

# Conclusions and recommendations of the National Audit Office

## Impacts of the TE Office reform in 2013

The audit was targeted at the reform of the TE Office (public employment and business services) network in 2013 and the new service model introduced at TE Offices in the same year. The reforms were part of the previously launched comprehensive TE Office reform.

In the office network reform, the number of independent TE Offices was reduced. The present number (15) corresponds to that of the ELY Centres (Centres for Economic Development, Transport and the Environment). The service model reform is based on three service lines corresponding to the job seekers' service needs. The reform also aimed at strengthening the business-orientation of the TE Office services. The general purpose of the reforms was to improve the employment rate and to increase the efficiency of the TE Office service process.

The purpose of the audit was to assess whether the TE Office reform of 2013 had increased the operational performance and efficiency of the services and improved job seekers' employment, as planned. The office network and service line reform had not been assessed previously as a whole. The results of the audit can be utilized in the development of TE services. Between 2013 and 2017, the annual operating expenses of TE Offices amounted to approximately EUR 160–170 million. During the same period, the person years of TE Offices totalled about 3,000.

The TE Office reform of 2013 did not improve the employment rate or customer satisfaction as expected. Nor did the productivity or economic efficiency of TE Offices improve substantially in 2013–2017, when employment plans were used as an example of key performances.

### The TE Office network reform did not improve the employment rate in the years following the reform

Based on the audit, the office network reform did not improve the employment rate. In municipalities where the TE Office was closed down, the average duration of unemployment increased by 2 to 3 weeks in the years following the reform as compared with other municipalities. In addition, the unemployment rate increased temporarily in these municipalities. The analysis did not discover any external factor that could have caused the changes observed. However, it is possible that such a factor exists. The objective of Prime Minister Katainen's Government to lower the unemployment rate to five per cent by the end of the government term was not realized. Instead, the unemployment rate grew during the government term, peaking in 2015.

### Customer satisfaction with TE services did not improve

The introduction of service lines did not increase customer satisfaction during the years following the reform. More services are provided through multiple channels, but, according to customer feedback surveys, the service experience even weakened. The job-seeking customers experienced that the service did not meet their needs sufficiently. Nor is it possible to replace face-to-face service fully with electronic and other self-service channels.

The TE Offices consider that the weaker results were caused by the simultaneous implementation of the office network reform and the service model reform. The aim of the reforms was to make the services of

TE Offices more customer-oriented. However, the number of personnel at TE Offices was reduced at the same time because of the central government's productivity programme, for example, and the job descriptions of the personnel were adjusted. The customer numbers of TE Office experts increased, which hindered the improvement of customer orientation. The introduction of the new service model was also reflected in TE Offices as burdening of the personnel.

After the review period, the results of TE Offices' customer feedback surveys have improved. However, as the system for collecting customer feedback has been changed during the years, the comparative data are mainly indicative.

#### Presentation of the key performances and the key figures for operational efficiency in the financial statements would promote the monitoring of TE Offices

The operational efficiency of TE Offices did not improve in the years following the reform. The key figures for TE Offices' operational efficiency have not been presented in the financial statements, and the key performances of TE Offices have not been defined. Because of the nature of their operations, the operational efficiency of TE Offices could, nevertheless, also be described by means of key performances and economic efficiency and productivity indicators in accordance with the guidelines of the State Treasury. The key figures for the operational efficiency of ELY Centres have been presented in the financial statements.

The audit used employment plans as key performances in the calculations of productivity and economic efficiency, as they are the key deliverable of periodic interviews. The increase in periodic interviews in 2017 was reflected in the increase in the number of employment plans at all TE Offices. However, based on this performance, the productivity and economic efficiency of only four TE Offices improved compared with the reform year 2013. Examination based on the different service lines yielded similar results. Although employment plans are one of the key performances of TE Offices, it would give a more reliable picture of the development of operational efficiency if the key performances and their key figures were presented in the financial statements.

#### Recommendations of the National Audit Office

1. The Ministry of Economic Affairs and Employment should, together with the TE Offices,
  - assess whether the TE Offices should be reorganized and make the necessary changes to enable best practices to be spread across the country,
  - continue to develop the service process of TE Offices, taking into account the customer needs and employment targets, as well as the development needs related to information systems.
2. The Development and Administrative Centre for the ELY Centres and TE Offices (KEHA Centre) should present the key performances of TE Offices and related key figures for operational efficiency in the financial statements to enable the development of the operations of TE Offices to be monitored from year to year. In addition, the KEHA Centre should improve the reliability of the baseline data on TE Offices to enable comprehensive comparisons of efficiency.