



Summary

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Samhall's public policy assignment – governance and organisation in need of change

Summary

Samhall is a state-owned enterprise with a public policy assignment to produce goods and services for which there is a demand and, by doing so, create meaningful and stimulating work for persons with disabilities that the Swedish Public Employment Service assigns where there is a need. The target group for sheltered employment at Samhall consists of those who have such a reduced work capacity as a result of a disability that they cannot get other employment or support through other initiatives.

The Swedish National Audit Office (Swedish NAO) has audited whether Samhall fulfils its public policy assignment. The audit shows that Samhall has created meaningful jobs, in the sense that they have been in demand on the labour market. However, the Swedish NAO considers that Samhall fails to provide jobs that further its employees' development. The overall conclusion of the Swedish NAO is therefore that Samhall does not fulfil its public policy assignment in full.

The Swedish NAO's assessment is that both the Government's governance and Samhall's governance and organisation have given too much priority to business development over developing its employees' work capacity. In addition, the owner has not provided Samhall with stable financial conditions.

The audit shows that the Swedish Public Employment Service, on the whole, sends people from the correct target groups to Samhall, but finds that there are effectiveness deficiencies in several stages of the assignment procedure.

The Government's focus on the overall objective of the public policy assignment has been too limited

The State's Ownership Policy has been a central point of departure for the Government's governance of Samhall. The Swedish NAO assesses that the Government has steered Samhall toward financial goals and a business approach but that governance has been too one-sided with too little focus on how the overall public policy assignment is carried out.

The owner's management by objectives has mainly focused on the volume of the assignment and the company's financial development, while less attention has been paid to the quality of the employment that Samhall offers. Assignment goals to measure how Samhall performs its public policy assignment have only recently been added and are comparatively few and not very exhaustive, despite the complexity of the assignment.

In addition, the Government's governance has not produced stable financial conditions. The compensation for additional costs paid to Samhall remained unchanged for several years, which led to the company needing to implement cost savings and increase its revenue. Although the cost savings may have been reasonable from an efficiency perspective, according to the Swedish NAO they have also limited the opportunity for Samhall to live up to all aspects of its public policy assignment.

Samhall's organisation of its public policy assignment has not been effective

According to the Swedish NAO, Samhall has not organised its operations in such a way that the jobs offered can be considered to further development or meet the needs of the employees, according to the intentions of the Riksdag. Samhall has not managed to create sufficient breadth in its offering of work tasks to ensure that adjustments are made to accommodate the varying abilities of the employees, and managers' staff groups and client portfolios are too large. In addition, the company has not systematically followed up employees' professional development. This has occurred without the owner, through the Government, taking sufficient measures to tighten the control.

Samhall's subsidy rate is not unreasonable but it should be clarified what the State compensates Samhall for

Samhall's compensation for additional costs currently means a subsidy rate per employee of about 87 per cent. The majority of other wage subsidies for persons with disabilities that entail reduced work capacity involve a wage subsidy ranging between 61 and 80 per cent, although the figures are not completely comparable

with Samhall's subsidy rate. The Swedish NAO assesses that it is difficult to determine what is a reasonable difference between Samhall and other wage subsidies, especially in light of the fact that Samhall does not fulfil its assignment in full. However, according to the Swedish NAO, a higher level of subsidy would be reasonable for Samhall, since the company's employees have a significantly weaker position in the labour market than employees with wage subsidies. Moreover, Samhall employees have enhanced job security. Over time, transparency concerning how compensation for additional costs is calculated has increased, but the Swedish NAO still considers that what the State compensates Samhall for can be further clarified.

The Swedish Public Employment Service on the whole sends people from the right target groups but the assignment procedure is not effective enough

The audit shows that the Swedish Public Employment Service generally sends people from the intended target group. Those who are assigned to sheltered jobs have a significantly weaker position than people who are allocated wage subsidies aimed at persons with disabilities that entail reduced work capacity. Employment officers testify that the prerequisites for work tasks at Samhall have increased, which has led the enterprise to indirectly gain influence over who is to be assigned. However, the audit does not present any clear-cut that those assigned have a greater work capacity. There are several indications that those who are assigned have greater support needs than before.

The Swedish NAO notes that the Swedish Public Employment Service's new approach leads to several problems in the assigning procedure. It takes a long time to identify jobseekers who have a disability and the agency has difficulty finding candidates when a vacancy arises at Samhall. The Swedish NAO also notes that there are major shortcomings in the information exchange between the Swedish Public Employment Service and Samhall in connection with assignments. This, in turn, limits the opportunities to adjust the job to the employees and achieve a good match.

Recommendation

It has been just over 30 years since Samhall was transformed into a limited company and the organisation has been investigated several times since then. Several of shortcomings identified by the Swedish NAO have also been highlighted in previous investigations, and they have thus been known for a long time. As in the previous investigations, the Swedish NAO's audit shows that the Government's governance and Samhall's governance and organisation have focused too much on the company's business aspect. This has meant that

Samhall's core assignment to provide work-based development has been relegated to second place.

The Government and Samhall have taken measures, but the Swedish NAO assesses that these measures have not been sufficient. To ensure that the public policy assignment decided by the Riksdag is to be fulfilled in its entirety, more far-reaching changes are necessary. Since several shortcomings can be traced back to the corporate form, the form of organisation should be reviewed.

The Swedish NAO can also note that the Riksdag has stressed that the choice to conduct central government activities in form of organisation other than an agency should be reviewed at regular intervals, which has not been done.¹

The Swedish NAO makes the following recommendation to the Government

- Investigate which form of organisation best meets the Riksdag's objectives for the operations.

This task to investigate also includes a review of the basic prerequisites of the organisation. However, the investigation should still be based on the premise that a central government actor would be responsible for and carry out the objective of providing meaningful and developing jobs to persons with disabilities assigned by the Swedish Public Employment Service. In the event that the central government commitment to provide sheltered work were to be discontinued, there is an imminent risk that people in Samhall's target group would be excluded from the labour market. Furthermore, procuring external suppliers would likely entail difficulties in providing the long-term perspective and enhanced job security currently covered by sheltered work.

¹ Govt. Bill 2009/10:175, p. 195.