KOSTRA - A Model for Official Statistics Built on a Partnership between Local and Central Government.

Anne-Britt Svinnset
Statistics Norway
P.B. 8131 Dep
0033 Oslo, Norway
abs@ssb.no

Olav Ljones
Statistics Norway
P.B. 8131 Dep
0033 Oslo, Norway
olj@ssb.no

1. Introduction

One way to make public service more efficient is to improve user contacts by giving responsibilities for production of public services to the local municipalities. This may also create some diseconomics of scale when service responsibilities are delegated to a diversity of municipalities, many of those will be small – less than 1000 inhabitants. To evaluate the Welfare State, and especially the distribution of responsibilities for services between central and local political levels, there is a need for relevant verified data and official statistics. Data reporting for administrative and statistical purposes can however be seen by staff as a bureaucratic burden: When several central government agencies ask for reports, this gives a lot of data redundancy and a heavy report burden for the municipalities. In Norway we have tried to address this situation with a new statistical system - KOSTRA (an abbreviation for municipality - state- reporting) - for local governments and the service sectors.

2. Central and Local Government

Norway has three levels of public government: The national level, the regional level (18 counties) and the local level (435 municipalities). The regional and local authorities are governed by elected councils. Local authorities are responsible for local planning and for services for the inhabitants such as schools, libraries, health services and social work. They have most of their responsibilities defined by law. Although much of their obligation is to implement national policies they also have some degree of autonomy. Their revenue comes from local taxes, from fees for their services and from the state. The revenue from the state is of two kinds, for special tasks or for general purposes. The transfer from central government is determined by characteristics of the municipalities, for example the number of inhabitants and the amount of local tax revenue. The regional and local authorities expenditures cover about 13% of the GDP, and about 60% of public budgets. The system for income transfers between central and local government includes a weighting factor to facilitate redistribution between rich and poor regions.

This structure for achieving a balance between local and central government incorporates several political and administrative challenges. Politicians need to monitor the overall performance of the system and the effects of redistribution between rich and poor regions. There is also a need for surveillance of the welfare of the inhabitants. This involves a description of the standard of living and the quality of the public services. Information and statistics should be available for all partners in the system.

The public sector is an important part of the national economy. Public demand is important for total demand. We have a growing concern about the overall productivity and efficiency in the economy, with a special concern about the public sector. In this context the division of work between local and central

government is crucial. A big and monolithic central government is in general not regarded as an effective supplier of public services. At the same time it does not seem efficient to delegate the same responsibilities and duties to all municipalities (435 as a total with a range from less than 1000 inhabitants to 500 000 inhabitants in the capital Oslo). The system for income redistribution between the small and large, poor and rich municipalities can also distort the economic performance.

3. Official Statistics and Control Data

Each level of government needs its own sort of information, as well as providing information for each other. Official statistics have a role to play in this information system. The traditional system for official statistics for the public sector has been developed theme by theme. Themes such as child-care, schooling, primary health care and environmental protections have been emphasised, independent of the administrative system that produces the services. This system to some extent mirrors the structure of central government, with separate ministries representing the different services: Ministries for Family affairs - Education - Health - Social services - Environment - Transportation. Laws governing Public education, Public Health, Social Services and so on are defining needs for control data. There is also a law governing Local Administration (i.e. how the municipalities are to be run) which defines standards for local economic accounting and for reporting about the municipality's economy. Most official statistics concerning local affairs are based both on control data collected on the basis of rights specified in the laws mentioned above and on regulations in the Statistics Act.

The result is a diversified system for collection of data within each municipality and a diversified system in central government, even though more or less all information that is important for statistics ends up in Statistics Norway. Statistics Norway traditionally has no satisfactory treatment of the municipal sector. The statistics have not been sufficiently coherent. The response burden put on the local level has also been felt as a problem. The production time for official statistics, and the system for reporting back to the respondents have not been satisfactory. The municipalities did not feel that they got any return for their effort and therefore little acceptance of the statistical system.

4. Integrated and electronic reporting

The KOSTRA project is associated with considerable changes the collection, processing and dissemination of statistical data from local government in Norway. KOSTRA's purpose is to provide improved information about the municipalities, both for the central and local governments. Representatives from central and local government are active partners in the development of the contents of the reports. Crucial for the project is that it includes electronic data reporting and rapid publishing on the Internet.

The project aims to create a more coherent and efficient statistical system for local and regional authorities. This includes improving the structure of the accounting system in the municipalities, their classifications and coding, in order to improve correspondence between the reporting on economic accounts and the reporting on services performed by the municipalities.

Based on these reports, indicators are constructed of the municipality's priorities, productivity, and how services cover needs. The indicators facilitate comparisons between municipalities.

In the municipalities data are collected with electronic questionnaires or as file extracts from their administrative systems. Data are also collected from central administrative and statistical registers (social insurance, wage-sums and employment status based on the municipality as the employer). Until now we have used Form Flow to develop the electronic forms. IT infrastructure for electronic reporting has to be installed in the municipalities. The IT costs in the municipalities have to be kept at a low level. Sensitive data have to be handled in accordance with strict rules for data protection and confidentiality.

Emphasis has been put on education and training but this can not prevent from the need for a helpdesk for the municipalities. One experience from the pilot period is that the maintenance cost of the overall system is high. This, among other elements, is related to the high costs of minor changes in the questionnaires.

Metadata is an important part of the project. A database contains all metadata needed to design and update electronic questionnaires, and hopefully this will make the old FormFlow questionnaires redundant in a couple of years.

5. The Partnership
KOSTRA is developed in close co-operation between central government ministries, representatives from the municipalities and Statistics Norway, in order to create a joint system for statistics and information for management at both the central and local levels. Through this organisation Statistics Norway enters into partnership with the users of the statistics. The contact with the users enhances relevance, and hopefully also better use of statistics and more focus on the quality of reporting.

Within this partnership the Cabinet has decided to establish a co-ordinating council, bringing together partners from ministries, municipalities and Statistics Norway to secure the co-ordination of all the information that is collected, and to balance the needs and usage with the work involved.

 If the municipality finds this relevant, the work involved will more easily be accepted. The relevance seems to be crucially dependent on the timing of presentation of the findings. Old and outdated statistics are seldom relevant. It is a clear obligation for Statistics Norway to secure a rapid result.

6. Quality control
Editing and quality control are crucial for the project. The metadatabase is also used as a basis for designing and updating of data editing systems in Statistics Norway. The data editing systems allow for controlling coherence between data from different sectors in the municipalities. This is quite a step forward from the old editing systems. The editing process must also allow for a dialogue between the municipality and SN. This should lead to improved quality of both the descriptions of each municipality and of the traditional subject matter statistics.

The published indicators are quite detailed. They might be used by central authorities not only for general policymaking, but also for direct management of specific municipalities. The quality of data may therefore have consequences for the municipalities.

Basically the municipalities have responsibility for data quality. This could be seen as an element of the different legal acts including control data. Some of the quality checking that normally would be done following a paper questionnaire being received by Statistics Norway are now done by quality checks integrated in the electronic questionnaires. Some electronic editing elements are also included by Statistics Norway to ensure good enough quality. This editing has to be done in co-operation with the municipalities, during a rather short and busy period. It is easy to foresee some challenges. What should be done if SN asks the municipality about an obvious mistake and the municipality never answers or disagrees? It seems difficult for SN to publish statistics that are political or economically controversial especially if the quality is poor. This is also a challenge to Statistics Norway's role as an independent statistical institute.

KOSTRA publishes the figures in March. These go through fewer quality controls than our normal standards for preliminary publications. It has been questioned if this publishing should have status as official statistics and be open for others than the municipality' s own administration.

7. The Results – Dissemination
Improved dissemination should be a result of the project. Timeliness is one aspect of the improvement. KOSTRA collects information in February, and publishes the first indicators on the Internet one month later. Electronic controls test the reliability of data, and otherwise there is no other editing of these first figures. Revised figures are published in June. Early publishing is a requirement for the figures to be useful in the municipality's planning and budgeting for the next year.

The contents of the publishing are another aspect of the improvement. The system is still in a pilot phase but some results are published on the Internet. Dissemination is based on an assumption that the local user

wants to evaluate the trends for their own unit and to compare both trends and structure with other units. The dissemination on the Internet has been designed in close cooperation with the users.

The dissemination includes fixed indicators for the municipalities' demands, priorities (expenditures vs. needs in the population), for the coverage of needs and for productivity (unit costs). The indicators cover most of the municipalities' activities.

The dissemination also includes a program that enables the users to construct their own tables.

The user can select one municipality, and compare indicators and statistics for this municipality with other selected municipalities and with an average for those municipalities that are in a homogenous group of municipalities[1]. The selected municipality can also be compared with the average for municipalities in the same region or the average for all municipalities in Norway. It is easy for the user to select the municipality and to select from several hundred indicators.

As an example, a few indicators about kindergartens in the municipality of Asker have been selected in the table below.

Kindergartens	Asker	Comp. group	Region	All municipalities
Demand				
Per cent of population 0-5 years old	9,3	8,4	8,2	8,0
Priority				
Expenditures per inhabitant 0-5 years old	9 919	8 310	7 477	11 579
Coverage				
Per cent of inhabitants 0-5 years old in kindergarten	58,4	48,1	49,2	52,8
Per cent of inhabitants 0 years old in kindergarten	3,8	1,5	2,9	2,4
Per cent of inhabitants 1-2 years old in kindergarten	40,3	31,3	32,4	37,0
Per cent of inhabitants 3-5 years old in kindergarten	85,5	73,3	74,0	78,7
Productivity				
Expenditures per child in municipal kindergartens	72 720	79 137	81 725	69 298
Expenditures per child-hour in municipal kindergartens	27,77	35,25	32,16	33,79

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[1] (Langørgen, Audun and Aaberge, Rolf (1997): Fiscal and Spending Behaviour of Local Governments: An Empirical Analysis Based on Norwegian Data, Discussion Papers 196, Statistics Norway)