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New Labour and Welfare Administration

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The objectives of the NAV-reform

Philosophy:

“The best welfare policy is employment”

Focus on people’s potential and abilities - not their limitations.

- More people at work and in activity, fewer on “quiescent”/inactive benefits
- A more user friendly, user oriented system tailored to individual needs
- A coordinated, well organized, efficient employment and welfare administration with an ongoing focus on improving the service

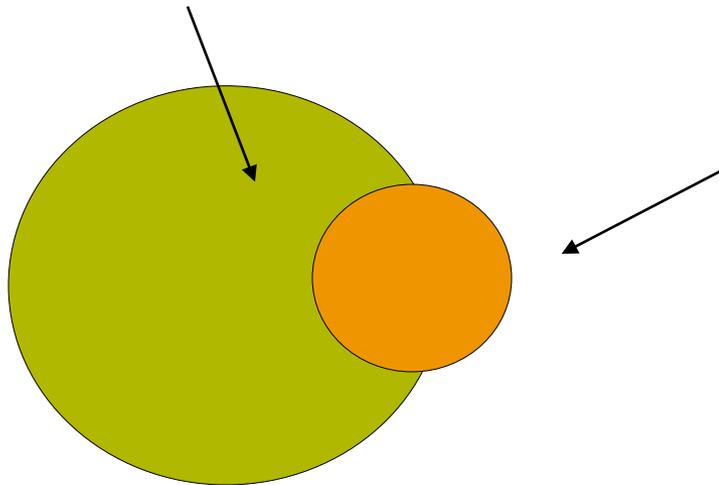
Norway – today

- Population – 4.920 millions (1. January 2011)
- Registered unemployment 2.5%
- Absence due to sickness 5.7%
- Life expectancy Total 80.3 Men 78,2 – Women 82.7 (2007 figures)
- No. of local communities 430
- No. of counties 19

Challenges - overview

In the work force:

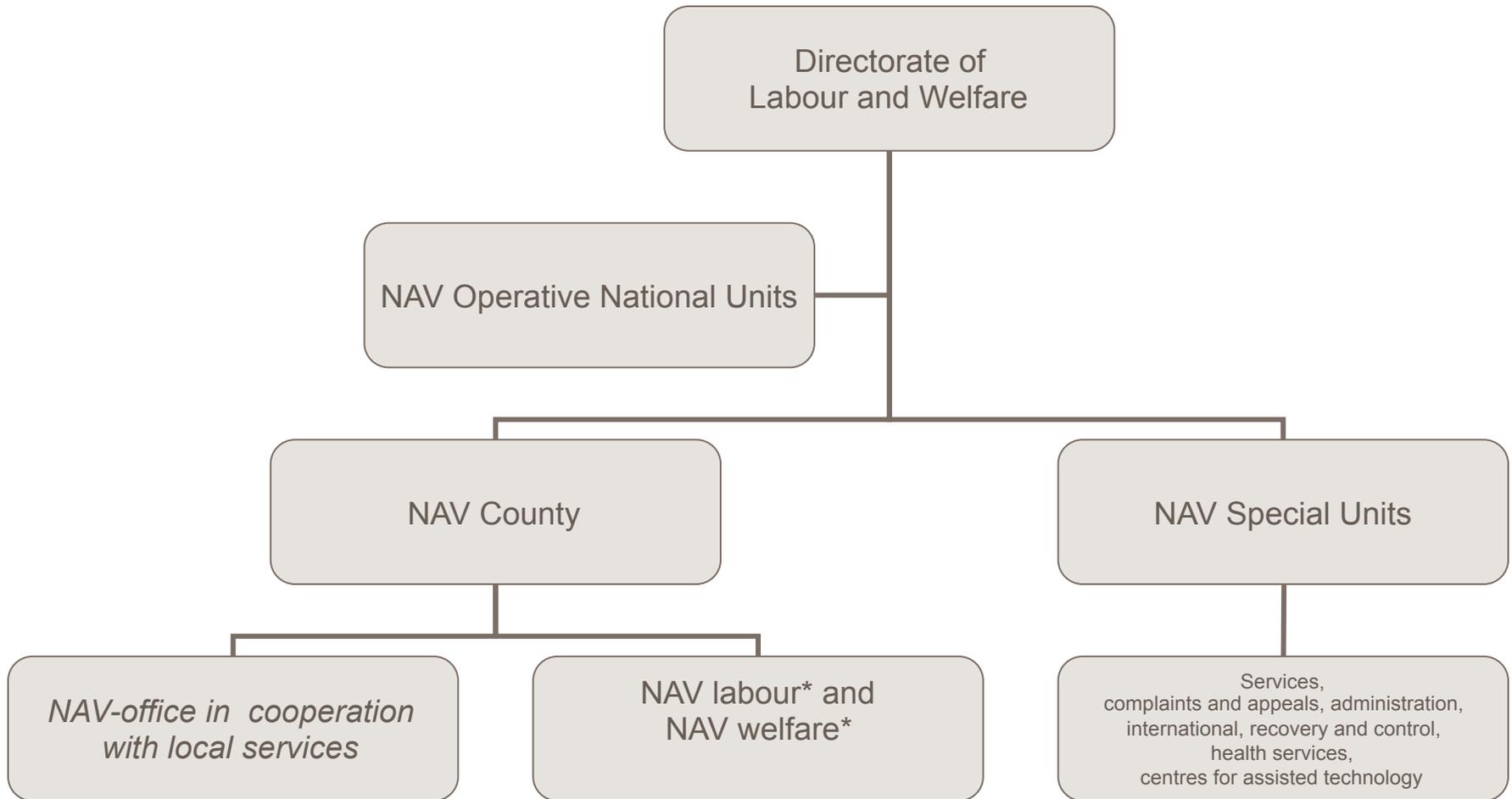
2 400 000



On the outskirts of the work force,
receiving benefits:

- 302 000 disability pension
- 28 000 temporary disability pension
- 60 000 social welfare
- 120 000 sickness benefit
- 173 000 AAP
- 58 000 unemployment benefit

The Norwegian Labour and Welfare service



* Names of former labour- and welfare/national insurance offices, until they are established as NAV-offices.

Labour and Welfare Administration – Numbers and facts

- **Established July 1st 2006 as a merger of the Labour Administration and the Welfare Administration**
- **Will by 2011 carry out one of the largest public administration reforms in recorded history: Local partnership between state and local authority**
- **14 000 employees (in the state run service)**
- **Ca 17 000 employees through partnerships with local communities**
- **Nearly the whole population as our users**
- **Administers a third of the national budget through benefits such as unemployment benefits, occupational rehabilitation, pensions, childcare, etc.**
- **NAV - offices in 430 municipalities**

Important for NAV

- **Strengthening of work orientation of the benefit system:**
 - New short term benefit and qualification benefit with explicit work focus
 - Assessment of work ability becomes essential
 - New work focused clarification and follow-up measures
 - New inclusion strategy (unlimited wage subsidies)
 - Emphasis on mutual responsibilities (rights/duties – welfare contracts)
 - Work attendance benefits as from 1 March 2010

- **Simplification facilitates our allocation of resources:**
 - Merging of temporary benefits
 - Further simplification of benefits, harmonization
 - Future simplification of measures

- **Higher flexibility gives NAV and users room to move:**
 - Allowing measures to be used more freely, irrelevant of benefits and target groups

Pre-merger services

National Employment Services (State)



Labour Market
 Employment services
 Unemployment benefits
 Vocational rehabilitation



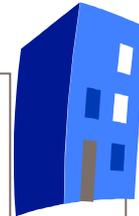
National Insurance Services (State)



Sickness benefits
 Rehabilitation benefits
 Disability benefits
 Occupational injury benefits
 Family and lone parents benefits
 Old age pensions
 Health service benefits



Social Welfare/Social Assistance (Local units)



- Local Social Welfare
- A number of other services:
 - Health related,
 - Educational
 - Child welfare
 - Housing needs
 - Refugees
 - ..and more
- “The last safety net” for the citizens

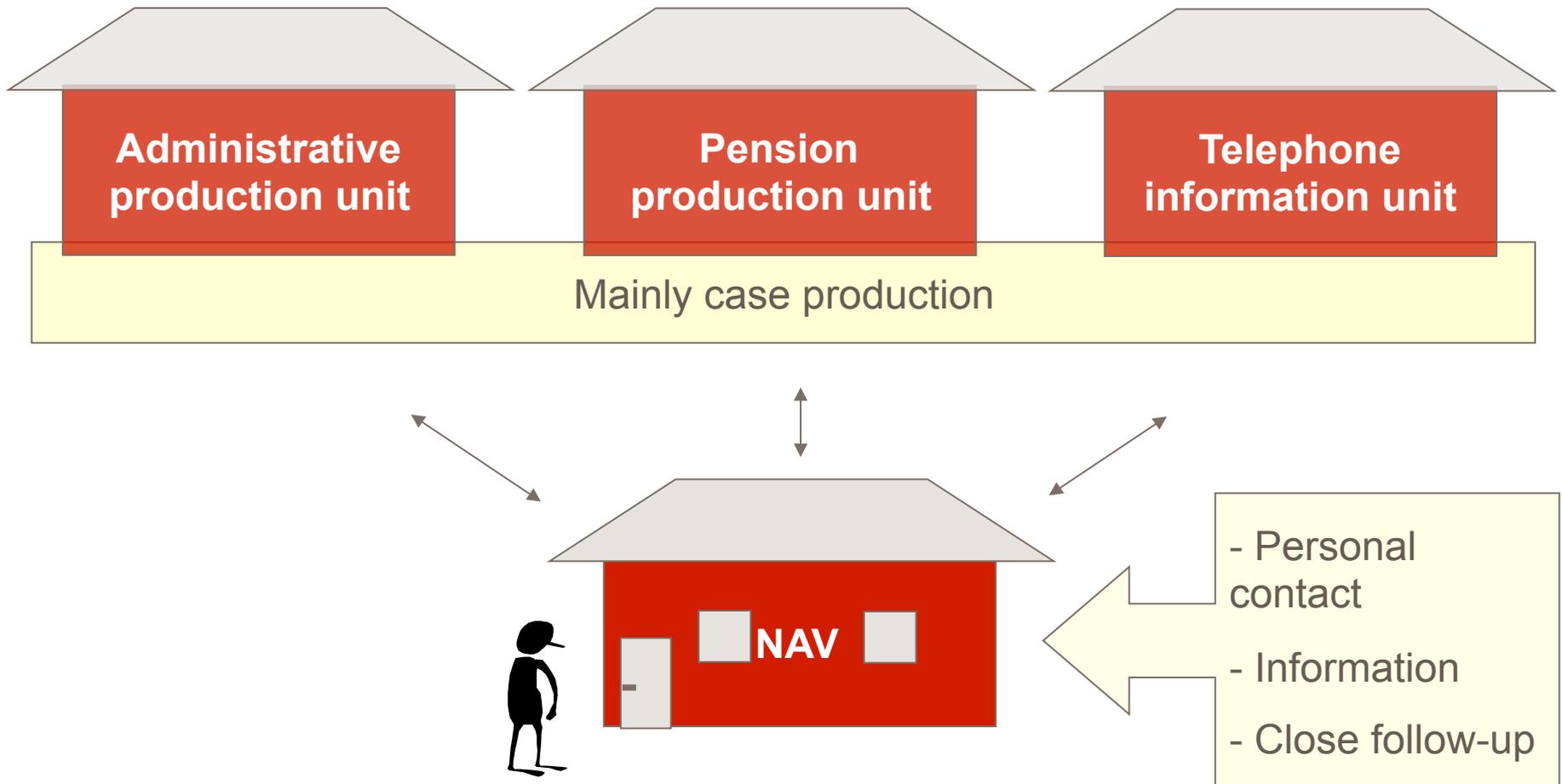


NAV – provide service in accordance with the user needs, and ability to (get back in to) work when applicable

The NAV Reform – The NAV Merger

Q: Why is this advantageous?

A: Enter centralized production units for non-user based services

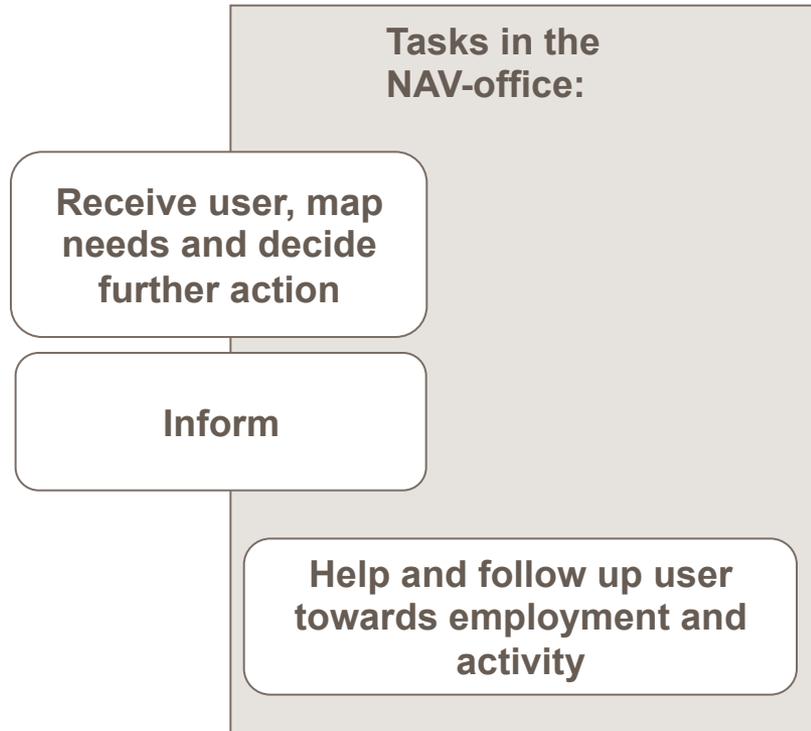


New interaction between state and local authority

- **The NAV-office is based on an equal partnership between state and local authorities. The office will offer one door for NAV's services.**
- **A general agreement between The Ministry of Labour and Social Inclusion and The Norwegian Association of Local and Regional Authorities constitutes the framework for local cooperation for all local authorities.**
- **Employees within both central and local authorities will receive training and education, and will work with the same tasks.**
- **The local NAV-office will offer services on behalf of both central and local authorities, but in a way that makes them seem like one and the same.**



Tasks and responsibility in the NAV-office



- Help and follow-up of users are the most important tasks in the office
 - Users shall receive more effective and better tailored follow-up
 - More focus on “the path to employment/activities” and contact with employers
 - Produce action plans in partnership with the user
 - Assess work ability when needed

Administrative tasks will mainly be carried out outside the NAV-office. Freed resources will be spent on follow-up work

Where are we now?



What have we succeeded with?

- **Established 457 local NAV offices in every municipality**
 - Established regional production units handling the administrative case loads not requiring direct contact with the user
 - Established specialized production units handling claims and payments
- **Reforms in the reform**
 - New method for following up the clients: Individual needs assessment and Work assessment allowance (AAP)
 - New pension system (Pension reform)
- **Qualification program**
 - Program tailored to the individual aimed at long term recipients of social welfare, youths and other marginalized groups
 - Successful and high (25 – 30%) transition from welfare **recipient** to labour market **participant**
 - Positive feed-back from participants who've partaken in the Qualification program
- **The use of self service has increased substantially and the accessibility by telephone is made better by setting up regional call centres**

Still a long way to go..

- Develop the structures aiding the transitions from **recipient** (from various income support schemes) to **participant** (in the labour market)
 - More people with jobs, less people receiving benefits
- **How?**
 - Intensified individual follow-up of the user
 - Increased and more relevant knowledge of the local labour markets
 - Closer relations with labour market/potential employers
- **Tailor made services (and follow up) that are geared towards inclusion in the labour market based on assessments of the individual needs**
 - Also, perhaps especially, relevant for users with special needs
- **Right benefit at the right time: Increased quality and efficiency of the administration of the benefits.**
 - Reducing the inventory (i.e. stock room) while increasing productivity
- **Utilizing and profiting from the partnership between local authorities and state government**

Speed bumps

- **Cultural differences**
- **Outdated rules and regulations**
- **Privacy state / local authority**
- **Agreements employee organizations**
- **Regulatory measures**
- **Building of competence pending**
- **Demands for results within both old and new areas simultaneously**
- **The users being ahead of us – expecting the same from non-reformed offices as from the new ones**

Modernisation....

- **The annual report to the ministry: 100 pages on work and inclusion**
 - Response: ok, we don't really know what to expect, but still many vulnerable groups have difficulties in the labour market
 - How make the NAV office an arena of change, the NAV-employee an facilitator of change in the life of the unemployed/disabled, if half of the time is spent on explaining rules and regulation of benefits? (which of many is not related to work, but childraising, age etc)

- **The annual report to GAO: 100 + pages on rightness of control of benefits**
 - Response: not able to verify the books
 - How build public confidence, when the GAO can't confirm the spending of 1/3 of the national budget?

A better NAV – the future 😊

- **Better for users**
 - Easier access to personal data through “my NAV”
 - Make visible all the info, correspondence, etc.
 - Self-service solutions
 - Easier to apply for benefits, built-in guidance in the applying process
 - Automated processing allows rapid and appropriate response
 - Equal treatment

- **Better for society**
 - Possible to introduce new legislation on disability and sickness benefits without increasing staff
 - Comply with regulations/approved accounting
 - Flexible IT systems that do not hinder policy development
 - Significant socioeconomic gains
 - Free up full-time
 - Better control / less misuse
 - Reduced use of time for individual users and employers
 - Lower transaction costs

- **Better for employees**
 - Building a competent organization around the IT systems
 - Routine tasks in a larger degree solved by IT
 - Fewer different IT-systems to work with
 - Contribute to the realization of the strategy for NAV
 - Stable IT operations