

EUROPEAN COMMISSION, DG EMPLOYMENT, SOCIAL
AFFAIRS AND INCLUSION

Study on integrated delivery of social services aiming at the
activation of minimum income recipients in the labour market
– success factors and reform pathways
Contract No VC/2016/0604

Draft Study
23 February 2018



Study on integrated delivery of social services aiming at the activation of minimum income recipients in the labour market
– success factors and reform pathways

TABLE OF CONTENTS

List of acronyms

CHAPTER I. INTRODUCTION	1
1.1 Background and context.....	1
1.2 Objectives and scope of the study	5
1.3 Added value of the study.....	6
1.4 Main methodological tools applied	7
CHAPTER II. SUMMARY OF TWELVE INTEGRATION REFORMS	11
2.1. Overview of the twelve reform episodes	11
2.2. Main features of the twelve reform episodes	12
CHAPTER III. COST BENEFIT ANALYSIS	16
3.1 Objectives	16
3.2 Methodology and data collection.....	17
3.3 Country-specific analyses	21
3.4 Summary	28
CHAPTER IV. COMPARATIVE ANALYSIS OF REFORM EPISODES TO IDENTIFY DRIVERS, BARRIERS AND SUCCESS FACTORS	30
4.1. The selection of relevant reform episodes.....	30
4.2. The analytical framework	31
4.3. Results.....	38
CHAPTER V. TWO PATHWAYS FOR REFORM	42
5.1. Pathway 1 : The encompassing model.....	43
5.2. Pathway 2: Limited or small-scale model of integrated services.....	60
CHAPTER VI. RECOMMENDATIONS	92
6.1. Recommendations for Member States	92
6.2. Recommendations for the EU	103

References

Annexes

- Annex I. Description of selection of countries and data collection procedure
- Annex II. Theoretical background
- Annex III. Empirical evidence on service integration reforms in Europe
- Annex IV. Summaries of the country studies
- Annex V. Selected examples of Good Practices

LEGAL NOTICE

*The information and views set out in this **draft study** are those of the author(s) and do not necessarily reflect the official opinion of the Commission. The Commission does not guarantee the accuracy of the data included in this study. Neither the Commission nor any person acting on the Commission's behalf may be held responsible for the use which may be made of the information contained therein.*

LIST OF ACRONYMS

- ADF – Association des Départements de France (Association of the départements of France)
- AES – Ayudas de Emergencia Social (Social emergency benefits)
- AIZ – Arbeitsintegrationszentrum (Work integration centre)
- ALMP – Active labour market policy
- BMS – Bedarfsorientierte Mindestsicherung (Means-tested minimum income)
- CAF – Caisses d'allocations Familiales (Family allowances fund)
- CBA – Cost-benefit analysis
- CEE – Central and Eastern Europe
- CNIL – Commission nationale de l'informatique et des libertés (French data protection authority)
- CPI – Consumer Price Index
- CWS – Community welfare services
- DGEFP – Délégation générale à l'emploi et à la formation professionnelle (French General delegation for employment and vocational training)
- DUD – Dossier unique de demandeur d'emploi (Single jobseeker file)
- EC – European Commission
- ECB – European Central Bank
- EES – European Employment Strategy
- ESF – European Social Funds
- ESIF – European Structural and Investment Funds
- ESRI – Economic and Social Research Institute
- EU – European Union
- FÁS – An Foras Áiseanna Saothair/Training and Employment Authority
- FSA – Financial social assistance
- GDP – Gross domestic product
- HIVA – Onderzoeksinstituut voor Arbeid en Samenleving (Research Institute for Work and Society)

IAD – Institutional analysis and development

IGAS – Inspection générale des affaires sociales (French General Inspectorate of Social Affairs)

IMF – International Monetary Fund

KELA – Kansaneläkelaitos (Finnish social insurance institution)

LAFOS – Finnish Labour Force Service Centre

LES – Local employment service

LESN – Local employment service network

LTU – Long-term unemployed

MAMAC – Medizinisch-arbeitsmarktliche Assessments mit Case Management (Swiss medico-labour market assessments with case management)

MLFSA – Ministry of Labour, Family, Social Affairs and Equal Opportunities (Slovenia)

MIS – Minimum income schemes

MMI – Means-tested minimum income

MOU – Memorandum of understanding

MRPiPS – Ministerstwo Rodziny, Pracy i Polityki Społecznej (Polish Ministry Of Family, Labour and Social Policy)

NGO – Non-governmental organisation

NLI – Núcleo Local de Inserção (Portuguese social integration centres)

NAV – Nye arbeids- og velferdsetaten (Norwegian National Labour and Welfare Service)

OECD – Organisation for Economic Co-operation and Development

OMC – Open method of coordination

PA – Prime d'activité (Activity bonus tax credit)

PAI – Program Aktywizacja i Integracja (Polish activation and integration programme)

PCSW – Public Centre for Social Welfare

PCV – Prestación Complementaria de Vivienda (Spanish top-up housing allowance)

PES – Public employment service

PtW – Pathways to Work strategy (Ireland)

- PUP – Powiatowym urządzie pracy (Polish district labour offices)
- REZ – Regionale Einkaufszentren (Regional purchasing centres)
- RGI – Renta de Garantía de Ingresos (Spanish income guarantee benefit)
- RSA – Revenu de Solidarité Active (French earned income top-up benefit)
- RSI – Rendimento Social de Inserção (Portuguese social integration income)
- SA – Social assistance
- SICAP – Social Inclusion and Community Activation Programme
- SGB – Sozialgesetzbuch (German Social Code)
- SILC – Survey on Income and Living Conditions (European Union)
- SIP – Social Investment Package
- SNC – Solidarités Nouvelles contre le Chômage
- SPOR – Social Protection Opportunities and Responsibilities Programme
- SSPM – Social protection performance monitor
- SWC – Social work centres
- UB2 – Unemployment benefit 2 (Arbeitslosengeld II)
- UA – Unemployment allowance
- UI – Unemployment insurance
- UNEDIC – Union nationale interprofessionnelle pour l’emploi dans l’industrie et le commerce (French National Professional Union for Employment in Industry and Trade)
- VVSG – Vereniging voor Vlaamse Steden en Gemeenten
- WGI – Worldwide Governance Indicators
- WUP – Wojewódzki urząd pracy (Regional employment offices)
- WWB – Wet Werk en Sociale Bijstand (Dutch Work and Social Assistance Act)

CHAPTER I. INTRODUCTION

By Michael Coucheir and Ágota Scharle

This study aims to support the implementation of integrated social services delivery for minimum income recipients and the long-term unemployed in order to enable their labour market integration. The study is based on the comprehensive documentation and analysis of twelve reform processes across Europe.

The introductory chapter briefly reviews the background to service integration initiatives and outlines the methodological approach of this research. The second chapter describes the twelve reform episodes. The following two chapters present the analytical results: the cost benefit analysis of selected reforms and the comparative analysis of an extended sample of seventeen reform initiatives. Based on the preceding analyses, Chapter 5 outlines two generic reform pathways, while Chapter 6 offers recommendations for national governments and Europe. The Annexes include further background detail on the reforms and the methods applied in the analytical chapters.

1.1 Background and context

The global financial crisis starting in 2007 and the ensuing upsurge in long-term unemployment have posed multiple challenges to welfare states and especially employment services and social protection. Most of these challenges are not novel as post-industrial labour markets have been subject to frequent structural changes induced by technological development, demographic trends and globalisation (Clasen and Clegg 2011; Ditch and Roberts 2002; Häusermann and Palier 2008). The nature of labour market risks has changed profoundly in the post-industrial economy: the frequency of labour market transitions between jobs and vocations has increased, as well as the participation of women and of other potentially disadvantaged groups. The global crisis has intensified labour market volatility and at the same time augmented fiscal and political pressures to increase the efficiency of public services in most EU Member States. The crisis has also increased the risk of a rise in long-term unemployment and inactivity. Most recently, the steep rise in migration flows into the EU via the Mediterranean Sea has generated further demand for high quality integration services for disadvantaged jobseekers.

The rise in long-term joblessness has negative effects on both society and the economy. Beside the loss of human capital and the decline of physical and mental health, the reduced job search intensity of the long-term unemployed may lead to

weaker wage adjustment and slow down the economic recovery (OECD, 2011). Long-term unemployment also leads to poverty and when it affects large groups of society, it can fuel social unrest and exclusion, with harmful consequences not only for society but also for economic growth. This is because the lack of social cohesion tends to weaken political and economic institutions (e.g. trust and cooperation), and that in turn reduces economic growth (Easterly et al 2006).

All this necessitates an adjustment of the design of unemployment protection systems, which had originally been established to provide unemployment insurance for the temporarily unemployed male breadwinner and social assistance to those unable to work (Schmid 2002). In particular, the adjustment requires the partial or full integration of unemployment insurance, minimum income schemes and social services for working age benefit recipients (Clasen and Clegg 2011). In most countries this would entail complex institutional reforms as social and employment policies are coordinated by separate ministries and implemented by a variety of institutions often operating at different levels of government (Borghini and van Berkel, 2007, Minas and Øverbye 2010).

The need for such reforms has already been highlighted by the European Commission's Social Investment Package (SIP), which called for Member States to adapt their social models to achieve smart, sustainable and inclusive growth (European Commission 2013).

The European Council Recommendation on the integration of the long-term unemployed adopted by the Parliament in October 2015 reiterates the goals outlined in the SIP and sets three specific objectives, one of which is to "ensure continuity and coordination between relevant services". This recommendation goes beyond the SIP when it explicitly calls for "close cooperation between, and effective coordination of, all parties involved in the reintegration of the long-term unemployed".

Minimum income schemes (MIS) mainly cover working-age individuals and their households (and in some countries they are available to pensioners as well) who may be unemployed or economically inactive. MIS recipients often face multiple barriers to returning to the labour market and many are discouraged from job search. In response to external challenges, as well as to the recommendations of the European Commission, most EU Member States have recently implemented policy measures to activate MIS recipients and to reduce benefit dependency. However, the underlying motivation for these measures has often been related to fiscal gains rather than social inclusion (Marchal and Van Mechelen 2014). Thus, in

many countries such reforms focused on negative incentives to encourage return to the labour market, rather than services to improve employability.

The strategy of 'active inclusion' advocated by the SIP combines three elements: sufficient income, active labour market policies (ALMPs) and social services.¹ As summarised by Clegg (2013), this strategy is characterised by (1) giving priority to labour market integration over redistribution as a means for combating poverty, (2) a focus on the hardest-to-place jobseekers with multiple barriers to employment, (3) an emphasis on the organisational challenges to improving coordination between public agencies delivering social and employment services, and (4) careful budgeting to maintain medium-term financial sustainability and achieve cost-efficiency in the long term.

The European Commission has facilitated this policy adaptation process by issuing recommendations, supporting research on effective policies and promoting peer-learning via the open method of coordination (OMC) in both the employment and the social protection/inclusion policy areas. The Network of Public Employment Services, as an autonomous body to support bench-learning among European PES, has created a new platform for sharing good practices in employment services. Under the social OMC, considerable attention is devoted to social inclusion and social protection developments in the Member States and to developing common indicators under the social protection performance monitor (SSPM).

While all Member States have responded to these challenges, there are large variations across the EU in the depth and sophistication of reform initiatives. So far, closely coordinated or fully integrated and effective social and employment services for minimum income recipients are available in only about 8-10 Member States. A 2015 report of the European Social Policy Network provides an overview of the availability of integrated social and employment services for the long-term unemployed (Table 1). While these data may not be fully comparable across Member States, it aptly shows that there is considerable room for improvement both in the effectiveness and the coordination of services.

¹ This is in line with the earlier EC Recommendation on the active inclusion of persons most excluded from the labour market, adopted in 2008, which has outlined a comprehensive strategy based on adequate income support, inclusive labour markets, and access to quality services. C(2008) 5737)

Table 1. Effectiveness and degree of integration of services* for the long-term unemployed in Europe

Effectiveness of social & employment services*	Weak integration	Medium integration	Strong integration
Low	BG, CZ, EL, ES, HR, HU, IT, LT, LV, RO, SK	EE, FR, PT, SI	
Medium to high	PL, SE	AT, BE, CY, LU, MT, NL, UK	DE, DK, FI, IE, NO

Source: ESPN (2015) Annex 1. modified in some cases on the basis of the literature review and case studies prepared in this project; *according to the judgement of ESPN experts, which inevitably includes some subjectivity.

The varying performance of Member States is partly due to cross-country variation in the initial structure of welfare services and the magnitude of economic shocks, which together have determined the nature and size of the policy challenge. The policy response has also been dependent on the political will and available institutional capacities to plan and implement reforms in Member States.

Service integration may also be impeded by technical and institutional barriers, which may be weaker or stronger depending on the initial institutional set-up (Scharle 2015). For example, information exchange may be costly when social and employment agencies use incompatible software, and cooperation may be hindered by the lack of a common understanding of what activation should entail. Cooperation may be even more complicated when there is a strong tradition of outsourcing services and programmes. The ESPN (2015) report also highlighted some of the risks entailed in service integration, such as the unclear division of responsibilities between PES and social authorities leading to lower coverage of activation or the "parking" of difficult cases or, "revolving door" effects (i.e. an over-use of activation measures).

Reforms to increase coordination between social services (and especially the provision of benefits) with activation policies have been criticized in academic circles and by social partners. The main line of this criticism is that imposing conditions on benefit receipt may lead to poverty either by reducing benefit take-up or by forcing jobseekers to accept badly paid jobs (e.g. Cantillon, 2011, Actrav 2012).

The social investment approach advocated by the SIP provides an answer to this criticism by strengthening the enabling elements of activation policies and increasing coordination with social services. It is also important, however, to acknowledge this risk entailed in service integration reforms and examine the impact of reform initiatives not only in terms of re-employment rates but also in terms of wages, household incomes and poverty.

1.2 Objectives and scope of the study

The overall objective of this study is to support the implementation of integrated social services delivery as outlined in the SIP as well as the implementation of the Recommendation on the Active Inclusion and of the European Council Recommendation on the integration of the long-term unemployed into the labour market.

The study provides a comprehensive and concise analysis and assessment of reform processes focused on integration of social services aiming at the activation of minimum income recipients in the labour market. The aim is (1) to review the available evidence from past and on-going reform processes to provide a critical assessment of each phase of the policy cycle from design and implementation to monitoring, evaluation and follow-up; (2) by comparing reform episodes across countries to identify the determinants of the success and failure of reforms; and (3) to elaborate pathways towards successful service integration.

The results of the study will:

- allow the European Commission to formulate recommendations and policy guidance for Member States and policy makers on how to improve the overall policy approach towards efficient and effective services;
- help Member States to develop labour market (re)integration policies in response to the Council Recommendation on the labour market integration of long-term unemployed;
- feed into the exchange of good practice and multilateral surveillance in the context of the Open Method of Coordination on social protection and social inclusion (social OMC).

The results of this project can provide support to Member States contemplating the introduction or further development of service integration not only by identifying pitfalls, success factors and good practices but also by assessing the impacts and

cost-effectiveness of such reforms, which may help in generating the necessary political support.

1.3 Added value of the study

Besides contributing to the above objectives, the study holds the opportunity to bring added value in various other ways:

The existing academic literature mainly covers reforms in the Nordic countries, Germany, the Netherlands and the UK (e.g. Borghi and Van Berkel 2007, Munday 2007, Lindsay et al 2008, Minas 2009, Angers 2011, Heidenreich and Aurich, 2013, Minas 2014). Some recently published studies also cover Belgium (Struyven 2009), Serbia (Taylor 2010), Italy and Poland (Scharle 2015, Heidenreich and Rice 2016) and all EU Member States and associated countries (ESPN 2015). There are also recent studies that take a broader focus and, while not necessarily discussing activation, offer useful insights about the organisational challenges of integrating social services with education, health or employment services (OECD 2015 and Lara Montero et al 2016).

First, this study contributes to filling important gaps in the existing literature and research. The existing work on service integration reforms does not cover all relevant reform initiatives and, although there are some comparative studies available, most of these are not based on a sufficiently detailed and systematic description of reform processes. There are particularly few studies available from Southern and Eastern Europe.

Second, at present there are very few studies that assess the costs and benefits of service integration reforms, even though such results would help to generate political support for the reforms and would also assist in planning these reforms. By attempting to consider the impact of the reforms on poverty as well, the study may generate important evidence to inform the debate over the negative side-effects of activation.

Third, the study can generate new insights by systematically comparing reforms implemented by countries with a similar institutional context. The explicit inclusion of the institutional arrangements into the analytical framework of this study will ensure that we can be more confident about the validity of results in terms of groups of countries and welfare regimes and will allow us to draw conclusions and recommendations that are transferable to other countries with a similar institutional context.

Fourth, the very detailed documentation and in-depth analysis of particular reform episodes enables us to identify some good practices in tackling some of the design and implementation issues involved in delivering a service integration reform.

Fifth, with few exceptions, existing studies have not paid particular attention to the role of EU guidelines, the OMC, or the use of the European Social Fund in the design or implementation of service integration reforms. This study allows us to investigate these issues.

1.4 Main methodological tools applied

The study examines reform processes focused on the integration of employment and social services aiming at the activation of minimum income recipients in the labour market. It is based on a detailed description of reform processes in selected countries. Through a comparative analysis of these reform processes as well as the analysis (where possible) of the cost-effectiveness of the reforms, the study identifies the determinants for reform success (and failure) and elaborate reform pathways towards successful service integration.

The following paragraphs briefly explain the main methodological tools used in the study, including the selection of countries, the description of reforms, the cost-benefit analysis, the comparative analysis and the reform pathways. Further details are provided in the relevant chapters and annexes.

The study is based on a description of reform episodes in 12 countries: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Portugal, Romania, Slovenia, Spain and Switzerland. The **selection of countries** was agreed with the European Commission during project inception and is instrumental to the comparative analysis in two ways. First, as the comparative analysis relies mainly on the comparison of reforms that achieved varying degrees of success, the country selection ensures sufficient variation in the outcome of the reform. Second, as the comparative analysis should allow the drawing of conclusions that are transferable to most Member States, the selection of countries needs to represent the variety of the main contextual factors that were known to have an impact on the design and implementation of the reform, i.e. (1) government being unitary or federal, (2) degree of local autonomy in delivering employment and social services, and (3) government effectiveness (Scharle 2015). Given the limitations in the number of reform episodes and sample countries, priority was given to achieving a balanced selection in the first two dimensions while ensuring that the sample include some low efficiency countries as well.

The next chapter provides a more detailed summary of the twelve reform episodes.

Detailed **descriptions of the reform episodes** were undertaken by country coordinators, assisted by one or more data collectors, in each of the case study countries. Following initial desk research, information on the reform process was collected through **semi-structured interviews** carried out in the first semester of 2017. On average, around 15 interviews were carried out per country, among the following groups of stakeholders: (i) government officials at national, regional and local level involved in policy making or delivery either in employment or social services, (ii) partner organisations (and their associations) such as NGOs delivering social or employment services, (iii) trade unions, (iv) employers' organisations, (v) political parties, (vi) academics and other independent experts who influence policy makers and/or public opinion and (viii) advocacy organisations representing service users and associations representing service providers. The information collected in the interviews and desk research fed into a **country study** fiche prepared by each country coordinator following a common template.

A detailed description of the selection of countries and of the data collection procedure, the data collection templates (country study fiches and interview outline) and the summary table of interviewees are provided in Annex 1 to this study. Summaries of the country studies can be found in Annex 2.

A pre-requisite to providing an **assessment of the costs and benefits** of a reform is to have a reliable estimate of the effect of the reform on key outcomes. These are based on counterfactual evaluations (which compare actual outcomes to what would have happened in the absence of the reform), in order to separate out exogenous effects (e.g. economic shocks) that have nothing to do with the reform process. To be able to generate evidence on the cost-benefit-relationship of the various reform episodes, the study relied primarily on administrative data (covering the period before, during and after the reform) to assess outcomes.

As will be explained in more detail in Annex I (detailed description of methods for cost-benefit analysis), the SSG encountered numerous difficulties with obtaining high-quality administrative data. Due to data constraints, no cost-benefit analysis could be performed for Belgium, Finland, France, Portugal and Switzerland. For Austria, Germany and Ireland, calculations were used from existing evaluation studies. In Denmark, Slovenia and Spain, we used our own calculations using a difference-in-difference model in Denmark and scenario-analysis in the other two countries.

The **comparative analysis** was based on the comparison of less and more successful reform episodes, while controlling for the most important institutional variables. For the purposes of the study, a reform episode was considered successful if it has achieved a net improvement in at least one, or several of the outcome indicators relating to re-employment rates, poverty, user satisfaction, or in some other outcome defined as a goal by the designer of the reform.

The comparative analysis was based on the country fiches prepared by the country coordinators, and a dataset also compiled by the country coordinators, which includes comparable information on the main features and outcomes of the reform episodes in a quantified manner. Further details on the comparative framework are provided in Chapter IV and the Annex.

Building on the country level and horizontal analyses described above, we have elaborated **reform pathways** that have the potential to be most effective in contributing to the efficiency and effectiveness of social services aiming at the activation of minimum income recipients in the labour market. We identify features in the reform process that are likely to be applicable to all countries (within and outside the sample) as well as features or elements that are dependent on certain country-specific contexts. In order to ensure that they are concrete and relevant for all countries, two versions of pathways to reform were prepared, by reference notably to the initial status quo of service provision and the arrangements aimed at by the reform.

Draft results of the comparative and cost-benefit analyses as well as an outline of the reform pathways were discussed at an **expert workshop** held in Budapest on 16-17 November 2017. Feedback generated from this workshop has been duly considered in the present study.

CHAPTER II. SUMMARY OF TWELVE INTEGRATION REFORMS

This chapter provides a brief overview of the 12 reform episodes documented in this project. The cost benefit assessment of the reforms is provided in Chapter 3, while the analysis of the drivers and barriers is presented in Chapter 4. The selection method of the 12 cases is explained in Annex I.

2.1. Overview of the twelve reform episodes

The 12 reform episodes covered in this study all concern services for MIS recipients and involve an initiative to increase cooperation between social and employment services. The reforms started between 2003 and 2014, except in Romania where the first pilot started as late as 2016 (see details in Table 2 below). The episodes took place in countries representing a variety of institutional contexts. They also vary in terms of the degree of coordination of employment and social services, the functions and services affected by the reform as well as the actors involved.

Table 2. Summary of selected reform episodes

Country	Year of introduction	Core action of the reform episode	Pre-reform focus and depth of integration	Intended focus and depth of integration
FEDERAL				
AUSTRIA	2010-2011	Activation of means-tested minimum income (MMI) recipients	informal, ad-hoc cooperation	loose cooperation in referral with co-location
SWITZERLAND	2005	MAMAC	informal, ad-hoc cooperation	multidisciplinary teams for service provision
GERMANY	2005 (LTU)	New agencies established ('ARGE' or municipal) to serve long-term unemployed	informal, ad-hoc cooperation	partnership for full case management with co-location
SPAIN: Basque Region	2008	Renta de Garantía de Ingresos' (RGI) managed by Lanbide	loose cooperation	full merger for case management (one stop shop)
UNITARY + HIGH AUTONOMY				
BELGIUM: Flanders	2008	Pilots on new forms of cooperation between the PES-offices and the PCSWs	loose cooperation	loose cooperation for referral
DENMARK	2007-2009	Municipalisation of employment services	formal cooperation	full merger for case management with co-

Country	Year of introduction	Core action of the reform episode	Pre-reform focus and depth of integration	location Intended focus and depth of integration
FINLAND	2004	LAFOS I	loose cooperation	partnership for service provision with co-location
FRANCE	2014	Local cooperation between PES (Pôle emploi) and departments	informal, ad-hoc cooperation	partnership for service provision
UNITARY + LOW AUTONOMY				
IRELAND	2011-2015	Intreo (Job Path, SICAP and LES)	informal ad-hoc cooperation	full merger for case management with co-location
PORTUGAL	2003	Local Integration Centres (NLI) sub-contracting delivery of Social Integration Income (RSI) to private organisations	formal cooperation (Local Support Commissions)	full case management with outsourcing
ROMANIA	2016	SPOR	informal, ad-hoc cooperation	multidisciplinary teams for referral
SLOVENIA	2012	Joint committees of PES and SWC	informal, ad-hoc cooperation	multidisciplinary teams for referral

2.2. Main features of the twelve reform episodes

In almost all the cases (the exceptions are Denmark and Portugal) the status-quo before the reform episode was characterised by informal ad-hoc cooperation between social and employment services (Table 2). Thus, the reforms in Basque country (Spain) and Ireland may be considered most ambitious in terms of the distance between the initial and the achieved institutional arrangements.

The main motivations for launching the integration reforms centered on three main issues: unequal or limited access to services by social benefit recipients (or the long term unemployed), the low effectiveness of the existing services in terms of labour market integration, and various inefficiencies in the institutional set-up. These three motivations featured in almost all of the twelve reforms but were not of the same importance. Table 3 below presents the main motivations and the corresponding aims of the 12 reform episodes.

Table 3. Main motivation and goals of the reform

	ensure equal access and increase take-up of services by LTU	ensure provision of high quality services tailored to clients' needs	improve effectiveness of services, strengthen activation	improve efficiency of institutional arrangements (reduce duplication, administrative burden, etc)
insufficient service capacity /unequal access to services	AT	AT, PT, RO	IE	
ineffective services, poor activation outcomes		FR, SI, CH	DE, DK, FI, BC (ES), IE	
fragmented services, parallel functions, churning of clients		FR, CH	FL (BE)	DE, BC (ES), IE, SI*

*The Slovene reform of introducing joint committees was embedded in a broader initiative to reduce fragmentation in the administration of various benefits

Table 4 below summarises the reform episodes in terms of the focus and depth of the cooperation that the reform episode intended to achieve. These are the two main dimensions we used to describe integration efforts throughout the project. The *focus of integration* describes the elements of service delivery process in which the agencies cooperate, ranging from informing the client to case management (which involves all the preceding elements). The *depth of integration* describes the institutional arrangements that support cooperation between two (or several) agents, ranging from loose, informal and ad-hoc cooperation to full institutional merger. As one would expect, these two dimensions are closely correlated: loose forms of cooperation tend to focus on referral of clients to the relevant services or the joint provision of services, while partnerships and mergers tend to cover the whole case management process. Furthermore, there is an apparent link between the aims and depth of the reforms: if the main aim of the reform was to reduce inefficiencies in institutional arrangements, the reforms sought to achieve deeper forms of cooperation, such as formal partnerships or mergers.

Table 4. Focus and depth of integration

focus \ depth	loose, ad-hoc cooperation	multidisciplinary teams	formal partnership	out-sourcing	institutional merger
referral of clients	AT, FL(BE)	SI			
service provision		RO, CH	FI		
monitoring/ sanctions	V (AT)				
full case management			DE, FR	PT	BC(ES), DK, IE

The target group of the twelve reform episodes was defined either in terms of the client’s legal status (i.e. eligibility for benefit or being on the unemployment register) or in terms of client needs that define their chances of labour market integration. As shown in Table 5 below, the latter approach was somewhat more common in the sample.

Table 5. Target groups and range of services in the post-reform systems

Services	Target group based on benefit /registration status	Target group based on multiple barriers
Employment and social	AT (registered or MMI), BC (ES) (registered or poor), PT, SI	FL (BE)*, CH, DE, DK, FI, FR, IE*, RO
Health	AT, BC (ES), PT	DE, RO
Rehabilitation		CH,DE,FI
Other	housing: AT, BC (ES), PT, SI child/elderly care: SI	housing: FR debt counselling: CH,DE child/elderly care: DE

Note: *in Ireland and Flanders, other non-labour market related support is provided but no details are available on these.

Regarding the range of services, given the selection criteria in our project, basic social and employment services were included in the integration process in all cases. In about half of the sample the reform also covered healthcare or housing, and in a few cases some further services (rehabilitation, debt counselling or daycare for children or elderly relatives) as well.

Lastly, the outcomes of the 12 reform episodes are summarised in Table 6. Employment outcomes improved in half of the sample, in the assessment of our country experts based on the available evidence and stakeholder interviews. Considering reliable counterfactual evidence, only the Basque country reform

produced an increase in the re-employment rate of the target group.² It should be noted however, that the available counterfactual impact evaluations consider short term effects only, while integration reforms may take longer to produce benefits.

There are no quantitative evaluations available on the other outcomes of the reforms. Considering the assessment of country experts, half of the reforms contributed to a reduction in poverty, and about one third made the services more user friendly or more accessible (each). A few of the reform episodes did not produce any improvement in client outcomes, though some positive institutional adjustment was recorded even in these cases (Flanders, Poland and Switzerland).

Table 6. Outcomes of service integration reforms

Evidence*	reduced poverty	more user friendly services	more accessible services
Strong evidence on improved employment outcomes	BC (ES)		BC(ES)
Weak evidence on improved employment outcomes	DE, FI, FR, IE	FI, FR, IE	DK
No evidence of improved employment outcomes	V (AT)	SI	PT

Romania and the federal reform of Austria are not included as these reforms have not (yet) been implemented. Finland and Switzerland reported improved coordination between service units and Poland reported improved information flows. As these have not yet led to tangible improvements in client outcomes, we regarded these cases as unsuccessful.

*Strong evidence is based on counterfactual quantitative evaluation(s), weak evidence is supported by qualitative evaluations and/or stakeholder interviews, no evidence signals either that neither source of evidence showed a positive impact on labour market outcomes.

User friendliness was typically improved by simplifying the benefit claim process (establishing a one-stop shop, merging benefit types, obtaining data from administrative records rather than from the clients), while accessibility was improved by expanding service capacities.

² This is based on counterfactual quantitative evaluation (for more detail, see Chapter 3).

CHAPTER III. COST BENEFIT ANALYSIS

By Michael Fertig and Márton Csillag

3.1 Objectives

The main goal of the cost and gains analysis is to provide quantitative evidence on the success of the reforms, which in this chapter will be defined in a narrow sense. Given that one of the objectives of the reforms studied was to increase the re-integration rate of disadvantaged (long-term) unemployed persons, our analysis will focus on this outcome. Thus, the main questions we are seeking to answer are the following. First, did the integration reform increase the outflow rate from welfare benefits to employment of long-term unemployed (minimum income recipients)? Second, to what extent did this contribute to the public budget through decreased welfare payments and increased taxes and contributions from work? Third, how does this gain to the public budget weight up against the set-up costs of service integration and potentially higher post-reform service provision cost³? Finally, are we able to detect any changes in the re-employment rates of groups which could have been indirectly affected by the reforms, such as for short-term unemployed or universal income (UI) benefit recipients?

In principle, service integration reforms can be conducive to changes in other outcomes which are potentially quantifiable (albeit are difficult to monetize). First, it can lead to a better user experience and satisfaction through an increase in the quality of services provided. Second, given a positive effect of the service integration reform on the re-employment rates of long-term unemployed, household incomes might increase, and as a result, poverty rates might decrease. While an improvement in the two above-mentioned outcomes is arguably plausible, we will not discuss these primarily due to data availability issues (to be explained below).

3.1.1. Caveats and limitations

In what follows, it is important to note that we are only able to measure the short- and medium- term impact of the service integration reform (at most two to four years after). This is an important caveat, since previous studies on the Jobcentre Plus (UK) and the NAV (Norway) reforms have noted that the initial couple of years

³ Note that the costs of services and measures per head might be higher in the integrated model, if some persons who were 'lost' in the previous fragmented system (and hardly got any services) are now effectively served.

following a major service integration reform might lead to worse outcomes due to an initial disruption, but these will likely disappear after three to four years after the implementation of the reform.⁴ Second, as mentioned above, we only concentrate on the direct effect of the service integration reforms on employment outcomes. There are however, other longer term benefits of re-integration into the labour market which are more difficult to quantify, and thus we cannot take into account in this analysis.⁵ Third, our analysis focusses on costs and gains stemming from behavioural reaction of the targeted group, and (with a few exceptions) we will not seek to identify general equilibrium effects⁶, nor effects on the wider economy. While these are also expected to be beneficial, they are not incorporated into this study, since they would require the use of a full macro-economic model of the labour market and the economy. Finally, the costs and gains are evaluated from the point of view of the government budget. We need to note however, that incorporating the potential welfare improvements of disadvantaged would substantially alter our cost and gains results.

3.2 Methodology and data collection

3.2.1. Main research method

The main issue, given the objective of our analysis, is to obtain a reliable estimate of the impact of the service integration reform on the re-integration of long-term unemployed. Preferably, this needs to rely on a counterfactual evaluation study (either done by ourselves or by other authors). The question then is where to get a 'control group' for those affected by the reform such that we can credibly identify the impact of the service integration reform. Those unemployed who are on UI benefits or do not receive minimum income benefits (presumably because they are above the income threshold as a result of means-testing) are not ideal since: (a) they are likely to have characteristics which lead to better labour market outcomes than the target group⁷, and (b) they might have been indirectly affected by the

⁴ See Riley et al. (2011) for the UK and Aakvik et. al. (2014) for Norway.

⁵ For example, it is known from the literature that employed people have better mental health and have a lower probability to suffer from depression (van der Noord et al., 2014), thus require less health services. A reduction in unemployment rates also decreases the prevalence of criminal behaviour (Raphael and Winter-Ebmer, 2001).

⁶ For instance, the increased participation in the labour market of disadvantaged groups would put downward pressure on wages allowing the additional labour to be absorbed into employment.

⁷ As they might have other sources of income, which would either enable them to return to the labour market quicker, or will lead to them having higher reservation wages and thus slow their re-integration.

reform. Thus, similarly to previous authors studying service integration reforms, our primary strategy was to rely on variation across (micro) regions and time. In other words, where the reform has been implemented at different dates across job centres (regions) (or where integration was implemented in alternative formats across regions), and where data in a sufficiently disaggregated format is accessible, we performed some basic evaluations based on a difference-in-difference type of method. However, given the limited time available for conducting this study, we did not rely on individual-level data, rather on data aggregated at the job centre (micro-region) level.

3.2.2. Issues and threats to identifying effects

We need to emphasize that in a number of cases, what we are able to estimate is not the 'causal effect' of the service integration reform, thus our results on costs and gains need to be treated with utmost caution.

There can be three main (typical) reasons why causal effects are impossible to identify. First, service integration reforms were often implemented at the same time across a given country, thus ruling out the possibility to find a reasonable identification strategy based on semi-aggregated (micro-region level) data. This is because one cannot use regional variation in the timing of the implementation of the reform to estimate its effects. Thus, in such a case we are not be in a position to disentangle the effect of the service integration reform from other labour market (or general economic cyclical) changes. Second, service integration reforms in many cases are not implemented in isolation, they are very often coupled with a revision of the minimum income benefit system, which typically entailed changes in eligibility conditions and/or in the generosity of benefits. Clearly, the latter are likely to influence the composition of welfare benefit recipients or their job search behaviour; and we are not able to distinguish the effects of service integration and minimum income benefit reforms. Finally, the reforms discussed are often coupled with a general change in PES' re-integration strategies (including a re-design of active measures), and hence it is not clear to what extent the effect of service integration depend on these other changes (which did not come about as a result of the service integration reform).

3.2.3. Data collection strategy

To support the assessment of the impact of reforms, we assembled existing administrative data⁸ covering the period before, during and after the reform, mostly relying on data collected by the Public Employment Services. Our main objective was to collect data on the outcomes of minimum-income benefit recipients. This means primarily indicators of labour market outcomes, such as the outflow rate to jobs on the primary labour market, and (total) off-flows from benefits. Our secondary objective was to complement this information with variables which either (a) directly affect the outcomes, such as participating in active labour market policies (ALMPs) and labour market (social) services or (b) indirectly influence outcomes, such as the state of the local labour market. Finally, we also attempted to collect indicators relating to the quality of services: these include the duration of processing an application for benefits, share of overruled appeals against benefit decisions, share of valid individual action plans, as well as caseloads.⁹

The above information had to be complemented with data pertaining to the (per head) costs and gains from improved labor market outcomes. Similarly to other cost-benefit calculations, we evaluated these from the point of view of the public budget, and only took into account direct costs and gains. This means that on the gains side, we collected information on the average benefit payments to minimum income benefit recipients, the average wages of (potentially) re-employed long-term unemployed persons, as well as income taxes and social security contributions paid by these persons. In order to assess costs, we gathered data on access to active measures and services by minimum income recipients, as well as the costs of these services and measures. Finally, we assembled information on the set-up costs of the service integration project, which could include setting up new IT systems, investment into infrastructure etc.

⁸ The reliance on administrative data is justified by the limitations of using retrospective surveys. These limitations are especially prohibitive in the case of integration reforms, as we would need to deal not only with the distortions arising from incomplete or biased recall but also the fact that the jobseekers receiving the services (and in some cases the agents providing the services) are different individuals (or agents) before and after the reform.

⁹ Customer satisfaction, which is a further important aspect of service quality, is regularly collected by most PES. However, the spacing of customer surveys is less frequent than the collection of administrative data, and due to limited sample sizes they may not be disaggregated at the micro-region/job centre level. Some other potentially useful indicators, such as customer waiting time or staff satisfaction, are not systematically monitored in most PES.

3.2.4. Data availability issues

It is important to point out a few crucial difficulties with data availability, which are specific to service integration, and severely limited our attempts to conduct a full-fledged cost and gains evaluation. The most insurmountable issue is inherent to these reforms: the data quality and accessibility prior to the reforms is in general rather poor. More specifically, there is very little easily accessible data available on beneficiaries of social assistance and services delivered to them prior to the integration (co-operation). This is due to the fact that before the reforms, these benefits and services were typically delivered and administered in a decentralized manner by local governments (municipalities or micro-regions). As a consequence, data on the costs of services prior to the reform are also not readily available, and more often than not, the outcomes of beneficiaries prior to the reform are also recorded in less detail than after the reform.¹⁰

3.2.5. Country selection and research strategy

Here, we briefly discuss the countries (reform episodes) which were not selected, and the reasons for this non-inclusion; as well as outlining the research strategy for the countries which were included in the cost and gains analysis.

Given the obtainability of good-quality data in Denmark, a basic evaluation and full-fledged cost-benefit analysis (CBA) can be performed in relation to this reform episode. In Slovenia and Spain (Basque country), the quality of data is to some extent compromised due to changes in the body administering benefits, hence a much more modest CBA were carried out.

For two countries (Austria and Germany), a CBA was possible based primarily on desk research.

For Ireland, the CBA experts drew on the quantitative analysis performed by researchers at the Economic and Social Research Institute (ESRI) involved in the evaluation of the Intreo reforms. The evaluation will only be finished in February 2018, so the results can only be incorporated in the final study.

¹⁰ It is worth citing the example of Finland as a cautionary tale. As LAFOS is a voluntary co-operation between PES, municipal social services and National Insurance, it has its own database, and the three co-operating institutions also have separate databases. The LAFOS database contains basic data on inflows, and outflows, but no data on benefits, services received and costs of services. Thus, to be able to carry out a study on the costs and gains of LAFOS for minimum income recipients, an individual-level linking of four different databases would need to be done.

Due to data constraints, no CBA could be performed for Belgium (very limited number of clients, hence impossible to perform a meaningful statistical analysis), France (very recent initiative, no data), and Switzerland (very limited data). The same conclusion should be drawn in respect to Finland, where LAFOS data, in addition to being overall of poor quality (notably in terms of comparison over time), are unavailable within a practical timeframe and at reasonable cost.

3.3 Country-specific analyses

3.3.1. Denmark

Our empirical research strategy for evaluating the effect of integration was based on a difference-in-differences approach. Following the municipality reform in Denmark (as of 2007), the approach to integrated service delivery for unemployed tested in a number of municipalities. In this period, in 14 municipalities, the municipality was fully responsible for services and measures to all unemployed, irrespective of their level of insurance (these were called 'Pilot Job Centres'). In 77 Job Centres/municipalities the model that the state PES designed and delivered services and measures to the insured unemployed persons, while the municipality had similar responsibility for uninsured unemployed.

Following the reform of full municipalisation of employment services (in 2009-2010), the model of the 'Pilot Job Centres' prevailed, so in essence local job centres are run by municipalities, and they must plan, develop and implement employment policies, albeit based upon central rules. At the same time, municipalities are also financially responsible for these policies, in the sense that financial planning is done at the local level, with the central government only partly financing employment-related expenditures in the form of block grants and refunds.

Our strategy is to contrast the evolution of outcomes of both insured and uninsured unemployed in the 'pilot phase' with that of the 'full rollout'. More precisely, we estimate the change in the outcomes between the before and after period in the pilot municipalities, and compare this to similar estimates for the non-pilot municipalities. Formally, if municipalisation has a short-term beneficial effect on outcomes, there can be several different scenarios. First, that the outcomes of insured unemployed improve, due to an integration strategy that is better adapted to local needs, as well as better employer contacts (note however that this was not the intention of the reform). Second, outcomes of uninsured unemployed improve, due to integrated service delivery (improved implementation) and to more even quality standards (which indeed was the intended effect of the reform).

There is one important conceptual issue regarding our analysis, which is the precise definition of the 'start date' of the reforms (the full roll-out of municipalisation). Indeed, responsibility for service delivery was handed over 'overnight' to municipalities starting January 1st 2009; however, full responsibility, including financial planning and accountability at the municipality level only started in 2010. In our current analysis, we will consider the latter date as the start of the 'full rollout'.

A further, more technical issue is that for all benefit recipients, we only have data about outflows (from benefits), without precise information on the destination. Our main analysis will concentrate on these outcomes (for both insured and uninsured unemployed), even though these data is compromised. By contrast, we only have information on employment (non-employment) status of those unemployed who have been 'activated' (received an ALMP). This clearly is a selected subset of all unemployed, who have potentially worse employment prospects than all unemployed. Furthermore, we cannot ensure that the selection into activation did not change simultaneously to the reform (as this could have been influenced by the municipalisation itself).

Table 7. Regression results of Difference-in-Difference analysis of outflow rate from UB/SA registry, Denmark

	All unemployed	Jobseekers on Unemployment Benefits	Jobseekers on Social Assistance
DiD coefficient	-0.008*	-0.008*	0.012
Standard error	0.003	0.003	0.012
R²	0.63	0.73	0.52
Notes	No. of jobcentres – 94, No. of observations – 658	No. of jobcentres – 94, No. of observations – 658	No. of jobcentres – 94, No. of observations – 564

Source: Own calculations based on Labour market data portal. <http://www.jobindsats.dk/jobindsats/>

Note: Outcome measure is the percentage change in outflow rates.

The results in Table 1 above¹¹, do not show any significant positive results for the municipalisation reform. Indeed, when one looks at the outflow rate of both insured and uninsured unemployed, the non-pilot jobcenters (municipalities) did not catch up to the pilot jobcenters (Column 1). Examining the results more in depth reveals that the outflow rate from uninsured unemployment (of social assistance recipients) slightly improved (increased by 1,2 percent) after the full roll-out of municipalisation, this however was no statistically significant. In contrast to this, the

¹¹ Note that in the analysis, we control for Jobcentre fixed effects, year fixed effects, region*year fixed effects, as well as variables characterising the local labour market (such as the employment rate and the expenditure needs in the municipality).

outflow rate of insured unemployed (recipients of UI benefits) decreased slightly (decreased by 0,8 percent). We also estimated the re-employment rate of persons who participated in an active measure, 6 months following the end of the measure. These results reveal that after the full rollout of the municipalisation, activation efforts were slightly more successful for insured unemployed, while the reform did not lead to any improvement in the re-employment probability of activated uninsured unemployed. All in all, our statistical analysis leads us to conclude that the Danish reform did not seem to have reached the intended goals of a better re-integration of more disadvantaged clients (uninsured unemployed). Given that the reform did not entail substantial set-up costs, or major differences in the cost of services and measures, the reform episode was likely cost neutral.

3.3.2. Slovenia

Our empirical research strategy for evaluating the effect of integration was based on a simple before-after comparison, while taking into account indicators describing the evolution of the labour market as much possible. More precisely, we examined the evolution of the transition rate to employment of both minimum income beneficiary unemployed and other (insured) unemployed, at the level of the employment regions of Slovenia between 2009 and 2016. We did this in a regression framework, where we took into account that there might be differences across regions which determine the job-finding probability of unemployed.¹² It must be noted however that in this analysis we cannot take into account that the composition of unemployed on financial social assistance (FSA) benefits might have changed due to the reform of the eligibility criteria.

Table 8. Regression results of Before-After analysis transition rate to employment, Slovenia

	All unemployed	with FSA	without FSA
DiD coefficient	0.690***	0.203	0.939***
Standard error	0.167	0.170	0.208
Adjusted R²	0.76	0.75	0.77
Notes	No. of regions – 12, No. of observations - 96	No. of regions – 12, No. of observations - 96	No. of regions – 12, No. of observations - 96

Source: Own calculations based on data provided by the Slovenian PES.

Note: Outcome variable is the yearly transition rate to employment from the unemployment register.

Our results displayed above indicate that in the years after the reform the transition rate into employment of all unemployed was (on average and all other things equal)

¹² Control variables were: Inflow rate into unemployment (of respective groups (i)-(iii)); Growth rate of GDP p.c. ; Growth rate of average earnings (gross); Growth rate of natural population; Border to Italy (dummy); Border to Hungary (dummy); Border to Austria (dummy); Border to Croatia (dummy); Number of local offices (squared); as well as region fixed effects.

around 0,7 percentage point higher than in the years before. This 'reform effect' is, however, primarily driven by the group of unemployed without FSA (for whom the transition rate increased by about 0,9 percentage points)¹³. For those unemployed receiving FSA, while the outflow rate also increased slightly (by 0,2 percentage points), it is not statistically significant. Thus, we are left to conclude that the reform did not improve the outcomes of the FSA beneficiaries, if anything, it deteriorated relative to other unemployed. However, this result needs to be interpreted with a grain of salt: it might be due to more stringent targeting of FSA to those in need, so the composition of persons on FSA as a result of the reform might have changed toward those persons with worse employment prospects. These results indicate that no increase in re-employment can be attributed to the reform discussed.¹⁴ Given that no data on the costs of setting up the new system could be found, and that the reform had no discernible effect, we will abstain from cost and gains calculations.

3.3.3. The Basque Country - Spain

In many respects, evaluating the effect of the reforms of the minimum income benefits in the Basque country suffers from many of the issues discussed above. Similarly to Slovenia, we could only carry out a before-after comparison of off-flows from benefits, while taking into account local characteristics, as the analysis was done at the level of municipalities. Given that the rollout of the new system was not staggered, and that the reform also had (minor) implications for eligibility conditions for the minimum income benefits, we were not able to econometrically identify the separate effects of the fact that the Basque PES (Lanbide) became responsible for the activation of the minimum income beneficiaries.

There are a few further limitations which need to be mentioned. First, only data for the province of Bizkaia about the number of minimum income beneficiaries were available to us. Second, it needs to be noted that not only currently unemployed persons are entitled to minimum income benefits (low-income employed and retired persons can also receive benefits), but the data prior to the reform does not enable us to distinguish different categories of recipients. Third, data from before the reform does not contain re-employment rates of benefit recipients, only off-flows from benefits.

¹³ This change is economically meaningful, it represents an increase of about 15 percent.

¹⁴ It needs to be noted that as for unemployment in general, Slovenia was achieving more with less resources, as the spending on staff as well as spending on ALMPs was decreasing in the years after 2010.

Table 9. Regression results of Before-After analysis outflow rate from UB registry, Basque Country

	with Bilbao	without Bilbao
DiD coefficient	0.601***	0.363***
Standard error	0.085	0.097
R²	0.63	0.57
Notes	No. of municipalities – 109, No. of observations - 677	No. of jobcentres – 108, No. of observations - 670

Source: Own calculations based on data provided by Lanbide, PES of the Basque Country.

Note: Outcome is the percentage change in off-flows from benefits.

Our basic data analysis revealed that after the reform, the outflow rate of minimum income beneficiaries increased by more than 36 percent.¹⁵ When we make the simplifying assumption that all of the additional outflows were to employment, and that these additional employment spells lasted for one year, we get very substantial savings. This amounts to 2.1 million euros per month from savings on benefits, and additional income for the state from taxes and social contributions. We must emphasize that this is clearly an over-estimation of the effect of the reform on the Basque country's incomes. By contrast, we only have information on the set-up costs of the new management and IT systems (as well as data on its maintenance and updating), but no information of the costs of providing services and measures to minimum income recipients. Thus, according to Lanbide, the total (CPI-adjusted) cost of the minimum income management system between 2011-2015 was 9.2 million EUR. Thus, these figures imply that even if the gains to service integration are grossly overestimated, the reform would likely lead to positive balance within one year of its implementation.

3.3.4. Austria

While several studies examined the implementation of the new minimum income scheme, and the outcomes of minimum income beneficiaries, unfortunately, there were no counterfactual evaluation studies available to us. Thus, our results are based on a study which reports the post-reform re-employment rates of minimum income recipients and other long-term unemployed after the implementation of the reform (Riesenfelder et al 2014).

This study allowed us to follow a very simple research strategy: to investigate whether minimum income recipients' transition rate to employment improved more

¹⁵ Note that this result comes from a regression which controls for municipality fixed effects, time fixed effects as well as inflow into minimum income benefits.

than other long-term unemployed persons’, and whether it could (partially) be attributed to the reform. Thus, the only way to interpret the available data in terms of a ‘reform effect’ is a comparison of the development of the transition rates of both groups over the four time periods in 2012. Such a comparison (In Table XX below) reveals that the difference between both groups remained more or less stable over time, at least there is no convergence observable, although the growth rate of transitions for the BMS-group was larger than that of the LTU-group. As a conclusion, we did not find evidence that (in the short run) the integration reform had a positive effect on the employment prospects of minimum-income recipients.

Table 10. Effectiveness and integration of services* for the long-term unemployed in Europe

	Average transition rate into employment on the primary labour market (in %)			
	Month 1-3	Month 4-6	Month 7-9	Month 10-12
BMS	9.4	14.2	16.1	17.9
LTU	22.8	27.4	30.1	33.0
	Difference between average transition rates into employment on the primary labour market (in %-points)			
	Month 1-3	Month 4-6	Month 7-9	Month 10-12
BMS vs. LTU	-13.4	-13.2	-14.0	-15.1
	Growth rate of average transition rate into employment on the primary labour market over time (in %)			
	Month 1-3	Month 4-6	Month 7-9	Month 10-12
BMS	-	51.1	13.4	11.2
LTU	-	20.2	9.9	9.6

Source: See above; own calculations based on Tables 51 and 52 (pp. 130-131)

3.3.5. Germany

There is a wealth of studies examining the effect of the Hartz reforms on the labour market in Germany, as well as the effectiveness of alternative models of service provision from both before and after the implementation of the new system of benefits (the Hartz IV reforms, that is). However, the majority of these papers did not attempt to separately estimate the impact of the Hartz IV reform, and/or only examined some partial aspect of this reform (such as the effectiveness of active measures).

We rely on one key study, which examined the transition rate from short- and long-term unemployment into employment on the primary labour market for period 1998-2008, based on aggregated data (Klinger and Rothe 2012). The prime

question then is, whether different parts of the Hartz reform package, and Hartz IV in particular had a discernable effect on the re-employment rates, when one takes into account other factors which could have affected the transition rate.¹⁶ The results of this study are rather mixed. When one looks at the effect of the Hartz IV, it did not have any beneficial effect on the employment prospects of long-term unemployed, and it actually slightly hurt the short-term unemployed.¹⁷ Thus, the short-run effect of the service integration reform on the target group's outcomes (and thus the total short run gains from the reform) were zero. One might argue that the integration reform cannot be separated from the reorganization of the German PES (which was an essential part of the Hartz III reforms). In that case, the effect of the two sets of reforms is more positive, with a very small beneficial effect on the transition rate from short-term unemployment, and more substantive effect for long-term unemployed (roughly 8 percent increase).

In order to contrast the gains to costs of services and measures to long-term unemployed (unemployment allowance and social assistance recipients), one has to make several simplifying assumptions, since the data from before the reform is rather sparse. Looking at data from 2006 (the first year after the reform for which consolidated and reliable data is available) and contrasting it to 2004, we can paint the following picture. First, the Jobcenters received a kick-off financing of 568 million EUR in 2005. Second, the total administrative costs of the Jobcenters in 2006 (4.2 billion EUR) were slightly lower than the sum of the costs of the PES for unemployment allowance (UA) and the municipalities for social assistance (SA) (totaling 4.6 billion EUR). Third, the total expenditures for active measures of the Jobcenters in 2006 (4.5 billion EUR) were slightly higher than the sum of expenditures for UA and SA recipients (4.1 billion EUR). Finally, the expenditures for the new minimum income benefit (UB2) in 2006 (40.3 billion EUR) were substantially higher than the sum of expenditures for UA and SA (27.7 billion EUR); which is primarily due to the fact that the total number of 'persons in need' was considerably higher than the sum of UA and SA recipients. All in all, it seems that the costs of the provisions for the long-term unemployed were not lower in the new benefit system than prior to the reforms.

¹⁶ Short- and long-term unemployment rate; Number of vacancies; Inflows into short- and long-term unemployment; Inflow of vacancies; Growth rate of GDP; Interactions of GDP-growth with policy dummies

¹⁷ By contrast, the other elements of the Hartz reform process were beneficial for both the short and the long-term unemployed, and the Hartz-reforms as a whole had a large positive effect on the transition rate of long-term unemployed to jobs (it increased by roughly 18 percent).

While the above evidence means that service integration does not seem to have been successful at increasing the re-integration rate of long-term unemployed, further insights can be gained from other previous evaluations. A large-scale evaluation study¹⁸ which compared the performance of (i) the municipal Jobcenters – where responsibility for benefit calculation and disbursement, as well as for the provision of labour market-oriented services, is handed over to municipalities and local labour offices are not in any way involved in the processes – was compared to that of (ii) the co-operative Jobcenters – local labour offices and municipalities co-operate in these processes and formed a new legal entity. The most important findings were as follows. Co-operative Jobcenters performed better than municipal Jobcenters with respect to all important outcome indicators on the individual as well as on the regional level during the year 2007, and the causal effect of service provision by municipal Jobcenters compared to co-operative Jobcenters was significantly negative. Furthermore, the savings incurred by fully implementing the co-operative model instead of the municipal one amounted to foregone benefit savings of around 10%.

3.3.6. Ireland

For Ireland, we draw on the quantitative analysis performed by researchers at the Economic and Social Research Institute involved in the evaluation of the Intreo reforms. The evaluation will only be finished in February 2018, so the results will only be incorporated in the final study.

3.4 Summary

The empirical analysis of the effects of service integration episodes shows that in the majority of countries, the reintegration of minimum income recipients increased only slightly. While our results need to be treated with caution, as they are not based on detailed impact evaluations building on individual level data, we cannot reject the hypothesis that the service integration episodes did not lead to any gains for the public budget. On the other hand, the service integration – as far as information on costs are available – in most cases did not entail large set-up costs.

Two general conclusions of our analysis are worth pointing out. First, the only reform which lead to substantive gains (in the Basque country) entailed a major

¹⁸ Report (in German only) can be downloaded under <http://www.bmas.de/DE/Service/Publikationen/Forschungsberichte/Forschungsbericht-Evaluation-Experimentierklausel-SGBII/forschungsbericht-f390.html>

overhaul of how activation of minimum income recipients is carried out. Thus, a re-design of access of long-term unemployed to services and active measures might be needed for to improve their re-employment chances. To some extent, this is also echoed by the experience of Germany, where these changes were already implemented prior to the service integration reform. Second, it seems that when PES leads the integration process, and is the main institution involved in the activation of minimum income recipients (as in the Basque country or in the co-operative Jobcentres in Germany), the service integration leads to more positive outcomes and higher monetary gains.

CHAPTER IV. COMPARATIVE ANALYSIS OF REFORM EPISODES TO IDENTIFY DRIVERS, BARRIERS AND SUCCESS FACTORS

By Ágota Scharle and Balázs Váradi

The overall objective of our study is to support the implementation of integrated social services and thus increase the reemployment rate of the long-term unemployed (or more precisely, of minimum income support recipients). This chapter contributes to this aim by identifying determinants for the success and failure of reforms based on the comparative analysis of a selection of relevant reform episodes.

Lacking a universally accepted comprehensive model to describe the mechanisms that generate adaptation in welfare regimes, we rely on several models to generate hypotheses to be tested on the data. These are reviewed in the Annex, with a focus on factors that are particularly relevant for service integration.

4.1. The selection of relevant reform episodes

The main unit of the comparative analysis is a single 'reform episode'. An episode is understood to cover a full policy cycle from decision making to evaluation. Activities before and after the selected cycle may be considered in the analysis as background/contextual information or follow-up. 'Reform episode' and 'reform initiative' are used interchangeably in this chapter.

The data used in the comparative analysis come either from the 12 case studies prepared by country experts within this project, or from the existing literature (in the case of the Netherlands, Norway, Poland and the UK). Based on the initial assessment of country experts, the sample includes 8 less successful cases (Austria, Denmark, Norway, Flanders (Belgium), Poland, Portugal, Spain-Basque Country and Switzerland) 7 more successful cases (Finland, France, Germany, Ireland, Slovenia, UK and the Vienna province of Austria¹⁹) and Romania where the reform was not yet fully implemented.

A reform episode is considered successful if it has achieved a net improvement in at least one, or several of the outcome indicators relating to reemployment rates,

¹⁹ Austria is considered twice: as a federal state (where an integration reform was initiated but failed) and as the province of Vienna (where an integration reform was completed).

poverty, user satisfaction, or in some other outcome defined as a goal by the designer of the reform. To the extent possible, net improvement is considered controlling for all observable factors other than the reform. In contrast to the cost-benefit analysis, success was assessed by the country experts on the basis of all available evidence, including existing quantitative and qualitative evaluation studies and stakeholder interviews conducted for this study.

Reforms that failed to increase the employment rate but achieved an improvement in some other outcome will be considered as successful in the baseline specification of our analysis. In federal states, we consider two dimensions of success: first, whether the reform was implemented nationwide and second, if it achieved improvement in any outcomes in some or all of the federal units. We apply the first dimension to assess the success of the reform in the first phase of the policy cycle (political commitment + goal setting) and use the second dimension in the rest of the process.

4.2. The analytical framework

4.2.1. The data

The comparative analysis is based on a detailed documentation of change in the organization of welfare services for minimum income recipients and the corresponding change in outcomes. This was completed by the core team using existing studies (for NI, No, PI, UK) and by country experts using a template inspired by (but not strictly following) the Institutional Analysis and Development (IAD) framework (cf Ostrom 2007). The dataset was compiled by converting the relevant explanatory factors and outcomes into categorical variables, where the coding is based on the detailed case studies and the existing literature. For a few variables that describe the political context, we used existing indicators to ensure comparability. The dataset is presented in the Annex along with further explanation on the variables.

As in the IAD framework, the success of the new policy is evaluated in terms of the outcomes: if outcomes improve due to the policy change, the reform is considered successful. To account for variation in the objectives of policy makers, we consider several outcomes: improvements in the effectiveness of services in terms of labour market integration and poverty and 'other aims' defined by policy makers.

Furthermore, in order to be able to identify obstacles in the design as opposed to the implementation stage of the reform, we consider the first concept of the reform

initiative as an intermediate output of the policy making process. This first concept is evaluated in terms of the likelihood that it would achieve the goals (intended outcomes) of the reform, considering the existing theoretical models and empirical evidence of PES management and service integration.²⁰ In the baseline analysis the first concept of the reform was considered good (i.e. as a positive outcome in the first phase), if the allocation of roles and areas of cooperation improved *or* the performance management system was improved *or* the new system introduced an improvement in both of the following attributes:

- Incentives for cooperation between employment and social service providers;
- Channels for the exchange of information.

Table 2 below summarises the sample episodes with regard to the criteria that determined the positive assessment of the reform. In Norway, the country report considered only one aspect (the information channels) of the new system to be well designed. In Austria (the federal case), Poland, and Portugal, no aspect of the reform plan was considered to be well designed. The allocation of roles was improved in eleven of the other cases (except Basque country and Germany) and information channels improved in nine cases. Only the UK was considered to be well designed in all the four main attributes.

Table 11. Areas of improvement in the design phase of the sample reform episodes

	Information channels	Cooperation incentives	Both information and cooperation
Performance management	Basque country, Germany		
Allocation of roles	Flanders, France	Finland, Romania	Slovenia, Switzerland
Both performance management and allocation of roles	Vienna, Ireland, Denmark	Netherlands	UK

In the second phase, the outcome is defined as follows: a reform episode is considered to be successful if it has achieved a net improvement in at least one, or several of the outcome indicators relating to re-employment rates, poverty, user

²⁰ In this case the assessment is supported by three theoretical approaches: the network paradigm, Transitional Labour Markets and the local actors approach (see Chapter 2 for more detail).

satisfaction, or in some other outcome defined as a goal by the designer of the reform. To the extent possible, we considered net improvement (i.e. controlling for all observable factors other than the reform), this was, however, difficult as few of the reform episodes have been rigorously evaluated (see Chapter 5 for details). It should be noted, however, that the outcome variables in this case reflect expert judgement (relying on available qualitative and quantitative evidence) and are broader than the approach used in the cost-benefit analysis, where only re-employment outcomes were considered. Furthermore, while the evaluations presented in Chapter 5 mainly apply to short-term outcomes, in this case we could consider long-term impacts as well, at least in the earlier episodes.

As already mentioned in Chapter 2 on the theoretical background, we assume that increased coordination of social and employment services can contribute to improved

outcomes in terms of re-employment and poverty. This is based on the Transitional Labour Markets approach, which proposes that the emerging new risks in labour markets requires new forms of governance in labour market policy and new forms of risk management (Schmid 1998, Schmid 2008), which in turn necessitates an increased coordination between social and employment policies (Ferrera et al 2001, Kazepov 2010). We also made use of the more descriptive analytical frameworks employed in the existing literature on service integration. These frameworks enable us to refine the details of the analysis and describe features that are not discussed in general theories.

The database for the analysis contains 18 variables that describe the institutional features and political and economic context in the country at the time that the reform episode started, 11 variables that describe the design of the intervention, 7 variables describing the implementation process and 3 variables for the outcomes. To simplify the definition of logical connections, the variables are all categorical and most of them are defined to take on a value of either 0 or 1. The data are provided in the Appendix.

4.2.2. The method of analysis

In the analysis we apply Mill's method of difference to identify factors that explain success or failure in some stage of the reform: we compare countries where the outcome of the reform was different and look for which explanatory factors may explain this. We define relationships between the explanatory factors in a framework of *(Boolean) (crisp-set) Qualitative Comparative Analysis*, based on existing theories (see Figures 2 and 3 below).

We explicitly separate the design and implementation phase (Figure 1). The design of the reform is understood as a result of political negotiations and professional decisions about the design of the reform, and it is an intermediate stage in the process of generating outcomes. Some factors that influence the design phase may not be relevant in the implementation phase and vice versa.

Figure 1. Outline of our approach in the comparative analysis

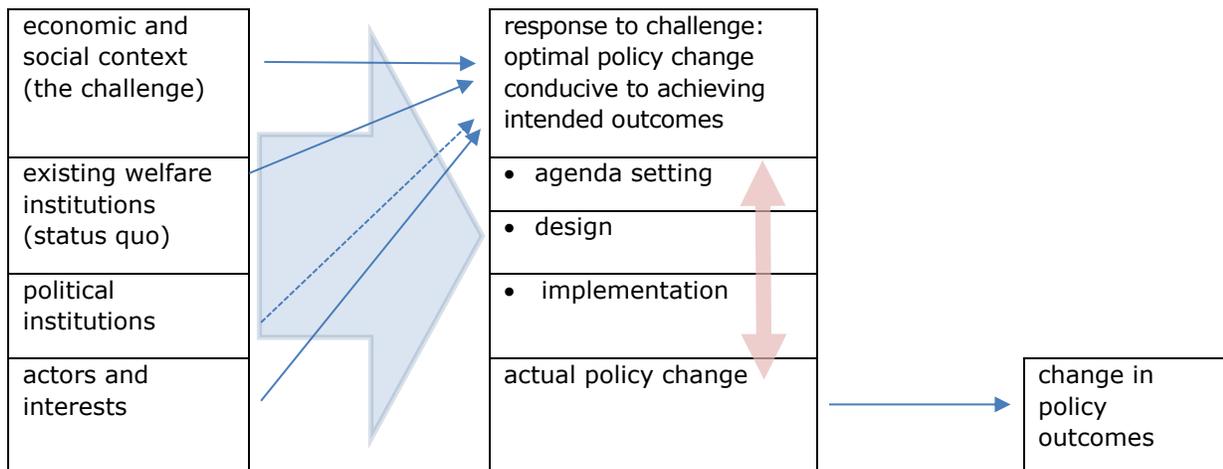
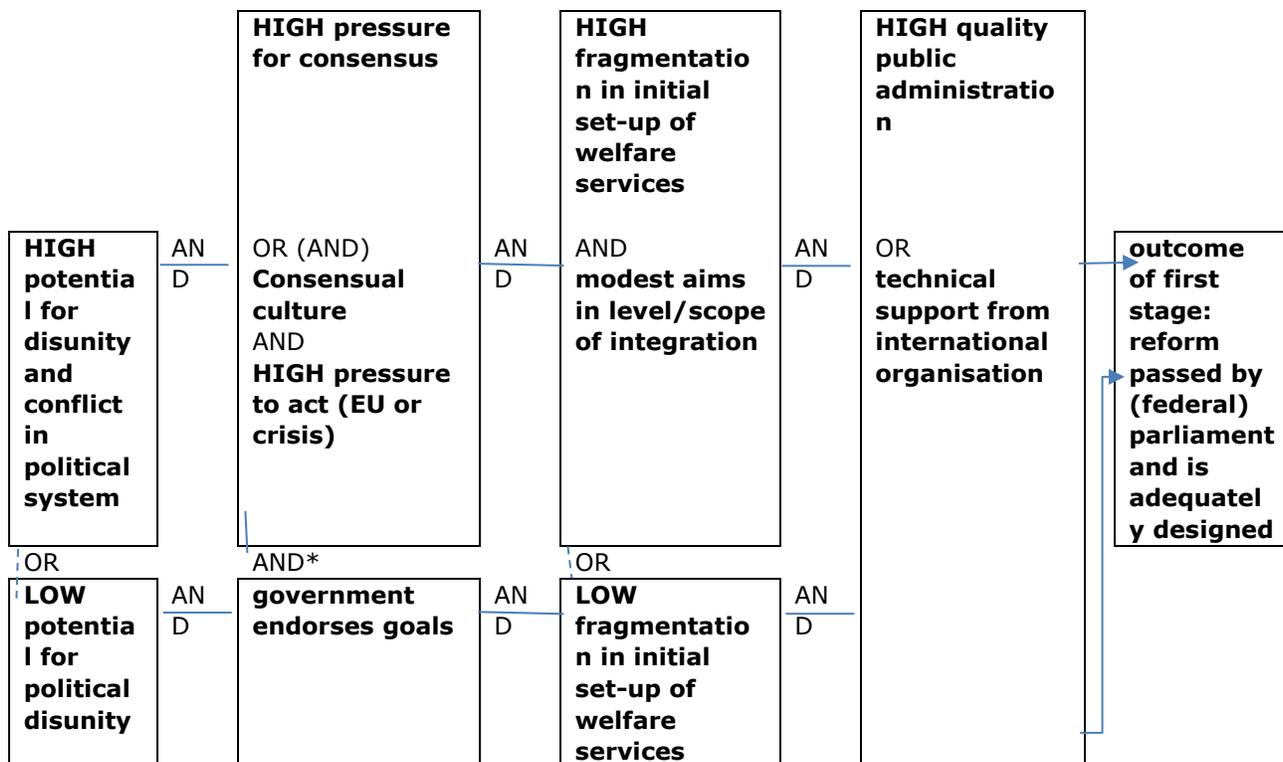


Figure 2. Phase 1: Political decision and design of the reform



REF
Disunity creates barrier Galasso and Profeta (2002)

REF
Broad consensus Tompson (2009)
EU recommendations co-vary with ALMP spending Armingeon (2007)

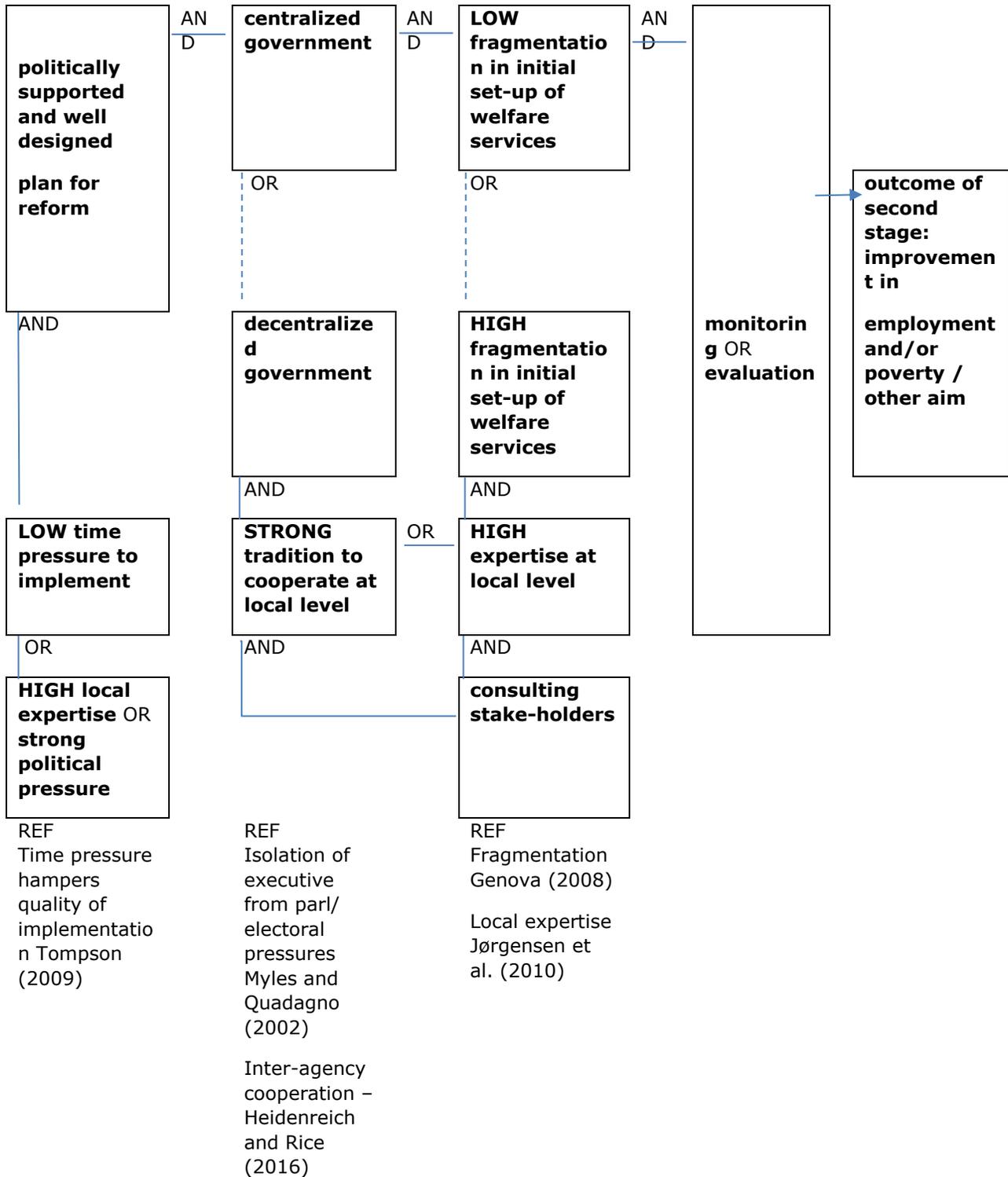
REF
Fragmentation in initial set-up is a barrier Genova (2008)

REF
Quality of PA may affect policy outcomes Prinz (2010)
Support from int. org helps Armingeon (2007)
Cooperation of actors Heidenreich and Rice (2016)

Notes:

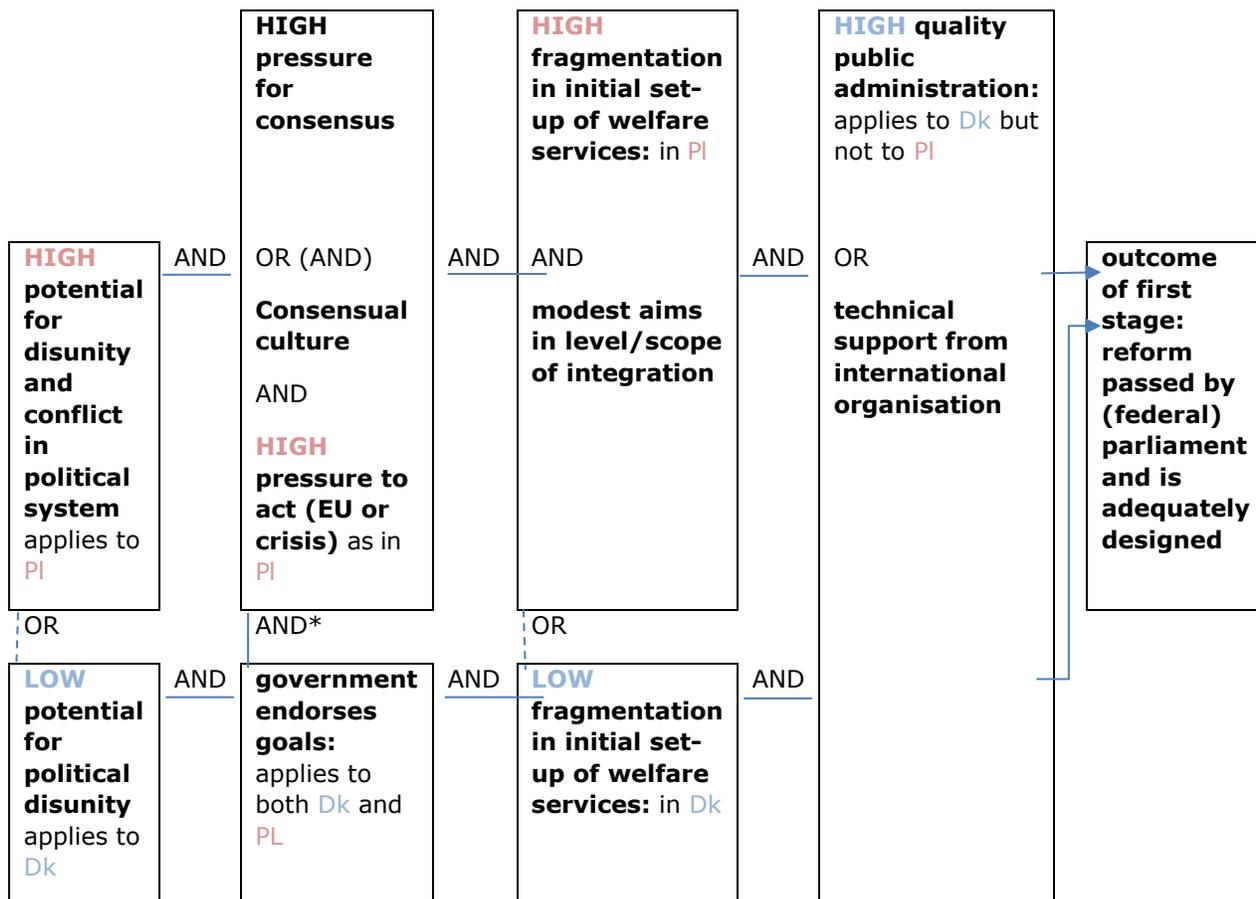
*If potential for political disunity is LOW, consensus is not a necessary condition. High potential is defined as federal government or unitary government with high regional autonomy and many veto players; low potential is defined as unitary government with low autonomy and few veto players; high pressure to act is defined as economic crisis helped build consensus on need for reform, time pressure of economic crisis did not lead to bad design, or pressure/support from the EU; high quality public administration at national level is defined as ranking in the top half in the EU of the WGI indicator for government efficiency.

Figure 3. Phase 2: Implementation and monitoring of the reform (conditional on outcome of phase1)



In Figure 4 below, we illustrate the analytical process with the example of Denmark and Poland in Phase 1. Here, we predict that the Danish reform initiative of 2007 was a success in Phase 1 (i.e. was passed by parliament and the design was good), as Denmark has low potential for political disunity, the government endorsed the goals of the initiative, the initial set-up was not very fragmented and the quality of public administration is high. By contrast, we predict the Polish initiative of 2014 to fail due to the fragmentation of the initial set-up and the lack of high quality public administration. Note that in this case we cannot tell which of the two factors led to failure.

Figure 4. Phase 1: Political decision and design of the reform in Denmark and Poland



4.3. Results

4.3.1. The baseline specification

In the baseline specification, the outcome of the first phase was defined as follows: the outcome was a success if the reform was passed by parliament and the design included an improvement in the performance monitoring system or the allocation of roles, or two further design features were considered appropriate (incentives for cooperation and channels for sharing information).

In the second phase, the outcome is defined as follows: a reform episode is considered to be successful if it has achieved a net improvement in at least one, or several of the outcome indicators relating to re-employment rates, poverty, user satisfaction, or in some other welfare outcome defined as a goal by the designer of the reform.

Table 3 below summarises the predicted and actual outcomes for each country (reform episode) in the sample. The prediction is based on the relationship between determining factors outlined in Figures 2 and 3 above, where the relationship between two factors is an assumption based on existing theoretical models or empirical papers, and the value of the particular factors is an empirical observation. In a few cases (noted by brackets) we still need to either refine the model or clarify the interpretation of our variables with the local expert.²¹

Table 12. Predicted and observed outcomes in Phase 1 and Phase 2.

FALSE=failure, TRUE=success

	Austria	Germany	Switzerland	Austria (Vienna)	Denmark	Finland	France	Netherlands	Be:Flanders	Spain (BC)	Norway	Poland	Ireland	Romania	Slovenia	UK	Portugal
Phase 1	FALSE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	FALSE	FALSE	TRUE	TRUE	TRUE	TRUE	FALSE
outcome: 1=success	0	1	1	1	1	1	1	1	1	1	0	0	1	1	1	1	0
Phase 2	FALSE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	(True)	FALSE	TRUE	FALSE	TRUE	TRUE	FALSE
outcome: 1=success	0	1	0	1	1	1	1	1	NA	1	(1)*	0	1	NA	1	1	(1)*

²¹ In the Norwegian episode, we need to decide if we may claim the reform to be well-designed but difficult to implement, or that it was badly designed as it did not account for the initial level of fragmentation and was too ambitious. In the case of Switzerland: the case study says the integration element of the reform was too limited to yield significant results. If we build this into the model, we would need to make an assumption about a minimum level of integration. A weaker assumption would be that limited forms of integration take longer to yield results.

* In Norway and Portugal, country experts recorded some weakly supported evidence that the reform improved the accessibility and user-friendliness of services, but had no impact on reemployment or poverty.

In the first, agenda setting phase (Phase 1) of the policy cycle, high potential for political disunity in the institutional structure can be overridden by cross-party consensus rooted in a consensual political culture (CH, DE, ES/Basque country, IE, NL, NO), or pressure caused by an economic crisis (DE, ES, IE, PL). In Austria, despite the consensual political culture, there was no consensus across parties over the direction of the integration reform, which led to the failure of the initiative at the federal level. The government needs to endorse at least one of the underlying aims of service integration: the goals of activation and labour market integration were endorsed by the government in almost all cases.²² Fragmentation of the initial institutional set-up of employment and/or social service could hamper successful design if the goal of the reform was overly ambitious, as in Norway where the aim was co-location of employment and social services for both insured unemployed and social benefit recipients. Lastly, the outcome of the first phase depends on the quality of governance. Poor quality public administration can be compensated by support from international organisations, as happened in Romania (but not in Poland or Portugal).

In the second phase when the policy is implemented (Phase 2), the initial set-up and local capacities are important drivers of the outcome. The difficulties posed by the fragmented institutional set-up may be overcome by local expertise, a strong tradition of cooperation at the local level and consultation with stakeholders during the design phase (table 13).

Table 13. Ex ante institutional set-up

	uniform institutional set-up	fragmented institutional set-up in employment/social services*
centralised employment and/or social policy	no barriers (DK, FI, SI, UK)	local expertise or consulting s/h helped (FR, IE, lacking in PT, RO)
decentralised employment and/or social policy	(no example)	local expertise or cooperation culture and consulting s/h helped (CH, ES, DE, NO, NL, PL)

* We code the episode as fragmented if either or both employment and social service provision were fragmented initially.

²² In Romania, the government’s commitment to the goal of activation was probably not very strong but they formally endorsed this goal.

Allowing sufficient time to implement the reform is important but time-pressure does not necessarily lead to failure if local expertise is available (as in Germany, Denmark, Spain) and/or political commitment (and pressure) to achieve results is high (as in Slovenia). Poor monitoring and lack of piloting and evaluation tends to lead to failure or limited results (Portugal).

4.3.2. Drivers of positive employment and poverty outcomes

Several reform episodes (Finland, France, Germany, Ireland and Basque country in Spain) achieved an improvement in both employment and poverty outcomes. In the Netherlands and the UK, employment outcomes improved while poverty did not, while in Vienna the reverse was the case.

We could not identify any design features that would determine success in employment outcomes in all cases, however, two of the main design attributes seem to be important. First, an adjustment of staff in order to keep caseloads at a manageable level (or even reduce it) seems to increase the likelihood of success. This is in line with the existing theories and empirical evidence showing that personalised services are more effective than uniform ones and that personalisation is only possible if caseworkers have sufficient time for each client. Furthermore, there is evidence that the successful activation of long-term unemployed jobseekers requires relatively frequent (and personal) contact with the PES, which again necessitates sufficient staffing (Bergmark et al 2017, Dengler et al 2013, Egenolf et al 2014). Second, improvements in the exchange of information seems to support positive employment outcomes. This may flow from improvements in the timing or content of interventions (i.e. job offers and services) to clients making use of the information received from the cooperating service provider.

The outcomes regarding poverty do not seem to be correlated either with government intentions or the design of the reform. In Vienna, poverty reduction was not an explicit aim of the reform, but there was, nevertheless, some improvement, while in Slovenia and the UK, this was one of the objectives that the reform failed to achieve. The reform episodes did not include new service elements that were expected to directly contribute to reducing poverty. It is important to note, however, that almost all the reform episode involved a strengthening of the activation approach towards minimum income recipients (i.e. activation rules became stricter) and we found no indication that this would automatically lead to an increase in poverty. On the contrary: we find no improvement in poverty in countries where activation was not strengthened (except for Finland), and there are several episodes (Vienna, Basque country, France, Germany and Ireland) that

achieved an improvement in poverty despite the tightening of activation. This implies that service integration itself (without further investment in the range of services) may yield improvements in poverty and also that it is possible to design reforms that improve both poverty and employment outcomes

CHAPTER V. TWO PATHWAYS FOR REFORM

By Nicola Düll and Renate Minas

The study outlines two reform pathways that, taken into account certain country-specific contexts, have the potential to be effective in contributing to the efficiency and effectiveness of social services aiming at the activation of minimum income recipients in the labour market. When elaborating reform pathways, we aim to identify features in the reform process that are likely to be applicable to all countries (within and outside the sample) as well as features or elements that are dependent on various institutional contexts. This will ensure that the pathways are relevant for all Member States. This implies indications for how pathways need to be adjusted in countries that struggle with for example effectiveness of public administration of various kinds.

In the following we distinguish between pathways according to their institutional set-up. In **Pathway 1, which we call the 'encompassing model'**, the integrated service spans different policy areas, to include the larger part of the case-processing procedure. Pathway 1 is furthermore **based on legislation that allows institutional changes**, such as, for example, mergers of earlier independent agencies and implies a change in the distribution of tasks between the state and local government. Countries that serve as an example for this model are Denmark, Finland, Germany, Ireland, Norway, Spain/Basque, UK. **Pathway 2 is built on more or less institutionalized cooperation** but is **embedded in the existing institutional setting and characterized by considerable local leeway and variation** (Austria, Belgium, France, Poland, Romania, Switzerland, and partly The Netherlands). In some countries, elements for both models can be found (Slovenia). When distinguishing between different models we use the terms breadth and depths in integration (Askim, Fimreite, Moseley, & Pedersen, 2009); Minas 2014). Breadth is conceived as bridging several policy domains such as labour market, social policy, health policy etc.; whereas depth describes the degree to which the integrated model covers the complete case-processing procedure.

It must be noted, that these pathways are not necessarily ideal types showing two contrasting models or pathways of integrated services. In reality, we **find reforms that can be placed on a continuum of integrated services** – from very loose cooperation via institutionalized cooperation to formal mergers of previously separated agencies - depending on institutional conditions, political cultures and ambitions with integrated services. There are **no 'one-size-fits-all' solutions** suitable for all countries, and encompassing reforms are not necessarily better than smaller ones. In the following, we use the term 'encompassing' and 'limited'

pathway of integration and will discuss the challenges for introducing these models regarding political commitment, planning/design, implementation and monitoring in various contexts. Challenges exist in most countries to build up either model (regarding issues such as what services needs to be integrated, forms and focus of integration/cooperation, allocating roles, incentives etc.) **Pathway 1 corresponds to the encompassing reform model** (for example: Denmark, Finland, Germany, Ireland, Norway, Slovenia, and Spain/B). While **Pathway 2 is the limited model of integrated services** (Austria, Belgium, France, Poland, Portugal, Switzerland, partly Slovenia).

The two pathways of integrated services might be inspiring for countries that have not yet implemented integrated services. **Pathway 1 may be relevant for countries where existing services are relatively highly developed as well as accessible and the reform capacity of public administration is relatively high. Pathway 2 may serve as a model for countries where employment or social services (or both) are less developed or highly fragmented**, and for countries where the **capacity to implement complex institutional reforms is constrained** by constitutional barriers or the limited capacities of public administration.

The following discussion on the pathways is based on the IDSS country reports and additional literature, thus also countries not involved in the study can serve as examples. In the latter case, references are indicated. When otherwise country examples are named without a specific reference, they refer to the IDSS country studies.

5.1. Pathway 1 : The encompassing model

5.1.1. PHASE 1 - Political commitment and goal setting

Reforms to integrate services are often complex, affecting multiple stakeholders and reveal the significance of political commitment, political institutions and capacities. As has been shown in earlier studies, a centralized governance system with relatively few strong veto players in the political system facilitates the establishment of complex reforms such as integrated services (EU 2015). However, we also find elaborated reforms of integrated services in federal countries or quasi-federal ones (Spain/Basque). In this case, cross-party consensus over goals and key policy solutions is necessary. This was the case, for example, in Denmark and Germany. In Slovenia, the political support and commitment of high-ranking public employees at governmental level institutions was mentioned as being important for the

introduction of the reform. Besides state structure and state capacity, a more or less elaborated tradition of Active Labour Market Policy (ALMP) is a decisive precondition. Countries with a long tradition of ALMP such as the Scandinavian countries and a strong position of the State have achieved comprehensive integrated services through various types of merger.

The **goals behind Pathway 1 type** integrated services are often **broad and complex**. In part, this is a consequence of these reforms being one component of larger welfare reforms and/or that reforms imply a change in institutional settings that require legal changes. A good example of the former is the German Hartz reform whose scope was extremely broad and aimed at changing the structure of the German welfare system as well as the general approach to labour market politics. Within one part of this package, Hartz IV (as such with a wide scope) a new code of law was introduced in 2005, SGB II, merging the formerly distinct unemployment assistance and social assistance systems. However, the introduction of the German Hartz IV reform needs to be understood in the light of several conditions coming together. These were a politically agreed-upon definition of a multi-faceted problem - long-term unemployment and an ineffective institutional structure administering it; a favourable window to introduce the agenda (the so called 'placement scandal') and political pressure to act (the forthcoming general election of 2002). These factors created a dynamic that opened the opportunity for a wide-ranging reform that would mark a significant paradigmatic shift in Germany's welfare tradition.

A similar set of circumstances existed in Ireland where the Pathways to Work strategy (PtW) contained a number of reform strategies including a significant institutional and policy reform called 'Intreo' - the primary reform episode for Ireland in this study. Both internal and external developments triggered the Irish reform. Internally, deep-seated inefficiencies and poor customer service outcomes were associated with very fragmented institutions delivering income supports, supplementary welfare and the Public Employment Service (PES). External pressure came via Ireland's 2010-2013 €85bn loan programme and the Memo of Understanding (MOU) negotiated with the EU/ECB/IMF. Commonly known as the 'Troika programme', the MOU included key implementation targets and reform deadlines for Intreo. Broad political goals were formulated in a 50-point action plan for PtW (2011-2016) outlining the government's intention for an explicit focus on unemployment across five strands. One of these strands referred to the intention for Intreo to reform institutions to deliver better services to unemployed people.

The comprehensive labour and welfare reform in Norway (NAV), which included the amalgamation of the employment service, the national insurance administration, and the social services, presents another example of a Pathway 1 reform. Moreover, the reform implied partnerships between the new labour and welfare administration on the one hand and local governments on the other. The overall goal was to reduce the proportion of people in the workforce receiving social benefits, with three objectives: To integrate services, focus on service users and find efficiency improvements. It must be added, however, that the establishment of some management and other special units (in 2008) that place specific assignments outside the NAV offices has resulted in a narrowing of the original NAV task profile (Minas 2014). However, evaluations undertaken to date do not find increased effects of more employment or reduced benefit receipt (Leagreid and Rykkja 2016).

Goals are also complex for reforms that concentrate mainly on one policy area (often unemployment) and are therefore not part of a larger package of reforms, but nevertheless include institutional changes such as devolution of responsibility within the policy area. This can, for example, be said for the reform in Spain/Basque (in 2008). Lanbide - the new Basque Public Employment Service – was given the responsibility for activation measures and payment of benefits/compensation for unemployed people, which had previously been the responsibility of the State, and for beneficiaries of the regional minimum income (RGI). Whereas prior to the reform the RGI was managed by the social services, since 2008 it has been managed by the regional public employment service. A long list of goals is linked to this reform. These are: To reinforce active inclusion of beneficiaries of RGI and the Housing Complement Benefit (PCV) in order to support their employability; to manage the system through a single agent in order to increase efficacy and efficiency; and to relieve local and provincial social services from managing the RGI/PCV so that they can devote sufficient resources to work according to the Law of Social Services.

In a similar manner, the Danish government devolved the responsibility for registered unemployed people to municipal job centres where this group was handled together with unemployed social assistance recipients. The main intention behind the integration of these two (risk) groups was 1) to ensure the equal treatment of the two target groups irrespective of whether they are uninsured or insured; 2) to create better-coordinated and integrated employment services; and 3) to gain control over municipal activation policies. Nevertheless, it is important to be aware that unemployment benefit is still paid out by the unemployment insurance funds, whereas social assistance is paid out by the local municipality.

A further example of an ambitious reform can be found in Slovenia where the Social Work Centres were changed to into one-stop shops for claiming all means-tested social benefits and subsidies, and an IT platform that connects a large number of different databases. The overarching goal of this reform is the modernization of the social transfer system and to make the means-tested social benefits system more transparent, targeted, efficient and user-friendly. However, the implementation of that reform has not yet started.

Finland is also included in this group. Starting as a voluntary agreement between PES, the Finish Social Insurance Agency (KELA) and the municipalities, known as the Labour Force Service Centres (LAFOS), changed in character in 2015 when a law was passed that mandated its existence in all PES areas. LAFOS was renamed the 'Multi-Sector Service Centre for promotion of employability'. Yet, irrespective of this change, the reform still focuses on overcoming the fragmentation of services and institutional responsibilities concerning people in a vulnerable position, having multiple problems. A comprehensive reform package is also planned in Romania, although it has not yet been implemented. One element of the package (flagship nr.3), the SPOR (Social Protection – Opportunities and Responsibilities Programme) is designed to create integrated services in rural communities and in marginalised areas of cities. Multidisciplinary teams are set up to improve access to the large variety of programmes in various welfare areas.

5.1.2. PHASE 2 - Planning and design

Formulating complex and ambitious reforms is a first step; the second phase is to plan and design the proposed reforms for various contexts. In this stage of the policy cycle, the institutional setting of a country regarding, for example, the vertical and horizontal division of responsibility in social and labour market policy is decisive in determining involved actors and form and content of integrated services (Bergmark and Minas 2010). Thus, this section includes the topics of the form and focus of integrated services, type of services included, lead role during this stage and case management. These individual elements need to be considered as parts of a bigger picture.

A first decision concerns the *focus* and the breadth of the planned integrated service which implies decisions about the type and number of cooperation partners and thus implicitly the policy areas involved. Thus, **this phase deals** more concrete **with the question of which services and benefits are to be integrated** in various settings (social, housing, health etc.). There are only a few examples where both services and benefits are integrated. This happened, for example, in Germany, the

Netherlands and the UK; although taking place in several steps and as part of larger reform packages. In these countries, benefit schemes were streamlined for all (or almost all) unemployed people and administered in 'one-stop shops'. In the case of Germany, both reform packages implied far-reaching changes for many people and caused a deep crisis in trust for the Social Democratic government/party initiating and implementing the reform. In countries with a less developed social protection structure (such as Romania and Slovenia), it seems appropriate to concentrate on solutions that improve access to services or benefits.

A second essential decision concerns the appropriate institutional *form* or depth of the planned integration. This is about the methods of organisation, financing, case management and leadership. Breadth and depth are of course interrelated. Thus, countries following Pathway 1 often introduce comprehensive integration reforms regarding both breadth and depth.

Breadth or focus of integrated services

Starting with the breadth or focus of integrated services, the focus is on a broad array of actors to capture competences necessary to work with multi-problem clients. There is no rule about which type of actor is more competent than another, the more important decision is that a broad range of competencies is included to meet the multiple needs of clients (for example LAFOS or the Jobcentres in Germany). In these cases, this includes governmental and non-governmental actors (public, for-profit and non-for-profit actors/NGOs) and actors come from various policy areas, in particular employment policies and social policies but also health, education and housing. Regarding the involvement of actors, the social services and PES play the dominant role in all our examples and the adequate provision, with sufficient offices, of both throughout the country is an essential precondition for all reforms. Yet, providing access to social services, particularly in rural areas, is a problem still to be solved in several countries (see Pathway 2). The crucial position of the PES in integrated services mirrors the increased importance of activation policies also for groups far from the labour market and the responsibility the PES has received for these groups (for example Denmark or Germany). A major point to be aware of is the division of responsibility regarding labour market policy on a vertical level. Authority for labour market policies is in many countries dispersed over the national, regional and municipal level and comprehensive efforts to integrate services need to take this into account (see below). Some of the integrated services are solely directed at integrating actors and agencies within labour market policies and the PES plays the major role, as is the case in Denmark, whereas in several countries the PES plays a role among other actors (Finland,

Germany and Norway). Only in a few countries does the PES play a minor role (the planned reforms in Romania and Slovenia).

As an additional actor, NGOs are an important source for social service provision and often function as a complement to governmental actors. Yet, their existence and involvement in social services varies between countries, depending on tradition and welfare state type (Esping Andersen 1990). Services provided by charities, many of them related to the Catholic Church, are, for example, common in continental and southern European countries. As an example, NGOs have a long tradition in Euskadi (Spain/Basque) where they work with people in need of support for social inclusion and labour insertion. In contrast to that, the new democracies of Central and Eastern Europe (CEE) are gradually adopting the established European practices of cooperation with NGOs. Yet, this process is developing at a different pace in different countries. Thus, the existing mechanisms of participation of NGOs in the decision-making processes differs (Bullain and Toftisova 2014). Bulgaria is an example where the tradition of NGOs is young with the 2003 amendments to the Social Services Act first allowing NGOs to provide social services, including services for children under 18, and to apply for funding from the State and municipal budgets through tenders (Barr 2005; CSD 2010). An institutional barrier to the involvement of NGOs is that there are no administrative grants allocated to support voluntary organisations in Bulgaria; the central State budget only provides subsidies to a small number of non-profit legal entities, for example, the Bulgarian Red Cross.

In some countries, the role of the NGOs is challenged by the increasing marketization of, in particular, employment services. An example of this change is the degree to which privatization is now part of the Irish PES. Intreo is a State funded service, which is supported by outsourced services for the long-term unemployed and non-job seeker clients. There are concerns that new private actors will increasingly replace NGOs, with possible consequences for the overall capacity to deliver integrated services and the access to services for people with different needs. The position of private actors is mentioned in several countries; in their function both as providers for activation measures but also as employers (particularly local employers) for people far from the labour market. The latter aspect is a dimension, which comprehensive reforms emphasise (for example, Finland and Ireland). In Finland, the combined role of LAFOS and the Employment Experiment (a municipality Employment Experiment giving local authorities a stronger role in employment) resulted in further placement of unemployed in private companies. However, difficulties were mentioned in Ireland in form of a competition for local employers by PES at the national and regional level.

As noted above, **wide-ranging integrated service reforms are intended to bridge several policy areas.** The political significance of cross-sectorial is closely linked to the activation trend that emerged in the 1990s and is, in many integrated services, about closer contacts between local social welfare policies and activation policies (Champion & Bonoli 2011). Some of the more encompassing reforms, however, explicitly include a wider range of policy areas. Finland is an example, with basic cooperation between social work, social insurance and employment policy which in specific cases also includes actors from other relevant areas such as health services. The so-called Associated Cooperation in Sweden is another example, where municipal social work, social insurance, employment policy and health policy are involved (Hollertz 2016). The success in achieving this is partly related to the discussion above regarding the overall institutional setting of the national welfare state. Labour market, social policy, education and health policies are often located at different political and administrative levels making integration difficult (Minas 2014, 2016). Changes in the institutional setting aim to overcome these divergences that exist in most countries (for example through legislation in German and Finland). However, a question to consider is how far-reaching and integrating a service can or should be. The NAV reform in Norway raised the question about the risk of being too ambitious. However, comprehensive reforms are not necessarily limited to far-reaching institutional changes but can be solved more flexibly (see Pathway 2).

The focus of reforms towards integrated services is closely related to the **form** or **depth** of the planned integration. For Pathway 1 reforms, the organizational aspect requires a lot of attention. Encompassing reforms building on institutional changes often reach across different political and administrative levels of government and aspects such as organization, steering, financing, leadership and the involvement of professions and IT-solutions are particularly important. Within this pathway, there are several organizational models for integrated services. Physical one-stop shops spanning administrative and political boundaries are one approach that were created in Denmark, Germany, Norway and Spain/Basque. Another approach is to create networks of services that consist of representatives of various governmental agencies (for example, Finland and Sweden). The advantage with this approach is that the lead agencies are not changed in their institutional settings but delegate competencies and resources to the networks where these are pooled for specific target groups. In countries with a less comprehensive coverage of social services, for example, in rural areas, a virtual solution might be more appropriate. The Estonian government, for example, built up a digital one-stop shop for hundreds of e-services offered by various government institutions to compensation for a lack of local offices. All these solutions require resources of various kind.

Steering capacities is a first resource. Steering of physical one-stop shops covering several policy areas requires interactions between actors located at different administrative and political levels; depending on institutional settings this can include steering through legislative framework and the (de)centralisation of regulative and financial authority (Minas, Wright and van Berkel 2012). The choice of steering mechanisms also depends on the extent to which the ambition is to create a system that guarantees local leeway or rather relies on central control. Thus, regulation of one-stop shops can look quite different and can involve processes of decentralisation and/or recentralisation of power. Denmark, a unitary country with an autonomous local level, is an interesting example. The regulation of jobcentres has been described as '**decentralised centralisation**', that is, a transfer of responsibility from national to local level combined simultaneously with a centralisation of control (Larsen, 2011). The municipalities are assigned autonomy for organising the jobcentres, however, this autonomy is circumscribed by various control mechanisms such as directives, supervision and performance requirements and indicators. Financing of social assistance is a central control instrument that rewards quick activation of the beneficiaries. Central government reimbursement for local government spending was graded, with more paid for individuals who are in activation than for those who are not. The State, therefore, has greater financial responsibility at the beginning of the activation process, but if the individual remains unemployed, the responsibility is transferred to the municipality (Minas 2014). Steering of the Finnish LAFOS, the German jobcentres and Norwegian NAV are less centralised and allow for more local leeway for organising tasks and activities.

LAFOS in Finland is based on contracts between the municipality and the employment office. Steering groups at the local level are responsible for planning and joint budgeting, while a national steering group makes recommendations regarding LAFOS activities. The leadership of the Finnish national steering group was criticised for being unclear and weak resulting in large local variation in the design of LAFOS. However, the network, requiring efficient network management, has remained a major challenge throughout the different stages of LAFOS with network training an important ingredient (Arnkil et. al 2008).

The relationship between local autonomy and central control was also stressed in Ireland and summarised as top down through strong senior administrative leadership and significant political commitment, allowing for delegation and local adaptation. Yet, this is difficult in practice. The cooperation between the German federal PES and the municipalities in cooperative Jobcentres is mainly based on agreements via local Supervisory Board of the Jobcentres. In these, the federal PES,

the municipality and local representatives of social partners are represented and actions as well as terms of cooperation are agreed upon. This mode of governance is experienced as conflict ridden (Deutscher Bundestag, 2008). The steering of the pure municipal Jobcentres is quite different. They have a high degree of autonomy in designing major processes and services on a local level. This holds true for the rules of contracting-out active labour market policies, the design of the customer journey and placement process as well as the division of labour among its employees. Apart from the local municipality, municipal Jobcentres answer mainly to their Federal State Ministries that – by and large – have little impact on the local practice. In contrast to that, cooperative Jobcentres are part of performance-based control and supervision on a national level via the institutional structure of the Federal PES; this is not the case for the pure municipal Jobcentres. In addition, for all these reforms to be successful the necessity of staff engagement is emphasized. Thus, steering and planning a comprehensive reform needs a strong commitment and clear procedures among actors at vertical and horizontal levels, particularly the political leadership but also a functioning communication structure.

The virtual solution, as described for Estonia, requires very different capacities. The quality of communication including content (verbal and visual information), interaction (direction and type of communication), the ease of use and aesthetics (experience and perception when using websites) are crucial aspects (Toots 2014). As Toots observed, while all public institutions in Estonia have websites, their quality is very diverse. In addition, there is a risk that digital services attract people close to the labour market whereas those further away will not be helped.

Steering and planning is also about **leadership** of the integrated services. In general, two options are dominant: **shared leadership** (partly in Germany and Norway) or **single leadership** (Denmark and Ireland). The question of which model to choose is intimately linked to the choice of the lead organization. With the choice of a single leadership model, thus the transfer of responsibility to one particular organization, the overall focus of the reform can be stressed by underlining which actor and what type of service is the most important, for example, the PES in Spain/Basque or the social welfare offices in Slovenia. The choice of a dual or shared leadership signals a broader approach. The question of the lead organization is a crucial one; it determines what services a client will be offered and the rationale on which these are based (simplified integration into the labour market or social integration). Countries that established integrated services with a narrower, work first oriented, approach adopted in contrast a single leadership model – under the lead of the PES. It must be remembered, that the target group of most reforms is vulnerable people far from the labour market. This group is not necessarily best

served by the PES. The lead organization should have sufficient coverage across the country and just as important, should have legitimacy in the designated policy area. Another relevant issue concerns the existing resources, including numbers and competencies of staff, lack of which can seriously undermine the legitimacy of the lead organization. The decisions of the lead organization may also be dependent on the tradition and structure of activation policies. In Norway and Finland, two countries with a long experience with activating unemployed people, integrated service reforms stress the importance of a strong focus on social issues when it comes to LTU. This might be very different in countries where activation policies are underdeveloped (South and Eastern European Countries).

5.1.3. PHASE 3 - Implementation

Phase 3 is **implementation**, which includes elements such as **case-processing procedures, staff training, and cooperation** between different services within each of the institutions. However, what really **distinguishes Pathway 1 from Pathway 2 is the institutionally coherent way these different aspects are integrated** with each other and not necessarily the design of each aspect. It should also be noted, that performance indicators should be chosen carefully to avoid perverse effects. A second important aspect is that implementation of the complex reforms defined as Pathway 1, requires, in particular, emphasis on staff education and the establishment of joint procedures.

Joint case-processing procedure, staff training and cooperation between different local actors

Recalling the definition of Pathway 1 as integrated services that span across different policy areas and larger parts of the case-processing procedure, the aspect of routines around *case-processing procedure* is of particular interest. What should be emphasised is that these types of integrated services require in-depth planning of cooperation between the previously separate agencies, including how to prepare staff, the development of new case-processing procedures, IT-systems and monitoring systems. Experience shows that despite intense preparation in the planning phase in most reforms, a lot of work must be done during the implementation phase and this is something that countries interested in Pathway 1 can learn about (for example the Irish case but also Germany or Finland).

In Germany, for example, the more detailed terms of cooperation and institutional arrangements between municipalities and the Federal Employment Agency (for the cooperative Jobcentres) had to be worked out at the local level. This process included agreements regarding the allocation of staff from both organisations and

decisions on the legal form of the new organisation. Since the requirements regarding staff were mainly unclear due to the scope of the reform and the complete novelty of the organisations to be created, the allocation proved very difficult. In addition, in some cases employees were allocated to Jobcentres, by both municipalities and the Federal Employment Agency, because they were no longer required in their former positions. This shows that unclear planning directly results in problems in the implementation phase.

Similar experiences were reported in Finland. Here, as well as in Ireland, Norway and Slovenia, lack of education and preparation of staff was stressed and resulted in conflicts in the new organisation (and in longer waiting times for clients). Yet, Ireland provides some positive experiences with handling these problems. Under the heading 'Leaving nothing to chance', a variety of mechanisms were used, all of which constantly messaged the serious intent behind the reform agenda. These included quarterly progress reports (published online), large scale staff briefings, staff surveys, a 'culture and values' programme and development of a single brand with a staff competition to coin the new name which was won by 'Intreo'. Implementation was transferred to local staff and managers. In addition, to manage the Intreo reform, the Department of Social Protection's senior management initiated a small change management team with expertise from inside and outside the civil service. A small hub/team of four was assessed as optimal to maximise limited resources and effective communication with internal experts and share ownership of the change. Delegating line managers with local implementation enabled a faster and more flexible approach characterized by '**centralised design, local implementation**'. The core reform team co-ordinated, facilitated, designed, negotiated and communicated implementation. All members had academic and practical backgrounds in change management. Specific skills were recruited including experience of partnership and performance systems in the public sector and industrial relations. The team worked closely with internal experts (IT, industrial relations, human resources), sought advice and input from international consulting firms, and national and international policy experts (OECD). Senior management communicated directly to newly merging staff, for example in town hall meetings and workshops with CWS staff (later also with the staff from the Irish National Training and Employment Authority (FAS)), and through video and personalised, targeted emails.

A general lesson from all these countries is that the highly diverse background of staff from different agencies allocated to new one-stop shops as well as the specifics of the often new services show the clear need for staff training. Training both in

regard to professional skills and, due to the difference in organisational cultures, also in team-building measures in order to bridge the cultural gaps.

Case management in Pathway 1 solutions often spans over larger parts of the case-processing period (depending on the goal of the reform). It can be concentrated on integration into the labour market (Denmark or Ireland) or on handling several issues at once (Finland, Germany, Norway). A good practice highlighted in Finland is the development of a process from initial contact via need assessment and coaching to after-placement support (a so-called 'service chain'). This implies employment officers and social workers working in pairs and including other case workers such as health workers when needed and the flexible use of services like debt counselling, job search coaching, upskilling, rehabilitation etc. In a similar manner, Denmark and Ireland developed a client journey more narrowly focused on integration into the labour market. In Ireland, this is a formalised procedure containing assessment and a set of various measures, a formalised personal progression plan and a set time-frame for case management. If the unemployed person is without a job for 12 months or longer, the assessment and support results in a referral to a next step in the client journey. However, both solutions exhibit, more or less, large local variation in the implementation of the respective reform. In Denmark, case procedure is structured around several matching-categories; with category 1 defining those being closest to and the last category defining those being the furthest away from the labour market. Dealing with social or other problems is not part of this procedure.

In addition, the creation of joint routines is dependent on the earlier choice of the lead organization. This is particularly apparent in the case of the two models of the German Jobcentres. The organizational structure of the pure municipal Jobcentres (one lead organization) is highly diverse depending on size, structure and culture of the local municipality and thus, these Jobcentres create their own routines and procedures. In contrast to this are the cooperative Jobcentres (shared leadership) embedded in a different institutional setup that partly consists of homogenous procedures and standards (PES) and partly framed by the diverse municipal settings. Since for the latter model, the organizational setup is decided jointly and supervised by the local Supervisory Board of the Jobcentres (both the Federal Employment Agency as well as the municipality are represented) the case working procedures in these models are heavily influenced by the more standardised procedures of the PES. The conditions of contracting-out and subsequent quality control is an excellent example for the importance of the choice of the lead organization and the consequences for the institutional setting. This also exemplifies that these single aspects need to be seen in the light of the overall idea behind the

setting of the reform. In the case of cooperative Jobcentres contracting-out as well as quality control is conducted by regional purchase centres (REZ) located within one of the Agency's ten regional offices. These organizations publish tenders and gather all bids for active labour market policies as requested by the local cooperative Jobcentres. They also decide upon the contractor and subsequently evaluate the quality and success of the measure. In the case of the municipal Jobcentres this process is highly diverse and there is no systematic data on the process of contracting out and quality control measures.

Highly institutionalized cooperation is the key feature of Pathway 1. Thus, the cooperation with the surrounding society is an important complement to public services; in particular, private actors offering various programmes for LTU. Yet, there is no general rule whether private for-profit or private not for-profit should offer services. Instead, this relies on the local/regional institutional structures. Outsourcing mechanisms to private actors as well as cooperation with NGOs exists in all Pathway 1 models.

The decision to cooperate with NGOs or private actors may, however, have some implications. Regarding cooperation with NGOs, there are some fears that through the overall marketization trend, NGOs will lose some ground to private for-profit actors. As already mentioned, Intreo in Ireland is supported by outsourced services for the long-term unemployed and non-jobseeker clients through three different funding methodologies: Pay-by-Results tendering (JobPath), block grants in service delivery agreements for Local Employment Services, and commissioning (regarding Social Inclusion and Community Activation Programmes). JobPath is now the primary public employment service for the long-term unemployed and its Pay by Result funding model may be extended to both SICAP and LESN. There is concern that this may bring closures or mergers and/or facilitate new private actors who will replace NGOs, with possible consequences not only for the capacity to deliver integrated services but also for the variation in services needed for different clients.

A concern raised in Finland is that, although networking with various third-sector and service-providing organisations has been undertaken actively, private companies and employers have proved to be much harder to reach and involve. This results in a lack of complementary outsourced employment services for employment services in LAFOS. From a client perspective, this seems to be the crucial issue in attaining sustainable employment results (Karjalainen and Saikku 2011). In a similar manner, a Danish study showed that companies do not use the

jobcentres. A survey²³ showed that only 13 % of companies have used the Jobcentres for recruitment, despite 29 % having needed recruitment. At the same time, 28 % have been in contact with a jobcentre related to wages-support, trainee etc. Approximately 6 out of 10 companies described the quality of service they received as good or very good. This is an indication of an area where there seems to be room for improvement, as the Jobcentres' ability to support unemployed people is highly dependent on contact with private companies.

Shared IT systems

A common issue for solutions following Pathway 1 is the **issue of a shared IT-system**. Legal barriers may arise from the lack of clear legislation on data transfer between separate legal entities and strong regulations on personal data protection. The necessary scope of IT systems should be considered carefully, as they can become complex depending on the scope of the integrated reforms (number of involved agencies, agencies coming from different policy areas with different traditions to document cases) and the existing institutional structure. Difficulties with large IT systems connecting many actors are experienced, for example, in Slovenia. Design and solutions of an IT platform with automatic connections to 53 administrative and business (banks, insurance companies) data bases working with various software solutions (different modules) was planned. A lot of work was invested on data protection and the privacy of applicants' data, and data protection solutions were regularly checked with the Information Commissioner. The IT system was being developed until the last moment before the reform should be implemented and problems related to it caused severe delays in decisions of the SWCs on the claims from the beginning.

In Germany, as in Finland and Ireland, efforts were undertaken to establish new IT systems allowing data transfers between agencies. A more restricted IT system was developed in Germany. At the beginning of the reform, there was one, more or less, uniform system for the cooperative Jobcentres based on a solution by the head office of the Federal Employment Agency, while the municipal Jobcentres were free to decide on their IT solution and its design individually and locally. Today, there is a basic shared structure for all Jobcentres to allow for basic compatibility and comparability of crucial data, while the system as a whole is customized to a degree that varies depending on the type of Jobcentre. This allows for some basic data sharing between municipal and cooperative Jobcentres as well as between different municipal Jobcentres and full compatibility between all cooperative Jobcentres.

²³ From Styrelsen for Arbejdsmarked og Rekruttering, October, 2016 based upon replies from 13.000 companies representing 40-50 pct of the total employed on the Danish labour market.

Also, Spain/Basque reports a good practice regarding a common management platform (Sistema único de información de la RGI). This software platform gathers all the information about RGI recipients and their household members. The information can be used and edited by all agents involved in RGI management and it also facilitates the participation of other organizations (primary and secondary social services, external entities that provide services, NGOs). This enables a multidimensional response to poverty through the involvement of several agents. This platform was set up in 2011 along with the reform. The rationale behind it was to integrate the software systems for the management of RGI that existed before the reform. Previous systems were managed by provincial authorities, who gathered the information provided by municipalities, but in the provinces, municipalities gathered the information in very different formats.

5.1.4. PHASE 4 - Monitoring and evaluation

Monitoring

The fourth phase is monitoring and evaluation. Various types of indicators and joint IT systems are a common mechanism in most systems to monitor and follow up performances. Yet, appropriate systems do not exist in all countries. Firstly, it is often difficult to assess performances of the specific reforms since they are a part of a wider reform package. Secondly, to construct a monitoring system is an extra challenge for reforms categorized under Pathway 1 since they build on integration of several agencies in a highly institutionally way. As a third, general, comment, the careful setting of indicators is crucial, since perverse effects of incentives can do a lot of harm to the overall aim of the reform. An example of a perverse incentive is the re-imburements of the type introduced in Denmark. In this case, municipalities were given incentives so that the re-imburement of cost partly mirrored the number of people who moved into a job and how quickly that happened. This kind of incentive implies a risk that those further away from the labor market will get least support. It may also cause case workers to give less priority to clients with social or other problems (Svarer and Rosholm 2010).

An example of a **comprehensive monitoring system can be found in Germany**. Here, we found a shared system of indicators consisting of three key performance indicators and a set of four additional indicators for each, comprising a total of fifteen indicators measuring changes in: the sum of benefits paid for living, rate of integration into the labour market, and change in the stock of benefit recipients. This set of indicators serves as an empirical foundation for comparisons between Jobcentres regarding their performance and is augmented by a typology of

Jobcentres according to their economic situation. The indicators are used along the whole vertical line of responsibility for labour market policy. One main function of the indicators is monitoring and management of the system on a national level by the Federal Ministry of Labour and they are also used by the Federal Employment Agency in their national process of control and management of cooperative Jobcentres. The responsibility for the assessment of the quality of caseworkers lies with the individual Jobcentres. There is technical supervision of caseworkers at team-level as well as routines for data quality management. Other instruments of quality control include case reviews and supervision (ISG/Steria Mummert 2013). Based on these instruments, caseworkers receive feedback on the quality of their work from their team managers who are in turn subject to mechanisms of quality control from the next level of management.

An **elaborated monitoring system is also in place in Ireland** but due to the more recent establishment of the reform, the first evaluation of Intreo will be carried out in 2017. Anyway, high level employment outcome targets set through PtW have been achieved. This is not necessarily a function of Intreo (that focus on short-term unemployment) or PtW and may be simply an outcome of economic and jobs growth. However, the **greater proportional drop in long-term unemployed (46%) compared to an overall drop in unemployment (37%)** cannot be explained as a function of jobs growth. The quality of Intreo services and case work is assessed through a client satisfaction phone survey of 1,010 job seekers. This shows positive feedback with premises, staff, services and processes rated 4.38 out of a maximum score of 5. While more than three quarters of respondents either completely or moderately agreed that the process helped them get a job, the 2017 survey appears less positive than the 2015 survey.

In contrast, **monitoring in Slovenia and Finland/LAFOS** proved to be **difficult and fragmentary**. As LAFOS was a joint activity of three main actors, PES, municipalities and Kela (Social Insurance Agency), and all three had their own customer databases, which are not compatible (and on top of this municipalities can have different data-systems for their social and health clients), the challenges to monitor LAFOS proved to be difficult. A special customer database was established for LAFOS, called TYPPI, but this could only partially be connected to the other databases, resulting in overlapping and inconsistencies in data. **No systematic monitoring of the reform** was planned at all in Slovenia in advance and no instruments established. The support of the responsible Ministry (MLFSA) to the social welfare centers (SWC) was carried out by procedures such as, for example, a hotline for questions of SWCs; preparation of guidelines for specific problems and issuing instructions for SWCs; organization of solutions for IT and software

problems or meetings with SWCs directors. No focus was directed toward staff or client satisfaction.

Evaluation

It should be a normal procedure **to link an evaluation to reforms qualifying as Pathway 1**. These **can take different forms** including ex/post evaluation (Ireland) or an action research approach (i.e. giving feedback while the reform was running and not just ex post) as in Finland. In the Finnish case, it is very difficult to assess the results of the reform by outcomes such as open market employment, cost effectiveness, or improved health). The reform itself and the structures it has given rise to are complex. The time-span under consideration (2002 – 2015) is long and contains major ups and downs of the economy and employment, especially the 2007-11 global financial crisis, which had a major impact in Finland. There have also been changes in the goals and directions of the reform and the criteria for LAFOS service.

An ambitious evaluation of every step of the whole reform package was an integral part of the Germany reform. As this was the most politically contested issue of the whole reform process, the different organizational models were also subject to an evaluation. This was of particular importance because the idea was to promote organizational competition between the two models and subsequently empirically identify a superior model via the evaluation. In contrast to Germany, no overall evaluation of the administrative reform of ALMP has been carried out in Denmark or in Spain/Basque. Statistical analyses are frequently carried out by Lanbide (Basque), however, these are only for the period after the reform (from 2012 onwards) and thus with limited possibilities to compare with the period prior to it. In Denmark, before the first experiments from 1 January 2007 were evaluated, the responsibility for ALMP administration for insured unemployed people was transferred to all municipalities. No evaluation was carried out that directly focused on the administrative change, and after the reform there have only been limited analyses of specific aspects.

In sum, following reforms of integrated services it is necessary to be aware of the complexity of prerequisites and conditions required to undertake such a wide-ranging reform that marks a significant deviation from the traditional national welfare regime: the necessity for a broad consensus on the nature of the reform both on a political and practical/implementation level, a suitable tactical occasion ('window of opportunity') and the ability to carry out the reform process quickly and effectively.

5.2. Pathway 2: Limited or small-scale model of integrated services

The main common feature of the limited or small-scale reforms of integrated services consists in forms of inter-institutional cooperation for the delivery of integrated social services. The limited reforms or limited models of integrated services refer to a variety of approaches, including limits regarding the target group. Target groups are claimants of a social welfare benefit for which the social services are responsible and / or unemployment benefits (responsibility of the PES, and/or health-related and disability benefits (under the responsibility of the disability insurance). Limits also exist with regards to the regional coverage of the reform. In some countries far-reaching and encompassing reforms (see pathway 1) were only implemented in some regions (e.g. Spain). Large variation in the implementation of institutional cooperation can be found in a number of countries, e.g. Austria, Belgium and Switzerland. Limits also exist in the depth of cooperation. Key lessons and country examples shown in this pathway relate to forms of inter-institutional cooperation or cooperation with private actors and NGOs.

Small-scale reforms of integrated social services are mainly linked to improvements in the cooperation and integration processes. They are not closely linked to or resulting from major reforms of the benefit system (e.g. France, Switzerland), although the overall long-term reform processes towards activating welfare benefit recipients are contextual factors in all cases. These procedural and process reforms are more 'technical' and disconnected from the wider political discourse of benefit reforms. Limited and / or small-scale models can be found in various country groups: in those with well-developed employment and social services (such as Austria, France, Switzerland) as well as in countries which are still in a phase of building up capacities in the delivery of employment and / or social services (this is more likely to be the case in South Eastern countries and some Central eastern and North-Eastern countries). The following section examines the first phase: Political commitment and goal setting.

5.2.1. PHASE 1 - Political commitment and goal setting

There are various reasons and motivations for deciding upon limited and/or small-scale reforms:

- (i) Political conflicts would make any larger reform not possible. Therefore, piecemeal and smaller reforms are more realistic (e.g. France).
- (ii) Small reforms may be built up on previous experience (e.g. France).

- (iii) Larger nation-wide reforms may not be possible because of strong autonomy at regional level and a weak federal level in both employment and social policies. (e.g. Switzerland, Spain. In Spain one region – the Basque country, introduced an ambitious an encompassing reform (see pathway 1). In the case of Austria, a nation-wide encompassing reform failed.
- (iv) Re-specialisation: In the case of Belgium, in one of the three regions (Flanders) Jobcentres in the form of one-stop shops were set up in the past, however, it was deemed necessary to improve cooperation between the PES and the social services.
- (v) Poor institutional capacities that are not ready for a larger reform (e.g. a number of eastern European / Balkan countries), therefore start with limited reforms.
- (vi) Legal difficulties to implement a large reform: it may be easier to implement limited reforms.
- (vii) The overarching objectives may be manifold: increasing the employment rate of all unemployed, the long-term unemployed and/or inactives (e.g. France); reducing poverty (e.g. France); reducing poverty of the most vulnerable groups (Romania); reducing benefit dependency (e.g. the Netherlands, Switzerland); increasing outflow from means-tested social benefits (e.g. Slovenia, Switzerland, France); increasing take-up of employment and social services of difficult-to-reach groups.
- (viii) The target group in this pathway is limited to distinctive groups (e.g. in France, Slovenia, beneficiaries of the means-tested social benefit recipients RSA; in Switzerland: benefit recipients + unemployment benefit recipients + social assistance and disability benefits). It needs to be noted that in some countries other inter-institutional cooperation structures or one-stop shops may exist for other target groups, e.g. in France there are different cooperation structures for different target groups: youth, disabled people, recipients of means-tested minimum income).
- (ix) Limited reforms may be linked to reforms in other fields of employment and social policies, such as the objective to limit access to the disability scheme and activate people with health problems early (e.g. motivation of participation of the invalidity insurance in inter-institutional cooperation in Switzerland).

Nevertheless, objectives must be ambitious as the limited reforms need to bring about the delivery of integrated social services which in itself is very demanding and complex to implement.

Integrated social service delivery as an element of a gradual reform process

In some cases, the limited reforms to improve inter-institutional cooperation are embedded in wider far-reaching reforms of the PES (e.g. Poland) or the means-tested social benefit system (e.g. Slovenia, the Netherlands). In some other countries smooth process reforms, experiments and pilots have been implemented. The driving force for these more processes-oriented reforms is also grounded in the general trend towards activating benefit recipients or combating poverty through activation and the understanding that improvements in cooperation between agencies are necessary (e.g. France, Switzerland).

Process-oriented reforms or reform elements are in general less thoroughly debated than reforms of social benefit systems and linked conditionality rules, wider institutional reforms and active labour market policies, as these latter policy changes and reforms are more explicitly based on ideologies and values in the society.

In the case of Poland, the reform of 2014 introduced the activation and integration programme (PAI). It was initiated and designed by the government and from the start sparked interest among social partners. This reform was embedded in a wider reform to strengthen and modernise PES. The changes in 2014 aimed to modernise the Public Employment Service along several dimensions. Firstly, it strengthened vertical co-ordination between regional and local level PES. Second, it widened the role of the regional employment offices (WUPs), with greater autonomy in distributing funds. Third, it introduced performance-based management, along with performance-based target setting. Fourth, it set universal operational standards which came hand-in-hand with a new profiling system for the unemployed. Finally, the reform seeks to improve horizontal co-ordination with regard to long-term unemployed and aims at more individualised activation services and increased outsourcing (Budapest Institute, 2015, Volume II). The public and expert debate focused on the issues of increasing effectiveness of public employment service delivery (with the new algorithm of financing local labour offices according to effectiveness measures), profiling of unemployed (with corresponding problems of how to best segment the unemployed and provide adequate support), professionalising the public employment service (by introducing the client counsellors to bring the officers closer to the unemployed and provide more personalised support) and introduction of new support and activation measures (including training, internship, employment and relocation vouchers). The introduction of PAI, however, did not generate much debate, with a focus on some specific issues of cooperation (financing, sharing of responsibilities, etc.) between

public employment services and social assistance. Equally in France, there are public debates about the activation policies and reforms on the conditionality of means-tested minimum income (RSA) recipients in general, but not on the introduction of new cooperation structures between the social services and the PES for the intensive follow-up of RSA recipients ('accompagnement global').

The case of Slovenia has shown that the implementation of the encompassing benefit reform (see pathway 1) took some time and at the beginning the reform was focused on conditionality aspects rather than the integrated delivery of social services. Only since 2016 has the Ministry for Labour, Family and Social Affairs (MLFSA) been working on the social activation project, i.e. developing the system and social activation programmes to address persistent long-term unemployment and long-term dependency on social benefits (more than 40% of FSA recipients are long-term). Another project of MLFSA in 2017 is a reorganisation of social work centres towards more services for clients and more social work, supported by automatic calculation of child and family-related benefits and subsidies.

In the case of the Netherlands, the Work and Social Assistance Act (WWB), introduced in 2004, constituted, to some extent, the culmination of policy developments that had been ongoing since the late 1980s, that consisted of an increased focus on labour market participation on the one hand, and increased responsibilities in the field of activation for local authorities. The guiding principle of the Act was to favour 'work over income'. The WWB's rationale is the need to make municipalities more accountable for the costs of providing assistance. This is done by providing them with increased financial responsibility, coupled with a widening of municipal policy responsibility. Since 2015, the WWB has been embedded in the Participation Act, which seeks to increase the labour market integration of persons with an occupational restriction or drawing social assistance benefit. The Participation Act is implemented by the municipalities and as such is an important step towards increased decentralisation of responsibilities in the social field from the central level to the local authorities. The new mechanisms generated incentives for outsourcing services and thus laid the ground for a fundamentally different way of delivering integrated services (see details in the implementation phase).

Formalisation of inter-institutional cooperation based on political commitment

In most cases, limited reforms do not need a change in legislation (e.g. France, Switzerland). Instead, signed agreements and commitments between the relevant actors are key. An example is France where the Comprehensive Support and Guidance (accompagnement global) is built on an agreement signed by the DGEFP

(the Government / Ministry of labour), ADF ('Association des Départements de France', head of the Departments network) for the local governments and Pôle emploi (the French PES). The cooperation offers coordinated support, guidance and follow-up for activating social benefit recipients and jobseekers with complex social problems. The rationale behind the initiative was to change the way of working of all actors involved, to boost activation policies and to set up permanent partnerships between the PES and local government social services. Also, the 'proeftuinen' or Experimental Gardens from Belgium/Flanders serve as an example in this category.

In some cases, it may only be possible and necessary to get the political agreement at the local / regional level (e.g. Belgium, Switzerland – both Federal States). In these types of federal countries, it is sensible to get the political commitment at the regional level, rather than at the national level. This does not, however, mean that all Federal States fail to implement nation-wide reforms, as the example of Germany shows (see pathway 1). Leaving room for political commitment at the regional level may increase the acceptance and feasibility of reforms, at the price of a higher heterogeneity across the country. Reducing this heterogeneity has been one of the rationales for the new nation-wide tool for the Comprehensive Support and Guidance introduced in France, although implementation still shows some variations at the level of the 'départements'. Countries need to strive to find a balance between local / regional variation and heterogeneity in the models for delivering integrated social services on the one hand and on the other the wish to have more equal conditions around the country and to promote a more comprehensive social and employment service delivery in local areas and regions where the political commitment is missing, or institutional capacities are weak.

The role of pilot phases and experiments

In some countries (e.g. France, Belgium / Flanders, Switzerland), the reform of the integrated delivery of social services started with the implementation of pilot projects. In Flanders, the goals of the experiments were to increase cooperation between PES and PCSW (social services) and to further stimulate and improve the integration of clients of the PSWC and (high) risk clients of the PES into the labour market or other employment initiatives. The first phase of the 'test beds', conceptualised in 2008 in a cooperation between VVSG, PES and the Minister of Employment, was primarily aimed at strengthening the management role of the PES in the labour market. These experiments are not policy reforms, but they have contributed to policy changes at a later stage. Moreover, they have led to improved practices in the cooperation between employment services and social services at local and regional level, to enhance the (re)integration of those groups furthest away into the labour market (IDSS Country report Belgium/Flanders). In a similar

way, in Switzerland, the pilot project, known as MAMAC (Medizinisch-Arbeitsmarktliche Assessments mit Case Management) ran between 2005 and 2010 in 16 cantons (out of 26). Its main objective was to provide a form of structured collaboration for the activation of clients with multiple problems, i.e. the co-presence of labour market, social or health related problems. The basic idea behind the MAMAC pilot was to improve the cooperation among three key agencies: unemployment insurance, invalidity insurance and social assistance. The pilot was discontinued in 2010 as planned. However, the federal government decided to pursue interagency collaboration as the main strategy to deal with the problem of fragmentation of the social security system (country report Switzerland). Similarly, the example of France is not related to a policy reform, but to an improvement of practices and work processes. It is built on the experience of pilot projects as well as that from institutional cooperation for other target groups (IDSS country report France).

Developing and implementing 'soft' or gradual policy reforms based on pilot projects as well as on lessons from similar experiences in other fields has a number of advantages. It allows adjusting the measures / reforms in a pragmatic way, allows for testing social innovations without the risk that a large reform might fail, and may raise political commitment if the pilot is successful.

5.2.2. PHASE 2 - Planning and design

Inter-institutional cooperation as an objective

The second phase is planning and design. A common objective of the different types of countries following a limited or small-scale pathway is to **improve cooperation, mainly between the PES and the social services** (and in some cases the disability insurance, as is the case in Switzerland). A variety of other actors may be involved in the planning, design and implementation. To give an example, in the case of Flanders, the logic behind the experiments was to increase cooperation between PES and PCSW (social services) to further stimulate and improve the integration of clients of the PSWC and high-risk clients of the PES into the labour market or other employment initiatives. The experiments started from the idea that clients of both PES and PCSW have to benefit from quality support and a coherent trajectory of intake, screening and support for professional (and social) integration. With the introduction of the Jobcentres in 2000)²⁴, the cooperation between the PES

²⁴ Per area, the key regional and local service providers active in the domain of labour market and employment are brought together under the same roof (Job Centres as one-stop-shops). At the start of 2000, 141 Job Centres were planned. The purpose was to cluster the services and products of various public and non-profit organisations working in the employment and labour market to target different groups: unemployed, employees and employers

and other actors, such as the PCSW, had already taken a new dimension. However, the integration of the service provision between PES and PCSW within the Job Centres proved to be a challenge. When the Job Centres were established, they were set up differently in different areas. While the PCSW were considered to be an important 'partner' in the implementation of the Job Centres, in reality **PCSW were involved in about 50% of the Job Centres** (Van Hemel, L., en L. Struyven, (2007). One of the conclusions of the process evaluation of the Job Centres (2007) was that the cooperation between PES and PCSW needed a new impulse. To activate as many clients as possible through each organisation, cooperation was considered to be an important instrument, especially in view of the structural shortages on the labour market and of vacancies that were hard to fill at that time.²⁵ In a similar way, in Switzerland and France the driving forces for the introduction of new tools and procedures and formalisation of the cooperation between the key institutions was the perceived need for better inter-institutional cooperation in order to achieve better integrated social services and finally an activation of the target groups. While in those countries which linked overcoming institutional fragmentation and better cooperation to their PES and/or benefit reforms, it appears that the integrated delivery of social services is a side aspect, or may be implemented at a later stage (e.g. in Slovenia).

The actors

The driving institutions or main institutions for limited and/or small-scale reforms may be the PES or the central strategic level in charge of PES (typically the Ministry of Labour), the social services or the relevant national Ministry or regional or local entity or the association of local entities. Other actors may come into play in the design phase such as the disability insurance, as is the case in Switzerland, where multilateral inter-institutional cooperation exists. In some cases, it is difficult to clearly disentangle the driving institutions as different actors have played a decisive role (e.g. in France). Which actors play a decisive role in the planning and design phase will mainly depend on the overall objective of the reform (strengthening the PES; strengthening the social services; strengthening the cooperation between the PES and the social services) or the perceived capacities and specialisations of the actors.

²⁵ <http://www.werk.be/cijfers-en-onderzoek/rapporten/procesevaluatie-van-de-werkwinkels-evaluatie-van-de-netwerkbenadering-en-de-ruimtelijke-spreiding-van-de-werkwinkels-en> On this website the different related reports are available. For a summary: Struyven, L., (et al), (2007) *Naar één loket voor werk. Synthese en aanbevelingen over de ruimtelijke spreiding en het partnership van de werkwinkel*, HIVA, KULeuven.

In France and Belgium / Flanders and in some cantons of Switzerland both actors - PES and social services - have gained prior experience and had set prior goals on activation, although target groups and activation strategies and philosophies have not been the same for the two institutions. In Flanders (as well as in France and Belgium/Flanders), historically, the social services and PES have a different mission and do not target the same groups. For the PES, the main target group are non-employed jobseekers (domain of social security), while for the social services the main target group are people who, after screening, are identified as 'falling out of the labour market' (e.g. Belgium/Flanders).

Throughout the years, the integration into the regular labour market has become an important domain of the work of social services (e.g. Flanders/Belgium, many Departments in France, larger cities in Switzerland). In these cases, social services have set up their own service and programmes dedicated to coaching clients towards (re)integration into the labour market. Similarly, the PES was already tasked to (re)integrate recipients of subsistence allowances into the labour market, which depended on labour market-ready clients being registered on their listings (e.g. Belgium/Flanders, France, Switzerland). These blurred boundaries between the responsibilities of social services and PES have raised the question of how parallel and overlapping interventions can be avoided without losing sight of the specificities of both target groups.

Another issue might be the wish to harmonize the activation approach within a territory (e.g. with regards to the types of interventions and programmes delivered: e.g. work-first strategy vs supported employment). In the case of Switzerland, the disability insurance, the third actor for the inter-institutional organization, has traditionally had its own networks for placement and activation instruments. However, the reforms of the disability scheme to focus on early labour market integration and the principle of prioritising employment over receipt of benefits has presented new challenges. In these countries, new initiatives to improve inter-institutional cooperation were designed to overcome weaknesses in the current set-ups. The rationale for the experiments introduced in Belgium/Flanders is linked to the experience of the cooperation between the PES and social services (PCSW) in the framework of the Job Centres introduced in 2000, activating the more challenging clients and (re)integrating them in the labour market. While there was already a framework for cooperation through the Job Centres as one-stop shops, this framework was not sufficiently nurtured by those involved.

The following problems were identified at the beginning of the experiments (based on the interviews, see IDSS country report Flanders):

- (i) the PES services and PCSW services did not really know each other;
- (ii) both organisations had their own set of activation instruments, but they did not really know each other's approach, nor did they take advantage of the eventual complementarity of the tools. There was a strong global resistance to 'transferring' instruments from one organisation to the other (PES and PCSW);
- (iii) the 'warm transfer' of dossiers (which goes beyond the pure transfer of data/information and implies discussing the support needed by a client) between PCSW and PES did not work well. In the case of Flanders, the experiments conducted were not intended to make any changes to the autonomy of the institutions involved, but to induce changes in the way that they cooperate. During the experiments, it became clear to both organisations, PES and PCSW, that it was not a question of transferring assignments/tasks or competencies, but rather of creating a framework for closer cooperation. Similar problems could also be observed in France where the cooperation between the social services of the départements and the PES did not work well in some areas prior to the introduction of the new instrument (although in contrast to Flanders they had not worked previously as one-stop shops). The new programme 'accompagnement global' (Comprehensive Support and Guidance) was not meant to transfer competencies but to improve processes and cooperation.

In contrast to the continental European country examples presented above, typically, in many Central Eastern, North Eastern and South Eastern countries, the social services and local institutions delivering them (e.g. municipalities) have no, or only little, experience providing employment services and integrating vulnerable groups into the labour market. Thus, in some countries with limited reforms, the PES is the central actor.

The focus of social services for vulnerable groups who are capable of work in these countries has often been limited to controlling conditionality (e.g. Dimitrov and Duell, 2014 for Bulgaria; Duell and Kurekova 2013 in the case of the Slovak Republic). Two options seem to be sensible in these cases: transferring competencies to the PES or building up competencies at the social services institutions. Ideally, the role of both actors would need to be strengthened as a long-term aim. The crucial position of the PES in integrated services in some countries mirrors the increased importance activation policies has for groups far from the labour market (e.g. Poland). The focus on delivery of integrated social services has come as a further step in this case. Reforms can also focus on social services as the main actor (Romania). In this case capacities need to be built within

the social services. Social service institutions may need to develop / modernize concepts of social work. Introducing the idea of activation and shifting focus from passive to active measures is part of the reform (e.g. Romania). The reform in Slovenia focused first on improving the social benefit system in terms of targeting. This involved improving the efficiency in implementing conditionality rules calling for improved cooperation in this area.

In the case of the Netherlands, the implementation of the Work and Social Assistance Act (Wet Werk en Sociale Bijstand – WWB, 2004-2015) strengthened the role of municipalities by making them more accountable for the development of the volume of assistance. The WWB provides social assistance for people of working age who are able to work. Municipality responsibility includes the provision of tailor-made benefits, support for people entitled to a supplementary benefit and support for people trying to regain their financial independence. Municipalities can either reintegrate WWB clients themselves or contract private reintegration agencies (see phase 3 on the implementation through outsourcing). Reintegration provision can assume a variety of forms: diagnosis of the client's options, job application training, wage-cost subsidy, a combination of learning and working, Work First schemes, etc.

Modes of inter-institutional cooperation

Ideally, inter-institutional cooperation is formalized, rules are established about processes and cooperation is continuous. Objectives are shared, expertise of the different agencies combined and a common understanding about employment barriers and strategies towards (sustainable) labour market integration developed. One difficulty is to strive to get the right balance between formalisation of the rules and practice of cooperation and the need to leave actors with sufficient autonomy and to avoid bureaucratic costs. This involves a constant trial and error process, allowing for adjustments in the degree of formalisation and setting common guidance for the level of autonomy of agencies and their counsellors.

In reality, the **modes of inter-institutional cooperation observed vary in their formalisation**, the intensity of cooperation, autonomy of the key actors and responsibilities (the models observed are often the result of conflict of interests and do not necessarily follow the logic of an ideal world). As policy changes and the improvement of institutional capacity for delivering quality services need to be understood as processes, it is useful to look at different models in more detail.

Different models include:

- (i) partly transferring the activation process to one agency
- (ii) processes for joint decision-making on activation processes

- (iii) creating an agency to manage cooperation
- (iv) outsourcing to NGOs and private sector providers

In the case of Switzerland, a federal State, decisions concerning the precise shape of the cantonal MAMAC project were taken at the canton level. Two different models were implemented:

- (i) type A MAMAC, where MAMAC is a platform but not an additional agency. Clients are assessed jointly by counsellors of the different agencies and then transferred to one of the three participating agencies. This model was adopted in 14 out of 16 participating cantons;
- (ii) type B MAMAC, in which case the new MAMAC agency that collaborates with the three participating agencies but follows the eligible clients throughout the relevant period of time (until a job is found or the client is no longer deemed eligible for MAMAC). This model was adopted in only two cantons. The study by Céline Champion (2008) shows positive results of this more ambitious cooperation form. The same study also showed positive results in some other settings of Type A MAMAC (e.g. Geneva). In the latter case the MAMAC project worked as a platform (IDSS country case study Switzerland).

Although, cooperation is less intense in some of the countries still building up their capacities, the cooperation is at least formalized. In the case of Slovenia, a Protocol of Cooperation between the PES (EES) and the social services (SWCs) was prepared and signed by the Employment Service of Slovenia and the Association of SWC; the Protocol was also endorsed by the MLFSA (by the Labour Market Directorate and Social Affairs Directorate). In 2012, the common committees were established by all employment offices (and the corresponding SWCs) and started with meeting on average around three times a year). More frequent meetings of these committees would be advisable. The case of Portugal has shown, that such committees may still not be enough to effectively ensure that integrated services are provided (Duell and Thévenot, 2017). As a condition for these committees to operate effectively sufficient staff resources are necessary.

In contrast, in the case of Austria, cooperation was uneven and often only semi-formalized. Although the setting-up of one-stop shops failed (except in Vienna), the PES and provincial governments worked with (sometimes) unsigned agreements, which varied substantially. Instead, other forms of cooperation have evolved at regional/local level.

Modes of financing and institutional incentives

The lack of financial incentives to cooperate represents one of the major barriers for providing integrated social services. For example, in Switzerland, as in many countries, the system contained strong incentives to offload clients with multiple problems onto another scheme, a practice known in the literature as 'cost shifting' (see Overbye et al 2010; Bonoli and Trein 2016). Overcoming 'cost shifting' was one rationale for the MAMAC pilot projects. The financial modes and other institutional incentives need to be well designed if the objective in the delivery of integrated services for hard-to-place and vulnerable populations is to be met. Experiences across countries with limited reforms show that the absence of any financial incentive may reduce the incentives to cooperate.

The design of financial incentives has an impact on the activation strategy chosen, including the choice of cooperation partners (e.g. in the case of the Netherlands. See below). Other institutional incentives consist in the perceived benefits of using enlarged networks (partners' own networks as well as and the cooperating agency). From another perspective, an agency may not perceive an incentive to cooperate if there is an asymmetry in the capacities (e.g. the invalidity insurance institutions in Switzerland have built up their own expertise in the medical field and have their own networks; this was regarded as one reason why they less frequently referred individuals to the MAMAC process). In this case, in the absence of financial incentives, the stronger partner may not perceive a benefit in opening up its network and sharing its knowledge (e.g. the invalidity insurance institution in a number of Swiss cantons). In the following, a few examples are given of possible ways to regulate responsibilities and financial benefits between cooperating agencies and institutions.

The example of the MAMAC cooperation model of the City of Basel is a more ambitious one as a dedicated MAMAC office/agency was set up to follow up MAMAC clients known as Arbeitsintegrationszentrum (AIZ- Center for the integration in employment). AIZ is part of the cantonal PES. AIZ works on behalf of the sending institutions, who have to pay for the services provided by AIZ. The project was presented as being based on equal contributions by each of the three participating agencies. With regard to financing, all the costs generated by MAMAC were shared equally by the three participating institutions (1/3, 1/3, 1/3). In this case MAMAC was also used by claimants of the disability insurance. However, overall, the use of the inter-institutional cooperation structure in the different pilot projects in Switzerland did not only depend on the financing structure, but also on the necessity perceived by the different actors to share their own networks. In particular, it seemed that the disability insurance institution had less incentives to

participate as it has own resources in terms of knowledge (of medical problems) and networks of service providers and companies. A number of MAMAC pilot projects contained shared staff for implementing the delivery of the integrated social services. The contribution to the coordination system in terms of allocating staff quite likely increases joint commitment (see IDSS country case study Switzerland and Duell et al. 2010 for details).

Like Switzerland, in Flanders (Belgium), the previous revolving door practice was one of the reasons to start the trials. In the case of Flanders, one result of the experiments has been the introduction and/or implementation of the concept of 'warm transfer', which requires that the referral of a client from one organisation to the other necessitates a consultation between the actors involved²⁶. **'Warm transfer' goes beyond the transfer of data/information and implies discussing the support needed by a client.** However, one weakness of the experiments was that they were implemented without financial support for the local partners. The absence of a dedicated budget provided little guarantee for structural and sustainable changes (see IDSS country report Belgium/Flanders)

In Poland, financial incentives have been provided to increase horizontal co-operation between Poviats Labour Offices (PUPs) and social welfare centres to provide extensive support for unemployed people who are isolated from the labour market. Those PUPs who implement the new Activation and Integration Programme (PAI – Program Aktywizacja i Integracja) independently receive less state subvention than PUPs who implement the programme in cooperation with social welfare centres. This set incentives for contracting NGOs for the implementation of the activation and integration programme PAI. The recent reform encourages the outsourcing of activation services for clients classified by the new profiling system as 'unemployed far from the labour market', as outsourced services related to this group may now be financed from the Labour Fund, and not only from the local budget as before (Budapest Institute 2015, Volume II, country report Poland). However, there is little evidence that the new financial rules improved inter-institutional cooperation. Furthermore, the 2014 reform has also introduced performance-based funding for the PES: according to the new regulations, ALMP funding at a given local job centre (PUP) will depend on input and performance indicators (e.g. the number of the unemployed and the unemployment rate; and the job finding rate of ALMP participants three months after the end of the programme) (Budapest institute 2015, country report Poland). As long as these performance

²⁶ There is no consensus amongst the interviewees from the local PES and PCSW whether this concept already existed before the experiments but was only implemented during the experiments, or whether it was introduced as part of the experiments.

indicators do not take the difficulty of placement of different groups into account, the performance management sets little incentive to refer hard-to-place jobseekers to ALMPs. Similarly, performance indicators for the Swiss PES rate prioritise rapidity of labour market integration above sustainability. This has an impact on the chosen integration strategy (Duell et al. 2010).

In the Netherlands, municipalities receive lump-sum payments from the national government, based on socio-economic parameters that take into account the demographic and regional labour market situation. There are two financing components: for benefit payments (I-component) and reintegration measures (W-component). The model creates incentives for reducing caseloads since saved money originally earmarked for benefits can be transferred to other budget lines. Deficits must be compensated by the municipalities. If municipalities spend less on reintegration than is granted, a part of the budget may be carried forward to the following year. Eventually, money that is not spent must be refunded to the national authorities. Municipalities are also granted more discretion in choosing the type of measure for activation. The increased financial autonomy granted to local authorities is characterized by a built-in financial incentive, aimed at limiting the use of benefits. This objective has been achieved. It seems that the negative incentive (municipalities must compensate any deficits on the I-component) has a stronger effect than the positive stimulus (municipalities may keep I-component savings). The study by Bosselaar et al. (2007) finds a rise in non take-up of specific assistance²⁷. Likewise, there is evidence that municipalities do not direct their reintegration efforts to older assistance recipients, having regard to their poorer employability. On the other hand, municipalities are sometimes reluctant to fully exploit their autonomy. Some municipalities feel hindered in offering training, as the WWB requires reintegration trajectories to constitute the fastest road to employment. Similarly, Blommesteijn et al (2012) found that many municipalities experienced problems in working out how to turn their new discretion into effective ways of performing their new tasks. Municipalities realised that the quickest and easiest way to achieve this was by focusing on 'closing the gates', which meant that municipalities enforced the inflow to the full extent of the law, instead of investing in the 'work above income' device. Driven by the mechanism of the financial model, many municipalities went on to invest in quick wins rather than long-term investments with durable outcomes. According to the authors of this study, the WWB case illustrates that local governance can be effective but is no guarantee of

²⁷ Specific support for special, unavoidable and necessary costs which may be granted on a case-by-case basis.

success. One of the risk factors in the Netherlands appeared to be the lack of a comprehensive vision among municipalities for active labour market policies.

Leadership

In countries with limited reforms, different models of leadership can be identified. A priori it cannot be stated which of the leadership systems is the most effective. The effectiveness of the chosen model depends on the capacity of the main actors, in particular the PES and the social services to provide employment services for highly disadvantaged groups. The following main models can be identified:

- Mixed leadership, changing leading role (e.g. France)
- Transferring leadership to the institution with the highest capacity or to the institution which was the driver of the cooperation agreement. This is more often likely to be the PES. If, for example, basic social services are missing it would not be appropriate to give social services a lead position in an integrated service.
- Experiences from the MAMAC pilot project in Switzerland does not give a clear indication whether it is more successful to have the PES or the social services / municipality as the lead organisation.

Performance management

Ideally, performance management tools should be designed in a way to set incentives for the institutions to invest efforts in providing integrated social and employment services to those who need them. **Performance indicators would need to take the distance from the labour market and vulnerability of the different groups** receiving the services into account and reward actions for the integration of the most vulnerable. This calls for defining 'success' (e.g. short-term or long-term labour market integration, participation in training, participation in supported employment, etc.). Performance management tools have traditionally been developed at the PES, however, not always accounting properly for the complexity of employment barriers. **Adequate performance indicators are often missing at the social services agencies** and their different units and policy fields (e.g. child care, debt counselling, family welfare services). Performance management indicators are key where the integrated delivery of social services is outsourced (see Phase 4 for examples). The example of Australia shows that the construction of a quasi-market for the labour market integration for means-tested minimum income recipients and the definition of appropriate performance indicators has taken many years. It calls for a high level of capacities at the managing agency (OECD 2012). The system is interlinked with other elements, such as the way the profiling is done to identify target groups, e.g. along their distance to the labour

market. Developing an indicator system on which payment is based is a highly complex task. In this area countries with limited reforms need to improve their efforts to increase the efficiency and effectiveness of their cooperation models.

Problems / limitations

Limited access to social and other services is – in particular in rural areas but also on the municipal and city level – a problem e.g. in Estonia (Kriisk and Minas 2016) and also in Romania. In Romania, people in rural areas have difficulties in getting access to social services, employment, health care, education, or proper housing. Similarly, in Croatia, where local public services are unevenly distributed and access to health institutions varies by area and is more difficult to reach in rural areas (Koprić, Musa and Đulabić 2016). This mirrors some essential institutional problems where **systems of local government are fragmented territorial organisations** with limited administrative and financial capacity to provide necessary services.

Another aspect of **limited administrative and financial capacity to provide necessary services** is lack of staff in number and also in competence, an issue mentioned in several countries (e.g. Slovenia) and assessed as crucial for the success of the reforms. In Romania, for example, the state budget allocates 0.6% GDP to local social services, the lowest share in the EU 28 (IDSS country report Romania). Poor investments in local social (and other) services are a serious barrier for integrated services; yet, innovative forms of integrated services can help to, at least partially, overcome these.

Important limits to the delivery of integrated social services exist where the reforms, process innovations and experiments are focused on **cooperation to check conditionality without equally considering the delivery of integration services**. While implementing conditionality of benefit receipt may be perceived as a pre-condition for effective delivery of integrated services, other services may need to be offered (e.g. debt counselling, provision of childcare in addition to placement services) in order to implement a comprehensive activation strategy.

Outreach to target groups becomes crucial in the case of low coverage level of vulnerable population by minimum income schemes due to low generosity of the programmes and high non-take up rates. **Low coverage by benefits** is particularly an issue in the central eastern, north-eastern and south-eastern Member States, as well as in some Southern European Member States (see Annex, Figure 1).

5.2.3. PHASE 3 -Implementation

Profiling / identification of groups in need of employment services and social services support

The third phase is implementation. Segmenting groups of jobseekers as well as vulnerable groups who are clients of the social services (with and without welfare benefit receipt) into groups who may benefit from the provision of integrated services is not an easy task. The complexity of supply side and demand side employment barriers needs to be understood. Ideally, the **social services and the PES** (and other relevant actors) should **work jointly on the design of profiling for identifying groups** in need of integrated delivery of social services. In reality, in countries with limited or small-scale reforms, the social services and the PES do not use the same methods and tools to identify groups at risk. Furthermore, PES is likely to identify, in the first place, labour market-related employment barriers such as the skills level, the age, gender or other socio-demographic characteristics, while the social services will typically look at the life situation of their target groups in the first instance. In a range of countries, **profiling tools for segmenting jobseekers into risk groups have been introduced**, often using statistical profiling methods, while social services often do not have comparable tools. Given the complexity of the employment barriers for some people who are out of work and at risk of poverty and/or being benefit dependent, the use of qualitative profiling methods may be useful. Furthermore, it is useful to get a **joint understanding of the identification of employment barriers** by the PES and social services.

France is an example of a country that has developed profiling tools. In principle, each unemployed means-tested minimum income (RSA) recipient should have one caseworker (called a 'single referee') who coordinates the activation process that might extend beyond one office. The process starts with classifying the person into one of two categories: social inclusion or labour market integration orientation. This profiling is carried out by a platform comprised of several actors working in different organisations. Once the RSA recipient has been put into one of these categories, s/he is orientated towards one 'single referee' who works in one of the following organisations: the PES, social services of the Department, NGOs, etc. In practice, those RSA recipients who have registered themselves with the PES will be referred to a PES counsellor, while those who have not may be referred to a social caseworker or an NGO (in case of externalisation of services). This single referee is supposed to develop an integration path with the unemployed person. The counsellor can rely on outsourcing in order to address specific issues. However, the conditions under which single referees of the social services, private providers or NGO staff (in cases where the comprehensive follow-up was outsourced) and the

PES counsellors identify those barriers differ (Sztandar-Sztanderska, Mandes, 2014). In the past at the PES, where a person must be registered and then profiled, the counsellors conducted a standardised time-limited interview. Over time the counsellors have got more discretion and autonomy. They can themselves decide on the frequency and length of interviews. A guide for diagnostic tools for jobseekers has been implemented by Pôle emploi since 2011. The objective of the diagnosis is to identify potential needs and barriers of the individual. These include occupational mobility and occupational objectives of the individual, job-search needs, and the 'peripheral' (non-labour market related) employment barriers.

The diagnostic toolkit is an electronic tool, although it is based on individual assessments and interviews. In the context of the implementation of the new programme 'Comprehensive Support and Guidance', work has continued on developing shared diagnosis tools (e.g. Department of Essonne / France), where the different caseworkers and counsellors found that the main employment barriers were mobility (public transport versus the need to have a car or a motorbike), childcare, psychological issues and lack of qualifications. In the Department of Alpes-Maritimes (France), identified barriers included debt, childcare, psychological problems (including 'life accidents' and 'trajectory accidents'), addiction, lone parenthood, lone mothers with a migration background and lacking knowledge of the French language. A common diagnostic fiche is used. It is important to note, in the case of France, that programme participation is voluntary, and the target group needs to be well informed and convinced to participate.

Portugal contains an example of a profiling tool segmenting jobseekers into three groups. For this purpose, the PES employs a statistical profiling tool that assesses individuals' probability of becoming long-term unemployed based on gender, age, educational level, past work experience, benefits claim history, region, labour market proximity, family situation and disability. Depending on individual scores and on the career manager's own assessment based on the interview, the jobseekers are classified into the three groups (Perista and Baptista, 2015). The career manager should follow up within a maximum of 45 days (profile i) or 90 days (profiles ii and iii).

The career manager is responsible for the elaboration and support of the personal employment plan, as well as for the validation or alteration of the profile the person falls under. For those jobseekers with a **higher risk of long-term unemployment, a more intense follow-up may be provided, and personal plans may be different**. A reassessment of the individual profile was not a priority. This should now be improved (Duell and Thévenot, 2017). This example

demonstrates that it is not sufficient to have tools and processes in place, but that they need to be properly implemented. Lack of staff capacities in the Portuguese PES has also been identified as a significant barrier to implementing effective cooperation between the PES and the social services.

Fostering cooperation between different services within and across institutions

In order to effectively provide integrated social services not only the cooperation between agencies and institutions (in particular the PES and social services), but also the **cooperation between different services within each of the institutions** is key. Key challenges and questions that may need to be resolved are:

- (i) Is cooperation at PES with employer services effective for supporting vulnerable groups or is the setting-up of separate employer services indicated? Or put in a different way: is there a need for more specialisation or is there a need to set the right performance targets for different units of PES?
- (ii) In general, there is a need to find **mechanisms for better coordination within social services**: e.g. between units for activating minimum benefit recipients and debt counselling, between units for activating minimum benefit recipients and child care facilities; units dealing with vulnerable families and youth and other social and welfare services. Performance management, including target setting needs to be addressed in a way as to increase incentives to take a more comprehensive view.
- (iii) **Establishing a one-stop-shop for all means-tested social benefits and subsidies** (one place for all decisions related to social means-tested benefits and subsidies) and granting the benefits under the same definitions (household, family, income, material situation) and rules, is being introduced in Slovenia. **When a one-stop-shop is a social work centre, the benefits and services can be connected**, at least in a way that long-term claimants of basic social benefits can also receive counselling, support, information and suggestions for relevant programmes. This is currently being developed in Slovenia as an up-grade of the means-tested social benefit reform. The discussion on the need for a reorganisation of SWCs has been going on for the last decade. The main aim of the reorganisation of SWCs decided in 2017 is to enable more time for social workers to work with individuals in need (and less time needed for administration) by providing automatic informative calculations of child and family benefits (without the need for an application, similar to income tax administration), and to establish 16 regional level units that will support the professional work of local offices.

Ideally, **horizontal cooperation mechanisms** between different units across agencies should be promoted: e.g. cooperation between night care facilities for homeless people and PES counsellors (e.g. France / Alpes Maritimes). In principle there are two ways for promoting horizontal cooperation:

- (i) Promoting **closer personnel links** between social workers and PES counsellors, e.g. through organising common events, exchange of experience etc.
- (ii) Setting-up of regular **institutional meetings between different units** within PES and within Social services (e.g. France, Switzerland).

IT-systems / exchange of information

The exchange of information between the key actors is essential for the effective cooperation of the relevant agencies and institutions. There are different channels for information exchange. **IT-system as a central information channel play a pivotal role.** Ideally, cooperation agreements include allowing the partner institutions to have access to each other's files in a user-friendly way. This may involve some **harmonisation or extension of IT-systems**. For this to happen a strong commitment between both (or several institutions) is necessary.

In many cases improving the exchange of information in the IT-system was driven by the desire to improve monitoring of benefit conditionality. For example, in Austria data reconciliation between the Federal Ministry of Labour, Social Affairs and Consumer Protection and the Public Employment Service Austria was improved in order to enhance the effectiveness of the former IT system. Before the reform, social welfare agencies could not access Austrian PES data. During the implementation process the IT system was modified to grant access to both parties. In addition, data transfer has been intensified to enable more timely receipt of information. Currently there are two communication channels between the PES and the social welfare agencies: a standardized contact once a month to synchronize data and an online portal to gain access to data directly. Besides those two data sources, all authorities have access to data of the social insurance association, the public employment service, central register of the Austrian population and the land register. The latter is mainly used if applicants declare ownership of real estate or land or if they are suspected to own them by the authorities. PES is used for assessing motivation to work.

In the case of Slovenia, the new IT platform (special application, connection to 53 administrative and business data bases, computer software) was designed and introduced to SWCs. It enabled the automatic checking of administrative and

business databases to get the data on individuals needed for means-testing (income, savings, property, valuable goods) in the process of granting the benefits - see pathway 1). However, in respect of integrating social services, the system shows weaknesses: social workers at SWC cannot access the information on treatment of the client at EES (employment plan of a client, employment counselling, ALMPs' attended) and vice versa (due to different information systems of EES and SWC and the personal data protection of clients).

Similar problems and limitations can be found in some départements in France at the beginning of the implementation of the comprehensive guidance and follow-up, introduced nearly nation-wide only since 2014. Departmental governments and their services have access to the document called 'DUD' ('Dossier Unique du demandeur d'emploi' – Single Jobseeker File) but according to the different departmental organizations the free access to this individual file varies. For example, in Essonne, the social caseworkers do not have free access to this file which is reserved for the managers. PES at the department level (but only with some Departments) has access to the RSA recipients' orientation files. But they do not have any access to social files (family problems, debt problems that fall under confidentiality requirements and CNIL – National Commission for Informatics and Freedom). In contrast, another Department (Department Bas-Rhin) gave full free access to its database to the PES. In cases where the departmental government is reluctant to give access, this is due to the confidential status of specific information about the individual (family situation, household debt, medical problems etc.). In several départements, databases on the different non job-related 'peripheral' obstacles and solutions were set-up to allow the PES counsellors to have a good network for proposing measures to the jobseekers. It is important that agencies share information on employment barriers as well as on activation and other social services provided (IDSS country case study France).

Modes of case management

Case management (one counsellor following-up the individual over time) is a suitable approach for guiding and following-up vulnerable groups. In the activation and integration process specialists may be involved if needed. For the integrated delivery of social services, in addition to the case management concept, it is essential that counsellors / case managers work in multi-disciplinary teams. Three main models of case management for the delivery of integrated social services can be identified in countries with limited reforms:

- (i) joint or common case management / continuously providing joint services;
- (ii) regular coordination;

- (iii) case by case coordination.

The example of France provides some interesting approaches to case management for the integrated delivery of social services. In France, the local agreements signed between the départements' social services and the PES, includes 'guidance in pairs', a common form of case management where the individual is followed up by a social worker and a PES counsellor. This way of collaborating in a systematic way of providing services to people with complex employment barriers has also been tested for other target groups and programmes (e.g. 'garantie jeune') and has been found to deliver good results (Farvaque 2016). Mixing teams with regular exchanges between teams is likely to encourage 'activation thinking' among social workers and 'comprehensive thinking' (recognising various labour market barriers linked to the social conditions). Learning from each other is also valuable for those countries who already have well-developed activation concepts, but where different 'cultures' still exist between social workers and PES counsellors (e.g. France, Austria).

Often **cooperation agreements leave some autonomy to case workers and PES counsellors**. In the case of France some basic rules were set for the methods for orienting jobseekers and RSA (minimum income) recipients towards the Goba Guidance and Follow-up programme, the design for the tripartite meetings with the clients (PES, Department and the 'client'), a resources guide and an excel table for monitoring the process. These tripartite meetings are considered by the social caseworkers and PES counsellors to be very useful. Every month, a Technical Committee meeting (Social Solidarity House + Pôle emploi antennas) takes place to address institutional difficulties, individual problems, data base solutions and IT systems. While the guidance for the programme 'Comprehensive Support and Guidance' includes the PES counsellors, the department caseworkers, the financing services of CAF, the social services of local authorities (communes), the process is the same using a single 'fiche de liaison'. Similar models exist in Switzerland, where in some of the MAMAC cooperation settings, joint meetings were held on a regular or on a case by case basis. Similarly, in Flanders (Belgium) joint meetings may be held on a regular basis, with or without the client, although this is often not done systematically. With regards to the instrument used for screening, it is important to ensure that the necessary information is gathered, that all counsellors ask the same questions and use the same approach, but at the same time, it is necessary to make sure that the instrument is not too cumbersome. While prior to, and also during the experiments, each organisation had its own screening instrument/approach, the cooperation through the experiments resulted in discussions about common instruments, e.g. the International Classification of

Functioning, Disability and Health, introduced in PES and PCSW cooperation in 2016. Joint meetings were considered to be very useful and complementary to the use of screening instruments.

Slovenia developed cooperation between employment and social services (besides the daily informal cooperation of case managers in both services) in the form of common committees that are focused only at long-term unemployed with severe social problems (mental health, dependency issues, other complex social issues) who are not considered to be employable until they resolve their social circumstances and multidimensional problems. The main aim of common committees is to search for best programme solutions (treatment, participation in rehabilitation programmes, housing arrangements, etc.) for individual clients with multidimensional problems. In addition, the common committee meetings provide the opportunity for exchange of expertise and experience of experts (counsellors) from social and employment areas and contribute to convergence in work with clients between employment and social services.

In Switzerland, similar to the case of France, individuals with multiple problems identified by any of the three agencies (PES, social assistance offices and invalidity insurance), could be referred to the MAMAC process. If found to be eligible, representatives of each agency would agree on an individual action plan detailing the interventions needed from each agency. Once approved, the action plan would be binding for each of the participating agencies. The decision reached in the context of the MAMAC meeting is considered to be binding by each of the three institutions. The majority of cases were referred by the unemployment insurance agency (55%); some 30% were referred by social assistance and only 10% by invalidity insurance. The explanation for Invalidity insurance's lesser reliance on MAMAC is probably that this agency already has know-how on medical issues, labour market problems and, to an extent, social problems (Egger et al. 2010: 20). In addition, they have an established network of service providers who can deal with each of the problems and challenges.

In Austria, although the establishment of one-stop shops failed (except in the case of the capital region of Vienna), other cooperation models, including case management, were agreed in some provinces. In Upper Austria, the claimants could obtain information about MMI (minimum income) at the PES as well as the application form. In addition to the regular programmes, the PES and the province agreed to provide case management. Access to the programme was decided by district offices and PES together. Three non-profit organisations assessed clients' capacities and discussed financial, housing health, family and care issues.

Furthermore, they arranged courses, training, employment and projects (IDSS Country report Austria). In the province of Styria, the MMI introduced an activation scheme that was rolled out across the province to provide case work for all districts. The PES selected the clients and referred them to a for-profit organisation that organised the case management, in collaboration with local organisations which provided short-term employment (Leibetseder, Altreiter, and Leitgöb 2013).

Outreach activities

Non take-up of social benefits (Eurofound 2015), as well as limited access to social benefits, diminishes the effectiveness of inter-institutional cooperation if the vulnerable groups cannot be reached. Furthermore, in the case of France, participation in the Comprehensive Support and Guidance process is voluntary and sanctioning possibilities are limited. Examples from France show that some départements started a new activation policy through a postal action for social benefit recipients not registered as jobseekers in the PES lists. They are strongly encouraged to come to the Social Solidarity Houses: if they come, they could start on a path towards a job; if not, their welfare benefits would be suspended.

In general, it is **advisable that social services and PES develop strategies to reach those who are not claiming means-tested minimum income benefits**. In some countries such activities have been developed for vulnerable youths who are detached from the labour market.

Outsourcing

Outsourcing is a **way to implement a comprehensive approach**. This can be a useful option if private entities and NGOs are specialized in dealing with complex problems and vulnerable groups. Outsourcing may also be useful as private agencies and NGOs may more easily employ multi-disciplinary teams. This can help to **overcome institutional fragmentation, and/or to overcome limited institutional capacities at PES and public social services institutions**. The use of outsourcing for implementing the integrated delivery of social services varied quite significantly across the countries with limited reforms.

NGOs are an important actor for providing social services, particularly in some of the Continental and Southern European countries. However, their involvement in social services varies between countries, depending on tradition and welfare state type (Esping-Anderson, 1990), as well as on the available landscape of NGOs (see pathway 1). In Poland, the Public Benefit and Volunteerism Act passed on 24 April 2003 enabled public services to be outsourced to NGOs and this has resulted in NGOs working in partnership with local authorities to meet the needs of society (Mikuła and Walaszek 2016). Nevertheless, for implementing the Activation and

Integration Programme (PAI), it proved to be difficult for the PES to establish cooperation with various actors, including with NGOs (Hermann-Pawłowska et al., 2016). One example where cooperation with NGOs worked is in the case of Warsaw. Here the social integration part of the programme was outsourced to five NGOs selected through an open tender, since the social services were not sufficiently interested to undertake activities under the PAI (Programme for Activation and Integration), due to a lack of incentives (PAI was perceived as coming on top of usual work). These NGOs carried out the group sessions with the PAI participants in different districts of Warsaw. The participants of the programme were chosen by OPS (social services), the Labour Office checked the status of those chosen by OPS and directed the group to participate in PAI (Urząd Pracy m.st. Warszawy, 2015). Following the end of PAI the quality of the programme was evaluated by surveying the participants. In general, the motivation of participants to re-enter the labour market increased in all districts as well as the perception of their social and life skills (e.g. how to solve conflicts and problems) and self-presentation skills.

Some Southern European countries have a long tradition of NGOs and third sector organisations providing social services (e.g. Italy). Outsourcing to NGOs and private providers has been used as a way to overcome limited staff capacities and the restrictions on hiring new staff (e.g. in Portugal). In the case of Portugal, limits to the effectiveness of delivering integrated social services are linked to poor public management practices; a shortcoming that is likely to be a severe limitation to the effectiveness of outsourcing in many other countries). Positive results of outsourcing may be linked to the capacities and motivation of NGOs and this happened by chance. As a general rule, **outsourcing services for vulnerable groups needs a high level of performance management capacity.**

In France, non-profit and private organizations working with already formally profiled RSA recipients follow a flexible framework when it comes to the content of counselling, although frequency of meetings and general objectives are given. The interviews with the NGO SNC (Solidarités Nouvelles contre le Chômage) carried out for this country study and the caseworkers interviewed in the context of the project LOCALIZE (Sztandar-Sztanderska, Mandes, 2014) emphasise that this room for manoeuvre is crucial in order to develop a good relationship with the beneficiary, which enables identification of 'real barriers' as well as the beneficiary's expectations and way of thinking. This example shows how important it is to strike the right balance between the autonomy of NGOs and a 'black box' approach, where actions and approaches towards activation are not prescribed and the definition of relevant outcome indicators is missing. The alternative is to prescribe in detail

processes and services to be provided, at the cost of the NGO being less able to make use of its own expertise.

Groot et al. (2008) noted in the case of the Netherlands, where outsourcing was extensively used, that the treatment of difficult to place groups such as long-term benefit claimants should not be outsourced but should be implemented under the municipalities own control, as placement results are expected to be lower than for groups that are easier to place. It is arguable whether the 'good risks' should be outsourced and the 'bad risks' kept within the public administration. In this case the public agents' activities may be unfavourably perceived by the population and among employers. Making use of new public management tools and keeping a good balance between in-house provision and outsourcing may increase effectiveness.

ALMPs and instruments for promoting labour market integration

Effective Integrated delivery of social services depends on the availability of social programmes and ALMPs; this holds true for both pathway 1 and pathway 2 countries. The **types of active labour market programmes (ALMP) used depends on the overall activation strategy**. These are **deeply rooted in the welfare state models**. The activation strategies basically consist of different combinations of the level of generosity of benefits, conditionality of benefits, and the provision of employment services (e.g. guidance, strengthening self-responsibility and empowerment) and types of ALMPs. Ideally, **ALMPs should not be considered in isolation and this holds true for pathway 1 and pathway 2 countries**. In practice, the choice of ALMPs and the budget allocated give rise to public debate. The choice of the type of ALMP may vary significantly between the PES and the social service providers. Historically, this is linked to the division of tasks and target groups between the PES and the social services (e.g. social enterprises and supported employment may more often be preferred by social service providers, while either training or wage subsidies may be preferred by the PES (e.g. in many départements in France). Mutual learning about the different approaches of the different agencies may take place as a result of their cooperation. While in France, different activation strategies do not appear, in principle, to be a barrier for inter-institutional cooperation, this was named as one obstacle in the case of Flanders/Belgium (e.g. no overall agreement on the interpretation of the concept of 'labour market readiness'). The implementation of work-first strategies with low spending on ALMPs is a feature of many Eastern European countries and is particularly common in South-Eastern European countries (see Annex figure 3). As a general rule, it is important that the **PES and the social services open up their programmes for the wider target groups**, including those without access to unemployment benefits and often also without access to safety nets.

Pathway 2 countries are less likely than the pathway 1 countries to design new ALMPs for the target group in need of integrated social services. Nevertheless, it might also be necessary to design new programmes in pathway 2 countries linking ALMPs to new counselling and follow-up procedures for jobseekers with complex employment barriers, in cases where they have not already been introduced previously. An example of a specific programme is the 'step2job' scheme that was implemented as a programme mainly for minimum income recipients in Austria. These MMI recipients received an invitation and they had to attend an initial group meeting, where they were given information about the various projects and programmes available. Caseworkers assess clients' resources and status related to work, social insurance, financial and living conditions as well as health, family and care responsibilities. Then, an individual re-integration plan is developed and followed in regular meetings for at least three months. Following this, options including courses, projects and orientation towards work will be assessed and documented. In most cases, language skills were improved and family and care responsibilities rearranged (Reiter et al. 2014). However, the scope of the programme has been lowered and it now excludes aspects of over-indebtedness, which hinders recipients to re-enter employment, as they will not gain any financial improvement without individual voluntary arrangements to regulate the debt (IDSS country report Austria).

Institutional capacities and resources

As the 'limited reforms' are very different in nature and the points of departure concerning institutional capacities quite divergent across countries, the need for increasing institutional capacities, in terms of number of staff, skills and training of staff, as well as equipment and office facilities, varies.

With regards to resources, the **caseload of staff** dealing with vulnerable groups / people with complex employment barriers, **should range between 70 and 150 cases per staff**, as examples from various countries show (see also pathway 1 countries). Some approaches chosen by pathway 2 countries are even more staff-intensive (e.g. working 'in pairs' as in the case of France). It is advisable to **be transparent over the required staff capacities to implement a deeper inter-institutional cooperation and improved intensive follow-up of the clients**. This is often not the case. A warning needs, however, to be expressed, as the ratio between additional costs and benefits is not a straightforward indicator in the short-term. Many benefits may not become visible until the long-term (e.g. in terms of labour market risks of the next generation).

Some assessments about costs have nevertheless been made in some countries. In the case of Switzerland, the evaluation of the MAMAC pilot projects provides an estimate of the additional cost of 2280 EUR per client for the duration of the programme participation (on average between 8 and 10 months). This figure does neither include the cost of labour market or re-insertion measures, nor the cost of the follow up of the decision taken in the assessment phase. The authors of the study consider the cost acceptable. However, they also point out that many of the front-line staff responsible for the implementation of MAMAC felt that the cost-benefit ratio of the programme was not favourable (Egger et al. 2010). Assessed costs mainly consist of additional staff. One example is the MAMAC cooperation model of the City of Basel. A dedicated MAMAC office/agency known as *Arbeitsintegrationszentrum* (AIZ- Centre for the integration in employment) was set up. It employed 18 full-time equivalent staff and was planned to take care of about 2 000 clients per year (Cé. Champion 2008). In terms of staff, most of those working for AIZ came from social assistance or the PES. Only one person previously worked for the invalidity insurance institution. AIZ works on behalf of the referring institutions, which pays for the services provided by AIZ. AIZ has outlived the MAMAC pilot and still operates. The pilot MAMAC in the canton of Geneva, was organised as a platform. The project team included seven staff, who remained employees of their respective agencies. They had to be available for MAMAC for at least 50% of a full-time equivalent job. In the case of France, reorganisation of work and digitalisation allowed for the freeing up of social services resources to provide integrated services. Regarding PES, 1 000 counsellors are allocated to the programme, of which 500 are financed through the PES budget and the other 500 receive ESF financing.

Selecting experienced and motivated staff to work with jobseekers with complex employment barriers is an important issue for the effectiveness of the integrated delivery of social services. Furthermore, staff training and the establishment of a mutual learning environment is an important step towards a comprehensive approach. One interesting practice in this respect is implemented in France where 'immersion days' were organized for the staff in some Departments (responsible for the social services) during which the social work caseworkers spent two days in a PES local agency and PES counsellors spent two days in a Social Solidarity House. In this way, staff from the two agencies discovered how their colleagues were working and exchanged information and ideas about their different methods of work and organisation. From the point of view of staff this was an important and beneficial programme, which they were strongly supportive of.

5.2.4. PHASE 4 - Monitoring and evaluation

Monitoring

The fourth phase is monitoring and evaluation. It is important that each **institution publishes data on claimants' participation in ALMPs and the types of employment services offered**. Furthermore, outcome indicators used to measure the success of the programmes need to be carefully designed. Examples of monitoring participants and results consists in the development of monitoring indicators for 'people with an active solution', if they get employment or engage in training (e.g. France). In the case of the French region Bourgogne-Franche-Comté detailed results are displayed. These include how many participants there are in: the 'Comprehensive Support and Guidance' programme (i) entered training and (ii) entered employment on a fixed-term and permanent contract or subsidised employment, (iii) entered other ALMPs. In addition, for each Department (there are 8 Departments in this region) the number of PES staff in the 'Comprehensive Support and Guidance' programme, the number of participants that entered the programme and the percentage of RSA recipients (and percentage of those living in priority urban areas), as well as transitions to training and employment are documented. A particular effort was made to set up IT tools for programme monitoring, including Excel charts and shared databases. All départements that were involved in the programme at an early stage had developed numeric tools and opened them up for all professionals working in the social integration field (social security administration, social services in towns, Departments, the PES and its partners....). The Department of Alpes-Maritimes, which joined the programme at a later stage, records, for example, the composition of households in receipt of RSA receipt by gender, age, composition of the household and length of benefit receipt, is monitored on a monthly basis. The monitoring differs, however, from that of PES as households and not individuals are monitored by the social services, while the PES monitors individuals.

A good practice identified by the research is the setting-up of steering committees. For example, in France, each Department, the local government and the PES at the departmental level, met regularly within a steering committee for the purpose of programme monitoring. The PES has various tools to monitor and pilot its services and specific programmes, e.g. they have a national Committee and local Committee to improve the quality of services, to introduce new practices and new methods of guidance for the jobseekers. National and local NGOs (such as SNC – Solidarités Nouvelles contre le Chômage) are members of these consultative Committees.

A **further good practice consists in conducting national surveys on client satisfaction** (e.g. France) **and staff satisfaction surveys**. In particular, where they contain detailed questions, these surveys may be used to improve services and working conditions.

Evaluation

Ideally, **evaluation studies on the implementation of the limited reforms** are conducted. They can be organised as a process evaluation (e.g. In Slovenia, for the second phase of the reform). This is even more important when the reforms cannot be based on past experiences. **Ex-post evaluations should be used in order to improve the cooperation approach and the processes for efficient service delivery**. Ideally, evaluations contain both quantitative and qualitative methods. Results need to be carefully considered and discussed.

In Austria, there were a few evaluation studies conducted by different organisations (e.g. Austrian Institute for Economic Research, Municipal Department 24, L&R Social Research on the behalf of the Federal Ministry for Labour, Social Affairs and Consumer Protection or Leibetseder, Altreiter, and Leitgöb 2013), exploring different regional levels (country wide and specific provinces), using different methods (longitudinal and cross-sectional with comparison groups, trend analysis, secondary analyses) and different data, including administrative data and survey data to explore short, medium and long-term effects of the reform. Social characteristics of the population (or specific groups within it, e.g. long-term unemployed persons) were used to compare them with those of the minimum income benefit/social assistance recipients and to identify differences. In sum, information about the following aspects is available: Probability of employment in primary labour market; duration/stability of employment in primary labour market; probability to leave benefits; duration of time on benefits until exit to job; duration of time on benefits until exit to any destination; wages/earnings; progress and outcomes for recipients by various characteristics (e.g. work ability, sex, age, nationality, education etc.) and relevant differences to 'comparison groups'; employment growth (low, moderate and strong increase).

In the case of one of the evaluation studies conducted in Poland, less detailed indicators were used to assess the performance of the PAI. The indicators used were the number of persons referred to PAI (distinguished by the two basic financing models), percentage of unemployed people who took up employment after the completion of PAI, and the number of social assistance clients who received unemployment benefits from OPS (Ministry of Family, Labour and Social Policy, 2016). As a general rule, more detailed and sophisticated indicators and reflection

on suitable outcome indicators are important building blocks for improving the effectiveness of the integrated delivery of social services in pathway 1 countries.

In France, several evaluation studies have been carried out at local and national level. An evaluation of the experimental phase of the 'Comprehensive Support and Guidance' was carried out in the Department of Doubs in 2011, which was the first department to set up the programme (Mazouin et al. 2011). The qualitative evaluation analysed inter-institutional cooperation and looked at individual pathways. An administrative assessment of the 2014 National tripartite agreement between the PES, the Unemployment Insurance Fund (UNEDIC) managed by the social partners, and the Government was recently carried out by the Ministries of Employment (IGAS) and Economy (Inspection des Finances). The assessment covers more elements than the 'Comprehensive Support and Guidance' approach, but one chapter addresses this programme. The National tripartite Agreement of April 2014 envisages a national evaluation before the end of 2017. The study will be carried out in 11 Departments. The evaluation is monitored by a steering committee that encompasses three stakeholders: the DGEFP (government), the PES Pôle emploi through its Statistic and Evaluation services, and the ADF (Association des Départements de France). This evaluation will focus on the results, the main drivers for success and the identification of shortcomings. The methods will be both quantitative and qualitative, completed by an on-line survey of employment counsellors and caseworkers. Furthermore, the Pôle emploi study service plans a quantitative evaluation. Similarly, in Flanders/Belgium a steering committee was set up for the follow-up of the experiments in phase 1. This group included representatives of the central and local PES services, the Federal Services on Social Integration, local services and other institutions.

Mixing different evaluation methods and looking at different types of results (e.g. administrative processes, results in terms of labour market integration) is valuable when assessing comprehensive approaches for inter-institutional cooperation. The evaluation carried out in Switzerland by Egger et al. 2010, contained, for example, the following elements: Descriptive presentation of key programme indicators; detailed case studies of implementation in two cantons; an attempt at evaluating the impact of MAMAC on labour market re-entry and cost for the social security system; qualitative interviews with clients and staff involved in implementation. An impact evaluation was performed separately for clients originating from unemployment insurance and social assistance.

The evaluation of processes for the integrated delivery of social services should be an element when evaluating the impact of the integrated delivery

of social services. One example of this is the evaluation carried out in Slovenia. The study focused on the process of implementation and the problems the SWCs faced (four focus groups with SWCs employees working on decisions on claims; one focus group with the MLFSA staff involved in the design, preparation and implementation of the reform and support/monitoring), observation of the implementation process and the problems most often publicly exposed (interviews with independent experts and with representatives of different stakeholders), and on quantitative analysis of data on the structure of beneficiaries of four financial benefits before and after the reform.

In Poland, the report by Hermann-Pawłowska et al. (IDEA Foundation) focused on the adjustment processes introduced with the reform at the level of labour offices that affect the behaviour and attitudes of their employees, but also analyses how the situation of the unemployed has changed after the reform (Hermann-Pawłowska et al., 2016). The study uses both quantitative and qualitative methods, including interviews with representatives of institutions affected by the reform (e.g. Ministry of Family, Labour and Social Policy - MRPiPS, employment agencies), secondary data analysis (using databases of the MRPiPS), and a survey of 234 district labour offices (PUP). A similar report, evaluating the reform from 2014, was carried out by the Ministry of Family, Labour and Social Policy (MRPiPS).

Assessment of administrative matters, developments and satisfaction from the point of view of recipients and applicants as well as advisors and employees of the public authorities was conducted in Austria, France and Switzerland. In France, the current evaluation, which is planned to be completed by February 2017, includes web-based questionnaires to case workers. In Switzerland, the analysis was based on 25 telephone interviews with MAMAC clients and qualitative interviews with 92 members of staff involved in the implementation of MAMAC in 6 different cantons (Egger et al 2010).

CHAPTER VI. RECOMMENDATIONS

6.1. Recommendations for Member States

The recommendations build mainly on the in-depth scrutiny of the case studies, lessons from the cost-benefit analysis, and the findings of the comparative analysis. In a few points, we have also integrated recommendations from PES Network toolkit for long-term unemployed (Csillag and Scharle 2016), the OECD study (2015) on integrating social services for vulnerable groups and the peer review on long-term unemployment of the mutual learning programme held in Berlin in October 2016 (Mutual Learning Programme 2016, Duell 2016).

The focus of these recommendations is on the aspects of activation policies and social inclusion policies that relate to the integration of services, in particular the integration of employment and social services. Recommendations are grouped into the four phases of the policy making cycle.

6.1.1. PHASE 1 - Political commitment and goal setting

Phase 1 involves assessing the status quo, weighing the options and gathering political support. In the case of ambitious comprehensive reforms, this would normally take the form of a 'Green Paper' prepared by the public administration. For smaller, partial and process-oriented reforms, there may be no need for such a detailed assessment of the status quo and options. Political support at the local level and fixing common objectives is important in all cases.

Assessing the need and feasibility of the reform

Service integration is not a silver bullet: it does not solve all inefficiencies in service provision and it requires considerable administrative capacity to design and implement appropriately. Therefore, governments first need to carefully evaluate the sources of existing inefficiencies in services for MIS recipients. If, for example, the main problem is lack of service capacity or low / uneven quality of service, it may be more efficient to resolve these first. As integration reforms typically affect all government levels and may take several years to implement, such initiatives tend to absorb much of the 'reform capacities' of public administration in a political cycle, especially in countries where government efficiency is relatively low, and external technical assistance is not available. Thus, governments need to weigh the potential gains of such a reform against other options that are more feasible or may yield similar benefits at lower cost or within less time.

Putting integration reform on the agenda

Though service integration reforms are mainly technical in nature, for ambitious reforms it is important that the government secures a broad political consensus, for several reasons. First, if the initial institutional set-up is fragmented and the integration goal is ambitious, the reform may spread over several political cycles. Second, in countries where social services are mainly provided by local governments, the integration process will inevitably affect political stake-holders and may also require a constitutional amendment if it entails a revision of municipal functions.

Determining the goal of the reform

Piecemeal interventions to improve cooperation across services are recommended when an ambitious reform is not feasible due to political constraints or to the limited reform capacity of the public administration. Improving cooperation and integration between different services within already reformed institutional settings will probably not be flagged up at the political level, but nevertheless requires political support, in particular at local level.

The effectiveness of an integrated system of service provision is interdependent with the overall approach to activating Minimum Income recipients. This implies that it is advisable to carefully assess the effectiveness of the existing approach and if necessary, broaden the reform to address any inefficiencies detected. Alternatively, if activation is already on the agenda, it is advisable to use this opportunity and link such reforms to strengthening cooperation between services.

Moving towards an efficient system for the integrated delivery of social services should be perceived as a process. When starting with narrow objectives in terms of target groups, service areas or scope of cooperation, the reform discussion should allow an opening-up at later stages.

Managing public support for the reform

Even if mainly involving technical issues, service integration reforms may easily get linked to sensitive political issues, such as activation or benefit fraud, as happened in Slovenia. The government needs to carefully manage this risk and avoid losing public support by timely and clear communication about the aims and expected outcomes of the reform.

This calls for gaining and sustaining a high level of political commitment at all levels of government, especially in countries where the local level has considerable

autonomy in the administration of social services and means-tested minimum-income benefits.

6.1.2. PHASE 2 - Planning and design

In the case of comprehensive reforms, phase 2 would normally start with preparing a 'White Paper' to specify the design details, in consultation with stakeholders.

Gathering evidence for good design

First and foremost effective design should take into account the existing institutional set-up from capacities in service provision and management to existing practices in performance incentives. These initial conditions should be carefully assessed and appreciated when evaluating the transferability of some international good practice in service integration (see e.g. Benson and Jordan, 2011, on policy transfer).

Reviewing experiences gained over time for similar target groups (people with disabilities etc.) or service areas, based on solid evaluation, can also be helpful. It is recommended to continue research on how to integrate people into work with physical and mental health problems. Possibilities of better integrating the work of occupational doctors in PES should be explored in those countries where this has not happened yet.

The existing literature on service integration has many open questions regarding the exact design of particular elements of integrated systems (see Annex III on the literature review): some of these can be resolved by using pilots to test the relative effectiveness of alternative solutions.

Deciding on particular design elements for improving the quality of integrated services and institutional set-up

The range of services to be integrated (social, housing, childcare, health etc.) should be derived from the overall goal and target groups of the integration reform (determined in the first phase), considering the limitations of the existing institutional context. Close cooperation with employer services is crucial in order to ensure that PES employer services view vulnerable groups as an equally important group to place.

The decision about the appropriate depth (institutional *form*) of the planned integration should depend on the initial set-up. If the existing set-up is fragmented or there are strong legal or political barriers, it is advisable to choose a looser form of cooperation, such as networks of services that consist of representatives of

various governmental agencies or interdisciplinary teams that meet at scheduled times ('pop-up' offices) to provide a joint counselling session to clients.

The co-location of services in a virtual or physical one-stop shop does not guarantee an improvement in services: the new system must ensure effective role division and incentives for performance and cooperation.

To ensure accountability, reduce unnecessary duplication and avoid confusion, it is important to have a clear division of roles and responsibilities between cooperating agencies (or between the units after a merger). In the case of shared roles (e.g. communicating with clients or planning), there should be one agency responsible for coordination of the partnership and service delivery. Giving the lead role to the PES may work well especially if the main goal of the reform is to increase activation and the existing case-management capacity of social services is limited. If social and employment services are equally developed, close coordination and cooperation between the PES and the social services may be more appropriate. Rotating lead systems may work well in this case.

It is important to introduce financial incentives (or at least remove disincentives) for the performance and cooperation of participating institutions. These practices may take the form of end-of-year auditing and realignment of budgets based on workloads and cost savings, or increased investment in preventive services, pooling budgets, or the creation of a surplus account funded by system-wide cost savings to meet shortfalls in budgets due to higher demand in a given service.

Involving stake-holders in the design phase

Given the complexity of service integration reforms it is crucial to involve stakeholders in the design phase to pool their knowledge and ensure their buy-in to the reform. This is especially important if the initial set-up is fragmented (and evidence on service capacities and quality is limited) or the reform may involve a major rearrangement of role-division and budgets.

There is no rule about what type of actor is more competent than another. The more important issue is that a broad range of competencies, covering many different policy fields, should be included to meet the multiple needs of clients. This includes policy areas such as employment policies and social policies (e.g. childcare services, debt counselling etc.) and also health, education and housing.

Planning resources for the reform and the new set-up

The integrated delivery of social services needs sufficient staff resources to be effective. This concerns both the quantity and expertise of staff and their allocation across service units in the whole country, including rural areas. Thus it is important to plan a sufficient budget for training staff and where necessary, hiring (or outsourcing) additional staff during and after the reform.

Revisit and refine design elements

As the evidence base is never complete, there will always be some mistakes in the initial design choices of an integrated system. These need to be identified by careful monitoring and evaluation and corrected. In particular, setting the right institutional incentives should be considered as a learning process. Changes to the institutional context and client needs also tends to require periodic assessment and adjustment of design elements.

6.1.3. PHASE 3 - Implementation

Harmonising goals of cooperating agents, adjusting PM systems

Performance indicators should be chosen carefully to avoid perverse effects. Service integration is a complex process that may potentially impact various client groups, service units and organisational levels in different ways. The impacts may also be manifold: re-employment rates may improve at the expense of increasing risks of poverty or administrative costs or may reduce poverty. Monitoring efforts during and after the integration reform should ideally cover these aspects in order to identify problems in time and ensure that the overall performance of the new system is effective and cost-efficient. While outcome indicators may be general, process indicators need to be differentiated across service types.

Improving access to integrated social and employment services

Jobseekers with complex employment barriers who are not claiming benefits should be included in programmes for the integrated delivery of social services. In principle, jobseekers with need of integrated services who are not claiming unemployment or minimum income benefits can be identified through other institutional channels (e.g. clients of debt counselling who are out of work but of workable age, people out of work and identified at risk of poverty (income data), people receiving child care benefits or users of foodbanks (as e.g. in the UK). Outreach activities should be developed in order to open up the integrated delivery of social and employment services to those who don't claim benefits (either due to a high non-take up rate or due to the low generosity of the social welfare benefit system).

Developing profiling and referral rules and techniques

Effective profiling and diagnostic instruments are crucial in an integrated system both for targeting scarce resources and for appropriately identifying the services that best meet the client's need. Joint development of diagnostic tools for identifying multiple employment barriers is helpful. Identification of employment barriers by multi-disciplinary teams is an interesting option. The standard appointment of case workers who would be allocated to service users from an organisation with an overview, or by a review board on which representatives of all services are present, can be part of a mechanism to disincentivise people-shifting and cost-shifting across the entities of an integrated system.

Case management

Case management, with one counsellor responsible for the follow-up of each individual, is the most appropriate form of building trust. Case management should cover large parts of the case-processing. Developing preventive measures should become part of a comprehensive approach.

Case managers will need general competencies, but should be supported by a network of in-house and external specialists. With reference to delivering integrated social and employment services, the 'guidance in pairs' is an interesting practice that is likely to bring about good results, although it is resource intensive.

Improving the effectiveness of ALMPs

It is important that the integrated delivery of social and employment services can rely on a variety of effective ALMPs and activation strategies (human-capital based, capabilities oriented, work-first, workfare) and can flexibly combine ALMPs as suited to the needs of the client. Job creation programmes for LTU need to link work with the improvement of basic skills or vocational skills training modules. Specific attention should be paid to vocational rehabilitation programmes, as mental and physical health problems are an important source of poverty and represent major employment barriers.

Assessing skills needs and training staff

The integration process usually entails a change in skills requirements at several levels and positions in the new system. It may increase the need for forecasting, statistical analysis and policy design at the regional or local level to match increased autonomy. And it typically requires new competencies for frontline staff who need to

be able to assess and respond to the needs of new groups of clients, liaise with new partners, and possibly handle new IT tools as well. If these skills are missing or inadequate, there is a need for capacity building at the beginning of the implementation stage.

Working in pairs, exchanging staff temporarily or implementing other settings that improve mutual learning between PES counsellors, social workers and other professional groups such as e.g. occupational doctors, helps to develop a comprehensive view and to overcome differences in organisational culture.

While leaving discretion to staff, it is helpful to issue guidance on the integrated delivery of employment and social services (on the debate about discretion see Bradshaw, 1979).

Outsourcing

Outsourcing is a way to implement a comprehensive approach (in cases where private entities and NGOs are specialized in dealing with complex problems and in cases where they employ multi-disciplinary teams), to overcome institutional fragmentation, and/or to overcome limited institutional capacities at PES and public social services institutions. Contracting and monitoring outsourced services demands a high level of management capacity in the public sector organisations. To be well implemented, monitoring mechanisms and rewarding systems need to be carefully designed, outcomes of outsourcing critically assessed and potential adverse effects discovered. This helps to avoid creaming and parking effects and to sustain the incentives of the created quasi market.

Building-up capacities of other actors, e.g. NGOs, may be relevant, in particular in those countries with less well developed social services.

Developing the IT infrastructure and data management

Ideally, new IT systems are introduced to allow data transfers between agencies. The setting-up of a new IT-system or the integration and harmonisation of existing IT-systems needs to address a number of challenges: overcoming technical barriers, solving data privacy issues, overcoming differences in institutional culture, including as many agencies as relevant without adding too much complexity. It is useful to involve monitoring experts in its development from an early stage. Experienced staff and managers can contribute to detecting inefficiencies in the new system. It is advisable to pool their observations and suggestions, for example, through interviews and virtual notice-boards, or by setting up a temporary advisory board of experienced mid-managers.

If a joint IT platform is not feasible, an alternative is to allow mutual access to the IT-systems of participating agencies. In this case it is important that access and use is easy. Exchanging information should go beyond benefit claim data to include the type and timing of services provided.

A shared website can be a first step towards co-location. It can pool information from several agencies and also provide on-line services. If the underlying IT system and database is shared between the cooperating institutions, the services can also be provided in an integrated way, so that clients may not even notice when their files are processed by several experts working in two or more agencies.

Addressing the legal context

Service integration initiatives may run into legal barriers in several areas and it is important to ensure ample legislative capacity and time to tackle these. This is especially relevant if the reform involves a reallocation of municipal roles whose autonomy is guaranteed by the Constitution. In cases of loose cooperation, the exchange of information may be constrained by personal data protection regulations.

Deciding on physical infrastructure

Co-location and the layout of back-office space can be used to foster information sharing and cooperation between service units or members of multidisciplinary teams and thus further increase the efficiency gains of service integration. This can be especially relevant in reforms that involve an investment in building or refurbishing the premises of service providers.

Communication structures within the relevant institutions

In order to provide effective integrated social services, not only the cooperation between agencies and institutions (in particular the PES and social services), but also the cooperation between different services within each of the institutions or agencies, is key.

The delivery of integrated services needs to be viewed as a continuous process of guidance and follow-up. It needs to start early and continue when hard-to-place jobseekers have been successfully referred to a job. The need for delivering integrated services may come up at different stages of a long process.

Informing stakeholders and clients

Service integration may involve a relocation of service providers or changes in accessibility. For these to be effective it is important to inform clients and potential partners. When the reform involves a changes in the usual service offer, it is also useful to develop a good communication strategy towards the service user to make him or her understand why it is important to participate in a scheme that provides integrated delivery of social services.

6.1.4. PHASE 4 - Monitoring and evaluation

Regular, detailed, harmonised collection of data

Detailed information on the client journeys should be collected to support both monitoring and evaluation. Ideally, this should cover information on the type and timing of services and programme participation, client characteristics, outputs and outcomes.

As integrated services often take a long time to yield measurable benefits, it is important to collect information on long-term outcomes (ideally, by systematically linking the IT platform to administrative data sources on employment and retirement).

It is highly advisable that the data are collected in a uniform IT platform that allows access to individual-level data at all organisational levels, with appropriate safeguards for personal data protection. This facilitates transparency, regular analysis and also reduces the cost of adjustments in the monitoring system.

Ideally, information on service costs per client and service units should be collected. If this is not feasible, a second-best solution is to regularly calculate approximate unit costs (average per client costs).

Regular surveys on service user and staff (especially counsellor) satisfaction should be conducted. To preserve anonymity, these cannot be directly linked to client-level data. However, the surveys may collect some additional information to identify relevant client groups (e.g. short-term versus long-term unemployed or large versus small employers).

Monitoring indicators and feedback

Ideally the delivery of integrated services should be monitored in a common monitoring system. If this is not feasible, a second-best solution is to harmonise the separate systems to ensure comparability and consistency.

There is a need to adjust and extend existing monitoring systems with new indicators that capture the advantages and possible disadvantages of an integrated system. These may include, for example, the length and 'smoothness' of the client journey (the number of referrals needed before the client receives a service that responds to their need), time spent on administration, client waiting times in local offices, and possibly poverty or social inclusion. As outcomes will vary across clients, it is important that these indicators are available broken down by the relevant subgroups, such as insured unemployed and long-term unemployed, or jobseekers with complex needs.

It is recommended that the discussion of monitoring and evaluation results and decisions on corrective actions happen regularly and in an integrated platform that involves all the relevant cooperating units. This strengthens cooperation and transparency in the integrated system.

Evaluation

Integrated service provision involves a complex process and several actors and can only work effectively if the system is regularly adjusted to the local context, clients and actors. This increases the need for regular evaluation involving both quantitative and qualitative methods.

As the existing evidence on the effective design of integrated services is scarce, it is important to approach the set-up and refinement of such systems as a learning process and supplement regular monitoring with controlled experiments on the problematic elements of the system. Ideally, these experiments should begin with a pilot phase, where alternative design options can be tested before nation-wide implementation.

Conducting process-orientated evaluations is important to understand strengths and weaknesses of current cooperation procedures and processes as well as to gain insights into the reasons behind the success or failure of the reforms.

The complexity of integration reforms (and of already established systems) calls for counterfactual evaluation methods, to control for changes in the labour market or the institutional context. Such methods include, for example, pilots, a staggered introduction of the reform, or introducing different versions of the same general approach in different localities. If a pilot is run in randomly selected localities, the impact of the reform can be identified by comparing the change in outcomes between pilot regions and the rest of the country. If random selection is not feasible for practical or political reasons, the results can be adjusted by regression methods to control for the observable differences between the pilot regions and the others (such as the unemployment rate, the composition of clients, and the initial conditions within the service provider organisations). The UK reform is a good example of using systematic pilots, while in Germany the evaluations relied on the comparison of alternative solutions to service integration. Though it may at times be difficult to gain counterfactual evidence, the careful planning of reforms provides an opportunity for integrating a rigorous evaluation approach at the design phase.

If available, counterfactual evidence on the benefits may be compared to costs, but this requires caution as benefits often accrue only in the long run and some benefits are not easily measurable (such as improvements in social cohesion).

In addition, it is advisable to include non-tangible results when assessing the effectiveness of the integration of social services delivery in the long-term (including potential effects on the next generation).

6.2. Recommendations for the EU

6.2.1. Low hanging fruits: easily manageable adjustments in existing EU tools

- Create a regular EU-level platform for discussion and peer learning between the existing EU-level networks of social and employment policy.
- Focus research and mutual learning efforts on under-studied areas, such as outreach activities of PES and social services for those not claiming any benefit, and particular aspects of effective service integration, such as measuring service quality, qualitative evaluation methods, or designing cooperation incentives.
- Encourage the use of mutual learning and technical assistance tools in designing ESIF-funded reforms and support Member States in identifying the practices that may be transferable, given the institutional context and policy goals.
- Continue promoting service integration in Member States and Accession countries using the Semester process and accession criteria as well as ESIF funding.
- Support training of staff in PES and social services especially in change management, performance management and labour market analysis, in order to strengthen the capacity of public services to implement and effectively manage integrated systems.
- Continue promoting the systematic linking of public service data systems to administrative databases on insured employment and pensions to enable the follow-up of service users and ensure that the long-term outcomes of integrated services can be reliably evaluated at a reasonable cost. In preparing the new EU regulation on personal data protection, ensure that policy evaluation is endorsed as a legitimate cause for processing, archiving, and analysing sensitive data.
- Continue to provide ESIF resources for implementing reforms to improve inter-institutional cooperation structures and to promote social innovations.

6.2.2. Resource incentive adjustments

- Launch a regular ad-hoc module in one of the EU-supported surveys (such as the Labour Force Survey or SILC and/or the MLP data base) to collect information on the use of social and employment services in more detail than is currently available. This may require an increased sample size given that the target groups are relatively small. This would support the monitoring of the implementation of the LTU recommendation and enable the assessment of the gap between demand and supply for integrated services.

- Assess the existing obstacles to combining investments in infrastructure and staff capacity within ESIF projects and possible ways to remove obstacles.

6.2.3. (Potentially) politically sensitive adjustments

- Support making impact evaluation, return on investment studies and appropriately designed piloting in order to support efficiency and the accumulation of reliable evidence on how to design effective service integration reforms.
- Continue promoting the dialogue with civil society organisations, in particular by the involvement of (representatives of) vulnerable groups in the design and monitoring of integration reforms to encourage more investment and improve the effectiveness of interventions.
- Consider the increase of EU funding directly allocated to social service NGOs, especially those that provide highly specialised services for vulnerable groups. This may contribute to a faster increase in such capacities and in the quality of services especially if it is combined with capacity building in umbrella organisations that provide quality assurance and management support.

REFERENCES

A. Literature

Aakvik, A., Monstad, K., and Holmås T. H., (2014). Evaluating the Effect of a National Labour and Welfare Administration Reform (NAV reform) on Employment, Social Insurance and Social Assistance. Uni Research, Rokkan Centre.

ACTRAV, (2012). From precarious work to decent work. Outcome Document to the Workers' Symposium on Policies and Regulations to combat Precarious Employment. ILO.

Aidukaite, J., (2010). Welfare Reforms in Central and Eastern Europe: A New Type of Welfare Regime? *Ekonomika* 89 (4). <http://www.zurnalai.vu.lt/files/journals/37/articles/969/public/9-24.pdf>.

Angers, K., (2011). The Governance of Activation in Europe: What can we learn from a literature review? *Canada-Europe Transatlantic Dialogue*. <http://labs.carleton.ca/canadaeurope/wp-content/uploads/sites/9/2011-01-governanceofactivation-kathleenangers.pdf>.

Armingeon, K., (2007). Active Labour Market Policy, International Organizations and Domestic Politics. *Journal of European Public Policy* 14 (6): 905–32. doi:10.1080/13501760701497923.

Arnkil, R., Karjalainen, V., Saikku, P., Spangar, T. och Pitkänen, S.,(2008). Kohti työelämälähtöisiä integroivia palveluja. Työvoimatoimistojen ja työvoiman palvelukeskusten arviointitutkimus. Työ- ja elinkeinoministeriön julkaisusarja. Työ ja yrittäjyys 18/2008. (Towards Working-life Orientated Services - Evaluation on the Finnish Public Employment Service Reform).

Askim, J., Fimreite, A., Moseley, A., and Pedersen L.H, (2011). One-Stop Shops for Social Welfare: The Adaptation of an Organizational Form in Three Countries. *Public Administration* 89 (4): 1451–68. doi:10.1111/j.1467-9299.2011.01933.x.

Askim, J., Fimreite, A. L., Moseley, A., & Pedersen, L. H. (2009). One-stop shops for social welfare: The adaption of an organizational form in three countries. *Public Administration*, 89, 1451–1468

Barr, N., (2005). Labour markets and social policy in central and eastern Europe. The accession and beyond. The World Bank. Washington DC.

Basso, G., Dolls; M., Eichhorst, W., Leoni, T., and Peichl, A. (2012). The Effects of the Recent Economic Crisis on Social Protection and Labour Market

Arrangements Across Socio-Economic Groups. *Intereconomics - Review of European Economic Policy, The Welfare State After the Great Recession*, 47 (4).

Basun, S., Fernald, JG, and Shapiro, MD. (2001). Productivity Growth in the 1990s: Technology, Utilization, or Adjustment?. Working Paper 8359. National Bureau of Economic Research. <http://www.nber.org/papers/w8359>.

Benson, D. and Jordan, A. (2011). What have we learned from policy transfer research? Dolowitz and Marsh revisited, *Political Studies Review* 9(3): 366-378.

Bergmark Å. and Minas R. (2010). Actors and governance arrangements in the field of social assistance, in Kazepov Y (ed) *Rescaling of Social Welfare Policies. A comparative study on the path towards multi-level governance in Europe*. London: Ashgate.

Blommesteijn, M., Kruis G. and van Geuns, R. (2012). Dutch municipalities and the implementation of social assistance: Making social assistance work, *Local Economy*, Vol 27, Issue 5-6, 2012:
<http://journals.sagepub.com/doi/abs/10.1177/0269094212445416>

Bonoli, G., & Trein, P. (2016). Cost-Shifting in Multitiered Welfare States: Responding to Rising Welfare Caseloads in Germany and Switzerland. *Publius: The Journal of Federalism*, 4(46), 596-622.

Borghesi, V., Van Berckel R., (2007). New modes of governance in Italy and the Netherlands: the case of activation policies. *Public Administration* 85(1): 83-101.

Börzel, T.A., Hofmann, T., Panke, D. and Sprungk, C. (2010). Obstinate and inefficient: why Member States do not comply with European Law. *Comparative Political Studies*, 43(11), 1363-90.

Bosselaar, H., Bannink, D., van Deursen C. and Trommel W., *Werkt de WWB (Does the WWB work?)*, study commissioned by the Ministry of Social Affairs and Employment, and implemented by Meccano kennis voor beleid, Twente University and BSZ Beleidsonderzoek.
<https://www.rijksoverheid.nl/documenten/rapporten/2007/12/21/werkt-de-wwb-resultaten-van-de-ontwikkeling-van-nieuwe-verhoudingen-tussen-rijk-en-gemeenten>

Bradshaw, J., (1979). Legalism and discretion. In: Jones, Kathleen, 1922-, Brown, John, 1948- and Bradshaw, Jonathan, (eds.) *Issues in Social Policy*. Routledge and Kegan Paul, London, pp. 140-154. ISBN 0710089724

Brooks, C., and Manza J.,(2006). Why Do Welfare States Persist?, *Journal of Politics* 68 (4): 816–27.

Budapest Institute (2015), Literature review and identification of best practices on integrated social service delivery. Part II - Country case studies, study prepared for the European Commission

Budig, M., Misra, J., and Böckmann, I., (2010). The Motherhood Penalty in Cross-National Perspective: The Importance of Work-Family Policies and Cultural Attitudes. Working Paper 542. Luxembourg Income Study Working Paper Series. Luxembourg Income Study (LIS).

Bullain, N. and Toftisova, R.,(2014) A comparative analysis of European Policies and Practices of NGO-Government Cooperation. Final report, March 2004, European Centre for Not-For-Profit-Law.

Cantillon, B., (2011) The paradox of the social investment state: growth, employment and poverty in the Lisbon era. *Journal of European Social Policy*, 0958-9287; Vol. 21(5): 432–449.

Cazes, S., Verick S., and Heuer, C. (2009) Labour Market Policies in Times of Crisis. 35. Employment Working Paper. Geneva: ILO.

Champion, C. & Bonoli, G. (2011). Institutional fragmentation and coordination initiatives in Western European welfare states. *Journal of European Social Policy*, 21 , 323–334

Champion, C., (2008). Davantage collaborer, afin d'éviter l'effet carrousel: les premières expériences MAMAC sont prometteuses. *Sécurité sociale*(3/2008), 152-156.

Champion, C., and G. Bonoli. (2011). Institutional Fragmentation and Coordination Initiatives in Western European Welfare States. *Journal of European Social Policy* 21 (4): 323–34. doi:10.1177/0958928711412220.

Clasen, J., Clegg, D., (2011). *Regulating the Risk of Unemployment: National Adaptations to Post-Industrial Labour Markets in Europe*. Oxford University Press.

Clegg, D., (2013). Dynamics and varieties of active inclusion: A five-country comparison (Working Paper Written in the Context of the FP7 Project 'Combating Poverty in Europe'). Retrieved from http://www.cope-research.eu/wp-content/uploads/2013/10/D5.6_Comparative_Report.pdf

CSD (2010). *Civil society in Bulgaria. Trends and Risks*. Center for the study of democracy. Sofia

Csillag, M., Scharle, Á., (2016). Practitioner's toolkit to assist the implementation of the LTU recommendation, European Union.

De Koning, J., (2004). The Reform of the Dutch Public Employment Service. Erasmus University. <http://repub.eur.nl/pub/1991/The%20reform%20of%20the%20Dutch%20public%20employment%20service.pdf>.

De La Rica, S., Glitz A., and Ortega F.,(2013). Immigration in Europe: Trends, Policies and Empirical Evidence. IZA Discussion Paper 7778. Institute for the Study of Labor (IZA). <http://econpapers.repec.org/paper/izaizadps/dp7778.htm>.

Deutscher Bundestag (2008). Bericht zur Evaluation der Experimentierklausel nach § 6c des Zweiten Buches Sozialgesetzbuch [Report on the evaluation of the experimental clause of the Second Book of the Social Code § 6c]. Unterrichtung durch die Bundesregierung. Drucksache 16/11488. 18.12.2008. [Informed by the Federal Government. Printed matter].

Dimitrov, Y., Duell N., (2014). Activating and increasing employability of specific vulnerable groups in Bulgaria: a diagnostic of institutional capacity. Washington, D.C.: World Bank Group. <http://documents.worldbank.org/curated/en/2015/02/24051697/activating-increasing-employability-specific-vulnerable-groups-bulgaria-diagnostic-institutional-capacity>

Ditch, J., Roberts, E., (2002). Integrated Approaches to Active Welfare and Employment Policies. Dublin: European Foundation for the Improvement of Living and Working Conditions.

Duell, N. (2016). How to tackle long-term unemployment? Policy trends in Europe, Peer Review on 'Approaches to Integrate Long-term Unemployed Persons', Berlin 13-14 October 2016, Mutual Learning Programme, European Commission, DG EMPL

Duell, N. and Thévenot C.,(2017), Faces of Joblessness in Portugal: Main results and Policy Inventory, OECD Publishing.

Duell, N., Kurekova, L., (2013), Activating Benefit in Material Need recipients in the Slovak Republic, Central European Labour Studies Institute, CELSI Research Report Nr. 3, http://www.celsi.sk/media/research_reports/celsi-rr-3.pdf

Duell, N., Tergeist,P., Bazant U. and Cimper, S., (2010). Activation Policies in Switzerland, OECD Social, Employment and Migration Working Papers Nr. 112, www.oecd.org/els/workingpapers

Easterly, W., Ritzen, J. Woolcock, M., (2006). Social cohesion, institutions and growth, Economics and Politics, 2006, vol. 18, issue 2, pages 103-120.

Ebbinghaus, B., (2006). Reforming Early Retirement in Europe, Japan and the USA. Oxford University Press.

Egger, M., Merckx, V., & Wütrich, A. (2010). Evaluation du projet national CII-MAMAC (Vol. 9/10). Berne: Federal office for social insurance.

Esping-Andersen, G., 1996. Welfare States in Transition: National Adaptations in Global Economies. SAGE Publications.

Esping-Andersen, G., 1990. The Three Worlds of Welfare Capitalism. Princeton, N.J: Princeton University Press.

ESPN, (2015). Integrated support for the long-term unemployed. A study of national policies, June 2015. European Social Policy Network, Authors: Denis Bouget, Hugh Frazer and Eric Marlier, with Ramón Peña-Casasand Bart Vanhercke

Eurofound, (2015). Access to social benefits: Reducing non-take-up, Publications Office of the European Union, Luxembourg

European Commission, (2007). Towards Common Principles of Flexicurity: More and Better Jobs through Flexibility and Security. Luxembourg: Office for official publications of the European Communities.

European Commission, (2013). Towards social investment for growth and cohesion – including implementing the European Social Fund 2014–2020. COM(2013) 83 final, Brussels.

European Commission, (2006). Employment in Europe.
ec.europa.eu/social/BlobServlet?docId=1874&langId=en.

Farvaque, N., (2016). The French Youth Guarantee: experiencing a new approach to help young vulnerable people to gain autonomy, Host country discussion paper, Mutual Learning Programme, DG Employment, Social Affairs and Inclusion.

Ferrera, M., Hemerijk, A. and Rhodes, M. (2001). The future of social Europe: Recasting work and welfare in the new economy. in: Anthony GIDDENS (ed.), The Global Third Way Debate, Cambridge, Polity Press, 2001, 114-133.

Galasso, V., and Profeta P., (2002). The Political Economy of Social Security: A Survey. European Journal of Political Economy 18 (1): 1–29. doi:10.1016/S0176-2680(01)00066-0.

Genova, A., (2008). Integrated Services in Activation Policies in Finland and Italy: A Critical Appraisal. Social Policy and Society 7 (03): 379–92. doi:10.1017/S147474640800434X.

Groot, I., de Graaf-Zijl, M., Hop, P., Kok, L., Fermin, B., Ooms, D., & Zwinkels, W. (2008). De lange weg naar werk: beleid voor langdurig

uitkeringsgerechtigden in de WW en de WWB (The long road towards work: policy

Hacker, JS. (2004). Privatizing Risk without Privatizing the Welfare State: The Hidden Politics of Social Policy Retrenchment in the United States. *American Political Science Review* 98 (02). doi:10.1017/S0003055404001121.

Häusermann, S., (2010). *The Politics of Welfare State Reform in Continental Europe: Modernization in Hard Times*. Cambridge [England]; New York: Cambridge University Press.

Häusermann, S., Palier, B., (2008). The Politics of Employment-Friendly Welfare Reforms in Post-Industrial Economies. *Socio-Economic Review* 6 (3): 559–86. doi:10.1093/ser/mwn011.

Heidenreich, M., Aurich, P., (2013). *European Worlds of Employment and Social Services: The Local Dimension of Activation Policies*. University of Oldenburg.

Heidenreich, M., Rice, D. (eds.), (2016). *Integrating Employment and Social Policies in Europe. Active Inclusion and Challenges for Local Welfare Governance*. Edward Elgar Publishing.

Hermann-Pawłowska, K., Stronkowski, P., Bienias, S., Dybaś, M., Kolczyński, M., Kulawik-Dutkowska, J., & Skórska, P. (2016). *Raport końcowy: Ocena skutków regulacji wybranych aspektów wdrażania Ustawy z dnia 14 marca 2014 r. o zmianie ustawy o promocji zatrudnienia i instytucjach rynku pracy oraz niektórych innych ustaw*. IDEA Foundation.

Hollerts, K., (2016). Integrated and individualized services: paradoxes in the implementation of labour market policies in Sweden, in Heidenreich M and Rice D (eds) *Integrating social and employment policies in Europe. Active inclusion and challenges for local welfare governance*. Elgar Cheltenham, UK

Huber, E., and J.D. Stephens. (2006). Combating Old and New Social Risks. In *The Politics of Post-Industrial Welfare States*, edited by K. Armingeon and G. Bonoli, 143–68. London New York,: Routledge.

Hurley, J., Fernández-Macías, E., and Storrie, D., *Employment Polarisation and Job Quality in the Crisis: European Jobs Monitor 2013*. Eurofound, 2013. http://eurofound.europa.eu/sites/default/files/ef_files/pubdocs/2013/04/en/1/EF1304EN.pdf.

Janus, A. L., (2012). The Gap Between Mothers, Work–Family Orientations and Employment Trajectories in 18 OECD Countries. *European Sociological Review*. jcs055. doi:10.1093/esr/jcs055.

ISG Institut für Sozialforschung und Gesellschaftspolitik GmbH und Steria Mummert Consulting, (2013). Qualitätssicherung im SGB II: Management und Governance. Berlin: Bundesministerium für Arbeit und Soziales.

Jensen, C. and Bech Seeberg, H. (2014). The power of talk and the welfare state: evidence from 23 countries on an asymmetric opposition-government response mechanism, *Socioeconomic Review*

Jorgensen et al. (2010). De-professionalisation in Danish Labour Market Policy Implementation?, Paper for the IIRA European Regional Conference Copenhagen 2010 Kaeding M 2006. Determinants of Transposition Delay in the European Union. *Journal of Public Policy* 26(03), 229–253

Karjalainen, V. and Saikku, P., (2011). Governance of Integrated Activation Policy in Finland, in van Berkel R, de Graaf W, Sirovátka T (eds) *The Governance of Active Welfare States in Europe*. Palgrave MacMillan

Kaufmann, D., Kraay, A., and Mastruzzi, M.,(2010). The Worldwide Governance Indicators: Methodology and Analytical Issues. SSRN Scholarly Paper ID 1682130. Rochester, NY: Social Science Research Network. <http://papers.ssrn.com/abstract=1682130>.

Kautto, M., (2002). 'Investing in Services in West European Welfare States.' *Journal of European Social Policy* 12 (1): 53–65. doi:10.1177/0952872002012001636.

Kazepov, Y., (2010) (Ed.) *Rescaling Social Policies: Towards Multilevel Governance in Europe*, European Centre Vienna, Ashgate.

Keefer, P, and Stuti Khemani. (2004). Why Do the Poor Receive Poor Services? *Economic and Political Weekly*, February.

Klinger, S., Rothe, M., (2012). The Impact of Labour Market Reforms and Economic Performance on the Matching of the Short-term and the Long-term Unemployed. *Scottish Journal of Political Economy*, Vol. 59, pp. 90 – 114.

Knuth, M., and Larsen, F., (2009). Municipalisation in the German and the Danish Public Employment Service. Paper presented at the 7th ESPAnet conference 2009 Session nr. 18A: Governing welfare: beyond states and markets?

Konle-Seidl, R., (2008). Changes in the Governance of Employment Services in Germany since 2003. IAB discussion paper. <http://www.econstor.eu/handle/10419/32752>.

Koprić I., Musa A., and Đulabić V. (2016). Local Government and Local Public Services in Croatia, in, Wollmann H, Koprić I, Marćou G (ed) *Public and Social*

Services in Europe. From Public and Municipal to Private Sector Provision. Palgrave

Lægheid, P., and Rykkja LH, (2013). Coordinating Norwegian Welfare: The NAV Reform. COCOPS Work Package 5 - Coordinating Social Cohesion. Coordination Practice (case Studies). http://www.cocops.eu/wp-content/uploads/2013/06/Norway_Employment_NAV-reform.pdf.

Lægheid, P., Sarapuu, K., Rykkja, L., Randma-Liiv, T. (Eds.) (2016). Organizing for coordination in the public sector: Practices and Lessons from 12 European Countries. Palgrave

Lara Montero, A., van Duijn, S., Zonneveld, N., Minkman, M., Nies, H., (2016). Integrated Social Services in Europe, Brighton: European Social Network.

Larsen, F. ,(2011) Ny beskæftigelsespolitik via administrative reformer? Tidsskrift for Arbejdsliv , 13 årg. nr. 4, 2011. S 40-55.

Leibetseder, B., Altreiter C., and Leitgöb H.,(2013). Implementierung der Bedarfsorientierten Mindestsicherung in Oberösterreich und Steiermark., Forschungsbericht. Linz: Institut für Gesellschafts- und Sozialpolitik.

Lindsay, C., McQuaid, R., and Dutton, M., (2008). Inter-Agency Cooperation and New Approaches to Employability. *Social Policy & Administration* 42 (7): 715–32. doi:10.1111/j.1467-9515.2008.00634.x.

Lindsay, C., McQuaid, R., Dutton, M., (2008). Inter-Agency Cooperation and New Approaches to Employability. *Social Policy & Administration* 42 (7): 715–32.

Mahoney and Thelen, (2010). A theory of gradual institutional change, in: *Explaining Institutional Change Ambiguity, Agency, and Power*. https://www.researchgate.net/publication/50368550_A_Theory_of_Gradual_Institutional_Change

Manoudi, A., Nevala-Hall, AM., Scharle, A., Csillag, M, Metcalfe H., Duchemin C., Maillart I.,(2014). EEPO Small Scale Study on PES Business Models. European Commission, DG Employment, Social Affairs and Inclusion

Marchal, S., Van Mechelen, N., (2014). A new kid in town? Active inclusion in European minimum income schemes, Discussion Paper No. 14/07 November 2014

Mastenbroek, E. (2003). Surviving the Deadline: The Transposition of EU Directives in the Netherlands, *European Union Politics*, 4, 371-395.

Mazouin, A., Romani C. and Prudent E. (2011). L'accompagnement 'global' des bénéficiaires du RSA. Evaluation d'une expérimentation Pôle emploi – Conseil Général du Doubs; by Céreq.

McQuaid, R., Lindsay, C., Dutton M., and McCracken, M. (2007). Best Practice in Inter-Agency Co-Operation on Employability. Department for Employment and Learning Northern Ireland. Employment Research Institute. <https://dspace.stir.ac.uk/handle/1893/17590>.

McQuaid, R., (2010). Theory of Organizational Partnerships: Partnership Advantages, Disadvantages and Success Factors. <https://dspace.stir.ac.uk/handle/1893/16959>.

Minas, R (2016). The concept of integrated services in various welfare settings from a life course perspective, in *International Social Security Review*, Vol 69, Nr 3-4, pp 85-109.

Minas, R., Wright S. and van Berkel R., (2012) Decentralization and centralization: governing the activation of social assistance recipients in Europe. *International Journal of Sociology and Social Policy*, Vol 32, Iss 5, pp 286-298.

Minas, R., (2009). Activation in integrated services? Bridging social and employment services in European countries. Stockholm: Institute for Future Studies.

Minas, R., (2014). One-stop shops: Increasing employability and overcoming welfare state fragmentation? *International Journal of Social* ,, : 4 APR 2014, DOI: 10.1111/ijsw.12090

Minas, R., (2014). One-Stop Shops: Increasing Employability and Overcoming Welfare State Fragmentation? *International Journal of Social Welfare*. doi:10.1111/ijsw.12090.

Minas, R., Øverbye, E., (2010). The territorial organization of social assistance schemes in Europe. In Y. Kazepov (Ed.), *Rescaling social policies: Towards multilevel governance in Europe* (pp. 203–240). Vienna: Ashgate.

Misra, J., Budig, MJ., and Boeckmann, I., (2015). Cross-National Patterns in Individual and Household Employment and Work Hours by Gender and Parenthood. In *Comparing European Workers Part A*, 22 Part 1:169–207. *Research in the Sociology of Work*, 22 Part 1. Emerald Group Publishing Limited. Accessed February 15. <http://www.emeraldinsight.com/doi/abs/10.1108/S0277-2833%282011%290000022009>.

Mosley, H., (2011). Decentralisation of Public Employment Services. Author: Hugh Mosley,. Analytical Paper. PES to PES Dialogue, The European Commission Mutual Learning Programme for Public Employment Services. DG Employment, Social Affairs and Inclusion.

Munday, B., (2007). *Integrated Social Services in Europe: Report*. Council of Europe.

Munday, B., (2007). Integrated Social Services in Europe: Report. Council of Europe. <http://books.google.com/books?hl=en&lr=&id=apg1WPiq-ToC&oi=fnd&pg=PA7&dq=%22effective+integration+policies+and%22+%22to+the+more+theoretical+and+evidence-based+approach%22+%22key+topics%22+%22work+of+the+project+group+and+its+subsequent+report+follows+these+terms%22+%22&ots=swvCYrBPxN&sig=8yKFUh2AzqAYZ9KofDbm6VfoWZ0>.

Mutual Learning Programme (2016). Peer Review on 'Approaches to integrate long-term unemployed persons' 13 – 14 October 2016, Berlin (Germany), summary.

Myles, J., and Quadagno J., (2002). Political Theories of the Welfare State. *Social Service Review* 76 (1): 34–57. doi:10.1086/324607.

Nelson, J., and Zadek S., (2000). *Partnership Alchemy: New Social Partnerships in Europe*. København.

OECD, (1994). *The OECD Jobs Study: Facts, Analysis, Strategies.* Organisation for Economic Co-operation and Development. <http://www.oecd.org/els/emp/1941679.pdf>

OECD, (2010). *Moving Beyond the Jobs Crisis*, OECD Employment Outlook, 15–102. Organisation for Economic Co-operation and Development. http://www.oecd-ilibrary.org/content/chapter/empl_outlook-2010-2-en.

OECD, (2010). *Sickness, Disability and Work: Breaking the Barriers. A Synthesis of Findings across OECD Countries*. Organisation for Economic Co-operation and Development. http://www.oecd-ilibrary.org/social-issues-migration-health/sickness-disability-and-work-breaking-the-barriers_9789264088856-en.

OECD, (2011). Chapter 5. Persistence of High Unemployment: What Risks? What Policies? *Economic Outlook*. Paris: OECD Publishing.

OECD, (2012). *Activating Jobseekers. How Australia does it*. OECD Publishing, Paris.

OECD, (2015). *Integrating Social Services for Vulnerable Groups: Bridging Sectors for Better Service Delivery*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264233775-en>

OECD, (2015). *Integrating Social Services for Vulnerable Groups: Bridging Sectors for Better Service Delivery*. Paris: OECD Publishing.

Ostrom, E.,(2007). Institutional rational choice: An assessment of the Institutional Analysis and Development Framework. In *Theories of the Policy Process*, 2nd ed., P.A. Sabatier (ed.). Cambridge, MA: Westview Press. pp 21–64

Overbye, E., Strohmeier Navarro Smith, R., Karjalainen, V., & Stremlow, J. (2010). The coordination challenge. In Y. Kazepov (Ed.), *Rescaling social policies towards multilevel governance* (pp. 389-428). Farnham: Ashgate.

Palier, B., (2010). 'Ordering Change: Understanding the 'Bismarckian' Welfare Reform Trajectory.' In *A Long Goodbye to Bismarck? The Politics of Welfare Reform in Continental Europe*. Amsterdam: Amsterdam University Press.

Perista, P. and Baptista I. (2015). *ESPN Thematic Report on integrated services for the long-term unemployed*. Portugal, European Social Policy Network (ESPN), European Commission.

Prinz, C.,(2010). *Sickness, Disability and Work: Lessons from Reforms and Lack of Change across the OECD Countries*, in M. Kautto and J. Bach-Othman (eds.) *Disability and Employment– Lessons from Reforms*. Finnish Centre for Pensions.

Riley, R., Bewley, H., Kirby, S., Rincon-Aznar A. and George A., (2011). *The introduction of Jobcentre Plus: An evaluation of labour market impacts*. Department for Work and Pensions Research Report No. 781.

Raphael, S. and Winter-Ebmer R.,(2001). *Identifying the Effect of Unemployment on Crime*. *Journal of Law and Economics*, Volume 44, Issue 1, pp. 259-283

Reiter, A., Hager I., Hausegger, T., and Reidl C. (2014). *Begleitende Evaluationsstudie Step 2 Job – Roll out*. Im Auftrag des Arbeitsmarktservice Wien, des Wiener ArbeitnehmerInnen Förderungsfonds und der MA 40. Wien: Prospect Unternehmensberatung.

Rice, D., (2015). *Building active welfare states: How policy shapes caseworker practice*, Amsterdam: VU University Press.

Riesenfelder, A., Bergmann, A., Sorger, C., Danzer, L., (2014). *3 Jahre Bedarfsorientierte Mindestsicherung (BMS) – Auswirkungen auf die Wiedereingliederung der Bezieher/innen ins Erwerbsleben*. L&R SOZIALFORSCHUNG, Wien.

Rothstein, B., Samanni, M., and Teorell, J.,(2012).*Explaining the Welfare State: Power Resources vs. the Quality of Government.* *European Political Science Review* 4 (01): 1–28. doi:10.1017/S1755773911000051.

Rubaii-Barrett, N., and Wise LR., (2008). *Diversity Accessibility and E-Government: An Empirical Analysis of State Practices*, *Journal of Disability Policy Studies* 19: 52–64.

Rueda, D., (2007). *Social Democracy Inside Out. Partisanship and Labor Market Policy in Advanced Industrialized Democracies*, Oxford and New York: Oxford University Press.

Scharle, A., (2015). Literature review and identification of best practices on integrated social service delivery. European Commission.

Scharle, Á., Varadi, B., and Samu, F., (2015). Policy Convergence across Welfare Regimes: The Case of Disability Policies. WWWforEurope Working Papers series 76. WWW for Europe. <https://ideas.repec.org/p/feu/wfewop/y2015m1d0i76.html>.

Scharle, Á., Weber T. and Puchwein Roberts, I., (2014). Approaches for Sustainable Integration of Long-Term Unemployed - Toolkit, Brussels, DG Employment, Social Affairs and Inclusion <http://ec.europa.eu/social/BlobServlet?docId=11877&langId=en>

Scharpf, F.W., and Schmidt VA, eds. 2000. Welfare and Work in the Open Economy Volume I: From Vulnerability to Competitiveness in Comparative Perspective. Oxford University Press. <http://www.oxfordscholarship.com/view/10.1093/0199240884.001.0001/acprof-9780199240883>.

Schimmelfennig, F. and Sedelmeier, U., (2004). Governance by conditionality: EU rule transfer to the candidate countries of Central and Eastern Europe, *Journal of European Public Policy* 11(4), 669–687.

Schmid, G. (2002). Towards a Theory of Transitional Labour Markets. The Dynamics of Full Employment. Social Integration Through Transitional Labour Markets. G. Schmid and B. Gazier. Cheltenham/Northampton, Edward Elgar: 151-195.

Schmidt, M. G. (2010). Parties. In: Castles, F. G., Stephan, L., Lewis, J., Obinger, H. and Pierson, C. (eds) *The Oxford Handbook of the Welfare State*, 211-226. New York: Oxford University Press.

Sedelmeier U., (2008). After Conditionality: Post-Accession Compliance with EU law in East Central Europe, *Journal of European Public Policy* 15(6), 806–825.

Snape, D, and Stewart M., (1996). Keeping Up the Momentum: Partnership Working in Bristol and the West. Bristol Chamber of Commerce.

Struyven, L., (2004). Design Choices in Market Competition for Employment Services for the Long-Term Unemployed. OECD Social, Employment and Migration Working Papers. Paris: Organisation for Economic Co-operation and Development. <http://www.oecd-ilibrary.org/content/workingpaper/643105306337>.

Struyven, L., (2004). Design Choices in Market Competition for Employment Services for the Long-Term Unemployed. OECD Social, Employment and Migration Working Papers. Paris: Organisation for Economic Co-operation and

Development. <http://www.oecd-ilibrary.org/content/workingpaper/643105306337>.

Struyven, L., Van Hemel, L., (2009). The local integration of employment services: Assessing network effectiveness of local job centres in Flanders, Environment and Planning C: Government and Policy 12/2009; 27(6):1055-1071.

Svarer M och Rosholm M (2010). Evaluering af de økonomiske styringsmekanismer på beskaeftigelseområdet. Slotsholm – analyse og kommunikation om velfaerd.

Sztandar-Sztanderska, K., and S. Mandes (2014). Comparative Report on the Impact of an Integrated Approach to Social Cohesion, Case study France. Grant agreement no: 266768, Institute of Sociology, Warsaw, http://www.localise-research.eu/wp-content/uploads/2011/09/D7.1_International-Comparative-Report.pdf

Taylor, A., (2009). Good Practices in Providing Integrated Employment and Social Services in Central and Eastern Europe. Draft Report to ILO. http://rs.one.un.org/organizations/12/Integrated%20service%20delivery_publication.pdf.

Taylor, A., (2010). Good Practices in Providing Integrated Employment and Social Services in Central and Eastern Europe. MDG Achievement Fund.

Tompson, W., (2009). The Political Economy of Reform Lessons from Pensions, Product Markets and Labour Markets in Ten OECD Countries: Lessons from Pensions, Product Markets and Labour Markets in Ten OECD Countries. OECD Publishing.

Toots A (2014) Digital divide in social security: do institutions matter? https://www.researchgate.net/publication/229046084_Digital_divide_in_social_security_do_institutions_matter

Urząd Pracy m.st. Warszawy. (2015). PROGRAM AKTYWIZACJA I INTEGRACJA 2015 - RAPORT Z REALIZACJI. Warsaw.

Van der Noordt M et al. (2014). Health effects of employment: a systematic review of prospective studies. Occup Environ Med, Volume 2014, Issue 71, pp. 730-736

Van Hemel, L., en Struyven, L.,(2007). Naar één loket voor werk. Evaluatie van de ruimtelijke spreiding, het gebruik en het partnerschap van de werkwinkel. Deelrapport 2., HIVA

B. Country studies prepared in the context of the ' Study on integrated delivery of social services aiming at the activation of minimum income recipients in the labour market' VC/2016/0604 (summaries provided in Annex IV to the IDSS report)

Country Study Belgium by Dominique Danau, IDSS country expert Belgium.

Country Study Denmark by Bent Greve, IDSS country expert Denmark.

Country Study Finland by Robert Arnkil and Sari Pitkanen, IDSS country experts Finland.

Country Study France by Nicola Duell and Danielle Kaisergruber, IDSS country experts France.

Country Study Germany by Michael Fertig, IDSS country expert Germany.

Country Study Ireland by Mary Murphy, IDSS country expert Ireland.

Country Study Portugal by Amilcar Moreira and Leonor Rodrigues, IDSS country experts Portugal.

Country Study Romania by Diana Chiriacescu, IDSS country expert Romania.

Country Study Slovenia by Martina Trbanc, IDSS country expert Slovenia.

Country Study Spain by Elvira Gonzalez Gago, IDSS country expert Spain.

Country Study Switzerland by Giuliano Boloni, IDSS country expert Switzerland.