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Specific government grants to schools

– national priorities but local needs

Summary and recommendations

The State governs municipalities and county councils in several different ways. One way is through specific grants – a form of soft governance in which participation is voluntary. The grants are linked to specific activities or initiatives in municipalities or county councils.

Specific government grants have long been used to varying extents, for example to facilitate an increase in staff in prioritised areas or professional development initiatives. In the early 1990s most of the specific government grants were removed. Over time the number of grants has increased again, particularly in the area of education. In 2017 the Swedish National Agency for Education managed and allocated about SEK 15 billion in more than 70 different grants. The grants continue to increase, despite the Government's stated ambition to reduce them.

Several different actors have criticised specific government grants to schools, as there are, among other things, too many of them and because they shift focus from the needs of the system as a whole, focusing instead on details of the system. In addition, it has been put forward that the large number of grants causes unpredictable and inconsistent governance, that the administration of the grants is disproportionately complicated and

time-consuming and that the smaller education providers – municipalities as well as independent schools – are underrepresented.

This criticism thus gives reason to question whether the present system of specific government grants in the area of education is characterised by high effectiveness and sound management of public funds as stipulated in the Budget Act.

Purpose of the audit

The Swedish NAO has audited whether the system of specific government grants to education providers is efficient. According to the Swedish NAO, an efficient system should, taken together, be effective in achieving national objectives. When assessing whether the system of specific government grants is efficient, the Swedish NAO assumes that the specific grants are targeted to school development activities that are needed by the education providers. An efficient system is thus based on local conditions and needs. The Swedish NAO is also of the opinion that an efficient system is characterised by transparency, simplicity and clarity, and also provides conditions for long-term development.

The audit focuses on the specific “incentive grants” to the school system administered by the Swedish National Agency for Education. The incentive grants are intended to influence the education providers’ priorities and stimulate their school development. More than 90 per cent of the specific grants are estimated to be incentive grants, as a percentage of total funds distributed.

Audit findings

It is voluntary to apply for government grants and the education providers themselves decide which of the grants available to apply for. The Swedish NAO’s audit shows that larger municipal education providers often have an organisation that provides the capacity to apply for more grants and in general they also receive more grants than the smaller education providers. Independent education providers receive government grants to the same extent as municipal education providers in total, but with great variations for individual grants. The small municipal education providers included in the audit are more affected by the specific government grants in the sense that the grants influence their school development more than is the case for larger municipal education providers. Local needs are thus at risk of not being prioritised.

The Swedish NAO notes that a problematic situation has arisen, in which many education providers consider themselves dependent on central government funds to fulfil their responsibilities under the Education Act.

In interviews as well as questionnaires to independent education providers a number of problems associated with the specific government grants are mentioned, which affect the education providers' school development.

The government grants make long-term planning more difficult

According to the Swedish NAO, one of the most serious problems mentioned by the education providers is that the large number of government grants causes divisions and makes focusing and long-term planning more difficult, sometimes impossible, for the education providers. The audit shows that sometimes projects are undertaken for which there are grants, instead of the projects needed most by the organisation. This may result in specific local development needs being given lower priority, which in turn may have a negative impact on the attainment of the goals. The problems are aggravated by the short lead times that make it difficult to plan long-term and appropriate initiatives. The education providers prefer to set their own priorities for a smaller number of initiatives for their school development.

Financial vulnerability of small education providers

Sometimes an application is not granted until after the activity should have started according to the grant guidelines, and some grants are only disbursed in arrears. For the education providers this implies that they are forced to pay in advance, which may be particularly difficult for small actors that are more financially vulnerable.

In many regions there is a shortage of labour in the occupational categories that the government grants target. This means that the education providers must sometimes recruit non-qualified staff to be able to make use of the grants. At the same time, they are sometimes forced to offer permanent employment to the qualified staff in order to compete for them – despite the lack of financial resources to retain the staff if the grant is discontinued.

Extensive administration but weak follow-up

The Swedish NAO's audit shows that the large number of grants also creates extensive administration. The education providers would prefer to use the working hours spent on application procedures and reporting for more quality-enhancing activities. At the same

time, many education providers would like to see greater interest on the part of central government in what the initiatives actually led to, apart from data on how many teachers and pupils that took part in the various activities.

Conclusions

The overall assessment of the Swedish NAO is that the system of specific government grants in the area of education is not effective in supporting the education providers in their school development. Consequently, the system cannot be regarded as efficient.

The Swedish NAO's recommendations were drawn up based on the assumption that the Government intends to continue to support the education providers' school development. Based on the audit findings, the Swedish NAO considers that the funds can be used more efficiently and effectively than at present. This can be done by allocating grants on the basis of the conditions and needs of the education providers and by ensuring access to national analysis support. The Swedish NAO also considers that in the long term, the Government should discontinue all individual specific grants in the area of education and pool them into one single pot aimed at school development.

This proposal has several advantages:

- *Each* education provider will be allocated a grant framework for school development. In the current system there are some individual education providers that do not receive any government grants at all.
- If the Government and Riksdag (the Swedish parliament) wish to distribute grants in a compensatory manner, a socio-economic weighting could ensure this.
- The education providers must carry out an initial needs analysis before applying, which means that all education providers must take responsibility for their school development.
- The education providers do not need to set local development needs against national government grant initiatives.
- If the education providers decide to prioritise extra staff resources, local conditions can be taken into consideration in the recruitment process.
- The education providers will have a predetermined grant framework to relate to, which can form the basis for more long-term planning and focusing.
- The time the education providers currently spend on monitoring various government grants, applying for them, requisitioning and reporting, can instead be spent on school development in the form of needs analysis, operational planning and systematic follow-up and evaluation.

- With one application per education provider the problems in today's system concerning short lead times, unclear criteria, extensive administration and size of grants will no longer be as relevant.

Recommendations

The Swedish NAO's recommendations are based on principles that characterise a system that is efficient in terms of transparency, simplicity and clarity. This creates conditions for long-term development work based on local conditions and needs. In summary, the Swedish NAO recommends that the Government:

- Considers replacing the broad range of specific incentive grants with an allocation of funds that is based on the needs of the education providers. We propose that funds be distributed for this purpose in the form of a grant framework for each education provider based on number of pupils, and possibly socio-economic conditions. The education providers will apply for funds within the grant framework for locally designed initiatives. Each application is assessed individually.

Ensures that national analysis support is available for the education providers. Such support can help education providers to analyse their individual problems and needs. It is important to ensure that this support is made available to all education providers.