

English summary
of Fafo-rapport 2021:35

Welfare services for young adults

Work assessment allowance and
The qualification program for
young adults outside work and
education

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Qualification program = KVP

Work Assessment Allowance = AAP

Work Capability Assessment = arbeidsevnevurdering

Reduced work capacity = redusert arbeidsevne

Young people may qualify for different types of benefits and activation measures from NAV (the Norwegian frontline welfare service). This report focus specifically on the young unemployed who are the furthest away from the labour market, namely young people with reduced work capacity. These young frequently receive two types of follow-up services: work assessment allowance or qualification programme. A large majority of young persons with reduced work capacity receive work assessment allowance, which is a state funded, temporary health benefit. Approximately 27 000 persons between 18 and 29 years received work assessment allowance in June 2021. The use of qualification programme to young users are considerably lower, and the use has gone down over the past years. The qualification programme is municipal and per 31.12.2020, approximately 2600 young between 18 and 29 years participated. It has been argued that the use of the qualification programme to young people should be increased. It is assumed that a more widespread use of the qualification programme will provide opportunities for closer follow up services, more targeted activation measures and consequently an improvement in successful work transitions for young persons, compared to the use of work assessment allowance.

The aim of this report is to generate new knowledge on the use of work assessment allowance and qualification programme to young unemployed under the age of 30 with reduced work capacity. The report has six research questions, within some selected themes. The first theme is about assessment related *to the right and access to the two benefits*:

1. What factors impact the decision to assess young unemployed for whether they qualify for either work assessment allowance, the qualification programme, social assistance or other benefits or types of follow up measures?
2. To what extent do NAV employees assess the regulations for work assessment allowance and qualification programme as clear or unclear?

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Over the past years the rules regulating the work assessment allowance, the qualification program and the social assistance for youth have been altered. We therefore ask:

3. Are the changes in regulation of social assistance, work assessment allowance and qualification program altered the assessment of who qualify for the work assessment allowance and the qualification program among young?

In addition to how users are distributed to different benefits, and who qualifies for what type of benefit, an important research question in the report concerns the situation of the users, what type of life situation they are in, what possibilities they have for finding a job and what type of *follow-up services* they receive from NAV. We ask:

4. What are the most important barriers against moving towards work and education for young persons who receive either work assessment allowance or participate in the qualification program?
5. What similarities and differences in the follow up from NAV may be identified between users receiving work assessment allowance and qualification program respectively?
6. Which factors are decisive for the type of follow up services that young persons with reduced work capacity receive from NAV?

In the report, we explore the design and the practices of work assessment allowance and qualification program, the impact of changes in regulation, and whether the two arrangements contribute to increased transition to work or education for young unemployed with reduced work capacity. We also explore the impact of factors such as the financial position of municipalities on the use of qualification program. In addition we look at the use of different activation measures and type of follow-up services. An important part of this is to identify factors that may either contribute to opening up for or hindering work transitions from the two arrangements among young users. In the closing part of the report, we discuss whether there are any ways in which the benefit structure or follow up services to young recipients may be altered. We suggest new ways of organising income security benefits and follow up services to young people, without having to focus on health issues or limitations such as “reduced work capacity”, which tend to become the focus today.

In the report, we use different data sources. These are described in chapter 2. We have group interviews with NAV front line staff from different NAV offices. We explored, amongst other things, which factors that contribute to which young people ending up receiving either work assessment allowance or participate in the qualification program, and what assessment the front line staff make when

assessing young for these benefits. We have also carried out individual interviews with NAV leaders, where we asked about the organisation of the follow-up work of young people in the NAV office, when the qualification program is used, and what factors, if any, that limit the use of the program. The qualification program is a municipal measure, and we therefore have interviewed municipal councillors to obtain more knowledge on how the municipalities manage the NAV offices. What financial frameworks does the municipality have to operate under, and in which way may these limit the use of the qualification program? Furthermore, we have carried out a survey to NAV front line staff (who in their daily work have users who either receive work assessment allowance, qualification program or social assistance), and a survey to NAV leaders and NAV middle managers where we address what assessments they make regarding the two benefits. Finally, we conducted a limited literature review, which is an important part of answering research question 4. We looked at previous literature, and which barriers to employment for young people that previous research has identified, and what measures may be taken in order to improve labour market transitions for young people on work assessment allowance and in the qualification program.

In chapter 3, we present the findings from the literature review and we look at what previous research has identified as the most important barriers against work for young recipients of work assessment allowance and qualification program. We find, first, that different *individual characteristics* may act as a barrier. Young with reduced work capacity often have health problems, in particular mental health problems, low education or low competencies, and these may, in themselves, act as considerable barriers against work, for the group. We also find that low self-esteem may be a barrier against finding and retaining work. Furthermore, because of health problems or other challenges, a number of young with reduced work capacity find it difficult to display stable working capacity over time, to an extent that this becomes a barrier.

Second, we stress that the labour market and the relationship to or with an employer as important is this respect. Young recipients of work assessment allowance or qualification program encounter several challenges related to employers and the labour market. A barrier for successful work transitions is lack of positions for low skilled workers in the labour market. Moreover, the higher the unemployment rate in a specific labour market, the more difficult it is to succeed with work transitions for this group as the competition for available positions increases. Young persons with reduced work capacity have to compete in a labour market where there are many other young competitors with better qualifications, and who hold longer educations than they do. It is therefore reason to believe that many in this group encounter a *productivity barrier*. Because of health challenges and lack of education, they are, are assumed to be by employers, less productive than their competitors in the labour market.

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Lack of ability and willingness amongst employers to accommodate for young unemployed with reduced work capacity curb labour market transitions.

Furthermore, some studies show that employers discriminate against certain groups of employees that hold a lower employment rate, such as disabled, some immigrant groups and young people receiving NAV benefits, which is the group we are interested in this context. They then encounter also an attitude or discrimination barrier to work.

In chapter 4 we describe the organization of service provision in the NAV office, and how NAV meet and follow up young users on work assessment allowance or in the qualification program. In line with the strategy of authoritative NAV offices, we find some local variations in how the follow-up services directed at young users are organized. Still, there are some common features in the organization. Many of the NAV offices have their own youth teams, something that signals that the NAV offices are adhering to central government formulated steering signals, and that young is a prioritized user group in NAV, and also that there is to some extent a need for more specialized services directed at young users.

At many of the NAV offices there are for instance separate work assessment supervisors and own qualification program supervisors for young people. The 'journey' of young users in the NAV organization is determined by how the offices are organized. If the organization follows the effort category ('innsatskategorier'), then the supervisor often have a good overview of measures and collaboration partners, but it also often means that users have to change their supervisor if the user changes the 'effort category'. The use of youth teams opens up for a form of specialization, with collaboration within the team, and between the team and other stakeholders. However, it also increases the need for supervisors to be able to collaborate within the office about the same users.

In chapter 5 we take a closer look at what is decisive for whether a young person is assessed for either work assessment allowance or the qualification program. We find that it is the demand to have reduced work capacity because of health issues that is decisive for an assessment of work assessment allowance, but also the 'social benefit act' (folketrygdeloven) plays a crucial role. NAV are obliged to investigate whether a person may have rights according to the social benefit act, before they assess other possible benefits. This again lead young onto the track for becoming work assessment allowance recipients, if the supervisor suspects that there might be a health issue of some sort. Before work assessment allowance is granted, a work capability assessment has to be carried out. The fact that many young people register as unemployed without having a specific medical diagnosis, and that a proper health assessment has not been previously been carried out, means that the NAV supervisors spend a lot of time to gather health documentation, before young people may receive the work assessment allowance. This also results in that the follow-up work from NAV is marked by focusing on

the health limitations of young unemployed rather than their resources and capabilities. While some young may be in a 'grey area' between being eligible for work assessment allowance or the qualification program, and sometimes also are shifted between these two benefits, there is another group of young persons who clearly have considerable health challenges and therefore without doubt belong to the group that should have a works assessment allowance. Assessments of health challenges are complex and the competencies of both NAV supervisors and medical practitioners may impact on who is assessed for which type of benefit.

The questionnaire shows that the motivation of young people, and that they are deemed able to participate in the 37.5-week long qualification program, are important factors for whether a young person gets an offer to participate in the qualification program. We also find that factors related to NAV, and not to the user, are important for the assessments made. The knowledge of the supervisors about the qualification program, and whether they have enough time to do follow-up work, and that there are enough available places, are all factors that are assessed by the supervisors as important for the assessments they make for admitting young into the qualification program or not. Especially amongst supervisors that work in large NAV offices, they tend to rate 'available' places in the qualification program as an important factor.

In chapter 6, we look at the significance of the fact that it is the municipalities that finances the qualification program and that it is the state that finances the work assessment allowance for the use of the two benefits. Work assessment allowance and the qualification program are both individual rights that should be offered to anyone who meets the admission criteria. The municipalities are responsible for a number of welfare services to its inhabitants, and there is a fight for limited resources available. Seen for the municipal managers' side the municipality prioritize statutory services first. We find that NAV leaders work towards their administrative municipal leaders. They then try to create an acceptance for granting more available funds to the qualification program. Furthermore, even though the municipal councillor does not necessarily control in detail how means are spent at the NAV-office and how much the office spend on the qualification program, the NAV offices are still required to stay within a given budget limit. Many of the NAV leaders' experience they lack a control over this budget limit. A 'budget discipline' provided through budget limits entails that the NAV leaders have to prioritize how they spend the available means. Despite the qualification program being a statutory right, many of the NAV offices still operate with a fixed target figure for the number available places in the qualification program at a given time.

In Chapter 7, we investigate which groups of young people who could have participated in the qualification program, but who do not do so today. We find that many NAV supervisors fully or partially agree that there are many young cli-

ents at their NAV office who could have participated in the qualification program without doing so. Supervisors working in NAV offices in small or large municipalities express this in particular. When the supervisors are asked why they not use the qualification program more, they state as important reasons that they have other NAV measures that are better suited, that they do not have time for the close follow-up required, and that they do not know the qualification program that well. Finally, the survey shows that the NAV supervisors believe that young social assistance recipients could participate in the qualification program to a greater extent. Further, they also believe that young people without a completed upper secondary school, young people with social adjustment difficulties, and young people with undocumented mental illness, could be part of the program to a higher degree.

In Chapter 8, we take a closer look at the rule changes that have been made, how they are assessed, what they have meant for the use of the qualification program, the work assessment allowance and the social assistance with activity duty. We also investigate what impact the rule changes have had on the use of the AAP and the qualification program among young people. We find that the changes in the benefit level and the adjustment of the minimum level among young people mean little or nothing when it comes to the use of AAP and KVP. As the supervisors point out, the users may be entitled to social assistance as well, and then such small adjustments to make them equal do not matter. We find that the NAV leaders and supervisors largely experience that cutting the maximum time on AAP from 4 to 3 years has led to a faster clarification process, but also that this faster clarification more often leads to permanent disability benefits, partly due to time pressure. Thus, the change in the rules contributes to counteracting, rather than supporting, the main bar in this line of work, as the aim is to enable as many people as possible to participate in working life. Overall, the NAV supervisors state that the various changes that have been implemented concerning the work assessment allowance not are particularly useful for getting young people into work, which is the main goal. The possibility of using education as a measure at AAP is perceived positively.

The changes in the qualification program rules are to a greater extent perceived as positive by the NAV supervisors. It is easier to use the qualification program for young users when the supervisor can apply for them several times, and when education can to a greater extent can be included in the scheme.

Is it the case that the introduction of social assistance with an activity obligation means that this is used rather than the qualification program for young people? This study suggest that. At the same time, while the leaders, who have budget responsibility, experience that the introduction of the activity obligation is useful for getting more young people into work, much fewer supervisors experience it the same way.

In chapter 9, the last descriptive chapter of the report, we look at the follow-up young AAP recipients and young qualification program participants receive, and the important elements in order for them to receive the follow-up they get. Young AAP recipients receive work clearance measures, health care, work measures, educational measures, wage subsidies and internships. We further find that young AAP recipients' more than older AAP recipients' participate in measures to strengthen their social skills, rehabilitation measures, and measures that deal with life mastery. Measures that are often used for young participants in the KVP are to a greater extent a mixture of work-oriented measures, and various life skills measures. When compare the measures KVP participants receive with measures used for AAP recipients, the measures in KVP seem to be more work-oriented, while the AAP recipients to a greater extent receive various health-related treatment offers in the health care system, outside the NAV supervisors' control. They are thus in another track, and the interaction between the NAV supervisor and the health services around the coordination of work-oriented and health-oriented measures seems demanding. It may seem that the work-oriented measures come in the background during the period in which the ability to work is clarified, and this can take a lot of time. This means that the AAP tracks are largely governed by assessments, diagnosis, treatment and rehabilitation within the health service, and to a lesser extent by a work-oriented follow-up led by NAV. In the qualification program, it is the NAV offices themselves, together with the user, who set up a weekly program. NAV is thus more involved in the follow-up of young people in the qualification program than in AAP. It is also a finding from the study that the NAV offices often establish their own, municipal measures for young people. Participation in these municipal programs is emphasized as positive because NAV then avoids having to use work ability assessment to place users in an activity, and they avoid formal requirements such as a full working week, as required by the qualification program. The users in the municipal programs mostly receive social assistance as a benefit.

This balance, and succeeding with work-oriented follow-up together with follow-ups in the health services, is demanding. The process of documenting that the reduced working capacity is so large that the young people are qualified for AAP requires a lot of documentation and time. There is a lot of waiting time, and the focus is largely on the reduced health, their reduced ability to work. At the same time as the AAP supervisors follow up many users, the qualification program is clearly less passive, as it always has a full week of various scheduled activities. The follow-up from the NAV supervisors is much closer; a lot of time is used per participant. Part of the success of the qualification program do probably lie in the fact that the users have been selected, that the participant must be motivated and able to participate for a full week, and that they receive fairly close follow-up from NAV. Not all other young users receive such close follow-up,

and the fact that the qualification program must include a full week means that many young NAV users, whether they receive AAP or social assistance, often are not perceived as possible participants in the qualification program.

A starting point for this project was to investigate more thoroughly whether there are opportunities to increase the use of the qualification programs among young people, as suggested, among others, by the recent Employment Committee. We find that the requirement of having reduced working capacity due to illness or injury move young people into AAP. We also find that despite much positive feedback regarding the qualification program, the reality is that few young people participate in the program now. It is important to find new instruments in the work inclusion of young people who to a greater extent “break” the link between the type of income security, and reduced ability to work due to health challenges. Based on the findings of this study, we propose that a new social security scheme should be established for young people. A “youth wage”, which does not have health challenges as an entry requirement. Such a scheme can provide more stable income security for young people, people who have no other rights to income security than social assistance or AAP. With a form of youth pay, NAV does not have to “drag” young people through a work ability assessment that often ends with AAP, and with an excessive health focus in the follow-up of young unemployed people. We propose that the establishment of a youth wage should be linked to close follow-up on the part of NAV, as well as access to most measures in NAV, including education. Time for follow-up and education as measures are the two most central conditions NAV employees highlight as positive elements in strengthening the youth follow-up. The purpose of the proposal is to provide a ground for close follow-up of young people, with stable income security, and to turn the follow-up of young unemployed people away from young people’s ill health and onto young people’s opportunities and resources in working life.

Furthermore, we find that there is a group of young people who have extensive and long-term health challenges, and who should be within the AAP track. For this group, we propose that NAV look more closely at how the follow-up of young people can be developed and how the collaboration between NAV and the health service can be improved.