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%

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

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

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.
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.

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.

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)

The NAV-reform:

• Effects mostly organization and governance of the welfare area. Content of welfare politics changed simultaneous 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.

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.

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
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

The Evaluation programme:

- Premiss:
  - Welfare reform
  - Public administration reform/governance reform
  - Way of organizing as reform instrument
  1) Process – the creation of NAV (more or less finished)
  2) Effects of NAV (started 2010 – finish in spring 2014)

Challenges for NAV – or when ideas meet really:

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.

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.

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.

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
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

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)

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

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?

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.

Thank you!

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