

Executive Summary

Abstract

We have examined experiences from previous introduction and qualification schemes. Our aim has been to identify elements that can be usefully transferred to the new qualification program. This program will be established by the Norwegian Labour and Welfare Organisation (NAV). We have looked at which conditions should be present, and which adjustments are necessary in order for the new qualification program to succeed.

Background

The Norwegian parliament has decided that a scheme that involves a qualification program and a qualification benefit should be established. The motivation behind this decision is a need to strengthen efforts aimed at individuals that are weakly connected to the labour market. These groups have a higher risk of remaining passive, suffering income poverty combined with negative social and/or health related living-conditions. The qualification program is to be implemented by local NAV offices (Norwegian Labour and Welfare Organisation) as these offices are established across the country over the next two years. The design of the qualification benefit program is described in the proposition to the Odelsting no. 70 (2006-2007).

The aim of the qualification program is to establish a more systematic and binding approach to keeping social benefit recipients more active than is currently the case. The objective of the qualification program is to engage more individuals in employment or some other form of activity that facilitates a closer connection to the labour market. Furthermore, the program aims to improve the quality of life of the participants.

The qualification program will consist of employment related measures that can be combined with medical treatment, rehabilitation and personal initiatives that support the participant's transition into employment. The participant will follow the program for a year on a full time basis. The program will draw on all of NAV's existing instruments. Program participation will, in each local NAV office, be determined by the corresponding municipality, based on applications from the participants. Each participant in the qualification program will be entitled to qualification benefits. The qualification benefit is set to 2 G (G = National Insurance basic amount) for individuals above 25 years, whereas individuals below 25 years are entitled to 2/3 of 2 G.

Problem statement

*In this report, we discuss which elements should be included in the qualification program. Our analysis particularly relies on experiences from previous schemes such as **Tettere individuell oppfølging (TIO)** (closer follow-up of individuals that need special assistance in order to utilise employment related measures), **New Chance** (a qualification program for immigrants who have lived in Norway for several years, but have not succeeded in getting a permanent foothold in the labour market and thus are dependent on social security benefits), and lastly the **Introduction Scheme for immigrants and refugees**. Participants in **New Chance** and **TIO** are particularly comparable to the qualification program target group, whereas the focus and organisation of the qualification program is particularly comparable to the **Introduction Scheme** and **New Chance**.*

We explore which elements of the existing schemes have transfer value to the new qualification program, and which local adaptations are necessary to enhance the effectiveness of the program. Furthermore, we explore which are the key impacts to be expected from the qualification program, based on experiences from existing schemes. This also involves an assessment of the impacts of the qualification program on municipal finances.

Our study is based on a literature review, interviews, case studies and a cost-benefit analysis. It was commissioned by the Norwegian Association for Local and Regional Government.

Conclusions and recommendations

Barriers to employment

Experiences drawn from the three above-mentioned schemes indicate that many participants in the qualification program will have previously gone through several labour market measures, job search training and work experience placement, without having succeeded in getting employment. Many participants have little faith in their own learning and mastering skills, with low motivation as a result.

Many of the participants in schemes such as TIO and New Chance have psychological and physical health problems. Some have health-related problems that are difficult to diagnose. Many participants have difficulties in other areas of life, relating to family and network issues, housing and personal finance. Each participant will have different needs. The amount of time each individual needs within a qualification course before gaining employment will also vary.

Some of the participants in the qualification program will have a minority background. Experience from the examined schemes suggests that these participants will have very little or no work experience from Norway, even if they have lived in the country for several years. Many participants will need Norwegian language training.

Program content

Experience from all three examined schemes shows that measures such as a fixed contact person, thorough 'mapping' (understanding each participant's background and needs), individual adaptation and close follow-up of participants are key success factors. Such measures are likely to be suitable also within the qualification program. The content of the qualification program must be assessed in relation to the needs of the participants. Within in the existing schemes, there are different views as to how much emphasis should be placed on actual employment. Some emphasize that the scheme constitutes an arena for building social skills, as well as providing structure in everyday life. Others have experienced that some participants are in need of special care. Experience from the existing schemes suggest that:

- Practice and learning through work experience placement is a key to ensuring that participants get employment. In many cases, however, several other factors also have to be in place in order for the participant to fully utilise work experience placement or training measures. This includes social competence training such as learning how to cooperate, keep appointments, manage personal finances, handle challenges, plan daily schedules as well as relating to new people.

- The program should include various efforts to support motivation and a positive attitude among participants. Group participation is seen as important, as it gives the participant a sense of community as well as a forum for exchanging information and experience.
- Elements that could be incorporated into the qualification program include: Norwegian language training, social and cultural studies, work training, motivational start-up courses, practical language training, data training, job search training, physical exercise, courses in personal financial management, individual coaching, creative measures and internal work training. Some schemes incorporated a gradual start-up phase, which has proved successful in facilitating the transition to an active and full-time qualification program.
- Individual follow-up is one of the most important success criteria in guiding the participants into employment. Close follow-up contributes to strengthening the participant's ability to attend, take instructions, work independently, show initiative, understand norms, and handle relations with colleagues and superiors. This also includes following up with both the participant and the employer when the participant is in work experience.
- Action plans, developed in cooperation with the participants themselves, are viewed as an important tool for clarifying individual goals. These plans give the participants a sense of responsibility when it comes to reaching their goals.

Necessary adaptations

It is essential that each NAV office as a whole gets a sense of ownership to the qualification program. Both the state and municipal part of the NAV office should be involved in the formulation and adaptation of the program.

- Common objectives linked to the implementation of the program and applicable to the whole NAV office should be formulated. Establishing teams consisting of members from both the state and the municipal part of the office could prove useful.
- Employees in the municipal social welfare service and the state employment service have different competencies. It is essential to integrate both these competencies at an early stage. It is also important to ensure that relevant competencies and experience in other sections of the municipality are utilised.
- Setting up a qualification program implies incorporating resources such as municipal adult education services, municipal job creating schemes, health related initiatives and NGOs. Setting up collaboration agreements with such resources can prove beneficial.
- Clarifying which roles and responsibilities belong to each actor in the program is important. Furthermore, there is a need to clearly define what is included in the coordinating responsibility, as well as what it entails to assign one particular contact person for each participant. Evaluations of the existing schemes indicate unclear roles when it comes to following up individual participants.
- In addition to utilising existing means, some projects have prioritised separate initiatives or purchased services from external sources using project funds. Most likely there will be a need to include such locally based initiatives within each NAV office in the qualification program.

- NAV state employment service has a greater tradition of purchasing external services than what has typically been the case within the social welfare services. It is important that each NAV office agrees on which resources can be purchased externally, and which resources should be provided internally.
- Close follow-up of each individual participant appears to be one of the key success factors that should be incorporated in the qualification program. Such an approach has implications for the resource requirements. Staff members within the examined schemes assess individual follow-up to be substantially more costly than ordinary social welfare services. The resource requirements in *New Chance* and *TIO* are estimated at one employee having responsibility for the follow-up of 10 to 15 participants.
- Most of our informants agree that professional competence within social work, a competence that is present within the social welfare services today, is particularly relevant for staff within the qualification program. In addition, competencies such as personal skills and solid knowledge of which measures and opportunities exist are emphasised. In some cases, capacity building within fields such as substance abuse and mental health may be needed.

Expected transition to employment

The effects of the three examined schemes have not been evaluated. Reports from *TIO* and *New Chance* suggest that the transition to employment has been somewhat more successful than in other similar initiatives aimed at the same target groups. However, these reports must be interpreted with caution, as the stated figures are based on reported numbers from the schemes and not on formal evaluations.

In general, impact evaluations have shown that initiatives aimed at social benefit recipients have little effect. Evaluations of schemes preceding the qualification program have likewise shown little effect. However, the effect seems to differ between different groups. The largest effect is among groups that at the outset stand furthest from the labour market, although this is not reflected in the share that end up with a job. A side-effect of this type of initiative is that the thorough initial and continuous screening and mapping of participants reveal that some have been mistakenly categorized as social benefit recipients. Some of these participants might be eligible for medical or occupational rehabilitation, others for disability benefits, and consequently get redirected to a more appropriate benefit scheme.

Municipal cost-benefit analysis

We have carried out a basic cost-benefit analysis of the financial consequences for municipalities establishing the program. Since the program has not yet been implemented, the basis of this analysis is relatively uncertain. This analysis therefore includes sensitivity analyses for alternative estimations of income and cost components.

Municipal costs in connection with the qualification program are mainly related to implementation costs, administrative costs of staffing and rent, as well as costs of implementing measures for participants. There will, in addition, be some costs connected with the qualification benefit on average being higher than previous social benefit payment to the participants. Costs are accrued throughout the program period.

Municipal income in connection with the qualification program is mainly related to reduced social benefit payments as some participants transfer into employment and others transfer into state rehabilitation and disability benefits. As municipal finances are mainly managed on a block basis, we have assumed no increase in tax income as a result of the participants moving into employment.

We have estimated municipal additional costs and income resulting from the qualification program. We base our estimates on an assumption that the alternative to participation in the qualification program is continued receipt of social benefits for, on average, another six years. Income/cost savings accrue for up to six years after program start-up. We have calculated the net present value of all income and costs. In the base alternative, we assume that the qualification program has an employment effect of 15 percentage points, that those that move into employment on average work 65 per cent, and that the average annual salary for a 100 per cent position equals 250.000 NOK. Municipal discounted additional costs per participant in the qualification program is estimated at well over 100.000 NOK. We have employed different estimates of cost and income parameters in the sensitivity analyses. All estimations suggest larger costs for the municipalities, varying between 40.000 NOK and well over 150.000 NOK per participant.