

Strategic steering of Social Insurance by the Federal Council

Summary of the Report by the Parliamentary Control of the Administration for submission to the Control Committee of the Council of States

of 28 October 2011

Summary

The Control Committee of the Council of States has instructed the Parliamentary Control of the Administration (PCA) to investigate the strategic steering of social insurance by the Federal Council. The aim is to assess the strategic political steering exercised over social insurance by the Federal Council in the last two legislative periods (December 2003 to March 2011). The subject of the investigation is the strategic analysis and strategic planning of the individual forms of social insurance by the Federal Council as part of the overall political regulation process. In addition to devising principles for developing legislation, an examination should be made of how the Federal Council has made use of its powers to issue strategically relevant implementing provisions within its area of responsibility (ordinances, directives). The FDHA/DETEC-S sub-committee decided to carry out the investigation mainly on the basis of case studies on Old Age and Survivors' Insurance (AHV), Invalidity Insurance (IV), occupational pension schemes (BV) and health insurance. This report is based on the results of the case studies, which are documented in a separate volume of materials.

Strategic steering

Through strategic steering of social insurance, the Federal Council aims to successfully develop federal policy in a long-term, coordinated, targeted and result-oriented manner as part of its state management function. In doing so, the Federal Council and the Administration should identify current and future challenges, formulate a conception of how these challenges are to be met, and introduce appropriate measures. Aiming towards a long-term but at the same time flexible strategic regulatory framework is an important success factor in an environment which is so complex, uncertain and dynamic. Demanding institutional and political circumstances, and in particular the reliance on decisions made by Parliament and by the electorate, along with the influence of economic and social developments on social insurance, do not preclude strategic steering in this regard, but rather make it a necessity.

Basically positive...

The case studies show that the Federal Council's strategic steering of AHV, IV, BV and health insurance must generally be assessed positively. The Federal Council has for the most part recognised the challenges it faces in relation to social insurance in good time and appropriately, has in most cases actively drawn up coherent amendments of the legislation involved and has communicated its decisions transparently. Accordingly, it has generally fulfilled its management responsibilities in relation to important regulatory tasks and for the most part made appropriate use of the latitude that it has to develop the law.

...but significant weaknesses

However, the Federal Council's strategic steering of the social insurance funds investigated displayed significant weaknesses. Firstly, there is a need for improvement in relation to the data sources, research and prospective impact analyses. Secondly, the Federal Council's basic strategies for managing the longer term challenges in the social insurance funds investigated were not sufficiently clarified and documented by 2011. Thirdly, there was no overall target and impact-oriented planning, in particular relating to implementing provisions. Fourthly, the Federal Council's approach at a strategic level, in relation to the development of legislation and in issuing implementing provisions, was at times reactive, and insufficiently proactive.

Strategic analysis: a reasonable set of instruments with need for improvement

The federal authorities have a large and basically suitable and coherent set of instruments for analysing the challenges and the impact of measures. In recent years, the range of instruments has been expanded and made more sophisticated. For the most part, the Federal Council has recognised the strategic challenges in good time and appropriately. In relation to the analytical instruments, however, various possible improvements could be made, above all for the data sources (primarily BV) and in research (primarily AHV and BV), although developments are progressing in the right direction. There is also potential for improving the prospective impact analyses of planned measures and measures being considered for the longer term. Furthermore, the federal authorities could better prepare themselves to recognise dynamic developments (for example in the financial markets) and their consequences for the social insurance funds (primarily BV) and involve important political players systematically and to a greater extent in devising the strategic analysis (primarily in health insurance), as was the case in the most recent efforts. In addition, the results of the strategic analysis could be shown in an overall view that is regularly updated.

Weaknesses in strategic goals and in the Federal Council's strategies for managing challenges and political planning

The Federal Council's strategic goals coincide to a large extent with the challenges identified. However, for the most part they are formulated in general terms. The Federal Council strategies, i.e. in defining focus areas and possible measures to achieve the strategic goals, exhibit various weaknesses. Firstly, before 2011 the

Federal Council did not have specific, up-to-date and publicly accessible strategy papers.¹ Secondly, strategies on the longer term development of legislation have not been clarified in certain cases. For example, it is not clear what measures are required in the longer term to amalgamate AHV and BV. Thirdly, before 2011 the Federal Council's strategically relevant documents contained hardly any information on the approaches pursued at the implementing provisions level. In relation to the social insurance funds investigated, the Federal Council's position is generally speaking only clear in relation to short and medium-term amendments to the law. Fourthly, the Federal Council has in certain cases taken a reactive approach and has been insufficiently proactive. In particular, no strategies were put in place to manage the fall-out from negative trends in the financial markets (primarily in relation to BV). The Federal Council's political planning for finalising and setting a schedule for introducing this strategy could also be improved. In particular, until 2011 there was no plan that covered both legislative amendments and the strategically relevant latitude for implementing provisions. The legislative programmes do not meet the requirements for target and impact oriented planning.

Active, rapid and coherent preparation of legislative amendments in most cases

The Federal Council has generally been very quick to plan legislative amendments following the rejection of preceding proposals or as a reaction to changing economic factors and parliamentary assignments. Special mention should be made of the comprehensive planning of legislative amendments following Federal Council policy decisions (for example policy direction decisions on AHV and IV based on the "panorama of social insurance funds" in 2004) and the rapid preparation of the 6th IV revision demanded by Parliament. In addition, it normally defined the focus, content and schedule for the bills to be drawn up. It thus essentially fulfilled its management responsibilities as regards the development of the legislation. The Federal Council generally involved important political players appropriately in the preparatory work. The bills were normally coordinated with the Federal Council's strategic goals and plans, coherent in themselves and in relation to each other and generally in line with other social insurance funds and political fields (for example employment market policy). In addition, the bills indicated the financial (AHV, IV, BV) and cost-related (health insurance) consequences.

Latitude in relation to implementing provisions not used actively or comprehensively enough

The strategically relevant latitude given to the Federal Council in the social insurance funds investigated varies considerably in relation to implementing provisions. The Federal Council's powers are of major strategic importance, in particular in the field of health insurance. However, the Federal Council made too little active use of the latitude it has in relation to implementing provisions, using its powers at a comparatively late stage and not fully enough. It mainly reacted to political pressure and did not make full and systematic use of its opportunities.

¹ The current Federal Council strategy paper on health policy (FDHA Document dated 22 June 2011) was published in June 2011.

Systematic information with need for improvement

The federal authorities systematically communicated their decisions and the results of their strategic planning by means of press releases and specialist articles. Special mention should also be made of the systematic publicising of the principles underlying legislative bills (primarily in reports and dispatches) and direct contact with important political players in parliamentary debates, hearings and dialogues. In relation to information, however, there is a need for improvement. Firstly, an overall view of the results of the strategic analysis could be provided, regularly updated and published, for example in an appropriately expanded reporting procedure under Article 76 of the Federal Act on General Aspects of Social Security Law. Secondly, the Federal Council could document its strategy for managing the challenges facing the social insurance funds investigated, update it as required, and publish it. Thirdly, the Federal Council should present more fully the effects of planned measures in its dispatches.

Lack of active involvement of the Federal Council as a collective body

In view of the serious financial and political importance of social insurance to the Confederation, it is essential for the Federal Council to play an active role as a collective body. The information made accessible to this investigation, suggests that collectively the Federal Council has not actively contributed to developing the forms of social insurance investigated. As far as can be seen, the Federal Council as a collective body has not focused regularly or systematically on the development of the social insurance system.

The full report is already available in German and French, and the Italian version should be available in August 2012: <http://www.parliament.ch> > Bodies and council members > Committees > Parliamentary Control of the Administration