



Summary:

Efficiency and productivity of district courts

Summary and recommendations

Central government has been working for a long time on reforming district courts. The reforms have included reducing the number of district courts from 96 to today's 48. But despite the numerous years of work central government has devoted to improving the efficiency of district courts there are indications of inefficiencies. For example, a third of the district courts (17) did not achieve the Government's operational objectives for civil cases in 2015. The indications show that there is room for improved efficiency and productivity at the district courts. This audit is a contribution to that work.

The purpose of the audit is to establish whether the district courts use their available resources efficiently to be able to fulfil their remit. The audit is also to determine whether there is room for improvement. To answer this, the Swedish National Audit Office posed the following audit questions:

1. Are there any differences in efficiency between district courts?
2. What are the reasons for any differences in efficiency?
3. How has productivity developed over time?

In this audit the Swedish NAO examined *long-term technical efficiency* (output potential at given resource level), *scale efficiency* (possibility of increasing output if the size of the district court changes) and *productivity development* (technology and efficiency development over time) for the Swedish district courts in the period 2012–2015. The audit also examines whether there are factors that distinguish efficient district courts from inefficient, as well as whether these factors correlate with computed efficiency.

The audit of district courts' efficiency was carried out using the DEA method (Data Envelopment Analysis) in which efficiency is calculated through relative comparison of the various district courts. Efficiency of the individual district courts is thus in relation to other district courts, i.e. relative efficiency.

Audit findings

Efficiency is high but there is potential for improvement

On the basis of estimated relative efficiency figures it can be established that the average inefficiency is in parity with other agencies examined by the NAO. However, there is potential for improvement that on average is just under 14 per cent for the period studied. However, the possibilities of improvement are not the same among the different district courts. In some cases the district courts are fully efficient in all the years studied, while other courts show varying degrees of improvement potential.

The uneven distribution of improvement potential may have consequences for implementing work to improve efficiency. For example, a reduction in resources or proportional increase in output conditions can result in efficient district courts becoming inefficient, since the analysis results show that they already have maximum output. Here the audit findings can provide guidance on which efficiency measures would be appropriate at different district courts and where they should be avoided.

The audit highlights some district courts where efficiency varies considerably between the years studied. Identifying the district courts which have differed greatly in efficiency in different years and investigating which factors lie behind this may give valuable knowledge about what can influence a district court's efficiency.

One explanation for inefficiency may be the size of the district courts

The analyses of scale efficiency have aimed at identifying both which district courts have the theoretically optimum scale, and which are too small or too large. The audit shows that the size of the majority of district courts is close to a theoretically optimum size, though there are deviations on either side.

For the district courts that are too small according to the estimates, inefficiency can be reduced, for example through mergers. On the other hand, those that are too large according to the estimates can be made more effective by dividing them up. As regards these findings it is important to bear in mind that the efficiency studied applies to Swedish conditions.

A positive aspect that follows from the DEA method is that comparisons are only made with what is actually possible to achieve. A negative aspect is that the comparisons can only be made in a Swedish context. If data were to include all Nordic district courts, for

example, it is not unreasonable that the findings for the optimum scale would differ from the findings presented here.

Other factors correlate to a small extent with inefficiency

There may be factors that can be associated with differences in efficiency. Some of these factors were studied in the context of the audit. The Swedish NAO finds no significant differences between effective and ineffective district courts as regards staff turnover, education requirements and amendment frequency in superior courts. Nor was there any significant correlation in the analysis between these factors and the degree of inefficiency. However, for backlogs and turnaround times the analysis shows a positive covariation between these factors and the estimated inefficiency. The more ineffective district courts have a higher proportion of cases and subjects in the year-end backlog and also longer average turnaround times.

It is important to note that the factors examined constitute a limited basis and there may be other factors that affect efficiency. This applies both to internal factors, such as leadership or organisation, and external factors, i.e. factors that the individual district court cannot influence. Identifying these factors and seeking explanations for inefficiency and efficiency is not within the remit of this audit. However, this is a task that the district courts themselves can pursue on the basis of the audit findings. One method of improvement could be for instance to note that there are both efficient and inefficient district courts, where the efficient district courts could serve as examples and models.

Productivity has decreased over the years

The overall picture of productivity development is that it has fallen over time. There are fewer district courts that show positive productivity and a greater number that show negative productivity. On average productivity is below the average for other public agencies where the Swedish NAO has measured productivity. The findings also raise a number of questions the answers to which lie outside the audit, but that may provide guidance in the work of improving efficiency at district courts. One example of these questions is what lies behind the major disparities between years at some district courts. Trying to find explanatory factors for these great variations may provide guidance on measures or events that have had a major impact on productivity. Knowledge of these factors may facilitate district courts' adaptation of production.

The productivity measurements used in the audit make it possible to calculate productivity even in cases where technological changes take place. Partial measurements, such as labour productivity, may be misleading when technological changes take place.

The Swedish National Audit Office's recommendations

In this audit the Swedish NAO studied efficiency and productivity for Sweden's district courts. This is the first time that this has been studied using a systematic method that takes into account the fact that there are several dimensions of both resources and output. As mentioned, the method used is relative, and inefficiency for a district court must be interpreted as improvement potential in relation to other district courts.

Based on the audit findings, the Swedish NAO makes the following recommendations:

- The National Courts Administration, in its work to improve efficiency, should take into account that some districts courts are assessed as being more efficient than others, and therefore general measures to improve efficiency directed at all district courts are not necessarily appropriate.
- The National Courts Administration and district courts should identify factors that influence efficiency and productivity. This work should map both the factors that the district courts can influence (internal) and factors that they cannot influence (external).
- In its reporting of productivity, the National Courts Administration should use measurements that take into account the entire production as a complement to the partial measurements used today.