed services such as those related to personalisation. In these areas, where there is a lot of uncertainty around it from both potential providers and buyers/funders Innovation Exchange’s role is more to help to facilitate the creation of a market. In such cases all parties were keen to develop spaces where there could be more discussions around ‘big ideas’ rather than being narrowly focused on individual projects which may be trying to sell services to markets that are as yet insufficiently developed.

### **5.1.3 Obtaining finance**

There is only limited evidence of organisations obtaining investment as a direct consequence of Innovation Exchange brokerage support. One organisation had received £250,000 and another had received £44,000 from a social investor, with Innovation Exchange playing an important intermediation role in both cases. Others had focussed on grant providers rather than loan finance and had benefited from Innovation Exchange support in terms of building the skills that helped them secure it:

*“We had already applied to the [Prince’s] Trust I think but then we had the interview and had been able to hone our skills. We had confidence we could use with the interview and with being able to saying we were on the programme, it was like a reference because there was this other funder.” (N7k)*

The programme was important for building links between innovators and social investors in some cases. One organisation felt that Innovation Exchange tackled their own isolation from potential sources of funding:

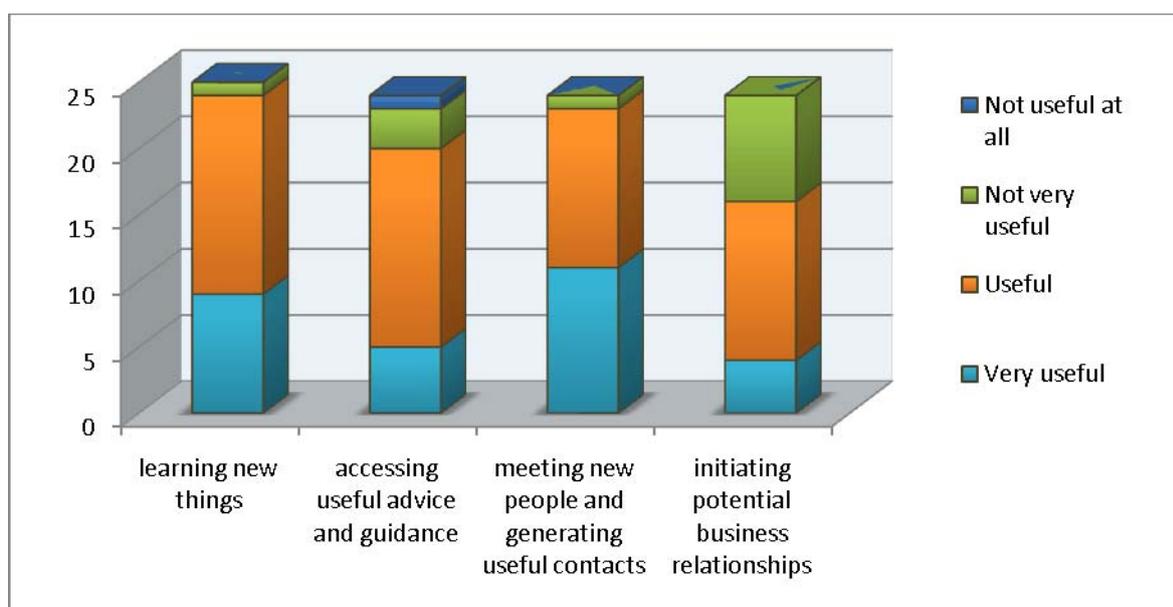
*“We have had some meetings with funders, a few noises, but it [the services provided] frightens people off. Innovation Exchange are connected and we are isolated so if they can share their contacts - like they got us a meeting with [...] and we would not have met them otherwise... When you are here in the outlying areas, it is the poverty of networks; nobody comes to this neck of the woods.” (N9b)*

## 5.2 Impact on commissioning

An important objective of Innovation Exchange is to provide commissioners with innovative ideas and to positively influence their behaviour in relation to the third sector. Innovation Exchange has worked with commissioners since the outset of the programme and their input in the design and format of events has been considerable. This is achieved by Innovation Exchange making introductions using their varied networks but most specifically through the Festival of Ideas which have been attended by 144 commissioners in total.

As part of this evaluation, telephone and face to face interviews were conducted with a sample of 10 commissioners and all commissioners that attended Festival of Ideas were invited to participate in an online survey. Responses were received from 25 commissioners (a response rate of 20%). Of these, the majority felt that they had benefited from attending Festival of Ideas events, with 88% stating that they would recommend a similar event to a colleague. Commissioners’ perceptions of the usefulness of the event along a number of dimensions are shown in Figure 10. In particular, commissioners appreciated being able to meet a wide range of projects that had been selected or ‘mediated’ already. Commissioners reported that they were normally reliant on organisations coming to them and sometimes felt bombarded with emails offering ideas that they are not able to process.

**Figure 10: Benefits of the Festival of Ideas to Commissioners**



Source: Evaluation survey of 25 Festival of Idea attendees

### ***Learning about new ideas from the third sector***

The survey found that 90% felt that they had learned new things and 83% found events useful or very useful for accessing advice and guidance. Particular interest was expressed in the development of user-driven services, the 'customer pathway' and the needs of users of services. As one commissioner of adult care noted:

*"Innovation Exchange is different in that it is useful to think about new ideas, new changes - thinking of the client's needs in a different way. This was key for me - user driven services are particularly interesting for me."* (C2c)

Such understanding was useful not only in their commissioning but also for helping them prepare their case for a greater allocation of resources from the public authorities that fund them. Innovation Exchange can therefore have an impact on the supply of resources to commissioners who in turn are pitching their ideas or budgets to those controlling resources.

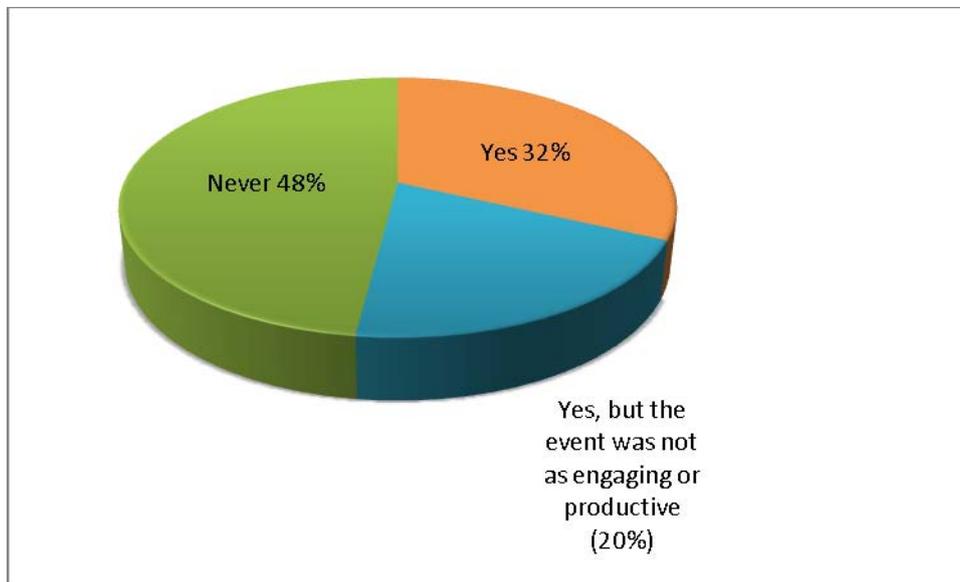
The knowledge and learning for commissioners came from the projects presenting ideas as well as from other commissioners and social investors who were giving feedback to innovators. For example one interviewee from a local authority was intending to encourage organisations to offer recycling services similar to those discussed at a Festival of Ideas, by ensuring that it is mentioned on the invitation to apply for grants. This has to be seen in light of the fact that commissioners are generally risk-averse individuals whose decisions are also often constrained by rigid formal guidelines and who, as result, tend to prefer ideas that are already tested and proven.

### ***Making contacts and identifying organisations as potential providers***

The Festival of ideas allowed commissioners to make contacts with a range of organisations with 96% meeting new people and generating useful contacts, and 67% initiating potential relationships. Figure 11 shows that just half had never previously attended events to discuss innovative projects and Figure 12 shows that all but one respondent felt that the Festival of Ideas had improved their relationships with third sector organisations. There is also one interesting case of a commissioner who met a national third sector organisation that offered to co-fund activities, and a consultant who is now supporting the local authority to develop aspects of their strategy.

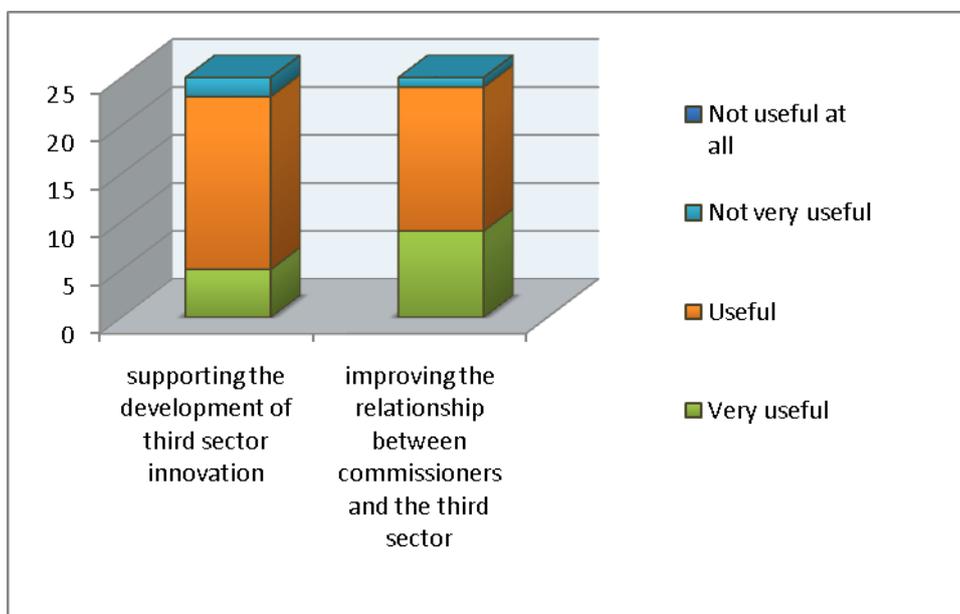
The ability to convert these contacts into contracts depends on a number of factors including the quality of the proposals, the rigid guidelines which they often have to observe, the decision making capacity of the commissioner in question, and the funding available to commissioners at the time of the particular event. Two of the 10 commissioners interviewed in depth felt that they did not have the funding available at that time of the year. Others felt that they were too junior to build relationships but passed on business cards to their line managers and did not know if anything had come of it. This demonstrates the importance of having local networks that can identify the most appropriate person to attend.

**Figure 11: Commissioners' attendance at similar events prior to Innovation Exchange Festival of Ideas**



Source: Evaluation survey of 25 Festival of Idea attendees

**Figure 12: Usefulness of Festival of Ideas in supporting third sector innovation and improving relationship with commissioners**



Source: Evaluation survey of 25 Festival of Idea attendees

Two commissioners were also concerned that building personal relationships with third sector organisations may lead to conflicts of interest in an 'open tendering system'. One commissioner working at a regional level stated:

*"It was good to see different people in different contexts... But in theory in tendering, if they help you with a tender, they cannot bid - so for me this was limited."* (C6e)

Those less satisfied with the event commented on the quality of the pitches and the need for more prior coaching of the organisations involved. A procurement officer from a local authority stated:

*"They were not well prepared to pitch in front of commissioners - they came across as a bit arrogant as "I do this whether you like it or not". Innovation Exchange should try to prepare organisations prior to the event in order to understand where commissioners are coming from and what we are looking for. We are looking for an evidence base, developing people's full potential and also an equal distribution of services - that is what is important for us."* (C1d)

A commissioner from a third sector organisation recommended that support was required before events:

*"People were not well prepared. My recommendation is to come out and work with providers before they are put on stage, to prepare the right pitch, to prepare the session and how to sell the product."* (C5d)

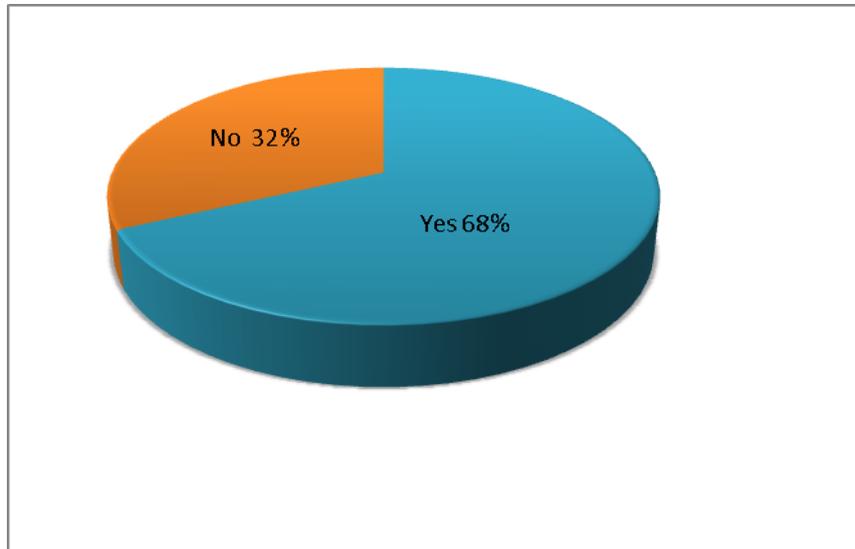
### ***Changing commissioners' behaviour***

Although there is evidence of events changing the views of commissioners, evidence of events changing their behaviour is harder to discern. Figure 13 (a & b) shows the extent to which events have changed the views of commissioners in terms of the innovative capacity of third sector organisations (68% reporting a more positive view) and the sector's role as a potential service provider (60% having a more positive view).

Three of the commissioners interviewed said that, rather than having innovators pitching ideas to them, they would have preferred an open discussion, allowing greater cross fertilisation of ideas and bringing both sides closer to each other. They viewed such an approach as being more conducive to helping projects tailor their innovations, also aiding commissioners with the process of creating markets that were not there before. The Third Sector commissioner quoted earlier added:

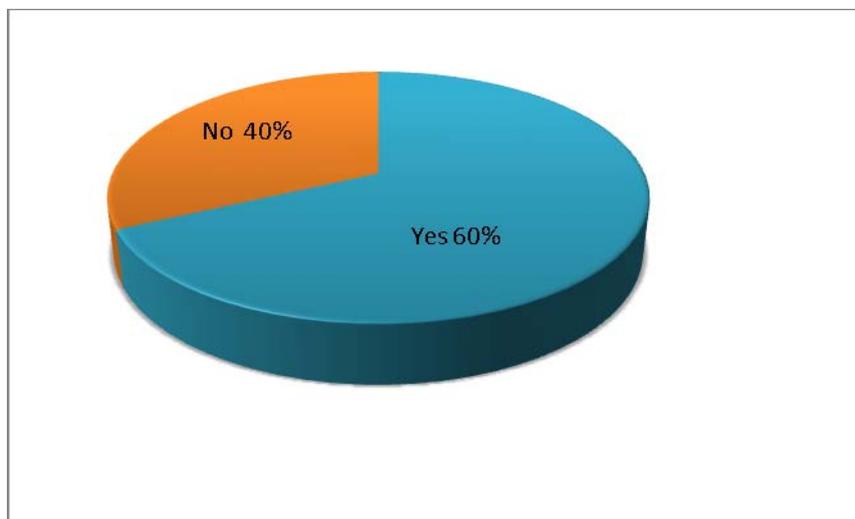
*"Rather than an idea being sold off the shelf, what you need is the idea to be developed between providers and commissioners. Rather than selling the idea it is better to share and create new ideas among third sector providers and commissioners. [Also] the format seemed very competitive - it would be better to have events to discuss embryonic ideas or less polished ideas to share, rather than ready made products. But I know there is competition and people are cautious about having ideas copied -so it is not easy."* (C5c,f)

**Figure 13a: Contribution of Festival of Ideas to changing commissioners' views about the innovative capacity that exists within the Third Sector**



Source: Evaluation survey of 25 Festival of Idea attendees

**Figure 13b: Contribution of Festival of Ideas to changing commissioners' views about the Third Sector's role as a potential service provider**



Source: Evaluation survey of 25 Festival of Idea attendees

## 5.3 Impact on investors

Innovation Exchange aimed to have an impact on investors through providing them with investment opportunities and improving their knowledge of the third sector. The impact on investors may be less well developed than other stakeholders. Innovation Exchange has found it harder to engage with them through its Festival of Ideas events and in total 65 people registered as investors for these events. However, of the 10 interviewees selected from the Innovation Exchange list of 'investors' attending, four were not investors themselves but rather brokers, wanting to gather information that they could pass on through their support services to others.

### ***Evidence of increasing investment***

There is very little evidence as yet of Innovation Exchange programme interventions resulting in loans or new funding. In the three such cases known to Innovation Exchange staff, it is difficult to assess the additionality of the programme and the extent to which they would have happened anyway. Innovation Exchange staff reported that they might be called on for a reference or to provide extra information about an applicant to a social investor. In this way they are a trusted broker by both the investor and investee. The relationships between borrower and investors can take time to develop and one investor felt that the events were useful for identifying third sector organisations for future investment. One social investor saw the benefit of having a link to a particular start-up organisation that might need them in the future:

*"I met one third sector organisation there and if they grow, they might use us. They've now got start-up capital from their parent organisation but when that runs out, they know about us."*(17.8)

Three of the people in the investor category were more critical of the Festival of Ideas format. In part this was due to the challenges involved in understanding innovation projects in a short period of time (approximately 5 minutes per project), and their preference for dealing with organisations that apply on paper in a format that they had set out. Another grant funder was "over subscribed already" and so unable to help organisations looking for funding. Another social investor felt unable to provide support, being focused on more established organisations and/or already tested products and unwilling to take risks with more innovative projects.

### ***Learning about commissioners and networking***

As mentioned at the start of this section, many attendees of the Festival of Ideas were attracted by the chance to network and learn about commissioners. One innovation project which aims to bring together organisations for a specific project stated:

*“ [The Festival of Ideas] was interesting, and we could see where we could signpost people to. It is about bringing in people who are of use. Innovation Exchange is about sharing networks and the more we can collaborate, the better.” (I9.5)*

The chance to meet commissioners was a particular attraction as social investors wanted to know more about the markets in which their investees operate and the potential procurers of services. In this way the investors were acting as brokers themselves and assisting their customers.

*“I made links to commissioners and at the end of the day, if we can speak to them, we can see if there is confidence from the other side, some investors do this but really banks.” (I7.7)*

The importance attached to networking resulted in a range of critical views concerning the Festival of Ideas format.

*“I was frustrated that day because I did not get the time to talk to commissioners. This was the group I was more interested in, the statutory sector. Commissioners are the missing piece for investments that investors are thinking of making in the third sector. It is not easy to generate the conditions for more dialogue between social investors and commissioners.” (I2f)*

## **5.4 Impact on Third Sector support infrastructure and policy**

As a pilot project, Innovation Exchange aimed to identify good practice in its innovation brokerage and find ways of sharing them. This has involved staff reflecting on the experiences of the programme, incorporating improvements on an ongoing basis, and documenting this in a series of ‘Learning Papers’. The impact of this is neither visible nor quantifiable at present as the programme is still in operation, although one measure of impact available to Innovation Exchange staff will be number of downloads of key documents. There has been some debate over the effectiveness of the website, which aims to be both a networking opportunity for project participants and a conduit for the dissemination of ideas.

An indication of the impact of the brokerage models can be seen from the number of other attendees in brokerage roles who gave the events positive reviews. Two interviewees stated that they would be keen to replicate the model of Festival of Ideas themselves if funding were to become available. The project has also built the skills of a set of consultants and the Innovation Exchange staff, many of whom are likely to continue to have an impact on the third sector after the project has finished.

In terms of influencing wider policy, Innovation Exchange has acted as a broker between a selected small group of innovation projects and national policy makers involved in setting the agendas from which commissioners take their lead. This brokerage role is illustrated by the case of a Next Practice project that Innovation Exchange took to an event in order to influence policy makers across government:

*“[IE staff member] has been good to invite us to a cross government innovation event - they can also make links across parts of government and I think that is a gap that needs filling. Some processes in government are so stifling so if you can get through it all... I am not sure how much government departments are using Innovation Exchange, but that should be their role” (19.6)*

Interviews with the wider stakeholder group in phase 1 found that policy makers and other support providers perceived that Innovation Exchange has made significant contributions to install the idea of third sector innovation and social innovation within the public sector. This should be seen as a considerable achievement for a small pilot programme like Innovation Exchange. However, a small number of key stakeholders felt that Innovation Exchange is not adequately capitalising on its learning and good performance and there is a lack of communication strategy to market the important work of the programme in promoting third sector innovation to a wider audience.

An indicator of impact of the Innovation Exchange pilot project, also evident in the Green Next Practice programme, funded by Office of the Third Sector that will continue to develop the methodology of the innovation Exchange make it more widely available to other sectors and parts of the public services.

## 6. CONCLUSIONS AND IMPLICATIONS FOR THIRD SECTOR INNOVATION BROKERAGE

Three key questions have been addressed by this evaluation:

1. To what extent has Innovation Exchange succeeded in engaging and linking third sector innovators with commissioners and social investors?
2. How effective has the programme been in building the capacity and extending the services of third sector organisations?
3. To what extent have commissioners and social investors increased their understanding of and involvement with the third sector and social innovation?

While Innovation Exchange is a pilot initiative (and still ongoing at the time of writing this report), the evidence suggests that it has made substantial progress in engaging with its target groups. Initially 200 innovators applied to Next Practice programme and nearly 200 more have participated in Festival of Ideas events throughout the country. Third sector innovators have engaged with the programme in different ways, with many having gained valuable first-hand experience (for the first time in some cases) in liaising with commissioners and investors.

A large number of policy makers, commissioners and social investors have participated, (approximately 250 in total). Although responses have been largely positive (notably in terms of information and knowledge gained about new ideas and innovations), commissioners and investors were less convinced about actual impacts in terms of specific contracts and investments awarded to third sector innovators. Although there is some evidence of business deals occurring as a direct result of Innovation Exchange's intervention, progress made in creating and/or developing a market for third sector innovation had more to do with improving the understanding between supply and demand of social innovation. Festivals of Ideas events have thus played a key role as an information and knowledge exchanging opportunity. That said, the evaluation also suggests that the sort of fundamental changes needed are well beyond the reach and possibilities of a small pilot programme such as Innovation Exchange and events such as the Festivals of Ideas.

There is more conclusive evidence in relation to the impact that the Innovation Exchange brokerage model has had on both third sector capacity building and the development possibilities of supported (Next Practice) projects. The comprehensive brokerage support packaged offered by Innovation Exchange has demonstrated positive effects on individuals (e.g. in terms of confidence building and start-up skills), organisations (e.g. in terms of development of infrastructure, use of expert knowledge, staffing, etc.) and networks (e.g. links with potential buyers, funders and advocates but also potential partners). These developments have all contributed to building up a more intelligent and connected system of third sector innovation.

Progress made by the programme against its long term outcomes in relation to the sustainability of third sector organisations (see Figure 2) and actual benefits for the ultimate

beneficiaries of the programme are difficult to assess at this stage. The overall view of this evaluation is that Innovation Exchange increased understanding about the nature and role of markets or quasi markets in the delivery of public services among third sector innovators.

Through its Learning Papers and other internal documentary material produced by the Innovation Exchange team, the programme has made progress in making its legacy more transferable. In order to implement its brokerage model in practice, Innovation Exchange has generated internal mechanisms to capture learning and these routines, practices and methodologies need to be codified and made transferable as far as possible. The challenge is now to take forward the learning from the pilot stage to ensure that the accumulated knowledge and experience is not lost.

## **6.1 Summary of key lessons - good practice of brokerage methods**

### ***The need to segment***

Innovation Exchange has shown that innovation brokerage is about bridging the boundaries between different stakeholders both by providing an active and intelligent link as well as building the capacity of different stakeholders to make new links themselves. Having a good understanding of the language and objectives of the other various parties is key, and may require a 'translator' for the less experienced innovation projects, and the creation of fora for sharing ideas. Next Practice Programme beneficiaries can be divided into (at least) two different types. The first group comprises less experienced individuals and start-up organisations seeking to test new ideas and become established. The second group includes more experienced individuals and organisations with new ideas but that have already been tested - an established core team - and for whom the next stage is to develop or scale up these ideas for specific markets.

***Recommendation:*** *There is a need to segment the types of innovation projects depending on their experience of dealing with commissioners, with brokerage packages offered that are suitable for different levels of experience. Support should also distinguish those that have well developed ideas from those that need help identifying and establishing their specific service.*

### ***Coaching and mentoring***

Coaching was found to be important for those with less experience, although this has to be recognised as being resource intensive and potentially leading to over-dependency on the coach. Innovation Exchange provided external coaching services to the Next Practice Programme as well as providing some coaching themselves. The external time limited 'Coach in a Box' method was able to reduce the risk of dependency. It was suggested that small amounts of extra coaching was needed to help innovators preparing to pitch their ideas at Festival of Ideas. The Programme has recently introduced such a service ('Coaching Call'), commencing with the Festival of Ideas which took place in Derby in March 2010.

**Recommendation:** *Provide a wider range of less intensive coaching for those pitching ideas for the first time especially at Festival of Ideas.*

### **Identifying mentors, coaches and consultants**

Innovation Exchange played a key role in selecting the coaches, mentors and consultants for the innovation projects. The brokers' role is therefore to understand the needs of the organisations and provide suitable support. At times the innovators may perceive needs differently and the broker's role is to encourage the organisation to be challenged. This can appear to go against the immediate views of the organisations.

**Recommendation:** *Innovators need a say in the selection of consultants, mentors and coaches while recognising from the start that to be engaged in a brokerage process may necessarily involve the provision of advice that they may not wish to prioritise themselves.*

### **Sharing of networks**

The Innovation Exchange central office was considered the most important element of the programme by a large proportion of the innovation projects receiving intensive support. It was this personalised service, combined with Innovation Exchange's access to, and ability to link, a wide range of actors and networks that was most appreciated. The success of brokerage is therefore highly dependent on processes of building networks and on staff with key abilities and qualities without whom the programme would flounder.

**Recommendation:** *Brokerage is about personalised relationships which need to be resourced using high quality individuals who are able to span sectors and institutional boundaries and be willing to share their networks. They also need to develop internal practises for analysing need, identifying opportunities and building relationships on an ongoing basis. That said, it is also evident that brokers rely heavily on their existing portfolios of contacts upon entry into brokerage strategy/programmes.*

### **Balancing competition with sharing of ideas at events**

The events, such as Festivals of Ideas, were popular with most of those who attended, although many were more interested in developing knowledge and ideas, rather than identifying buyers or providers of services. The competitive approach of having pitches in a 'Dragon's Den' style forum was not appreciated by some attendees who would have preferred more time devoted to discussing ideas and developing knowledge of innovation and emerging markets. This issue was recognised by Innovation Exchange staff who have tried to balance pitching and 'open space' within each event.

Opportunities for sharing ideas was seen as particularly important for more innovative areas of public service policy, such as personalisation, where commissioners' understanding of the potential markets involved is less developed. The sharing of innovative ideas at Festival of Ideas, Next Practice programme events, and on the website also was considered to be risky and against their interests by some organisations. There was reluctance on the part of some

innovators to disclose critical information about their projects while pitching at Festival of Ideas and to protect their ideas from potential competitors.

**Recommendation:** *Attendees should be made aware of the choice of both listening to pitches and entering dialogues for the development of new markets.*

### **Online services**

The website of Innovation Exchange has been less well developed and has not been used by many of the participants in the project. There is much competition for people's time from other sites and interviewees also expressed a preference for personalised relationships. The opportunity for online services for building capacity and mentoring has not been a priority of this pilot.

**Recommendation:** *Online services can play a supportive role to the personalised brokering services, but are unlikely to have a wider impact.*

## **6.2 Potential and challenges to scaling up elements of the Innovation Exchange brokerage model**

### ***Interest in replicating the Innovation Exchange brokerage model***

This evaluation demonstrates the demand for brokerage services from commissioners and providers as well as interest from a range of organisations that play brokerage roles themselves. The key element is the trusted network of the broker and the development of a nationwide infrastructure of regional or local brokers will be important in the future. It is likely that those brokers who attended the events will take elements of learning and replicate these within their own work. This will be a major outcome of the Innovation Exchange programme, with considerable future impact on the provision of public services.

**Recommendation:** *Innovation Exchange should work with other organisations that play brokerage roles to share their good practice and replicate elements of the Innovation Exchange brokerage model where appropriate. Partner organisations could include public or semi public bodies and agencies at different tiers of governance (national, regional and local), umbrella organisations of the third sector and also private organisations such as Chambers of Commerce and others representing different sectors of activity. There may be opportunities for social franchises, kite-marks and other ways of ensuring maximum sharing with high quality.*

### **Resource intensity of Innovation Exchange**

This evaluation has not looked at the value for money from this pilot project. Many of the interviewees valued the personal links and high quality responsive and personalised relationship with Innovation Exchange staff. To replicate the skills and experience in this team on a larger scale will be a considerable challenge. Ascertaining requirements is not

easy, not least because the project has had to experiment with different approaches in order to innovate and maximise learning. There are, however, three elements (at least) which need to be considered. The first relates to the selection of the appropriate staff, i.e. in terms of skills, expertises, other personal attributes, and the portfolio of contacts and relationships in the case of the team leader. The second is to clarify the proven routines and (good) practices and the extent to which these are amenable to being systematised and codified by Innovation Exchange staff and therefore made more easily transferable. The third element is the commitment to intensive learning, monitoring and reviewing of the organisation as a whole, which is a clear feature of the Innovation Exchange programme.

The risk taking involved is important and Innovation Exchange has sought to capture the learning experiences involved, both positive and negative. The extent to which the good practice elements are value for money requires further exploration in future brokerage activities that will also help refine the approaches.

***Recommendation:*** *Future innovation brokerage activity should provide an evidence base of the value for money of different elements in order to convince (potential) funders of the efficacy of the brokerage process.*

### ***Creating the demand for innovation from commissioners***

Commissioners were found to be wary of building personal links to particular third sector organisations as it might lead to what they considered to be a conflict of interest. However, they were keen to enter into more dialogue in some areas where markets are less well developed. There are some examples of commissioners working closely with providers to help them access developing markets but many commissioners may be overly cautious and some have a particular view of the procurement system that is focused on anonymous competitive tendering, further restricting their willingness to engage with third sector innovators.

***Recommendation:*** *There is a need for to work with commissioners to find ways of engaging with innovation projects that minimise concerns about conflicts of interest and encourages new markets. Commissioners should also be allowed to take risks with innovative projects, not all of which will be successful.*

### ***Festival of Ideas as a self-funded Innovation Exchange product***

The future sustainability of the Innovation Exchange programme is dependent on the organisation diversifying to a range of funding sources to replace the core funding provided by government for the pilot project. Most investors and commissioners reported that they would be unlikely to pay to attend events. There may be opportunities for other forms of sponsorship for events or for groups of commissioners to co-fund activities.

***Recommendation:*** *There is a need to identify the types of stakeholders who will fund these sorts of events in the future given that the pilot project funding will soon end. Potential funders should be allowed to choose from a variety of models of differing degrees of resource intensity.*

## **Communication strategy of Innovation Exchange**

Several of the interviewees (in different categories) felt the communication strategy of Innovation Exchange to be poorly developed and were unsure of who was delivering the project and what it did. Some organisations refer to Innovation Exchange as 'Innovation Unit', 'OTS', or simply referred to the individuals working on the programme with whom they had had most contact. This lack of a (public) communication strategy is also reflected in the limited information about Innovation Exchange on the website. That said, it is also clear that this factor has not affected the programme PR and public profile, which may be down to the strength of the Innovation Exchange network and links to key policy makers and relevant bodies.

**Recommendation:** *A more publically accessibly PR strategy could help to improve the programme's credibility and legitimacy.*

## **Final user/beneficiaries**

The views of final users or beneficiaries of innovation projects has so far been absent from both Festival of Ideas events and the Next Practice programme. Although the 15 Next Practices projects initially had to explain how they intended to measure social impact, this information is not available so soon after the support. This information is important for demonstrating the benefit of Innovation Exchange in the context of public spending cuts.

**Recommendation:** *The views of final users should be incorporated as far as possible in Festival of Ideas. Learning Papers can also be strengthened by incorporating good practice case studies, including social impacts. Next Practice projects should be encouraged to be clearer about the expected nature and scale of social impacts from the early development stages, although further resources may be required to cover the costs of social impact assessment, depending on the level of detail and rigour required.*

## APPENDIX I: METHODOLOGY

Phase I of the evaluation was in two parts. Firstly, it aimed to produce an overall picture of the entire Innovation Exchange model of brokerage by analyzing all of the existing documentary material so far produced by Innovation Exchange. It included information about the different activities organized by the Exchange (list of attendees, attendees' feedback and interviews conducted by the Innovation Exchange team, key issues arising, etc.); the first Learning Paper published by the Exchange in August 2009, and other relevant secondary sources.

Participation in two Innovation Exchange events including a Next Practice programme and a Festival of Ideas has allowed the evaluator to better understand how the model of brokerage works in practice and at different stages of intervention. These events included Next Practice Learning Event on 4<sup>th</sup> November 2009 in London and Festival of Ideas in Birmingham on 26<sup>th</sup> November 2009.

Secondly, the evaluation aimed to examine the overall views of key stakeholders in relation to the effectiveness and impact of the pilot programme. Stakeholders were specifically consulted in order to fine tune the evaluation and assess the theory of change of the Innovation Exchange Pilot Project, including the extent to which there may be different interpretations of this theory.

### Stakeholders interviewed

Name	Organisation	Position
Gene Payne	Goddard Payne	Consultant to NP project & Fols facilitator
Sian Prime	Independent Consultant	Consultant to NP project
Sian Lockwood	NAAPS UK Ltd	Chief Executive; Consultant to NPP
Sarah Thelwall	Independent Consultant	Consultant to NP project
Emma Jones	OTS	Partnership stakeholder
Helen Begley	Cabinet Office	Partnership stakeholder
Matthew Horne	The Innovation Unit	Partnership stakeholder
Matt Bowsher	Improvement and Efficiency West Midlands	Regional Partner in Fols Ideas - Birmingham
Julie Brown	North East Improvement and Efficiency partnership	Regional Partner in Festival of Ideas - Sunderland
Julia Unwin	Expert adviser - Joseph Rowntree Foundation	Chair Advisory Group
Kerry McCarthy	NESTA	Advisory Group
Valerie Hannon	The Innovation Unit	Advisory Group
Sebastian Elsworth	ACEVO	Advisory Group
Cliff Prior	Unlimited	Policy Maker
John Crook	Department of Health	Policy Maker
Rt Hon Anne McGuire	MP – Cabinet Office Advisor on TS innovation	Politician
John Craig	Innovation Exchange	Director
Perrie Ballantyne	Innovation Exchange	Head of Learning and Project

		Development
Raj Cheema	Innovation Exchange	Programme Co-ordinator

Interviews with stakeholders (19 in total) were conducted face to face or on the telephone between the 1<sup>st</sup> and 18<sup>th</sup> of December 2009). Contact details of the main stakeholders' were provided to the evaluation team by Innovation Exchange. They were also emailed by the Exchange to invite them to participate in the evaluation. Stakeholders consulted were divided into the following subgroups: internal stakeholders (Innovation Exchange staff); partnership stakeholders and advisory group; policy makers and politicians; regional partners; and independent consultants.

Phase II of the evaluation aimed to develop an overall picture of the Innovation Exchange model of brokerage and its impact on third sector innovation from the perspective of the final beneficiaries of the programme, notably third sector '*innovators*' – as they are identified within the Innovation Exchange programme. The viewpoint of the statutory sector ('*commissioners*') and funders ('*social investors*') also constituted an integral part of the methodological approach as they are key players for the success of the intervention strategies set up by Innovation Exchange, particularly for Festival of Ideas events.

Phase II of the evaluation was in two parallel parts. Firstly, telephone interviews were conducted with individuals and organisations from the groups as follows: Fifteen innovation projects which were supported via the Next Practice programme; a sample of innovation projects which applied but did not success in securing Next Practice programme support; and a sample of innovation projects, commissioners and social investors who attended at least one of the seven Festival of Ideas organised to date by Innovation Exchange. Customised topic guides which comprised comparable (open-ended) questions were used to interrogate each of the five groups of interest for this evaluation.

Interviews with three Next Practice projects (Speaking Up; The Prince's Trust; and Slivers-of-Time) as well as two commissioners were conducted face-to-face and tape recorded in order to gain a better understanding of the impact of Innovation Exchange interventions and illustrate some of the best cases of good practice brokering.

#### a) Next Practice programme projects

Name/s	Innovation Project
Emma Jane Cross & Richard Barron	BeatBullying
Steve Day & Ann Collins	Brandon Trust
Jeff Mitchell	Clean Slate Training and Employment Ltd
Phil Mundy	Creative North
Andrew Coggins	Dance United
Les Moore	East London Food Access
Denise Stephens & Dominic Campbell	Enabled by Design
Anna Leatherdale	ESSA/Phoenix Education Trust
Clara Clint	Prince's Trust
Michael Knight	Riverside Credit Union

Wingham Rowan	Silvers-of-Time
Philippa Ashcroft	Speaking Up
Sarah Alderson	Timebank
MT Rainey	Horsemouth
Mark Reynolds	58:12 Properties, Aquila Way

### b) Unsuccessful applications to Next Practice programme

Name/s	Innovation Project
Andy Rickell	The Vassall Centre Trust - CEO
Warren Garret	London Rebuilding.com - LR Society
Esther Thompson	London Youth – Head of training
Jon Pitts	Mi Enterprise
Julie Stanfield	In-Control
Lawrence Hughes	Chief Executive - Fair Shares Gloucestershire Time Bank
Stephen Hughes	Help the Aged – Age Concerns
Adam Nichols	Change Makers – Chief Executive
Martin Simon	Time Banks

### c) Third Sector organisations – attendees to Festival of Ideas

Name/s	Innovation Project	Festival of Ideas
Neil Moffatt	Workwise Suffolk Limited – Contracts Manager	Cambridge
Neil Reeder	The Young Foundation – Programme Leader	Cambridge
Sid Richards	Music in Hospitals – Development Manager North West	Manchester
Bob Dennis	Independent Living Zone	Sunderland
Jane Reast	Citizen Support Exchange	Sunderland
Mark Fowell	Value Works	Birmingham
Jon Pitts	Mi Enterprise	Birmingham
Phillippa Ashcroft	Speaking Up (NNP)	Cambridge
Richard Barron	BeatBullying (NNP)	Leeds

### d) Commissioners

Name/s	Innovation Project	Festival of Ideas
Ann Williams	Liverpool City Council – Senior Improvement Officer for Advocacy	London (1)
Catherine Stokes	Newcastle City Council – Commissioner officer Adult & Culture	Sunderland
Keith Horsfall	The Wilderness Foundation UK, Chief Executive Officer	Leeds
Ken McGladrie	Redcar and Cleveland BC, Senior Commissioning Manager for Mental Health, Learning Disabilities & Substance Misuse	Sunderland
Alison Rowe	NACRO The Crime Reduction Charity,	Leeds

	Volunteer Services Co-ordinator	
Enda Dowd	East of England Development Agency, Cambridge Manager Economic Partnership	(Face to face)
Michelle Rigby	Social Enterprise East of England, Chief Executive	Cambridge ( Face to face)
Glynn Dixon	Head of Service Inclusion, Sandwell Metropolitan Borough Council	Birmingham
Jim Leask	Senior Enterprise Officer, Colchester Borough Council	Cambridge
Frances Schulz	Assistant Economic Policy, Cambridge City Council	Cambridge
Helen Darlington	Trafford PCT	Manchester

### e) Social Investors

Name/s	Organisation	Festival of Ideas
Jane Gallagher	NomadE5 Housing Association Ltd – Manager Director	Sunderland
Ailsa Hollond	Lankelly Chase Foundation – Programme Director	Manchester
Tessa Wiley	The Big Lottery Fund North – Regional Policy & Partnerships Manager	Manchester
Ann James	Meet the Dragons	London (1)
Kate Hodges	Zurich Community Trust (UK) Limited – Programme Manager – Young People Mental Health	Manchester
Kathy Valdes	Community Innovation UK – Senior Enterprise Development Consultant	Cambridge
Peter Hughes	Charity Bank – Regional Manager, Midlands and East of England	Birmingham & Cambridge
Lesley Chambers	Community Development Foundation (CDF) – Head of Programmes	Cambridge
Ginny Lunn	The Prince’s Trust – Director of Policy and Development	Manchester

Finally, a self-administered survey with attendees to Festival of ideas was conducted using the ‘SurveyMonkey’ online service. The online survey aimed to reach a larger set of beneficiaries and so to generate general statistic data to back up or questioning the accuracy or relevance of the more qualitative type of information generated through in-depth interviews. Responses were received from 25 commissioners and 26 third sector organisations.