



Summary:

State governance through targeted government grants in health and medical care

Audit background

The State governs municipalities and county councils in several different ways. One way is through targeted government grants, which is a form of “soft governance” i.e. non-normative governance that in principle is based on a voluntary approach. The grants are linked to specific activities or initiatives in municipalities or county councils. This audit investigates state governance of health and medical care through targeted funding.

Targeted government grants have been used to varying degrees for a long period. In the early 1990s the proliferation of grants had become difficult to navigate and complicated, and a reform was therefore carried out in which many of the targeted government grants were removed. The Riksdag and the Government considered that a system of general grants was more in line with municipal autonomy and that the resources would probably be used more appropriately if municipalities and county councils were solely responsible for their own activities. Targeted government grants were to be used in exceptional cases and be of limited duration. The Government also stated that central government funds should not be given to projects aimed at developing and renewing activities that were the responsibility of the municipal sector to arrange. This still applies in principle.

In the course of time targeted government grants have again increased. The increase has been gradual, through individual decisions, not as a result of a strategic reorientation of allocation of government grants. It is now again common for the grants to be towards developing and improving health and social services, which the introduction of the general grant system was intended to avoid.

The audit covers grants paid out to county councils in 2015, focused on improvements in health and social services. In all it includes 24 grants amounting to a total of SEK 3.5 billion. The grants are under expenditure area 9 (health care, medical care and social

services) and expenditure area 10 (financial security for the sick and disabled) in the Budget Bill. In 2015 these grants had been allocated for between 1 and 30 years.

Purpose

The purpose of the audit is to investigate whether the targeted government grants for health and medical care function as intended. For compliance with the intention of the Riksdag the grants must be temporary and allocated as an exception, and their outcomes must be followed up.

The following questions have guided the Swedish NAO's audit:

1. How are grants to health and medical care designed?
2. What are the consequences of the design of the grants?
3. What is the impact of the grants on the activities of the county councils?
4. Has the Government followed up the outcomes of the grants?

Audit findings and conclusions

Major differences may make government grants an unpredictable policy instrument

There is no explicit policy for when targeted government grants are to be used; decisions to provide support to the county councils in this way are made in each individual case. The grants also differ from each other considerably in several central aspects. These are the aim of the grants, the activities they address, the requirements they impose, the way they are paid and their duration. Of the 24 grants included in the audit, 15 have been of more than 4 years' duration and 10 of them of more than 10 years' duration. Consequently it is doubtful whether they can be regarded as temporary, which has been stated as a requirement for this type of funding. The Swedish NAO considers that there are signs that it is difficult for the Government to discontinue grants that are of long duration. But this does not imply a guarantee for county councils that a grant will also be paid in the future, since all grants are reviewed annually. Uncertainty as to how long a grant will continue to be paid hampers county councils' planning.

There is a clear dividing line between grants linked to agreements with the Swedish Association of Local Authorities and Regions (SALAR) and other grants. For example, it is more common for agreed grants to be time-limited in accordance with the fundamental principle. These grants are also offered to all county councils and are greatest in monetary terms.

The great differences between grants makes governance difficult to oversee. The fact that such differing grant models are included in the term targeted government grants means that the Swedish NAO considers that the grants cannot be regarded as a uniform policy instrument.

Great differences in reception affect outcomes

The targeted government grants in health and medical care do not constitute a significant part of the county councils' budget. Nevertheless, the grants can have a significant impact, not least in that they reward a specific method, diagnosis or particular area of activity.

Apart from the differences that exist between the design of different grants, the variation is also great as regards how they are processed, both within and between county councils. The Swedish NAO's findings show that the differences in many cases have consequences for how health care is impacted by central government policy signals, how permanent this impact is and the possibilities of tracing grant funds.

In many cases the extra resources were positive, but there are also examples of the grants having had unintended and sometimes even negative consequences for the organisations. The audit has shown that giving priority in one area may in some cases be at the expense of other areas. There is also a risk that for financial reasons it will be difficult for county councils to continue with an initiative when the grant has been discontinued. County councils' long-term planning is made more difficult, there is a "disjointedness" in the activities and priorities are made in accordance with the grants that are available rather than the organisation's own needs. In some cases the care professionals are not convinced that the initiatives lead to the desired effects. There are also examples of county councils' internal distribution of the extra resources leading to dissatisfaction.

The Swedish NAO draws the conclusion that there are a number of factors impacting how the grants are received. It is a matter of the size, organisation and internal governance of the county council. The Government cannot control these factors. According to the Swedish NAO this means that the outcomes of managing policy by means of targeted government grants will be difficult to predict for the Government.

It is always difficult to know what the grants have resulted in

The targeted government grants are followed up in different ways and there is no shortage of follow-ups. Generally the Government commissions a follow-up at the time when the grant is introduced. These commissions are, however, often formulated in a

general way, which means that there is great variation in follow-up. It is common for follow-ups to be focused on the activities carried out by the county councils. It is not as common to have evaluations with a deeper analysis and evaluation of the initiatives. In general the Government does not impose any requirement for long-term follow-up after the grants have been discontinued. This may be a problem for two reasons. In the first place effects arising after a longer period may be missed. In the second place, in some cases it is relevant to find out whether or not the changes a grant aims to achieve remain in place when the grant is no longer given.

Impact studies have only been performed for one of the grants included in the audit; the rehabilitation guarantee. This is not surprising since impact studies of targeted government grants are difficult to implement. Complicating factors for impact measurements include the fact that grants often have unclear objectives and are designed in ways that make it difficult to collect data on them. In some cases the Government has initiated several interacting concurrent measures, which also makes evaluation more difficult.

The consequence is that it is difficult to know what impact a grant has had on an activity, despite the fact that the Riksdag Committee on Finance has stated that follow-up of targeted government grants should refer to the outcomes of the grants and despite the fact that most grants are followed up.

Recommendations

The Swedish NAO considers that it would be beneficial to streamline the system of targeted government grants and regularly assess when targeted government grants should be used and when other policy instrument are more appropriate. The Swedish NAO considers that a more systematic process is needed when new grants are designed.

The Swedish National Audit Office recommends that the Government makes a review of existing targeted grants that have no time limit and consider whether it would be better to fund activities in need of long-term financing in another way.

In future considers establishing a maximum time limit for new targeted government grants when they are introduced.

designs grants from the outset to facilitate follow-up and impact assessment so that greater opportunities for learning are created. More follow-up is not needed, but follow-up and evaluation that is more appropriate.