



The Reform of The Norwegian Labour and Welfare System



Norway - General facts

- Population – 4.6 millions
- Employment rates in 2004
 - Total 75.6
 - Men 78.4
 - Women 72.7
- Registered unemployment 2,4%
- Absence due to sickness 6,6%
- People on disability benefits 324.000
- Life expectancy Total 79.5 Men 77 – Women 81.9
(2003 figures)
- No. of local municipalities - 330
- No. of Counties - 19



The Norwegian Welfare Order

The State

- Provide support and measures to help people achieve a better life and get back to work/stay in work
- Income support
- Provider of hospital services and coverage of a substantial part of primary medical and medicine expenses

The counties

- Responsible for education for the 16 – 21 years old

The municipalities

- By law required to provide for:
 - Primary health care
 - Care and kindergardens for children
 - Care for the elderly
 - Care for families
 - Social assistance/social welfare including services aimed at helping people back in work/ to be activated and income support and housing
 - Primary education



Challenges in the Norwegian welfare system

- **Approximately 700 000 persons between the age of 18 to 67 are on different types of benefits**
- **Statistics show an increase in the level of sick leave and continuous growth in the no of people on disability benefits. The number of young people who receive social welfare benefits and disability benefits is increasing.**
- **Relatively low employment rate for people with a functional disability**
- **A negative gap between available jobs and available job seekers in the future**
- **An extensive reform is required to turn the negative development**



The objectives of the reform

- **The best welfare policy is work. Focus on people's potential and not their limitations.**
 - **More people at work and in activity, fewer on benefits**
 - **A more user friendly, user oriented system tailored to individual needs**
 - **A coordinated, well organized, efficient employment and welfare administration with a continuous focus on how to improve the service delivery**

Three reforms, not one

Elements

- ↑ Organisation
- ↑ Legislation
- ↑ Working processes
- ↑ Skill of staff
- ↑ ICT

NAV

NAV

Pension

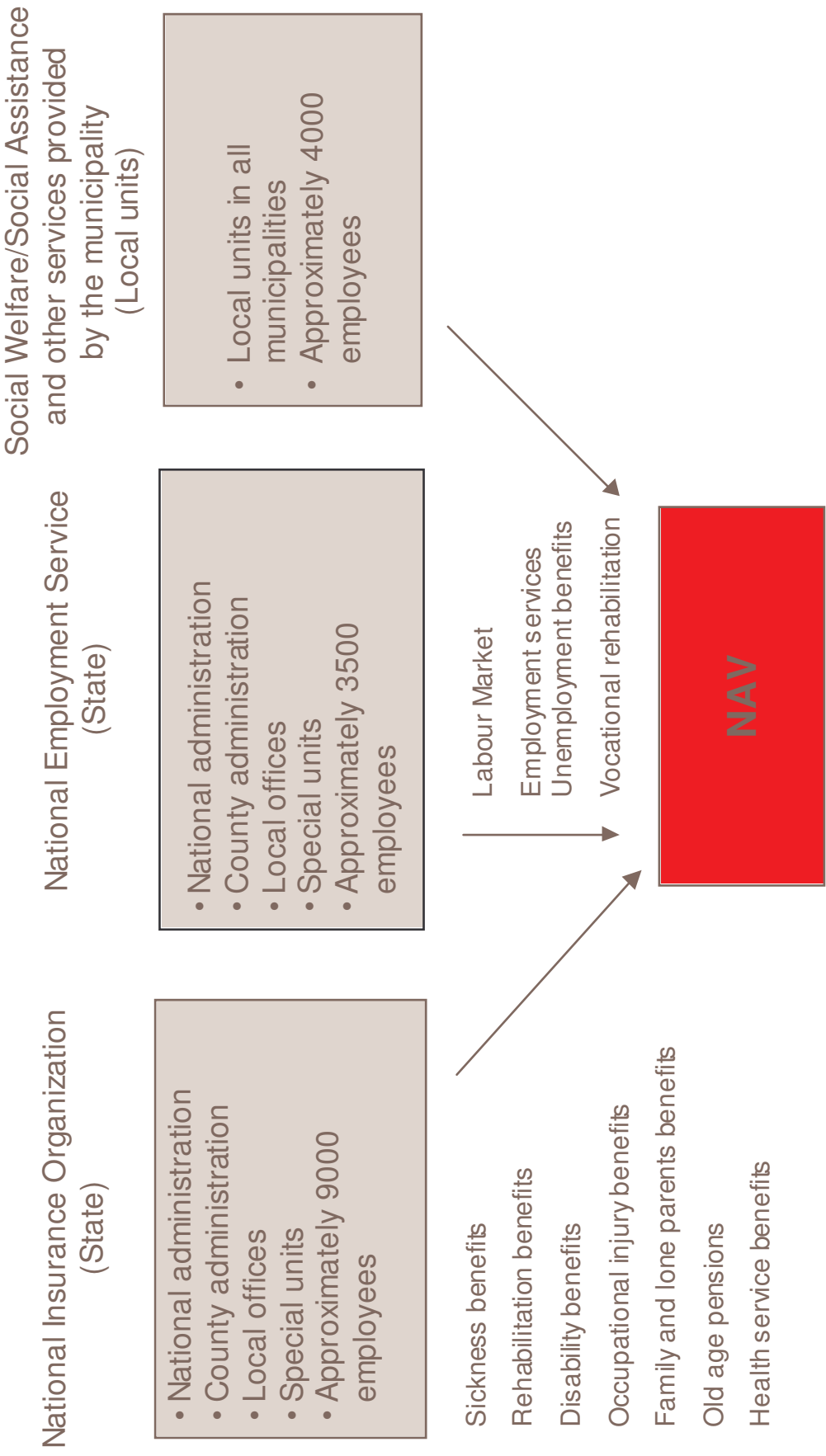
Health benefits

The Pension Reform

- The Norwegian Parliament approved the principles for a new Pension system in May 2005.
- Main features of the decision in Parliament
 - There will be continued basic security in the form of a guaranteed pension
 - A focus on life-long earnings an incentives for people to stay longer in work
 - Possible to retire at 62 but with reduced benefits
 - Two measures introduced to secure economic sustainability
 - Longevity coefficient
 - New formula for indexation of pensions
 - The Norwegian Petrol Fund is turned into a Pension Fund
 - Compulsory occupational pension schemes for all employees
- New ICT-solutions and administrative structures will be developed
- **In force from 2010**



The NAV Reform – The NAV Merger





How to do it: (1)

- Accelerate the movement from a welfare state dispensing benefits to a welfare state that helps people by enabling them to achieve a better life and remain working/get back to work
- Provide additional individualized help and support so that people can fulfill their potential
- Focus on prevention by focusing on the work place/the employers to create more healthy work places and thus reduce the likelihood of people developing lasting health problems
- Development of personal advisors with good knowledge of our and all partners various programs and measures
- Where appropriate through a process between the personal advises and the client formulate a personal action plan on rehabilitation and work related activities



How to do it: (2)

- Demand that the citizen themselves participate and in a framework that includes incentives for the individual to undertake work related activities or undergo various kinds of training; all to start work/get back to work as soon as possible or improve their employment prospects.
- Undertake work focused interviews and personal capability assessments
- Provide help and support early in a benefit claim to help secure a quick return to work
- Have special focus on disabled people and the requirements and measures to help them get a job.
- Focus on the elderly in order to increase their age of retirement by providing incentives and support.



How to do it: (3)

- **Develop offices which are designed to encourage user involvement and use of self-service applications.**
- **Establish an easily accessible office where people have access to all the services of the new organisation in every municipality. Standards of universal accessibility to be followed.**
- **New working methods and practices require the staff to spend more time in communication with the person requiring help and advice.**



- **We must make this use of time and focus possible by:**
 - transfer the responsibility for health service benefits (claims for transport allowance when travelling to a hospital, disbursement of payments to GPs for their treatment of a patient, claims for support to buy medicines etc out of the new labour and welfare orientated agency
 - make use of specialized units to undertake back-office functions such as estimations, final settlement, payment and accounting
 - make services available by internet and by call centres. These will include
 - Settlement of simple claims
 - Information gathering and access to applications that estimate possible benefits
 - Applications that enables the citizen to present his/her claim electronically and have access to the information used in the claim-setting process
 - High degree of automation in the claims processing (80%)

Example: for pensions only manual processing of the more difficult claims and claims rejected by the ICT-application



One local office – Partnership between state and municipality

- The local office will deliver services on behalf of both the state organisation and the local municipality (social welfare).
- Make use of the combined knowledge, networks and measures of the state and the municipality.
- The local office shall be experienced as one office by the user. The employees – be they employed by the state on the municipality – shall be able to provide and decide on all the services in the office and make use of the same ICT-applications.
- No change in the formal service provider responsibility between the central government and the local authorities
- An agreement-based establishment process of equal partners based on law. The law states the minimum requirements as to which benefits and services to be included from the municipality.
- Among the challenges are:
 - Two sets of principles meet – a sector based (the state) and a total service approach to all citizens (the municipality)
 - Freedom for the parties (state and municipality) to decide other services to be transferred from the municipality other than social assistance.
 - What kind of management structure to establish (one leader, two leaders one of whom also the administrative leader or three leaders)



Local partnership

- NAV has established county units in each county, acting on behalf of the central NAV agency
- The county unit is responsible for establishing the necessary dialog with the various local authorities in the county and the establishment and development of the local offices in each of the municipalities
- In each municipality there will be a formal agreement setting out the services to be provided, how the local office shall be led and administered and how the results are to be responded.
- 25 local offices open in the fall of 2006. The services will include all the state services and services such as social welfare, rehabilitation and activities concerned with helping the client on the road back to work
- The rest will be established in the period 2007-2009



Staff

The challenges:

- **At the local office focus on two “role models”:**
 - Staff who can receive the citizen, make a quick appraisal of the citizens requirements to establish the nature and complexity hereby also whether this is something the citizen can do himself through the facilities supplied
 - Staff who can act as personal advisers and help the citizens with work related activities and measures suited to their specific needs and where appropriate formulate an action plan to help prepare the citizen for work
- **Develop the skill profiles to fulfill these roles**
- **The development of specialized units will involve transfer of activities performed locally to more centralized units the number of these to be decided upon**