ORIGINAL PAPER

Government and Non-profit Collaboration in Times of Deliverology, Policy Innovation Laboratories and Hubs, and New Public Governance

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Abstract This article investigates the implications of the move from public administration to new public management to new public governance for relations between the state and non-profit organizations using the example of the development of policy hubs and innovation laboratories under the operational theory of deliverology. Much of the literature suggests that the move towards these collaborative arrangements is providing non-profits with more access and influence in the policy process. Another stream suggests that the changes may be less significant and less positive than assumed for non-profits. This article weighs in with a preliminary examination of policy hubs and innovation laboratories in Canada. It confirms that while collaborative arrangements between the two sectors are expanding and increasingly drawing non-profit actors into the centre of policy-making, non-profit organizations may be wise to heed certain cautions when choosing their partners and terms of the partnerships or they may find their ability to create and influence policy in a meaningful way is limited.

Keywords Policy innovation · Collaboration · New public governance · Non-profits-government relations · Public management

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Introduction

The shift from traditional public administration (PA) to new public management (NPM) and then to new public governance (NPG) as the dominant operational paradigm in Anglo-American governments has significantly affected the relationship between the state and the non-profit sector. Some scholars argue that the shift has provided non-profit organizations with more opportunities to engage in service delivery and, more recently under NPG, new opportunities to influence government policy-making to deliver services more effectively (Salamon 1995, 2002; Hood 1991, 1995; Hood and Peters 2004; Dunleavy and Hood 1994; Brandsen et al. 2010; Pestoff et al. 2012; Brandsen and Pestoff 2006; Kooiman 2003). Other scholars observe that the shift has resulted in a meshing of PA, NPM and NPG norms with unexpected or deceptive consequences for the state and its partners (Ferlie and Andresani 2006; Dickinson 2014, 2016; Dunleavy et al. 2006; Pollitt and Bouckaert 2011; Klijn 2012; Osborne 2010; Salamon 2015). Similarly, scholars of public administration are divided between viewing the emphasis on horizontal governance and collaboration as providing a positive, albeit not perfect, means of dealing with the complexity of current policy problems (Salamon and Toepler 2015; Gidron and Bar 2010; Pestoff and Brandsen 2007; Lynn 2010), and, arguing the shift has resulted in undue politicization of the public sector with the possibility that the partners in the new governance model are being compromised (Aucoin 2012; Aucoin et al. 2013; Heintzman and Juillet 2012; Savoie 2008, 2015; Chouinard and Milley 2015; Grube 2015; Almquist et al. 2013). This article enters the debate by investigating these arguments using the recent creation of policy hubs and innovation laboratories (PILs) as part of the operational theory of deliverology in Canada.

The 2015 election of the Justin Trudeau government with its commitment to the operational theory of deliverology advocated by Michael Barber (2015) has meant that PILs have been drawn into the centre of the federal policy-making process as advisories bodies to achieve policy results desired by the government. PILs were born out of both the realization that the ability of the state to handle complex policy problems is limited and the resultant turn towards more collaborative arrangements with the private and non-profit sectors (Walzer 1988; Hirst 2002). They are hybrid organizations comprising talent from the three sectors tasked with developing solutions for particular policy problems in a short timespan. These policy change mechanisms in the innovation agenda of governments (Tõnurist et al. 2017; Westly et al. 2011) are variously known as public innovation laboratories, policy laboratories, innovation hubs, living laboratories and by other similar names. They may be located within the state structures, like the Canadian Innovation and Impact Unit located in the Privy Council Office, or exist as independent organizations within the non-profit and private sectors with direct ties to the central machinery of government (Public Policy Forum 2013). Regardless of their name or location, PILs bring non-profit and private sector actors together with government officials to devise timely solutions to complex social and economic policy challenges.

The Canadian adoption of PILs provides an opportunity to consider the arguments in the literature on the implications of the shifts from PA to NPM to NPG for public and non-profit sector relations. While PILs are relatively new, they embody the move towards public sector entrepreneurialism and collaborative tri-sector relations that advanced significantly under NPM and then under NPG (Osborne and Gabler 1992; Craft and Howlett 2013). As a result, this study of PILs yields some insights into the state of public–non-profit sector relations. First, collaborative arrangements between the two sectors are being developed at all levels with positive opportunities for non-profit organizations to influence policy development. However, second, the theory and operation of PILs tend to support the arguments in the literature that the persistence of norms associated with traditional PA and NPM is creating a hybrid state that may be limiting the ability of the non-profit and voluntary sector to affect policy in a meaningful way, and may be politicizing relations between the two sectors. Third, these relationships between the public and non-profit sectors at the highest level of policy development may be neither sustainable nor desirable moving forward. While the argument is based on the Canadian experience, it offers cautions pertinent to the debate in the literature regarding the direction of relations between the public and non-profit sectors in an era of NPG. To achieve these ends, the argument begins by tracking the shift from traditional PA to NPM and to NPG with a focus on state and non-profit sector relations and four areas of concern, followed by an examination of the adoption of deliverology and PILs in Canada with attention to those relations. It concludes by linking those observations to the four concerns raised earlier.

From Public Administration to New Public Management to New Public Governance: Opportunity or Cost?

The relationship between the state and the non-profit and voluntary sector has become more ingrained and multifaceted as the state has transitioned from the principles and practices of traditional Public Administration (PA) existing up to the 1970s and 1980s to new public management (NPM) into the 2000s, and then to new public governance (NPG). However, these theories and phases are not entirely distinct and sequential (Gow and Dufour 2000; Osborne 2006). Instead, the transitions have resulted in a layering effect with significant implications for the relationships forged between the two sectors as this section outlines. The argument focuses on ideal types of these organizational theories in the public sector and the impacts on inter-sectoral relationships in each phase in Canada, for the purposes of clarity but at the cost of nuance possible in longer studies. The Canadian example offers insights relevant to other Anglo-American democracies that have transitioned through similar phases.

The Traditional Model of the Canadian Public Sector

The Canadian variant of the Westminster model of government is associated with the Weberian ideal of a rational-legal public administration. Core principles include rational, scientific decision-making based on the rule of law, political neutrality, impartiality, procedural fairness, a consistent application of rules and a balance between the stability and certainty of the law and the need for change when implementing the policy objectives of the government of the day. A professional, permanent public service, founded upon the merit principle, security of tenure and independence by fixed salaries, operates in bureaucratic units organized along hierarchical lines with a strict dichotomy between administration and politics (Sossin 2010; Wood and Waterman 1991). Elected politicians make policy decisions and public servants implement those decisions and provide the associated services to the public. Lines of responsibility and accountability are clear in this ideal-type (Savoie 2003, 2008; Peters and Savoie 2000) with the public sector being held responsible to the public

through the elected officials. Under this "Schafferian bargain", adopted from Britain in 1908 and followed generally in Canada, politically neutral public servants provide expert advice to the elected officials without fear of reprisals from the government or media and public, and the politicians answer in parliament for department policies, programmes and services (Clarke 2018; Savoie 2003). This arrangement resulted in a primary focus within the public sector on inputs and processes to produce desired and fair outcomes (Osborne and Gabler 1992; Peters and Pierre 1998; Peters and Savoie 2000). As the welfare state expanded and policy-making became increasingly complex, however, questions arose concerning the capacity of elected governments and public sector to ensure efficient delivery of public services (Wood and Waterman 1991; Cairns 1990).

The Westminster model was designed for a relatively small public sector where departments were subject to ministerial control and relations with both the private and non-profit sectors were limited. Initially, the vast geography and small population of Canada necessitated joint action between the state and other sectors to meet economic development, transportation, settlement and social needs (Brock et al. 2010). Many private and non-profit, especially religious, organizations, were involved in the provision of eleemosynary services. During the 1940s, business leaders were drawn into government to lead organizations essential to the war efforts (Roberts 2002). Between 1945 and 1982, Paul Pross (1992) notes that one directory recorded an increase of associations seeking to influence policy from 1700 to 5500 and another listed 8000 in 1981. In the same period, the public sector grew from 120,557 in 1946 to 282,788 employees in 1977, signifying its growing intervention in the social and economic lives of Canadians (Dwivedi and Gow 1999). As the welfare state grew and assumed responsibility for new, more complex and technologically sophisticated policy areas, it became more reliant on external expertise and partners (Thorburn 1985). Organizations vied to become more involved in service delivery and programme design, initiating new areas of joint action.

While a variety of relationships developed between the state and organizations, ranging from consultative to advisory to service delivery and less frequently collaborative, the prevailing pattern was one of government dominance where the public sector officials in departments and the Treasury Board and other central agencies defined the nature, scope and funding arrangements of the joint endeavours. Given the hierarchical lines of accountability for government programmes and spending in the Westminster model, department officials were wary of ceding control to the external partners. Indeed, as the relationships grew, government regulations over the sector increased

(Elson 2011). Government was the ultimate arbiter of the public interest and what needs would be met by these joint endeavours. Big government inspired public confidence but also led to calls for better management of these relationships.

New Public Management and Changing Public Sector Values

New public management, ushered into Canada largely in the 1980s under the Brian Mulroney administration, was an approach to policy-making and service delivery that was intended to restore democratic accountability in the public sector by shifting the focus of policy delivery from process concerns to policy results. NPM embraced values traditionally associated with the private sector, including efficiency, effectiveness, strategic planning, evidence-based decision-making and market competition (Drucker 1954). NPM emphasized the role of managers with autonomy from the centre in delivering results, discretion in programme design and delivery, flexibility in operation and allocation of resources and fewer restrictions from traditional bureaucratic rules but also more accountability for results and operations (Conteh 2018; Brown 2013). Central agencies, such as Treasury Board, Finance, the Prime Minister's Office (PMO) and Privy Council Office (PCO), were strengthened to define central priorities and monitor results in departments (Savoie 1999, 2008; Aucoin 2012). This signified a shift away from the rules-based, process-driven traditional PA model to a more results-oriented, people-based approach intended to move the public sector culture towards private sector values (Conteh 2018).

Under the later variants of NPM, results-based budgeting (RBB) and results-based management (RBM), efforts were made to restore clearer lines of accountability by drawing stronger connections between policy and service delivery results and the priorities and revenue raising capacities of government (Richards et al. 2017; Good 2003). RBM emphasized a participatory and team-based approach to management with managers responsible for the efficient delivery of key policy objectives. RBB allocated the budget to achieve defined priorities, objectives and results (Besrest 2012; UNDG 2011). Audits, evaluation, incentives and performance measures were important for checking results against government objectives (Klijn 2012). The state's focus moved from procedural effectiveness and fairness to ensuring that results were achieved in a cost-effective and efficient way that was measured (Osborne and Gabler 1992; Aucoin and Heinzman 2000; Bouckeart and Halligan 2008). Under NPM, governments aspired to be leaner, more effective steering organizations.

The NPM approach recognized that policy issues spanned the interests and expertise of different departments

simultaneously as well as requiring the engagement of interests and expertise outside of government, primarily but not exclusively from the private sector. Under NPM, the policy management approach was decentralized and less hierarchical, with contracting out to the private and non-profit sectors a key tool for achieving policy objectives (Wright 2000; Pierre 2000). Relationships between government and non-profit organizations increased significantly under the contracting regime (Osborne 2006). Ironically given the goals of NPM, as decision-making became more complex with flatter structures and more partners, lines of accountability traditionally valued in the public sector became less clear (Savoie 2008). The results were a public sector filled with frustrated managers who were attempting to build substantial partnerships and alliances with external partners while being held accountable by an audit system that reflected the old PA system (Pollitt and Bouckaert 2011; Good 2003), and a non-profit sector filled with organizations bound by golden handcuffs under a restrictive rules-oriented contracting and regulatory regime (Pross and Webb 2003).

New Public Governance and New Relationships

New public governance arose out of and yet in contrast to NPM. Rather than focussing on the managerial operations of government, NPG emphasizes the governance framework and the tools or instruments intended to achieve policy results (Salamon and Toepler 2015). Networks among the three sectors are viewed as an effective means of catalysing the state into action and achieving results, particularly as their autonomy from government hierarchy and control increases (Pierre 2000; Osborne 2006). Core features of NPG include: interorganizational governance driven by steering or networked leadership; interdependence of organizations in policy design and delivery; decentring of the state in policy development with shared acknowledgement of each partners' expertise and knowledge; the use of partnerships to address wicked policy problems with far-reaching externalities; and, a plurality of actors, resources and knowledge working together in networks that are autonomous from exclusive state control and direction (Peters and Savoie 2000; Head 2008; Klijn 2012; Osborne 2006). Networks share in the allocation of public resources and exercise of public authority (Salamon and Toepler 2015). NPG departed from the private sector philosophy of NPM to emphasize collaborative governance models based on reciprocal respect, interdependence and trust among the partners rather than on contracting and competition as the animators of relations. Thus, NPG gave rise to ideas of co-production, co-management and co-governance (Pierre 2000; Brandsen and Pestoff 2006; Conteh 2018). Under NPG, the assumptions are that: one

sector possesses insufficient knowledge to define and decipher the policy challenges; and, bureaucratic paralysis, lethargy or intransigence are surmounted by building strategic alliances and partnerships with organizations from the private and non-profit sectors (Osborne 2010).

This vision significantly expanded the role for external organizations. Collaboration and networked governance drew individuals and agencies as full contributors into the centre of decision-making (Savoie 2008, 2015). Non-profit organizations became particularly desirable partners because they embody the democratic and horizontal ethos inherent in NPG either by engaging communities directly in service provision or representing community values and voicing community needs and by their flexibility and commitment to civic action (Almog-Bar 2018; Bode and Brandsen 2014; Salamon and Toepler 2015). Collaborative arrangements extend beyond service delivery and market-exchanges to co-management, co-governance and co-design of policy, thus existing at all levels of the policy development and delivery process with greater potential for building trust among the sectors (Bode and Brandsen 2014). So for example, NPG gave rise to various state-third sector compacts redefining the place of non-profits in the policy process (Gidron and Bar 2010; Almog-Bar 2018). By shifting to networks and a relational focus built on trust and mutually defined contracts, NPG emphasizes policy outcomes and effectiveness over process concerns (Osborne 2010).

Summary of the Shifts

This sketch of PA, NPM and NPG shows the NPG approach to public policy offers greater opportunities to the non-profit sector to contribute to improving public policy and service delivery. The distinctions among PA, NPM and NPG and relations with external organizations are captured in Table 1. However, the differences may not be so clear-cut as shown in the following review of four concerns.

Four implications of the shifts from traditional PA values to NPM and NPG

1. Building Vibrant Relations

First, most authors concede that NPG originated from NPM and ideas from both coexist in the operation of the modern state; however, opinion is divided on the implications of this interplay for the non-profit sector partners. Salamon and Toepler (2015) argue that NPG is an improvement on NPM by moving to flexible forms of collaboration, focussing on the instruments of governance rather than internal operations, and acknowledging the strengths of non-profits. Thus, a positive relationship can

Table 1 PA, NPM and NPG: characteristics and dominant relations

Approach	Public administration	New public management	New public governance
Dominant tendency	Rule of law, predictability Stability and certainty	Change agenda	Disruptive transformation
Primary focus	Process, inputs	Results, outcomes	Results, impact
Primary activity	Policy implementation	Managing for results	Policy solutions
Main tools	Public sector expertise Consultations	Market relations Contracting out	Trust relations Collaborations/engagement
Timeframes	Longer-term focus	Limited time frames	Limited time frames
Primary area served	Public interest	Government agenda	Government priorities
Accountability	Hierarchical command/control	Dual (vertical, horizontal)	Plural (vertical, horizontal, internal)

be struck if three conditions are met. First, administrative arrangements must respect the distinctiveness of the sector and not be too cumbersome or restrictive. Second, the partnership should provide access to the design of programmes and reflect the operational needs of the non-profit partners. Third, tools used to effectuate relationships must support the financial independence and vibrancy of organizations.

2. Looming Shadow of Hierarchy

Other authors are less sanguine about the mix of NPM and NPG. Helen Dickinson (2016) maintains that NPM has left its imprint on NPG with serious consequences for non-profit partners and civil society. Most notably, the governance emphasis on horizontality and collaboration has not resulted in the state relinquishing control over society. Instead, softer policy instruments, such as nudging and ones similar to those suggested by Salamon and Toepler, may be an indirect but effective means of exercising state dominance. She argues that relations take place in the "shadow of hierarchy", meaning that governments still set the rules of interactions that shape the behaviours of partners and society (Dickinson 2016; Thaler and Sunstein 2008; Scharpf 1997; Jessop 2003). The steering role associated with NPM is present in the use of state resources to fund relations and effect changes under NPG (Dickinson 2016; Skelcher 2000; Holliday 2000).

In this view, the state embodies a form of hybrid governance that incorporates various arrangements from these NPM and NPG reforms. The results are that:

- individual agency is underestimated;
- relationships and collaborations are in constant flux and renegotiation;

- sector values are under pressure as new values are created by state actions and incentives resulting in mission drift; and,
- public and non-profit sectors will increasingly need to focus on relational aspects of service delivery, especially trust and legitimacy and not just efficiency and effectiveness (Dickinson 2014, 2016).

In sum, the hybrid state is much more complex to navigate and is not necessarily resulting in a more positive experience for non-profit partners even when Salamon and Toepler's conditions are met.

3. Sustainable Relations

The mix of NPM and NPG in government operations has two further implications for state-non-profit sector relations. Klijn (2012) argues that while NPG models cope better with policy complexity but sacrifice democratic accountability through the creation of multiparty stakeholder relations, NPM provides more state control and order consistent with democratic accountability but fails to address satisfactorily the complexity of social and economic problems. Like Salamon and Toepler, he concludes that governance requires elected officials to share their authority, but then moves closer to Dickinson and others in asking whether this is sustainable in an era when the 24/7 media demands strong leaders, agency and accountability.

4. Politicization of the Public Sector and Its Partners

Peter Aucoin ventures further by arguing that the state has entered an era of new political governance. Recall that in the traditional model of public service, appointments in the public sector are merit-based rather than partisan or patronage-based to ensure that public officials will provide elected governments with impartial advice regardless of their ideological leanings. NPM reforms empowered managers in the public sector by providing them with more
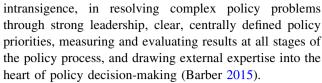
control over the use of resources and more independence from the centre of government. However, NPM and NPG reforms enabled elected governments to exert more control over the public sector, particularly through strengthened central agencies. If this central control ensures that the public sector serves the broader public interest in an impartial manner, it is an appropriate exercise of democratic government. However, Aucoin cautions that if "governments seek to use and misuse, even abuse, the public service in the administration of public resources and the conduct of public business to better secure their partisan advantage over their competitors", then political control undermines the core public sector values of impartiality and neutrality in service delivery (Aucoin 2012, 178). This form of "promiscuous partisanship" encourages "a dualistic view of politics in which those who are not allies of the government must be its enemies" (Aucoin 2012, 183). The traditional Canadian public sector values of impartiality and non-partisanship thus become obstacles to be managed by government (Craft and Howlett 2013). Just as Dickinson noted NPG functions in the shadow of hierarchy, Aucoin suggests that over the past three decades NPG relationships and policy tools are being subjected to partisan manipulation at the expense of the broader public interest.

This paper now turns to the example of deliverology and policy innovation laboratories (PILs) in Canada to probe the implications of the developing relationship between the state and non-profit sector. The focus here is on whether the promises of the shift from PA to NPM and NPG for the non-profit sector are being realized or if the negative effects identified by Dickinson, Klijn and Aucoin are hindering the relationship.

Deliverology and PILs in Canada

Delivering Results and Ensuring Accountability

After the Liberal government was elected in 2015, Prime Minister Justin Trudeau called upon Michael Barber, former advisor to the Blair government in Britain, to address Cabinet on his deliverology approach to managing reform initiatives in government (Barber 2015). This approach focuses on linking results to priorities, evidence-based policy-making, measurement and evaluation throughout the policy process, and effectiveness in achieving change ("delivering results"). It embraces the NPG principles for policy-making and service delivery that are less hierarchical and more collaborative than the traditional command and control model of public administration. In particular, deliverology was designed to circumvent the limits of the state, particularly bureaucratic lethargy, lack of expertise or

intransigence, in resolving complex policy problems through strong leadership, clear, centrally defined policy priorities, measuring and evaluating results at all stages of the policy process, and drawing external expertise into the heart of policy decision-making (Barber 2015).

Barber recommended two structural innovations to ensure that the elected government's priorities guided departments and were achieved. First, Policy Development Units (PDUs) would be independent monitoring offices located in the central machinery of government and/or in selected government departments that would apply pressure gently but relentlessly by providing timely nudges to public officials to focus on the government-defined goals. Second, Barber borrowed the private sector concept of idea laboratories to create a culture of change through new methods of policy development (Barber 2015, 114–116). These policy innovation laboratories (PILs) would bring together individuals from the public, private and non-profit sectors to brainstorm on policy ideas and emerge with solutions and plans of actions in specified periods of time. PILs were intended to use either traditional scientific techniques (experimentation, testing, verification) or design thinking (empathize, define, ideate, prototype, test, implement) to resolve policy challenges without ideology or values influencing the deliberations (Williamson 2015; Torjman 2012; McGann 2018). Thus, these hybrid laboratories would be "'islands of experimentation' where the public sector can test and scale out public sector innovations" (Schuurman and Tonurist 2017). Their virtue would be to introduce new performance indicators to break through bureaucratic lethargy, risk aversion and resistance to change. Canada, followed other jurisdictions (Barber 2015; CPI&PE 2018), in using hubs and PILs to transform public policy by addressing complex issues with skills drawn from the non-profit and private sectors that were not readily available in the public sector (McGann et al. 2018; Puttick et al. 2014; Carstenson and Bason 2012).

The Trudeau Government Response: From the Innovation Hub to the Impact and Innovation Unit

The Trudeau government followed Barber's recommendations closely. It created a Cabinet Committee on Agenda, Results and Communication to set the government agenda and priorities, track progress on commitments and oversee strategic communications. It established a unit in the Privy Council Office (PCO—the body that supports Cabinet), to support this Committee and coordinate its work with Treasury Board. Treasury Board was mandated to track progress on policy objectives and ensure financial efficiencies in departments. RBM and RBB principles were embedded in a new framework linking spending with

promises (Zussman 2016a, b; Lindquist 2016). This approach was intended to assist public servants in breaking through the "fog of accountability" and "web of rules" in the public sector that were impeding policy agility and innovation (Dean 2016; Zussman 2016b; Dobell and Zussman 2018). Thus, strong centralized control of the policy process was a key component of the approach. Cabinet, allied with PCO and Treasury Board, would oversee policy development in departments, holding public sector officials accountable to the centre and centrally defined priorities.

PDUs and PILs were not entirely new in 2015. The year previously, the Clerk of the Privy Council had issued a report on the public service favouring the use of innovative ideas including PILs (Canada 2014, 11). He noted that the "public service uses open and networked approaches to develop innovative, effective solutions to complex problems and emerging issues", and "draws on a diverse range of data and information to develop evidence-based ideas, analysis and advice" (Canada 2014, 11–12). The report recommended the creation of a "central innovation Hub" in the nonpartisan PCO that would "ensure that successful innovation is replicated across government" and "change the way the Public Service does business". Consistent with Barber's theory and NPG, the report mentioned the hub would "support departments in applying new approaches— such as behavioural or "nudge" economics, big data, and social innovation— to complex policy and programme challenges" (Canada 2014, 12). The hub would complement change laboratories established in selected departments like Employment and Social Development Canada (ESDC) to experiment with new approaches bridging policy, programme and service perspectives in solving client problems (Canada 2014, 12).

There was an important difference between the Clerk's report and the Trudeau government's approach despite a similar objective. Both used new techniques to address policy challenges and to change the way government performs. However, the Clerk's report made scarce mention of the political-bureaucratic interface and as noted above stressed the importance of drawing on a wide "range of data and information to develop evidence-based ideas, analysis and advice" (Canada 2014). In this vision, the hub's activities would be consistent with the traditional obligation of the public service to offer impartial and informed analysis and advice on proposed policy ideas and solutions. In contrast, the Trudeau government designed hub was committed to linking the use of new techniques to achieving the elected government's clearly defined priorities and desired results (Dobell and Zussman 2018). The Trudeau government was intent on ensuring that the policy path to implementation taken by the public sector did not stray far from its political commitments and electoral promises. To this end, the government brought a Liberal ally and co-author of the 2015 Liberal Party election platform into the nonpartisan PCO, to head up the PCO Results and Delivery Secretariat and later oversee the Impact and Innovation Unit (May 2016).

The IIU: Implications for Public Sector Values

The implications of this shift are not to be underestimated. The Clerk's report was predicated upon a value-neutral, evidence-based process that would encourage innovation but also provide the public service with the autonomy, ability and data to assess the elected government's priorities and to challenge or speak to their weaknesses when appropriate. In contrast, the government emphasis on Cabinet oversight and operation in combination with PCO and Treasury Board to ensure the public sector remained in lock-step with government priorities compromises the impartiality of those central agencies. This tight central control opens the door to politicization of the process and stifles objective, nonpartisan criticism of those objectives where warranted. It was not unnoticed that just prior to his appointment to the PCO unit, one official published a study on "Creating a High Performing Canadian Civil Service", remarking on the low dismissal rate within the public service and calling for low performing public servants to be dismissed or held accountable, while tying performance measures directly to achieving government objectives (Jarvis 2016: 20–21). The government's intention of evaluating unit performance based on achieving government measures was clearly signalled and stated in mandate letters issued to deputy ministers and departments (Trudeau 2018).

Not surprisingly, the government replaced the PCO's innovation hub with an Impact and Innovation Unit (IIU) of its design in 2017. The IIU "works with a broad range of partners to support departments in delivering on policies and programmes that matter to Canadians. With a focus on results-driven approaches, the IIU is working hard to transform the way in which government works" (Canada IIU 2018a, b, c). Following Barber's logic, the IIU works with central agencies, departments and external organizations to break down barriers to innovation, to co-design and co-create solutions to policy problems, to measure impact and support evidence-driven decision-making, and test results rigorously (Canada IIU 2018a, b, c). On its "Theory of Change" website, the government proclaims that the IIU "is **committed to measuring its impact** so that management and staff have the information needed to **support evidence-based decision-making** in order to achieve better policy outcomes for Canadians and positive social, environmental and economic return on federal investments" (Canada IIU 2018b; emphasis theirs). Ultimately,
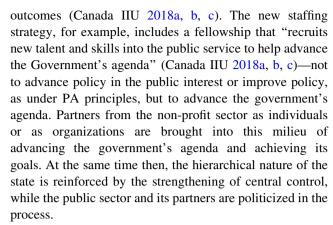
according to the IIU's 2017–2018 Annual Report, it is "collaborating with departments and stakeholders to help close the gap between policy development and implementation in the Government of Canada" (Canada IIU 2018a, b, c).

Three implications of this language are striking. First, closing the gap between policy development and implementation is indicative of a different mindset than the traditional PA mindset which is predicated upon the dichotomy between administration and politics: public servants implement, elected officials make decisions (Craft and Howlett 2013). While the line between policy development and alignment with government priorities has been increasingly blurred in the transition from PA to NPM and NPG (Savoie 1999), this suggests a further blending of roles. Second, the emphasis on positive returns on investments and achieving policy outcomes suggests that the government expects to see a close alignment between results and its priorities and promises when it is investing resources in particular policy areas. The central hub (IIU) is tasked with ensuring a tight fit, granted there is latitude on the specific form of the new solutions. Third, the language of better policy implementation, outcomes and positive social, environmental and economic returns reflect the ideology of the Liberal party. This ideological predilection is also reflected in the partnerships IIU has created with progressive, often left-of-centre, non-profit PILs like MaRS and Nesta, the innovation units of the OECD, external experts from non-profits and social enterprises, certain academic institutions, and other Liberal or left-of-centre governments, private sector organizations and citizens in Canada as recorded on its website (Canada IIU 2018a, b, c). In these three ways, the partnership with the non-profit sector is deepened and strengthened at the centre of government with partners who have both a shared and a vested interest in the results but who also then become closely associated with the government's vision and, thus, part of the politicization process suggested by Aucoin.

The IIU: Strengthening Policy by Engaging the Right People and Partners

The IIU, as the key engine of the government agenda, has a two-pronged approach that also impacts its relationship with the non-profit sector. Within government, it is pursuing systems-level changes in policy and the public sector culture that foster outcomes-based strategies. This includes identifying and overcoming internal barriers to innovation and experimentation, implementing a new staffing strategy ("recruiting the right people") to address top priority issues, and accelerating the change process by working more "actively" with departments to secure innovative

outcomes (Canada IIU 2018a, b, c). The new staffing strategy, for example, includes a fellowship that "recruits new talent and skills into the public service to help advance the Government's agenda" (Canada IIU 2018a, b, c)—not to advance policy in the public interest or improve policy, as under PA principles, but to advance the government's agenda. Partners from the non-profit sector as individuals or as organizations are brought into this milieu of advancing the government's agenda and achieving its goals. At the same time then, the hierarchical nature of the state is reinforced by the strengthening of central control, while the public sector and its partners are politicized in the process.

The second prong of the IIU approach involves developing relations with PILs outside of government and indirectly providing "non-traditional" (Canada IIU 2018a, b, c), independent organizations with access to the centre of the policy process. In particular, the IIU encourages the engagement of external organizations in policy innovation through a more flexible and targeted grants and contributions programme that is driven by the government's priority areas as well as the Impact Canada Initiative which includes a challenge platform to encourage outside organizations to propose innovative solutions to policy dilemmas (Canada IIU 2018a, b, c). Current projects include the Smart Cities Challenge, the Clean Tech Challenge, Canada Learning Bond Outcomes, Increasing Gender Diversity in the Armed Forces and encouraging Donations to the Charitable Sector (Canada IIU 2018a, b, c). Stakeholder engagement is critical to the innovation agenda and the work of PILs. Again, these partnerships tend to reflect the government priorities and involve agencies supportive of those priorities and the innovation agenda.

Under the Barber deliverology approach to policy being used by the Canadian government, networks involving people from all sectors, both within and outside the public sector, are key to addressing complex and persistent policy problems in priority areas. Both the IIU and PILs created under its direction can nudge departments and present new ideas and ways of addressing policy problems moving them from traditional practices to more open, dynamic methods of operation. In theory, PILs and other hybrid organizations existing outside of government can help break through the traditional culture by offering scaled experiments using new techniques and specialized expertise to present solutions to persistent problems that the public service does not have the time or talent to address in its daily operations. However, these collaborative arrangements between the public and non-profit sectors may be less than satisfactory for both sectors as a closer examination of the department-level PILs suggests.

PILs and Partnerships in Operation: Objectives, Challenges and Implications

Without doubt, the Canadian government is offering non-profit and private organizations new and varied opportunities to influence policy through the PILs as part of its commitment to networked governance and public sector culture change. PILs in operation include: living laboratories like the University of Prince Edward Island's Clinic for Patient Oriented Research and the Mohawk College unit focussing on energy, health and technology supported by the Competition Bureau of Canada; policy laboratories and hubs funded by Natural Resources Canada for mining and the environment, health, Arctic research, closing the gap between laboratories and the market, microfluids (University of Toronto) and automotive innovation; and, the Canada Revenue Agency's internal Accelerated Business Solutions Lab that has partnered with organizations on workshops. Other laboratories have addressed a more inclusive public service for people with disabilities, increasing the women's voice in innovation, clean tech solutions and photo journaling. PILs are an important component of the current government's attempt to shift the public sector culture to one of innovation in its priority areas.

External partnering PILs or hybrid PILs internal to departments are created with the objective of recommending policy solutions with limited attention paid to procedural matters or existing rules. For example, the Service Lab at Innovation, Science and Economic Development Canada (ISED) partnered with the Community of Federal Regulators (CFR—comprising 27 regulatory organizations) at the instigation and under the eye of the Treasury Board to redesign regulatory guidance information and create a client-centred online service within 6 months (Jones 2016). The TBS had a vested interest in the project succeeding since it was using it as a model for Canada.ca, a centralized information service to be applied across all departments (Jones 2016). This achievement demonstrates the usefulness of PILs in transforming a service to make it more user-friendly and to offer scaled experiments for pan-government changes. As the literature suggests, PILS might be most effective for services or where the knowledge is quantifiable, policy-relevant or applied rather than qualitative or involving broad social coalitions or for higher level policy changes (Tõnurist et al. 2017; Fischer 2003; Carstenson and Bason 2012). The example also demonstrates the importance of the central machinery in initiating and executing the work of PILs given that the TBS used the CFR as an "outside-in" organization to transform services.

Effectiveness in the Short-Term

Solutions devised by PILs are not always adopted so easily or may be adopted without sufficient evidence. Because PILs tend to focus on particular policy problems and solutions under set priorities and do not participate in implementation for the most part (Bridgespan 2014; McGann et al. 2018), "there's very little guarantee that the solutions will actually work" according to laboratory participants interviewed by Martinet al. (2017). The short timelines and targeted focus of PIL work can also mean that while PILs are very good at defining the first order effects of the solution, they are less equipped to gauge the second and third order effects. In an era of RBB, PIL solutions may not be tied to budget lines (Tõnurist et al. 2017). In these cases, often the public sector is left to devise the means of implementation and to resolve problems that arise from solutions suggested by PILs. If the solutions are not practical or compliant with government needs or resource allocations, then the value added of PILs may be questioned, ultimately raising the issue of sustainability.

Politicization

Solutions may also reflect the inclinations of researchers inadvertently or by design. For example, the Accelerated Business Solutions Lab at the Canada Revenue Agency undertook a study of the needs and experiences of homeless people in filing tax returns. The project did not yield implementable results, an analysis of the current system or conclusive results because the sample size was too small (31 interviews) and scope of analysis was too limited (CRA 2018). Despite the inconclusive nature of the study, it was used to justify a significant increase in CRA spending to assist non-profit organizations in helping the homeless population to file tax returns (Press 2018). In the push towards policy innovation and usage of PILs in the CRA mandate, public sector neutrality and quality of decision-making appeared to be compromised. By extension, instead of being independent advocates, non-profit partners may become complicit or worse, perhaps, used to legitimize "evidence-based" decisions made with questionable evidence to justify ideological choices of the government. In cases like this one, non-profit sector partners in the PILs or who benefit from the decisions may become part of the process of politicization of the public sector as foreseen by Aucoin (2012) and others (Dobell and Zussman 2018). The gap between the political leadership defining policy goals and the public sector implementing policies is narrowed with traditional safeguards removed or diminished.

Vibrancy and Sustainability in the Shadow of Hierarchy

IIUs and PILs foster collaboration and networked governance embedding co-creation and co-management of policy across government ideally. However, the shadow of the former PA state may be evident in measures of inequality built into the relations. For example, in 2017 ISED Canada announced the movement of its innovation laboratory to the creative innovative space, the non-profit Bayview Yards (Canada ISED 2017). The innovation laboratory was established to serve entrepreneurs and innovators and create a modern and user-centric public service. In 2018, ISED closed the innovation laboratory, while it reset its mission to have a "stronger focus on supporting the Department in its digital transformation and the design and delivery of client-centric services" and help "position the department to deliver on Canada's innovation and skills plan" (Canada ISED 2018). The repurposing of the innovation laboratory to support digitalization was abrupt and significant. Government objectives and priorities are central to the redesign regardless of arrangements with Bayview Yard. Previous partners are not likely to be included unless they fit with the new mandate. Most importantly, this example suggests that PILs not achieving government objectives or meeting targets set by the central hub may be shut down or repurposed as the innovation laboratory was.

Somewhat paradoxically, greater access of non-profit organizations to the policy process may result in less sustainable relations. Recall that under the deliverology approach to governance, priorities are set and department progress is tracked and measured on achieving those objectives. However, monitoring can also be uneven or spotty (Van Acker and Bouckaert 2018) with the criteria of evaluation poorly defined or poorly suited to the purpose (Dobell and Zussman 2018). This may work against non-profit partners working on innovative solutions that by definition defy traditional evaluation criteria. Also, with the attention of the centre on priority areas and obtaining results in a timely fashion, other policy issues will receive less attention and must compete for other, scarce resources. Partnerships of the non-profits with government may be episodic and depend on the favoured priority of the day, while others languish (Tõnurist et al. 2017; Schuurman and Tonurist 2017). For example, under the Impact Canada Initiative, grants and contributions have been reconfigured to encourage networked governance. However, the priority is identifying "Primarily grants and contributions policies and programmes and other government initiatives that may benefit from IIU interventions" (Canada IIU 2018b). By example, ISED invested $25 million into the non-profit Creative Destruction Lab at the University of Toronto in October 2018 to be spread among partners engaged in helping emerging businesses to scale-up (Creative Destruction Lab 2018), a key priority of the Liberal government. Further, targeted spending means achieving targeted results. Once a target is achieved or if a programme is not achieving its objectives in a timely way, then it may be "orphaned" or abandoned. As an example, the Government of Canada's National Digital and Data consultations concluded in October 2018 but, like the innovations laboratory, then went silent on results and seemed to have been overlooked in the federal 2019 budget. If a laboratory does not efficiently achieve the results desired by government or finds an answer that contradicts the government priority, its funding might be discontinued or not renewed.

Funding and administrative arrangements determined by government-defined priorities may have a serious impact on the laboratories themselves. In their survey of Canadian laboratories, Martin et al. (2017) found that PILs had the usual complaints about funding raised by non-profit organisations. They also discovered that innovative work of the laboratories may be slowed down by the necessity to find partners, identify collaborative space among the partners, devise and test solutions, refine the solutions and to sustain the interest of public sector partners. This also requires sustainable funding sources given that fundraising can be time-consuming and burdensome (Martin et al. 2017). Further, they note that for social innovation projects, timing in the project is important for securing funding. Foundations may be more willing to fund exploratory stages of projects but governments are more likely to fund once results are "more concrete". More worrisome is that "governments usually initiate engagement with a laboratory with a specific outcome in mind", a practice at odds with the laboratory philosophy of designing creative solutions (Martin et al. 2017). Politicization of the non-profit sector or mission drift of organizations is possible consequence from the dive for dollars.

Partners in PILS may find that their longer-term relationship with the public sector is affected by these relationships. Considering this, laboratories tend to have set time frames to devise solutions calibrated to the life cycle of the government of the day (Schuurman and Tonurist 2017). The public sector has a longer-term focus on the public interest. While it serves the government of the day, it must ultimately answer to the public good and not the government. In contrast, PILs serve the government of the day. Non-profit partners or participants in these networks serve their organizations and clientele. Laboratories that require additional resources or times to devise solutions may fall out of favour with government and or lose buy-in from partners. Alternatively, new governments may have different priorities and laboratories may be closed (Guay 2018). Certainly participants in the Guaranteed Basic

Income project created in Ontario under the previous Liberal government did not expect the Conservative government elected in 2018 to cancel that project as abruptly as it did. Could a similar fate befall federal partnerships when a different government is elected?

Sustainability and Accountability in the Shadow of Hierarchy

A final concern involves conflicting norms of accountability between the two sectors. Eva Sørensen suggests that the NPG model of accountability departs from the traditional PA accountability model (public service answers to the public through Parliament) as well as the NPM model of accountability of efficiency and effectiveness "because collaborative innovation processes draw on mixed rather than one fixed accountability standards, shift the position of accountability holders and accountability holdees around in the course of the governance process and share rather than divide responsibilities between the involved actors" (Sørensen 2012). In an era of deliverology and collaboration, accountability is no longer just vertical within the traditional lines of the bureaucracy but must also extend vertically to the traditional authorities (Cabinet and parliament), and new units charged with overseeing collaboration (central hubs like IIU and PILS in departments), and horizontally to multiple partners and their respective communities of stakeholders. As Donald Savoie (2008, 2015) has asked in his review of the new policy process, where do you find the "culprit" now when things go wrong? A fog of accountability envelopes both the public sector and non-profit organizations engaged in collaborative innovation detrimentally impacting their legitimacy and possibly future sustainability.

Conclusion: PILs, Partnerships and the Changing Public Sector

These findings confirm views in the literature that collaborative arrangements with the non-profit sector are increasing across governments in a wide variety of forms and at all levels of the public sector. Co-production, co-management, co-governance of policy offer the non-profit sector unprecedented opportunities to influence policy and craft policy solutions for multifaceted, complex challenges facing society and the economy. The Canadian government has engaged new and more non-profit actors in units within the central machinery of government, like the IIU in the PCO, to engineer cultural change across the public sector. At the department level, government-non-profit partnerships range from co-delivery of services to co-creation and co-governance of policy addressing health, environmental, social, economic, digital, technological and other important

challenges. The Canadian experience, as exemplified by the ISED Service Lab and Canada.ca, confirms that such opportunities are especially successful where policy problems are defined and discrete, require applied knowledge and solutions that may be replicated in other areas, and where funding is secure and relations are built on complementary strengths. Hubs and PILs are innovative relationships that are consonant with the policy agility and entrepreneurship required by a more complex and rapidly changing world.

At the same time, the Canadian experience with PILs and hubs created under the operational theory of deliverology by the federal Liberal government mirrors concerns in the literature on PA, NPM and NPG regarding state and non-profit sector alliances. The discussion of the IIU and department-level PILs exposed the existence of a hybrid state in which the "shadow of hierarchy" and government dominance typical of traditional PA state–non-profit sector relations and the audit culture of NPM hinder the ability of the non-profit sector to affect policy in meaningful ways. Notably, the creation of the IIU and departmental hubs reinforced the central control over departments and, by extension their partners, by: clearing defining the government's central priorities and objectives; using soft techniques like nudging units or redefined grants and contributions programmes to encourage partnerships consistent with those objectives; employing firmer techniques like monitoring, performance measures and evaluation to assess progress in departments; and, using hard techniques like mandate letters, repurposing PILs or discontinuing funding to ensure compliance and discourage deviance from central objectives. While at times, relationships may be characterized by mutual respect and trust and respect the vitality and autonomy of non-profit partners, another pattern of relations suggests the mix of PA, NPM, NPG norms comingle to reduce the meaningful impact of non-profit partnerships.

Most strikingly, though, Canada's experience confirms that non-profit partners need be wary of the possibility of politicization through engagement in hubs and PILs. As shown here, the IIU and PILs reveal a shift in the Canadian public sector away from the traditional PA dichotomy between administration and politics predicated upon the idea of a rational-legal public administration in which public servants offered nonpartisan and evidence-based advice in the public interest on policies and programmes to the government. This was evident in the language defining the mandate and objectives of the IIU and PILs, and in the staffing strategies and performance measures being implemented under the operational theory of deliverology. Closing the gap between results and priorities shifts the role of the public sector from serving the public interest to serving the government. As this process of public sector

politicization occurs, non-profit partners also may find themselves closely associated with the government's political objectives in order to maintain alliances and funding relations. Delivering on expected results may compromise the integrity of their expertise and independence, causing mission drift. Alternatively, as indicated by the CRA sponsored PIL on the homeless, partners may witness their work being used to justify (ideologically-motivated?) government decisions lacking a sound evidentiary basis. And, even if the non-profits agree with the end result, their legitimacy may suffer.

This exploration of policy hubs and PILs corroborates arguments that although networked and collaborative governance offer more access to the corridors of policy power, these relations may be not be sustainable or desirable. In some cases, these relations are naturally short-lived since PILs are often engaged in discrete, time-bound projects. However, PILs engaging in a suite of projects may also find their relationship with the government unsustainable or undesirable particularly if their autonomy or ability to serve their mission and clients are compromised as Salamon and Toepler observe. Also, if PILs become too closely identified with one government's political agenda, then a different government may terminate relations or discard policy change tools, or worse, the public sector partners may avoid working with politically-tainted nonprofit organizations. Finally, hubs and PILs often draw on high level expertise and substantial resources from both sectors to address discrete and specific policy problems and may propose solutions that cannot be implemented or do not work within existing policy or budgetary parameters. Networks may obfuscate lines of accountability in such cases. In the event that they fail value-for-money audits, hubs and PILs may be discontinued or repurposed and their usage as policy instruments devalued or subverted to different political ends. Thus, this examination of the Canadian experience with hubs and PILS is preliminary but confirms the value of networked governance and collaborations but also the need of public and, especially, non-profit actors to pick their partners and partnerships wisely and with care, lest they find themselves compromised or devalued.

Compliance with Ethical Standards

Conflict of interest The author declares she has no conflict of interest.

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