

Integrating employment and welfare services – ideas and experiences from Norway after six years with NAV

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Context:

- Norway has one of Europe's strongest economies:
 - Unemployment rate: around 3% (average last 10 years)
 - High participation of women in labour market (also elderly women)
 - EEA – More European citizens in labour market
 - High share on disability benefits – also among young people (The Big Worry)
 - Pension age: 67
 - Need for workforce enlargement
 - Low inflation rate: 2.8%

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Context cont.:

- Petroleum-sector:
 - employ 1% of workforce
 - petroleum-fund invested abroad, kept as reserve – causes an artificially strong currency in Norway, affect the mainland production – stagnation in export-industries
- Tight balance to keep high employment rate, low inflation rate and not using oil-money at home

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Context II:

- Social policy-regime:
 - Since 1992:
 - "Work shall be the first option"
 - The so-called work-line as guideline.
 - Introduced by a Labour government
 - Soft and hard measures tried, but not yet cuts in benefits

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Context III:

- Traditional division of labour in this area:
 - National Social Insurance Directorate
 - National Employment Directorate (both with regional and local branches)
 - Local government responsible for social assistance services (2005:431 municipalities)
- This division created "not-my-table-problems" and grey-zones.

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A law/reform passed the Parliament in 2005:

- Amalgamated the two national directorates into one huge Welfare and employment directorate (called **NAV**)
- Made it compulsory for the local branches of the welfare and employment administration/services to coordinate their activities with the local government social services – mandatory one-stop-shop in every municipalities
- 431 municipalities make contracts with the NAV-directorate
 - local organizational model is however free of choice.

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The aims:

1. to bring more people from passive beneficiaries into work and activity
2. to make the administration more user-friendly, holistic and efficient.

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The most extensive welfare reform in Norway – ever:

- Implemented gradually from 2006-2011
- Includes 1/3 of the budget of the state
- 18 000 employees involved at state level, 4000 at municipality level
- Everyday:
 - 700 000 Norwegian are using the services of NAV (and that excludes retirement pensions, maternity leave-pensions, child support etc aka pensions that come automatically)

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The NAV-reform:

- Effects mostly organization and governance of the welfare area. Content of welfare politics changed simultaneously but in other reforms
- Was decided without any political controversies and public debate
- The present design is against the advices from the appointed expert commission – total amalgamation or none.

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The reform approach:

- NAV: formally integrating services that are both central government responsibilities (employment and national insurance administration) and the responsibility of local government (social services).
- The strong emphasis on integrating service administrations from different sectors and levels that characterize the reform makes it sensible to classify it as an attempt to bring in a *jointed-up-government-approach* in the Norwegian welfare system.

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The joined-up-government approach:

- No coherent set of ideas and tools
- An umbrella term describing a set of responses to the problem of increased fragmentation of the public sector and public services
- A wish to increase coordination

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Coordination in NAV:

- A front-line service with an employment and welfare office was established in every municipality.
- Central government responsibility is concentrated in one agency: the employment and welfare service (NAV).
- In 2009 37 so called administrative units with special purposes were established at regional level.

A complicated arrangement of central-local government co-operation and division of responsibility

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The Evaluation programme:

- Premiss:
 - Welfare reform
 - **Public administration reform/governance reform**
 - Way of organizing as reforminstrument

1) Process – the creation of NAV (more or less finished)

2) Effects of NAV (started 2010 – finish in spring 2014)

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Challenges for NAV - or when ideas meet reality:

1. to get a merged central government agency based on established agencies with very different cultures, tasks and professions to work;
2. to establish constructive cooperation between the central and local authorities;
3. to create a new, coordinated front-line service with user-oriented employment and welfare offices all over the country.

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1 Create an efficient merged central government agency:

- integration is rather successfully fulfilled 5 years after
- quite harmonic implementation process
 - top level almost no conflicts to be found.
 - operative level more discussions and disagreements.
- concerns not connected to what is going on at central level
 - relationship between central and local level
 - what *really* takes place at the local NAV-offices.

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2 Constructive cooperation between the central and local authorities:

- local governments decide the task portfolio of the local offices – 94 percent included more services than the obligatory social services, 3 or 4 additional most common
 - **NAV differs from municipality to municipality**
- central government takes care of the management-side of the local offices - 93 percent unitary manager, 80 percent of those are central government employees.

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2 Constructive cooperation between the central and local authorities II:

- few severe conflicts between central and local level after the NAV-offices were established
- NAV is regarded as an **administrative task** by local actors, particular by local politicians.
- 70 percent: **their local NAV-office is a success**, some even classify it as a great success
- 70 percent: the **central level has a superior role** in the partnership between central and local level in NAV
 - Sig neg correlation

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2 Constructive cooperation between the central and local authorities III:

- **double lines of command and budget** challenging at the operational level,
 - 1/3 of mayors: unclear accountability relations
 - 1/5 of CEOs: unclear accountability relations
- **central-local relationship also inside the local NAV-office.** Incremental process towards more interdependency, growing flexibility

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3. Coordinated front-line service with user-oriented employment and welfare offices:

- Local managers:
 - Not enough focus on the relationship between the local organization and the users
 - Implementing the **aims of the reform vs running the local organization**
- Users` satisfaction with NAV and NAV-services is rather stable in the middle categories 3 and 4 (in a ranging form 1 to 6)

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3. Coordinated front-line service with user-oriented employment and welfare offices II:

- users` satisfaction with the services is positively correlated with number of local government services included in the local office
- long-term NAV-users reveal: uncoordinated processing, unavailable officers, arbitrate use of measures where it is random whether work/activity or some sort of disability social security is chosen as the ending goal for their contact with NAV

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Effects:

- The first results from the effect-studies:
 - None or a small negative effect of NAV-office on getting people into work or activity
 - Limited data; first NAV-offices vs local offices split into employment, social security and social services, but the latter scored better on getting people into work
 - Because of transition costs: one should expect this?

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Discussion:

- To sum up; our data so fare indicate that there are some positive effects of the NAV-reform.
- The reform can hardly be proclaimed as a huge and undisputable success given its aims.
- The reform with its attempt of more coordination has so fare not contributed to more efficiency in the welfare services in Norway.

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Thank you!

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