



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

Part I: study

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Directorate-General for Employment, Social Affairs and Inclusion

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

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CONTENTS

PART I: Study

List of abbreviations	
List of tables and figures	
Executive summary	
Chapter I. Introduction.....	1
1.1. Background and context.....	1
1.1.1. The economic challenge	1
1.1.2. The case for service-integration reforms.....	1
1.1.3. Policy response at the EU and national levels	2
1.1.4. Risks and barriers of service-integration reforms	4
1.2. Objectives and scope of the study	4
1.3. Added value of the study	5
1.4. Main methodological tools applied	6
Chapter II. Summary of 12 integration reforms	9
2.1. Overview of the 12 reform episodes.....	9
2.2. Main features of the 12 reform episodes.....	10
Chapter III. Cost-benefit analysis	14
3.1. Objectives	14
3.2. Caveats and limitations	14
3.3. Methodology and data collection.....	15
3.3.1. Main research method.....	15
3.3.2. Issues in identifying effects	15
3.3.3. Data collection strategy.....	16
3.3.4. Data-availability issues	17
3.3.5. Country selection and research strategy.....	17
3.4. Country-specific analyses	18
3.4.1. Denmark	18
3.4.2. Slovenia	19
3.4.3. The Basque Country (Spain)	21
3.4.4. Austria	24
3.4.5. Germany	25
3.5. Summary and conclusions	26
Chapter IV. Comparative analysis of reform episodes to identify drivers, barriers and success factors	28
4.1. The selection of relevant reform episodes	28
4.2. The analytical framework	28
4.2.1. The data	28
4.2.2. Setting out a two-phase process and two definitions of success.....	29
4.2.3. The method of analysis	30
4.3. Results.....	33
4.3.1. The baseline specification	33
4.3.2. Drivers of positive employment and poverty outcomes.....	35
Chapter V. Two pathways for reform	37
5.1. Pathway 1: The encompassing model.....	41
5.1.1. Phase 1 — Political commitment and goal setting	41
5.1.2. Phase 2 — Planning and design	43
5.1.3. Phase 3 — Implementation.....	47
5.1.4. Phase 4 — Monitoring and evaluation.....	50
5.2. Pathway 2: Limited or small-scale model of integrated services.....	53

5.2.1.	Phase 1 — Political commitment and goal setting	53
5.2.2.	Phase 2 — Planning and design	57
5.2.3.	Phase 3 — Implementation	64
5.2.4.	Phase 4 — Monitoring and evaluation	73
Chapter VI.	Selected examples of good practices	77
6.1.	Experimentation clause (Germany)	78
6.2.	Intreo change-management team/hub (Ireland)	79
6.3.	Common RGI management platform (Basque Country/Spain)	80
6.4.	Directory of expertise (Switzerland)	81
6.5.	Work-ability assessment and health service (Finland)	82
Chapter VII.	Recommendations	84
7.1.	Recommendations for Member States	84
7.1.1.	Phase 1 — Political commitment and goal setting	84
7.1.2.	Phase 2 — Planning and design	85
7.1.3.	Phase 3 — Implementation	87
7.1.4.	Phase 4 — Monitoring and evaluation	90
7.2.	Recommendations for the EU	92
References	94

PART II: Annexes (separate document)

Annex I.	Integrating services to support the labour-market integration of minimum income recipients — Practitioners’ checklist
Annex II.	Description of selection of countries and data collection procedure
Annex III.	Methodology of the cost-benefit analyses
Annex IV.	Theoretical background
Annex V.	Empirical evidence on service integration reforms in Europe
Annex VI.	Summaries of the country studies
Annex VII.	Dataset for comparative analysis
Annex VIII.	Feedback from the workshops at the IDSS final conference

Annexes II to VIII are available at: <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8148&furtherPubs=yes>

List of abbreviations

ADF	<i>Association des Départements de France</i> (association of the <i>départements</i> of France)
AES	<i>Ayudas de emergencia social</i> (social emergency benefits)
AIZ	<i>Arbeitsintegrationszentrum</i> (work integration centre)
ALMP	active labour-market programmes
AT	Austria
BC(ES)	the Basque Country (Spain)
BE	Belgium
BG	Bulgaria
BMS	<i>Bedarfsorientierte Mindestsicherung</i> (means-tested minimum income)
CAF	<i>Caisses d'allocations Familiales</i> (family allowances fund)
CBA	cost-benefit analysis
CEE	central and eastern Europe
CH	Switzerland
CNIL	<i>Commission nationale de l'informatique et des libertés</i> (French data protection authority)
CPI	consumer price index
CWS	community welfare services
CY	Cyprus
CZ	Czech Republic
DE	Germany
DGEFP	<i>Délégation générale à l'emploi et à la formation professionnelle</i> (general delegation for employment and vocational training)
DK	Denmark
DSP	department of social protection
DUD	<i>Dossier unique de demandeur d'emploi</i> (single jobseeker file)
EC	European Commission
ECB	European Central Bank
EE	Estonia
EES	European employment strategy
EL	Greece
ES	Spain
ESF	European Social Funds
ESIF	European Structural and Investment Funds
ESPN	European social policy network
ESRI	Economic and Social Research Institute
EU	European Union (EU-28)
FÁS	<i>An Foras Áiseanna Saothair</i> /Training and Employment Authority
FI	Finland
FL(BE)	Flanders (Belgium)
FR	France
FSA	financial social assistance
GDP	gross domestic product
HIVA	<i>Onderzoeksinstituut voor Arbeid en Samenleving</i> (research institute for work and society)
HR	Croatia
HU	Hungary
IAD	institutional analysis and development

IDSS	integrated delivery of social services
IE	Ireland
IGAS	<i>Inspection générale des affaires sociales</i> (French general inspectorate of social affairs)
IMF	International Monetary Fund
Intreo	Public Employment Income Support Office (Ireland)
IT	Italy
IZA	Institute of labor economics
KELA	<i>Kansaneläkelaitos</i> (Finnish social insurance institution)
LAFOS	Finnish labour-force service centre
LES	local employment service
LESN	local employment service network
LT	Lithuania
LTU	long-term unemployed
LU	Luxembourg
LV	Latvia
MAMAC	<i>Medizinisch-Arbeitsmarktliche Assessments mit Case Management</i> (Swiss medico-labour-market assessments with case management)
MI	minimum income
MIR	minimum income recipient
MIS	minimum income schemes
MLFSA	ministry of labour, family, social affairs and equal opportunities (Slovenia)
MLP	mutual-learning programme
MMI	means-tested minimum income
MOU	memorandum of understanding
MRPiPS	<i>Ministerstwo Rodziny, Pracy i Polityki Społecznej</i> (Polish ministry of family, labour and social policy)
MT	Malta
NAV	<i>Nye arbeids- og velferdsetaten</i> (Norwegian national labour and welfare service)
NGO	non-governmental organisation
NL	Netherlands
NLI	<i>Núcleo Local de Inserção</i> (Portuguese local integration centres)
NO	Norway
NUTS	common classification (nomenclature) of territorial units for statistics (Eurostat)
OECD	Organisation for Economic Co-operation and Development
OMC	open method of coordination
OPS	Polish social service centres
PA	<i>Prime d'activité</i> (Activity bonus tax credit)
PAI	<i>Program Aktywizacja i Integracja</i> (Polish activation and integration programme)
PCSW	public centre for social welfare
PCV	<i>Prestación complementaria de vivienda</i> (Spanish top-up housing allowance)
PES	public employment service(s)
PL	Poland
PM	Performance management
PT	Portugal
PtW	Pathways to Work strategy (Ireland)
PUP	Powiatowym urządzie pracy (Polish district labour offices)

REZ	Regionale Einkaufszentren (German regional purchasing centres)
RGI	renta de garantía de ingresos (Spanish income guarantee benefit)
RO	Romania
RSA	<i>Revenu de Solidarité Active</i> (French earned income top-up benefit)
RSI	<i>Rendimento Social de Inserção</i> (Portuguese social integration income)
SA	social assistance
SE	Sweden
SGB	<i>Sozialgesetzbuch</i> (German social code)
SI	Slovenia
SICAP	social inclusion and community activation programme
SILC	survey on income and living conditions (European Union)
SIP	social investment package (European Commission)
SK	Slovakia
SNC	Solidarités Nouvelles contre le Chômage
SPOR	social-protection opportunities and responsibilities
SPPM	social-protection performance monitor
SWC	social work centres
UA	Unemployment allowance
UB2	Unemployment benefit 2 (<i>Arbeitslosengeld II</i>)
UI	Unemployment insurance
UK	United Kingdom
UNEDIC	<i>Union nationale interprofessionnelle pour l'emploi dans l'industrie et le commerce</i> (French national professional union for employment in industry and trade)
V(AT)	province of Vienna (Austria)
VVSG	<i>Vereniging voor Vlaamse Steden en Gemeenten</i> (Association of Flemish cities and municipalities, Belgium)
WGI	worldwide governance indicators
WUP	<i>Wojewódzki urząd pracy</i> (Polish regional employment offices)
WWB	<i>Wet Werk en Sociale Bijstand</i> (Dutch work and social-assistance act)

LIST OF TABLES AND FIGURES

Executive summary

Table 1. Variety of goals in recently initiated reforms

IDSS study

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

Table 2. Summary of selected reform episodes

Table 3. Main motivation and declared aims of the reform

Table 4. Focus and depth of integration

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

Table 6. Outcomes of service-integration reforms

Table 7. Regression results of difference-in-difference analysis of outflow rate from unemployment-benefit (UB)/social-assistance (SA) registry, Denmark

Table 8. Regression results of before-after analysis transition rate to employment, Slovenia

Table 9. Regression results of before-after analysis outflow rate from *renta de garantía de ingresos* (RGI), Biscay

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

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

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

Table 13. Predicted and observed outcomes in Phase 2

Table 14. Ex ante institutional setup

Table 15. The employment-poverty trade-off

Table 16. Pathway 1 and Pathway 2: overview of issues/considerations per phase

Table 17. List of selected good-practice examples

Figure 1. The total number of RGI beneficiaries in Spain (the Basque Country) and in the Basque Country province of Biscay (Vizcaya/Bizkaia), outflow rate from RGI in the province of Biscay (2009-2016)

Figure 2. Poverty-rate change, Spain (the Basque Country and North-East): proportion of persons at risk of poverty and proportion of persons at risk of poverty or social exclusion, in per cent (2008-2016)

Figure 3. Outline of our approach in the comparative analysis

EXECUTIVE SUMMARY

This report presents the results of an 18-month-long research project commissioned by the Directorate-General for Employment, Social Affairs and Inclusion to explore drivers and barriers to effective and efficient reforms aiming to improve the coordination between employment services and social services for minimum income recipients (MIRs)⁽¹⁾

Background and context

Technological development, demographic trends and the effects of globalisation produce structural changes in post-industrial labour markets from both the supply and the demand perspectives. This has contributed to an increase in the vulnerabilities of the labour force, as well as in the frequency of transitions between jobs, and between employment and unemployment.

The recent global financial crisis and the ensuing upsurge in long-term unemployment have posed further challenges to welfare states, especially employment services and social protection. The crisis has intensified labour-market volatility and, at the same time, fiscal and political pressures to improve the efficiency of public services in most EU Member States. The rise in long-term joblessness harms both society and the economy.

These developments necessitate an adjustment in the design of unemployment-protection systems, which were originally established to provide unemployment insurance for the temporarily unemployed male breadwinner and social assistance to those unable to work. This calls for the partial or full integration of unemployment insurance, minimum income schemes (MIS) and social services for working-age social-benefit recipients. 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 which are often operating at different levels of government.

The need for such reforms has already been highlighted by the European Commission's Social Investment Package (SIP), which 'calld] for Member States to adapt their social models to achieve smart, sustainable and inclusive growth' (European Commission, 2013). The European Parliament resolution of 29 October 2015 on a Council recommendation on the integration of the long-term unemployed (LTU) into the labour market explicitly called for 'close cooperation between, and effective coordination of, all parties involved in the reintegration of the long-term unemployed'.

While all Member States have responded to these challenges, there are significant variations on the depth and sophistication of reform initiatives across Europe. So far, closely coordinated or fully integrated, effective social and employment services for minimum income recipients (MIRs) are available in only about one third of Member States.

Objectives and scope of the study

The overall objective of this study is to support the implementation of more-integrated-social-services delivery as outlined in the SIP, as well as the implementation of the recommendation on active inclusion and of the Council's recommendation on the integration of the LTU into the labour market.

This study focuses on recipients of MIS. Such schemes typically cover working-age individuals and their households (also extending to pensioners in some countries) who are

⁽¹⁾ Throughout the report, *minimum income schemes* refer to non-insured general social benefits with a main purpose to reduce poverty. While there may be some variations across countries, such schemes are typically means-tested and available to all working age unemployed or inactive people. In several countries the benefit amount is defined to ensure that the claimant's total income would reach the poverty threshold.

unemployed or economically inactive. MIS recipients often face multiple barriers in returning to the labour market and many are discouraged from looking for work.

This study provides a comprehensive and concise analysis and assessment of reform processes focused on integration of social services aimed at the reintegration of MIR into the labour market. The aim is:

- (a) to review the available evidence from previous and ongoing reform processes to provide a critical assessment of each phase of the policy cycle, from design and implementation to monitoring, evaluation and follow-up;
- (b) to assess the fiscal costs and benefits of reforms;
- (c) to identify the determinants of the success and failure of reforms by comparing reform episodes;
- (d) to draft pathways towards successful service integration.

In addition to contributing to the objectives above, this study contributes to filling important gaps in the existing literature and research by covering previously undocumented reforms in eastern and southern Europe, estimating costs and benefits for several reforms, and comparing reforms implemented in countries with similar institutional arrangements. The explicit inclusion of the institutional arrangements in the analytical framework of this study strengthens the validity of results as regards groups of countries and welfare regimes, and allows conclusions and recommendations to be put forward that could be transferable to those with similar institutional arrangements.

Methodological tools applied

The study is based on a **detailed description of reform episodes** in 12 countries (Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Portugal, Romania, Slovenia, Spain and Switzerland) that were implemented between 2003 and 2014. An episode is understood to cover a full policy cycle from decision-making to evaluation. The selection of reform episodes ensures a varied sample in terms of the outcome of the reform and the institutional context. The 12 reform episodes also vary in terms of the degree of coordination of employment services and social services, and in terms of which functions and services are affected by the reform (Table 1).

Table 1. Variety of goals in recently initiated reforms

	Loose/ informal	Multidisciplin ary teams	Partnership	Outsourcing	Merger
Referral	AT (federal), FL(BE)	SI			
Service provision		RO, CH	FI,[PL]	[NL]	
Monitoring and sanctions	V(AT)				
Full case management			FR, DE, [NO]	PT	DK, IE, BC(ES), [UK]

NB: Those listed in square brackets were included in the comparative study, but not in the sample of detailed case studies.

The detailed descriptions of the reform episodes were prepared by country coordinators in each of the case-study countries. Following initial desk research, information on the

applicable reform process was collected through 12-17 semi-structured interviews per country with the following stakeholders: (a) government officials; (b) partner organisations, such as non-governmental organisations (NGOs) delivering social services or employment services; (c) trade unions; d) employers' organisations; (e) political parties; (f) independent experts; and (g) representatives of service users and service providers.

The **assessment of the costs and benefits** of reform episodes was based on counterfactual estimates of the impact of the reform on re-employment outcomes and administrative data on the costs. For Austria, Germany and Ireland, we relied on existing evaluation studies, while for Denmark, Slovenia and Spain, we prepared our own impact estimates.

The **comparative analysis** was based on the comparison of less and more successful reform episodes, while controlling the most important institutional variables. In this analysis, a reform episode was considered successful if it achieved a net improvement in at least one of the outcome indicators on re-employment rates, poverty, user satisfaction or in other outcomes set as a goal by the designer of the reform. In order to be able to identify obstacles in the design, as opposed to the implementation stage, of the reform we considered the first concept of the reform initiative as an intermediate output of the policymaking process.

The analysis was based on the reform descriptions prepared by country coordinators, and a dataset that includes comparable information on the main features and outcomes of the reform episodes in a quantified manner. Quantitative results were supplemented with qualitative information obtained from the stakeholder interviews and the literature review.

Building on the analyses described above, we presented two **reform pathways** for improving the coordination of employment services and social services for minimum income recipients (MIRs), while taking into account the existing institutional context.

The costs and benefits of reforms

The empirical analysis of the effects of service-integration episodes showed that few reforms have been systematically monitored and evaluated. As a result, despite the variety of recent reforms, there is relatively little reliable evidence on their cost effectiveness.

The limited available evidence compiled or generated by this study suggests that integration reforms rarely generate fiscal savings in the short term, however, the setup costs of these reforms are also relatively modest.

Two reforms that led to substantive short-term gains involved a major redesign of the approach to activating MIRs⁽²⁾. These reforms were implemented in the Basque Country (Spain) and the United Kingdom. It seems that service integration leads to more positive outcomes and higher monetary gains when public employment services (PES) take the lead in the integration process and is the main institution involved in the activation of MIRs (as in the Basque Country (Spain) or in the cooperative job centres in Germany).

Drivers and barriers: results of the comparative analysis

The comparative analysis has refined and extended the existing evidence on what drives successful reforms.

During the first phase, or the agenda-setting phase of the policy cycle, there is high potential for political disunity in the institutional structure, which can be compensated by cross-party consensus rooted in a consensual political culture or pressure caused by an economic crisis. 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

⁽²⁾ Activation refers to all actions that support MIRs in their job search and reemployment. Note that MIR may often be inactive (i.e. not actively looking for a job or not available to take up employment).

the government in almost all cases. Fragmentation of the initial institutional setup of employment and/or social services could hamper a successful design if the goal of the reform is overly ambitious. Lastly, the outcome of the first phase depends on the quality of governance. Support from international organisations can make up for poor-quality public administration.

During the second phase, when the policy is implemented, the initial setup and local capacities are important drivers of the outcome. The difficulties posed by fragmented institutional setup may be compensated by local expertise, a strong tradition of cooperation at local level, and consultation with stakeholders during the design phase. Allowing sufficient time to implement the reform is effective, but time pressure does not necessarily lead to failure if local expertise is available and/or political commitment (and pressure) to achieve results is high. Poor monitoring and lack of piloting and evaluation tends to lead to failure or limited results.

Several reform episodes (Finland, France, Germany, Ireland and Spain) achieved an improvement in both employment and poverty outcomes. We could not identify any design features that would determine success in employment outcomes in all cases, however, two of the main design elements (ensuring adequate staffing and improvements in information sharing) seem to be important. What is most important is that almost all the reform episodes involved a strengthening of the activation approach towards MIRs, and we found no indication that this would automatically lead to an increase in poverty. This implies that service integration itself may yield improvements in poverty statistics and that it is possible to design reforms that improve both poverty and employment outcomes.

Two pathways for reform

The study outlines two reform pathways that have the potential to be most effective in contributing to the efficiency and effectiveness of social services aiming to activate MIRs in the labour market. Based on the case studies and the comparative analysis, we identified 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 the pathways to reform were drafted, by reference notably to the initial status quo of service provision and the arrangements to be achieved by the reform. The pathways are defined as ideal types showing two contrasting models for integrating services, while existing institutional arrangements represent varying degrees and forms of coordination between services.

In proposing these two pathways, we separate the reform process into four stages: (a) goal setting; (b) planning/design; (c) implementation; (d) and monitoring. In Pathway 1, the integration of services spans several policy areas and covers most aspects of case management. Pathway 1 also entails major institutional changes, such as mergers of independent agencies, and implies a change in the distribution of tasks between the state and local government. Reform episodes that are typical of this model include the Basque Country (Spain), Ireland, Germany and the United Kingdom. Pathway 2 is built on more or less institutionalised cooperation, but is embedded in the existing institutional setting and characterised by considerable local leeway and variation (France, the Netherlands, Romania and Switzerland). Sometimes elements for both models can be found, for example, Slovenia. The two pathways of integrated services might provide inspiration for those that have not yet implemented integrated services. Pathway 1 may be more relevant where existing services are relatively highly developed and are accessible, and the reform capacity of public administration is relatively high. Pathway 2 may serve as a model where employment services and/or social services are less developed or are highly fragmented, and where the

capacity to implement complex institutional reforms is constrained by constitutional barriers or the limited capacities of public administration.

Recommendations

Based on the above analyses, we outline detailed recommendations for each phase of the policy cycle and for both national- and EU-level policymakers.

At the national level, the main focus of the agenda-setting phase is that the goal of the reform should be chosen taking into account the existing institutional setup and the reform capacity of the government. Integration may also not be a top priority where available social services are limited both in terms of quality and accessibility.

For the planning and design phase, the recommendations highlight the data requirements of good design and provide several suggestions for particular design choices appropriate to the most common institutional arrangements in Member States. A general recommendation applicable in all contexts is that stakeholders should have already been consulted during the design phase and that the newly established services should be adequately staffed in order to ensure that caseloads remain manageable.

For the implementation phase, the recommendations focus mainly on the importance of piloting and monitoring, the harmonisation of goals between the cooperating entities, and the skills development of staff. We also offer some insights into the more technical, but nevertheless crucial, aspects, such as addressing legal barriers and developing information technology (IT) infrastructure for data management.

For the monitoring and evaluation phase, the recommendations outline the data requirements, the importance of monitoring, and certain concrete suggestions on how to set up reforms in a way that allows the calculation of counterfactual estimates on impacts.

At the EU-level, the recommendations aim to encourage the Member States to provide effective integrated services, in particular through the use of systematic impact evaluations, mutual-learning platforms, studies and assistance in the design of integrated systems. In all of these measures, it is important to consider the variety of existing institutional arrangements that tend to determine the optimal depth and breadth of service-integration reform.

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 (MIRs) and, more generally, the LTU to ensure labour-market integration. This study is based on the comprehensive documentation and analysis of 12 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 12 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 17 reform initiatives. Based on the preceding analyses, Chapter V outlines two generic reform pathways, Chapter VI presents selected examples of good practices, while Chapter VII offers recommendations for both national- and EU-level policymakers. The annexes include further background detail on the reforms and the methods applied in the analytical chapters.

1.1. BACKGROUND AND CONTEXT

1.1.1. The economic challenge

The global financial crisis which started in 2007 and the ensuing upsurge in long-term unemployment have posed multiple challenges to welfare states, and in particular to employment services and social-protection services. 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 risk has changed profoundly in the post-industrial economy: the frequency of labour-market transitions between jobs and vocations has increased, as has the participation of women and of other potentially disadvantaged groups. The global financial crisis has intensified labour-market volatility, and at the same time, fiscal and political pressure to improve the efficiency of public services in most EU Member States. The crisis has also increased the risk of rising levels of 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.

The rise in long-term joblessness harms both society and the economy. Beside the loss of human capital and the decline in individuals' physical and mental well-being, the reduced job-search intensity of the LTU may lead to weaker wage adjustment and slow down economic recovery (OECD, 2011). Long-term unemployment also leads to poverty and, when it affects large groups of society, can fuel social unrest and exclusion, with harmful consequences not only for society, but also for economic growth. This is because a lack of social cohesion tends to weaken political and economic institutions (for example, trust and cooperation), and that in turn reduces economic growth (Easterly et al., 2006).

1.1.2. The case for service-integration reforms

The issues outlined above require that the design of unemployment-protection systems be adjusted, since these systems were originally established to provide both unemployment insurance for the temporarily unemployed male breadwinner and social assistance to those

unable to work, (Schmid, 2002). This 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 (Borghesi and van Berkel, 2007; Minas and Øverbye, 2010).

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

The European Parliament resolution of 29 October 2015 on a Council recommendation on the integration of the LTU into the labour market reiterates the goals outlined in the SIP. 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'.

MIS mainly cover working-age individuals and their households (also extending to pensioners in some countries) who may be unemployed or economically inactive. In most Member States, MIR are a large group, comparable to the unemployed, representing about 3-6 per cent of the working-age population (See OECD social-benefit recipients database (SOCR) data for 2014).

MIS recipients often face multiple barriers in returning to the labour market (e.g. lack of skills or experience, health problems, care obligations in the family, high commuting costs or employer discrimination), and many are discouraged from looking for work. They may depend on MIS for several years or on repeated occasions (Immervoll et al., 2015). Some potential recipients may not claim the benefit because of a lack of information, a fear of being stigmatised or other reasons. Coordination across services has advantages beyond removing duplications and ensuring that MIS recipients have access to the range of services needed to tackle the multiple barriers they face. It can support outreach efforts (by enabling referrals from several contact points) and facilitate the observation of client trajectories in long and repeated benefit spells.

However, it should be noted that MIS may be designed in various ways and may be embedded in the broader policy framework (Crepaldi et al., 2017). The incentives and support provided within this framework have implications for the potential gains that can be derived from a service-integration reform. The generosity of MIS, the job-search conditions attached to the receipt of social benefits, the accessibility of other social benefits (for example, disability schemes, in-work benefits), and the availability and quality of services are likely to influence the outcome of reforms.

1.1.3. Policy response at the EU and national levels

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⁽³⁾ MIS recipients and reduce benefit dependency. However, the underlying motivation for these measures has often related to fiscal gains rather than social inclusion

⁽³⁾ Activation refers to all actions that support MIRs in their job search and reemployment. Note that MIR may often be inactive (i.e. not actively looking for a job or not available to take up employment). In some countries MIR may also include the working poor, but the focus here is on those who do not work.

(Marchal and Van Mechelen, 2014). Thus in many countries, such reforms focused on negative incentives to encourage individuals to return to the labour market, rather than focusing on services to improve employability.

The strategy of ‘active inclusion’ advocated by the SIP combines three elements: sufficient income, active labour-market programmes (ALMPs) and social services⁴. As summarised by Clegg (2013), this strategy is characterised by: (a) giving priority to labour-market integration over redistribution as a means for combating poverty; (b) a focus on the hardest-to-place jobseekers with multiple barriers to employment; (c) an emphasis on the organisational challenges to improving coordination between public agencies delivering social and employment services; and (d) 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 social protection/inclusion policy areas. The European network of public employment services, as an autonomous body to support benchlearning⁵ 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 Member States and to developing common indicators under the social-protection performance monitor (SPPM).

While all Member States have responded to these challenges, there are large variations across the EU in the depth and breadth of reform initiatives. So far, closely coordinated or fully integrated and effective social and employment services for MIRs are available in only about 8-10 Member States. A report of the European Social Policy Network (ESPN) published in 2015 (Perista and Baptista 2015) provides an overview of the availability of integrated social and employment services for the LTU (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.

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

Effectiveness of social and 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

(⁴) This is in line with the earlier *European Commission recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market*, adopted in 2008, which outlined a comprehensive strategy based on adequate income support, inclusive labour markets and access to quality services.

(⁵) Benchlearning means ‘the process of creating a systematic and integrated link between benchmarking and mutual learning activities, that consists of identifying good performance through indicator-based benchmarking systems, including data collection, data validation, data consolidation and assessments, with appropriate methodology, and of using findings for tangible and evidence-informed mutual learning activities, including good or best practice models’ (European Parliament 2014).

Source: Perista and Baptista (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.

1.1.4. Risks and barriers of service-integration reforms

The varying performance of Member States is partly because of 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 depended 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 setup (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 report published in 2015 (Perista and Baptista, 2015) 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 social benefits) with activation policies have been criticised in academic circles and by social partners. The main line of this criticism is that imposing conditions on benefit recipients may lead to poverty, either by reducing benefit take-up or by forcing jobseekers to accept badly paid jobs (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. However, it is also important to acknowledge the risks entailed in service-integration reforms and to 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 Commission's recommendation on active inclusion and of the Council's recommendation on the integration of the LTU into the labour market.

The study provides a comprehensive and concise analysis and assessment of reform processes focused on the integration of social services aiming at the activation of MIRs in the labour market. 'Service integration' is used in a broad sense to include all initiatives that aim to establish or strengthen systematic cooperation between employment and social services. Although MIS may be available to the working poor and pensioners in some countries, this report focuses on working-age MIS recipients who are inactive or unemployed, which largely overlaps with the LTU population.

The aims are: (a) to review the available evidence from previous and ongoing reform processes to provide a critical assessment of each phase of the policy cycle, from design and implementation to monitoring, evaluation and follow-up; (b) to assess the fiscal costs and

benefits of reforms; (c) to identify the determinants of the success and failure of reforms by comparing reform episodes across countries; and (d) to draft pathways towards successful service integration.

1.3. ADDED VALUE OF THE STUDY

The results of the study will:

- support the European Commission in formulating recommendations and policy guidance for Member States and policymakers 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's recommendation on the labour-market integration of the 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 that are contemplating introducing or further developing service-integration reforms, 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 to generate the necessary political support.

Besides contributing to the above objectives, the study will also bring added value in various other ways, as explained below.

The existing academic literature mainly covers reforms in northern Europe, such as Germany, the Netherlands and the United Kingdom (for example, 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; Lara Montero et al., 2016).

Firstly, 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 very few studies available on southern and eastern Europe.

Secondly, there are currently very few studies that assess the costs and benefits of service-integration reforms, even though such studies would help to generate political support for, and assist in planning these reforms. Since this present study also considers the impact of such reforms on poverty this may generate important evidence to inform the debate on the negative side effects of activation.

Thirdly, this study can offer new insights by systematically comparing the reforms implemented by countries with similar institutional contexts. The explicit inclusion of the institutional arrangements in the analytical framework of this study will ensure the integrity and validity of the results in terms of groups of countries and welfare regimes, and will allow conclusions and recommendations to be put forward that are transferable to other countries with similar institutional contexts.

Fourthly, the detailed documentation and in-depth analysis of particular reform episodes will enable the identification of good practices in tackling some of the design and implementation issues involved in delivering service -integration reforms.

Finally, with a 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 investigates these issues as well.

1.4. MAIN METHODOLOGICAL TOOLS APPLIED

The study examines the reform processes focused on the integration of employment services and social services that aim to activate MIRs. It is based on a detailed description of the reform processes in selected countries. Through a comparative analysis of these reform processes, and an analysis (where possible) of the cost effectiveness of the reforms, the study identifies the determinants for reform success (and failure) and puts forward reform pathways towards successful service integration.

The following paragraphs briefly explain the main methodological tools used in the study, including the selection of the countries, the description of the 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. This **selection of countries** was agreed with the European Commission during the project's inception and is instrumental to the comparative analysis in two ways. Firstly, as the comparative analysis relies mainly on the comparison of reforms that achieved varying degrees of success, this selection of countries ensures sufficient variation in the outcome of the reforms. Secondly, as the comparative analysis should allow conclusions to be proposed 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, such as: (a) government being unitary or federal; (b) degree of local autonomy in delivering employment and social services; and (c) government effectiveness (Scharle, 2015). Given the limitations on the number of reform episodes and sample countries, priority was given to achieving a balanced selection in the first two dimensions, while also ensuring that the sample would also include some countries that score lower for government effectiveness.

The next chapter provides a more detailed summary of the 12 reform episodes. Detailed **descriptions of the reform episodes** were undertaken by country experts, assisted by one or more data collectors, in each of the case-study examples. Following initial desk research, information on the reform process was collected through **semi-structured interviews** carried out in early 2017. On average, about 15 interviews were carried out per country, among the following groups of stakeholders: (a) government officials at the

national, regional and local levels involved in policymaking or delivery, either in employment services or social services; (b) partner organisations (and their associations), such as NGOs delivering social services or employment services; (c) trade unions; (d) employers' organisations; (e) political parties; (f) academics and other independent experts who influence policymakers and/or public opinion; and (g) advocacy organisations representing service users and associations representing service providers. The selection of interviewees varied somewhat across the countries to enable potentially controversial aspects to be explored in more detail. The information collected during the interviews and desk research fed into a **country study** document prepared by each country expert following a common template. The template was devised with a view to collecting comparable information on the institutional setup before and after the reform, the process of the reform and the political and institutional factors that were likely to influence the reform process.

A detailed description of the selection of countries and of the data collection procedure is provided in Annex II to this study. Summaries of the country studies can be found in Annex VI.

A prerequisite 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 current outcomes to what would have happened in the absence of the reform, in order to separate out exogenous effects (for example, economic shocks) that are independent of the reform process. In order to be able to generate evidence on the cost-benefit relationship of the various reform episodes, this study has relied primarily on administrative data covering the period before, during and after the reform to assess the outcomes.

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

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

The comparative analysis was based on the country documents and a dataset compiled by the country experts, which include 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 annexes.

Building on the country-level and horizontal analyses described above, we put forward **reform pathways** that have the potential to be most effective in contributing to the efficiency and effectiveness of social services aiming to activate MIRs 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 depend 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 to the reform goals.

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 this study.

CHAPTER II. SUMMARY OF 12 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 III, while the analysis of the drivers and barriers is presented in Chapter IV. The selection method of the 12 cases is explained in Annex II.

2.1. OVERVIEW OF THE 12 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 services and employment services. The reforms started between 2003 and 2014, except in Romania where the first pilot started in 2016 (see details in Table 2 below). The reform episodes took place in countries representing a variety of institutional contexts. They also vary in terms of the degree of coordination of employment services and social services, the functions and services affected by the reform and the stakeholders 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 pilot on structured collaboration for the activation of clients with multiple problems	Informal, ad hoc cooperation	Multidisciplinary teams for service provision
Germany	2005 (long-term unemployed)	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 Country)	2008	<i>Renta de garantía de ingresos</i> (RGI) managed by Lanbide (PES)	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 public centres for social welfare	Loose cooperation	Loose cooperation for referrals
Denmark	2007-2009	Municipalisation of employment services	Formal cooperation	Full merger for case management with co-location
Finland	2004	Joint service established for jobseekers with multiple issues (LAFOS I)	Loose cooperation	Partnership for service provision with co-location
France	2014	Local cooperation between PES (<i>Pôle emploi</i>) and departments	Informal, ad hoc cooperation	Partnership for service provision

Country	Year of introduction	Core action of the reform episode	Pre-reform focus and depth of integration	Intended focus and depth of integration
Unitary + low autonomy				
Ireland	2011-2015	Social services and PES merger (Intreo + JobPath, 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	Social-protection opportunities and responsibilities programme (SPOR)	Informal, ad hoc cooperation	Multidisciplinary teams for referral
Slovenia	2012	Joint committees of PES and social work centres	Informal, ad hoc cooperation	Multidisciplinary teams for referral

2.2. MAIN FEATURES OF THE 12 REFORM EPISODES

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

The main motivation for launching the integration reforms centred on three main issues: unequal or limited access to services by social-benefit recipients (or the LTU); the low effectiveness of the existing services in terms of labour-market integration; and various inefficiencies in the institutional setup. These three points featured in almost all 12 reforms, though with varying significance. Table 3 presents the main motivation and the corresponding aims of the 12 reform episodes.

Table 3. Main motivations and declared aims of the reform

	Ensure equal access and increase take-up of services by the LTU	Ensure provision of high-quality services tailored to client needs	Improve effectiveness of services; strengthen activation	Improve efficiency of institutional arrangements (reduce duplication, administrative burden)
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 social benefits.

The reform episodes tackled several of the criteria set out in the [Voluntary European Quality Framework for Social Services](#). By definition, all the reforms involved a strengthening of the criteria of *comprehensive services* and *partnership*, by promoting increased coordination among service providers. Many of the reform episodes tackled some other quality criteria as well, such as *availability* (by broadening access to ALMP: Basque Country/Spain, Finland, France, Ireland, Portugal), *good governance* (by clarifying the role division between service units: Basque Country/Spain, France, Germany, Ireland, Switzerland), or *users' rights* (by ensuring secure data exchange: Basque Country/Spain, Slovenia).

Table 4 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 used to describe integration efforts throughout the project. The focus of integration axis describes the elements of the 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 axis 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 referring clients to the relevant services or jointly providing 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. However, solutions tended to vary considerably when the reform aimed to tackle insufficient or uneven service provision, which highlights the role of institutional or political constraints. For example, the federal system of Austria aimed for a looser form of cooperation, while the centralised Irish system enabled the government to undertake a full merger of separate agencies. In the Portuguese case, the relative abundance of NGO service suppliers combined with a limited supply of public social services may explain the choice of achieving better coordination via the outsourcing of services.

Table 4. Focus and depth of integration

Focus \ Depth	Loose, ad hoc cooperation	Multidisciplinary teams	Formal partnership	Outsourcing	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

Note: Austria has two reform episodes: one that was initiated at the federal level and one that was implemented in the Vienna province.

The target group of the 12 reform episodes was set either in terms of the client's legal status (i.e. social-benefit eligibility or being on the unemployment register) or in terms of client characteristics that signal a risk of labour-market exclusion, such as long-term unemployment.

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

Services	Countries
Employment and social	AT, BC(ES), FL (BE) (*), CH, DE, DK, FI, FR, IE (*), PT, RO, SI
Health	AT, BC(ES) , DE, FI, PT, RO
Rehabilitation	CH, DE, FI
Other services	Housing: AT, BC(ES), FR, PT, SI Debt counselling: CH, DE Child/elderly care: DE, SI

(*) In Belgium (Flanders [Brussels Region and Flemish Region]) and Ireland other non-labour-market-related support is provided, but no details are available in this regard.

Regarding the range of services, given the selection criteria in this project, basic social services (family counselling, assistance in accessing cash benefits and care services, street social work) and employment services (job-search counselling, matching and placement and in most cases, active labour-market programmes as well) were included in the integration process in all cases. As shown in Table 5, in about half of the sample, the reforms also covered healthcare or housing, and in a few cases, some further services, such as job rehabilitation services for disabled jobseekers, debt counselling or day-care for children or elderly relatives.

The outcomes of the 12 reform episodes are summarised in Table 6. Employment outcomes improved in half of the samples according to our country experts, based on the available evidence and stakeholder interviews. Considering reliable counterfactual evidence, only the reform in the Basque Country (Spain) produced an increase in the re-employment rate of the target group ⁶. However, the available counterfactual impact evaluations (quantitative evidence) consider short-term effects only, while integration reforms may take longer to produce benefits. Therefore, qualitative evidence was also considered, based on existing qualitative evaluations and/or stakeholder interviews, which are presented in more detail in the country studies. Where the qualitative sources were not in full accord, the judgements of the country experts were relied upon to provide an overall assessment of the outcomes.

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

⁶) This is based on counterfactual quantitative evaluation (for more detail, see Chapter III).

Table 6. Outcomes of service-integration reforms

Evidence	Reduced poverty	More user-friendly services	More accessible services
Quantitative evidence on improved employment outcomes	BC(ES),		BC(ES)
Qualitative evidence on improved employment outcomes	DE, FI, FR, IE	FI	FI, FR, IE
No evidence of improved employment outcomes (*)	V(AT)	DK, SI	PT

NB: Romania and the federal reform of Austria are not included as these reforms have not (yet) been implemented. Flanders (Belgium) and Switzerland reported improved coordination between service units, but as these have not yet led to tangible improvements in client outcomes, these cases are viewed as unsuccessful.

(*) 'No evidence' implies either that the available evidence did not show a positive impact on labour-market outcomes or that there were no evaluations at all.

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 etc.), while accessibility was improved by expanding service capacities or making (a broader range of) active labour market programmes accessible to MIS recipients (via changing eligibility rules or strengthening referral channels). In some cases, user empowerment improved too (?).

(?) In the LAFOS reform (Finland), clients were involved in developing the service content via focus groups.

CHAPTER III. COST-BENEFIT ANALYSIS

By Michael Fertig (†) and Márton Csillag

This chapter examines the costs and benefits of service-integration initiatives focusing on five countries where data were available (Austria, Basque country, Denmark, Germany and Slovenia). In most cases, the empirical analysis of the effects of service integration episodes shows modest short-term effects on the labour-market reintegration of MIRs. This implies that the benefits for the public budget were negligible. At the same time, we also find that service integration did not entail large setup costs in most cases.

3.1. OBJECTIVES

The main aim of the cost-benefit analysis is to provide quantitative evidence on the success of the reforms, defined in a narrow sense in this chapter. Given that one of the objectives of the reforms studied was to increase the reintegration rate of disadvantaged (long-term) unemployed persons, this analysis will focus on this outcome. Thus, the main questions that are to be answered are the following.

- Did the integration reform increase the outflow rate from welfare benefits to employment of the long-term unemployed MIRs?
- To what extent did this contribute to the public budget through decreased welfare payments and increased taxes and contributions from work?
- How does this benefit to the public budget weight up against the setup costs of service integration and potentially higher post-reform service-provision cost ⁽⁸⁾?
- Can any changes be detected in the re-employment rates of groups which could have been indirectly affected by the reforms, such as for the short-term unemployed or unemployment-insurance (UI) benefit recipients?

In principle, service integration reforms can be conducive to changes in other outcomes that are potentially quantifiable (albeit difficult to monetise). Firstly, they can lead to better user satisfaction and a better overall user experience through an increase in the quality of services provided. Secondly, given a positive effect of the service-integration reforms on the re-employment rates of the LTU, household incomes might increase, and as a result, poverty rates might decrease. While improvements in the two abovementioned outcomes are arguably plausible, they will not be discussed, primarily owing to data-availability issues (explained below).

3.2. CAVEATS AND LIMITATIONS

In what follows, it is important to note that only the short- and medium-term impact of the service-integration reforms (at most 2-4 years after) could be measured. This is an important caveat, as previous studies on the Jobcentre Plus in the United Kingdom and the *Nye arbeids- og velferdsetaten* (Norwegian national labour and welfare service, NAV) reforms have noted that worse outcomes might be observed in the initial few years following a major service-integration reform because of the initial disruption, but these are likely to disappear 3-4 years after the reform has been implemented ⁽⁹⁾. Secondly, as mentioned

⁽⁸⁾ It is important to note that the costs of services and measures per capitaactor might be higher in the integrated model, if persons who were 'lost' in the previously fragmented system (and hardly received any services) are now effectively served.

⁽⁹⁾ See Riley et al., 2011, for the United Kingdom; and Aakvik et al., 2014, for Norway.

above, the focus in this report is on the direct effect(s) of the service-integration reforms on employment outcomes. However, there are other longer-term benefits of reintegration into the labour market that are more difficult to quantify, and thus these cannot be taken into account in this analysis⁽¹⁰⁾. Thirdly, this analysis focuses on the costs and benefits stemming from behavioural reactions of the targeted group, and (with a few exceptions) general equilibrium effects and impacts on the wider economy will not be identified⁽¹¹⁾. While these are also expected to be beneficial, they are not incorporated into this study, as they would require the use of a full macroeconomic model of the labour market and the economy. Finally, the costs and benefits are evaluated from a government-budget perspective. However, incorporating the potential welfare improvements for unemployed persons would substantially alter our cost and gains results.

3.3. METHODOLOGY AND DATA COLLECTION

3.3.1. Main research method

Given the objective of this analysis, the main issue is to obtain a reliable estimate of the impact of service-integration reforms on the reintegration of the LTU. Preferably, this needs to rely on a counterfactual evaluation study (either carried out by us or by other authors). The question to be asked then is where to find a 'control group' for those affected by the reform so that the impact(s) of the service-integration reform(s) can credibly be identified. Unemployed persons who receive 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 as: (a) they are likely to have characteristics that lead to better labour-market outcomes than the target group⁽¹²⁾; and (b) they might have been indirectly affected by the reform. Thus, similar to previous authors studying service-integration reforms, the primary strategy of this study was to rely on variation across (micro) regions and over time. In other words, where the reform has been implemented at different times across job centres (regions)/where integration was implemented in alternative formats across regions, and where data in a sufficiently disaggregated format were accessible, some basic evaluations based on a difference-in-difference type of method was carried out. However, given the limited time available for conducting this study, individual-level data were not used, and preference was given to data aggregated at the job centre (micro-regional) level.

3.3.2. Issues in identifying effects

It is important to emphasise that in a number of cases not all effects can be identified as a causal effect of the service-integration reforms, and thus the results as regards costs and outcomes need to be treated with the utmost caution.

There are three main (typical) reasons why causal effects are attributable the service-integration reforms. Firstly, 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-regional-level) data. This is because regional variation in the timing of the implementation of the reform cannot be used to estimate the effects of the reforms. Thus, in such cases, it is impossible to distinguish the effect of the

⁽¹⁰⁾ For example, it is known from the literature that employed people have a better mental-health state overall and are less likely to suffer from depression (van der Noord et al., 2014), thus requiring fewer health services. A reduction in unemployment rates also decreases the prevalence of criminal behaviour (Raphael and Winter-Ebmer, 2001).

⁽¹¹⁾ 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.

⁽¹²⁾ As they might have other sources of income, which would either enable them to return to the labour market quicker or would lead to them having higher reservation wages, and as a result slow their reintegration.

service-integration reforms from other labour market (or general economic and cyclical) changes. Secondly, service-integration reforms in many cases were not implemented in isolation; they were very often coupled with a revision of the minimum income benefit system, which typically entailed changes in eligibility conditions and/or in the scale of these benefits. Clearly, the latter was likely to influence the composition of any group of welfare-benefit recipients or their job-search behaviour, and so it is difficult to distinguish the effects of service-integration reforms from the effects of minimum income-benefit reforms. Finally, the reforms discussed often went hand in hand with a general change in reintegration strategies of PES (including a redesign of active measures), and thus it is not clear to what extent the effect of service integration depends on these other changes that did not come about as a result of the service-integration reform.

3.3.3. Data collection strategy

In order to support the assessment of the impact of the reform(s), existing administrative data ⁽¹³⁾ covering the period before, during and after the reform(s) were collated, mostly relying on data collected by the PES. The main objective was to collect data on the outcomes of minimum income benefit recipients. This primarily means indicators of labour-market outcomes, such as the outflow rate to jobs on the primary labour market, and (total) outflows from social benefits. The secondary objective was to complement this information with variables that either directly affected the outcomes, such as participating in active labour market programmes and labour-market (social) services or indirectly influenced outcomes, such as the condition of the local labour market. Finally, indicators on the quality of services, such as the processing time of a social-benefits application, the share of overruled appeals against positive benefit decisions, the share of valid individual action plans and caseloads ⁽¹⁴⁾ were also collected.

The above information had to be complemented with data pertaining to the (per capita) costs and benefits from improved labour-market outcomes. Similar to other cost-benefit calculations, these were evaluated from a public-budget perspective and took into account only direct costs and benefits. This means that on the benefits-side information was collected on the average payments to minimum income benefit recipients, the average wages of (potentially) re-employed, LTU persons, and the income taxes and social-security contributions paid by these persons ⁽¹⁵⁾. In order to assess the costs, data on access to active measures and services by MIRs, and on the costs of these services and measures were collated. Finally, information on the setup costs of the service-integration projects, which could include setting up the new IT systems and the investment in infrastructure, was gathered.

⁽¹³⁾ The reliance on administrative data is justified by the limitations of using retrospective surveys. These limitations are especially prohibitive for integration reforms, as this would mean the study would need to deal not only with the distortions arising from incomplete or biased recall, but also the fact that it is different jobseekers receiving the services (and in some cases the agents providing the services) before and after the reform.

⁽¹⁴⁾ 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 owing to limited sample sizes, they may not be disaggregated at the micro-regional/job centre level. Some other potentially useful indicators, such as customer waiting times or staff satisfaction, are not systematically monitored in most PES.

⁽¹⁵⁾ Data on the re-employment wages of previous minimum income recipients could not be obtained, and thus aggregate data on the wages of low-skilled persons was used.

3.3.4. Data-availability issues

It is important to point out a few crucial difficulties as regards data availability that are specific to service integration and which severely limited attempts to conduct a cost-benefit evaluation. The most challenging issue inherent to these reforms was that the data quality and accessibility prior to the reforms were, in general, rather poor. More specifically, there were very few easily accessible data available on beneficiaries of social assistance and the services provided prior to integration (cooperation). This was due to the fact that before the reforms, these benefits and services were typically delivered and administered in a decentralised manner by local governments (municipalities or micro-regions). As a consequence, data on the costs of services prior to the reform were also not readily available, and more often than not, the outcomes of beneficiaries prior to the reform were also recorded in less detail than after the reform ⁽¹⁶⁾.

3.3.5. Country selection and research strategy

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

Given the obtainability of good-quality data in Denmark, a basic evaluation and CBA could be performed in relation to this reform episode. In Slovenia and the Basque Country (Spain), the quality of data was to some extent compromised owing to changes in the institution administering social benefits, hence a much more modest CBA was carried out.

For Austria and Germany, a CBA was possible based primarily on desk research. For Ireland, the CBA experts planned to draw on the quantitative analysis performed by researchers at the Economic and Social Research Institute (ESRI) involved in the evaluation of the Intreo reforms. Unfortunately, as the evaluation will only be published in June 2018, the results could not be incorporated in the final study.

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

In what follows, we will first discuss the three countries (Denmark, Slovenia and Basque Country (Spain)) where we had access to reasonable quality data, and where we carried out an original data analysis. Then, we will present the two case studies (Austria and Germany), where we relied primarily on desk research.

⁽¹⁶⁾ It is worth citing the example of Finland as a cautionary tale. As LAFOS is a voluntary cooperation between the PES, municipal and national social-security services, it has its own database, and the three cooperating institutions also have their own separate databases. The LAFOS database contains basic data on inflows and outflows, but no data on social benefits, services received and costs of services. Thus, in order to be able to carry out a study on the costs and benefits of LAFOS for minimum income recipients, linking of the four different databases at the individual level would need to be carried out.

3.4. COUNTRY-SPECIFIC ANALYSES

3.4.1. Denmark

Our empirical research strategy for evaluating the effect of integration was based on a difference-in-difference approach. Following the municipality reform in Denmark (as of 2007), the approach to integrated-service delivery for the unemployed was tested in a number of municipalities. During this period, 14 municipalities were given full responsibility for services and measures to all unemployed persons, irrespective of their level of insurance (these were called pilot job centres). The state PES-designed model was used in 77 job centres/municipalities ⁽¹⁷⁾, while the municipality had similar responsibility for the uninsured unemployed (social-assistance recipients).

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 on central rules. At the same time, municipalities are also financially responsible for these policies (in the sense that financial planning is carried out at the local level), with central government only partly financing employment-related expenditures in the form of block grants and refunds.

The strategy for this study was to compare the trends of outcomes of both insured and uninsured unemployed persons during the pilot phase with that of the full roll-out. More precisely, the change in the outcomes between the before and after period in the pilot municipalities was estimated and subsequently compared to similar estimates for the non-pilot municipalities. If municipalisation has a short-term beneficial effect on outcomes, there are several different scenarios, such as (a) the outcomes of the insured unemployed improve owing to an integration strategy that is better adapted to local needs, as well as better employer contacts (however, it is important to note that this was not the intention of the reform); and (b) outcomes of the uninsured unemployed improve, owing to integrated-service delivery (improved implementation) and to more even quality standards (the intended effect of the reform(s)).

There is one important conceptual issue as regards the analysis of this study, which is the precise definition of the start date of the reforms (the full roll-out of municipalisation). Responsibility for service delivery was given to municipalities virtually overnight starting on 1 January 2009. However, full responsibility, including financial planning and accountability at the municipality level, started only in 2010. For this analysis, the latter will be considered as the start of the full roll-out.

A further, more technical issue is that data about outflows (from benefits) only for all benefit recipients were available, without precise information on the destination. The main analysis will concentrate on these outcomes (for both the insured and uninsured unemployed), even though these data were compromised. By contrast, only information on non-employment status of those unemployed who have been 'activated' (received an ALMP) was provided. This clearly was a selected subgroup of all those unemployed, who have potentially worse employment prospects. Furthermore, it cannot be guaranteed that the selection into

⁽¹⁷⁾ Although there are 98 municipalities in Denmark, 91 job centres were established, as the seven smallest municipalities do not have their own job centres; they are obliged to cooperate with a nearby larger municipality.

activation did not simultaneously change 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 unemployment-benefit (UB)/social-assistance (SA) registry, Denmark

	All unemployed	Jobseekers receiving unemployment benefits	Jobseekers on social assistance (SA)
After reform	- 0.008 (*)	- 0.008 (*)	0.012
Standard error	0.003	0.003	0.012
R²	0.630	0.730	0.520
No. of job centres	94	94	94
No. of observations	658	658	564

Source: Own calculations based on labour-market data portal. <http://www.jobindsats.dk/jobindsats/>
 NB: Outcome measure is the percentage change in outflow rates. The post-reform period pertains to 2010-2014, while the before-reform period pertains to 2007-2009.

* Significant at 10 per cent significance level.

The results in Table 7 above ⁽¹⁸⁾ do not show any significant positive results as regards the municipalisation reform. When looking at the outflow rate of both the insured and uninsured unemployed, the non-pilot job centres (municipalities) did not catch up to the pilot job centres (Column 1: All unemployed). Examining the results in more detail reveals that the outflow rate from uninsured unemployment (of SA recipients) slightly improved (increasing by 1.2 per cent) after the full roll-out of municipalisation, however, this was not statistically significant. In contrast to this, the outflow rate of the insured unemployed (recipients of UI benefits) decreased slightly (decreasing by 0.8 per cent).

The re-employment rate of persons who participated in an active measure 6 months following the end of the measure was also estimated ⁽¹⁹⁾. These results reveal that after the full roll-out of municipalisation, activation efforts were slightly more successful for the insured unemployed, while the reform did not lead to any improvement in the re-employment probability of activated uninsured unemployed persons. All in all, this statistical analysis leads to the conclusion that the Danish reform did not seem to reach the intended goals of more-successful reintegration of more-disadvantaged clients (uninsured unemployed).

Given that the reform did not entail substantial setup costs or major differences in the cost of services and measures, the reform episode was likely cost neutral.

3.4.2. Slovenia

The empirical research strategy of this study for evaluating the effect of integration was based on a simple before-after comparison, while taking into account indicators describing the labour-market changes as much as possible. More precisely, the transition rate to

⁽¹⁸⁾ It should be noted job centre fixed effects, year fixed effects, region year fixed effects and variables characterising the local labour market (such as the employment rate and the expenditure needs in the municipality) were inspected in this analysis.

⁽¹⁹⁾ For the full results, please see Annex III.

employment of both unemployed and other (insured) unemployed minimum income beneficiaries at the employment region level in Slovenia between 2009 and 2016 was examined. This was carried out within a regression framework, while also considering that there might have been differences across regions that determined the job-finding probability of the unemployed ⁽²⁰⁾. However, it must be noted that in this analysis we cannot take into account that the composition of the group of unemployed persons in receipt of financial social assistance (FSA) benefits might have changed due to eligibility criteria reform. Please note that the name of minimum income benefit in Slovenia is financial social assistance, thus we will use the term FSA henceforth.

Table 8. Regression results of before-after analysis transition rate to employment, Slovenia

	All unemployed	With FSA	Without FSA
After reform	0.690 (***)	0.203	0.939 (***)
Standard error	0.167	0.170	0.208
Adjusted R²	0.76	0.75	0.77
No of regions	12	12	12
No of observations	96	96	96

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

NB: Outcome variable is the yearly transition rate to employment from the unemployment register. The after-reform period pertains to 2012-2015, while the before-reform period pertains to 2009-2011.

*** Significant at 1 percent significance level.

The results above indicate that in the years following the reform, the transition rate into employment of all unemployed persons was (on average, and with all other things equal) about a 0.7 of a percentage point higher than in the years before. However, this reform effect is primarily driven by the group of unemployed persons without FSA (for whom the transition rate increased by 0.9 of a percentage point) ⁽²¹⁾. While the outflow rate also increased slightly (by 0.2 of a percentage point) for those unemployed persons in receipt of FSA, it is not statistically significant. Thus, it can be concluded that the reform did not improve the outcomes of FSA beneficiaries, and if anything, it deteriorated, relative to other unemployed persons. However, this result needs to be interpreted with a pinch of salt as the result may be due to more stringent targeting of FSA to those in need, so the composition of persons in receipt of FSA as a result of the reform might have changed towards those persons with worse employment prospects. These results indicate that no increase in re-employment can be attributed to the reform discussed ⁽²²⁾.

Given that no data on the costs of setting up the new system could be found, and that the reform had no discernible effect, this report will not abstain from discussing cost-benefit calculations. It should be noted that due to budget cuts of the Slovenian PES, expenditure on services (staff) and active measures decreased throughout the period, in particular in the years surrounding the reform's implementation. However, spending on services and staff costs of the SWCs slightly increased. Furthermore, additional social workers were recruited in the initial 3.5 years following the FSA reform in order to inform clients about the new

⁽²⁰⁾ Control variables were: inflow rate into unemployment (of respective groups (i)-(iii)); growth rate of GDP per capita; 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); and region fixed effects.

⁽²¹⁾ As it represents an increase of about 15 per cent, this change is economically meaningful.

⁽²²⁾ It should be noted that as for unemployment in general, Slovenia was achieving more with fewer resources, as spending on staff and ALMPs decreased in the years after 2010.

rules and provide supplementary services for clients applying for the minimum income benefits ⁽²³⁾.

3.4.3. The Basque Country (Spain)

In many respects, many of the same issues discussed above are also relevant to any evaluation of the effect of the reforms of the minimum income benefits in the Basque Country (Spain). Similar to Slovenia, only a before-after comparison of outflows from social benefits, (while taking into account local characteristics) could be carried out, as the analysis was performed at the municipality level. Given that the roll-out of the new system was not staggered, and that the reform also had (minor) implications for eligibility conditions for the minimum income benefits, it was not possible to econometrically identify the separate effects of the fact that the Basque PES (Lanbide) became responsible for the activation of minimum income beneficiaries.

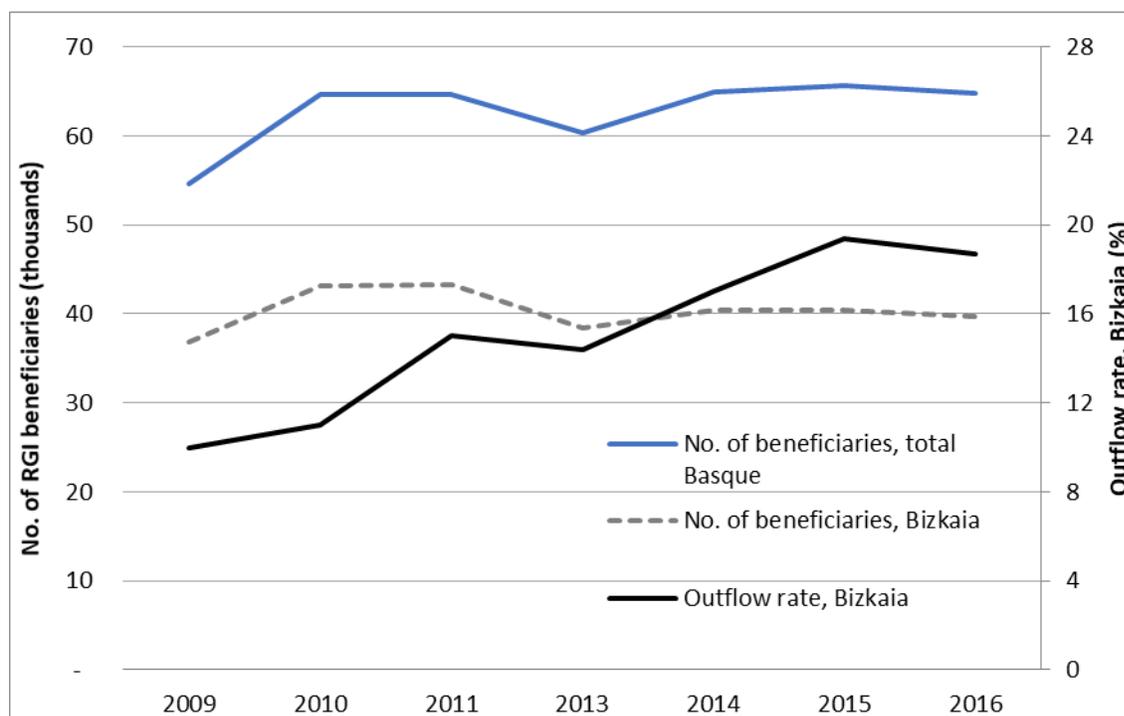
There are a few further limitations which should also be mentioned. Firstly, data on the number of minimum income beneficiaries were available for one of the three provinces only: Biscay (*Vizcaya/Bizkaia*). Secondly, low-income employed persons and retired persons are also eligible for minimum income benefits, in addition to currently unemployed persons, and the data prior to the reform stop short of distinguishing between different categories of recipients. Thirdly, following the reform, 52 per cent of MIRs were working-age unemployed persons, while low-income employed and retired persons represented 18 per cent and 30 per cent of MIRs, respectively. Finally, data from before the reform do not include re-employment rates of benefit recipients, with the sole focus on outflows from social benefits.

Figure 1 reveals that there was a substantial increase in the number of outflows from the minimum income benefits in the province of Biscay following the service-integration reform ⁽²⁴⁾. At the same time, the number of MIRs also decreased slightly, however, this change was much less obvious, and presumably was due to the increased inflows to benefits (or increased recurrence of benefit take-up). Finally, it is important to note that the trends in the province of Biscay do not perfectly mirror those in the whole of the Basque Country: the number of MIRs in the two smaller provinces (*Álava/Araba*, *Guipúzcoa/Gipuzkoa*) increased. Thus, the results of the following analysis need to be interpreted in light of this limitation.

⁽²³⁾ It is also worth noting that this increase in staff was financed primarily by ESF and represented a 6.5 per cent increase in the budget earmarked for staff costs.

⁽²⁴⁾ At the same time, there was an upward trend in outflow rates, even prior to the integration reform, which might be attributed to the establishment of Lanbide. It can also cast some doubt on whether the increase in outflow rates is a result of the service-integration reform.

Figure 1. The total number of RGI beneficiaries in the Basque Country and in the Basque Country province of Biscay (Vizcaya/Bizkaia), outflow rate from RGI in the province of Biscay (2009-2016)



Source: Own calculations based on data provided by Lanbide.

This regression analysis largely confirmed descriptive evidence. Following the reform, the outflow rate of minimum income beneficiaries increased by more than 40 per cent (see Table 9) ⁽²⁵⁾. In order to allow for the fact that Bilbao ⁽²⁶⁾ might have an overwhelming influence on our results, this analysis was repeated without this municipality, but very similar results were achieved.

Table 9. Regression results of before-after analysis outflow rate from renta de garantía de ingresos (RGI), Biscay

	With Bilbao	Without Bilbao
After reform	5.068 (***)	6.818 (***)
Standard error	1.401	1.101
R²	0.349	0.352
No of municipalities	122	111
No of observations	677	670

⁽²⁵⁾ Note that this result comes from a regression which controls for municipality-fixed effects, as well as the local unemployment rate, where the local unemployment rate is instrumented by its lagged value.

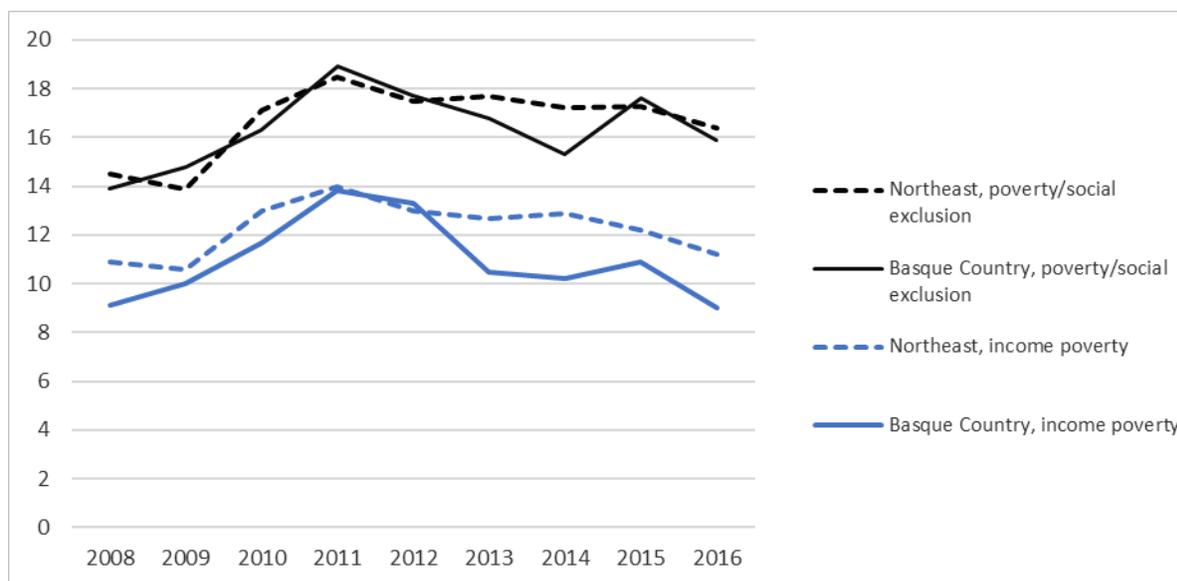
⁽²⁶⁾ Where roughly 30 per cent of the population of the province lives.

Source: Own calculations based on data provided by Lanbide, PES of the Basque Country. Note: *** Significant at 1 per cent significance level.

NB: Outcome is the percentage point in outflows from benefits. The post-reform period pertains to 2013-2016, while the before-reform period pertains to 2009-2011.

Based on these results, the positive outcomes of the service-integration reforms were assessed. When relatively conservative assumptions are made, very substantial savings can be reaped from the benefits reform. More specifically, when it is assumed that the additional outflows were proportionately distributed among the three recipient groups (unemployed, low-earning employed and low-income retired), that all outflows from unemployed MIRs were in employment, and that these additional employment spells lasted for 1 year, it can be estimated that the savings on social benefits and the additional income for the state from income taxes and social contributions amounted to roughly EUR 1.6 million per month. Under the more conservative assumption that only half of the number of outflows from benefits (from unemployed MIRs) resulted in an entry into employment, the estimated savings amount to EUR 1.3 million per month. It must be emphasised that this is likely to be an overestimate of the effect of the reform on the Basque Country's public budget. By contrast, we only had access to information on the setup costs of the new management and IT systems, as well as data on maintaining and updating them, but no information on the costs of providing services and measures to MIRs. Thus, according to Lanbide, the total (consumer price index (CPI)-adjusted) cost of the minimum income management system 2011-2015 was EUR 9.2 million. Thus, these figures imply that even if the benefits of service integration are grossly overestimated, the reform would be likely to lead to a positive balance within 1 year of its implementation. However, this positive result needs to be treated with caution as there is no way of assessing whether (and to what extent) the costs of services and the active measures provided for unemployed MIRs increased following the reform.

Figure 2. Poverty-rate changes, Spain (the Basque Country and the North-East): proportion of persons at risk of poverty, and proportion of persons at risk of poverty or social exclusion, in per cent (2008-2016)



Source: Eurostat, http://ec.europa.eu/eurostat/web/products-datasets/-/ilc_li41

Note : the Northeast Statistical Region (NUTS1) of Spain is composed of four autonomous communities (NUTS2 regions) : Basque Country, Navarre, La Rioja, Aragon.

Additional information about the effectiveness of the reform can be obtained from statistics on low incomes and poverty. Clearly, a full-scale evaluation of the effect of the service-integration reform on incomes would entail the analysis of household-level data of RGI beneficiaries. However, this is not feasible given the small sample sizes in the relevant data (survey on income and living conditions (SILC), EU). Thus, a much more limited strategy of investigating aggregate-level data from the Basque Country had to be chosen, and subsequently measured against a comparable region. Contrasting the proportion of persons at risk of poverty in the Basque Country with a similar proportion in the whole of the common classification (nomenclature) of territorial units for statistics (NUTS) North-East region of Spain ⁽²⁷⁾, we can see a small improvement following service integration and the reform of the minimum income benefit. As can be seen in Figure 2, in the years prior to the reforms (2009-2011) income poverty rates were 0.7 of a percentage point lower in the Basque Country, while following the reform (2013-2015), this difference increased to 2.1 percentage points. Thus, the reforms — through potentially improving outflows to employment — might have contributed to increasing the incomes of those who had low incomes. However, this conclusion needs to be qualified, as the more comprehensive indicator of both monetary and non-monetary aspects of poverty (the 'at risk of poverty or social exclusion' rate) did not decrease in the Basque Country, though it did improve slightly relative to the figures in the North-East region) ⁽²⁸⁾.

3.4.4. Austria

While several studies have examined the implementation of the new minimum income scheme (please see the *IDSS country study Austria* for a discussion of these), and the outcomes for minimum income beneficiaries, unfortunately, there were no counterfactual evaluation studies available. Thus, the results are based on a study that reports the post-reform re-employment rates of MIRs and other LTU following the implementation of the reform (Riesenfelder et al., 2014).

This study ensured that a very simple research strategy could be followed: to investigate whether the transition rate to employment of MIRs improved more than other LTU 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 to compare the development of the transition rates of both groups over the four time periods in 2012. Such a comparison (Table 10 below) reveals that the difference between both groups remained more or less stable throughout 2012, with no convergence observable, although the growth rate of transitions for the means-tested minimum income (*Bedarfsorientierte Mindestsicherung* (BMS)) group was larger than that of the LTU group. In conclusion, there is no evidence to prove that the integration reform boosted the employment prospects of MIRs in the short term.

⁽²⁷⁾ This NUTS level 3 statistical territorial unit comprises the Basque Country, Navarre, Rioja and Aragon.

⁽²⁸⁾ The proportion of persons living in a household with very low work intensity increased slightly more in the Basque Country (from 8 to 13.1 per cent) than in the whole of the North-East region (where it increased from 6.9 to 10.9 per cent).

Table 10. Transition rates to employment of minimum income recipients and the long-term unemployed in Austria in 2012

Average transition rate into employment in the primary labour market (in %)				
	Months 1-3	Months 4-6	Months 7-9	Months 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 in the primary labour market (in % points)				
	Months 1-3	Months 4-6	Months 7-9	Months 10-12
BMS vs LTU	- 13.4	- 13.2	- 14.0	- 15.1
Growth rate of average transition rate into employment in the primary labour market over time (in %)				
	Months 1-3	Months 4-6	Months 7-9	Months 10-12
BMS	-	51.1	13.4	11.2
LTU	-	20.2	9.9	9.6

Source: Qwn calculations based on Tables 51 and 52 (Riesenfelder et al., 2014, pp. 130-131)

3.4.5. 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 social benefits (the Hartz IV reforms). However, the majority of these studies did not separately estimate the impact of the Hartz IV reforms and/or only examined some partial aspect of this reform package, such as the effectiveness of active measures.

One key study examined the transition rate from short- and long-term unemployment into employment in the primary labour market, based on aggregated data, between 1998 and 2008 (Klinger and Rothe, 2012). This study was relied upon for this report. The prime question to be asked is whether different parts of the Hartz reform package, in particular the Hartz IV reforms, had a discernible effect on the re-employment rates, when taking into account other factors affecting the transition rate⁽²⁹⁾. The results of this study are rather mixed. When looking at the effect of the Hartz IV reforms, it did not have any beneficial effect on the employment prospects of the LTU and it somewhat negatively affected the short-term unemployed⁽³⁰⁾. Thus, there were no short-run effects of the service-integration reform on the target group's outcomes (and thus the total short-term gains from the

⁽²⁹⁾ 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 the Hartz reform dummy variables.

⁽³⁰⁾ In contrast, the other elements of the Hartz reform process were beneficial for both the short- and the long-term unemployed. The Hartz reforms, as a whole, had a largely positive effect on the transition rate of the long-term unemployed into jobs, increasing it by roughly 18 per cent).

reform). It could be argued that the integration reform cannot be separated from the reorganisation of the German PES, which was an essential part of the Hartz III reforms. In this 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 a more substantive effect for the LTU, with an increase of roughly 8 per cent).

In order to contrast the costs and benefits of services and measures for the LTU (unemployment allowance and social-assistance recipients), several simplifying assumptions need to be made, as data from before the reform are rather sparse. Looking at data from 2006 (the first year after the reform for which consolidated and reliable data were available) and comparing them to the data from 2004, several observations can be made. Firstly, the job centres received kick-off financing of EUR 568 million in 2005. Secondly, the total administrative costs of the job centres in 2006 (EUR 4.2 billion) were slightly lower than the sum of the costs of the PES for unemployment allowance (UA) and the municipalities for social assistance (SA) (totalling EUR 4.6 billion). Thirdly, the total expenditure for active measures of the job centres in 2006 (EUR 4.5 billion) was slightly higher than the total expenditure for UA and SA recipients (EUR 4.1 billion). Finally, the expenditure for the new minimum income benefit (UB2) in 2006 (EUR 40.3 billion) was substantially higher than UA and SA expenditure (EUR 27.7 billion); 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 LTU were not lower in the new benefits system than prior to the reforms.

While the evidence above means that service integration does not seem to have been successful in increasing the reintegration rate of the LTU, further insights can be gained from other previous evaluations. A large-scale evaluation study⁽³¹⁾ that compared the performance of municipal job centres (where responsibility for benefit calculation/disbursement, and for the provision of labour-market-oriented services was handed over to municipalities, and with local labour offices not being involved in any way) was compared to that of the cooperative job centres (where local labour offices and municipalities cooperate in these processes and form a new legal entity). The most important findings were as follows: (a) cooperative job centres performed better than municipal job centres as regards the all-important outcome indicators for the individuals, and at the regional level in 2007; (b) the causal effect of service provision by municipal job centres compared to cooperative job centres was significantly negative; and (c) the savings incurred by fully implementing the cooperative model instead of the municipal model amounted to foregone benefit savings of about 10 per cent.

3.5. SUMMARY AND CONCLUSIONS

The empirical analysis of the effects of service-integration episodes shows that in most countries, the reintegration of MIRs increased only slightly in the short term. While our results need to be treated with caution as they are not based on detailed impact evaluations building on individual-level data, service-integration episodes did not lead to any direct benefits for the public budget. In addition to this, service integration did not entail large setup costs in most cases (based on the cost information available).

Two general conclusions of our analysis are worth pointing out. Firstly, the only reform that led to substantive gains (the Basque Country (Spain)) entailed a major overhaul of how

⁽³¹⁾ The report (in German only) is available at: <http://www.bmas.de/DE/Service/Medien/Publikationen/Forschungsberichte/Forschungsbericht-Evaluation-Experimentierklausel-SGBII/forschungsbericht-f390.html>

activation of MIRs was carried out. Thus, a redesign of the access for the LTU to services and also of the active measures might be needed in order 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. Secondly, it would seem that when the PES leads the integration process and is the main institution involved in the activation of MIRs (as in Spain (the Basque Country) or in the cooperative job centres in Germany), service integration leads to more positive employment outcomes and higher monetary gains.

Finally, the (easily quantifiable) direct costs of service-integration reforms is very modest. To cite a few examples: in Germany, the kick-off financing of moving municipal social services and the PES to the same location (co-location) was less than one eighth of the yearly administration costs of the PES; in Slovenia, the costs of additional personnel (temporarily) recruited to support the transition to the new benefits system and integrated-service delivery amounted to only 6.5 per cent of the total personnel costs prior to the reform. Thus, these direct costs do not appear to be barriers to service integration.

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

By Ágota Scharle and Balázs Váradi

The overall objective of this study is to support the implementation of integrated social services and thus increase the re-employment rate of the LTU (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.

Without a universally accepted comprehensive model to describe the mechanisms that generate adaptation in welfare regimes, several models have been relied upon to generate hypotheses to be tested on the data ⁽³²⁾. The results refine and link the existing approaches to explaining welfare reform trajectories and outcomes.

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 happening before and after the selected cycle may be considered in the analysis as background/contextual information or as a follow-up. The terms 'reform episode' and 'reform initiative' are used interchangeably in this chapter.

In the comparative analysis, an extended sample was used, which included: seven cases where re-employment outcomes improved (Finland, France, Germany, Ireland, the Netherlands, Basque Country (Spain) and the United Kingdom); six cases where employment did not increase, but the reform achieved some other outcome (the province of Vienna (Austria ⁽³³⁾) Denmark, Norway, Portugal and Switzerland); three cases where the reform attempt failed or there was no evidence of any improvement (Austria, Flanders (Belgium), Poland); and Romania where the reform has not yet been fully implemented. For a summary of the outcomes for each case, see Chapter II.

4.2. THE ANALYTICAL FRAMEWORK

4.2.1. The data

The data used in the comparative analysis mainly come from the 12 case studies prepared by country experts within this project. In order to increase the number of observations (and thus increase the scope for drawing clear conclusions), four cases were added where relevant reform episodes had already been described in the existing literature, these were the Netherlands, Norway, Poland and the United Kingdom. In all cases, the data are based on a detailed documentation of change in the organisation of welfare services for MIRs and the corresponding change in outcomes. For the four additional cases, this was completed by the core team using existing studies and was verified by a country expert. For the core

⁽³²⁾ These are reviewed in Annexes IV and V, with a focus on factors that are particularly relevant for service integration.

⁽³³⁾ Austria is considered twice, both as a federal state (where an integration reform was initiated, but ultimately failed) and as the province of Vienna (where an integration reform was completed).

sample, country experts relied on desk research and interviews to fill in a template, which was inspired by (but did not strictly follow) the institutional analysis and development (IAD) framework (see Ostrom, 2007).

The data set was compiled by converting the relevant explanatory factors and outcomes into categorical variables, where the coding was based on the detailed case studies and the existing literature. For a few variables that describe the political context, existing indicators to ensure comparability were used. The data set is presented in the annexes, along with further explanation as regards the variables.

The data on reform outcomes also comes from the country reports and the existing literature. To the extent possible, net improvement was considered (i.e. controlling for all observable factors other than the reform). However, this was difficult, as few of the reform episodes had been rigorously evaluated (see Chapter III for details). 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 CBA, where only re-employment outcomes were considered. Furthermore, while the evaluations presented in Chapter III mainly apply to short-term outcomes, in this case, the long-term impacts could also be considered, at least in the earlier episodes.

The database for the analysis contains: 18 variables that describe the institutional features, and the political and economic context in the country at the time that the reform episode started; 11 variables that describe the design of the intervention; seven variables describing the implementation process; and three 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 Annex VII.

4.2.2. Setting out a two-phase process and two definitions of success

In federal states, two dimensions of success were considered: (a) whether the reform was implemented nationwide; (b) whether it achieved improvement in any outcomes in some or all of the federal units. The first was used for the first phase of the policy cycle (political commitment + goal setting), and the second for the rest of the process.

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⁽³⁴⁾ improved or the new system introduced improvements in both of the following attributes.

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

Table 11 summarises the sample episodes as regards the criteria that determined the positive assessment of the reform. In Norway, considering the ambitious goals of the reform, only one aspect (the information channels) of the new system was well designed. In Denmark, there were improvements in performance management and the allocation of roles. In Poland and Portugal, no aspect of the reform plans was considered to be well designed. The allocation of roles and information channels improved in most of the cases. The reform

⁽³⁴⁾ The set of rules, mechanisms and incentives governing the supervision of employees and service units that ensure that the objectives are achieved in an efficient and effective way.

in Basque Country (Spain), Romania and the United Kingdom were 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	DE		
Allocation of roles	FL (BE), FR	FI	SI, CH
Both performance management and allocation of roles	V(AT)IE	NL	BC(ES), RO, UK

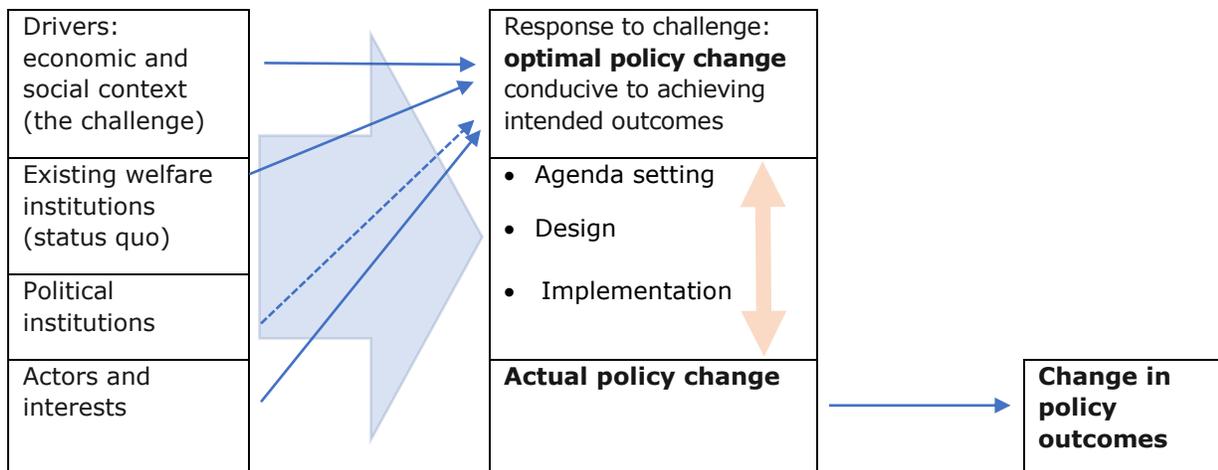
As already mentioned in the introductory chapter, it was assumed that increased coordination of social and employment services could contribute to improved outcomes in terms of re-employment and poverty. This was based on the transitional-labour-markets approach, which proposes that the emerging new 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 requires increased coordination between social and employment policies (Ferrera et al., 2001; Kazepov, 2010). More descriptive analytical frameworks employed in the existing literature on service integration were also used throughout. These frameworks enabled the details of the analysis to be refined and features that were not discussed in general theories to be described.

4.2.3. The method of analysis

In the analysis, Mill's method of difference was applied to identify factors that explain the success or failure in some stage of the reform. We compare cases where the outcome of the reform was different and investigated which explanatory factors may explain the difference. We defined relationships between the explanatory factors in a framework of *(Boolean) (crisp-set) Qualitative Comparative Analysis*, based on existing theories. This method ensured that the importance of particular factors across various institutional settings could be verified and thus could provide lessons applicable to a broader set of countries. This came at the expense of certain limitations, such as the inevitable simplifications in the range and definition of explanatory factors. For example, we could not control for all the details of the pre-reform welfare regime, especially the way in which MIS was embedded in the system of welfare benefits.

The design and implementation phase are explicitly separated (Figure 3). The design of the reform is understood as a product of political negotiations and professional decisions, 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.

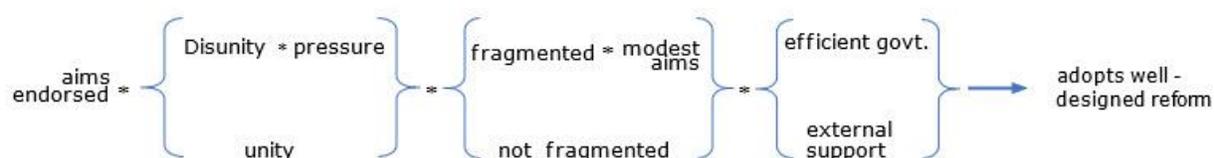
Figure 3. Outline of our approach in the comparative analysis



In both phases, the logical relationships between potential drivers and the outcomes were tested based on existing explanations derived from theory or empirical investigations. In the first phase, the following possible factors were identified.

- The government needs to endorse the overall aims of the potential reform.
- The potential for political disunity (for example, several veto players) makes it difficult for the government to embark on reforms (Galasso and Profeta, 2002).
- Economic or external pressure to act may help create consensus over the need for policy action (Armingeon, 2007).
- A fragmented initial setup makes it difficult to agree on a well-designed integration reform (Genova, 2008).
- In complex reforms, efficient public administrations are better able to plan a well-designed reform (Prinz, 2010). However, technical support from international organisations may compensate for the low efficiency of the government (Armingeon, 2007).

After testing various combinations, the best fit for the data for the simplified model of Phase 1 (in Boolean notation) was as follows.



(*) Denotes a combination of factors. Parenthesis denotes alternative paths.

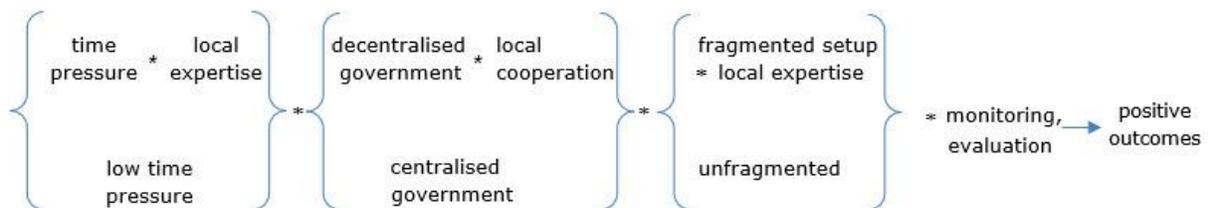
The alternatives imply a total of eight possible paths for achieving well-designed reforms, however, only four main paths in the sample were observed. In the most common path (Germany, Basque country, Finland, France, Ireland, the Netherlands and Switzerland), the government endorsed the aims underlying service integration; the potential for disunity in the political institutions was overridden by cross-party consensus over the need for reform (induced by economic or other pressures); the initial setup of services was fragmented, but the scope of the reform was limited and the government was efficient. In the simplest path (province of Vienna (Austria) and the United Kingdom) the potential for disunity was low, the initial setup was not fragmented and the government was efficient. By contrast, the model predicts failure for the Polish initiative of 2014 because of fragmentation of the initial setup and/or a lack of high quality public administration. It should be noted that it is impossible to deduce which of the two factors led to failure in the actually observed outcome.

The full model was slightly more complicated, as some of the explanatory factors were captured by a single variable, while some others comprised a combination of a few variables. In particular, high potential for political disunity was defined as 'federal government' or the combination of 'unitary government' with 'high regional autonomy' and 'many veto players'. Low potential for disunity was defined as 'unitary government' with 'low autonomy' and 'few veto players'. High pressure to act was defined as 'economic crisis helped build consensus on need for reform', 'cross-party consensus over need for reform' or 'pressure from the EU'. High-quality public administration at the national level was defined as ranking in the top half in the EU of the World Governance Indicator (WGI) for government efficiency.

In the second phase, the following possible factors were identified.

- Institutional fragmentation (Genova, 2008) or time pressure (Tompson, 2009) tend to hamper the quality of implementation.
- Local expertise (Jørgensen et al., 2010) or inter-agency cooperation (Heidenreich and Rice, 2016) improves the quality of implementation.
- Centralised government facilitates implementation (Myles and Quadagno, 2002).
- Monitoring and evaluation improves the quality of implementation.

More formally, the simplified model of Phase 2 can be described as follows.



In the second phase, six different paths were observed in the sample. The most common path applies to three reform episodes (Finland, France and the Netherlands) and involved low time pressure, decentralised government compensated by a strong tradition of local cooperation, a fragmented initial setup compensated by local expertise, and sufficient efforts to monitor and evaluate the reform. The simplest path (the United Kingdom) involved low time pressure, centralised government and a non-fragmented initial setup in service provision.

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 deemed successful if the reform was passed by parliament and the design included an improvement in the performance monitoring system or the allocation of roles, if not, two further design features were considered appropriate (incentives for cooperation and channels for sharing information). In the second phase, a reform episode was deemed successful if it had achieved a net improvement in at least one of the outcome indicators on re-employment rates, poverty or user experience.

Table 12 and Table 13 below summarise the predicted and actual outcomes for each case (reform episode) in the sample. The prediction was based on the relationship between the determining factors outlined above. 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. As the tables show, in most cases, the predictions correspond to the observed outcomes. In a few cases, additional factors are required to explain the outcomes.

Table 12. Predicted and observed outcomes in Phase 1

Predicted outcome		Observed outcome		
Phase 1	Well-designed reform	Very limited reform	Ineffective/overambitious	Failed reform attempt
Failure			NO, PL, PT	AT
Success	BV(ES),V(AT), ,DE,FI, FR, IE, NL, RO, SI, UK	FL(BE), CH		

During the agenda-setting phase (Phase 1) of the policy cycle, 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 ⁽³⁵⁾.

High potential for political disunity in the institutional structure can be overridden by cross-party consensus rooted in a consensual political culture (Basque Country (Spain), Germany, Ireland, the Netherlands, Norway) or pressure caused by an economic crisis (Germany, Ireland, Poland). In Austria, despite the consensual political culture, there was no cross-party consensus on the direction of the integration reform, which led to the failure of the initiative at the federal level. Fragmentation of the initial institutional setup of employment and/or social services could hamper successful design if the goal of the reform was overly ambitious (e.g. Norway where the aim was co-location of employment and social services for both insured-unemployed persons 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 in Romania (but not in Poland or Portugal).

⁽³⁵⁾ In Romania, the government's commitment to the goal of activation was probably not very strong, but they formally endorsed this goal.

For Switzerland the model predicted success in the first phase however, the results of the case study demonstrate that the integration element of the reform was too limited to yield significant results. If this were to be built into the model, we would need to assume that limited forms of integration would take longer to yield results. We would also need to assume a minimum level of integration.

During the implementation of the policy (Phase 2), some improvements in either re-employment or poverty or both were observed in most cases where the baseline model predicted a positive impact. In Denmark and Slovenia, the predicted outcome was positive, but the impact was limited to an improvement in the user experience (the one-stop shop improved accessibility in Denmark, while simplifying the benefit system, coupled with IT development and data processing, reduced the administrative burden in Slovenia). In Portugal, the model predicted no impact, however, some improvement was reported in the access of jobseekers to ALMP and employment services.

Table 13. Predicted and observed outcomes in Phase 2

Predicted outcome		Observed outcome			
Phase 2	Improvement in re-employment and poverty (*)	Only re-employment improved	Only poverty improved	Only user experience improved (**)	No improvement observed
No impact				PT	AT, FL (BE), PL, CH
Positive impact	BC(ES), DE, FI, FR, IE	NL, UK	V(AT)	DK, SI	NO

(*) User experience also improved in some cases.

(**) The system became more user-friendly (Denmark, Norway, Slovenia) or some services became more accessible (Portugal).

In the implementation phase, the initial setup and local capacities seem to be important drivers of the outcome. The difficulties posed by the fragmented institutional setup may be overcome by local expertise, a strong tradition of cooperation at the local level and consultation with stakeholders during the design phase (Table 14).

Table 14. Ex ante institutional setup

	Uniform institutional setup	Fragmented institutional setup in employment/social services (*)
Centralised employment and/or social policy	No barriers (DK, SI, UK)	Local expertise or consulting stakeholders helped (IE, lacking in PT, RO)
Decentralised employment and/or social policy	(No example)	Local expertise or cooperation culture and consulting stakeholders helped (CH, BC(ES), DE, FI, FR, NO, NL, PL)

(*) The episode is classified as fragmented if either or both employment service and social service provision were fragmented initially.

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, Basque Country (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

As Table 15 demonstrates, several reform episodes (the Basque Country (Spain) Finland, France, Germany and Ireland) achieved improvements in both employment and poverty outcomes. In the Netherlands and the United Kingdom employment outcomes improved while poverty did not, while in the province of Vienna (Austria), the reverse was the case. However, the evidence on poverty outcomes mainly came from qualitative evaluations and could be considered less reliable.

Table 15. The employment-poverty trade-off

	Reduced poverty	Did not reduce poverty
Improved employment outcomes	BC(ES), DE, FI, FR, IE	NL, UK
No evidence of improved employment outcomes	V(AT)	BE, DK, NO, PL, SI, CH, PT

NB: bold font indicates where the activation approach became stricter.

It was not possible to identify any design features that would determine success in employment outcomes in all cases. There was also no clear link between a stricter activation approach and employment outcomes. In most cases, activation rules became stricter during the reform, but in many cases, this did not translate into an increase in re-employment rates. However, two of the main design attributes seem to be important.

Firstly, adjusting staffing levels to keep caseloads at a manageable level (or even reducing it) seems to increase the likelihood of success (as happened in France and Germany, though not in Slovenia). This is in line with the existing theories and empirical evidence proving that

personalised services are more effective than uniform services, and that personalisation is only possible if caseworkers have sufficient time for each client ⁽³⁶⁾.

Furthermore, there is evidence that the successful activation of long-term-unemployed jobseekers requires relatively frequent (and personal) contact with the PES, which again requires sufficient staffing levels (Bergmark et al., 2017; Dengler et al., 2013; Egenolf et al., 2014; Rosholm, 2014).

Secondly, improvements in the exchange of information seem to support positive employment outcomes, especially if combined with an effective allocation of roles between actors and strong performance management (PM), as was the case in the Basque Country (Spain), Ireland, the Netherlands and the United Kingdom (see Table 11 above). This may stem from improvements in the timing or content of activities (i.e. job offers and services) to clients making use of the information received from the cooperating service provider. The case studies of this project do not provide further grounding for this proposition as they focused on the reform process rather than the details of how service-delivery process changed.

The outcomes regarding poverty do not seem to correlate either with government intentions or the design of the reform. In the province of Vienna (Austria), poverty reduction was not an explicit aim of the reform, but there was, nevertheless, some improvement. In Slovenia and the United Kingdom, 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.

However, it is important that almost all the reform episode involved a strengthening of the activation approach towards MIRs (i.e. activation rules became stricter), and no indication could be found to prove that this would automatically lead to an increase in poverty. On the contrary, there was no improvement in poverty in countries where activation was not strengthened (except for Finland), and there were several episodes (the Basque Country (Spain), France, Germany, Ireland, the province of Vienna (Austria)) 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 that it is possible to design reforms that improve both poverty and employment outcomes. Further research is needed to clarify the conditions, design elements and implementation features that are conducive to positive outcomes as regards both dimensions.

⁽³⁶⁾ The requirement of personalisation follows on from the highly varied and multiple barriers faced by MIS recipients. According to Konle-Seidl (2011), a reduction of the caseload to 1:70 per case worker was found to reduce the duration of unemployment in a German pilot scheme and in a similar experiment in the Netherlands. In the French system employment counsellors serving intensive support clients also have a lower caseload at about 1:70.

CHAPTER V. TWO PATHWAYS FOR REFORM

By Nicola Duell and Renate Minas

The study outlines two reform pathways that, when taking into account certain country-specific contexts, have the potential to contribute to the efficiency and effectiveness of social services aiming at the activation of MIRs in the labour market. When putting forward reform pathways, the aim is to identify and discuss 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 depend on various institutional contexts. This will ensure that the pathways are relevant for all Member States. This also implies indications for how pathways can be adjusted in countries that struggle with effectiveness of public administration of various kinds.

In this chapter, two pathways will be discussed according to their institutional setup. In **Pathway 1, the encompassing model**, the integrated service spans different policy areas, and includes the larger part of the case-processing procedure. Pathway 1 is also **based on legislation that allows institutional changes**, such as 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, Basque Country (Spain) and the United Kingdom. **Pathway 2** is built on **more or less institutionalised cooperation**, but is **embedded in the existing institutional setting** and **characterised by considerable local leeway and variation** (Austria, Belgium, France, Poland, Romania, Switzerland and partly the Netherlands). These pathways should not be understood as static positions. Instead, transitions from Pathway 1 to Pathway 2, or vice versa, are implicit. Thus, in some cases, elements for both models can be found, such as Slovenia. When distinguishing between different models, the terms 'breadth' and 'depth' in integration are used (Askim, Fimreite, Moseley and Pedersen, 2009; Minas, 2014). Breadth is conceived as bridging several policy domains, such as the labour market, social policy, health policy, 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 ideal types that show two contrasting models or pathways of integrated services. In reality, **reforms can be placed on a continuum of integrated services**, which range from very loose cooperation via institutionalised cooperation to formal mergers of previously separated agencies, and depend on institutional conditions, political cultures and ambitions with integrated services. There are **no one-size-fits-all solutions** that are suitable for all countries, and encompassing reforms are not necessarily better than small reforms. In this chapter, the terms 'encompassing' and 'limited' are used to describe pathways of integration and will be used to discuss the challenges of introducing these models as regards political commitment, planning/design, implementation and monitoring in various contexts. Most countries experience challenges when building up either model, such as issues on identifying the services needing to be integrated, the forms that they will take, the focus of integration/cooperation, allocating roles, incentives. **Pathway 1 corresponds to the encompassing reform model** (Denmark, Finland, Germany, Ireland, Norway, Slovenia and Basque Country (Spain)). While **Pathway 2 is the limited model of integrated services** (Austria, Belgium, France, Poland, Portugal, Switzerland and partly Slovenia).

The two pathways of integrated services might serve as a form of inspiration for countries that have not yet implemented integrated services. **Pathway 1** may be relevant for countries where existing services are relatively highly developed and accessible, and the reform capacity of public administration is relatively high. **Pathway 2** may serve as a model for countries where employment services 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 they have limited capacities of public administration. The main issues and considerations in each phase of the policy cycle are summarised in Table 16 below.

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

Table 16. Pathway 1 & Pathway 2: overview of issues/considerations per phase

	Pathway 1: The encompassing model	Pathway 2: Limited or small-scale model
Phase 1 — Political commitment and goal setting	Issues/considerations (see pp. 41-43 for more detail)	Issues/considerations (see pp. 53-57 for more detail)
Political support	<ul style="list-style-type: none"> ▪ Cross-party consensus over goals and key policy solutions 	<ul style="list-style-type: none"> ▪ Political commitment at subnational level ▪ No need for a change in legislation ▪ Service providers committed to build formal partnership
Embedded in broader welfare reforms	<ul style="list-style-type: none"> ▪ Building on highly developed tradition of ALMPs 	<ul style="list-style-type: none"> ▪ Linking conditionality rules, wider institutional reforms and active labour-market policies
Goals	<ul style="list-style-type: none"> ▪ Ambitious goals: deeper and wider integration 	<ul style="list-style-type: none"> ▪ Cautious goals, gradual development ▪ Pilots projects may contribute to policy change
Phase 2 — Planning and design	Issues/considerations (see pp. 43-47 for more detail)	Issues/considerations (see pp. 57-64 for more detail)
Breadth or focus: which services and benefits to integrate	<ul style="list-style-type: none"> ▪ Initial level of institutional fragmentation ▪ Assessing the needs of the target group ▪ Consulting diverse stakeholders 	<ul style="list-style-type: none"> ▪ Initial level of institutional fragmentation ▪ Quality and accessibility of existing social and employment services and ALMPs
Depth or institutional form: organisation, financing, case management	<ul style="list-style-type: none"> ▪ Municipal autonomy ▪ Role and capacity of municipalities in the provision of social services 	<ul style="list-style-type: none"> ▪ Effectiveness of public administration to design appropriate incentives and service standards ▪ Availability of resources and commitment to increasing

	Pathway 1: The encompassing model	Pathway 2: Limited or small-scale model
		service capacities ▪ Fragmented local government
Steering capacities and leadership	<ul style="list-style-type: none"> ▪ Effective combination of central control with local autonomy (regulation, monitoring, financing) ▪ Leadership (joint/shared) ▪ Effective change management 	<ul style="list-style-type: none"> ▪ Capacity of the main actors is decisive for chosen leadership model ▪ Effectiveness of public administration to design appropriate performance indicators (especially for social services)
Timing	<ul style="list-style-type: none"> ▪ Allowing sufficient time for implementation 	<ul style="list-style-type: none"> ▪ Allowing sufficient time for implementation
Phase 3 – Implementation	Issues/considerations (see pp. 47-50 for more detail)	Issues/considerations (see pp. 64-73 for more detail)
Cooperation between different local actors	<ul style="list-style-type: none"> ▪ In-depth planning of cooperation between the previously separate agencies, including how to prepare staff, develop new case-processing procedures, IT, PM and monitoring systems ▪ Local autonomy in developing detailed terms of cooperation and institutional arrangements between actors (centralised design, local implementation) while ensuring equal access and even quality across local units ▪ Development of a case process from initial contact via needs assessment and coaching to after-placement support ▪ Cooperation with local partners 	<ul style="list-style-type: none"> ▪ Developing profiling methods and tools to identify groups at risk and harmonising these tools across the cooperating actors ▪ Joint understanding of the identification of employment barriers by the PES and social services ▪ Promoting closer personal links between social workers and PES counsellors
Staff capacity and expertise	<ul style="list-style-type: none"> ▪ Need for staff training (diverse background, lack of skills, risk of conflicts) ▪ Continuous internal communication about reform goals and process 	<ul style="list-style-type: none"> ▪ Need for staff training and possibly an increase in staff capacities
Shared IT systems	<ul style="list-style-type: none"> ▪ Legal barriers to data sharing ▪ Scope of IT systems 	<ul style="list-style-type: none"> ▪ Legal barriers to data sharing ▪ Harmonisation or extension of IT systems

	Pathway 1: The encompassing model	Pathway 2: Limited or small-scale model
Outsourcing	<ul style="list-style-type: none"> ▪ May help to extend the range of services to meet highly specific client needs 	<ul style="list-style-type: none"> ▪ May help to overcome institutional fragmentation, limited institutional capacities at PES and public social services
Phase 4 — Monitoring and evaluation	Issues/considerations (see pp. 50-52 for more detail)	Issues/considerations (see pp. 73-76 for more detail)
Monitoring	<ul style="list-style-type: none"> ▪ Careful setting of indicators to avoid perverse effects of incentives ▪ Developing longitudinal data for tracking client paths and job retention 	<ul style="list-style-type: none"> ▪ Capacity to design appropriate monitoring indicators ▪ Collecting comparable monitoring data in a fragmented institutional setup ▪ Introducing surveys on client satisfaction
Evaluation	<ul style="list-style-type: none"> ▪ Evaluation as part of the design phase (pilots) ▪ Difficult to assess impact of specific reforms if they are part of a broader reform package ▪ Complex reforms may take longer to yield positive impacts 	<ul style="list-style-type: none"> ▪ Commitment to evidence-based policymaking ▪ Effectiveness of public administration to incorporate appropriate evaluation approach in the design phase of the reform

5.1. PATHWAY 1: THE ENCOMPASSING MODEL

5.1.1. Phase 1 — Political commitment and goal setting

Reforms to integrate services are often complex, affect multiple stakeholders and reveal the significance of political commitment, political institutions and capacities. As has been shown in earlier studies, a centralised 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, reforms of integrated services in federal countries or quasi-federal countries (Basque Country (Spain)) can also be found. In this case, cross-party consensus on goals and key policy solutions are necessary. This was the case in Denmark and Germany, for example. In Slovenia, the political support and commitment of high-ranking public employees at government-level institutions were mentioned as being important for the introduction of the reform. Besides state structure and state capacities, a more- or less-prepared ALMP tradition is a decisive precondition. Countries with a long tradition of ALMPs, such as in the Nordic countries, and with the state occupying a strong position have achieved comprehensive integrated services through various types of mergers.

The **goals behind Pathway 1-type** integrated services are often **broad and complex**. In part this is a consequence of these reforms being larger welfare reforms and/or imply a change in institutional settings that require legal changes. A good example of the former is the **German** Hartz reforms, the scope of which was extremely broad and aimed at changing the structure of the German welfare system and the general approach to labour-market politics. In one part of this package, Hartz IV (wide scope), a new code of law was introduced in 2005, the German social code (*Sozialgesetzbuch* (SGB)) II, merging the formerly distinct unemployment assistance and social assistance (SA) systems. However, the introduction of the Hartz IV reform needs to be understood in the light of several conditions coming together. These conditions included 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 momentum that opened up an 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 (PtW) strategy 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 that delivered income support, supplementary welfare and the Irish PES. External pressure came via Ireland's EUR 85 billion loan programme and the memorandum of understanding (MOU) negotiated with the European Union, the European Central Bank and the International Monetary Fund between 2010 and 2013. 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) that outlined 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 the unemployed.

The comprehensive labour and welfare reform in Norway and 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: (a) to integrate services; (b) focus on service users; and (c) find efficiency improvements. However, it must be noted that the establishment of management and other special units in 2008 (and which were assigned NAV competencies) has resulted in a narrowing of the original broad NAV-task profile (Minas, 2014). However, evaluations undertaken to date have not found any evidence to support more people in employment or fewer people in receipt of social benefits (Leagreid and Rykkja, 2016).

Goals are also complex for reforms that focus primarily 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 the Basque Country (Spain) in 2008. Lanbide, the new Basque public employment service was given the responsibility for activation measures and payment of social benefits/compensation for unemployed people (previously the responsibility of the Spanish state) and for beneficiaries of the RGI. Prior to the reform, the RGI was managed by the social services, however, since 2008, it has been managed by the regional public employment service. A long list of goals is linked to this reform. These are: (a) to improve active inclusion of beneficiaries of RGI and the Spanish top-up housing allowance (*prestación complementaria de vivienda* (PCV)) to support their employability; (b) to manage the system through a single agent to increase efficacy and efficiency; and (c) to relieve local and provincial social services from managing the RGI/PCV so that they could devote sufficient resources to work under the social services act.

In a similar manner, the government of Denmark devolved the responsibility for registered unemployed people to municipal job centres, with this population group now being managed together with unemployed SA recipients. The main aims of integrated these two (risk) groups was: (a) to ensure the equal treatment of the two target groups irrespective of whether they were uninsured or insured; (b) to create better-coordinated and integrated employment services; and (c) to gain control over municipal activation policies. Nevertheless, it is important to be aware that unemployment benefits are still paid by the unemployment insurance funds, whereas SA is paid out by the local municipality.

A further example of an ambitious reform can be found in Slovenia, where the SWCs were changed into one-stop shops for claiming all means-tested social benefits and subsidies, and where an IT platform connecting a large number of different databases was created. The overarching goal of this reform was modernise 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. What started as a voluntary agreement between the Finnish PES, the Finnish social insurance institution (*Kansaneläkelaitos* (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. However, irrespective of this change, the reform still focuses on overcoming the fragmentation of services and institutional responsibilities for people in a vulnerable position and/or with multiple problems. A comprehensive reform package is also planned in Romania, although it has not yet been implemented. One element of the package (flagship No 3), the SPOR is designed to create integrated services in rural communities and in marginalised areas of

cities. Multidisciplinary teams are to be 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 Phase 1. The second phase is to plan and design the proposed reforms for various contexts. In this phase of the policy cycle, the institutional setting of a country, such as the vertical and horizontal division of responsibility in social and labour-market policy, is decisive in determining the actors involved, and the form and content of integrated services (Bergmark and Minas, 2010). Thus, this section includes the topics of the form and focus of integrated services, the type of services included, the lead role during this stage and case management. These individual elements need to be considered as part of a bigger picture.

The first decision to be taken concerns the focus and breadth of the planned integrated service, which also implies decisions about the type and number of cooperating partners, and thus implicitly the policy areas involved. As such, **this phase deals more concretely 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 United Kingdom, albeit taking place in several steps and as part of larger reform packages. In these cases, benefit schemes were streamlined for (almost) all unemployed people and administered in a one-stop shop. For Germany, both reform packages implied far-reaching changes for many people and caused a deep crisis in trust for the Social Democratic government/party that initiated and implemented the reform. In countries with a less well-developed social-protection structure, such as in Romania and Slovenia, it would seem 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 on both breadth and depth.

Breadth or focus of integrated services

Starting with the breadth, or focus of integrated services, it is paramount to involve a broad array of stakeholders in order to cover all competences required for supporting clients with multiple issues. There is no rule about which type of actor is more competent, but the most important decision is that a broad range of competencies is included to meet the multiple needs of clients, for example, LAFOS or the job centres in Germany. In these cases, this includes governmental and non-governmental actors, (public, for-profit and not-for-profit actors, and NGOs) and actors from various policy areas, not just employment policies and social policies, but also health, education and housing. Regarding the involvement of actors, the social services and the PES play the dominant role in all of our examples, and the adequate provision of both throughout the country, including sufficient office space, is an essential precondition for all reforms. Yet, providing access to social services, especially in rural areas, is a problem yet 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 for groups far from the labour market and the responsibility that the PES has received for these groups, for example, in Denmark or Germany. A major point to be aware of is the division of responsibility on labour-market policy on a vertical level. Authority for

labour-market policies is in many countries dispersed over the national, regional and municipal levels, and comprehensive efforts to integrate services need to take this into account. Some of the integrated services are solely directed at integrating actors and agencies within labour-market policies, with the PES playing a major role, as is the case in Denmark, whereas in several countries, or where the PES plays a role among other actors, such as in Finland, Germany and Norway. Only in a few countries does the PES play a minor role, such as the planned reforms in Romania and Slovenia.

As an additional stakeholder, NGOs are an important source for providing social services and often function as a complement to governmental actors. However, 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 connected to the Catholic church, are, for example, common in continental and southern European countries. As an example, NGOs have a long tradition in the Basque Autonomous Community (Basque Country (Spain)) where they work with people in need of support for social inclusion and labour insertion. In contrast, the new democracies of central and eastern Europe (CEE) are gradually adopting the established European practices of cooperation with NGOs. However, this process is developing at a different pace in different countries. Thus, the existing mechanisms of participation of NGOs in the decision-making processes does differ (Bullain and Toftisova, 2014). Bulgaria is an example where working with NGOs is still new; the amendments of 2003 to the social-services act first allowed NGOs to provide social services, including services for persons under the age of 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 NGOs is challenged by the increasing marketisation of employment services. An example of this change is the degree to which privatisation is now part of the Irish PES. Intreo is a state-funded service, which is supported by outsourced services for the LTU and non-jobseeker clients. There are concerns that new private actors will increasingly replace NGOs, with possible consequences for the overall capacity to deliver integrated services and access to services for people with different needs. The position of private actors has been discussed in several countries, including their function both as providers for activation measures and as employers (especially local employers) of people far from the labour market. The latter aspect is a dimension that comprehensive reforms have focused upon in Finland and Ireland, for example. 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 an increased number of placements of unemployed persons in private companies.

As noted above, **wide-ranging integrated-service reforms are intended to bridge several policy areas.** The political significance of cross-sectoral integration is closely linked to the activation trend that emerged in the 1990s, and is, in many integrated services, about closer contact between local social-welfare policies and activation policies (Champion and Bonoli, 2011). However, some of the more encompassing reforms explicitly include a wider range of policy areas. Finland is an example of this, 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 policies and health policies are involved (Hollertz, 2016). The success in achieving this is

partly related to the early discussion on the overall institutional setting of the national welfare state. The labour market, social policy, education and health policies are often located at different political and administrative levels, which makes integration difficult (Minas 2014, 2016). Changes in the institutional setting aim to overcome the divergences that exist in most countries, for example, through legislation in Finland and Germany. 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 organisational aspect requires a lot of attention. Encompassing reforms building on institutional changes often extend across different political and administrative levels of government, and aspects, such as organisation, steering, financing, leadership and the involvement of professions and IT solutions are particularly important. Within this pathway, there are several organisational models for integrated services. Physical one-stop shops spanning administrative and political boundaries were created in the Basque Country (Spain), Denmark, Germany and Norway. Another approach is to create networks of services that comprise representatives of various governmental agencies, such as in Finland and Sweden. The advantage of this approach is that the institutional settings of the lead agencies do not change, but rather competencies and resources are delegated to the networks where they 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 government of Estonia set up a digital one-stop shop for hundreds of e-services offered by various government institutions to compensate for a lack of local offices. All these solutions require different resources.

Steering capacities is the 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 the 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 flexibility 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-administrative level, is an interesting example. The regulation of job centres has been described as **decentralised centralisation**, that is, a transfer of responsibility from the national to the local level, combined simultaneously with control being centralised (Larsen, 2011). The municipalities are assigned autonomy to organise the job centres, however, this autonomy is circumscribed by various control mechanisms, such as directives, supervision, and performance requirements and indicators. Financing of SA is a centrally controlled instrument that rewards quick activation of beneficiaries. Central government reimbursement for local government spending is graded, with more paid for individuals who are in activation than for those who are not. The Danish 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 job centres and the Norwegian NAV is less centralised and allows for more local flexibility in 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 on LAFOS activities. The leadership of the Finnish national steering group was criticised for being unclear and weak, resulting in a large local variation in the design of LAFOS. The network, which required efficient network management, has remained a major challenge throughout the different stages of LAFOS, with network training an important issue (Arnkil et al., 2008).

The relationship between local autonomy and central control was also highlighted in Ireland and summarised as a top-down approach via 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 job centres is mainly based on agreements via the local supervisory board of the job centres. The federal PES, the municipality and local representatives of social partners are represented on these boards, and both actions and terms of cooperation are agreed upon. This mode of governance has been described as conflict-ridden (Deutscher Bundestag, 2008). The steering of the pure municipal job centres is quite different. They have a high degree of autonomy in designing major processes and services at the local level. This holds true for the rules of contracting out ALMPs, the design of the customer journey, placement process and the division of labour among its employees. Apart from the local municipality, municipal job centres answer mainly to their federal state ministries, which, by and large, have little impact on local practice. In contrast, cooperative job centres form part of performance-based control and supervision at the national level via the institutional structure of the federal PES; this is not the case for the pure municipal job centres. In addition, for all these reforms to be successful, staff engagement is paramount. Thus, steering and planning a comprehensive reform needs strong commitment and clear procedures among actors at both vertical and horizontal levels, political leadership and a functioning communication structure.

The virtual solution in Estonia requires very different capacities. The quality of communication, including content (verbal and visual information), interaction (direction and type of communication), ease of use and aesthetics (experience and perception when using websites), is crucial (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 organisation. Within the single-leadership model, and thus the transfer of responsibility to one particular organisation, the overall focus of the reform can be highlighted by underlining which actor and what type of service is the most important, for example, the PES in the Basque Country (Spain) or the social welfare offices in Slovenia. A dual or shared leadership signals a broader approach. The question of the lead organisation is crucial, as it determines what services a client will be offered and the rationale on which these are based, for example, integration into the labour market or social integration. Countries that established integrated services with a narrower, work-first-oriented approach adopted a single-leadership model, under the leadership 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 organisation should have sufficient coverage across the country and, most importantly,

should have legitimacy in the designated policy area. Another relevant issue concerns existing resources, including numbers and competencies of staff, which if lacking could seriously undermine the legitimacy of the lead organisation. The decisions of the lead organisation may also depend 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 the LTU. This might be very different in countries where activation policies are underdeveloped, such as in southern and eastern Europe.

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 consistent way that these different aspects are integrated with each other, as opposed to the design of each aspect. Performance indicators should be chosen carefully to avoid unintended effects. A second important aspect is that implementation of the complex reforms set out in Pathway 1 requires emphasis on staff education and the establishment of joint procedures in particular.

5.1.3.1. 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 the 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, and how to develop the 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 undertaken during the implementation phase. This is something that countries interested in Pathway 1 can learn about, for example, Finland, Germany or Ireland.

In Germany, for example, the more detailed terms of cooperation and institutional arrangements between municipalities and the federal employment agency (for the cooperative job centres) had to be worked out at the local level. This process included agreements on the allocation of staff from both organisations and decisions on the legal form of the new organisation. As the requirements for staff were mainly unclear because of the scope of the reform and the novelty of the organisations to be created, the allocation proved very difficult. In addition, in some cases, employees were allocated to job centres 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, a lack of education and staff preparation was highlighted, which resulted in conflicts over the new organisation and led to longer waiting times for clients. Yet, Ireland provides numerous positive experiences in handling these problems. Under the heading 'Leaving nothing to chance', a variety of mechanisms were used, all of which consistently reiterated the serious intent behind the reform agenda. These included online quarterly progress reports, 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, with

Intreo ultimately winning. Implementation was transferred to local staff and managers. In addition, in order to manage the Intreo reform, senior management from the department of social protection set up a small change-management team with expertise from inside and outside the civil service. A small hub/team of four was viewed as optimal to maximise limited resources and effective communication with internal experts and shared ownership of the change. Delegating local implementation to line managers enabled a faster and more flexible approach characterised by '**centralised design, local implementation**'. The core reform team coordinated, 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, such as in the departments of IT, industrial relations and human resources, and sought advice and input from international consulting firms and (inter)national policy experts, such as the OECD. Senior management communicated directly to newly merging staff, such as through town hall meetings and workshops with community welfare services (CWS) staff, and later with staff from the Irish National Training and Employment Authority (FÁS), and through video chats, 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 (owing to the difference in organisational cultures) in team-building measures in order to bridge the cultural gaps.

Case management in Pathway 1 solutions often spans larger parts of the case-processing period, depending on the goal of the reform, which can focus on integration into the labour market (Denmark or Ireland) or on handling several issues at once (Finland, Germany or Norway). A good practice highlighted in Finland is the development of a working procedure from initial contact via needs 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, such as debt counselling, job-search coaching, upskilling, rehabilitation. In a similar manner, Denmark and Ireland developed a client journey that was more narrowly focused on integration into the labour market. In Ireland, there is a formalised procedure comprising assessment, 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 the 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 the first category being those being closest to and the last category those furthest from the labour market. Assisting with social/welfare or other problems is not part of this procedure.

In addition, the creation of joint routines depends on the earlier choice of the lead organisation. This is particularly apparent for the two models of the German job centres. The organisational structure of the pure municipal job centres (one lead organisation) is highly diverse and depends on size, structure and culture of the local municipalities. As a result, these job centres created their own routines and procedures. The cooperative job centres (shared leadership) contrast this and are embedded in a different institutional setup that partly comprises standardised procedures and standards (PES), and are partly framed by the diverse municipal settings. As for the latter model, the organisational setup is decided jointly

and supervised by the local supervisory board of the job centres (with representation by the federal employment agency and the municipality). The case-working procedures in these models are heavily influenced by the more standardised procedures of the PES. The conditions of contracting out services and subsequent quality control are excellent examples of the significance of the lead organisation and the potential consequences for the institutional setting. This also demonstrates how the overall idea behind the setting of the reform needs to be taken into account when deciding these single aspects. For the cooperative job centres, contracting out and quality control are conducted by regional purchasing centres (*Regionale Einkaufszentren* (REZ)) located within one of the Agency's 10 regional offices. These organisations publish tenders and gather all bids on ALMPs, as requested by the local cooperative job centres. They also decide upon the contractor, and subsequently evaluate the quality and success of the measure. For the municipal job centres, this process is highly diverse, and there is no systematic data on the process of contracting out and quality control measures.

Highly institutionalised cooperation is a paramount feature of Pathway 1.

Cooperation with the surrounding societal actors is an important counterpart to public services, in particular private actors offering various programmes for the LTU. However, there is no general rule for whether private for-profit or private not-for-profit companies should offer such 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.

However, the decision to cooperate with NGOs or private actors may have certain implications. In terms of cooperating with NGOs, there are some fears that through the overall marketisation trend, NGOs will lose some ground to private for-profit actors. As already mentioned, Intreo in Ireland is supported by outsourced services for the LTU 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 (social inclusion and community activation programmes). JobPath is now the primary public employment service for the LTU, and its pay-by-result funding model may be extended to both the social inclusion and community activation programme (SICAP) and the local employment service network (LESN). There is concern that this may bring closures or mergers and/or facilitate new private actors that 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 was 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 LAFOS-provided employment services. 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 most companies are not using the job centres. A survey conducted in 2016 ⁽³⁷⁾ showed that only 13 per cent of companies have used the job centres for recruitment, despite 29 per cent needing to recruit. At the same time, 28 per cent have been in contact with a job centre for wages support, a trainee etc. Approximately six out of 10 companies described the quality of the service that they received as good or very good. This is an

⁽³⁷⁾ Based on replies from 13 000 companies representing 40-50 per cent of the total working population in the Danish labour market, *Styrelsen for Arbejdsmarked og Rekruttering*, October 2016.

indication of an area where there seems to be room for improvement, as the ability of the job centres to support the unemployed depends highly on contact with private companies.

5.1.3.2. 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, such as the number of agencies involved, agencies coming from different policy areas with different processes regarding document cases, and the existing institutional structure. Difficulties as regards large IT systems connecting many actors were encountered, for example, in Slovenia. The design and solutions of an IT platform with automatic connections to 53 administrative and business (banks, insurance companies) databases working with various software solutions (different modules) were planned. A lot of work was invested into data protection and the privacy of applicants' data. Data protection solutions were regularly checked by the information commissioner. The IT system was being developed until the last moment before the reform should be implemented and, from the outset, IT-system problems caused severe delays in decisions of the SWCs on claims.

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 job centres, based on a solution developed by the head office of the federal employment agency. The municipal job centres were free to decide on their IT solution and its individual/local design. Today, there is a basic shared structure for all job centres to allow for basic compatibility and comparability of crucial data, while the system as a whole is customised to a degree that varies depending on the type of job centre. This allows for some basic data sharing between municipal and cooperative job centres, as well as between different municipal job centres, and full compatibility between all cooperative job centres.

A good practice on a common management platform (*sistema único de información de la RGI*) was also reported in the Basque Country (Spain). This software platform collated 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 facilitates the participation of other organisations, such as primary and secondary social services, external entities that provide services, and NGOs. This enables a multidimensional response to poverty through the involvement of several agents. This platform was set up in 2011, alongside the reform. The rationale behind it was to integrate the RGI management software systems that existed before the reform. Previous systems were managed by provincial authorities, which gathered the information provided by municipalities. In the provinces, however, municipalities gathered the information in very different formats.

5.1.4. Phase 4 — Monitoring and evaluation

5.1.4.1. 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 performance. However, appropriate systems do not exist in all countries. Firstly, it is often difficult to

assess performance of the specific reforms as they are a part of a wider reform package. Secondly, the construction of a monitoring system is an extra challenge for reforms categorised under Pathway 1 as they build on integrating several agencies in a highly institutional way. Thirdly, and more generally, the careful setting of indicators is crucial, as unintended effects from incentives can damage the overall aim of the reform. An example of an unintended incentive was the reimbursements of the type introduced in Denmark. In this case, municipalities were given incentives so that the reimbursement 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 labour market will receive the least support. It may also cause case workers to give less priority to clients with social/welfare or other issues (Svarer and Rosholm, 2010).

An example of a comprehensive monitoring system can be found in Germany, where there is a shared system of indicators comprising three key performance indicators, and a set of four additional indicators for each of the three performance indicators. This comprises a total of 12 indicators measuring changes in the sum of benefits paid for living expenses, 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 job centres as regards their performance, which is also improved by a typology of job centres 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 at the national level by the federal ministry of labour and social affairs, and by the federal employment agency in their national process of control and management of cooperative job centres. The responsibility for assessing the quality of caseworkers rests with the individual job centres. There is technical supervision of caseworkers at the 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 are subject to quality control mechanisms, which form the next level of management.

A **highly developed monitoring system is also currently in place in** Ireland, but owing to the more recent establishment of the reform, the first evaluation of Intreo is yet to be carried out. High-level employment outcome targets set through PtW have been achieved. This is not necessarily a result of Intreo, which focuses on short-term unemployment or the PtW, and may be simply an outcome of economic and jobs growth. However, the greater proportional drop in LTU (46 per cent) compared to an overall drop in unemployment (37 per cent) cannot be explained by a growth in the number of jobs. The quality of Intreo services and case work has been assessed via client-satisfaction phone surveys of 1 010 jobseekers. This satisfaction survey provided positive feedback as regards the premises, staff, services and processes, which were 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 to get a job, the 2017 survey appears less positive than the 2015 survey.

In contrast, **monitoring in** Slovenia and Finland proved to be **difficult and fragmented**. As LAFOS was a joint venture of three main actors (PES, municipalities and KELA), each having their own mutually incompatible customer databases⁽³⁸⁾, the challenges to monitor LAFOS proved to be difficult. A special customer database was established for LAFOS,

⁽³⁸⁾ Municipalities can also have different data systems for their social and health clients.

entitled 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 were established. Support provided to the SWCs by the ministry responsible, the ministry of labour, family, social affairs and equal opportunities (MLFSA), took the form of various procedures, such as: a hotline for questions from SWCs; preparation of guidelines for specific problems and issuing instructions for SWCs; organisation of solutions for IT and software problems; and meetings with SWC directors. No attention was directed towards staff or client satisfaction.

5.1.4.2. 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. providing 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 that been subsequently implemented are particularly complex. The time frame under consideration (2002-2015) is long and contains major peaks and troughs of the economy and employment, especially during the 2007-2011 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 service provided by LAFOS.

An ambitious evaluation of every step of the whole reform package was an integral part of the German reform. As this was the most politically contested issue of the whole reform process, the different organisational models were also subject to evaluation. This was of particular importance because the idea was to promote organisational 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 ALMPs has been carried out in Denmark or in the Basque Country (Spain). Statistical analyses are frequently carried out by Lanbide, however, these are only for the period following the reform (from 2012 onwards), with limited possibilities to compare with the period prior to the reform. In Denmark, before the first experiments as at 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 following the reform, there have only been limited analyses of specific aspects. To summarise, it is important to be aware of the complexity of the pre-requisites and conditions required to undertake such wide-ranging Pathway 1 reforms of integrated services. This is primarily about the necessity for a broad consensus as regards the nature of the reform, both politically and practically, 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 is the many forms of interinstitutional 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), unemployment benefits (for which the PES are responsible) and/or health-related and disability benefits (for which disability insurance is responsible). Limits also exist with regard to the regional coverage of the reform. In some countries, far-reaching and encompassing reforms (see Pathway 1) were only implemented in certain regions, such as in Spain. Large variation in the implementation of institutional cooperation can be found in a number of countries, such as Austria, Belgium and Switzerland. Limits also exist in the depth of cooperation. Key lessons and country examples shown in this pathway relate to the many different forms of interinstitutional cooperation, or cooperation with private actors and NGOs.

Small-scale reforms of integrated social services are mainly linked to improvements to cooperation and integration processes. They are not closely linked to, nor are as a result of, major reforms of the benefits system (for example, France and 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 are disconnected from the wider political discourse of benefit reforms. Limited and/or small-scale models can be found in various country groups, such as those with well-developed employment and social services (Austria, France and Switzerland), and countries that are still in a phase of building up capacities in the delivery of employment services and/or social services (this is more likely to be the case in south-eastern Europe, and some countries of central-eastern Europe and north-eastern Europe). 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 choosing limited and/or small-scale reforms

- Political conflicts would make any larger reform not possible. Therefore, piecemeal and smaller reforms are more realistic (for example, France).
- Small reforms may be built up from previous experience (for example, France).
- Larger nationwide reforms may not be possible because of strong autonomy at the regional level, and because of a weak federal level as regards both employment and social policies (for example, Switzerland and Spain). In Spain, the Basque Country introduced an ambitious and encompassing reform (see Pathway 1). For Austria, a nationwide encompassing reform failed.
- Re-specialisation. For Flanders (Belgium), job centres in the form of one-stop shops were set up in the past, but it was deemed necessary to improve cooperation between the PES and the social services.
- Poor institutional capacities that are not ready for a larger reform (for example, a number of eastern European/Balkan countries), so limited reforms are the starting point.
- Legal difficulties in implementing a large reform. It may be easier to implement limited reforms.
- The overarching objectives may be manifold: increasing the employment rate of all unemployed persons, the LTU and/or inactive persons (France); reducing poverty

- (France); reducing poverty of the most vulnerable groups (Romania); reducing benefit dependency (the Netherlands and Switzerland); increasing outflow from means-tested social benefits (France, Slovenia and Switzerland); increasing take-up of employment and social services of difficult-to-reach groups.
- The target group in this pathway is limited to distinctive groups (in France and Slovenia: beneficiaries of the means-tested social benefits; in Switzerland: benefit recipients, unemployment benefit recipients, SA recipients and disability benefit recipients). It should be noted that in some countries, other interinstitutional cooperation structures or one-stop shops may exist for other target groups (in France, there are different cooperation structures for different target groups: youth, those with disabilities, recipients of MMI).
 - Limited reforms may be linked to reforms in other fields of employment policies and social policies, such as the objective to limit access to disability schemes and activate people with health problems early (motivation of participation of the disability insurance in interinstitutional 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.

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

In some cases, the limited reforms to improve interinstitutional cooperation are embedded in wider far-reaching reforms of the PES (Poland) or the means-tested social-benefit system (Slovenia and the Netherlands). In other countries, smooth process reforms, experiments and pilot scheme 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 necessity of improving cooperation between agencies (France and Switzerland).

Process-oriented reforms or reform elements are in general less thoroughly debated than reforms of social benefit systems, and are linked to conditionality rules, wider institutional reforms and ALMPs. The latter policy changes and reforms are more explicitly based on ideologies and values in society.

For Poland, the reform of 2014 introduced the activation and integration programme (*Program Aktywizacja i Integracja* (PAI)). It was initiated and designed by the Government of Poland, and from the very start, sparked interest among social partners. This reform was embedded in a wider reform to strengthen and modernise the Polish PES. The changes in 2014 aimed to modernise the PES in several respects. Firstly, it strengthened vertical coordination between regional- and local-level PES. Secondly, it widened the role of the regional employment offices (*wojewódzki urząd pracy* (WUPs)) with greater autonomy in distributing funds. Thirdly, it introduced performance-based management, along with performance-based target setting. Fourthly, it set universal operational standards, which went hand in hand with a new profiling system for the unemployed. Finally, the reform sought to improve horizontal coordination as regards the LTU, aimed 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 the unemployed (with corresponding

problems of how to best segment the unemployed and to provide adequate support); professionalising the public employment service (by introducing client counsellors to bring the officers closer to the unemployed and provide more personalised support); and introducing new support and activation measures (including training, internship, employment and relocation vouchers). However, the introduction of PAI did not generate much debate, with only some focus on specific issues of cooperation (financing, sharing of responsibilities etc.) between the PES and SA. Equally in France, there were public debates about the activation policies and reforms on the conditions set for receiving the earned income top-up benefit (*Revenu de Solidarité Active* (RSA)) 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 focused on conditionality aspects, rather than the integrated delivery of social services (IDSS). Only since 2016 has the 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 per cent of FSA recipients are long-term). Another MLFSA project in 2017 was to refocus SWCs towards more services for clients and more social work, supported by automatic calculation of child- and family-related benefits and subsidies.

For the Netherlands, the work and social-assistance act (*Wet Werk en Sociale Bijstand* (WWB)), introduced in 2004, constituted, to some extent, the culmination of policy developments that had been in the pipeline since the late 1980s. The act comprised an increased focus on labour-market participation and increased responsibilities in the field of activation for local authorities. The guiding principle of the act was to favour work over income. The rationale behind the WWB was the need to make municipalities more accountable for the costs of providing assistance. This was achieved 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 (*Participatiewet*), which seeks to increase the labour-market integration of persons with an occupational restriction or persons receiving SA benefit. The participation act was implemented by the municipalities, and as such, was an important step towards increased decentralisation of responsibilities in the social field from the central level to 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 further details in the implementation phase).

5.2.1.2. Formalisation of interinstitutional cooperation based on political commitment

In most cases, limited reforms do not need a change in legislation (France and Switzerland). Instead, signed agreements and commitments between the relevant actors are key. An example is France, where the comprehensive support and guidance programme (*accompagnement global*) is built upon an agreement signed by the general delegation for employment and vocational training (*Délégation générale à l'emploi et à la formation professionnelle* (DGEFP)), representing the government of France and the ministry of social affairs and employment; the association of the *départements* of France (*Association des Départements de France* (ADF)), representing the local governments; and the French PES (*Pôle emploi*). This 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, boost activation policies and set up permanent partnerships between the PES and local government social services. Also, the experimental gardens (*proeftuinen*) from Flanders (Belgium) serve as an example in this category.

In some cases, it may only be possible/necessary to get the political agreement at the local/regional level (Belgium and Switzerland (both federal states)). In this situation, it is practical to get political commitment at the regional level, rather than at the national level. However, this does not mean that all federal states fail to implement nationwide 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 higher heterogeneity across the country. Reducing this heterogeneity has been one of the rationales for the new nationwide tool for the comprehensive support and guidance programme introduced in France, although implementation still shows some variations at the *département* level. On the one hand, countries need to strive to find a balance between local/regional variation and heterogeneity in the models for delivering integrated social services. On the other hand, countries need to have more equal conditions around the country and promote a more comprehensive social and employment service delivery in local areas and regions where political commitment is lacking or institutional capacities are weak.

5.2.1.3. The role of pilot phases and experiments

In some countries (France, Belgium (Flanders) and Switzerland), the reform of the IDSS started with the implementation of pilot projects. In Belgium (Flanders), the goals of the experiments were to increase cooperation between the PES and the PCSWs that were responsible for social services, and to further stimulate and improve the integration of PCSW clients and (high)-risk PES clients into the labour market or other employment initiatives. The first phase of the tests, conceptualised in 2008 in cooperation with the association of Flemish cities and municipalities (*Vereniging voor Vlaamse Steden en Gemeenten* (VVSJ)), the PES and the minister of labour and employment, was primarily aimed at strengthening the management role of the PES in the labour market. These experiments were 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 the local and regional levels to enhance the (re)integration of those groups furthest away into the labour market (*IDSS country study Belgium*). In a similar way, in Switzerland, the medico-labour-market assessments with case management (*Medizinisch-Arbeitsmarktliche Assessments mit Case Management* (MAMAC)) pilot project, ran between 2005 and 2010 in 16 of the 26 cantons. 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 and social- or health-related issues. The basic idea behind the MAMAC pilot was to improve the cooperation among three key agencies: UI, disability insurance and SA. The pilot scheme was mothballed in 2010 as planned. However, the federal government decided to pursue inter-agency collaboration as the main strategy to tackle the issue of the fragmented social-security system (*IDSS country study Switzerland*). Similarly, the example of France is not related to a policy reform, but to improvements in practices and work processes. It is built on the experience of pilot projects and institutional cooperation for other target groups (*IDSS country study France*).

Developing and implementing soft or gradual policy reforms based on pilot projects and lessons learned from similar experiences in other fields has a number of advantages: (a) it allows measures/reforms to be adjusted in a pragmatic way; (b) it allows for social

innovations to be tested without the risk that a large reform might fail; and (c) it promotes political commitment if the pilot scheme is successful.

5.2.2. Phase 2 — Planning and design

5.2.2.1. Interinstitutional 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 social services** (and in some cases, the disability insurance service, as is the case in Switzerland). A variety of other actors may be involved in the planning, design and implementation processes. To give an example, for Belgium (Flanders), the logic behind the experiments was to increase cooperation between the PES and PCSWs to further stimulate and improve the integration of PCSW clients and high-risk PES clients into the labour market or other employment initiatives. The experiments started from the idea that clients of both the PES and the PCSWs must benefit from quality support and a consistent trajectory of intake, screening and support for professional (and social) integration. With the introduction of the job centres in 2000 ⁽³⁹⁾, cooperation between the PES and other actors, such as the PCSWs, had already taken a new dimension. However, the integration of the service provision between the PES and PCSWs within the job centres proved to be challenging. When the job centres were established, they were set up differently in different areas. While the PCSWs were considered to be an important partner in the implementation of the job centres, in reality, PCSWs were only involved in about 50 per cent of the job centres (Van Hemel and Struyven, 2007). One of the conclusions of the process evaluation of the job centres was that cooperation between the PES and PCSWs 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 ⁽⁴⁰⁾. In a similar way, in France and Switzerland the driving forces for introducing new tools and procedures and for formalising the cooperation between the key institutions was the perceived need for better interinstitutional cooperation in order to achieve better integrated social services, and subsequently more effective activation of the target groups. While those countries that linked overcoming institutional fragmentation and better cooperation to their PES and/or benefit reforms, it appears that the IDSS is a side aspect, or may be implemented at a later stage (Slovenia).

5.2.2.2. 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 the PES, typically the ministry of labour),

⁽³⁹⁾ 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, such as the unemployed, employees and employers

⁽⁴⁰⁾ See here for the different related reports:
<http://www.werk.be/cijfers-en-onderzoek/rapporten/procesevaluatie-van-de-werkwinkels-evaluatie-van-de-netwerkbenadering-en-de-ruimtelijke-spreiding-van-de-werkwinkels-en>.
For a summary, see Van Hemel and Struyven, 2007.

the social services, the relevant national ministry, 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 interinstitutional cooperation exists. In some cases, it is difficult to clearly disentangle the driving institutions, as different actors play a decisive role (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 etc.) or the perceived capacities and specialisations of the actors.

In France and Belgium (Flanders), and in some cantons of Switzerland, both actors (the PES and the social services) had prior experience and had set prior goals as regards activation, although target groups, activation strategies and philosophies were not the same for the two institutions. In France and Belgium (Flanders), historically, the social services and the PES had different missions and did not target the same groups. For the PES, the main target group is non-employed jobseekers (social-security domain), while for the social services, the main target group is people who, after screening, are identified as 'falling out of the labour market'.

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

Another issue might be the desire to harmonise the activation approach within a territory, such as the types of activities and programmes delivered (work-first strategy vs supported employment). For Switzerland, the disability insurance, the third stakeholder for the interinstitutional organisation, 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 social benefits has presented new challenges. In certain countries, new initiatives to improve interinstitutional cooperation were designed to overcome weaknesses in the current set-ups. The rationale for the experiments introduced in Flanders (Belgium) was linked to the experience of the cooperation between the PES and the social services (PCSWs) within 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 study Flanders (Belgium)*).

- The PES services and PCSW services did not really know each other.
- 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 potential

complementary nature of the tools. There was a strong global resistance to 'transferring' instruments from one organisation to the other (the PES and the PCSWs).

- The 'warm transfer' of dossiers (which goes beyond the pure transfer of data/information and implies discussing the support needed by a client) between the PCSWs and the PES did not work well. For Flanders (Belgium), the experiments conducted were not intended to make any changes to the autonomy of the institutions involved, but to encourage changes in the way that they cooperated. During the experiments, it became clear to both organisations that it was not a question of transferring assignments/tasks or competencies, but rather of creating a framework for closer cooperation. Similar problems were also 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 (Belgium), they had not worked previously as one-stop shops). The new comprehensive support and guidance programme (*accompagnement global* was not meant to transfer competencies, but to improve processes and cooperation).

In contrast to the examples given above, typically, in many central-eastern, north-eastern and south-eastern European countries, the social services and local institutions delivering them (municipalities) have no, or very little, experience of 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 that are capable of work in these countries has often been limited to checking the conditions set (Dimitrov and Duell, 2014, for Bulgaria; Duell and Kurekovaz, 2013, for Slovakia). Two options seem to be most appropriate in these cases: transferring competencies to the PES or building up competencies within institutions of the social services. 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 that activation policies has for groups far from the labour market (Poland). The focus on delivery of integrated social services has come as an additional 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. Institutions of the social services may need to develop/modernise concepts of social work. Introducing the idea of activation and shifting the focus from passive to active measures is part of the reform (Romania). The reform in Slovenia focused first on improving the social-benefits system in terms of targeting. This involved improving the efficiency in implementing rules on the conditions set, calling for improved cooperation in this area.

For the Netherlands, the implementation of the WWB (2004-2015) strengthened the role of the municipalities by making them more accountable for the development of the volume of assistance. The WWB provides SA for people of working age who are able to work. Municipality responsibility includes the provision of tailor-made benefits, support for people entitled to supplementary benefits and support for people trying to regain their financial independence. Municipalities can either re-integrate WWB clients themselves or contract private re-integration agencies (see Phase 3 on the implementation through outsourcing). Re-integration provisioning can take 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.

5.2.2.3. Modes of interinstitutional cooperation

Ideally, interinstitutional cooperation is formalised, with rules about processes and cooperation being continuously established. 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 achieving the right balance between formalisation of the rules and practice of cooperation with 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 interinstitutional 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 a conflict of interest and do not necessarily follow the logic of an ideal world). As policy changes and improving institutional capacity in delivering quality services needs to be understood as a process, it is useful to look at different models in more detail.

Different models include:

- partly transferring the activation process to one agency;
- introducing processes for joint decision-making on activation processes;
- creating an agency to manage cooperation;
- outsourcing to NGOs and private sector providers.

For 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.

- 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.
- Type B MAMAC, where the new MAMAC agency collaborates with the three participating agencies, but follows the eligible clients over a 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 Champion in 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 (Geneva, Switzerland). For the latter, the MAMAC project worked as a platform (*IDSS country study Switzerland*).

Although, cooperation is less intense in some of the countries still building up their capacities, the cooperation is at least formalised. For Slovenia, a protocol of cooperation between the PES and the social services (SWCs) was prepared and signed by the employment service of Slovenia and the association of SWCs; the protocol was also endorsed by the MLFSA, via the labour-market directorate and social-affairs directorate. In 2012, common committees were established by all employment offices (and the corresponding SWCs) and started with meetings about three times a year on average. More frequent meetings of these committees is advisable. The case of Portugal demonstrated 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 required.

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

5.2.2.4. 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 Øverbye et al., 2010; Bonoli and Trein, 2016). Overcoming cost shifting was one rationale behind the MAMAC pilot projects. Financial modes and other institutional incentives need to be well designed if the objective of delivering integrated services for hard-to-place and vulnerable populations is to be met. The experience throughout countries with limited reforms shows that the absence of any financial incentive may reduce incentives to cooperate.

The design of financial incentives has an impact on the activation strategy chosen, including the choice of cooperating partners (the Netherlands). Other institutional incentives can be found in the perceived benefits of using enlarged networks (own networks of partners and the cooperating agency). From another perspective, an agency may not see cooperation as advantageous if there is asymmetry in the competencies, for example, the disability insurance institutions in Switzerland built up their own expertise in the medical field and had 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 view opening up its network and sharing its knowledge as a benefit (the disability insurance institution in a number of Swiss cantons). Below, 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 in the city of Basel was more ambitious, as a dedicated MAMAC office/agency was set up to follow up with MAMAC clients. This office/agency was the work integration centre (*Arbeitsintegrationszentrum* (AIZ)). The AIZ was part of the cantonal PES. The AIZ worked on behalf of the sending institutions, which had to pay for the services provided by the 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 (one third each). In this case, MAMAC was also used by claimants of the disability insurance. However, overall, the use of the interinstitutional cooperation structure in the different pilot projects in Switzerland did not just 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 fewer incentives to participate, as it had its 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 resources for implementing the delivery of the integrated social services. The contribution to the coordination system in terms of allocating staff quite likely increased joint commitment (see *IDSS country study Switzerland*, and Duell et al., 2010).

Like Switzerland, in Flanders (Belgium), the previous revolving door practice was one of the reasons to start the pilot schemes. One result of the schemes was the introduction and/or

implementation of the concept of 'warm transfer', which required consultation between the actors involved the referral of a client from one organisation to the other ⁽⁴¹⁾. **'Warm transfer' goes beyond the transfer of data/information and implies discussing the support needed by a client.** However, one weakness of the schemes 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 study Flanders (Belgium)*).

In Poland, financial incentives were provided to increase horizontal cooperation between the district labour offices (*powiatowym urzędzie pracy (PUP)*) and social-welfare centres to provide extensive support for unemployed people who were isolated from the labour market. Those PUPs that implemented the new PAI independently received less state subvention than PUPs that implemented the programme in cooperation with social-welfare centres. This set incentives for contracting NGOs for the implementation of the activation and integration programme. The recent reform encouraged the outsourcing of activation services for clients classified by the new profiling system as 'unemployed far from the labour market', as outsourced services in this group could now be financed from the Labour Fund, and not just from the local budget as before (Budapest Institute, 2015 (II); *IDSS country study Poland*). However, there is little evidence to prove that the new financial rules improved interinstitutional cooperation. Furthermore, the reform of 2014 also introduced performance-based funding for the PES. According to the new regulations, ALMP funding at a given PUP depended on input and performance indicators, such as the number of the unemployed and the unemployment rate; and the job-finding rate of ALMP participants 3 months after the end of the programme (Budapest Institute, 2015; *IDSS country study Poland*). As long as these performance indicators did not take the difficulty of placement of different groups into account, the performance management set little incentive to refer hard-to-place jobseekers to ALMPs. Similarly, performance indicators for the Swiss PES rate prioritised speed of labour-market integration above sustainability. This had 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 socioeconomic 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, as saved money originally earmarked for social benefits can be transferred to other budget items. Deficits must be compensated by the municipalities. If municipalities spend less on reintegration than is granted, parts of the budget may be carried forward to the following year. 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 characterised by a built-in financial incentive, aimed at limiting the use of social benefits. This objective has been achieved. It seems that the negative incentive (municipalities must compensate any deficits on the I-component) had a stronger effect than the positive stimulus (municipalities may keep I-component savings). The study by Bosselaar et al., 2007, found a rise in non-take-up of specific assistance ⁽⁴²⁾. Likewise, there was evidence to show that municipalities did not direct their reintegration efforts to older assistance recipients, as a result of their poorer employability. On the other hand, municipalities are sometimes reluctant to fully exploit their autonomy. Some municipalities

⁽⁴¹⁾ There is no consensus among the interviewees from the local PES and PCSWs whether this concept existed before the trials, was implemented during the trials or was introduced as part of the trials.

⁽⁴²⁾ Specific support for special, unavoidable and necessary costs that may be granted on a case-by-case basis.

feel hindered in offering training, as the WWB requires reintegration trajectories to seek the fastest route 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. It was realised at the municipality level 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. It could be argued that the WWB case illustrates that local governance can be effective, but it is no guarantee of success. One of the risk factors in the Netherlands appeared to be the lack of a comprehensive vision among municipalities for ALMPs.

5.2.2.5. Leadership

In countries with limited reforms, different models of leadership can be identified. Based on previous discussions in this study, it cannot be demonstrated which leadership system 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 (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 lacking, 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.

5.2.2.6. 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, for example, short-term or long-term labour-market integration, participation in training, participation in supported employment. Performance-management tools have traditionally been developed at the PES, however, they do not always properly account for the complexity of employment barriers. **Adequate performance indicators are often missing at the agencies of the social services** and their different units and policy fields (childcare, debt counselling, family welfare services). Performance-management indicators are key when the IDSS is outsourced (see Phase 4 for examples). The example of Australia shows that the construction of a quasi-market for the labour-market integration of MMI and the definition of appropriate performance indicators has taken many years. It calls for a high capacity competence at the managing agency (OECD, 2012). The system is interlinked with other elements, such as the way profiling is carried out to identify target groups, and along their route 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.

5.2.2.7. Problems/limitations

Limited access to social and other services is a problem, not just in rural areas, but also at the municipal and city levels, for example, in Estonia (Kriisk and Minas, 2016) and in Romania. In Romania, people in rural areas have difficulty in accessing social services, employment, healthcare, education or proper housing. Similarly, in Croatia, local public services are unevenly distributed, and access to health institutions varies by area and is more limited in rural areas (Koprić, Musa and Đulabić, 2016). This mirrors essential institutional problems where **systems of local government are fragmented territorial organisations** with limited administrative and financial capacity to provide the necessary services.

Another aspect of **limited administrative and financial capacity** to provide the necessary services is a deficiency in staff numbers and competence—an issue mentioned in several countries, such as Slovenia, and assessed as crucial for the success of the reforms. In Romania, for example, the State budget allocates 0.6 per cent of GDP to local social services, the lowest share of the EU 28 (*IDSS country study Romania*). Poor investments in local social (and other) services are a serious barrier for integrated services. However, innovative forms of integrated services can help to overcome these barriers, or at least partially.

Important limits to the delivery of integrated social services exist where the reforms, process innovations and experiments focus on **cooperation to check conditionality, without equally considering the delivery of integration services**. While setting conditions for benefit recipients may be perceived as a pre-condition for effective delivery of integrated services, other services may need to be offered, such as 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 levels by minimum income schemes of vulnerable population groups because of the low generosity of the programmes and high non-take-up rates. **Low coverage of social benefits** is an issue most seen in north-eastern, central-eastern and south-eastern Member States, as well as in some southern Member States.

5.2.3. Phase 3 — Implementation

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

The third phase is implementation. Segmenting groups of jobseekers and vulnerable groups, which are clients of the social services (with and without welfare-benefit recipients), 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 a profiling framework for identifying groups in need of IDSS. 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, the PES is likely to identify labour-market-related employment barriers, such as skills levels, age, gender or other socio-demographic characteristics, in the first instance, while the social services will typically look at the life situation of their target groups, in the second instance. In a range of countries, profiling tools for segmenting jobseekers into risk groups have been introduced, often using

statistical profiling methods, while the social services often do not have comparable tools. Given the complexity of the employment barriers for some people who are out of work, at risk of poverty and/or being benefit dependent, the use of qualitative profiling methods may be useful. Furthermore, it is useful to achieve 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 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 comprising several actors working in different organisations. Once the RSA recipient has been put into one of these categories, the RSA recipient is oriented towards a single referee who works in one of the following organisations: the PES, the social services of the *département*, 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 the case of externalisation/outsourcing of services). This single referee generally develops 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, NGO staff (in cases where the comprehensive support and guidance programme had been outsourced) and the PES counsellors identify those barriers does differ significantly (Sztandar-Sztanderska and Mandes, 2014). In the past, at the PES, when a person had to be registered and then profiled, the counsellors conducted a standardised time-limited interview. As time went on, the counsellors were given more discretion and autonomy; they could decide on the frequency and length of the interviews. A guide for diagnostic tools for jobseekers was implemented by *Pôle emploi* in 2011. The objective of the diagnosis was to identify potential needs and barriers of the individual. These include individual's occupational objectives, occupational mobility objectives, 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 comprehensive support and guidance programme, work has continued on developing shared diagnosis tools, such as in the *département* of Essonne, 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 a lack of qualifications. In the *département* of Alpes-Maritimes, the barriers identified included debt, childcare, psychological issues (including life accidents and trajectory accidents), addiction, lone parenthood, single mothers with a migration background, and a lack of French language skills. A common diagnostic document is used. For France, it is important to note that programme participation is voluntary, and the target group needs to be well informed and encouraged to participate.

For Portugal, there is an example of a profiling tool segmenting jobseekers into three groups. The PES employs a statistical profiling tool that assesses an individual's probability of becoming LTU 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 an 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 producing and supporting the personal employment plan, as well as for validating and altering the profile that the person falls under. For those jobseekers with a **higher risk of long-term unemployment, a more intensive follow-up may be provided, and personal plans may be different**. A re-assessment 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. A 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.

5.2.3.2. Fostering cooperation between different services within and across institutions

In order to effectively provide integrated social services, cooperation between agencies, institutions (in particular the PES and social services), different services and within each of the institutions is paramount. Key challenges and questions that may need to be resolved are:

- is cooperation at the PES with employer services effective for supporting vulnerable groups or is the setting up of separate employer services indicated? In other words, is there a need for more specialisation or a need to set the right performance targets for different units of the PES?
- in general, there is a need to find **mechanisms for better coordination within social services**: between units for activating minimum benefit recipients and debt counselling; between units for activating minimum benefit recipients and childcare facilities; between 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.
- **establishing a one-stop shop for all means-tested social benefits and subsidies** (one place for all decisions relating to social means-tested benefits and subsidies) and granting the benefits under the same definitions (household, family, income, material situation) and rules. This is currently 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 upgrade of the means-tested social-benefits reform. The discussion on the need for a reorganisation of SWCs has been ongoing for the last decade. The main aim of the reorganisation of SWCs, as decided in 2017, is to enable more time for social workers to work with individuals in need (with less time on administrative tasks), by providing automatic informative calculations of child and family benefits, without the need for an application (similar to the income tax administrative system), and establishing 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, such as cooperation between night care facilities for the homeless and PES counsellors (*département* of Alpes-Maritimes). In principle, there are two ways to promote horizontal cooperation.

- Promote closer personnel links between social workers and PES counsellors, such as through organising common events, exchange of experiences.
- Set up regular institutional meetings between different units within the PES and the social services (France, Switzerland).

5.2.3.3. IT systems/exchange of information

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

In many cases, improving the exchange of information within the IT system was driven by the desire to improve the monitoring of benefit conditionality. For example, in Austria, data reconciliation between the federal ministry of labour, social affairs and consumer protection and the PES 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 was intensified to enable more timely receipt of information. Currently, there are two communication channels between the PES and the social-welfare agencies: (a) a standardised contact once a month to synchronise data; and (b) an online portal to gain access to data directly. Besides these two data sources, all authorities have access to data from the social insurance association, the PES, the central register of the Austrian population and the land registry. The latter is mainly used if applicants declare ownership of property or land, or if they are suspected of owning property or land by the authorities. The PES is used for assessing motivation to work.

For Slovenia, the new IT platform (special application, connection to 53 administrative and business databases, computer software) was designed and introduced in SWCs. It enabled the automatic checking of administrative and business databases to obtain the data on individuals needed for means testing (income, savings, property, valuable goods) when processing/granting social benefits (see Pathway 1). However, in respect of integrating social services, the system showed some weaknesses. The social workers at the SWCs could not access the information on the treatment of clients at the Slovenian PES (employment plan of clients, employment counselling, ALMPs attended) and vice versa because of different information systems of the PES and the SWCs and the personal data protection of clients.

Similar problems and limitations were identified in some *départements* in France at the beginning of the implementation of the comprehensive guidance and follow-up programme, introduced almost nationwide in 2014. Governments of the *départements* and their services have access to a document entitled single jobseeker file (*Dossier unique du demandeur d'emploi* (DUD)). However, according to the different organisations at the *département* level, permitted access to this file does vary. For example, in the *département* of Essonne, social caseworkers do not have permitted access to this file and is solely reserved for managers. The *département*-level PES in only some of the *départements* have access to the orientation files of RSA recipients. They do not have access to social files, which contain information on family issues, debt issues etc., as this information falls under confidentiality

requirements and the remit of the French data protection authority (*Commission nationale de l'informatique et des libertés* (CNIL)). In contrast, other *départements*, such as the *département* of Bas-Rhin, gave full access to their database to the PES. The reluctance of certain *département* governments is due to the confidential status of specific information on the individual, such as their family situation, household debt, medical problems. In several *départements*, databases on the different non-job-related 'peripheral' obstacles and solutions were set up to allow PES counsellors to have a good network from which to propose measures to jobseekers. It is important that agencies share information on employment barriers, as well as on activation and other social services provided (*IDSS country study France*).

5.2.3.4. Modes of case management

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

- Joint or common case management/continuously providing joint services.
- Regular coordination.
- Case-by-case coordination.

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

Often **cooperation agreements leave some autonomy to caseworkers and PES counsellors**. For France, several basic rules were set up to guide jobseekers and RSA recipients towards the comprehensive guidance and follow-up programme, such as designing the tripartite meetings with the clients (PES, *départements* and the client), and setting up a resource guide and an Excel table to monitor the process. The social caseworkers and PES counsellors viewed these tripartite meetings as very useful. Every month, a technical committee meeting with social solidarity house (*Maison de la Solidarité*) and *Pôle emploi* antennas is held to address institutional difficulties, individual problems, database solutions and the IT systems. While the guidance for the comprehensive support and guidance programme includes PES counsellors, *département* caseworkers, the financing services of the family allowances fund (*Caisses d'allocations Familiales* (CAF)) and the social services of local authorities (*communes*), the process is the same, all unified using a single communication file (*fiche de liaison*). Similar models exist in Switzerland, where in some of the MAMAC cooperation settings, joint meetings are 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 undertaken systematically. With regard to the instrument used for screening, it is important to ensure that the necessary information is gathered and that all counsellors ask the same questions and use the same approach. At the same time, it is necessary to ensure that the instrument is not too cumbersome. While each organisation had its own screening instrument/approach prior to, and also during, the pilot schemes, cooperation through the experiments resulted in discussions about common instruments, for example, the International Classification of Functioning, Disability and Health was introduced following PES and PCSW cooperation in 2016. Joint meetings were considered to be very useful and complementary to the use of screening instruments.

For Slovenia, cooperation between employment services and social services (besides the daily informal cooperation of case managers in both services) was developed, taking the form of common committees that focused only on LTU with severe social problems (such as mental-health issues, dependency issues and other complex social issues), and who were not considered to be employable until they had resolved their social and multidimensional issues. The main aim of the common committees is to seek out the best programme solutions for individual clients with multidimensional problems. These solutions can include treatment programmes, rehabilitation programmes and housing arrangements. In addition, the common committee meetings provide an opportunity for an exchange of expertise and experience between experts (counsellors) from the social and employment spheres, as well as an opportunity to contribute to convergence in work with clients between the employment and social services.

In Switzerland, and similar to the case in France, individuals with multiple problems identified by any of the three agencies (PES, SA offices and disability 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 activities needed from each agency. Once approved, the action plan would be binding on each of the participating agencies. The decision reached in the context of the MAMAC meeting would be considered to be binding on each of the three institutions. A majority of cases are referred by the unemployment insurance agency (55 per cent); some 30 per cent referred by SA offices, and only 10 per cent by the disability insurance programme. The explanation for the lesser reliance on MAMAC by the disability insurance programme was probably that this agency already had considerable knowledge as regards medical issues, labour-market problems and, to an extent, social problems (Egger et al., 2010). They also have an established network of service providers that can tackle the many problems and challenges.

For Austria, although the establishment of one-stop shops failed (except in the province of Vienna), other cooperation models, including case management, were agreed upon in some provinces. In Upper Austria, the claimants could obtain information about MMI at the PES, as well as an 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 the PES together. Three non-profit organisations assess the capacities of clients and discuss financial, housing, health, family and care issues. Furthermore, they arrange courses, training sessions, employment opportunities and projects (*IDSS country study Austria*). In the province of Styria, the MMI introduced an activation scheme that was rolled out across the province to provide casework for all districts. The PES select the clients and refer them to a for-profit organisation that organises the case management, in

collaboration with local organisations, which provide short-term employment (Leibetseder, Altreiter and Leitgöb, 2013).

5.2.3.5. Outreach activities

Non-up-take of social benefits and limited access to social benefits diminishes the effectiveness of interinstitutional cooperation, if vulnerable groups cannot be reached (Eurofound, 2015). Furthermore, in 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 that were not registered as jobseekers at the PES. These recipients are strongly encouraged to visit the Social Solidarity Houses: if they come, they could start on a path towards a job; if not, their welfare benefits are 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 (for example 'Jugendcoaching' in Austria and information campaigns piloted in Finland, Latvia, Portugal and Romania).

5.2.3.6. Outsourcing

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

NGOs are an important stakeholder for providing social services, especially in some central and southern European countries. However, their involvement in social services varied between the countries, depending on welfare traditions, welfare-state type (Esping-Anderson, 1990) and the available landscape of NGOs (see Pathway 1). In Poland, the *ustawa o działalności pożytku publicznego i o wolontariacie* (Public Benefit and Volunteer Work Act) was passed on 24 April 2003. This Act enabled public services to be outsourced to NGOs and resulted in NGOs working in partnership with local authorities to meet societal needs (Mikuła and Walaszek, 2016). Nevertheless, when implementing the PAI, it proved 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 Warsaw. Here the social integration part of the programme was outsourced to five NGOs selected through an open tender, as the social services were not sufficiently interested in undertaking activities under the PAI because of a lack of incentives (the PAI was perceived as extra work on top of usual work). These NGOs carried out group sessions with the PAI participants in different districts of Warsaw. The participants of the programme were chosen by the OPS (social service centres), with the Labour Office checking the status of those chosen by the OPS and subsequently directing the group to participate in the PAI (Urząd Pracy m.st. Warszawy, 2015). Following the end of the 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 skills, life skills (such as 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, such as Italy. Outsourcing to NGOs and private providers has been used as a way to overcome limited staff capacities and restrictions on hiring new staff (such as in Portugal). For 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 happening by chance. As a general rule, outsourcing services for vulnerable groups needs a high level of performance-management capacity.

For France, non-profit and private organisations 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 carried out with the NGO *Solidarités Nouvelles contre le Chômage* (SNC), carried out for the IDSS country study, and the caseworkers interviewed in the context of the project Localize (Sztandar-Sztanderska and Mandes, 2014) pointed to the fact that this room for manoeuvre was crucial in order to develop a good relationship with the beneficiary, enabling real barriers, and the beneficiary's expectations and their way of thinking to be identified. This example highlights the importance of striking 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 lacking. The alternative is to prescribe the detailed 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 that in the Netherlands, where outsourcing was extensively used, the treatment of difficult-to-place groups (such as long-term benefit claimants) should not be outsourced, but should be implemented under the control of the municipalities, as placement results are expected to be lower than for groups that are easier to place. Whether the 'good risks' should be outsourced and the 'bad risks' kept within public administration is very much up for debate. In this case, the activities of public agents may be unfavourably perceived by the population and employers. Making use of new public management tools and keeping a good balance between in-house provision and outsourcing may increase effectiveness.

5.2.3.7. 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 ALMPs used depended on the overall activation strategy. These are deeply rooted in the welfare-state models. The activation strategies essentially comprised different combinations of the level of generosity and conditionality of the social benefits, the provision of employment services (such as guidance, strengthening self-responsibility and empowerment) and ALMP types. Ideally, **ALMPs should not be considered in isolation, and this holds true for both 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 providers of social services. Historically, this is linked to the division of tasks and target groups between the PES and the social services. As an example, social enterprises and supported employment may more often than not be preferred by providers of social services, while either training or wage subsidies may be preferred by the PES, such as 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 different activation strategies did not appear in principle to be a barrier for interinstitutional cooperation in France, this was identified as one obstacle for Flanders (Belgium), for example, 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, especially in south-eastern European countries. As a general rule, it is important that the **PES and the social services open up their programmes to wider target groups**, including those without access to unemployment benefits and, often, safety nets.

Pathway 2 countries are less likely than 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 that link ALMPs to new counselling and follow-up procedures for jobseekers with complex employment barriers, especially 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 MMI recipients in Austria. These MMI recipients received an invitation to attend an initial group meeting, where they were given information about the various projects and programmes available. Caseworkers assessed the clients' resources and status relating to work and social insurance, financial and living conditions, and health, family and care responsibilities. Then, an individual reintegration plan was developed and followed through with regular meetings for at least 3 months. Following this, options including courses, projects and orientation towards work would be assessed and documented. In most cases, language skills improved and family and care responsibilities rearranged (Reiter et al., 2014). However, the scope of the programme is now not as wide and excludes aspects of over-indebtedness, which prevents recipients from re-entering employment, as they will not gain any financial improvement without individual voluntary arrangements to regulate their debt (*IDSS country study Austria*).

5.2.3.8. Institutional capacities and resources

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

With regard to resources, the **caseload of staff** working with vulnerable groups/people with complex employment barriers **should range between 70 and 150 cases per staff member**, as examples from various countries have shown (see also Pathway 1 countries). Some approaches chosen by Pathway 2 countries are even more staff-intensive, such as working in pairs, as in France). It is advisable to **be transparent on the required staff capacities to implement deeper interinstitutional cooperation and improved intensive follow-up of clients**. This is often not the case. However, the ratio between additional costs and benefits is not a straightforward indicator in the short term. Many benefits may not become visible for some time, such as in terms of labour-market risks for the next generation.

Some assessments on the costs have nevertheless been carried out in some countries. For Switzerland, the evaluation of the MAMAC pilot projects provided an estimate of the additional cost of EUR 2 280 per client for the duration of the client's participation on the programme (on average, 8- 10 months). This figure does not include the cost of labour market or reinsertion measures, or the cost of the follow-up of the decision taken in the

assessment phase. The authors of the study considered this cost to be acceptable. However, they also pointed out that many of front-line staff members that were responsible for implementing the MAMAC felt that the cost-benefit ratio of the programme was not favourable (Egger et al., 2010). Assessed costs mainly comprise additional staff members. One example is the MAMAC cooperation model of the city of Basel. A dedicated MAMAC office/agency (AIZ) was set up, employing 18 full-time-equivalent staff members, with a view to handling about 2,000 clients per year (Champion, 2008). In terms of staff members, most of those working for the AIZ came from SA or the PES. Only one person previously worked for the disability insurance institution. The AIZ works on behalf of the referring institutions, which pay for the services provided by the AIZ. The AIZ has outlived the MAMAC pilot, and operates to this day. The pilot MAMAC in the canton of Geneva was organised as a platform. The project team included seven staff members, who remained employees of their respective agencies. They had to be available for MAMAC for at least 50 per cent of a full-time-equivalent job. For France, the reorganisation of work and digitalisation allowed for the resources of social services to be freed up in order to provide integrated services. Regarding the PES, 1 000 counsellors were allocated to the programme, of which 500 were financed through the PES budget, and the other 500 received financing from the European Social Funds (ESF).

Selecting **experienced and motivated staff to work with jobseekers with complex employment barriers** is an important issue for the effectiveness of the IDSS. Furthermore, staff training and the establishment of a mutual-learning environment is an important step towards a comprehensive approach. One interesting practice was implemented in France, where immersion days were organised for the staff in some *départements* (responsible for the social services). During these immersion days, social work caseworkers spent 2 days in a PES local agency and PES counsellors spent 2 days in a social solidarity house. In this way, staff from the two agencies discovered how their colleagues worked, and it provided an opportunity for information and ideas about their different methods of work and organisation to be exchanged. Staff members viewed these immersion days as an important and beneficial initiative, and strongly supported it.

5.2.4. Phase 4 — Monitoring and evaluation

5.2.4.1. Monitoring

The fourth phase is monitoring and evaluation. It is important that each institution publishes data on the participation of claimants 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 can be found in the development of monitoring indicators for 'people with an active solution', if they are offered employment or engage in training, such as in France. The French region of Bourgogne-Franche-Comté offers detailed results. These include the number of participants engaged in the comprehensive support and guidance programme, such as the number that: (a) entered training; (b) entered employment on a fixed-term and permanent contract/or subsidised employment; (c) entered other ALMPs. In addition, there is also information for each of the eight *départements* in this region on: (a) the number of PES staff engaged in the comprehensive support and guidance programme; (b) the number of participants that entered the programme and the percentage of RSA recipients (and the percentage of those living in priority urban areas); and (c) transitions to training and employment. Substantial effort was put in to set up IT tools for programme monitoring, including Excel charts and shared databases. All the *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, including the social-security administrative system, social services in towns and *départements*, the PES and its partners. The *département* of Alpes-Maritimes, which joined the programme at a later stage, also records the composition of households in receipt of RSA by gender, age, composition of the household and time frame of receiving the benefit. This information is monitored on a monthly basis. However, this monitoring differs from that of the PES, as households and not individuals are monitored by the social services, while the PES monitors individuals.

A good practice identified in the research was **setting up steering committees**. For example, in France, each *département*, local government and *département*-level PES met regularly within a programme-monitoring steering committee. The PES has various tools to monitor and pilot its services and specific programmes, such as a national committee and local committee to improve the quality of services, and introduce new practices and new methods of guidance for jobseekers. National and local NGOs, such as the SNC, are members of these consultative committees.

A further good practice can be found in **conducting national surveys on client satisfaction** (such as in France) **and staff satisfaction surveys**. If these surveys contain detailed questions, they can be used to improve services and working conditions.

5.2.4.2. Evaluation

Ideally, evaluation studies on the implementation of the limited reforms should be conducted. They can be organised as a process evaluation, such as 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 should contain both quantitative and qualitative methods. Results need to be carefully considered and discussed.

In Austria, several evaluation studies were conducted by different organisations⁽⁴³⁾ that explored different regional levels (countrywide and specific provinces), using different methods (longitudinal and cross-sectional with comparison groups, trend analysis and secondary analyses) and different data, including administrative data and survey data to explore the short-, medium- and long-term effects of the reform.

Social characteristics of the population (or specific groups within it, such as the LTU) were compared with those of minimum income benefit/SA recipients to identify differences. In summary, information about the following aspects was compared: probability of employment in the primary labour market; duration/stability of employment in the 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 (for example, work ability, sex, age, nationality, education) and relevant differences to comparison groups; and employment growth (low, moderate and strong increase).

⁽⁴³⁾ Such as the 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. This also includes Leibetseder, Altreiter and Leitgöb, 2013.

For 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 the PAI (distinguished by the two basic financing models), the percentage of unemployed people who took up employment after the completion of the PAI and the number of SA clients who received unemployment benefits from the 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 IDSS in Pathway 1 countries.

In France, several evaluation studies were carried out at the local and national levels. An evaluation of the experimental phase of the comprehensive support and guidance programme was carried out in the *département* of Doubs in 2011, which was the first *département* to set up the programme (Mazouin et al., 2011). The qualitative evaluation analysed interinstitutional cooperation and looked at individual pathways. An administrative assessment of the 2014 national tripartite agreement between the PES, the national professional union for employment in industry and trade (*Union nationale interprofessionnelle pour l'emploi dans l'industrie et le commerce* (UNEDIC)) managed by the social partners, and the government of France was recently carried out by the ministries of labour general inspectorate of social affairs (*Inspection générale des affaires sociales* (IGAS)) and the economy (*Inspection des Finances*). The assessment generally covered other elements, but one chapter addressed the comprehensive support and guidance programme directly. The national tripartite agreement of April 2014 envisaged a national evaluation before the end of 2017, and to be carried out in 11 *départements*. The evaluation will be monitored by a steering committee that encompasses three stakeholders: the DGEFP (representing the government), the PES (*Pôle emploi*) through its statistic and evaluation services) and the ADF. 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, based on an online survey of employment counsellors and caseworkers. Furthermore, the *Pôle emploi* study service has planned a quantitative evaluation. Similarly, in Flanders (Belgium), a steering committee was set up to follow up with the pilot schemes in phase 1. This group includes 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, such as administrative processes and results in terms of labour-market integration, are valuable initiatives when assessing comprehensive approaches for inter-institutional cooperation. The evaluation carried out in Switzerland by Egger et al. in 2010 contained the following elements: descriptive presentation of the key programme indicators; detailed case studies of implementation in two cantons; an evaluation on the impact of MAMAC on labour-market re-entry and cost for the social-security system; and qualitative interviews with clients and staff involved in its implementation. An impact evaluation was performed separately for clients originating from UI and SA.

The **evaluation of processes for the IDSS should be an element when evaluating the impact of the IDSS**. One example of this is the evaluation carried out in Slovenia. The study focused on the implementation process, the problems faced by the SWCs (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. in 2016 focused on the adjustment processes introduced with the reform at the level of the labour offices that affected the behaviour and attitudes of their employees, and analysed how the situation of the unemployed changed following the reform. The study used both quantitative and qualitative methods, including interviews with representatives of institutions affected by the reform (such as the Polish Ministry of Family, Labour and Social Policy (MRPiPS), and the employment agencies), secondary data analysis (using databases of the MRPiPS) and a survey of 234 PUPs. A similar report, evaluating the reform from 2014, was also carried out by the MRPiPS.

An assessment of administrative matters, developments and satisfaction from the point of view of recipients, applicants, advisers and employees of the public authorities was conducted in Austria, France and Switzerland. In France, the current evaluation, which is planned to be completed in spring 2018, includes web-based questionnaires for 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 six different cantons (Egger et al., 2010).

CHAPTER VI. SELECTED EXAMPLES OF GOOD PRACTICES

This chapter presents five of the good-practice examples identified in the country case studies. The practices were selected in a two-stage process. First, country experts were invited to identify and briefly describe 2-4 good practices in their country that significantly contributed to the success of the reform episodes. These could be concrete tools or elements of the design, implementation or evaluation of the reform, such as a financial incentive for cooperation, a well-designed training course for staff, a clever setup for a pilot that allowed the evaluation of some feature of the new system, or a well-designed indicator in the monitoring system.

The first stage generated 15 examples. Of these, five were selected in the second stage, on the basis of the following criteria: specific to service-integration reforms, potentially relevant to other countries embarking on similar reforms, easily transferable, and has some innovative aspect.

As shown in the table below, the selected examples come from various countries and may be relevant for various reform trajectories (see Chapter V for a description of the pathways for cautious or ambitious reforms). Each practice is described using the same template.

Table 17. List of selected good-practice examples

	Country	Especially relevant for (*)
Experimental clause	Germany	both pathways
Change-management team	Ireland	Pathway 1
Integrated IT platform	Basque country (Spain)	Pathway 1
Catalogue of experts	Switzerland	Pathway 2
Involving health professionals	Finland	Pathway 1

(*) Pathway 1 describes an ambitious reform, Pathway 2 describes a cautious reform, see Chapter V for more detail.

6.1. EXPERIMENTATION CLAUSE (GERMANY)

Country	Germany
Title	Experimentation clause (<i>Experimentierklausel</i>)
Short sentence summarising the practice	The core of this good practice is to promote competition between different organisational models in charge of the implementation of the new benefit system. This was reached by setting up different organisational models (cooperative and municipal Jobcentres) and thoroughly evaluating the performance of both organisational models via a consortium of independent researchers in order to come to a conclusion on a superior organisational model.
Rationale	The idea to try out different organisational approaches to the implementation of such a complex new benefit system and subsequently evaluating their performance constitutes a sound approach to promote both competition between different approaches as well as the implementation of evidence-based labour-market politics.
Start (and end) date	1 January 2005 until 31 December 2012.
Which organisation(s) was involved in its implementation?	Main implementer: federal employment Agency and municipalities Other important partners: Several independent research institutes in charge of the evaluation.
Main elements of the feature	The main idea was to put two different organisational set-ups in charge of the complete benefit system.
Resource 1: money	There is no data available and no adequate estimates can be made.
Resources 2: PES capacity, tools	Due to the complexity of the measure at hand, it is impossible to provide any useful data on this issue.
Transferability	In general, this idea seems to be transferable for the creation of any new benefit system with two possible administrations in charge of it.
Sources of further information	Bundesregierung (2008): <i>Bericht zur Evaluation der Experimentierklausel nach § 6c des Zweiten Buches Sozialgesetzbuch. Unterrichtung durch die Bundesregierung.</i> Bundesregierung. Berlin. (Bundestags-drucksache, 16/11488). http://www.bmas.de/SharedDocs/Downloads/DE/PDF-Publikationen/forschungsbericht-f390.pdf?__blob=publicationFile&v=2

6.2. INTREO CHANGE-MANAGEMENT TEAM/HUB (IRELAND)

Country	Ireland
Title	Intreo change-management team/hub
Short sentence summarising the practice	Small change-management team with expertise from inside and outside the civil service facilitated a significant process of public sector reform in the context of a fiscal and unemployment crisis which was used as 'opportunity for reform'.
Rationale	The department of social protection (DSP) moved from ideas for a 'parallel' integration into a full merger to provide an integrated service for the client and efficiency gains, this required management of a 5-year implementation process.
Start (and end) date	October 2010, new senior staff being merged into an existing DSP project board to become a change-management team within the DSP, ongoing.
Which organisation(s) was involved in its implementation?	In the context of crisis, early retirement had eroded established knowledge-based communities. This allowed space for new alliances across agencies and departments with existing DSP staff, community employment service, FÁS, external experts, management consultancies, domestic and international policy experts.
Main elements of the feature	Focus on a small hub/team of four, partly due to limited resources, but also to maximise effective communication with internal experts and share ownership of the change delegating to line managers for local implementation thus enabling faster and more flexible approach characterised by 'centralised design, local implementation'. The core reform team of four had to coordinate, facilitate, design, negotiate and communicate implementation. All members had academic and practical backgrounds in change management. Specific skills were recruited into the team including experience of partnership and performance systems in the public sector as well as industrial relations. Senior management communicated directly to newly merging staff for example in town hall meetings and workshops with CWS staff (later also with FÁS staff) and used innovative communication mechanisms including video, and personalised, targeted emails.
Resource 1: money	No additional resources required.
Resources 2: PES capacity, tools	Team worked closely with internal experts (IT, industrial relations, human resources), sought advice and input from consulting firms (Accenture, BearingPoint) and national and international policy experts (OECD, NESC and ESRI).
Transferability	Highly transferable
Sources of further information	Köppe S & O'Connell P. (2016) <i>Change management, redeployment and designing an integrated service: Implementation of Intreo</i> , Dublin: University College Dublin (unpublished) ISSA (2016) <i>Intreo – Integrated welfare and employment service: A case of the department of social protection: good practices in social security</i>

6.3. COMMON RGI MANAGEMENT PLATFORM (BASQUE COUNTRY/SPAIN)

Country	Spain (Basque Country)
Title	Common RGI management platform (<i>Sistema único de información de la RGI</i>)
Short sentence summarising the practice	There is a single and shared software platform that gathers all the information about RGI recipients, which can be consulted and edited by all agents involved in RGI management.
Rationale	<p>The rationale behind the creation of this software platform was to integrate the software systems for the RGI management that existed before the reform. Previous systems were managed by provincial authorities, who gathered the information provided by municipalities, but in some provinces, municipalities would use different information formats. Thus, the reform of integrating the RGI management within a single agent (Lanbide) required the creation of a common software platform for information management. The single and shared software platform for all agents involved in RGI management generated further benefits:</p> <p>Informed all agents involved in RGI management of the situation of the client, which facilitates guidance and follow-up tasks.</p> <p>Ensured that the management of RGI is based on administrative criteria instead of subjective ones.</p> <p>Enabled central managers and researchers to conduct a broad and rigorous analysis of the whole system.</p> <p>Enabled future research, including big-data and predictive studies.</p>
Start (and end) date	2011
Which organisation(s) was involved in its implementation?	Main implementer: Lanbide. Other important partners: Three provincial governments which provided the initial information files.
Main elements of the feature	The software system gathers all the information related with RGI/PCV beneficiaries and the economic relevant information of the beneficiary's household members. Thus, Lanbide staff can access and edit this information easily.
Resource 1: money	According to information provided by Lanbide, they invested a total of EUR 6.168.419 between 2011 and 2016 in setting up the system and spent a further EUR 3.042.056 on technical support and maintenance.
Resources 2: PES capacity, tools	Requires IT user skills by staff.
Transferability	The practice is especially relevant for countries where several agents participate in the integration of MIR
Sources of further information	Interview to Alvaro Ugarte, Responsible for project's development of Lanbide and the information on costs was provided by him.

6.4. DIRECTORY OF EXPERTISE (SWITZERLAND)

Country	Switzerland , Canton of Fribourg
Title	Directory of expertise (<i>Catalogue des compétences</i>)
Short sentence summarising the practice	A series of 'fiches' describe the different types of expertise that is available in the different social services.
Rationale	The objective of this practice is to promote informal forms of collaboration.
Start (and end) date	2017
Which organisation(s) was involved in its implementation?	Main implementer: Cantonal social service, Canton of Fribourg. Other important partners: PES and Invalidation insurance agency, Canton Fribourg.
Main elements of the feature	The tool consists of a series of 'fiches' that describe the different types of expertise that are available in the different social services. This includes both expertise possessed by staff and externally contracted labour market or social programmes. For example, a medical assessment for a specific health problem or a training programme in job-search skills. These fiches are made available to all relevant staff, so that everyone can know what sort of expertise is available elsewhere. It is hoped that staff working in one agency will, when appropriate, turn to colleagues in other agencies to obtain expertise that can be beneficial to their clients.
Resource 1: money	Very cheap. No additional resources were needed.
Resources 2: PES capacity, tools	No need for additional staff or special skills.
Transferability	The practice seems very simple and easy to transfer to other systems where different agencies, which have little knowledge of one another, are expected to collaborate.
Sources of further information	http://www.iiz.ch

6.5. WORK-ABILITY ASSESSMENT AND HEALTH SERVICE (FINLAND)

Country	Finland
Title of the good practice feature	Work-ability assessment and health service as an integral part of employment services. Case of labour-market service (LAFOS), city of Salo, Finland.
Short sentence summarising the practice	The clients of LAFOS can be referred to an extensive work-ability assessment, where public health nurses and a medical doctor work as an integral part of the LAFOS team at all stages of the service process.
Rationale	<p>Long-term unemployed (LTU) people tend to underuse basic health services, and thus health problems worsen, and hamper finding work. This model aims improves take-up, reduces the workload of basic health service (a local authority responsibility) and supports them in treating long-term unemployed persons with multiple social, health and employment issues.</p> <p>The model also enhances the know-how and skills of medical doctors in healthcare of the unemployed and in rehabilitation. It is performed as a part of their specialist training. Getting medical doctors to be a real part of these processes is vital, as they are in important decision- and gatekeeper positions.</p>
Start (and end) date	The Salo LAFOS was founded in 2007. A project on enhancing health service for LTU was carried out 2008-2010, where a public health nurse was hired by LAFOS. A medical doctor has participated since 2013.
Which organisation(s) was involved in its implementation?	<p>As in all LAFOS units, the practice is based on the joint service of PES (a state function), social work (a local authority function) and National Insurance (rehabilitation). In the Salo model there is one public healthcare nurse working full time in the LAFOS centre for clients. Another nurse is working in the basic health centre screening LTU.</p> <p>The public health nurse participates in the LAFOS team (employment offices, social worker and National insurance worker) full time, and the medical doctor twice a week. Rehabilitation needs are assessed by a doctor specialised in physical therapy.</p> <p>The national insurance (KELA) worker participates once a week. S(he) offers services in rehabilitation. There are plans to have closer cooperation also with a substance abuse clinic in order to have closer cooperation in the whole network.</p>
Main elements of the feature	<p>All Salo LAFOS clients are first referred to a health check, and the situation of the client is followed throughout the service process. The other LAFOS officials can ask, as needed, the nurse to participate in drawing up an employment plan.</p> <p>The basic health check is carried out by two public health nurses: one for the LTU the other for LAFOS clients. If either discovers a need for a more thorough work-ability assessment, the client is referred to the medical doctor. Clients can also be referred to broader health-checks and work-ability assessments by other LAFOS team members, or straight from PES,</p>

	<p>local authority social work or other partners or projects, and clients can come on their own initiative, too.</p> <p>There is a weekly LAFOS meeting for all LAFOS officials, when all new customers are screened and their needs for multi-sectoral service are identified. Once a week there is also a health service coordination and follow-up meeting between the nurse and doctor. With the permission of the client, the doctor can discuss matters with other LAFOS officials.</p> <p>Information is passed with the LAFOS ICT database 'TYPPI'. Health matters that have an effect on ability to work are registered in TYPPI, based on discussions with the patient. There is a separate healthcare database for broader medical data.</p> <p>When the diagnosis and care of the client have been clarified, the actual work-ability assessment can be done. On the basis of a comprehensive work-ability assessment it is decided if the client is referred to career counselling, professional rehabilitation or pension clarification. The healthcare process lasts as individually needed.</p>
Resources 1: money	<p>This practice has yielded a net saving. The healthcare workers are on the basic healthcare centre payroll, and the doctor holding office as a doctor specialising in physical therapy. Patient numbers increased in comprehensive medical and work-ability assessment and medical treatment and rehabilitation, but improved employability and health generated revenues and savings (re-employment, transfer to regular pension from disability pension, etc.). Savings exceed the yearly income of the participating medical doctors.</p>
Resources 2: PES capacity, tools	<p>PES-officials are designated to LAFOS by the local PES office. PES-officials in the local PES office make the referrals to LAFOS. All active labour-market programmes and other resources are available for the LAFOS PES.</p>
Outcomes	<p>The service model has lowered the threshold to use health services by the clients, especially LTUs and people with mental-health problems, as the LAFOS facilities and team become familiar to the clients.</p> <p>Having the nurse and doctor meet clients in the same facility as the other LAFOS officials, has increased the participation of clients, and lowered cancellations and 'no show'. The practice is also believed to generate savings in healthcare and tax revenues on sustained employment in the long run.</p>
Transferability	<p>There may be some cultural barriers. Transferability depends on whether health service decision-making believes that it is beneficial for doctors and nurses to gain work experience from serving unemployed people, who often have a combination of health, social and employability problems.</p>
Sources of further information	<p>http://www.salo.fi/en/socialandhealthservices/socialwelfareservices/labourservicecentre/ maria.silver@turku.fi (TYP-johtaja) Sanna.Nurmi@salofinland.fi, sofia.maleikeruohola@kela.fi</p>

CHAPTER VII. RECOMMENDATIONS

7.1. RECOMMENDATIONS FOR MEMBER STATES

The recommendations build mainly on the in-depth scrutiny of the case studies, lessons from the cost-benefit analyses and the findings of the comparative analysis. Recommendations from the PES network toolkit for the 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) have also been integrated.

These recommendations focus on the aspects of activation policies and social inclusion policies that relate to the integration of services, in particular the integration of employment services and social services. The recommendations are grouped by the four phases of the policymaking cycle.

7.1.1. Phase 1 — Political commitment and goal setting

Phase 1 involves assessing the status quo, weighing up the options and garnering political support. For ambitious comprehensive reforms, this could take the form of a Green Paper prepared by the public administration institutions. For smaller, partial and process-oriented reforms, there may be no need for such a detailed assessment of the status quo and options. Garnering political support at the local level and fixing common objectives are 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 requires administrative capacity to appropriately design and implement it. Therefore, governments first need to carefully evaluate the sources of existing inefficiencies in services for MIS recipients. If, for example, the main problem is a lack of 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 may require much of the reform capacities of public administration institutions 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 up the potential benefits of such a reform against other options that are easier to implement or may yield similar benefits at a lower cost or within a shorter time frame.

- **Putting integration reform on the agenda**

Though service-integration reforms are mainly technical in nature, for ambitious reforms, one also needs to secure broad political consensus for several reasons. Firstly, if the initial institutional setup is fragmented and the integration goal is ambitious, the reform may extend over several political cycles. Secondly, in countries where social services are mainly provided by local governments, the integration process will inevitably affect political stakeholders and may require a constitutional amendment if it entails a revision of municipal functions.

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 the local level.

- **Determining the goal of the reform**

Piecemeal interventions to improve cooperation across services are recommended when an ambitious reform is not feasible because of political constraints or the limited reform capacity of the public administration institutions.

There is a symbiotic relationship between the effectiveness of an integrated system of service provision and 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 inefficiencies detected. Alternatively, if activation is already on the agenda, it is advisable to use this opportunity and to 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 as regards target groups, service areas or scope of cooperation, the reform discussion should allow the scope of the objectives to be opened up at later stages.

- **Managing public support for the reform**

Even if mainly technical issues are the key target, service-integration reforms may easily get linked to sensitive political issues, such as activation or benefit fraud, as happened in Slovenia. The government will need 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 garnering and sustaining a high level of political commitment at all levels of government, especially in countries where there is considerable autonomy at the local level as regards the administration of social services and means-tested minimum income benefits.

7.1.2. Phase 2 — Planning and design

For comprehensive reforms, Phase 2 can start with the preparation of a white paper to specify the design details, in consultation with stakeholders.

- **Gathering evidence for good design**

First and foremost, effective design should consider the existing institutional setup, from capacities in service provision and management to existing practices in performance incentives. These initial conditions should be carefully assessed and recognised when evaluating the transferability of international good practice in service integration (see Benson and Jordan, 2011, on policy transfer). Reviewing experiences gained over time for similar target groups (for example, people with disabilities) or service areas based on solid evaluation can also be helpful.

The existing literature on service integration offers many open-ended questions on the exact design of particular elements of integrated systems (see Annex V on the literature review). Some of these can be resolved by using pilot schemes to test the relative effectiveness of alternative solutions.

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

The range of services to be integrated (social, housing, childcare, health etc.) should derive from the overall goal and target groups of the integration reform (as determined in Phase 1), 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 equally important groups to place. Furthermore, options for more effectively integrating the work of occupational doctors in PES should be explored in those countries where this has not happened yet (see good practice of the LAFOS centre in the Finnish city of Salo).

The decision about the appropriate depth (institutional form) of the planned integration should depend on the initial setup. If the existing setup 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 comprise representatives of various governmental agencies or interdisciplinary teams that meet at scheduled intervals (pop-up offices) to provide joint counselling sessions to clients, as in Slovenia and Switzerland.

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.

In order 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). For shared roles (for example, communicating with clients or planning), there should be one agency responsible for coordinating 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 where the existing case-management capacity of social services is limited. If social services and employment services are equally developed, close coordination and cooperation between the PES and 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, 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 because of higher demand of a given service.

- Involving stakeholders 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 guarantee their cooperation as regards the reform. This is especially important if the initial setup is fragmented (and evidence on service capacities and quality is limited) or the reform involves a major restructuring of role divisions and budgets.

- Planning staff resources for the reform and the new setup

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, as happened in Slovenia.

- Taking an experimental approach: revisit and refine design elements

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

- Allowing sufficient time

Pacing is important: allocating sufficient time for each stage of the reform process enables policymakers to engage stakeholders, detect problems and make the necessary corrections. Ideally, the reform process should include a small-scale pilot, and upscaling should start only after the outcomes of the pilot have been evaluated.

7.1.3. Phase 3 — Implementation

- Change management

Given the complexity of service integration, setting up a dedicated change-management team can help keep the process on track. The example of the Irish Intreo reform suggests that small teams, including highly experienced managers with expertise from inside and outside the civil service, can work especially well.

- Harmonising goals of cooperating agents, adjusting monitoring systems

Performance indicators should be chosen carefully to avoid unintended effects. Service integration is a complex process that may potentially affect various client groups, service units and organisational levels in different ways. The impact may also be manifold: re-employment rates may improve at the expense of increasing risks of poverty and higher administrative costs, or even reduce poverty. Monitoring efforts during and after the integration reform should ideally cover these aspects in order to identify problems in good 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.

- Combining integrated services with outreach efforts

Ideally, integrated services should be accessible to all jobseekers with complex employment barriers, whether or not they receive social benefits. This requires additional outreach activities towards those who do not claim benefits, for example, by seeking contacts with NGOs and public agencies that provide material support services and social services to disadvantaged groups (Mosley et al., 2018).

- Developing profiling and referral rules and techniques

Effective profiling and diagnostic instruments are crucial in an integrated system, both for targeting scarce resources and appropriately identifying the services that best meet the needs of the client. This typically requires multidisciplinary teams. Joint development of diagnostic tools for identifying multiple employment barriers is helpful. 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 case processing. While leaving discretion to individual members of staff, it is helpful to issue guidance on the integrated delivery of employment services and social services (see Bradshaw, 1979, on the debate about discretion).

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, guidance in pairs is an interesting practice that is likely to achieve good results, although it is resource intensive.

- **Combining services with effective ALMPs**

It is important that the integrated delivery of social services and employment services can rely on a variety of effective ALMPs and activation strategies and can flexibly combine ALMPs as suited to the needs of the client. Specific attention should be paid to rehabilitation programmes, as mental and physical health problems are common among income benefit recipients.

- **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 levels to match increased autonomy. It also typically requires new competencies for front-line 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. If these skills are missing or inadequate, capacity-building at the beginning of the implementation stage will need to be considered.

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 occupational doctors, help to develop a comprehensive view and to overcome differences in organisational culture.

- **Outsourcing**

Outsourcing is a way to implement a comprehensive approach (in cases where private entities and NGOs specialise in dealing with complex problems and where they employ multidisciplinary teams) to overcome institutional fragmentation and/or limited institutional capacities at PES and public social-services institutions. Contracting and monitoring outsourced services demands a high level of management capacity in public sector institutions. In order to be implemented successfully, 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 quasi-market created.

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

- **Developing IT infrastructure and data management**

Ideally, new IT systems should be introduced to allow data transfers between agencies. The creation a new IT system or the integration and harmonisation of existing IT systems needs to address a number of challenges, such as overcoming technical barriers, solving data privacy issues and overcoming differences in institutional culture that include as many agencies as relevant without adding too much complexity (see the Basque Country (Spain) good practice of establishing a shared IT platform). 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, such as through interviews and virtual noticeboards, 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 and include the type and timing of services provided.

A shared website can be a first step towards co-location as it can pool information from several agencies and provide online 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 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 where autonomy is guaranteed by a 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, cooperation between agencies and institutions, in particular the PES and social services, and cooperation between different services within each institution or agency are paramount.

- 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 change in the usual service offer, it is also useful to develop a good communication strategy towards the service user to make that person understand why it is important to participate in a scheme that provides integrated delivery of social services.

7.1.4. Phase 4 — Monitoring and evaluation

- Regular, detailed and harmonised data collection

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 and regular analysis and 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 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. In order to preserve anonymity, these cannot be directly linked to client-level data. However, the surveys may collect additional information to identify relevant client groups (for example, short-term versus long-term unemployed persons 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 solution is to harmonise the separate systems to ensure comparability and consistency.

There is also 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 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 among clients, it is important that these indicators are made available and broken down by the relevant subgroups, such as insured unemployed persons, long-term unemployed persons or jobseekers with complex needs.

It is recommended that discussions on monitoring and evaluating results, and on 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 numerous actors. It 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 evidence as regards the effective design of integrated services is scarce, it is important to approach the setup 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 nationwide implementation.

Conducting process-oriented evaluations is important to understand strengths and weaknesses of current cooperation procedures and processes, and 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 account 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 scheme 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 account for the observable differences between the pilot regions and the other regions, such as the unemployment rate, the composition of clients and the initial conditions within the service provider organisation). The United Kingdom 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 positive outcomes may be compared to costs, but caution should be exercised here, as positive outcomes often accrue only in the long term, while some 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.

7.2. RECOMMENDATIONS FOR THE EU

Regularly encourage Member States (MS) to provide effective integrated social services when providing minimum income in order to ensure the active inclusion in the society and the labour market of people in vulnerable situation, in particular by:

- Creating a regular EU-level platform for discussions and peer learning between the existing EU-level networks of social and employment policy. Such a platform may also ensure that a wider holistic perspective is available when new EU-level initiatives are being considered.
- Focusing research and mutual-learning efforts on under-studied areas, such as outreach activities of PES and social services for those not claiming any form of social benefit, and particular aspects of effective service integration, such as measuring service quality, qualitative evaluation methods, allocating resources across service units or designing cooperation incentives.
- Continuing the incentives and the provision of methodological support to Member States for conducting counterfactual impact evaluations, cost-benefit analyses and appropriately designed piloting. Such efforts can improve efficiency and contribute to accumulating reliable evidence on how to design effective service-integration reforms.
- Encouraging the use of mutual learning, studies and evaluations in designing funded reforms by the European Structural and Investment Funds (ESIF), and support Member States in identifying the practices that may be transferable, given the national institutional context and policy goals.
- Continuing promoting service integration in Member States and candidate countries using the Semester process, accession criteria and ESIF funding.
- Continuing the provision of ESIF resources for pilot schemes and upscaling reforms to improve interinstitutional cooperation structures, in particular via investments in IT platforms that enable more effective exchange of information. Encourage MS to 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 in implementing and effectively managing integrated systems.
- Continuing promoting the systematic linking of service-provision data systems to administrative databases as regards the MIR 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 implementing 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.
- Launching a regular ad hoc module in one of the EU-supported surveys, such as the labour-force survey or SILC and/or the mutual-learning programme (MLP) database, in order to collect information on the use of social services and employment services in more detail than is currently available (for example, on visiting PES or municipal social service units, on participating in individual or group counselling). Given that the target groups are relatively small, this may require an increased sample size. 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.
- Reviewing existing obstacles to combining investments in infrastructure and staff capacity within ESIF projects and putting forward possible ways to remove said obstacles.
- Continuing promoting dialogue with civil society organisations, in particular by involving vulnerable groups (and their representatives), in designing and monitoring integration reforms to encourage more investment and improve the effectiveness of interventions.

- Considering the increase of EU funding directly allocated to NGOs in the social-services sector, in particular those that provide highly specialised services for vulnerable groups. This may contribute to a substantial increase in such capacities and in the quality of services provided, especially if it is combined with capacity-building in umbrella organisations that provide quality assurance and management support.

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The IDSS country studies were prepared in the context of the present 'Study on integrated delivery of social services aiming at the activation of minimum income recipients in the labour market – success factors and reform pathways' VC/2016/0604 (summaries are provided in Annex VI to the present IDSS study – full versions (working papers) are available at www.idss-conference.eu)

- *IDSS country study Austria* by Nadja Bergmann, Lisa Danzer and Bettina Leibetseder, IDSS country experts Austria.
- *IDSS country study Flanders (Belgium)* by Dominique Danau and Florence Pauly, IDSS country experts Belgium.
- *IDSS country study Denmark* by Bent Greve, IDSS country expert Denmark.
- *IDSS country study Finland* by Robert Arnkil and Sari Pitkänen, IDSS country experts Finland.
- *IDSS country study France* by Nicola Duell and Danielle Kaisergruber, IDSS country experts France.
- *IDSS country study Germany* by Michael Fertig and Philipp Fuchs, IDSS country experts Germany.
- *IDSS country study Ireland* by Mary Murphy, Amelia Dulee-Kinsolving, Anne Eustace, Ann Clarke IDSS country experts Ireland.
- *IDSS country study Portugal* by Amilcar Moreira and Leonor Rodrigues, IDSS country experts Portugal.
- *IDSS country study Romania* by Diana Chiriacescu, IDSS country expert Romania.
- *IDSS country study Slovenia* by Martina Trbanc, IDSS country expert Slovenia.
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