



THE EUROPEAN CAPITAL OF INNOVATION AWARDS



This series of factsheets has been created by the member cities of the European Innovation Council Prizes - iCapital Alumni network, with the purpose of sharing their knowledge. They include the cities' challenges, their recommendations and best practices.

HOW CAN CITIES IMPROVE GOVERNANCE AND INTERNAL ORGANISATION?

Cities face not only external innovation challenges but also internal organisational barriers. These internal issues are becoming one of the biggest roadblocks for most cities.

Challenges

- **Innovation governance varies dramatically** among cities, sometimes increasing bureaucracy and political misalignments.
- **Lack of interdepartmental collaboration** creates information silos.
- **Inadequate project management skills** due to the lack of staff or internal champions, unclear goals, inefficient use of city's resources and old-fashioned cultural and bureaucratic processes.
- The **dependency on the innovation budget** of other city's areas is one of the top organisational challenges. Few cities have an independent innovation discretionary budget. The rest must wrestle with slow yearly budget forecasts and budget requests per project, increasing overheads and bureaucracy.
- **Communication coherence** of the innovation agenda is still a pending issue for most cities, where communication happens per project and not as a whole.

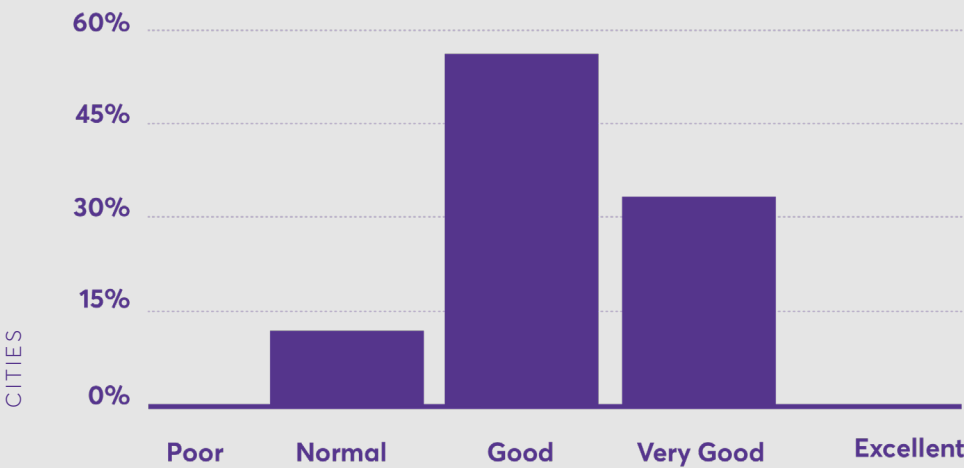
Recommendations

- Appoint an external **chief innovation officer** (or digital champion) to co-ordinate internal and external innovation teams. This person will not only provide insights but also help the city build strategic partnerships.
- **Centralise all innovation decisions** within a single team with vertical domain expertise (e.g. lean, data-driven approaches, agility etc).
- Create a **co-governance body** with both internal and external stakeholders so that decisions are not tied entirely to internal politics.
- Achieve **political alignment** across the innovation agenda, starting with shared and agreed definitions of innovation, before deploying any project.
- Create a **single discretionary budget** such as an innovation fund, paired with other funding sources (e.g. EU grants, national research, innovation or industry funding) to increase the effect of innovation 'investments'.
- Design a **coherent and structured city-wide marketing plan** to communicate the innovation agenda and not just individual initiatives within it.

Independent innovation budget or dependent on other departments of the city?



How well do you think the city is communicating its innovation goals?



[See 'Methodology' for survey's sample size and structure*]

* This report was created through a combination of qualitative and quantitative research methods. The study began with an initial focus group in Sweden, with a curated heterogeneous selection of iCapital cities, including winners, finalists, and runners-up of the iCapital awards from 2014 to 2022 (16 cities).