

PRESS RELEASE

January 2024

Report to the Flemish Parliament

Staff savings in the services of the Flemish government

The Court of Audit examined the staff savings in the services of the Flemish government (SFG) since 2019. Although the SFG had already saved 93% of the planned number of staff by the end of 2022, the actual number of staff has increased because certain recruitments remain outside the savings. Outsourcing to third parties has also increased. Evolutions in the services provided by the Flemish government appear to be only to a limited extent the result of the savings.

Introduction

For the 2019-2024 government period, the Flemish Government imposed new staff and budgetary cuts on the SFG: the number of employees must be reduced by 1,440 and the annual wage costs by 75 million euros. The Court of Audit examined the substantiation and realization of the savings and their impact on Flemish government as a service provider and as an employer, including by surveying the 53 entities involved.

Policy framework for savings

The 2019-2024 cuts were the third in a row and were again imposed on a limited group of entities of the core government. No staff needs plans were drawn up in advance, which the Court of Audit had yet already recommended in 2016. Government assumed that one third of expected retirees would not be replaced. The entities must save between 2% and 9% (5% on average) of their staff. At the start, a quarter of the staff savings had already been achieved, because some entities saved more during the previous round of savings than was imposed at the time and government included this in the current savings. Flemish Government assumed that possible negative effects of the savings would be compensated by efficiency measures, such as mergers, increasing digitalization and reduced administrative burdens. This assumption was not examined in advance.

Implementation of the savings

Based on the six-monthly reports by the Minister of Administrative Affairs, 93% of the 1,440 staff members to be saved had already been achieved by the end of 2022. In reality, however, the total number of staff has increased from 29,011 at the end of 2019 to 29,119 at the end of 2022. The difference is mainly in staff groups that are excluded from savings. The space freed up by the savings has been used for additional recruitment for additional assignments following the coalition agreement, crisis situations or the economic recovery plan. These additional recruitments are not included in the savings reports. For example, 429 recruitments have been neutralized for additional assignments.

Staff savings are an important reason to outsource tasks. Globally, the costs for services provided by third parties have clearly increased. More than half of the outsourcing entities

stated they cannot sufficiently guarantee the internal expertise to properly prepare, monitor and evaluate the outsourced tasks. Less than a third of all entities that outsource tasks evaluate their cost-effectiveness, and when entities do, outsourcing is almost unanimously found to be less cost-effective..

Impact of the savings on the performance of the Flemish government

There is no evidence that the cuts have led to dismissals or more forced retirements. However, the entities did deal more rationally with the replacement of staff members and ended employment relationships more quickly in the event of poor performance. Staff savings cannot be identified as the cause of shifts in staff composition towards fewer level C and D employees and more contractual employees. These developments are rather the result of the rejuvenation of the workforce with the recruitment of higher qualified employees, and of other policy choices, such as the increase in student workers and staff with temporary contracts.

Flemish government has not evaluated the impact of the savings on the staff's well-being. In the Court of Audit survey, three out of four entities indicated that the savings do not take sufficient account of the staff workability. In half of the 53 entities surveyed, motivation has not changed since 2019, although workload, work stress and burnout have increased in most entities. Neither the efficiency measures nor digitalization contributed to an improvement in that area.

Absence due to illness, work accident or family reasons for the total SFG was in 2022 at the highest level since 2014. Since 2019, the number of long-term sick people, the number of employees working part-time for medical reasons and the duration of absence have more than doubled.

The administration has not systematically monitored the impact of the savings on services. Evolutions in services are probably the result of personnel savings only to a limited extent, although the implementation of a number of projects has indeed been mortgaged by the savings. According to the entities, the limited positive savings effects are mainly in the area of resource management and internal control, the negative effects are in the area of operational functioning.

Response of the minister

Flemish Government confirmed that it has applied the imposed savings program pragmatically during this period of government and emphasized that the aim remains to achieve efficiency improvements without affecting staff well-being. The government indicated that it has already taken the first steps towards the Court of Audit's recommendations..

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 *Staff savings in the services of the Flemish government* has been sent to the Flemish Parliament. The full version and this press release can be found on the Court's website: www.courtofaudit.be.