

Public Sector Leadership in the Age of Mission-Oriented Policy

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21st century challenges will require the public sector to take a more active role in shaping markets, and in directing both private and public sector institutions to work together to solve important problems. This will require bold leadership focused on ambitious outcomes.

Context

The 21st century is increasingly defined by the need to respond to major issues facing society, sometimes referred to as 'grand challenges'.¹ These include climate change, an ageing society, preventative healthcare and sustainable growth.

The public sector has an enormous, often under-recognised, role to play – be it designing and coordinating policy responses, supporting innovation, or providing the direction for transformation.² This will require mission-oriented policies, that is, policies geared towards specific societal challenges.

Achieving this in practice will require a new form of leadership within the public sector to respond to "wicked" problems where there is no single, easy solution. This means leadership to foster a less risk-averse culture, break down departmental silos, and find new ways of working. The

¹ Mazzucato, M. (2018), '[Missions: Mission-Oriented Research & Innovation in the European Union](#)'.

² Mazzucato, M. (2017), '[Mission-oriented Innovation Policy: Challenges and Opportunities](#)'.

re-emergence of mission-oriented policies has renewed focus on the appropriate leadership structures and organisational forms in designing and implementing such policies.³

21st century policymaking to solve problems, prompts a simple question – what kind of leadership do we need in the public sector to take on these challenges?

The Big Idea

At a superficial level we can say that solving big problems will need dynamic yet coherent policy leadership. At the UCL Institute for Innovation and Public Purpose we have worked with the UK government around a challenge-oriented Industrial Strategy,⁴ with Manchester to design a decarbonisation mission,⁵ and with the European Commission to put mission-oriented thinking at the heart of the €100bn funding program Horizon Europe. Through our work, which lies at the boundaries between innovation economics and public policy, we have observed the gaps in public sector leadership and capabilities needed to enable a shift in policymaking.

Leadership for mission-oriented outcomes

Firstly, we will need leadership and capabilities to define problems that need to be solved and to set a direction.

³ Kattel, R. and M. Mazzucato (2018), '[Mission-oriented innovation policy and dynamic capabilities in the public sector](#)'.

⁴ UCL Commission on Mission-Oriented Innovation and Industrial Strategy (MOIS) co-chaired by Mazzucato, M. and Willetts, D. (2019), '[A Mission-Oriented UK Industrial Strategy](#). UCL Institute for Innovation and Public Purpose'.

⁵ [The Greater Manchester Independent Prosperity Review](#) report (2018).

Policy responses to societal challenges, or mission-oriented policy, means not just thinking about sectors of the economy or innovation in isolation, but is about defining problems to be solved. This means moving beyond a policy framework based upon remedying market failures towards one based on shaping markets and managing complexity. It means accepting that we will only solve these challenges by harnessing *directionality*, and the need to tilt the playing field towards solutions.

This will be a new way of working for many in the public sector and it will take leadership to adopt this approach. We have found through our work that this sort of policymaking can only really function with buy-in from the highest political levels. This essentially gives public servants the license to operate – the ability to wield leadership and direct the systems of the public sector towards solving challenges.

With the ability to set a direction comes a responsibility to truly engage a wide spectrum of society in the decision-making process of what direction to choose. Setting a direction requires the engagement of wide sets of social actors and citizens, and demonstrating leadership through a bold vision. This is all the more important in times of populism and ‘democratic deficit’ across many countries. This kind of bottom-up engagement will need open-minded leadership to create space for debate and contestation.⁶

Leadership in delivering policies

Secondly, to achieve these aspirations it will take leadership and capabilities to deliver policies.

⁶ Mazzucato, M. (2019), ‘[Governing Missions: Governing Missions in the European Union](#)’.

Focussing on the direction of innovation has brought attention to how innovation is governed. Often innovation policy can become paralysed – this happens with the realisation that “wicked” challenges are caused by a myriad of reasons, and that existing policy toolkits are insufficient to tackle them.

An example of this are policies to mitigate climate change. Governments around the world are questioning whether conventional fiscal or regulatory frameworks are enough to achieve net-zero CO2 emissions. The most forward looking of these are reviewing policy toolkits and frameworks and pioneering new approaches.

Frameworks of policy evaluation and appraisal are an ongoing focus of research at IIPP. Techniques of Cost-Benefit Analysis (CBA) (captured in the UK Treasury’s ‘Green Book’) entrench value systems and ways of doing policy that are unsuited to a grand challenge approach. In fact, the Green Book itself recognises that such marginal techniques can’t be used where prices or systems are going to change over time, and the recently-updated Magenta Book⁷, the official framework for evaluating the impact of government policy, contains new guidance on evaluating in the face of complexity. Rigid adherence to CBA frameworks could inhibit any ambitious “moonshot”-style policies before they get off the ground.⁸ Long-term policies with big ambition can’t be measured by static marginal effects, but rather by whether they move systems in the direction set by policy. Yet this kind of agile evaluation will require strong leadership to drive it through and not

⁷ The Magenta Book 2020
<https://www.gov.uk/government/publications/the-magenta-book>

⁸ Kattel, R. et al (2018), ‘[The economics of change: Policy appraisal for missions, market shaping and public purpose](#)’.

allow ambitious policies to become diluted or 'business-as-usual'.

Leadership in delivering policies in this sense means the ability to find and develop coherent policy mixes of instruments, institutions and funding to meet the challenges that we face. It also means pioneering evaluation capabilities that don't rely on market-failure theory but can incorporate system-level thinking and more dynamic metrics.

Leadership to break down silos

Finally, mission-oriented policies call for leadership and capabilities to break down silos within governments.

What policy should you follow if you want to reduce crime or increase GDP? Because public policy tackles contested issues such as these, coordination between different policy areas has become increasingly important. This is even more true when it comes to tackling grand challenges, such as the 'Healthy Ageing' challenge in the UK Industrial Strategy; this had to bring together teams from many different departments such as pensions, health, and business. Too often we find a complexity paradox in modern public policy. The more complex a problem is, the more compartmentalised policymaking becomes.

In fact, policy coordination should be the defining role of governments. Yet too often we find "big issues" or long-term tasks get drowned out on a day-to-day basis.

Only with strong leadership and personal drive to break down the walls between different government silos and shape new dynamic teams can we solve grand challenges.

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