

## Do we have a well-functioning system for welfare innovation?

**Research and innovation are crucial for preventing and solving current and future welfare challenges. The demographic development, complex professional issues, and labor shortages in key welfare professional areas place significant demands on Danish municipalities and their responsibilities within primary education and welfare sectors. In the summer of 2023, the Danish Council for Research and Innovation Policy (DFiR) completed a project focused on practice-oriented and application-oriented research and development (R&D) at professional colleges and business academies. The project's conclusions highlight the need for a stronger and more systematic interaction between R&D on one side and municipal practice and daily operations on the other. Based on these findings, DFiR has launched a new project focused on research-informed welfare innovation in the country's municipalities.**

In 2023, the Danish Council for Research and Innovation Policy (DFiR) launched a three-year analysis program on knowledge-based innovation to focus on innovation inspired by and based on research. With a new project, *Research-Informed Welfare Innovation in Municipalities*, DFiR is investigating which instruments can best support an increased use of R&D in municipal welfare and educational tasks. In the project, DFiR will examine who and what constitutes the knowledge bridges and mediators for welfare innovation, the system support available in municipalities to ensure the translation of research-informed knowledge and innovative solutions, and the relevant funding instruments available to support research-informed welfare innovation.

*Welfare innovation includes solutions or processes that enhance the well-being of citizens and aim to make service delivery smarter and/or improve its quality. Research-informed welfare innovation requires effective bridges between research and innovation, facilitating the exchange and sharing, adoption, translation, and further development of new knowledge and solutions.*

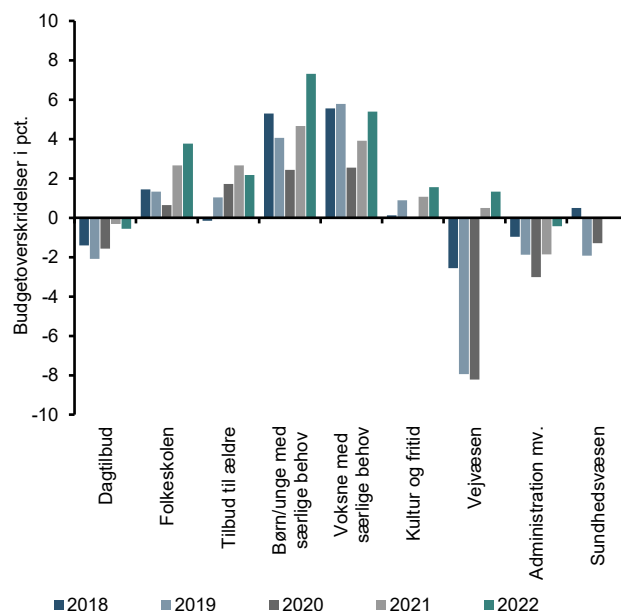
Thus, DFiR will also identify potential opportunities and barriers to promoting research-informed approaches to welfare innovation in the municipal landscape. The project focuses on municipal tasks within the areas of early childhood education, schools, social services, employment, and healthcare.

### The Municipal Welfare Triple Challenge

The municipal management of welfare tasks faces a series of structural, economic, and professional challenges. These include demographic changes with an aging population and increasing labor shortages leading up to 2050, compounded by difficulties in recruiting professionals to handle citizen-focused tasks. This trend is expected to worsen by 2030.

Additionally, municipalities must manage a wide range of complex and interconnected issues, including social vulnerability, poor well-being, and inequality in health and education, employment initiatives, and the prevention and treatment of chronic diseases and multi-morbidity. At the same time, more preventive and health-related tasks are being transferred to municipalities, which must handle the expansion of the local healthcare system. This is further strained by an increasing number of elderly citizens and those with chronic diseases, putting pressure on hospital capacity.

**Figure 1:** Percentage budget overruns in selected service areas, 2018-2022



Note: Weighted average. Not adjusted for task changes. Thus, for 2020-2022, there is no adjustment for additional expenses due to COVID-19 and Ukrainian refugees (and other additional tasks). Budget overruns in the area of adults with special needs are likely overestimated in 2018 due to changes in the chart of accounts, which presumably were not fully integrated into the 2018 budgets.

Source: VIVE – The Danish Center for Social Science Research

Finally, municipalities experience difficulties in adhering to budgets, particularly in the specialized social sector due to expenditure growth. The areas for vulnerable children and youth, as well as citizens with disabilities and other adults with special needs, have consistently had annual budget overruns from 2018-2022, as shown in Figure 1.<sup>1)</sup>

### Municipal Research Contributions

Danish municipalities do not have an independent research obligation and therefore account for a very small share of the public research budget. According to Statistics Denmark, the total contribution of regions and municipalities to research amounted to approximately 4.1 billion DKK in 2023.<sup>2)</sup> The municipal share of this amount is uncertain. However, various stakeholders with knowledge of the area estimate that it is very modest. Expenditures on research activities under municipal museums constitute a part of the municipal research contribution.

However, municipalities are expected to contribute to research activities in collaboration with research institutions, including hospitals, universities, and professional colleges. According to Section 4 of the Health Act, municipalities have an obligation to participate in research and quality development in collaboration with regions and state authorities.<sup>3)</sup> Municipalities also engage in research collaborations with research-performing entities in areas such as schools and early childhood education.

It is pointed out from several quarters that there is a need for a strengthened research effort in municipal health tasks, not least because the transition to a localized healthcare system places great demands on municipalities and their level of knowledge.<sup>4)</sup> In other areas, there is a certain degree of available research knowledge, but there is a need to further promote research collaboration, translation, and dissemination of new knowledge to and within practice.

In the report "*Practice into Research – Research out into Practice*," DFIR has highlighted that research and development at professional colleges can be utilized to a greater extent, including in municipalities.<sup>5)</sup> There is broad agreement that collaboration between research and municipal practice can and should be strengthened. However, it is also acknowledged that the heavy operational tasks in municipalities and the limited capacity to absorb research knowledge and results, especially in small and medium-sized municipalities, are a real hindrance to enhancing municipal engagement in research and innovation.

### A Well-Functioning System for Welfare Innovation?

While there has been significant political and analytical focus on innovation in the private sector, there is a need for increased attention to innovation in the public sector. There are thus mappings and evaluations of the

knowledge-based innovation ecosystem to support private innovation.<sup>6)</sup> However, a focused mapping of the welfare innovation area is needed to identify the need for systemic changes. Given the aforementioned challenges faced by municipalities, there is a great need to investigate if and how research-informed welfare innovation can benefit municipalities.

### Read More

The results of DFIR's project are intended to contribute to the debate on how best to strengthen the contribution of research and innovation to a well-functioning and sustainable high-quality welfare society. Read more about the project [here](#).

### Further Information



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### Notes

- 1 [VIVEs kommunetal 2023.5: "Kommunerne overskrider igen budgetterne for udsatte grupper"](#).
- 2 Danmarks Statistik, Statistikbanken (tabel: FOUBUD 2023).
- 3 LBK nr 903 af 26/08/2019.
- 4 [Sundhedsstyrelsen \(2022\): Forskning til styrkelse af indsatsen i det primære sundhedsvæsen: En national strategi](#).
- 5 [DFIR \(2023\): Praxis ind i forskning – forskning ud i praksis: Ti år med forskning og udvikling ved professionshøjskoler og erhvervsakademier](#).
- 6 [Ketels, C. et al \(2019\). Peer Review of the Danish R&I System: Ten steps, and a leap forward: Taking Danish innovation to the next level](#).