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SHIFTING RESPONSIBILITIES: 20 YEARS OF EDUCATION DEVOLUTION IN SWEDEN

A Governing Complex Education Systems Case Study

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ABSTRACT

This case study examines the consequences of important education decentralisation reforms that took place in Sweden in the early 1990s. The sudden shift away from a traditionally centralised education system towards a decentralised one meant that municipalities had to quickly accommodate new responsibilities. Difficulties related to this shift were noticed early on and then confirmed by international surveys, in particular PISA, which revealed that student performance was deteriorating while the gap increased between and top- and bottom-performers. Key elements to this include the fact that decentralisation took place without enough support from the central authorities, municipalities (particularly smaller ones) lacked local capacity to manage their new responsibilities, and as a result the reform has resulted in a mismatch between official responsibilities and the actual powers of the various stakeholders. The central government, steering education at arm's length, has few tools to incentivise compliance with national goals. At the municipal level, financial resources are often allocated based on tradition and local politics rather than actual needs. This is in part due to misuse of available data and of expert knowledge by decision-makers. The case study also provides a series of recommendations for improvement.

RÉSUMÉ

L'étude de cas présentée ici examine les conséquences d'importantes réformes de décentralisation du système éducatif suédois qui ont eu lieu au début des années 1990. La transition soudaine d'un système éducatif traditionnellement centralisé vers un système décentralisé a forcé les municipalités à assumer rapidement des responsabilités nouvelles pour elles. Des difficultés ont été remarquées tôt dans la transition, et ont plus tard été confirmées par des études internationales, en particulier PISA, qui ont révélé des performances scolaires en baisse, et un élargissement du fossé entre les meilleurs et les moins bons élèves. Parmi les facteurs clé de cette évolution : la décentralisation a eu lieu sans un support adéquat de la part des autorités centrales, les municipalités (en particulier celles de petite taille) ne disposaient pas localement des capacités nécessaires pour assumer leurs nouvelles responsabilités, ce qui a abouti à un manque d'alignement entre les responsabilités officielles et les capacités effectives des différents acteurs. Le gouvernement central, dirigeant le système éducatif avec distance, a peu d'outils à sa disposition pour inciter les municipalités à atteindre les objectifs nationaux. Au niveau municipal, les ressources financières sont souvent allouées en fonction des traditions, et des débats politiques locaux, plutôt qu'en accord avec les besoins réels. Cela est en partie dû au mauvais usage par les décideurs locaux des données disponibles ainsi que des connaissances des experts. L'étude de cas suggère un ensemble de pistes d'amélioration.

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Tracey Burns, GCES project leader
Patrick Blanchenay, GCES analyst

ACRONYMS AND ABBREVIATIONS

ARG	Assessment Reform Group
CERI	Centre for Educational Research and Innovation
EAG	Education at a Glance (publication series by the OECD)
GCES	Governing Complex Education Systems
GDP	Gross Domestic Product
IEA	International Association for the Evaluation of Educational Achievement
NAE	National Agency for Education [Skolverket]
OECD	Organisation for Economic Co-Operation and Development
PIRLS	Progress in International Reading Literacy Study
PISA	Programme for International Student Assessment
SALAR	Swedish Association of Local Authorities and Regions [Sveriges Kommuner och Landsting]
SALSA	Local Relationship Analysis Tool [Skolverkets Arbetsverktyg för Lokala Sambandsanalyser]
SIRIS	Information System on Results and Quality [Skolverkets Internetbaserade Resultat- och kvalitets Informations System]
TIMSS	Trends in International Mathematics and Science Study
WEF	World Economic Forum

EXECUTIVE SUMMARY

As education systems become more complex, so too does their governance. The increased demand for education tailored to its local environment, together with the availability of data on school and student achievement, and the increasing involvement of parents and the broader community, have prompted many countries to move towards more decentralised education systems. Stakeholders at different levels interact through a governance structure in which generally local authorities manage the provision of education while the central government remains responsible for ensuring the quality, equity and inclusiveness of education. The Governing Complex Education Systems (GCES) project at the OECD focusses on issues raised by such multi-layered governance structures.

This case study examines the consequences of important reforms that took place in Sweden in the early 1990s, in which the responsibility for the running of public schools was essentially decentralised to the municipalities. Taking place at the same time as the liberalisation of school choice, the decentralisation reform aimed at increasing local autonomy in Sweden and enabling education policies to adapt to heterogeneous local contexts. The reform created a system in which national goals would be set by the central administration, while decisions and responsibilities on how to reach those goals would be left with municipalities.

The sudden shift away from a traditionally centralised education system towards a decentralised one meant that municipalities had to quickly accommodate new responsibilities. Difficulties related to this shift were noticed early on by the central administration. These initial concerns were then confirmed by international surveys, in particular PISA, which revealed that then average student performance was deteriorating while the gap increased between and top- and bottom-performers. In this context, the central government has started a long investigation to better understand the challenges generated by the municipalisation of education in Sweden.

The present case study is part of that effort and draws from interviews with stakeholders from selected municipalities from a report from the National Agency for Education (NAE, 2011), as well as new data from OECD and PISA analyses. To this were added interviews between the OECD Secretariat and officials from the NAE, and education experts. It is unique in that it looks back on an extended period of reform (1990- present) with fresh eyes and combines the perspectives of both national and local decision-makers, as well as that of outside experts, on the long-term consequences of the decentralisation reforms.

Key findings

Lack of a systemic vision

The decentralisation took place too quickly and without enough support from the central authorities. Municipalities did not have time to develop solid strategies on how to manage their new responsibilities before the shift became effective. The lack of internal discussion within municipalities resulted in some ambiguity among municipal leaders as to what the new responsibilities really entailed, and how they would be divided internally among the various municipal stakeholders. As a result, the municipalities have managed these responsibilities in an ad hoc manner, without a systemic vision.

Capacity challenges for governance

By design, the reform was meant to give municipalities a fair amount of leeway in terms of how they should handle their responsibilities. As a result, the central government provided little support, especially in the early stages. Combined with the fact that municipalities did not have sufficient time to prepare, this meant that municipalities (particularly the smaller ones) often lacked local capacity to manage their new responsibilities. They also did not adequately prepare structures that would allow local experts to be more involved in the decision making process, nor did they build local capacity for the proper use of assessment data.

A mismatch between powers and responsibilities

The reform has resulted in a mismatch between official responsibilities and the actual powers of the various stakeholders. The central government, steering education at arm's length, has few tools to incentivise compliance with national goals. At the municipal level, financial resources are often allocated based on tradition and local politics rather than actual needs. This is in part due to misuse of available data and of expert knowledge by decision-makers.

The following comments are based on the synthesis of findings from the existing research and documentation and the interviews conducted by the OECD Secretariat. They are meant to inspire reflection and discussion on both national and local levels in Sweden.

Key recommendations

Increasing local accountability

- Continue to offer clear support documents and examples of good practice to facilitate the organisation of education at municipal level;
- Align goal setting and achievement results through clearer lines of responsibility and better use of existing data. The accountability structure should make use of all publicly available data and research and include expert guidance in order to generate a holistic and strategic approach to accountability;
- Enhance the involvement of parents, the community and citizens more broadly (intelligent horizontal accountability) through continued discussion of responsibility and public comparison of results with guidelines.
NB: these discussions should make use of all publicly available data and research and include expert guidance in order to generate a holistic and strategic approach to accountability.

Building local capacity

- Provide guidance on priority setting, particularly to smaller municipalities and others that may be overwhelmed by political reforms, and provide assistance for them to apply for state grants (both for capacity building and special boosts);
- Facilitate inter-municipal collaboration by setting up a forum for exchange on education issues, and by providing a framework to facilitate inter-municipal projects on those issues. This could involve networks between outstanding teachers, school leaders, schools and municipalities and those that struggle with change, in order to overcome implementation issues;

- Provide explicit capacity building tools and trainings to gather and use the wealth of achievement and assessment data available, with an emphasis on harnessing relevant expert knowledge, prioritising the creation of a broad and holistic culture of evaluation, and creating networks and mentoring relationships.

Strengthening systemic strategic vision

- Encourage the development of systemic long-term strategic thinking through discussions and workshops with multiple actors, initiated and guided by the central authorities. A special emphasis should be on appropriate use of data for strategic planning;
- Protect education funds on the municipal level by reintroducing earmarked grants as part of the general allocation budget for municipalities, keeping the output-focus aspect of the grant rather than input-specific grants;
- Provide an education-specific forum for municipalities to discuss and share best practices, including a platform for innovative initiatives, such as experimentation or cost pooling (e.g. IT systems).

CHAPTER 1: GOVERNING COMPLEX EDUCATION SYSTEMS

Introduction

Local autonomy is an important basic principle of the Swedish political system, and municipalities have historically enjoyed a large degree of autonomy when dealing with local issues. Following a series of reforms in the 1990s, the Swedish education system has shifted from a centralised organisation, in which the central government played a major role, to a multi-level decentralised system in which municipalities are in charge of education provision all the way up to upper-secondary education.¹ Today's governance of the education system is to a large extent shaped by three major reforms introduced in the early 1990s. The reforms meant 1) deregulation and considerable decentralisation from the state level to the municipal level, 2) liberalisation of rules for establishing and running independent schools and 3) the introduction of free school choice for students and parents.

The present case study was conducted for the OECD's Governing Complex Education Systems² project. It focuses primarily on the decentralisation and deregulation of the Swedish education system, in which a large part of the responsibility for education was transferred from the state to the municipalities. The responsibility for ensuring good and equal education for all children, youths and adults is now divided: the national level establishes national goals and evaluates and monitors performance, while municipalities are responsible for organizing education, allocating resources and running public schools in such a way that the national goals are met. Municipalities have also become the legal employer of school heads and teachers.

Research conducted by the National Agency for Education in the mid-1990s in order to monitor the implementation of the reform found that it was not functioning quite as expected. As early as 1993, the Agency established that there were problems in the municipal governance of schools and commented that it was "of the utmost importance that the focus laid down by the Swedish Parliament with regard to governance and responsibility for schools be clarified and respected" (NAE 1993: 93). After identifying serious shortcomings in the way municipalities exercised their responsibilities, the Agency designed an action plan and invited municipalities to take part in deliberations (NAE 1996: 9, NAE 1997: 7). As part of this plan, the Agency published a pamphlet, "Responsibility for Schools" (NAE 1997), which was primarily intended to help municipal politicians understand and manage their new educational responsibilities.

At the time, the NAE was criticised for its deliberate strategy to remain at arm's length. "The state, represented by the NAE did not to a sufficient degree support the municipalities [...] to take on the responsibility that they had been assigned..." (Lewin et al. (2014, p. 112). In 1999, two different reports by the Agency found that "municipal responsibility for schools had been fragmented across different groups

¹ Higher education is not included in the description. Its governing system is separate from that of education up to the upper secondary level.

² <http://www.oecd.org/edu/cei/gces>

and different levels of responsibility” (Blidberg et al. 1999: 32) and that “it seems rather to be the case that the school system is functional despite or independent of the intentions formulated at the political level” (NAE 1999: 58).

This present case study furthers efforts to understand the consequences of the decentralisation reforms by analysing how responsibilities are now shared, and perceived to be shared, at the local level. Drawing report 362 of the Swedish National Agency for Education, entitled “Municipal Responsibility in Practice” (NAE 2011) and other sources (see “Methodology” below), this case study aims to further analyse the consequences of the decentralisation process in the Swedish education system. In particular, it looks at the governance arrangements on the municipal levels, how responsibilities between various local actors are now shared as well as the functioning and perception of this division of competences.

Research questions for this case study

The central questions underpinning this work are:

- How does the interface between national governance and municipal self-government in Sweden play out in terms of responsibilities and roles?
- How are national policy goals being met by the municipalities in terms of student achievement, system equity, and the use of data as a tool for steering and governance of the system?
- Did the decentralisation of the Swedish education system contribute to improve educational performance?
- What are the major successes of and barriers to policy implementation in Sweden, given the multi-level character of the education system?

While interviews from the NAE 2011 report focused on a small number of municipalities, both that work and this OECD report are designed to highlight patterns and scenarios that may also be relevant for municipalities that were not directly interviewed, to reflect on and to discuss. The results may serve as a basis for various types of discussion and efforts to increase equitability and quality in schools at both national and municipal level.

Methodology

The case study builds on material gathered for the report 362 “Municipal Responsibility in Practice” of the Swedish National Agency for Education, published in 2011 (NAE 2011). The purpose of that report was to increase the understanding of the responsibility and influence of the municipality as responsible authority for schools on goal attainment in schools. The report was a qualitative analysis and used examples from different municipalities to illustrate the thoughts and actions of municipal leaders in terms of their municipality’s responsibility and their reception and management of central government instructions.

The 2011 NAE report is based on 42 interviews conducted in eight municipalities in late 2009. Interviewees came from both political and administrative staff and included:

- the Municipal Commissioner (Chair of the Executive Committee), the Chair of the Municipal Assembly, the Chair of the committee with responsibility for schools, the Municipal Chief Executive and the Head of the Education Department. In two municipalities, there was, in addition to an ordinary Municipal Commissioner, an employed politician with specific responsibility for school matters.

The selection of municipalities was made in order to yield as much breadth and variation as possible, while keeping the number of interviews manageable. The selection criteria were as follows: municipal population, geographical location, political governance, proportion of pupils in year 9 reaching the set goals for all subjects, size of children's groups in out-of-school centres and proportion of qualified teachers. Municipalities were anonymised for the report. Table 1 below gives a brief description for each of the municipalities.

Table 1. Participating Municipalities in NAE report "Municipal Responsibility in Practice" (NAE 2011)

	Approximate population	Geographical area	Political governance	Size of children's groups in out-of-school centres*	Proportion of qualified teachers*	Proportion of pupils who attain the goals in all subjects in year 9*	Number of interviews
1	70 000	Northern Sweden	S	Above	Below	Above	6
2	10 000	Central Sweden	A	Above	Below	Above	5
3	70 000	Central Sweden	B	Above	Above	Below	6
4	20 000	Southern Sweden	B	Above	Above	Below	5
5	50 000	Southern Sweden	B	Below	Below	Below	5
6	< 10 000	Central Sweden	S	Below	Below	Above	5
7	> 100 000	Southern Sweden	B	Below	Above	Below	5
8	15 000	Central Sweden	A	Below	Above	Above	5

Political governance: S= Left of centre majority, B= Right of centre majority, A= other, e.g. Right of centre parties in cooperation with the Green Party or other solutions across traditional party blocks.

*: relative to the national average

The original analysis of the interviews was done against the background of relevant Acts and Ordinances, statistical data and research findings in the field. Legal references are made to the Education Act (1985:1100) with ordinances that were in force when the study was performed in 2009 and 2010. References are also made where necessary to the corresponding sections of the Education Act (2010:800) that came into force on 1 July 2011.

The case study at hand complements the NAE 2011 report with additional information, including:

- the most relevant PISA 2012 analyses and EAG 2013 statistics;
- findings from the report *Staten får inte abdikera – om kommunaliseringen av den svenska skolan* [The State Must Not Abdicate - On the Municipalisation Reform of the Swedish School System] (Lewin et al. 2014)³;
- interviews with officials from the Swedish National Agency for Education, a contributor to the 2011 NAE report, and a member of the research team of the Lewin et al. report (2014).

Methodological limitations

Eight municipalities were selected to gather interview data for the 2011 NAE report. This small sample might not be representative of all Swedish municipalities and thus these findings cannot be simply generalised to other municipalities. However, as the analysis is based on a significant number of

³ Available in Swedish.

interviews, it can still shed a light on the local dynamics at play regarding school responsibilities. As such, it may offer crucial insights into the perceptions of municipal stakeholders and the way they have adapted to the deep reforms made since the early 1990s. It is therefore a substantial body of data that can be used for secondary analysis.

It must also be noted that the study focuses on municipal schools and does not cover the governance of independent schools. Although independent schools form a significant proportion of Swedish schools and have their own set of governance challenges, interviews with officials from the National Agency for Education indicate that independent schools also share a number of similar issues with the public schools. These include an over-emphasis on subjects that are evaluated (maths, Swedish, English) rather than a broader curriculum, and lack of capacity in smaller establishments, regardless of their status, which can limit their functioning (e.g., the capacity to apply for ministerial extraordinary grants).

Lastly, the report is based on national and international research and interviews with municipal leaders, researchers, and representatives of the National Agency for Education. As such, it does not provide a whole new set of data, but rather seeks to provide a fresh perspective to the existing reports, augmented by interviews and analysis conducted by the OECD Secretariat. Due to this it does not include the voice of a major stakeholder: the teachers and their representatives. It would be important to include their voices and perspectives when seeking solutions for the challenges laid out here.

CHAPTER 2: EDUCATION IN SWEDEN

General context

Sweden has a population of 9.5 Million people and a land area of 450 000 km², which makes it the third largest EU country by area, but one of the most sparsely populated ones. Sweden is administratively divided into 21 counties with 290 municipalities, with populations ranging from a few thousand to 800 000 inhabitants in the municipality of Stockholm. About one third of the population lives in the three major cities of Stockholm, Göteborg and Malmö.

Economically, Sweden suffered a major recession during the 1990s, which triggered significant governance reforms towards more efficiency of various sectors, including education. Today, the country enjoys a stable economy, ranked the sixth most competitive economy in the world by WEF's¹ Global Competitiveness Report 2013-2014 (WEF 2013). With 84% of adults employed, the country has the highest employment rate among OECD countries. Sweden ranks among the top countries in OECD's Better Life Index, which surveys a number of indicators related to material living conditions and quality of life (OECD 2014a). Sweden has a relatively equal income distribution and its welfare state is based around a redistributive tax system that represents 44% of its GDP (OECD 2012).

Public expenditure on education in 2010 represents 7.0% of Sweden's GDP, which is among the highest among the OECD (OECD member states average at 5.8%) and at all levels of education, total expenditure per student exceeds the OECD average (OECD 2013a). Sweden's population is largely educated: 87% of adults aged 25 to 64 have completed upper secondary education, considerably higher than the OECD average of 74%. Similarly, in Sweden, 42% of adults have obtained a tertiary degree, compared to an average of 38% across the OECD member countries (OECD 2013a). However, education in Sweden has its flaws, as is explained in the next section.

The Swedish schooling system is built around compulsory primary (grades 1-6) and lower secondary education (grades 7 to 9) for all children aged 7-15. These are complemented by voluntary preschool (children under 6) and an optional 1-year pre-school-class preparing children for primary school. Upper secondary school is not compulsory; nonetheless, close to 99% of children aged approximately 16 to 18 attend. The entire schooling system is comprehensive without separate tracks. Still, upper secondary school (*gymnasieskola*) offers national programmes aimed either at academic or vocational education. The system was reformed in 2011 to offer 18 programmes, 6 academic and 12 vocational programmes, each with a duration of three years. These centrally defined programmes are intended to provide general education in a variety of fields such as electrical engineering, construction, social sciences, media or arts. The programmes prepare for post-secondary (vocational) or university studies, depending on the category of programme.

¹ World Economic Forum.

In recent years, independent schools have gained prominence alongside public schools, particularly in upper secondary education. As all schools are obliged to adhere to the national curriculum and upper-secondary programme objectives, the differences between independent and public schools are largely limited to the subjects the schools offer. Here, independent schools tend to have more specialized profiles whereas public schools usually cater to either arts or sports interests. Both types of schools are financed publicly, with funds allocated by the municipalities. Table 2 gives an overview of the Swedish compulsory and upper secondary school system with its distribution of students and personnel.

Table 2. Number of students, personnel and schools school year 2012/13

Number of students	Compulsory 899 185 Upper secondary 351 641
Personnel	Compulsory 74 359 (Full-time equivalent) 86.366 employees Upper secondary 28.958 (Full-time equivalent) 35.023 employees
Number of public school units	4.114 (in primary and lower sec education) 751 (in upper-secondary education)
Number of independent school units	790 (in primary and lower secondary education) 485 (in upper secondary education)
Average school size	Compulsory 189 students (public schools) 152 students (independent schools) Upper secondary 343 students (public schools) 189 students (independent schools)

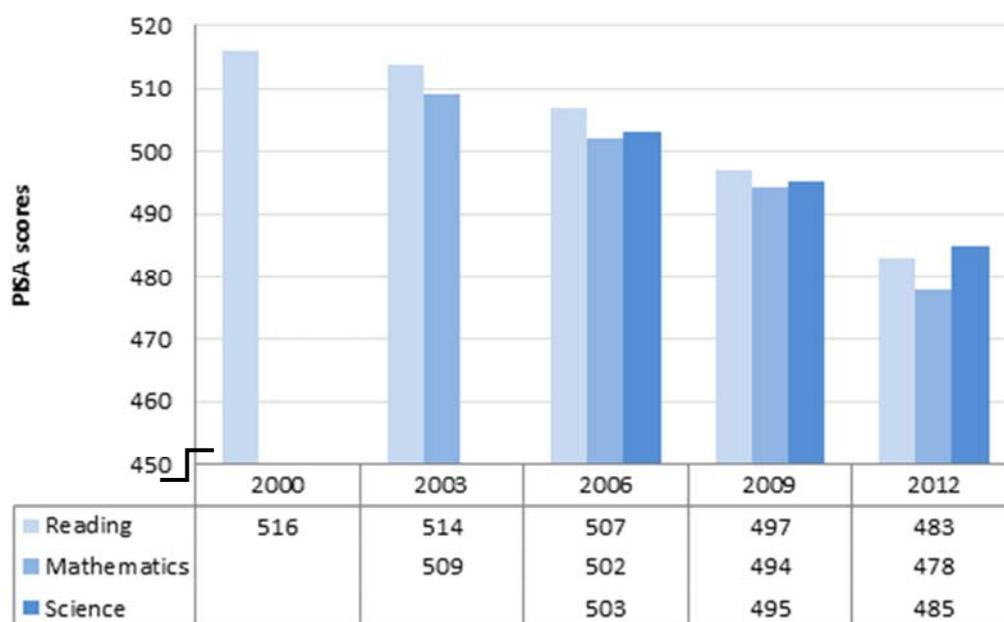
Source: NAE (2014a) available at <http://www.skolverket.se/publikationer?id=3211>

Education performance in Sweden

Education performance can be examined on two main levels: a) the average level of student achievement and b) the equity of outcomes. In terms of achievement, students in Sweden scored above average in the 2000 PISA test but their performance has subsequently declined relative both to other participating countries and in absolute terms. Sweden also performs lower than the OECD average (491 versus 500) in creative problem solving (OECD 2014d, figure V.2.3).

Figure 2.1 shows the evolution of Sweden's PISA scores in reading, mathematics and science across the PISA instalments. After a good performance in 2000, the performance of Swedish students has been deteriorating: "no other PISA-participating country saw a steeper decline in student performance over the past decade than Sweden" (OECD 2014c: 26).

Figure 1. Sweden PISA scores in reading, mathematics and science since 2000



Source: based on OECD, 2002-2013 (PISA Series).

This decline in performance over time is mirrored in a number of other metrics. Performance of Swedish fourth-graders, surveyed by the IEA² in the *Progress in International Reading Literacy Study* (PIRLS), declined between 2001 and 2006 as well as between 2006 and 2011 (IEA 2007, 2012). In addition, the mean performance of male 8th graders in the TIMSS mathematics test has declined from 538 to 482 between 1995 and 2011 (World Bank 2014).

When it comes to equity in education, the situation has also deteriorated in Sweden across the PISA cycles. Compared to earlier instalments of the study, the difference between high and low achievers in reading also increased for Swedish students in PISA 2009. This development is due to lower performance among low achievers while overall performance of high achievers remained unchanged.

It remains important to understand where this variation in scores comes from. Sweden was traditionally a highly equitable country and exhibited a below-average impact of the social and economic background of students on their general performance in PISA 2000/2003/2006. In PISA 2009 – focusing on reading performance – the impact of socio-economic background on students' performance had markedly increased and is now above the OECD average (OECD 2011: 25). However, its impact on *mathematics* performance (PISA 2012) did not change significantly between 2003 and 2012 and remains below average (OECD 2013b). Although below average, PISA 2012 indicates that education outcomes in reading starkly differ between immigrant students and native 15-year-olds, with immigrants exhibiting significantly lower performance across the surveyed areas. This particularly pertains to first-generation immigrants (OECD 2013b).

² International Association for the Evaluation of Educational Achievement.

Variation in student performance is mostly found within, rather than between, schools. One potential explanation for this is that sorting (and therefore variation) mostly occurs within schools when choosing among the many academic streams that a school may offer.

Between-school variation accounted for 12% of total variation in scores in 2012, well below the OECD average of 37%. This suggests a weak relationship between performance and the specific school a student attends. However, between-school variation is higher in Sweden than in other Nordic countries and has increased since 2003, suggesting that sorting may be on the rise. Indeed, national data (grades from year 9) show that between-school variation has doubled since the end of the 1990s, rising from nine per cent to more than 18 percent in 2011. These increasing differences between schools are not only explained by differences in socio-economic status and the sorting of students. Thus, other factors such as peer effects and teachers quality are probably at play too (NAE 2013).

Governance of Swedish education

Like other Nordic countries, public sector governance in Sweden exhibits high levels of social trust, low levels of corruption and a strong tradition of cooperation, consultation and consensus building (OECD 2011: 22). When reforms are introduced, they are usually preceded by comprehensive consultations and submissions for comments. Key stakeholders consulted in education policy decisions are the *Swedish Association of Local Authorities and Regions* (SALAR), the *Swedish Association of Independent Schools*, the two national teacher unions (*Swedish Teachers' Union* and the *National Union of Teachers*), the *Association of School Principals and Directors of Education*, and the various parent associations and student councils (OECD 2011: 24).

Until 1990, the Swedish education system was largely centralised, and seen as a component of the social democratic welfare state. The 1990s were marked by a series of reforms that profoundly changed the education landscape in Sweden. Responsibilities for primary, secondary and adult education were shifted to municipalities. At the same time, changes were made to encourage the creation of privately run independent schools. Parents and students received the possibility to a large extent to choose which school to attend and the catchment area system only remained as a fall-back option.³ (See chapter 3 for a more detailed description of the reforms.)

In line with the devolution of responsibilities, governance was reformed towards an output-driven approach. The central level's main responsibility changed to setting the national educational goals and evaluating the results of the system, with decisions on how to achieve those goals being left to the local and school level. With the reforms, schools were given extensive autonomy in shaping teaching content, materials and methods to reach the centrally set objectives. Teachers could fulfil the goals based on their own interpretation and adopt practices considering individual student's needs. Along with that, the reforms' intention was that students should increasingly take responsibility for their own learning progress (NAE 2009; Carlgren 2009).

Table 3 provides a summary of all stakeholders relevant in Swedish education policy, their roles within it and their repertoire of formal and informal interventions. A more detailed examination of current education governance is provided in Chapter 3.

³ Municipalities have the responsibility to ensure that any student of their catchment area can attend one of the public schools in the municipality.

Table 3. Overview of key stakeholders in Swedish education system

Stakeholders	Role/interest	Examples of interventions
Minister of Education	Responsible for the overall quality of education	<ul style="list-style-type: none"> • Development of national education policies and legislation • General grants to municipalities. • Development of financing of funds and other supportive measures. • Development of evaluation.
National Agency for Education	Actively work on attainment of goals in the Education Act, curricula and syllabi in order to improve quality and outcomes.	<ul style="list-style-type: none"> • Supervision, support, following up and evaluation of pre-schools and schools. • Organizing training programs for school leaders and teachers. • Responsible for school and childcare statistics. • Registration of teachers and preschool teachers. Hosts the Teachers Disciplinary Board. • Power to stop state grant funding to principal organisers.
Schools Inspectorate	Supervisory responsibility for pre-schools and schools.	<ul style="list-style-type: none"> • Ensure that municipalities comply with legislation and other provisions applicable to their activities. • Provide qualitative feedback to schools. • Approve applications and grants for independent schools. • Host the Office of the Child and School Student Representative (BEO) • Power to close schools.
National Agency for Special Needs Education and Schools	Ensure that children, young people and adults – regardless of functional ability – have adequate conditions to fulfil their educational goals.	<ul style="list-style-type: none"> • Special needs support • Education in special needs schools • Accessible teaching materials • Government funding
Municipalities (may be divided into municipal assembly, executive committee, education committee & education department)	Responsible and accountable authorities for the educational quality of pre-schools and schools	<ul style="list-style-type: none"> • Comply with the legislation • Resource allocation to schools to improve the quality of education • Hire, professionalize, set wages for and lay-off school-leaders, teachers and other personnel • Set the organisational structure to achieve national goals – systemic long-term strategic thinking • Follow up and evaluate – systematic school development work
Headmasters	Responsible for pedagogical leadership to improve the quality and organisation of the school.	<ul style="list-style-type: none"> • Comply with legislation • Internal quality monitoring for school improvement • Managing the day to day business of the school
Teachers	Responsible for the quality of education (knowledge and values) in the classroom	<ul style="list-style-type: none"> • Develop methods to improve teaching; taking part of new research • Communication with students, children and parents
Parents		<ul style="list-style-type: none"> • Contact with teachers
Children and students	Responsible for their own learning	<ul style="list-style-type: none"> • Participate actively in school

Source: NAE (2014a).

CHAPTER 3: CASE STUDY: DECENTRALISED GOVERNANCE OF EDUCATION

The reforms that took place in Sweden in the 1990s radically transformed the education landscape from an entirely centralised system to a system in which municipalities carry a large share of responsibilities. The reforms were motivated by three major guiding principles, all of which were assumed to improve education and education systems: 1) moving decisions closer to the citizens by giving more prominence to local government; 2) giving more freedom of choice to citizens regarding education; and 3) introducing competition between education providers (private or public).

This chapter provides an overview of the reforms and will then describe the current multilevel governance system of education that is still operating today.

The reform of education in Sweden

Between 1932 and 1976, the Social Democratic Party ruled as the sole government party, thus practically free to shape the education system revolving around social democratic principles of equity and social inclusion. Beginning in 1976, Sweden has had changing coalition governments, although the Social Democratic Party has taken part in most coalitions or formed minority governments.¹ (OECD 2011: 22).

Given its social democratic legacy, Sweden had one of the most uniform and centralised education systems prior to the 1990s. The system was built almost exclusively around public schools. These had a catchment area of neighbourhoods in close proximity and no choice of schools was available, as the government feared segregation effects decreasing equity. The Swedish education system was largely run by the central government, using centrally decided regulations, centrally employed teachers and head teachers and relying on a system of central grants targeted towards specific categories of spending (Ahlin & Mörk 2008). Grants targeted towards the school sectors were set by county-level education board, and were received directly by schools. Talks about decentralisation started to emerge with proposals by the Public committee on the inner work of schools (1970-1974) to strengthen schools' self-governance. Ultimately, these proposals were not implemented. However, they fuelled a conversation which, after the election in 1976 of the first non-socialist government since 1932, started to question the role and efficiency of the public sector, chief among which the education system.

The actual reform of the education system was initiated under the 1986-1991 term (Swedish Social Democratic Party in government). A so-called "steering proposition" was developed in 1988 by Minister of Education Bengt Göransson, which laid the foundations for a more output-oriented education policy. What followed was a series of reforms that radically transformed the education landscape in Sweden (see Table 4 for an overview).

First, responsibilities for primary, secondary and adult education were officially shifted to municipalities in 1991, leaving the Ministry and National Agency for Education to steer and evaluate. With that shift, municipalities become the official responsible authorities for schools. Municipalities received

¹ <http://sweden.se/society/the-swedish-system-of-government/>

decision power over all decisions regarding schooling, including curriculum choice (as long as they met national requirements), school location, and hiring decisions, including for head teachers. Teachers were officially employed by municipalities both before and after the reform, and wages remained negotiated at the central level until 1996, after which negotiations were organised by municipalities. However the responsible authority for setting working conditions (hours and time spent on tasks) was moved to the municipalities without much consultation of teachers. The reform thus generated strong opposition among teachers.

At the same time, school funding changed greatly. Before 1990, the Ministry controlled the resources allocated to each school and the purpose they would serve. After the reform, transfers from the central government were transformed into lump-sum grants to municipalities. Although at the time the grants remained earmarked for education and the central government still performed redistribution between municipalities, they gained some authority over the allocation of financial resources within the compulsory education system, and could allocate between different uses of the transfers as they saw fit, e.g. towards teaching hours, textbooks, school premises, etc. The proportion of central transfers that were earmarked towards schooling was quickly reduced, and by 1993, all central transfers became part of a general grant to municipalities. This meant greater financial responsibility for municipalities, who had complete control over allocation of their resources between schooling and other municipal duties such as social services, waste collection, public health, etc. It also meant less direct oversight and control of spending from the central government.

Table 4. Overview of education reforms in Sweden

Date	Reform
1991	Education responsibilities are formally shifted to municipalities. Earmarked funds for schooling are allocated to municipalities based on the number of enrolled students. Creation of independent schools is facilitated. National Agency for Education (<i>Skolverket</i>) is created to monitor creation of independent schools.
1992	Parents and students can choose which school to attend. Independent school receive public funding from municipalities based on number of enrolled students.
1993	Transfers from the central government are not earmarked anymore, and subsumed into general grants to municipalities.
1994	New curriculum gives more autonomy to schools in the choice of subjects.
1996	Wages are now negotiated at the municipal level.
2003	National Agency for Education is reformed to focus on monitoring and data dissemination.
2003-2008	National Agency for School Improvement
2008	Creation of the Swedish Schools Inspectorate, assuming former NAE responsibilities for school inspections NAE inherits the task of School Improvement
2011*	New Education Act harmonises regulations on public and independent schools New curriculum introduced, with mandatory national tests in years 3, 6 and 9.
2012*	New grading scheme is introduced, and starts in grade 6. Induction period for new teachers initiated; registration of all teachers required

Source: NAE (2014a).

In parallel, in 1991/1992, Sweden introduced a far-reaching reform of school choice, by facilitating the establishment of independent schools and by making it easier for parents to choose which school to attend. The motivation for this reform was to encourage schools to compete for students by creating individual emphases in their curricula. In addition, the creation of independent schools was facilitated and supported, in order to stimulate competition and promote diversity among schools. The rules were successively modified so that these independent schools became subject to the same regulations as public schools to “create a level playing field” (Bunar et al. n.d.: 21). The government set up a voucher system, in which both public and private schools would receive funding based on their number of enrolled students. Independent schools could be privately run on tax funds, which effectively ended the state monopoly in education provision. At the same time, public schools stopped operating on the basis of catchment areas, which would determine where students would have to enrol. Instead, parents and students were able to choose whichever type of school they preferred. Instead of attending the nearby public school, it was now easier to choose between public and independent schools as well as to choose from among different public schools.

In 1994, a new national curriculum gave students at upper secondary level more courses and subject possibilities, while in compulsory education, schools received more freedom to decide how to achieve the

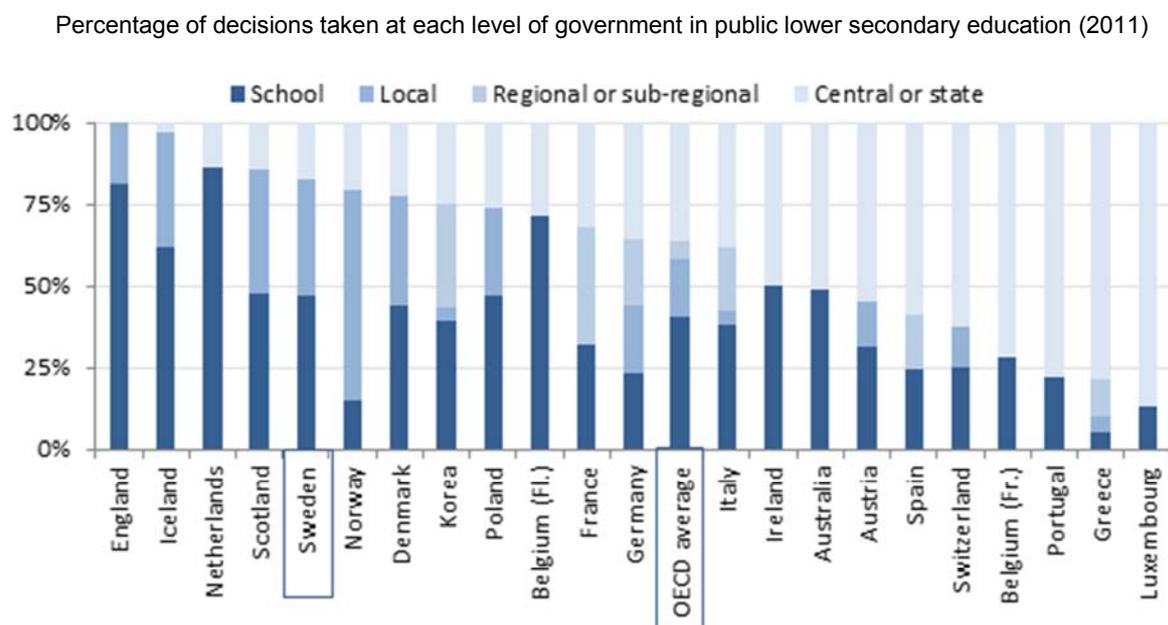
national education goals and distribute the specified number of instruction hours for each subject. As parents could more easily choose the school their children would go to, the government recognized the necessity to disseminate information about the schools to parents so that they could make informed decisions. Likewise, the government aimed for overall greater involvement of parents in school issues and urged municipalities to be responsive to requests by parents and students (Desimone 2002). Altogether, these measures were meant to stimulate school development towards performance and efficiency (Bunar et al. n.d.: 22). The reforms therefore marked a profound redirection from a centrally run education system that was micro-managing inputs, towards a system oriented goals and objectives. The governance of the education system was also profoundly modified to accommodate the change of perspective. At its creation in 1991, the National Agency for Education's responsibilities were quite contradictory when it came to public and independent schools (Rönnerberg 2011). On the one hand, the Agency was to assess and ensure that independent schools satisfied requirements to obtain their licence to operate. As such, it performed regular official and unannounced visits to independent schools, and ensured that their functioning obeyed the values and regulations set out by the Ministry.

When it came to public schools on the other hand, the Agency was designed to exercise "an arms-length relationship with public schools, taking its main duty to be the monitoring of municipalities rather than of individual schools" (OECD 1995). As such, it did not carry out inspections, and was designed to only monitor municipalities' education performance against the nationally set goals. In 2003 an agency was formed to complement the NEA, the "National Agency for School Improvement". The asymmetry of monitoring between independent and public schools led to the creation in 2008 of the Swedish Schools Inspectorate, which took over the task of ensuring that independent schools and municipal schools complied with laws and regulation, while the National Education Agency focused on supporting and evaluating the work of municipalities and schools. The National Agency for School Improvement was closed in 2008.

More recently, the central government has implemented a series of additional reforms (see Table 4). In 2011, the New Education Act was introduced, which modernised, simplified and harmonized regulations across public and independent schools. It also established preschools as an integral part of the education system. A new curriculum was also introduced the same year, with mandatory national tests in years 3, 6 and 9 to monitor student performance against the curriculum. In 2012, a new qualification scheme for teachers, designed to raise the status of the profession, was also introduced. The new scheme now requires teachers to be certified in order to teach, and the academic requirements for certification necessitates that teachers take a degree in education specialised in the type of school and age group they teach at (NAE 2014b).

Governance of education in Sweden

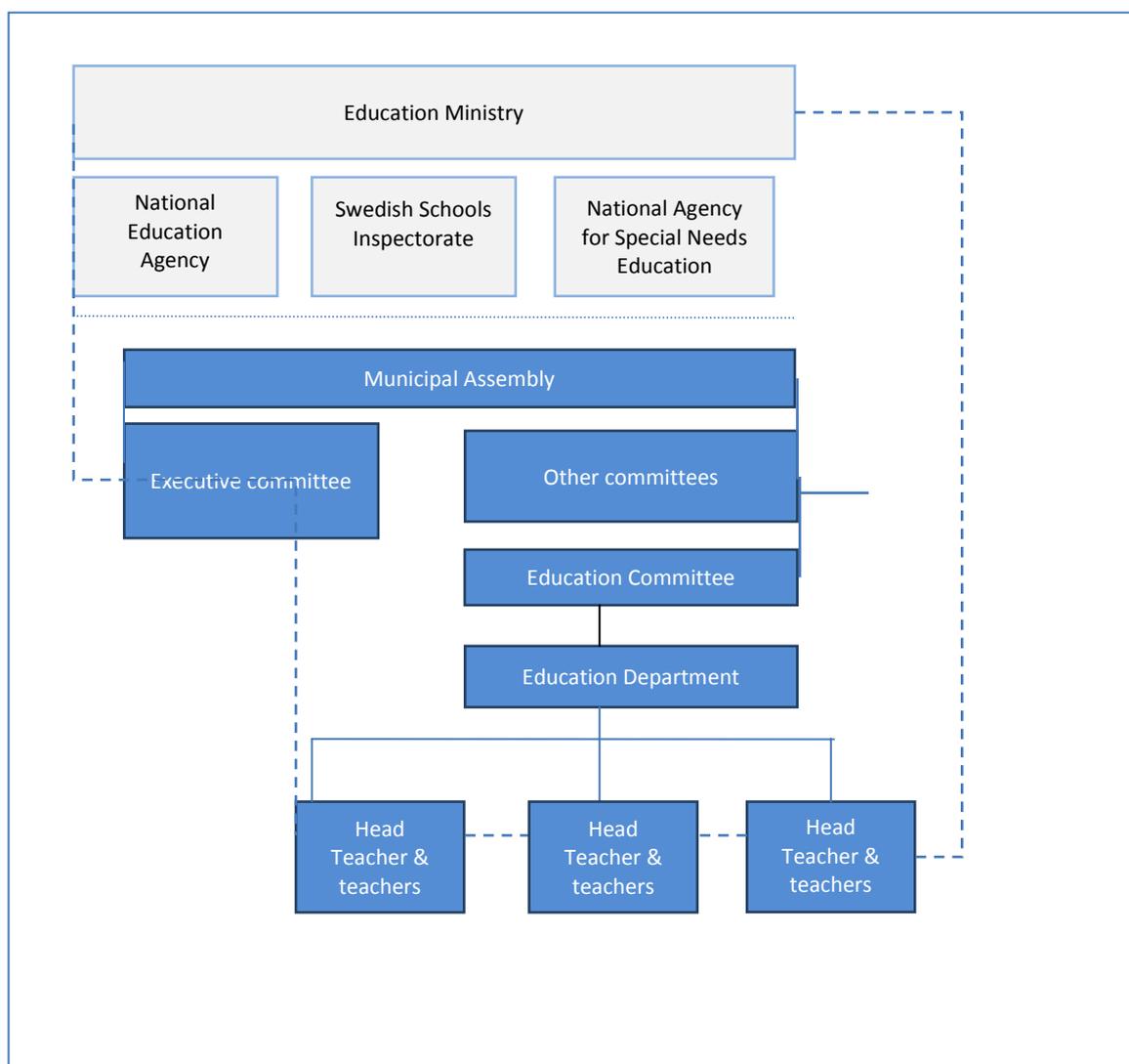
As a result of the reforms from 1990 onwards, the Swedish education system is among the most highly decentralised systems in the OECD. For example, as of 2011, close to half of the decisions in lower public secondary education are taken at school level (47.2%) and 35.3% are taken at the municipal level, e.g. allocation of funds. Only 17.5% of decisions are taken at the central level and no regional/sub-regional governance level is present. The central level's main responsibilities are in setting the national curriculum and monitoring outcomes of the school system, and in case of the upper secondary education, setting the objectives for the national programmes (OECD 2012).

Figure 2. Levels of education decentralisation in OECD countries

Source: OECD, 2012.

Funding of school education is decided at the municipal level. The central government redistributes financing through state grants from wealthier to poorer municipalities via a structural equalisation system across municipalities. Since 1996, to decentralise responsibilities further, these grants have been untargeted and municipalities can allocate the funds as they see fit. Education is financed by municipal funds after redistribution. At the local level, education is generally governed by the municipal assembly as the municipality's highest decision-making body and a committee system concerned with the specific policy fields – among them education. This structure is defined by the Education Act as the basic legislation of the Swedish education (governance) system although some exceptions exist.

Public schools are directly run by municipalities, with independent schools being allocated public funds according to the same principles. Financial backing of all schools is tied to their respective number of students enrolled and students' specific need (e.g. special needs education). Comparable to the allocation of funds by the central level, the local level mainly reallocates funds towards schools usually on a lump sum basis to provide for salaries, buildings, material and equipment. Budget administration is then performed by the school leader (OECD 2011: 24). Within municipalities, the general principles and objectives of schooling are decided at the Municipal Assembly level, while execution of duties is passed on to relevant committees. Figure 3 details the general structure of education governance in Sweden.

Figure 3. Education governance in Sweden

Central level

The central government holds the overall responsibility for schooling and is in charge of developing the curriculum, national objectives and guidelines for the education system. As is typical in the Swedish public administration, responsibilities at the central level are shared between the Ministry and a range of central agencies. The Ministry of Education and Research is supported, in the area of school education, by three agencies. The National Agency for Education supports and evaluates the work of municipalities and schools. The Swedish Schools Inspectorate authorises the creation of new independent schools, and also ensures that municipalities, organisers of independent schools and the schools themselves follow the centrally set laws and regulations. The National Agency of Special Needs Education coordinates the government's efforts regarding students with special educational needs. These agencies are established by legislation and operate independently of the Government (OECD 2011: 23).

The National Education Agency coordinates with the Ministry in setting the national goals and curriculum, which are then implemented by the municipalities. The agency also manages collection, analysis and dissemination of quantitative data regarding the school system. It publishes a comprehensive

set of educational statistics and has developed two publicly available databases – SIRIS (Information System on Results and Quality) and SALSA (Local Relationship Analysis Tool) – presenting information on the characteristics and results of municipalities and schools.

The Schools Inspectorate, with its 290 inspectors (from a total staff of 360 employees) and 9 regional units undertakes the actual visits to schools all over the country. Its activity is focused on providing qualitative feedback to schools, based mainly on site visits and on-the-spot observations but also on the specific school-related quantitative data provided by the NAE. The site visits of the Inspectorate follow standard procedures². Feedback is provided to schools and their maintainers through oral and written reports. The reports have a standard structure that facilitates comparison over time and with other schools.

The Swedish Association of Local Authorities and Regions (SALAR), a consultative body designed to represent the views of local authorities, has begun to publish its own analysis of National Education Agency data, developing success indicators and rankings of individual schools. The “Open comparisons” database present 15 indicators on issues such as national test results, school costs and staffing. They are intended to (1) inform and stimulate the public debate about efficiency in public service, (2) support local and regional efforts to improve services, and (3) increase efficiency and control of activities (Cavaliere Persson, 2010).

Local governance

There is no county-level governance in the Swedish education system. The Education Act establishes municipalities as the responsible authorities for schools, in charge of implementing educational activities, organising and operating school services, allocating resources and ensuring that the national goals for education are met. Municipalities are also in charge of other local matters, such as waste collection, public health, child and elderly care.

The Local Government Act establishes that every municipality is governed by an elected body, the Municipal Assembly. The municipal assembly appoints a municipal executive committee and any additional committees required to discharge the tasks of the municipality, including an education committee to govern its public education system. Headmasters report to the education committee. Headmasters’ and teachers’ assignments are governed by the central government through the Education Act and the curricula and syllabuses. A more detailed account of the local system of governance can be found in Appendix A.

² For more information on the different types of inspection and audits, please see <http://www.skolinspektionen.se/en/About-Skolinspektionen/The-activities-of-the-School-Inspectorate/>

CHAPTER 4: SUMMARY AND REFLECTIONS

The interviews conducted for the 2011 report by Sweden's National Education Agency to analyse the consequences of the education municipalisation highlighted several governance issues and failures. These governance issues might constitute one piece of the puzzle to understand the challenges of the Swedish educational system and the reason why student performances have been degrading over time.

The overarching finding of the interviews, corroborated by the more recent Lewin et al. (2014) review and the interviews conducted by the OECD, is that the municipalisation of schooling has shifted many responsibilities to municipalities without accompanying this shift with corresponding support for capacity building or necessary human and financial resources. This created a situation in the early stages of the reform in which municipalities had to embrace, without much notice, new responsibilities for which they were insufficiently prepared in terms of organisation, leadership and knowhow. This mismatch between duties and capacities seems to have created long-lasting difficulties from which municipalities still suffer today. What follows are the key elements underlying this mismatch and the reasons behind them.

Lack of a systemic vision

Interviews indicate that, more than twenty years after the initial municipalisation reforms, responsibilities of municipalities are still not entirely clearly defined. This is partly historical: early in the process, the municipalisation reform was *deliberately* not accompanied by support from the central government to clarify how the shift should play out in practice. Indeed, the reforms were designed and guided by the philosophy that the “*local authorities knew best*” (representative of NAE), and the expectation was that municipal leaders would proactively anticipate their new responsibilities by creating adequate processes and structures (Lewin et al., 2014). In order to allow this to develop, the NAE adopted a deliberate policy of not intervening, which lasted for three to four initial years, after which the role of the NAE became stronger in terms of providing support and guidance.

From the side of the municipalities, the general autonomy given to them was received without a very explicit internal discussion about how to internally organise the new tasks and who would ultimately be responsible for what. This led to spontaneous organisational rules, which in turn resulted in a variety of governance arrangements. Even today the perception of responsibility seems to vary greatly, both across people in similar positions in different municipalities, and between different bodies within the same municipality. This plays out on a number of different levels.

First, the interviews demonstrate ambiguity about responsibilities between the national and the municipal levels. Officially, the central government sets priorities and goals, and the Local Government Act gives municipalities the entire responsibility for meeting these goals. However, the burden of responsibility is not always clear: municipalities sometimes perceive the national government to be ultimately responsible for goal attainment in schools. For an example, one of the municipal Chief Executives interviewed stated: “*Central government sets goals for the municipality. Is not then central government the responsible authority?*” (NAE 2011, p. 28)

Further, there is also ambiguity regarding the allocation of responsibilities within municipalities themselves. Given that municipalities rely on a complex internal governance structure with various bodies, the interviews underline two major problems with the transfer of authority. The first is uncertainty about

what body within the municipality constitutes the final responsible authority, answerable for school performance and potential failure in the system. The interviewees gave a variety of responses to these questions, perceiving the responsibility to lie at all the different levels in a municipality other than that of the Municipal Chief Executive. Some interviewees believed that there could be more than one responsible authority: *“The responsible authority is the Chair of the Education Committee and the Head of the Education Department”* (Chair of the Municipal Assembly).

The second issue is uncertainty about what tasks such responsibility entails. The interviews demonstrate that politicians and officials have differing perceptions of which level should assume ultimate responsibility for the demands of the state. There is also a lack of clarity as to what each role entails. For example, the eight Chairs of the Municipal Assembly interviewed did not have the same view of their own role. The views range from seeing themselves in their role as an active guarantor of civic democratic governance to describing themselves as a passive chair of meetings. The Chairs of the Executive Committee express their primary task as one of assessing and prioritising the various municipal operations’ needs in relation to the overall municipal benefit.

In addition, the responses of the Chairs of the Executive Committee had another shared theme: their descriptions of their role had less to do with the school sector than with other sectors in the municipality. Their primary attention is focused on sectors such as enterprise, infrastructure, demographics and marketing. *“It is the [Education] committee that has full responsibility for schools; they know schools. We take responsibility for so much else”* (Chair of the Executive Committee). Descriptions by Committee Chairs show that they have a position between municipality-wide politics and the schools. This entails action both downwards and upwards in the municipal hierarchy to both a) enforce decisions made by the municipal executive committee or the municipal assembly and b), based on the sector’s perspectives, produce documentation for drafting in the municipal executive committee and for decisions in the municipal assembly.

More specifically, interviews suggest that the traditional division of “what?” and “how?” in municipalities, which usually corresponds to duties respectively assumed by the municipal assembly and the municipal executive committee, is often blurred in practice. Some executive committee members report that their task of prioritising uses of the municipality’s financial resources is done in coordination with, and sometimes in turn affected by, decisions taken by the municipal assembly.

Concrete and detailed strategies are often left to the Education committee, and passed on to the municipal education department for implementation. The department, part of the public administration, is in charge of informing elected officials about risks, assessments, impacts and nuances of the law. While ultimately they do not have official decision-making power, they do bear responsibility in the compliance with national goals and objectives, by being experts in charge of informing decision makers. This informational role gives them informal power over the agenda and gives them indirect influence over the decision process by being able to affect the way issues are prioritised. This power to influence is informal only, and in the absence of official clarification, is exercised differently in different municipalities.

Indeed, the interviews reveal that the formal definition of responsibilities in the local governance structure, from the municipal assembly down to the education department and school administrations, is often too vague to command a precisely defined division of effective duties. The municipalities interviewed displayed a variety of arrangements, where the burden of the work could be assumed either at the general level of the municipal assembly or executive committee, or further down at a more specialised level of the department. Therefore, the usual division of labour between decision and implementation does not always coincide with the distinction between elected officials and public servants. This lack of a systemic plan – both originally in the roll-out of the reform and later in the implementation by municipalities – has had a clear impact on the design, alignment, and attribution of responsibilities on the

local level. As might be expected, this lack of systematic vision has not always been helpful in ensuring smooth and efficient delivery of education services. One of the biggest challenges continues to be ensuring sufficient capacity on the municipal level for effective and efficient delivery of high quality education provision.

Capacity challenges for governance

As outlined above, the reform took place quickly and initially without much guidance from the central government to the municipalities. This was deliberate: at the onset, there was a permanent concern that the central state should not intervene: *'Do not step over the municipal boundary'* became a standard expression. However, it became clear early on that municipalities were facing difficulties in assuming their new responsibilities. As early as 1993, the NAE reported on this and meetings between the NAE and municipal leaders were organised in 1997-98 to clarify municipal responsibilities and how municipal governance could be used to achieve national goals (NAE 1996: 9, NAE 1997: 7). Taking these steps did not signal a change in the NAE non-interventionist stance, as it was believed that these were just birth-pangs of the reform and that municipalities would gradually be able to embrace their new responsibilities (Lewin et al., 2014).

The lack of intervention from the central government meant that municipalities would be, by design, left to their own initiatives when it came to improving school performance. This expectation, however, has not always played out as planned. In particular, Lewin et al. (2014) make very clear that some municipalities were insufficiently prepared. In the municipalities that were interviewed, there was no mention of strong measures taken by local leaders to strengthen the performance of their schools.

This challenge continues to some extent today. Although the decentralisation reform intended for municipalities to manage education based on regular assessment of their performance against nationally set goals and requirements, the municipal actors interviewed did not portray a systemic process of using assessment for continued improvement. According to the interviews, improvement initiatives were often taken as the result of external criticism rather than internal reflection (e.g. from the media).

In addition, in many cases local government did not provide adequate structures to facilitate the involvement of lower hierarchy levels in the decision-making process, who in turn, did not want to be held responsible for poor performance because of decisions taken at higher levels of local government. At the committee and Head of Department level, for example, there is a view that, despite inadequate goal attainment, there can be no criticism for this, since the conditions for schools are decided higher up in the municipal hierarchy.

Part of the challenge for municipalities is that the decentralisation reform was accompanied by deregulation and increasing school choice, thus giving parents and students more power at the same time that local authorities were handed their authority. This interaction has to some extent restricted what the municipalities can do, in the sense that they are also answerable to increasingly savvy parents and in competition with a strong set of independent schools. This has given rise to the perception among some municipal actors that local government *"administrates the system rather than steers it"* (researcher).

All these elements indicate that municipalities did not necessarily have adequate governance structures or the internal culture to implement collaborative decision-making and widen input into decision-making processes, and did not receive or seek for capacity building or training to make this possible. They also speak to a lack of capacity for using assessment data to monitor and improve education systematically, often preferring other sources of knowledge (traditional spending choices, simple comparative measures rather than a holistic assessment of cause and effect, pressure from the media and

parents) to careful use of the indicators and research generated by the system (see *infra*, “(Mis)use of available data”).

Power versus responsibility

By design, the education system in Sweden separates the role of the national government, steering, from that of the effective implementation of strategies at the local level. However, the interviews highlight a mismatch between perceived duties by local stakeholders and the corresponding definitions of formal powers.

Respondents indicated that municipalities veered away from national goals in several ways, and that there seemed to be very little enforcement of those goals from the national level. Firstly, municipalities, facing budgetary constraints, often focused on a subset of the national goals, most often those that drew public and media attention. There was a strong tendency to make use of the indicators that enable comparison between municipalities and that appear in SALAR’s Open Comparisons. Overall, the interviews gave a picture of the municipal priorities being cherry-picked, and, when resources were not available to meet all goals and requirements, there was uncertainty among municipal leaders as to which of the national goals should be prioritised.

Secondly, when setting goals for their municipalities, local politicians often lowered requirements from the nationally set levels to levels more compatible with the municipalities’ attainment expectations. In particular, interviews indicated that the national goals were seen as idealistic targets, rather than realistic ones. This mismatch between goal-setting and achievement, coupled with unclear lines of responsibility, has additionally resulted in pessimistic views of municipal actors’ own efficacy, and a sense of not knowing how to tackling something as multifaceted as improving student achievement.

Crucially, there is no real enforcement mechanism for central authorities to ensure compliance with the goals, or at any rate, there seems among the interviewees to be little concern over the consequences of not meeting a particular goal. Financial resources for education are not earmarked, and are mostly based on the number of students registered in the municipality. In fact, there seems to remain only two direct levers of action for the central government. The first one is the Inspectorate: if serious shortcomings are identified in a school, the Inspectorate can determine that the deficient school be closed until the deficiencies are corrected, for up to six months. This however, is very much a last resort, and according to interviews with the Agency has only happened twice (and one of the schools so closed was allowed to re-open again after contesting the decision).

The second lever is financial, in the form of special grants that go directly to schools and for which schools can apply. However, the allocation of these extra funds seems to have not quite had the intended effect, as most applications come from schools already doing reasonably well, particularly independent schools and those from the larger municipalities. There may be a capacity issue that hinders smaller, less able schools from applying, and thus the resources may not reach the schools that need them the most. Certainly these grants are not used to reward schools for outstanding achievement or compliance with national goals and priorities.

Given the lack of formal enforcement of national goals, the government can only rely on emulation and competition between municipalities as mechanisms for encouraging compliance. Interviews clearly show concerns, particularly among elected officials, for comparison rankings between municipalities and statistics that receive media focus nationally, such as the Swedish Association of Local Authorities and Regions’ “Open Comparisons” statistics. However, while interviews indicate that these rankings are very important for local politicians, their very existence seems to have distorted efforts away from other less

specific national goals in favour of measurable (and comparable) goals. This also does not serve to reinforce the broader national agenda.

Finally, interviews show that the mismatch between duties and actual powers generates frustration on the municipal level, as many interviewees expressed the view that they are doing more than what they are officially assigned without necessarily having the official powers to do so, or receiving due recognition. This is matched by frustration by a central level that finds itself responsible for slipping student achievement and yet very few levers to effect change. Although there are talks at national level to require more transparency from municipalities about their needs, resources and spending, it is not yet clear how the central government plans to use such data. This echoes a more general problem facing education as well as many other sectors: the tension between central steering and local autonomy. It is a careful act of balancing that the central government must do in order to steer the educational system and provide coordinated policies while preserving the autonomy of municipalities, an important element in the political culture of Sweden.

Lack of alignment of financial resources

In Sweden, schools have high levels of autonomy over resource allocation, despite having low levels of autonomy over curricula and assessments. Interviews with municipal actors highlight several mismatches between duties and the allocation of corresponding financial resources. Mismatches occur both between the central and local level and with regard to municipalities' allocation of funds to their different responsibilities (including schooling). Most troubling, allocation of funding in municipalities does not seem to be based on actual needs but rather on traditional spending patterns.

First, municipal leaders report that they do not receive enough resources from the central government to achieve their goals. One committee chair explicitly states "*If Stockholm wants something done, they will have to send money for it*" (NAE 2011, p. 57). This reflects the general perception among interviewees that national goals are set too high; the failure to meet these goals is attributed in part to a lack of financial resources. The perceived lack of financial resources is compounded by the necessity for municipalities to balance budgets: since raising local taxes is not politically viable, and debt is not authorised, the only way to increase allocation to education would be to receive larger grants from the central governments.¹

Secondly, interviews also point out that the extensive bargaining that takes place within municipalities between funding for competing responsibilities (for example health, municipal waste programmes, etc.) can be detrimental to education. Financial transfers to municipalities are not earmarked for education but have been packaged as part of a general grant since 1996. As such, they are not protected from the bargaining process of distributing funds across all areas of municipal activity. Certain interviewees felt that their municipality was not prioritising education enough, compared for instance to social services, possibly due to a lack of perceived returns of money dedicated to education, or possibly to limit political conflict at the municipal level. A strong investment in schools may be perceived as a threat by other committees. "*The Heads of Department must do their best with the resources they have. They have to make objective assessments, and not only look to their own needs. There are to be no conflicts.*" (Municipal Chief Executive).

¹ Interviews also revealed a perception that, while this was not part of the initial objectives of the municipalisation reform, the move from earmarked funds towards general grants to municipalities enabled the central government to reduce its overall financial involvement in education, at a time when Sweden was hit by a severe financial crisis (first half of the 1990s).

Instead, interviews showed that the allocation of funds within municipalities was perceived to be overly dependent on tradition rather than actual needs. *“The allocation of resources between social and school issues has been exactly the same over time”* (Chair of the Municipal Assembly). This means in practice that the allocation does not respond to an assessment of specific local needs and necessities, even though this was one of the initial objectives of the municipalisation reform.

In particular, a study discovered that 92% of municipal allocation of funds between schools did not depend on pupils’ performance (NAE 2009: 44). Rather, education funds display significant variation across municipalities, and do not appear to be linked to elements known to affect school performance, such as housing segregation, the proportion of pupils born abroad, parents’ level of education, local level of tax capacity, or the political majority in the municipal assembly. This indicates that the resources for compulsory and pre-school education allocated in each municipality are not primarily based on an assessment of the local ability for schools to achieve the national goals (NAE 2009: 86).

(Mis)use of available data

The sections above touch on an important transversal theme: the use (or misuse) of available data at the local level for proper decision-making. The decentralisation reform intended for municipalities to manage education based on regular assessment of their performance against nationally set goals and requirements. However, according to the interviews, high-level municipal decisions are, in many cases, based on narrow result information in the form of a few key figures and not on qualified analyses of the municipalities’ entire responsibility for education and schools. They also often prioritise particular forms of evidence (for example, media-friendly rankings and the like) that are important politically but do not represent the depth and breadth of information necessary for making strategic choices for the long-term development of education. When a wide range of data becomes available, it becomes easier for individuals in charge to pick and choose the indicators that will paint a more favourable picture, and *“one cannot blame them for being rational”* (researcher).

Municipal leaders have at their disposal a number of sources of information regarding the performance of schools in their jurisdiction. In Sweden, standardised data on pupil performance are available online along with other key indicators aggregated at both school and municipal level through the SIRIS database operated by the National Education Agency; this is supplemented by the SALSA database, which allows the general public to get performance data on specific schools and municipalities (OECD 2011). Additionally, the Schools Inspectorate conducts regular visits to schools and publishes reports on their results, conditions and activities, according to nationally set protocols. Finally, schools and municipalities conduct self-evaluations and publish quality reports that are directly available for municipalities’ decision-making. Using this data, the Swedish Association of Local Authorities and Regions (SALAR) compiles rankings of municipalities using condensed sets of measures, in a database called “Open Comparisons”.

The interviews highlight that in practice, schools rely heavily on SALAR’s Open Comparisons database for assessment of their performance while taking other diagnostic tools such as those mentioned above into account comparatively rarely, despite their wide availability. Part of SALAR’s appeal to municipal decision-makers is precisely its aforementioned simplicity. The higher political level appreciates the fact that SALAR’s Open Comparisons provides an accessible overview of the situation and of the status in relation to other municipalities. *‘I am an economist and not an expert on schools. I look at SALAR’s summaries’* (Chair of the Executive Committee, NAE 2011 p. 40).

Furthermore, rankings are sometimes used by local politicians to exonerate themselves from responsibility. The Open Comparisons database reports calculations that take into account pupil’s composition in order to assess schools’ actual performance against their expected performance given

pupil's composition. This is often used as an excuse for municipal leaders to argue that poor performance would be due to pupils' background rather than their own schooling strategies: "*We cannot do anything about the parents' background*" (NAE 2011: 42). The over-emphasis of external factors for achieving adequate performance (i.e. reaching national goals) is accompanied by a lack of analysis on potential causes of failure, which in turn leads to unchanged expectations of the municipal leaders regarding their schools' performances year to year.

Further, the interviews point to a general lack of reliance on self-assessment. Instead municipalities rely on the assessment by the Inspectorate and on SALAR's results and do not necessarily allocate enough resources to build their own monitoring system. At the time the interviews were conducted, quality reports were designed at the local level and were required to contain an assessment of the extent to which schools meet national goals; the objective was to provide a framework that allowed municipalities to remain in touch with the education situation in their jurisdiction. However, interviews show that quality reports were often discussed by the committee and were not passed on to the assembly. Instead, the assembly's role was limited to important decisions, such as school vouchers or whether a certain school needs to be closed. This meant in practice that municipal assemblies did not build the appropriate know-how to discuss school performance with regard to national goals. The New Education Act, which took effect in 2011, removed the necessity for municipalities to draft such quality reports but instead the systematic school development work was stressed, and the move was complemented by a strengthening of the Inspectorate's role in assessing schools' performance.

These elements point to the fact that relevant knowledge available is not always used by higher levels of decision-making within municipalities. Instead, they rely on truncated indicators and do not sufficiently harness knowledge by stakeholders at grassroots level. It is apparent that there is a hierarchy of knowledge, which prioritises media-friendly rankings and is useful more for political purposes than a long-term strategic development of a culture of assessment in schooling. This element, combined with the lack of capacity and a systemic vision also reported in this section, emerges as one of the key findings of this report.

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

Since the 1990s Sweden has profoundly reformed its education system. Along with the introduction of school choice and independent education providers, the reform has also put the municipalities at the forefront of ensuring that public schools meet nationally set goals and requirements. The idea was to move decision making closer to citizens, to allow education to adapt to local idiosyncrasies, and to use emulation and competition towards improving education performance in Sweden. In practice however, the municipalisation of public schools has not yielded the desired goals of improving school and student achievement. Indeed, since the early 2000s, there has been a consistent decline in the education performance of Swedish schools, both in terms of overall student achievement and in terms of increased variation between schools' performance. This has led to efforts by the National Education Agency to better understand the consequences of these reforms, and in particular the municipalisation of education.¹ The main findings of the OECD analysis are presented in this Chapter, and potential ways to address the problems within the existing educational regulations are suggested.

Strengthening local accountability

This report corroborates findings by the National Agency for Education that several gaps in accountability exist at the local level. The municipalisation reform was sudden and the central government (purposely) offered little guidance to municipalities regarding the question of how to manage their new responsibilities. This had several unintended consequences, particularly as greater local autonomy coincided with the introduction of school choice and independent education providers. First, this translated into ambiguity as to the allocation of responsibilities and tasks between the different municipal stakeholders. While the municipal assembly is by law the ultimate responsible body, and by status the institution that is accountable to voters, responsibilities and problems are often shifted down the governance structure to the executive committee or the education committee, who in turn “pass the buck” to head teachers. Interviews highlight a dilution of responsibilities across the system without a clear accountability to the ultimate education stakeholders: citizens.

This dilution takes place within a system with relatively high levels of formal accountability mechanisms: Almost all students in Sweden (96%) are in schools that use assessment data to monitor the school's progress, above the OECD average of 81%. Sweden is also among the countries that most frequently publish school results: 80% of students attend schools that post results publicly, compared to 45% on average across OECD countries (OECD 2014c). Thus, it is not the case that more data are necessarily needed in order to strengthen accountability in the system. Although there are certainly elements of the evaluation and assessment system that could be improved, *the challenge appears to be more related to how data are being used for accountability purposes rather than their availability per se.*

¹ Note that the 2011 report only focussed on reforms that affected public schools in Sweden and did not address issues affecting independent schools. This report thus restricts itself similarly to public schools only.

Recommendations

- Continue to offer clear support documents and examples of good practice to facilitate the organisation of education at municipal level;
- Align goal setting and achievement results through clearer lines of responsibility and better use of existing data. The accountability structure should make use of all publicly available data and research and include expert guidance in order to generate a holistic and strategic approach to accountability;
- Enhance the involvement of parents, the community and citizens more broadly (intelligent horizontal accountability) through continued discussion of responsibility and public comparison of results with guidelines.

NB: these discussions should make use of all publicly available data and research and include expert guidance in order to generate a holistic and strategic approach to accountability.

Building local capacity

In addition to elements of power and responsibility, the municipalisation reform generated a mismatch between duties and capabilities. At all levels of the system, interviewees explained that their hands were often tied by decisions made elsewhere and that they had to do the best they could with what they had. They blamed poor performance on insufficient financial resources, and on political bargaining at the municipal level that does not lend enough weight to education. Some elements of this may indeed be the case: in terms of human resources (specifically teacher salaries), Sweden is not among the top-spending countries. In Sweden, lower secondary teachers are paid the equivalent of 92% of per capita GDP². In contrast Korean teacher salaries correspond to 182% of the country's per capita GDP. In Finland, teachers' salaries correspond to 121% of per capita GDP (OECD 2014c).

However, the system is not underfunded as a whole. Sweden has the tenth highest level of expenditure per student among OECD countries, with a cumulative expenditure of USD 95 831 on education per student from the age of 6 to 15 years (OECD 2014c). From the interviews, it is clear that there is a lack of capacity for the efficient use of resources to enable the smooth functioning of the system. There may also be a lack of capacity, particularly in smaller municipalities, to ensure that education issues reach the top of the municipal agenda. In order to understand the needs of the system, municipal authorities must use different sources of knowledge, including the experiences of local actors in defining and solving problems in schools and classrooms. This is a nuanced skill and process, which requires connections to relevant stakeholders, the forums and capacities to gather and use achievement and assessment data, and the ability to formalise and make explicit what is often tacit or procedural knowledge.

The interviews additionally highlight a mismatch between knowledge and power: important decisions are often taken at the higher level of the municipal hierarchy on the basis of over-simplified evidence, and with little input from head teachers and education experts, who may have a more appropriate knowledge of education in general and of the local conditions of the municipalities' schools. Previous OECD work has come to a similar conclusion: "The well-detailed elements of evaluation and assessment currently do not link into a coherent framework. The priority is now to ensure that municipalities and schools have the tools, incentives and capacity to use data and feedback to improve their practice"(OECD 2011, p. 5).

² This refers to the scheduled annual salary of a full-time classroom teacher with the minimum training necessary to be fully qualified, plus 15 years of experience, corrected for differences in purchasing power parities.

Recommendations

- Provide guidance on priority setting, particularly to smaller municipalities and others that may be overwhelmed by political reforms, and provide assistance for them to apply for state grants (both for capacity building and special boosts);
- Facilitate inter-municipal collaboration by setting up a forum for exchange on education issues, and by providing a framework to facilitate inter-municipal projects on those issues. This could involve networks between outstanding teachers, school leaders, schools and municipalities and those that struggle with change, in order to overcome implementation issues;
- Provide explicit capacity building tools and trainings to gather and use the wealth of achievement and assessment data available, with an emphasis on harnessing relevant expert knowledge, prioritising the creation of a holistic culture of evaluation, and creating networks and mentoring relationships.

Strengthening systemic strategic vision

From the onset of the reforms the central government made a point of being involved as little as possible in the conduct of schooling. Despite early warning signs that all was not going according to plan, it kept to a soft governance approach by pointing out issues in the form of reports, and organising the availability of information through databases, which was only partially used by municipalities. The interviews show that this soft form of support was not fully taken up by municipalities.

Indeed, municipalities display a variety of governance arrangements, with the burden of the work assumed either at the general level of the municipal assembly or executive committee, or further down at a more specialised level of the department. This lack of a systemic plan – both originally in the roll-out of the reform and later in its implementation by municipalities – has had a clear impact on the design, alignment, and attribution of responsibilities on the local level. One of the biggest challenges continues to be ensuring sufficient capacity on the municipal level for effective and efficient delivery of high quality education provision.

Quality education provision requires both short-term planning and delivery and long-term strategic vision. A system characterised by high local variation will have to work extra hard to ensure comparability and alignment across the various governance arrangements and assessment and data structures. Currently the interviews reveal that municipal decision-making is too often done using poor or partial data, with an overemphasis on rankings and other media-friendly elements. This not only leads to a mismatch between the real needs of the schools and system, it also prioritises short-termism over long-term strategic thinking. While this will be particularly an issue in smaller municipalities with less capacity for using data and strategic planning, it is also a weakness across the entire system, including at the central level.

Recommendations

- For central authorities to encourage the development of systemic long-term strategic thinking through discussions and workshops with multiple actors, with a special emphasis on appropriate use of data for strategic planning;
- Protect education funds on the municipal level by reintroducing earmarked grants as part of the general allocation budget, keeping the output-focus aspect of the grant rather than input-specific grants;

- Provide an education-specific forum for municipalities to discuss and share best practices, including a platform for innovative initiatives, such as experimentation or cost pooling (e.g. IT systems).

Final considerations

The case study provides an overview of twenty years of decentralisation reform. By shifting decision-making to the local level, the reform was motivated by the assumption that education would be better managed as needed by local context. The shift in responsibility was accompanied by the expectation that the municipalities would become responsible for the performance of their schools. By doubling this devolution with a reform of school choice, it additionally made the bet that citizens would hold schools and municipalities accountable for their performance, either by voting directly or by voting with their feet.

However, municipalities have had difficulties embracing their new responsibilities. The 2011 report was revealing by what it does not address: the issue of citizen involvement. In particular, the report seemed to indicate that citizens do not exert sufficient power over Municipal Assemblies to make schools and teachers a priority, both in terms of a protected budget and in terms of holding schools accountable for substandard achievement. At the same time, the use of comparative data on schools and media-friendly rankings is a powerful political and decision-making tool, speaking to the importance of this issue with the public. However, without appropriate prioritisation of a culture of evaluation and a deep understanding of how to effect change in complex systems, municipal leaders may have the temptation to leave difficult issues unaddressed.

It is worth restating that the decline in student performance illustrated in chapter 2 comes after a deep reform that has not only changed the role of municipalities, but has also given a large importance to school choice. Despite financial redistribution between municipalities, geographical sorting that may have resulted from such measures may have amplified the problems of municipalities stuck in a bad equilibrium of poor performance and poor reputation, giving them a smaller tax base, fewer students, and as a result less resources to tackle their problems head on. Although it is not possible at this time to identify the exact cause of the variation, PISA results, and the NAE “Assessment of the situation” report show that differences in achievement between schools has increased (OECD 2013c; NAE 2014).

In addition, the deregulation of independent schools has induced many corporate providers to enter the education market. As such, it would be inaccurate to attribute Sweden’s entire performance decline to the municipalisation of education; instead, many reforms took place at the same time, which have interlocked the question of education with other issues of taxation, spatial inequalities and regional development.

This case study provides a look into the complexity of education go-vernance, both in terms of the planning and implementation of reforms and for governance structures themselves. Complex systems are characterised by multi-dimensionality, non-linearity, interconnectedness, and unpredictability. After a series of bold and innovative reforms, Sweden is experiencing first-hand the power and challenge of steering such multi-layered systems and the difficulty of changing course when reforms generate unexpected results. It is now clear that Sweden is facing a tipping point, and the timing is right to harness the momentum for change. What remains unknown, however, is whether the change can be channelled in the desired direction.

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APPENDIX 1: ORGANISATION OF MUNICIPALITIES

All 290 municipalities in Sweden are governed by a municipal assembly with a municipal executive committee. Most municipalities have a number of specialist committees with decision-making power in demarcated areas of operation. Around thirty municipalities have 'alternative organisations', where the specialist committees have been replaced by drafting bodies to the municipal assembly. Another organisational model, especially in larger cities, is that a city district committee is responsible for all operations, including schools, in the city district. There is also an organisational model where small municipalities have certain joint committees across municipal boundaries.

The eight municipalities that are part of this study have a municipal assembly as the highest political body. The municipal assembly determines goals and guidelines and is responsible for municipal operations. Through central government appropriations and its own right of taxation, the municipal assembly has the power to determine the scale and priority of different municipal operations and to supply the financial resources deemed necessary to achieve set goals. The municipal executive committee is the municipal assembly's drafting body to direct and coordinate municipal operations. It has a special status because it is the only mandatory committee regulated by the Local Government Act. It drafts matters to be decided in the assembly, is in charge of financial management and implements assembly decisions. One task is to supervise other committees.

A central municipal administration, a municipal office, is at the disposal of the municipal executive committee. The Municipal Chief Executive reports to the municipal executive committee and is often, but not in all cases, manager of the Heads of Department, the Head of Finance, the Head of Human Resources and other managers within the municipality's central administration. The purpose of the committee organisation is to govern different parts of municipal operations. The areas may either constitute parts of a larger area, such as a compulsory school committee, or include multiple areas of operation, such as an education and recreation committee. An administrative organisation, an Education Department or the equivalent, is at the disposal of the specialist committee. Its director, the Head of Department, is responsible for the drafting of issues for discussion and decision by the committee, execution and follow up of decisions and management of the school sector operations. Under the Head of Department level are officials that exercise central government authority. These are head teachers, whose assignment is formulated in the Education Act and the curricula, and teachers, who receive their assignments from the curricula and syllabuses.