

## Targeted government grants for socio-economically vulnerable areas

### Summary and recommendations

There are around thirty targeted government grants that in various ways are intended to support socio-economically vulnerable areas. The purpose of the audit is to see whether these grants provide good prerequisites for the public sector to deal with problems in such areas.

Despite the intentions of the Riksdag and the Government to reduce the use of targeted government grants, a large number of them still exist. Targeted government grants are as a rule not intended to solve underlying problems, and are rather given to stimulate development.

All public sector activities should, within the framework of the regular activities, promote people's participation and equality in society. It is in interaction with the regular activities in the vulnerable areas that the targeted government grants are expected to lead to improvements. Through a case study, the Swedish NAO has examined the outcomes of government grants to schools and social services, as well as a government assignment to the police, at the municipal and the urban district level.

### Audit findings

We have seen that government grants are designed in different ways, and that the design differs depending on the ministry responsible. Since the responsibility for government grants is shared between several different ministries, it is important that the Government Offices analyse how the grants – each separately and in combination – could be received to achieve as good an effect as possible.

We have also seen that government grants at an overall level address needs that exist in the area, but that sometimes there is a discrepancy between the national and local picture of their effects. Consequently, in their analysis the Government and the Government Offices need, to a greater extent, to take into account previous knowledge of the outcomes of government grants at the lowest administrative levels. When the Government chooses to use targeted grants to support a particular type of geographical area, it is particularly important that the decisions are preceded by an analysis of how they are to make a difference in that particular area.

The follow-up of the initiatives also needs to take into account how the grants are received at the lowest administrative levels, so that future design of support can be adjusted. For example, we have seen that what different local activities communicate to the municipality centrally is not always reflected in the municipality's reporting to the agency performing the follow-up. Hence it is not communicated to the Government either, which means there is a risk of missing what is specific to the socio-economically vulnerable areas in particular. If the national follow-up is to reflect what happens there, it also needs to take into account how the funds are distributed within the municipality, and how the funds are received in specific areas. The Swedish NAO believes that there is room for the Government to improve its analysis of the capacity of vulnerable areas to receive the grants and transform them into activities that benefit the area. This can be done through deeper analysis of the effects of different types of government grants and through building up more systematic learning within the Government Offices, for example by developing analysis before setting up government grants and developing follow-up of government grants.

Based on our case study, we can conclude that long-term grants are preferable, since they enable the municipality and the urban district to plan and implement new investments well.

It has also proven successful to design grants that can support or be integrated into existing development work. Government grants to municipalities with socio-economically vulnerable areas and government grants to combat segregation have, for example, gone to activities already planned within the framework of municipal equality promotion, and led to activities that would not have taken place without government grants. One explanation for the success of these funds may be that the grants have been designed to achieve long-term results and that the municipalities themselves have been able to determine how they wanted to work to fulfil the purpose of the grants.

However, trying to strengthen the skills supply within social services and the police has proved difficult. One explanation is that it is difficult to recruit staff to the areas, that there is considerable staff turnover and that the Government's efforts are therefore not noticeable, despite the fact that the intention to strengthen staffing actually met a great need in the urban district.

## Recommendations

The Swedish NAO makes the following recommendations to the Government and the Government Offices:

- Increase the proportion of multi-annual targeted government grants, for the purpose of improving municipalities' planning conditions and implementing new initiatives.

- Make analyses for the introduction of new government grants to know how they might affect local work in socio-economically vulnerable areas.
- Improve follow-ups of government grants that target municipalities with socio-economically vulnerable areas. In order for the follow-ups to provide the Government with information on what works, the follow-ups need to take into account how they are received in the vulnerable areas. Such an analysis is necessary to achieve better accuracy when future grants are designed.