

Audit of the agreements with the cantons on public employment services

State Secretariat for Economic Affairs

Key facts

For more than 20 years, the Confederation has concluded agreements with the cantons in the area of public employment services. The cantonal implementation offices, in particular the regional employment centres, are tasked with integrating jobseekers quickly and permanently into the labour market. The unemployment insurance fund pays for the administrative costs incurred by the cantons, which amounted to around CHF 539 million in 2021. The State Secretariat for Economic Affairs (SECO), as the supervisory authority, measures how well the regional employment centres succeed in integrating jobseekers using an effectiveness index which is based on four indicators. The results of the cantons and regional employment centres can be compared on this basis. This benchmarking provides an incentive for the cantons to continuously improve. It is up to the cantons to decide which strategies they wish to use to achieve successful reintegration.

The Swiss Federal Audit Office (SFAO) audited this agreement and focused in particular on the role played by SECO. Overall, the SFAO considers the focus on impact to be positive and the existing steering instruments to be appropriate. At the same time, however, SECO's room for manoeuvre is limited if a canton achieves results that are clearly below average in the long term and does not perform its tasks satisfactorily. In such situations, the SFAO believes that more stringent measures should be possible.

Impact index places clear focus on the rapid integration of jobseekers

The impact index's four indicators attach much more weight to the speed of labour market integration than to its permanence. Accordingly, the implementation offices also focus their strategies primarily on rapid integration. The SFAO recommends that SECO ensure that this focus does not come at the expense of lasting results. Ideally, procedures should be identified in which both objectives are achieved.

A substantial number of cantons are relatively close to each other in terms of their impact measurement results. Smaller differences, as well as smaller changes over time, do not necessarily allow conclusions to be drawn on changed implementation performance. Consequently, longer-term development is of primary importance.

Limited scope for SECO to intervene in the event of poor results

In addition to the benchmark, the agreement provides for further steering instruments. These include the regular exchange of experiences between the implementation offices, the provision of key management figures and the realisation of research projects. It is important that SECO also takes into account the effectiveness of the overall implementation over time, because this information cannot be obtained from the annual impact measurement. If a canton achieves clearly below-average impacts, SECO also has the option of performing a situation assessment. The aim of this procedure is for the cantons to define and

implement measures to sustainably increase effectiveness. Currently, if such a situation assessment does not bring success, SECO takes no further action.

The Unemployment Insurance Act stipulates that the implementation offices are to be compensated based on the impacts they achieve. Initially, there was a bonus-malus system but this was discontinued after a short time. This means that implementation deviates from the legal requirements, and this must be remedied. The legal provisions could, for example, be defined as optional ("may"). This would allow SECO to provide a more binding mechanism in the future, including the possibility of reducing compensation if necessary, i.e. if a canton is not fulfilling its implementation duties satisfactorily. Similarly, the Confederation and the cantons should be equally represented on the steering committee for the agreement between the regional employment centres, labour market logistics (LAM/LMMT) and the cantonal unemployment offices, which plays an important role in their further development.

The Confederation and the cantons are currently working on an overarching strategy for public employment services. This audit did not address this topic. However, in view of this, the framework conditions of the agreement are likely to change in the future. SECO will have to ensure that the agreement is consistent with the strategy.

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