



The Economy Report, October 2019

ON SWEDISH
MUNICIPAL AND REGIONAL FINANCES

Information

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Foreword

The Economy Report illustrates the financial situation and conditions of county councils and municipalities and the development of the Swedish economy over the next few years. It is published twice yearly by the Swedish Association of Local Authorities and Regions (SALAR). The calculations in this issue extend to 2023.

We are now at the start of a period in which the need to expand the welfare services sector will be greater than the possibility of funding or staffing it, if nothing changes. We have long known that this period would come, but in recent years the effects have largely been countered by favourable macroeconomic development. However, now that the economy is approaching a downturn, there will be a dramatic turnaround for municipalities and regions. The expansion of welfare services that we have seen in recent years will not be able to continue in the same way.

One general view seems, however, to be that the trend has been in the opposite direction, and that a restorative is needed instead. In actual fact, it is now that we have the tough period ahead of us. This picture is confirmed by the replies to a recent survey to economists in the sector. Municipalities and regions are working on making efficiencies and savings ahead of 2020.

This report is largely about giving a description of the situation that the local government sector is in now, and its causes. The report also discusses the possibilities of making efficiencies in the sector.

On our website SKR.se you can find a selection of supporting information from our reports on the Sector in figures page. Presentations containing charts of costs and revenue are available for download.

This is an abridged version of the report. It has been written by staff at the SALAR Section for Economic Analysis and has not been considered at political level within the Association. The persons who can reply to questions are given on the inside cover page. Other SALAR staff have also contributed facts and valuable comments. The translation is by Ian MacArthur, following slight revisions by Elisabet Jonsson and Nils Mårtensson. We are very grateful to the municipalities and county councils that have contributed basic data to our report.

Stockholm, October 2019

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Summary conclusions

Municipalities and regions are now working on making efficiencies and savings ahead of budget year 2020. However, some twenty municipalities and some regions are estimated to already be aware that they will not succeed and are therefore planning to increase their tax rates, The reason is that demographic pressure is high now. Children, young people and older people are increasing faster than the working-age group, at the same time as Sweden will enter a recession in 2020. In an overall assessment, the need for the resources required to maintain welfare services at present levels is increasing faster than tax revenue.

Despite an estimated tax increase of 0.13 percentage points in 2020, municipalities and regions will still need a further SEK 43 billion in 2023 if costs increase in pace with the population and central government does not provide more resources than set out in the Budget Bill either.

Recession coming in 2020

SALAR's forecasts since December 2017 have assumed that the boom would culminate in 2018 and be followed by declining employment some time in 2019 and 2020. There are now ever clearer signs that the economy is slowing down; this is seen from both confidence indicators and employment statistics. SALAR now expects Sweden to enter a mild recession in 2020 and that it will continue in 2021. Our assessment is that GDP will grow by just over 1 per cent both this year and next year and that unemployment will rise

to just over 7 per cent, despite a slight fall in the labour force participation rate.

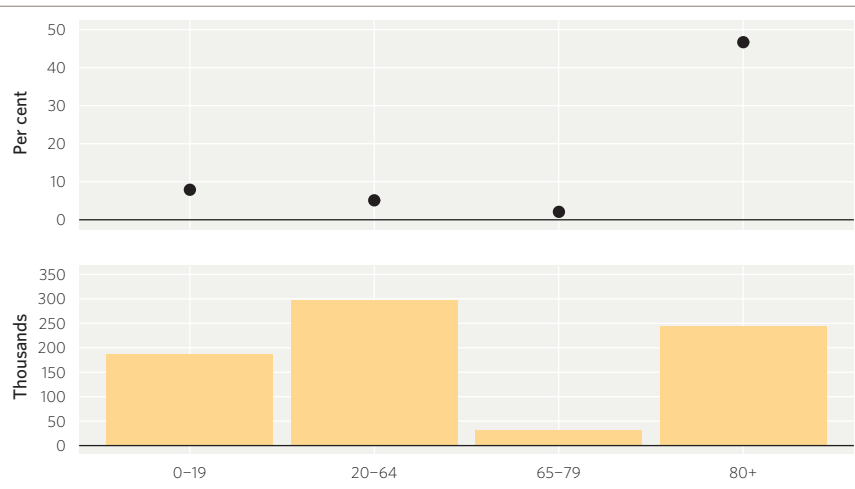
Sweden has benefited from strong exports in recent years, partly due to the weakening of the krona. Now, however, the world economy is starting a downturn on account of the uncertainty associated with Brexit, trade wars and other factors. This has a particularly strong impact on the Swedish export market, which means that growth does not have the same prospects of getting positive support from exports. In Europe, as in Sweden, relatively little traction can still be obtained from monetary policy as a remedy. This means that the state must use fiscal policy measures to stimulate the economy. However, given the uncertain situation and weak central government finances, many countries are waiting to see. But weak central government finances do not apply to Sweden, which has had a low Maastricht debt and positive general government net lending in recent years. However, in our forecast we assume a deficit in general government net lending in 2020 and succeeding years. This is because the local government sector has a large deficit and central government just about shows a balance between income and expenditure in the coming years.¹

Despite the financial deficit in the coming years, the Maastricht debt stays at the level of the debt anchor, 35 per cent of GDP. In view of the major challenges facing welfare services in Sweden, it is reasonable to consider whether the debt's share of GDP is a more important target to follow than the target for net lending. Central government ought therefore to have some scope to support municipalities and regions to a greater extent than previously promised since SALAR's calculations show that, as a proportion of GDP, the debt stays at the level for the debt anchor, despite the assumption of higher government grants made for the calculation.

Demography makes higher demands on the finances of the local government sector

Like SALAR, other forecasting institutes and organisations have concluded that population changes will make great demands on the finances of municipalities and regions in coming years. In June the Ministry of Finance presented an analysis showing that with an unchanged welfare services commit-

Figure 1 • Change in number of inhabitants in different age groups between 2018 and 2028
Number of inhabitants



Source: Statistics Sweden and Swedish Association of Local Authorities and Regions.

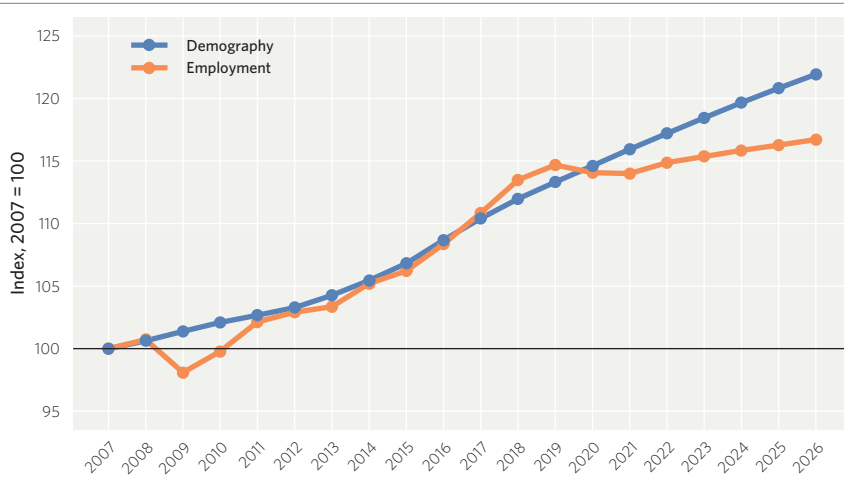
The number of people over the age of 80 is expected to increase by 47 per cent over the next ten years.

1. As of 2021 we assume that the level of compensation in transfer systems is maintained and that local government sector consumption increases in pace with demographic needs. We also assume that central government will provide government grants that bring net income in the local government sector up to 1 per cent of taxes and grants.

ment the gap between revenue and costs would increase to SEK 90 billion in 2026. The reason is that the costs per inhabitant for children, young people and older people are so much higher than for the working-age population and that it is precisely older people and young people who are going to increase fast in the coming ten-year period. Moreover, the largest share of revenue comes from tax on work, and the working-age population is growing much more slowly.

Normally there is a temporary downturn in employment in conjunction with economic crises, and this has a negative impact on tax revenue for municipalities and regions for a few years. Since the financial crisis in 2008–2009 the number of hours worked has shown very positive growth in relation to demographic pressure. In the coming years, however, we see that this trend will be reversed when demographic pressure increases while employment can, for both demographic and cyclical reasons, no longer grow at the same rate as before.

Figure 2 • Growth of employment (hours) and demographic pressure
Index 2007=100



We are now entering a period when demographic needs are expected to grow faster than employment in the economy, which is the base for local government tax revenue. Cost pressure therefore rises faster than revenue is expected to.

Source: Statistics Sweden and Swedish Association of Local Authorities and Regions.

Municipal finances under strain

The municipalities are now entering an increasingly difficult economic situation and are working on plans for making efficiencies and savings in order to work out their budgets and plans for the period 2020–2022. This year, 2019, is already a tough one for many municipalities, and some ninety municipalities are expected to report deficits this year. Moreover, 79 per cent of finance directors polled in SALAR's survey think that their economic situation will be even tougher in 2020.

The main challenges are in individual and family care, home care services, financial assistance (income support) and special housing. In all these areas of services, more than half the municipalities expect to have a deficit of more than 1 per cent of the budget for the year. We assume that the average tax rate in municipalities will be raised by 0.05 percentage points next year, and, according to the survey responses, just over twenty municipalities expect that they will have to raise their tax rate in 2020.

It is often said in the debate that municipalities have already cut down on resources to schools. However, it is not possible to find any basis in the statis-

tics up until 2018 for this being so in general. In the 21st century costs per pupil have increased instead, as has the teacher/pupil ratio.

Central government cuts increase the pressure on municipalities

In addition to the pressure from demography, especially the growing number of older and younger people, the municipalities must deal with the consequences of central government reducing its resources in a way that shifts responsibility to the municipalities.

The central government's reduction of resources to Arbetsförmedlingen [Swedish Public Employment Service] before any other alternative has been developed means that the municipalities have to take more and more responsibility for labour market questions. Arbetsförmedlingen is reducing the number of public employment service offices, and payments to labour market training programmes are also being reduced sharply. This means that the number of extra posts funded is being reduced, just when they had begun to be used in an adequate way in the municipalities as a means of getting newly arrived immigrants out onto the labour market.

Another issue that worsens municipal finances is the stricter interpretations made by Försäkringskassan [Swedish Social Insurance Agency] of personal assistance and the low uprating of the payments for central government personal assistance performed by the municipalities and other providers. This has meant that many municipalities have had to take over a greater responsibility for costs for people with various disabilities.

Regional costs are increasing

The regions have continued to have very weak levels of net income, and three regions increased their tax rates in 2019. Many regions have achieved their net income for the year thanks to regulatory changes that require unrealised profits on financial investments to be reported as revenue. Seven regions expect deficits, but only two regions are in financial balance in somatic health care. Ahead of 2020 four regions have announced possible increases in tax rates, which means that we expect an average increase of 0.08 percentage points in the tax rate.

One dilemma for the regions is that the costs of health care are continuing to rise too quickly. In 2018 the gross costs of health care rose by 6 per cent in current prices. This is the highest rate of cost increase since 2003, and is significantly higher than the average for the past five years. The strong increase in targeted government grants has added to the rate of cost growth. When times are getting worse, the regions must now apply the brakes instead.

Even though costs have increased, we can note that this has not had any positive effect on production. If the growth of in-patient discharges and doctors' consultations is set against the resources employed in the form of the number of full-time equivalent doctors and other personnel in somatic health care, there is a clear indication that productivity has decreased gradually since 2013.

No increase in general government grants to regions

Despite promises of welfare service funding of SEK 5 billion, which should have been general, only the municipalities have received the announced increase of SEK 3.5 billion. The regions did not receive any increase in general government grants in the Budget Bill for 2020, and targeted spending initiatives have continued to rise instead. Late notice and short-term planning assumptions do not make matters better in the vulnerable situation that regi-

ons find themselves in. The targeted government grants that the regions received ahead of 2019 only became available when half the year had passed. This means that for six months the regions had to deliver services without actually knowing how much financial resources they had at their disposal.

Great need to make efficiencies in coming years

There are no guarantees that central government will provide general grants in the coming years either. The regions are going to have to implement great efficiencies and change their work through preventive action and the use of new technology to cope with their finances in the coming years. There are possibilities of increasing efficiency through a transition to open and local health care so that patients have less need to use in-patient somatic health care. But to cope with the increase in needs, somatic health care must also increase productivity. If staffing ratios are unchanged and with the estimated average tax rate increase of 0.08 percentage points, there will be a gap of SEK 15.3 billion for the regions to address through work on efficiencies, savings or tax rate increases by 2023. There are some bright spots, however; we can see that patients ready for discharge are returned home slightly faster than before. We can also note that persistent work on management and steering of improvement and preventive care pays.

Services must be made more efficient

So, how to cope with the much larger service volumes with resources that are increasing more slowly than service volumes, and to do so without impairing quality?

Municipalities and regions must work on making efficiencies that give quick effects here and now, while also needing to take a long-term approach. This means, for instance, that preventive work and transitions to methods enabled by new technology and digitalisation. Almost all municipalities and regions are working on making efficiencies and savings in various ways. One common method is to not provide full compensation for price and pay increases, thereby getting services to gradually make efficiencies. Other ways are collaboration between municipalities, hiring and purchasing freezes, service closures and changes to services that make full use of the potential of digitalisation. At the same time, it is difficult to make savings or impose cuts in municipalities and regions where there are often expectations that the services will be retained and function as at present.

To succeed with renewal in an ever faster changing world in which emerging technologies affect all aspects of society – needs, risks, possibilities and inhabitants' expectations of welfare service deliveries – the ability of organisations to balance efficiency and innovation must also be strengthened².

Targeted government grants impede effective efficiencies

Targeted government grants impede effective efficiencies in various ways. First, they are often targeted at services that municipalities and regions themselves actually have as priorities and, second, the expectations on the service go up when central government promises shorter queues in health care or high staffing ratios in preschools. Moreover, there is often a demand that the funds be used in the services in a way that increases costs and decreases crisis awareness. The problem comes when the government grants disappear. Then the challenge is all the greater when costs that have been built up must be cut out. One of the government grants that prevents municipali-

2. More information about which capabilities in each of the areas of efficiency, innovation and balancing need to be developed is given in Chapter 4.1 of the report *Balanced measurement and control for accelerated digitalisation* [Balanserad mätning och styrning för accelererad digitalisering (in Swedish)], Swedish Center for Digital Innovation (SCDI), University of Gothenburg, 2017.

ties from being able to make efficiencies is the equity grant in schools. It is designed in such a way that all efficiencies in schools are punished by the non-award of grant,

There is potential for making efficiencies

The fact that the number of employees in municipalities and regions has increased by more than 100000 since 2014 shows that there is a potential for making efficiencies. One way is to carry out local analyses, with the support of comparisons, of the areas that have most potential, even if it is difficult to say exactly how big that potential is.

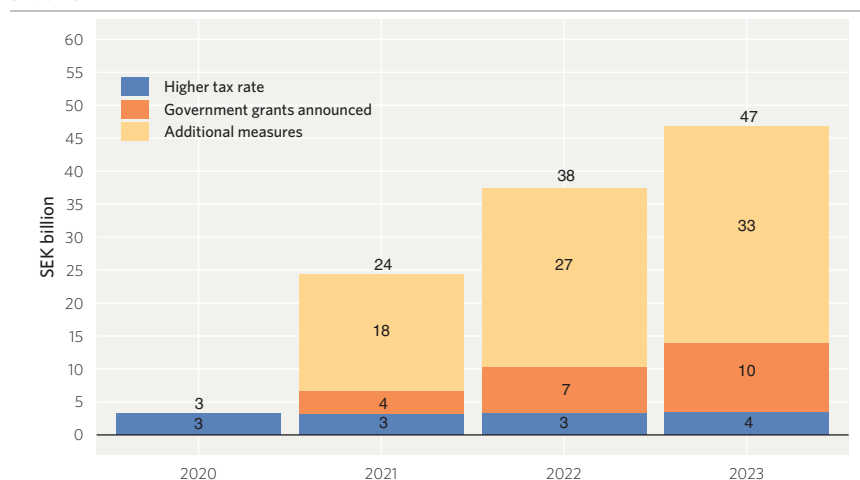
One clear sign that municipalities and regions have been relatively well-resourced is the sharp increase in the number of case officers in administration. The increase in the number of case officers can also be a sign of the higher requirements concerning documentation and monitoring imposed by central government on the local government sector. But also that there are more cases and broader groups that the municipalities are responsible for. One important task in the coming years is to work on simplifying and increasing the efficiency of administrative tasks.

Municipal amalgamation and nationalisation do not solve the challenges

Sometimes views are heard to the effect that municipal amalgamations or nationalisation could increase efficiency and quality in schools or health care. It is often forgotten that there is a logic to having a local anchoring in the community for certain services such as elderly care and schools. That is also where there is knowledge about local needs and challenges. Bringing together various services in a municipality is efficient as there is a need for collaboration between, for instance, social services, recreational services, pre-schools, but also with urban development issues, for the placing of school premises and the construction of infrastructure and communities. In addition to this, there is an important fundamental idea in having local democracy and elections to municipalities and regions; the idea that in these elections people should be able to influence the choice between the level of the supply of different services, their direction and the municipality’s or region’s tax rate.

SALAR expects an average tax rate increase of 0.13 percentage points, including 0.05 percentage points in the municipalities in 2020. We have also assumed that municipalities and regions have received the increase in government grants included in the Budget Bill. Despite this, the gap increases sharply in the coming years. In the diagram we assume that it is only the municipalities (and not the regions) that, as in 2020, receive increased general government grants and that they increase by SEK 3.5 billion per year. In addition to the revenue that comes from expected tax rate increases in 2020 and the increase in the general government grants to the municipalities, measures must be taken that correspond to a further SEK 33 billion in 2023.

Figure 3 • Growing gap between costs and revenue
SEK billion



Source: Swedish Association of Local Authorities and Regions.

In countries such as Denmark, England and the Netherlands, amalgamations of local authorities or changes of responsibility have been carried out. These are countries that, for geographical reasons, ought to be in a better position than Sweden to benefit from economies of scale. However, studies show that it was not possible to realise the economic benefits planned. These studies also demonstrate great risks of higher costs in connection with changes of responsibility.

To sum up, it can be said that if the municipalities and regions are to be able to continue to develop and deliver good welfare services in the future, central government must:

- Reduce detailed control and the targeted government grants.
- Fully respect the local government financing principle and fully fund reforms.
- Support the local government sector through long-term planning conditions and financing.
- Take responsibility for skills development by offering the education and training needed in welfare services.
- Be responsible for standards and infrastructure being developed to make digitalisation possible.

Municipalities and regions also need to:

- Increase the efficiency of their services.
- Change their ways of working with the aid of digitalisation and preventive health work.
- Increase the employment rate for people in employment and extend working life.

Demography and employment

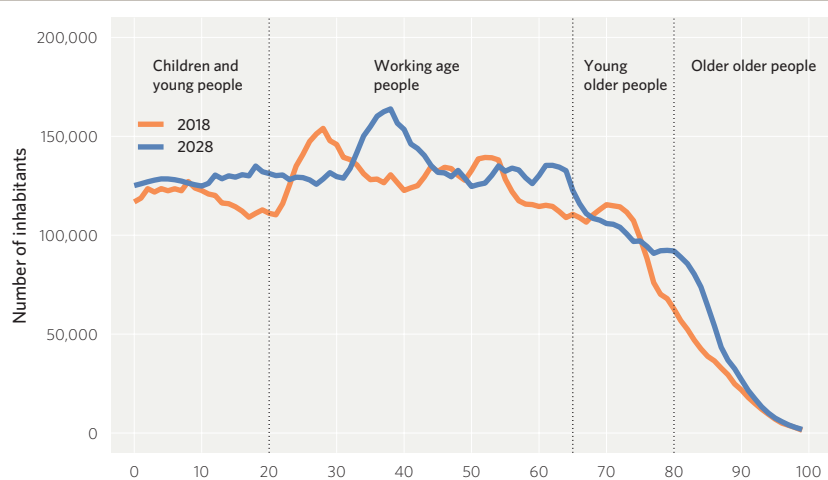
Looking ahead, the number of old and young people in the Swedish population increases faster than the number of inhabitants of working age. This brings a challenge, since the need for welfare services will be greater than the possibilities of staffing and funding the services. The differences across Sweden are great; in many places the number of inhabitants of working age actually decreases. At the same time, there are now many indications that the strong employment growth we have seen in the local government sector in the past five years is slowing down. There has been some improvement in staff shortages, but they are still at a very high level.

Increasingly challenging age structure

Just as the total population changes, so the age structure of the population also changes. Figure 6 shows the distribution of the population of Sweden by age group in 2018 and ten years later according to the forecast by Statistics Sweden. The population structure changes when people get older, on account of in-migration from and out-migration to other countries and as a result of births and deaths.

Figure 6 • Number of inhabitants of various ages 2018 and 2028

Number of inhabitants



Source: Statistics Sweden.

The numbers of “older older people” and of children and young people increase strongly in the coming ten years, which results in greater cost pressure for the local government sector.

The number in the oldest age group is expected to increase strongly in the coming ten years, with considerable consequences for elderly care and health care. The number of children and young people also increases strongly, which results in greater needs in preschool, compulsory school and upper secondary school. In contrast the number of inhabitants of working age³ increases slowly.

As shown in table 8, this involves a dramatic percentage increase in the number of inhabitants in the oldest age group. In terms of numbers, the increase in children and young people is also dramatic. This means that, ahead of us, we see a considerable need for expanded local government welfare services. This will have to be realised at the same time as the number of people of working age is increasing very slowly, which imposes a restriction in terms of both finances and skills.

Table 8 • Change in number of inhabitants 2018–2028 in different age groups

Number of inhabitants and per cent

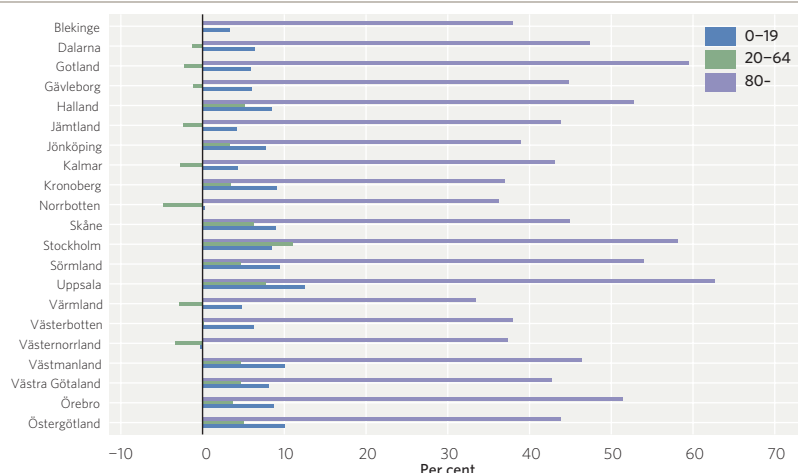
	0–19 years	20–64 years	65–79 years	80– years	Total
Number	188,000	297,000	32,000	244,000	760,000
Per cent	8	5	2	47	7

Source: Statistics Sweden

In several counties the number of inhabitants of working age decreases at the same time as there will be a strong increase in demand for municipal and regional services (figure 7). As these counties already have a problematic age structure to begin with, the structural differences in the country will increase further. The equalisation system is intended to manage financial impacts of these differences, but the picture regarding skills provision is bleak in many places. At municipal level the differences are even greater.

3. The definition of working age is a simplification since the level of work capacity varies with age and is also expected to change during the period.

Figure 7 • Change in number of inhabitants 2018–2028 in different age groups, by county
Percentage change in number of inhabitants



Source: Statistics Sweden.

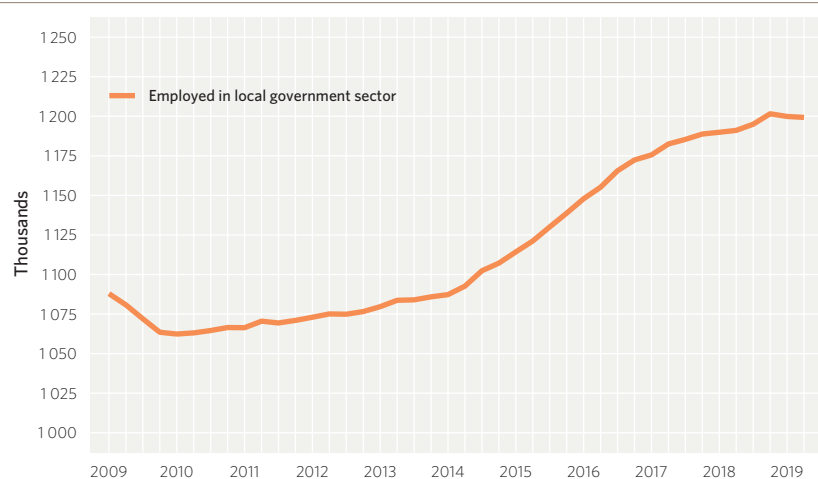
In eight counties the number of inhabitants aged 20–64 years decreases in the coming ten years.

Employment in the local government sector slows down

The number of employees in the local government sector increased strongly in 2014–2018, in parallel with a steady increase in employment in other parts of the labour market. The number of monthly paid employees in the local government sector increased by around 100 000⁴. The largest increase was in 2016, mainly due to the extensive refugee immigration. In 2019 the rise appears to have stopped. According to Statistics Sweden's national accounts statistics, the number of persons employed in the local government sector has decreased slightly since the end of 2018.

Figure 8 • Number of persons employed in the local government sector, calendar-adjusted and seasonally adjusted

Thousands, quarterly data



Source: Statistics Sweden.

The number of employees in the local government sector rose strongly in 2014–2018, by around 100 000. The statistics indicate that this trend has been broken in 2019. According to the Labour Force Survey, there was a sharper reduction in the number of persons employed in 2019, especially in the months of July–August. We do not assume such a large decrease as other statistics contradict this information.

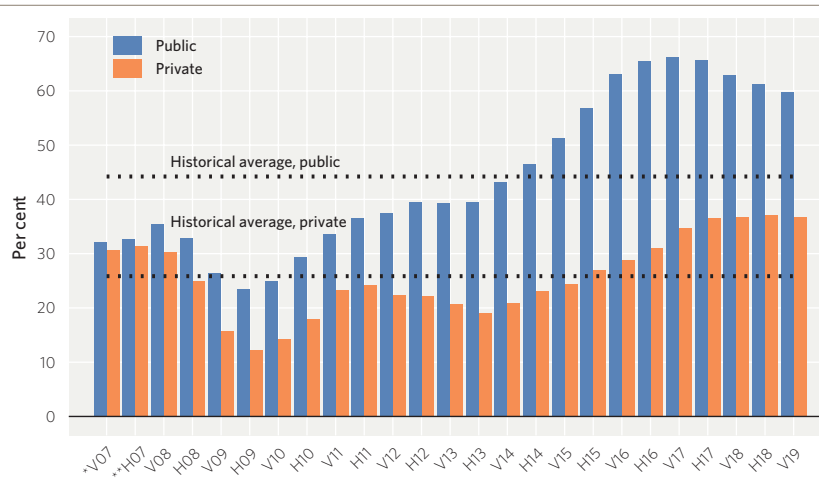
4. The figure applies only to the number of local government employees. The number of employees in private service providers and staffing companies operating in the local government sector has increased during this period.

Part of the decline is because the number of people in extra posts and other programmes has decreased on account of changes in labour market policy at the same time as a more restrictive approach is being taken to recruitment since there is more strain on finances.⁵

Statistics Sweden's short-period statistics show that employment growth was muted in the first half of 2019⁶ in all sectors of the economy except the regions, where it increased rather than decreased. This picture is in line with the cost statistics collected each month for the regions. In contrast, the municipalities had the lowest employment growth in the first half of 2019.

The recruitment situation is still very strained among public sector employers. The demand for certain welfare service professions such as nurses and teachers is still greater than the supply of this personnel. At the same time, the recruitment situation has improved slightly; it was most severe in spring 2017. One reason may be lower demand for personnel on account of the economic situation. Another explanation is that employers have changed their work organisation or ways of working, and have recruited occupational groups that can relieve shortage professions such as pupil coordinators, teaching assistants, child carers and nursing auxiliaries. This is despite the fact that health care, schools and social care have much more regulation such as registration and qualification requirements, than the rest of the labour market.

Figure 9 • Share of employers reporting a shortage of trained labour, six-month basis
Per cent



The shortage situation is still very troublesome for public sector employers, even though the situation has improved slightly since 2017.

*V=vår, i.e. spring. **H=höst, i.e. autumn.

Source: Statistics Sweden and the Swedish Public Employment Service.

5. The number of extra posts has decreased by around 10 000 so far this year. According to the Labour Force Survey, there was a stronger decrease in the number of persons employed in 2019, especially in the months of July–August. We do not assume such a large decrease as other statistics contradict this information.

6. The number of employees in the first two quarters of 2019 compared with the first two quarters of 2018.

ANNEX

This annex presents some key indicators and the overall income statements of municipalities and of regions, as well as an aggregate income statement for the sector to give an overall picture.

For diagrams showing the distribution of costs and revenue for municipalities and regions separately, tables presenting overviews of central government grants and other data that we used to present in the Annex to the *Economy Report*, we refer to our website, a page called **Sektorn i siffror** (The sector in figures). Go to www.skr.se, choose Ekonomi, juridik, statistik/Ekonomi/Sektorn i siffror.

An aggregate picture of municipalities and regions

Table 21 • Key indicators for municipalities and regions

Per cent and thousands of people

	Outcome	Forecast		Estimate		
	2018	2019	2020	2021	2022	2023
Average tax rate, %	32.12	32.19	32.32	32.32	32.32	32.32
municipalities, incl. Gotland	20.74	20.70	20.75	20.75	20.75	20.75
regions*, excl. Gotland	11.44	11.55	11.63	11.63	11.63	11.63
	Outcome	Forecast		Estimate		
	2018	2019	2020	2021	2022	2023
No of employees**, thousands	1,194	1,200	1,200	1,201	1,209	1,215
Municipalities	897	898	897	898	903	908
Regions	297	302	303	303	306	308
Volume change, %	1.0	1.6	0.9	1.3	1.1	1.1
Municipalities	0.3	1.3	0.6	1.4	1.1	1.1
Regions	2.5	2.5	1.6	1.1	1.1	1.0

*The tax base of Gotland is not included, which is why the totals do not add up.

**Average number of people in employment according to the National Accounts.

Sources: Statistics Sweden and the Swedish Association of Local Authorities and Regions.

Table 22 • Aggregate income statement for the sector

SEK billion

	Outcome	Forecast		Estimate		
	2018	2019	2020	2021	2022	2023
Income of activities	227	233	237	246	254	262
Expenses of activities	-1,060	-1,101	-1,138	-1,185	-1,231	1,274
Depreciation/amortisation	-35	-37	-40	-42	-45	-48
Net expenses of activities	-868	-905	-941	-982	-1,022	-1,061
Tax revenue	724	751	773	797	828	859
Gen. govt grants and equalisation	153	162	173	193	206	216
Net income of activities	9	9	5	8	12	14
Net financial income	6	5	3	1	-2	-4
Net income after financial items	15	14	8	10	10	11
<i>Share of taxes and grants, %</i>	1.8	1.5	0.9	1.0	1.0	1.0

Note: Purchases between municipalities and regions have been consolidated.

Table 23 • Income statement for the municipalities

SEK billion

	Outcome	Forecast		Estimate		
	2018	2019	2020	2021	2022	2023
Income of activities	165	167	168	175	179	184
Expenses of activities	-697	-720	-742	-775	-805	-834
Depreciation/amortisation	-24	-26	-27	-30	-32	-34
Net expenses of activities	-557	-578	-601	-630	-658	-684
Tax revenue	467	483	496	512	532	551
Gen. govt grants and equalisation	96	102	108	120	130	138
Net income of activities	7	6	3	1	4	6
Net financial income	7	6	5	5	2	1
Net income after financial items	14	12	8	6	7	7
<i>Share of taxes and grants, %</i>	2.5	2.0	1.3	1.0	1.0	1.0

Table 24 • Income statement for the regions

SEK billion

	Outcome	Forecast		Estimate		
	2018	2019	2020	2021	2022	2023
Income of activities	64	68	71	74	77	80
Expenses of activities	-365	-383	-398	-413	-428	443
Depreciation/amortisation	-11	-12	-12	-13	-13	-14
Net expenses of activities	-312	-327	-339	-351	-365	-377
Tax revenue	257	268	277	285	297	307
Gen. govt grants and equalisation	57	61	65	73	76	78
Net income of activities	2	2	2	7	8	9
Net financial income	-1	0	-2	-3	-4	-5
Net income after financial items	0.5	1.8	0.0	3.4	3.6	3.7
<i>Share of taxes and grants, %</i>	0.2	0.3	0.2	1.0	1.0	1.0

Source: The Swedish Association of Local Authorities and Regions.

The Economy Report, October 2019

On Swedish municipal and regional finances

We are now at the start of a long period when demographic needs will increase faster than employment in the economy. This means that the need to expand the welfare services sector will be greater than the possibility of funding or staffing it, if nothing changes.

On top of this, growth in Sweden will be weak this year and next year. This year it is mainly domestic demand that is weakening, and next year it will mainly be demand from export markets. Employment is estimated to decrease in 2020–2021, resulting in weak tax base growth in those years.

This is in contrast to the trend we have seen in the past decade, when costs have increased much faster than demographic needs, which has mainly been due to higher ambitions and has been made possible by strong employment growth. The reinforcement of resources has gone to, for instance, higher teacher/pupil ratios, a strong expansion of disability services, better treatment methods and drugs in health care and an expansion of public transport.

One general view seems, however, to be that the trend has been in the opposite direction, and that a restorative is now needed. In actual fact, it is now that we have the tough period ahead of us. Almost all municipalities and regions are working on making efficiencies and savings ahead of 2020, according to a survey. The most common approach is to work with general reductions of budgetary limits. Many are trying to find other ways of working, such as more collaboration, more efficient administration through digitalisation, co-location, etc. There are also measures on the personnel side such as recruitment freezes and retirements that are not replaced, as well as direct cuts in non-mandatory services.

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