

Conclusions and recommendations of the National Audit Office

Competence development and recruitment in the central government – Central government steering

The audit assessed the central government steering of recruitment and competence development. The audit was conducted at the same time as another audit, which assessed recruitment and competence development at agency level (6/2022). The purpose of conducting two audits was to cover central government recruitment and competence development comprehensively from steering to practical implementation.

At the end of 2021, the number of staff in central government on-budget entities was 78,230, and the labour costs of the on-budget entities amounted in 2021 to EUR 4,814 million¹. The number and competence of central government staff have a major impact on how well the central government succeeds in its tasks. Recruitment and competence development, in turn, are ways of acquiring staff and ensuring sufficient competence of the staff. It has been estimated that only a quarter of the central government staff in 2020 will continue to be employed in 2030. How the central government manages to replace the loss of staff through staff planning, recruitment, and competence development will have a significant impact on the operational capacity of central government agencies and institutions.

The central government lacks comprehensive staff planning – targets are set task or agency-specifically

The central government does not have such strategic staff planning that would define the desired number of central government staff in the longer term. However, targets have been set task or unit-specifically. If one wants to examine the number of staff or competence in the central government as a whole, the planning is not sufficient.

The number of staff in on-budget entities has decreased significantly in the 2000s but increased in the last few years. Between 2016 and 2021, the increase was about 5,000, i.e. seven per cent. The increase has not been planned, and the state does not have a longer-term plan for the overall number of central government staff or competence development. The planning of the number of staff and competence is the responsibility of agencies and institutions, and also ministries as part of the operational and financial steering of their administrative

¹Information provided for the audit by the Ministry of Finance. According to the statement of revenue and expenditure in the final central government accounts 2021, staff costs amounted to EUR 4,931 million.

sectors. The Ministry of Finance, in turn, is responsible for the central government's employer, HR and labour market policy, but this does not include more comprehensive planning of the number of staff and competence.

Although the planning of the number of staff is the responsibility of ministries and agencies, the Government steers the number of staff in various ways. Government programmes and reports set targets for the number of staff at government agencies, and the task or agency-specific numbers of staff have been steered even in great detail in financial planning. In the cases examined, the targets were fairly consistent and reasonably clear, although the targets set for the number of police officers have often been changed. The steering has also been consistent in the sense that in budget proposals, the targets set for the number of staff have been presented as a factor affecting the amount of appropriations. On the other hand, the amount of appropriations has been affected by several factors with opposite impacts: an appropriation may thus have been raised in order to increase the number of staff but, at the same time, it may have been decreased on other grounds.

The central government itself organizes the training required in the duties for up to a quarter of its staff. Such staff groups include, for example, officers of the Defence Forces, border and coast guards, police officers, emergency response centre officers, and the guards of the Criminal Sanctions Agency. In these staff groups, successful recruitment by government agencies requires that a sufficient number of persons complete the required qualification each year. In the cases examined, there were great differences between the number of available student places and the number of students who completed their education, and the low number of graduates has hampered the achievement of the targets set for the number of staff. Long-term planning of student places is a precondition for achieving the targets set for the number of staff.

The central government's HR targets have been taken into account in performance agreements, but there is little information on their achievement

All on-budget entities have been presented some HR targets that apply to the entire central government. The targets have been promoted through performance agreements, and they have been partly achieved. The targets have not been defined in detail, but they have been presented on a general level.

Efforts have been made under the leadership of the Ministry of Finance to promote common HR development themes by incorporating them into performance agreements. The aim has been for the targets to reach all central government agencies and institutions. The selected steering method can therefore be considered justified in the sense that staff planning, recruitment, and competence development are governed by the agencies themselves, while the activities are steered by ministries. However, central government steering has been weak, as the selected themes have been presented on a very general level. A more detailed definition of the themes and a description of the baseline would support the agencies in their own target-setting.

One of the selected themes has been competence development. The central-government-level target has been achieved in the sense that competence development is clearly included in performance agreements. The targets set for competence development are still partly so general in nature that their steering impact is weak, and it is difficult to determine whether they have been achieved. The central government's inputs into competence development are not precisely known, as competence is mainly developed through on-the-job learning. The central government staff are more satisfied than before with how their work enables learning and renewal, and how the central government as an employer strives to maintain and improve competence.

As the second theme, the central government has tried to promote staff mobility, which has been considered a significant way of developing competence. Mobility has been defined broadly and includes not only staff mobility but also the mobility of competence and knowledge. No baseline and target level have been specified for mobility. Nor has the mobility of knowledge or competence been defined or examined in greater detail. Indicators show that each year a few per cent of the central government employees change jobs within the central government.

The third common theme, or target, has been to improve the central government's employer image and thereby to increase the attractiveness of the central government as an employer. Based on job satisfaction surveys, the internal employer image has improved. As regards the external employer image, one indicator is the number of applicants for vacancies. The numbers of applicants have remained at the same level, and there is no clear change. However, the numbers of applicants for vacancies have been clearly higher in the central government than in the local government.

According to Prime Minister Marin's Government Programme, a programme of human resource management will be launched across the central government. The programme will improve the central government's competitiveness as an employer and pave the way for a major recruitment drive. The Ministry of Finance has not launched central-government-level programme work as referred to in the Government Programme. Instead, the programme has been implemented in projects related to the objective of the programme. According to the monitoring data, the projects related to the programme have progressed.

Qualification criteria have been harmonized reasonably well, but there is no common policy line for the use of different employment relationship types

The audit examined, through separate questions, how the central government as an employer has utilized the possibilities legislation offers for defining qualification criteria for public posts, selecting different employment relationship types, and using fixed-term employment relationships.

The central government has strived to harmonize the qualification criteria of senior and middle management in order to unify the senior management and to promote the mobility of management. Consequently, the qualification criteria

applied to senior management are fairly consistent, although the criteria applied to certain posts are clearly different from the others. In the case of middle management, the qualification criteria vary to a greater extent. The regulation governing the qualification criteria applied to the middle management in ministries is complex and opaque.

Two types of employment relationships are in use in the central government: public-service employment relationships and contractual employment relationships. The majority of central government employees, about 90% or 70,000, have a public-service employment relationship. Approximately 7,500 people, in turn, have a contractual employment relationship. Similar organizations use contractual employment relationships differently, and the central government has not set a policy line for when contractual employment relationships should be used. As a rule, the government agencies that use contractual employment relationships to a significant extent felt that the situation was good. However, they also hoped that the central government would set clearer policy lines. An advantage of using contractual employment relationships is that they make recruitment easier. On the other hand, managing two types of employment relationships constitutes an administrative burden in itself.

About 18 per cent of central government staff have a fixed-term employment relationship. In the 2000s, efforts have been made, for example through legislative amendments, to reduce fixed-term employment. As a result of this, the number and share of fixed-term employment relationships decreased until 2016. However, the number of fixed-term employment relationships has increased significantly after that.

Recommendations of the National Audit Office

Based on the audit, the National Audit Office recommends that the Ministry of Finance should

1. together with the other ministries, strengthen the central government's longer-term staff planning, especially in the case of duties for which the central government itself trains the workforce,
2. further examine the state of mobility in the central government and specify the target set for mobility, and
3. set a clearer policy line for when government agencies and institutions should seek to use contractual employment relationships.