SWEDISH NATIONAL
AUDIT OFFICE

REPORT NUMBER: RIR 2017:3
DATE: 2 FEBRUARY 2017

Summary:
The State and the Swedish Association of Local Authorities and Regions – final report on central government governance of health services

Background and purpose

In 2011 the Swedish National Audit Office drew up an audit strategy for central government and health services. The strategy's point of departure was that the Swedish NAO had noticed a number of problems that were well-known but had not been solved. As part of the audit strategy the Swedish NAO conducted ten audits of various parts of health services. During the work on this final report the Swedish NAO went through all ten audit reports and found that some findings were repeated, namely the Government's increasing use of non-traditional policy instruments to influence the responsible authorities in health care, and findings related to the government's relation to the National Board of Health and Welfare and the municipal sector's stakeholder organisation, the Swedish Association of Local Authorities and Regions (SALAR). The purpose of the final report is to make a more in-depth analysis of these findings by describing developments, analysing reasons and consequences and identifying areas where governance could be more efficient and effective.

The report mainly focuses on the past ten years, when non-traditional policy instruments have become more common. The actors concerned are the National Board of Health and Welfare, the Government Offices (Ministry of Health and Social Affairs), the Swedish Association of Local Authorities and Regions (SALAR) and some parts of the Health and Social Care Inspectorate (IVO). The report is based on the audits published by the Swedish NAO as part of the "Central Government and Health Services" strategy, 2011-2016. In addition the report is based on interviews, document studies and data on payments to SALAR.

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Conclusions and recommendations

Steering towards national equivalence

It is a difficult task for a government to take overall responsibility for health services in a way that is perceived to be legitimate. Municipal autonomy is a premise in the Swedish system and the Health and Medical Services Act, as a framework law, is intended to provide great scope for the municipalities and county councils to design care in accordance with local needs. At the same time equivalence is a preamble of the Health and Medical Services Act. There is, consequently, a natural tension between these principles that reduces the Government's scope of action.

The idea is that the commitments of municipalities and county councils are to be regulated in law and that financial contributions from the State to health services will be allocated through the municipal equalisation system. The purpose of these principles is to achieve a clear division of responsibilities and a long-term perspective. In the period during which the Swedish NAO has audited health services the Government has entered into several agreements with SALAR and approved a large number of other targeted government grants to the county councils. The Government has thus not followed the principle that government grants primarily should be awarded in the form of general grants. The Government's efforts have often aimed to raise the level of ambition, but the Swedish NAO assesses that they have not implied new commitments for municipalities and county councils.

The Swedish NAO notes that on many occasions the Government has tried to supplement framework legislation and the decentralised health services organisation with various steering measures to increase national equivalence. This is natural; municipalities and county councils cannot be expected to have the overview required to take such responsibility. Given the division of responsibility that now exists between central government and the authorities responsible for health services, a national policy towards increased equivalence will always be necessary, and create an expectation of the Government to act. However, the Government's initiatives have to a great extent been time-limited, which has impeded the long-term perspective.

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SALAR has become an important actor in the Government's governance

The Government has used forms of governance that to a large extent involved SALAR, making it a central actor in the governance of health services. The Swedish NAO's assessment is that this has taken place without the Government having actively taken a position on the role of SALAR in governance of health services. The fact that SALAR has been given great influence can rather be seen as the result of the Government more and more often deciding to enter into agreements that on each occasion gave SALAR a little more influence. It is natural that SALAR influences the conditions for municipalities and county councils. However, the report shows that SALAR has come to exert great influence over central government governance of health services as well.

Given the limitations that exist on the Government's direct governance of healthcare it is understandable that it has chosen to use SALAR. There is much to indicate that the Government quite simply decided that it was not possible to have the same effect using central government agencies in the area of health services. In practice, however, this has meant that the Government has assigned a role to SALAR that is similar to that of a government agency. The Swedish NAO considers that the Government has not taken into account sufficiently the consequences of using a stakeholder organisation as part of the administration.

In the report the Swedish NAO notes that SALAR is close to the activities of the county councils and can thus function as an important link between central government and the county councils. From the point of view of the Government, SALAR can therefore be perceived as a fast and flexible route to reach out to the authorities responsible for health services. Since SALAR is not a central government agency, the organisation is not subject to the Administrative Procedure Act or the Instrument of Government. Nor are the possibilities of achieving accountability the same as if SALAR had been a government agency. SALAR represents public bodies, but is not one itself. Consequently neither the Government, other agencies nor the public can impose the same requirements of objectivity and transparency of SALAR as of the National Board of Health and Welfare. In the report the Swedish NAO shows that the Government has not regulated access to databases and other knowledge built up at SALAR with public funds in the same way as if the activity had been carried out by a government agency.

The Swedish NAO notes that the Government has an ambition to reduce micro-management in the area of health services but considers that development is slow. The Government has stated that the number of agreements in the healthcare area with SALAR is to decrease. Despite this, the number of agreements has not changed, and the

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arrangement that has emerged in which SALAR plays a very central role in the Government's governance of health services, seems to be difficult for the Government to extricate itself from. The Swedish NAO's assessment is that the Government has allowed cooperation with SALAR – and SALAR's influence over governance of health services – to grow far too much. The Swedish NAO notes that funds to SALAR are increasing. In the opinion of the Swedish NAO it would be reasonable to inform the Riksdag of the extent and development of funding to SALAR. The reason is that the funds allocated to SALAR are on a level with the administrative appropriations approved by the Riksdag, while SALAR is a stakeholder organisation. In the opinion of the Swedish NAO, the Government needs to evaluate its collaboration with SALAR to take a position in principle on the forms of the cooperation.

The National Board of Health and Welfare has played a modest role

The report shows that the Government's decision to enter into agreements with SALAR has meant that the National Board of Health and Welfare – as central administrative authority – has played a more modest role. According to the Swedish NAO this may be seen as a sign that the Government has assessed that it was not possible to achieve the same impact for its policies by using the National Board of Health and Welfare.

As regards how active the National Board of Health and Welfare should be as advisor to municipalities and county councils, there are no obvious answers. In the opinion of the Swedish NAO, the National Board of Health and Welfare previously interpreted its remit rather restrictively. Moreover, in the opinion of the Swedish NAO, this restrictive approach was one of the reasons that SALAR and not the National Board of Health and Welfare gained a central role in the work of supporting the responsible authorities in implementation.

To implement its policy, the Government should primarily use the central administrative authority, according to the Swedish NAO. The Swedish NAO therefore welcomes the fact that the Government has taken several measures to re-establish the role of the National Board of Health and Welfare as administrative authority, by for example emphasizing its remit to support the Government and responsible authorities.

Governance aside from ordinary administration

The report gives examples of how the Government has built up separate structures when ordinary administration in the area of health services has not functioned as desired.

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Apart from the agreements with SALAR, this applies also to the work of the "programme councils", the National Coordination Group for Knowledge Management and the Council for Knowledge Management. The decision to set up the Council for Knowledge Management allows better coordination of central government knowledge management. At the same time the Council can be seen as an organisatorial superstructure in which the National Board of Health and Welfare is the chair but lacks a decision-making mandate.

Central government needs to develop its knowledge management

One way for the Government to promote improvements in health services in municipalities and county councils and improve equivalence is through national knowledge support and guidelines. However, there are deficiencies in how well municipalities and county councils follow guidelines. Moreover, the audit has shown that central government does not sufficiently investigate the existing need for knowledge support in health services. According to the Swedish NAO an important measure would be to improve compliance. In the Ordinance on Central Government Knowledge Management for Healthcare and Social Services the Government recently required agencies in health and social services to adapt knowledge management as required.

The Swedish NAO has also found some deficiencies in monitoring of central government knowledge management, which hinders learning in healthcare. This applies both to regulations and the work of central government knowledge support. In cases of deficiencies in compliance the Swedish NAO considers that the National Board of Health and Welfare to a greater extent must investigate *why* there is non-compliance with regulations and knowledge support.

Recommendations

In summary, the Swedish NAO notes that the National Board of Health and Welfare and SALAR basically have different roles, but that the Government's governance has meant that the roles have been confused. The Government should primarily use the central administrative authority to implement its policy. If the Government decides to continue using SALAR in governance of health services, the Swedish NAO recommends that the Government a) clarifies the role of the National Board of Health and Welfare in relation to SALAR, b) evaluates the collaboration with SALAR to take a position in principle on the forms of the cooperation, c) regulates public control, administration and ownership during and after initiatives that use SALAR and d) reports to the Riksdag the extent and development of funds allocated to SALAR.

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The Swedish NAO considers that the role of the National Board of Health and Welfare as administrative authority includes functioning as a support to the county councils. As regards how active the National Board of Health and Welfare should be in that respect, there is room for various interpretations of the Board's remit. The Swedish NAO therefore recommends that the Government further clarifies the support function of the National Board of Health and Welfare in relation to responsible authorities, and that part of this is to clarify the Board's supporting remit in its instructions.

Based on the objective of the Health and Medical Services Act concerning healthcare on equal terms, the Swedish NAO considers that the unwarranted differences in Swedish health services are problematic. The purpose of the Government's measures is often to increase national equivalence. At the same time central government has shown too little interest in the reasons for non-compliance with knowledge support. Knowledge support is a policy instrument that can increase equivalence without challenging municipal autonomy, at the same time as this method of governance is more long-term than agreements. The Swedish NAO welcomes the fact that the Government has set up an inquiry tasked with investigating how increased compliance with national knowledge support in health and medical care can be achieved. However, according to the Swedish NAO, the Government and its agencies need to work continually on investigating the reasons for non-compliance with both regulations and knowledge support.