

## Support and Matching

– a free choice system for jobseekers

### Summary and recommendations

The Swedish National Audit Office has audited the Swedish Public Employment Service's Support and Matching service. In 2019 approximately 56,000 jobseekers in need of extra support had access to the service, at a cost of almost SEK 800 million. Support and Matching is the largest service provided by the Public Employment Service through the Act on Free Choice Systems.

The overall conclusion is that the Public Employment Service in many respects has designed the freedom of choice system for Support and Matching so that it provides good conditions for the participants to get a job or begin studies as quickly as possible. However, the Public Employment Service should improve key aspects of Support and Matching, which could increase its effectiveness. We have not audited whether it is effective for the Public Employment Service to engage complementary actors or conduct the activities under its own management.

### Audit findings

The rating affects the choice of supplier, but proximity is also important

The Public Employment Service's rating system shows which suppliers are better than others in managing to get participants to find work or start studying. The choice of supplier plays a role in the participants' chances of achieving a successful outcome. An average participant choosing a supplier with the highest rating (4 stars) at the latest rating could expect an average of 30 percentage points higher probability of achieving a successful outcome with the service compared to choosing a provider with the lowest rating (1 star). However, we find no difference in how enduring the work will be between suppliers with different ratings. The audit also shows that suppliers with a higher rating get more participants. This increases the prospects of quality-driven competition between suppliers. The distance to the supplier also seems to be an important factor when the participants choose supplier. If the individual chooses a supplier based on criteria that do not reflect the quality of the service, they risk getting a service of poor quality.

## The prospects of well-informed choices can be improved

An important basic principle of free choice systems is that users, in this case job seekers, choose the service providers who are most successful and that those who under-perform are competed out of the system. There is relevant information about the different suppliers of Support and Matching on the Public Employment Service's website. However, the Swedish NAO considers that the information about suppliers may be difficult to assimilate for jobseekers with limited knowledge of Swedish. Thus, they may have poorer prospects of making a well-informed choice of a Support and Matching supplier.

## Development opportunities for rating

The Swedish NAO sees several development opportunities for the rating system. Our analyses indicate that the Public Employment Service's way of measuring transition to work corresponds relatively well with the Swedish Tax Agency's monthly data on individual-level income. However, a non-negligible proportion of participants does not reach an income level to indicate that they have employment to the extent required for the supplier to be credited with a successful outcome. The reliability of the ratings, as well as the ability to ensure the correct payment of performance-based compensation to suppliers, could increase if the Public Employment Service was able to use the Tax Agency's monthly data on individual-level income. Additional aspects of the rating would also need to be evaluated, such as the possibility of faster impact on their rating outcome for quality changes at suppliers.

## Follow-up of suppliers needs improvement

Systematic control and follow-up of suppliers is important to ensure a high-quality service. Complaints from participants to employment officers are an important way of obtaining information about supplier deficiencies. The audit indicates that such complaints are registered and documented to varying degrees and that there is variation in how well the complaints are investigated when deficiencies are deemed to exist among the suppliers. That is, whether complaints are followed up until it is certain that the deficiencies are rectified.

The Public Employment Service's follow-up of suppliers in the Support and Matching system is in general appropriately designed, with elements of both promotion and control and clear roles and procedures. On the other hand, the Swedish NAO considers that the classification of suppliers used by the Public Employment Service in its follow-up does not consider the risk of poor quality of service. The classification at the national level is based on the number of participants and the amount of funds paid out to suppliers in all services and training programmes procured by the Public Employment Service. In the classification of suppliers at the regional level, it is possible to take aspects of

quality of service into consideration, but the audit shows that this possibility has been utilised to a limited extent.

### **More systematic development of the service is needed**

The Public Employment Service has followed up several aspects of Support and Matching and has also continuously developed the service through a number of improvement measures. However, to ensure that the development work is carried out systematically and strategically, the Swedish NAO assesses that the Public Employment Service should produce a risk analysis for the Support and Matching service and create a clearer structure for how the follow-up work carried out in different parts of the agency should be included in service development.

## **Recommendations**

Both labour market policy and the Public Employment Service are currently undergoing change. Regardless of whether the Support and Matching service continues in its present form, the conclusions and recommendations of the report are considered to be relevant for new, similar services.

Based on the audit findings, the Swedish NAO makes the following recommendations to the Swedish Public Employment Service:

- Make it even easier for participants to make a well-informed choice of supplier that increases their chances of finding a job or starting studies as quickly as possible.
- Evaluate the rating system and investigate the possibility of developing it.
- Improve and develop follow-up of suppliers.
- Ensure that good conditions exist for systematic follow-up and development of the Support and Matching service.

The Swedish NAO makes the following recommendation to the Government:

- Review the possibility for the Public Employment Service to use the Tax Agency's monthly data on individual-level income when calculating the rating and when paying performance-based compensation to the suppliers.