

## PRESS RELEASE

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### Report to the Flemish Parliament

#### *Outsourcing policy of the VDAB – efficiency and effectiveness*

*At the beginning of 2020, the Flemish Parliament asked the Court of Audit to investigate the effectiveness of the outsourcing policy of the Flemish Employment and Vocational Training Service (VDAB). The Court of Audit concluded that the VDAB lacks a clear outsourcing policy and effective information about its own and partner projects. The VDAB often takes decisions to outsource a service on an ad hoc basis, without a thorough understanding of the factors that may or may not lead to success for customers and without understanding the (cost) effectiveness.*

#### **Audit of the outsourcing policy**

The Flemish Employment and Vocational Training Service (VDAB) is responsible for job placement, guidance and training of job seekers and employees in Flanders. It not only carries out this assignment itself (as an actor), but also calls on numerous partners (as a director): other authorities, non-profit and profit organizations with whom the service collaborates through recognitions, cooperation agreements, subsidies and public procurement. In February 2020, Flemish Parliament asked the Court of Audit to investigate the effectiveness of the outsourcing policy. The data collection at the VDAB was very difficult, as a result of which the Court of Audit was unable to answer all questions from the Flemish Parliament fully and substantiated. The Court of Audit also emphasizes that its investigation in no way entails an assessment of the quality of the individual customer support provided by the VDAB.

#### **No current outsourcing policy**

In successive coalition agreements, Flanders has followed the international trend of having public employment services increasingly outsource their services. The current Flemish coalition agreement sees the VDAB as a director, who must cooperate as much as possible with partners and must act as an actor where partners do not offer a suitable offer.

The VDAB does not have a clear, transparent and current outsourcing policy. Its outsourcing criteria are not clear and are rarely applied in practice. In practice, the VDAB opts for outsourcing rather on an ad hoc and pragmatic basis, often because it does not have the required capacity itself. It rarely explains those choices. The chosen form of cooperation was several times legally incorrect. The VDAB also repeatedly failed to organize competition where required.

## Organization and management

The way in which the VDAB organises, manages and monitors the services provided via partners shows important shortcomings, which threaten efficient monitoring and evaluation. The VDAB has often been aware of these shortcomings for years and has started various change projects, usually without sufficient results.

- The VDAB's business plans, for example, contain insufficient project planning and are not linked to financial and human resources. Moreover, the VDAB mainly starts from its personnel plan, instead of basing that plan on its outsourcing policy and the capacity this requires.
- The VDAB is still unable to distinguish the costs for its directing and actor activities. Different central services produce varying figures on this. In an overview it provided at the request of the Court of Audit, the VDAB was unable to provide information about the form of cooperation for approximately one third of the expenditure in 2019, nor about the form of financing for almost half.
- Although the VDAB has various registration systems, it does not succeed in centralizing all information about projects with partners. It therefore has to compile reports manually, resulting in a lot of loss of time and a high risk of errors.
- To compensate partners, the VDAB uses various types of compensation, without being consistent or based on a policy and without evaluating the impact of the financing mechanisms on the efficiency of the projects.
- Various internal and external actors evaluate the functioning and activities of the VDAB, but it is sometimes unclear whether the VDAB has taken their conclusions and recommendations to heart and what results it has achieved.
- The VDAB does not have an integrated system to monitor, evaluate and adjust the quality of its own activities and those of its partners. The most important instrument in the follow-up of the partner activities is the kwalimon (quality monitoring), with which the VDAB coaches during the project implementation. However, this instrument has a number of weaknesses and is not used to monitor the quality of the VDAB's own activities.
- Where the VDAB followed up the results, especially in larger, central projects, it paid more attention to achieving the admission numbers it promised the partners than to the outflow to work achieved.

The VDAB carried out more than two thirds of the activities (67.2%) itself and financed 6.7% of the activities through outsourcing and 6.5% through subsidies. 5.1% of the activities passed through a recognition of other actors. Mixed financing (collaborations) made up only 1.3% of the activities. The VDAB was unable to provide data on 7.9% of the activities due to registration problems. This file showed that the total amount of individual activities decreased by 16.6% between 2015 and 2019.

## Reach of target groups and customers

The lack of overview of the large range of activities, which can lead to an oversupply for some target groups and a shortage for others, and working with guarantees of participants, whereby the VDAB tender partners guarantee the introduction of a minimum number of job seekers, entails the risk that a job seeker is not directed to the most appropriate activity or does not meet the requirements of the activity:

- The target group reach showed that many actions overlapped and that participant profiles were often very similar. Moreover, it was not clear why the VDAB transferred certain

customers more or less to the federal Work Agency (transmission), or exempted or forwarded them to customization or workplace learning.

- For some measures, the target groups have been systematically expanded over the years, so that they are less and less focused on disadvantaged groups.
- The actions of the VDAB under its own management and the actions through outsourcing, collaborations and accreditations previously reached a target audience with a shorter distance from the labour market. The VDAB uses the subsidy instrument more often for target groups with a longer distance from the labour market, such as young people with a short education and people with a work disability.

### Competency enhancement and outflow to work

Both the Flemish Government and the VDAB have placed a strong emphasis on strengthening competences as a means of increasing the chances on the labour market. About a fifth of the activities fell under competence management. Four out of ten of these were carried out by the VDAB itself, two out of ten went through subsidies, one in ten through outsourcing and one in twenty through collaborations. The VDAB does not monitor employment after competence enhancement as a measure of service quality. Nor did the VDAB investigate whether the different activities, forms of cooperation or partners led to different employment results. Due to a lack of consistent and high-quality data, the VDAB cannot gain systematic insight into possible success factors and therefore cannot use them in a targeted manner for better outflow results. The Court of Audit established that an average of 42.6% of customers did find work each year. Only one quarter of this result can be explained by factors that the Court of Audit was able to investigate in the audit (type of activity, form of cooperation and target group characteristics). This invites further research.

### Response of the minister

The minister replied that she had instructed the VDAB to work on an action plan to meet all of the Court's recommendations.

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### Information for the press

The Court of Audit exerts an external control on the financial operations of the Federal State, the Communities, the Regions and the provinces. It contributes to improving public governance by transmitting to the parliamentary assemblies, to the managers and to the audited services any useful and reliable information resulting from a contradictory examination. As a collateral body of the Parliament, the Court performs its missions independently of the authorities it controls.

The audit report on the *Outsourcing policy of the VDAB – efficiency and effectiveness* has been sent to the Flemish Parliament. The full version and this press release can be found on the Court's website: [www.courtfaudit.be](http://www.courtfaudit.be).