



# Responsive Public Management

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## Sweden : a new stage in sharing services

As part of a commitment to sharing support functions so that agencies can focus on their core activities, the Swedish government has opened a shared service centre.

In June 2012, Sweden opened an autonomous shared service centre – a "quasi-agency" – available to all government agencies. Why did the Swedish government do this, and what are the expected benefits?

In the 1990s, the popularity of the "New Public Management" concept led to the closing of shared service centres (for support functions) that had been opened in recent years. "Empowerment" became the fashion among government agencies and ministries, and existing service centres were dismantled and dispersed amongst the various entities. Very quickly, however, in the words of an OECD report from 2010<sup>1</sup>, "some governments realised that the results were not as intended, as staff levels had increased in all task areas (...). In addition, there were problems with output steering and control." These governments then reversed direction and adopted "a more pragmatic approach", involving, among other things, the "re-concentration of central ministerial support services." Of the various countries that undertook this approach, Sweden often led the way.

### A long-standing division between core activities and support functions

As the OECD has pointed out<sup>2</sup>, in contrast to other countries that are introducing similar measures (Denmark, Finland, etc.), Sweden's situation is somewhat different. First, there is a long-standing tradition of separating out strategic functions (which are entrusted to core ministries only) and operational functions, which are handled by agencies. These are often very large and are given substantial autonomy. Secondly, during the 1990s, a severe economic and budgetary crisis forced Sweden to drastically reduce its public workforce; this was accomplished through privatisation as well as redundancies for nearly 20% of staff. The Swedish government needed to reorganise and increase productivity, which led to the reintroduction of pooled services.

Extensive preparations were required before the National Government Service Centre opened in 2012. In April 2011, a survey report was submitted to the government, suggesting the creation of the centre and defining three initial areas in which to offer services: salary administration, financial administration and e-commerce (centralising online procurement). The report estimated that economies of scale could generate some \$55 million in annual savings, given that the centre would be fully financed by fees, with customer agencies being billed for services "in a uniform manner and in complete transparency". The report also recommended that agency participation should be voluntary at first, with the goal of allowing them to refocus on their core activities.

### Voluntary participation, but with performance obligation

<sup>1</sup> *Public Administration After "New Public Management"*,  
<http://www.oecdbookshop.org/oecd/display.asp?k=5KMH43C82WS5&lang=en>

<sup>2</sup> Currently, only 4% of central government staff work in the core ministries (4,620 FTEs), whereas 96% are employed in agencies (111,000 FTEs).

The recommendations were followed, and the Centre, under the joint supervision of the Tax and Social Insurance Agencies, opened for business in June 2012. It offered support functions for participating agencies in the three areas listed above. Although they are constantly on the lookout for savings due to the restricted budgets they are assigned (clearly a motivating factor), it is up to the agencies to decide whether or not they want to enter into an agreement with the Centre, under the terms of a contract setting out the services they wish to outsource. However, the government has indicated that "for the reform to be profitable, an agreement must be reached with one quarter of all the agencies by the end of 2015. If not enough agencies enter into agreements with the Service Centre, the Government will take further action. The agencies will then have to prove that they manage their administrative activities at least as efficiently on their own<sup>3</sup>."

To sum up, Sweden has opted for a "managed voluntary" method. This stands in contrast, for example, to Finland and the Netherlands, where ministries are encouraged, but by no means forced, to partner with service centres, or Denmark, where partnerships are imposed from above<sup>4</sup>."

As the Centre states, agencies are free to choose the support functions they need, "by purchasing one or more services". Subsequently, "the process is broken down into five phases: needs assessment, definition of needs, implementation, deployment and stabilisation". In the assessment phase, the Centre states the time and human resources that it is prepared to assign to the agency, and proposes an in-depth analysis (both short- and long-term) of the solutions it is offering, accompanied by a risk analysis. A "letter of intent" is then signed. In the following phase, the agency's staff are trained in electronic procedures, and a rollout and communication plan is drafted. During the implementation phase, services are initially provided to upper-level management for monitoring purposes, and finally services are deployed and stabilised.

## **A successful method and increasing numbers of clients**

As it turns out, success was not long in coming, proof that a need had been met. In November 2012, the Centre already had ninety organisations as clients, representing 14% of the total public administration. "We are well on the way to achieving our target of 25% by the end of 2015," remarked the Centre's Director-General. Judging by the influx of new clients in December (the Social Insurance Agency and the Swedish National Financial Management Authority<sup>5</sup> in particular), the goal is within reach. Thanks to these new arrivals, the Centre hired 20 additional members of staff, raising total staffing levels to 220. The year 2013 will see a large-scale rollout of e-commerce services. In terms of HR, the Centre currently offers pension and salary administration, and its financial administration services include travel management, invoicing and accounting follow-up. Other services will be progressively made available, including storage for e-mail archives, assistance with public procurement and administrative and technical support.

**Claire Fargeot-Boll**

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<sup>3</sup> <http://www.sweden.gov.se/sb/d/15477/a/195555>

<sup>4</sup> *Op. cit.*, p. 1

<sup>5</sup> Body in charge of financial management for all government agencies, as well as analysis and budget forecasting.