



SWEDISH NATIONAL
AUDIT OFFICE

Summary

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Establishment of government agencies outside of Stockholm

– small regional contributions without jeopardised efficiency in the long term

Summary

The Swedish National Audit Office assesses that the Government's placement of government agencies in locations outside of Stockholm during 2004–2020 has, in part, lived up to the intentions of the Riksdag. The Government has established new government agencies and has relocated existing agencies from Stockholm to parts of the country that the Riksdag has given precedence. However, the Government's efforts have been insufficient to strengthen central government presence outside Stockholm. In fact, the concentration of central government jobs to Stockholm has increased somewhat during the period audited. The Government's efforts to place government agencies outside Stockholm has only slowed this trend. On the other hand, the Government's relocation decisions have led to minor positive contributions to regional development for some regions in which agencies have been placed. In addition, the new placements and relocations have been made without jeopardising the agencies' prospects of conducting operations efficiently in the long term. The audit also shows that the government agencies' placement in locations outside of Stockholm may lead to some benefits such as lower operational costs and a lower staff turnover.

The Government has abided by the Riksdag's priorities, but has not achieved a more even distribution of central government jobs across the country

The audit shows that the Government has placed government agencies in geographical areas that should be given priority, according to the Riksdag. However, the Government's relocation decisions have contributed relatively little overall to strengthening central government presence outside of Stockholm as well as to regional development. The decisions have only added 4,000 central government jobs and have kept 6,000 central government jobs outside the Stockholm region. This has not been sufficient to stop the progression toward a more uneven balance between Stockholm and other parts of the country.

Stronger measures are needed if the Government is to achieve a more even distribution of central government jobs between Stockholm and other parts of the country. New government agencies are rarely established, which does not create particularly many opportunities for new establishments outside of Stockholm. Previous audits also show that relocations are often costly in the short term. This is why the long-term benefit of a relocation decision must be weighed against the short-term negative consequences. This is a political consideration that should be made by the Riksdag and the Government.

The government agencies contribute slightly to regional development

The Government's relocation decisions have led to a small but important contribution to regional development. Roughly one third of Sweden's labour market regions have been affected by the Government's relocation decisions. In some of these regions, the jobs located there by the Government account for a relatively large proportion of the labour market. These jobs also help diversify and complement the regional labour markets with employment opportunities in the service sector. In many cases, it involves employment opportunities for graduates of higher education. The jobs increase the inhabitants' options and makes it easier for other employers to find staff. Taken together, the government agency jobs slightly help improve opportunities for living and working in these regions.

However, several government agencies that have been placed in regions close to major cities have a high percentage of employees living in the cities. This applies, in particular, to agencies requiring specialist skills. The larger the proportion of staff who commute long distances, the smaller the benefit for the region. The local government is deprived of tax revenues from the employees and their families, among other things. In addition, employment opportunities are not directed to people who live in the region or who move there. In other words, these

government agencies contribute relatively little to regional development. Government agencies with jobs that require a more general skillset have better chances of contributing to regional development in these regions.

Government agency activities are not jeopardised in the long term

The three government agencies that we audited in more detail do not have any substantial problems that are due to their placement in locations outside of Stockholm. The feasibility of carrying out their core tasks has not been affected. They have no significant problems recruiting staff, managing their organisation, coordinating their work or communicating with key external parties due to their location. In addition, their operations costs are lower and staff turnover is also lower. We cannot rule out that there may be government agencies with significant problems due to their placement, but the result of the audit indicates that a large proportion of the government agencies that the Government relocated outside Stockholm in 2004–2020 have sufficiently good conditions to carry out their operations effectively in these locations, once they have had time to establish themselves. This does not imply that any government agency can be placed in any location. Our audit indicates that the Government has placed the agencies' workplaces in regions that have a sufficiently large supply of labour that matches the agencies' human resource needs. The Government should ensure that this is also the case going forward, should it choose to place more government agencies in locations outside of Stockholm.

Recommendations

If the Government will continue to establish and relocate government agencies in locations outside of Stockholm, the measures should be designed so that this is done as efficiently as possible. Therefore, the Swedish National Audit Office makes the following recommendations to the Government:

- Continue to match government agencies that are the subject of establishment or relocation with regional labour markets that have a suitable supply of labour, to avoid problems for the government agencies' operations in the long term.
- Avoid placing organisations that require specialist skills close to metropolitan regions, if the aim is to contribute to regional development.