

IDSS COUNTRY STUDY

FINLAND

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Section I: Summary¹

1. Key features of the LAFOS reform

The Labour Market Service Centre reform (LAFOS) aims at setting up a joint service between state PES, local municipalities (especially social services) and National Insurance services (Finnish acronym Kela, responsible for many basic supports in Finland) for people facing multiple difficulties in relation to the labour market and under threat of social exclusion.

The broad background for the need of a LAFOS reform is the persistent long-term (LTU) and chronic unemployment, which was a consequence of the economic downturn in the first half of the 1990-2000 decade. General unemployment soared from 3% in 1990 to 17,4% in 1994, worsening the economic crisis and resulting in severe long-term employment problems, is still currently felt in Finland.

The main reason for launching the LAFOS reform was the need to combine employment, social, health and educational services in the face of prolonged and complex LTU situations, which could result in social exclusion and income difficulties. There was a need to find a service concept which would have positive impacts in terms of activation and well-being of individuals as well as the economy. In the last decades, several government initiatives and reforms have been launched to streamline the complex social benefit and service provision systems in Finland, with limited results so far.

Responding to these challenges through the National Insurance (Kela) traditional rehabilitation services also proved difficult. Municipalities were experiencing growing difficulties in their economy, as they bore an important share of the costs resulting from prolonged unemployment in terms of social and health problems, as they are the last resort and safety net for people. The traditional model of providing rehabilitation activities in municipalities was not functioning well enough either.

Importantly and typically for a Nordic country, local authorities and municipalities, are fundamental to Finnish governance, bearing broad responsibility and enjoying high autonomy. Thus, it was important to find new ways to increase effectiveness in these services, with a strong involvement of not only PES but of local authorities.

¹ Key abbreviations used in the text: MEAE = Ministry of Economic Affairs and Employment, MSAH = Ministry of Social Affairs and Health, Kela = National Insurance, KL= Finnish Association of Local and Regional Authorities

The economic and social pressures reflected the tensions between the state and local authorities, as employment services and ALMP measures have mainly been provided by the state PES, and other assistance through a complex network involving local authorities, National Insurance, and voluntary (third) sector and private providers.

The beginnings of LAFOS can be traced back to the beginning of 2000, when government discussions focused on how to deal with the rising costs of prolonged unemployment (this had been discussed earlier, but the discussions eventually leading to LAFOS can be traced to about 2000). To explore the possibilities, in a typical Finnish government reform tactic, 'joint service experiments' were launched, eventually leading to the setting up of LAFOS in major towns and sub-regions in 2002. This joint service was based on a voluntary agreement between the Ministry of Employment, the Local Authorities (represented by the Association of Finnish Local and Regional Authorities) and National Insurance. In 2015, a law on LAFOS was passed, clarifying its tasks and position although LAFOS is still led and financed by the association of the three institutions.

In the period 2000 – 2017, Finland has had eight national governments, and five different employment ministers from four different parties. The leading political initiatives have come from the Social Democrats, and Social Democratic Employment ministers.

All the governments from 2000 until 2015 have had a broad political base, most of the time with Social Democrats, Centre Party and/or Conservatives in government, as well as smaller parties. This has provided a certain amount of continuity for the LAFOS reform until 2015. In 2015, a new Centre-Conservative government took office, with radically different plans concerning social, health and employment services – a broad privatisation plan – which might have major consequences for LAFOS, to a point where there might be a discontinuation of this joint service.

The tension and debate around LAFOS has not been primarily political, however. The economic pressures have manifested more as an institutional tug-of-war appeared on how to divide the responsibility and cost between state (PES) and local authorities for people on the lower unemployment benefits, who typically were either LTU or new entrants to the labour market facing difficulties. This institutional tug-of-war has characterised the entire LAFOS reform period.

In practice the reform has been led by the Ministry of Employment, in collaboration with the Finnish Association of Local and Regional Authorities (Kuntaliitto, KL). Social partners, the Association of the Unemployed and third sector actors have been involved and consulted along the way. A joint ministerial steering group and working group were set up, involving the Ministry of Employment, the Ministry of Health and Social Affairs, KL and Kela. At the regional and local level, state driven PES and municipalities, together with local Kela offices, and other local actors have been the practical implementers.

It is very difficult to assess the results of the reform in precise and 'strong' terms (like open market employment, or cost effectiveness, improved health or other). The reform itself and the structures regarding the reform are complex. The time-span under consideration (2002 – 2015 in particular) is long and contains major ups and downs of the economy and employment, especially the 2008 global crisis, which had a major impact in Finland. There have also been changes in the goals and directions of the reform and the criteria for LAFOS services.

All this makes it difficult to assess the distinct impact of the reform. Nevertheless, several studies and evaluations point to positive impacts in terms of better cooperation of public employment, social and health services, something that could be called 'systemic results' of the reform process. The results are probably most significant where local authorities are concerned. Employment issues have risen on the strategic agendas of local authorities, and services for the more deprived and long term unemployed have become more consistent and holistic. The whole story of LAFOS is about trying to defragment the otherwise complex and fragmented services for people with multiple social, economic and health problems. The success in this complex task has been only partial, but positive and significant.

2. Driving forces, success and failure factors of the LAFOS reform

The basic driving force has been the economic pressure on public services, particularly the municipalities. The other driving force has been the attempt by several national governments to reform and streamline the complex services and benefit systems for people with multiple social, economic and health issues. The severe LTU problem, a chronic LTU problem in fact, has resulted in dead-ends in services, where people, despite ALMP measures and rehabilitation, have not been able to return to the open labour market.

One success factor in the LAFOS reform is the highly consensual Finnish way of introducing and running reforms. Although the reform has been initiated by the Social Democrats and the Left Alliance, also the Centre party, its power base in the municipalities has played an important role in supporting the initiative. Other parties, The Conservatives, the Greens and others, have been more passive, but not opposing either, to the reform. The flipside to this consensual politics is often the insufficient determination and power to drive reforms through to a definite execution and success. Additionally, the issue of employment and social exclusion tends to be rather low on political agendas of most parties, where the economic, export and innovation dominate the debate.

The other success factor is the broad institutional base of running the reform. The Ministry of Employment, the Ministry of Health and Social Affairs, the Finnish Association of Local and Regional Authorities, the National Insurance, social partners, voluntary actors, regional actors, municipalities and others, all have participated, either directly or indirectly, in initiating, running and commenting the reform. The flipside to this broadness is complexity,

and difficulties to overcome the turfs and silos of such a multi-faceted reform. Also, the Ministry of Employment was criticized, particularly from the point of view of the Local Authorities, for dominating the debate. The LAFOS reform was until 2015 based purely on a voluntary cooperation agreement between MEAE, MHSA, KL and Kela, which of course made it vulnerable to changes of political wind.

A third success factor is the experimental culture of introducing and running reforms in Finland. If a reform includes political or institutional tensions, the solution usually is to launch experiments to explore and pave the way. It was also the case for the LAFOS reform. This is helpful to avoid getting stuck in a tit-for-tat political debate, but it also has a flipside. At times, experiments are launched only for the sake of appearance, when in fact the political decision has already been made. In the case of LAFOS however, the experimentation has been more real and open.

ESF funds have played an important role all along, providing a platform for experimentation, particularly concerning the cooperation challenges confronting the LAFOS reform. In the ESF projects a lot of attention has been devoted to developing the so-called intermediary labour markets (ILM), i.e. intermediary activation solutions for the more deprived, with the hope of eventually leading to sustained employment. Unfortunately, the ILM has too often turned out to be a cul-de-sac, which is also the case with LAFOS.

A problem has been the complexity of the reform, and the difficulty to draw unequivocal conclusions from the experimentation to take decisions. In the services for the more deprived and people with multiple problems often the results unfold over a long period of time, going through intermediary results, such as an improved health, motivation and employability. But political agendas are quite short term, and economic pressure calls for quick fixes and employment results. This was apparent also for the LAFOS reform, where proof of impact was rather hard to find, as most of the results are 'systemic', i.e. improved cooperation, a soft result, which would need to be sustained with hard facts in terms of employment and other results.

3. Good practices and dissemination possibilities in an EU context

Good practices do not necessarily travel easily, even within countries, let alone between countries, where structures, cultures and actors differ. To benefit from the experience of such a complex reform as LAFOS in other national contexts, an organisational learning process is needed, where something similar – mutatis mutandis – to the supportive structure of LAFOS, would be needed. The supportive structure consisted of a multi-ministerial steering group (with a leading role of MEAE), a working group, regional-local workshops and information tours, peer learning between local LAFOS services and continual consultation offered by MEAE and KL. A part of the supportive structure was also the extensive use of evaluation and research, which was given an active role to benefit from research findings

while running the reform, and not only ex post. To support the reform process, KL published an 'Employment Cookbook', where good practice examples ranging from strategic steering to front-line services were spelled out.

LAFOS has been about providing a more holistic and cooperative service for people in need of combined employment, social and health services. The most important results have been the increased local-regional cooperation of PES, municipalities and Kela, as well as other actors in the localities, with most significant results probably in the municipalities. So, the most important good practice is at the systemic level, not in the details.

The first good practice concerning the municipalities in particular, has been on the strategic steering level, where employment issues have been pushed to the top of municipalities' agenda. It has also shown that employment issues are complex and at best dealt with in clear partnerships. It was demonstrated in LAFOS that the best results were achieved in those municipalities where strategic and cooperative agendas were defined.

Another lesson learned is that developing a clear one stop shop service offering support from the initial contact, through need assessment and coaching to after placement. This is of course good advice for any service, but in LAFOS working on the 'service chain' was a key issue. It meant working in pairs as an employment officer and social worker (and health worker when needed). It meant flexible use of needs-based services such as debt counselling, job search coaching, upskilling, rehabilitation etc. In many cases, customers were drawn to the services via focus groups.

Another good practice, probably relevant for many EU contexts, was collecting the odd bits of temporary work and 'gigs' into LAFOS and assembling them into a more comprehensive offer of work, otherwise these small snippets of temporary work are difficult to handle by the individual and are not attractive as a work assignment. Similar work is done for instance in Taskrabbit².

² <https://en.wikipedia.org/wiki/TaskRabbit>

Section II: Detailed description of the reform episode

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1. Setting the scene

1.1. The broad socio-economic and political context

The broad background for the need of a LAFOS reform is the persistent long-term (LTU) and chronic unemployment, which was a consequence of the economic downturn in the first half of the decade 1990-2000. General unemployment soared from a 3% level in 1990 to 17,4% in 1994 resulting in an economic crisis and a severe long term employment problem, still felt in Finland.

The main reason for launching the LAFOS reform was the need to combine employment, social, health and educational services in the face of prolonged and complex LTU problems of people, resulting in social exclusion and income difficulties. There was a need to find a service concept which would have better results in terms of activation, well-being and the economy. In the last decades several government initiatives and reforms have been launched to streamline the complex social benefit system and service provision in Finland, with so far only very partial results.

The beginnings of LAFOS can be traced to government discussions on how to deal with the rising costs of prolonged unemployment in the beginning of 2000. To explore the possibilities, in a typical Finnish government reform tactic, joint service experiments were launched, eventually leading to setting up LAFOS in major towns and sub-regions in 2002. This joint service was based on a voluntary agreement between the Ministry of Employment³, the Local Authorities (represented by the Association of Finnish Local and Regional Authorities) and National Insurance. In 2015 a law on LAFOS was passed, where its tasks and position were clarified, but it is still led and financed from the three joining institutions.

1.2. The activation and poverty alleviation agenda and other relevant political issues

The challenges posed for services and social benefits by people with multiple and interrelated problems of employability, skills, motivation and health have been on the political agendas of national governments through ages. The problem has defeated several attempts and governments.

One permanent topic has been the need to streamline, incentivise, simplify and make more effective the complicated social benefit system. The most recent attempt is introducing a *Universal Basic Income* (UBI) in Finland, which is one of the strategic spear-head initiatives of the present Centre-Right National Government. In the Government Programme UBI is seen as a measure to renew social benefits to be better adjusted to the changes in working life, increase the incentive to work and active participation, and to contribute to streamlining the whole benefit system, which now creates several income-, incentive and bureaucracy traps. The UBI is presently being explored by an experiment – again a typical way to pave way for reforms in Finland.

The social security system – basic social benefits, unemployment benefits, housing allowances etc. – developed over the years, has become cumbersome and bureaucratic, riddled with overlap and incentive traps, where it is often not gainful to take up work vis-à-vis drawing benefits. So one of the big and persistent problems of Finnish unemployment and social benefits are incentive traps. The trap is when it is not profitable for an unemployed person to take up a job, as net income does not rise, or even diminishes. Several National Governments have tried to tackle these traps since the 1990ies by adjustments in taxation and social benefits, so far to only partial success.

³ Now called the Ministry of Economic Affairs and Employment (MEAE)

Various reforms on income have been introduced for people on disability pensions, and in salaried part-time work or as entrepreneurs. A special temporary law (in effect 1.1.2010 – 31.12.2016) was passed to encourage people on a National Insurance disability pension (maximum 740 € per month) to take up work. People in employment, or as entrepreneurs have a right for adjusted earnings-related daily allowance, if the work is part-time, or doing work on the side as an entrepreneur. A salaried worker can get an adjusted allowance if the work is less than 80% of a full time job.

From the beginning of 2014 a person getting an unemployment or housing benefit can earn 300 € per month without a reduction in the benefit. This 'protected income zone' has been proven to incentivise people to accept part-time jobs and gigs. On the other hand, it has changed the incentive trap so that now people have rather worked part-time drawing an adjusted benefit, instead of raking up a full time job. Single parents are worst caught in this trap, as child benefits start reducing with increased income.

1.3. A brief overview of the institutional setting at the starting point of the reform

In a typical Nordic way, local authorities, the municipalities, are a very important and strong part of Finnish governance, with a very broad responsibility (economic development, basic education, social, health and culture, infrastructure, joint municipalities in special health and further education) and high autonomy (local income tax covers about 50% of local budgets on the average, and is set by local council, the rest comes from national redistribution), so it was important to find new ways to increase effectiveness in these services, with a strong involvement of not only PES, but the local authorities. So social policy is mainly realised through municipalities. The other key actor in social policy is National Insurance (Kela), responsible for most benefits 'from birth to cradle'. PES is a state function, with regional offices.

1.4. A brief overview of the benefit system at the starting point of the reform

Earnings-related unemployment allowance

One may receive earnings-related daily allowance if

- you are registered as an unemployed job seeker at the TE Office
- you are a member of a Finnish unemployment fund
- you fulfil the employment condition, i.e. you have worked for a sufficiently long period before becoming unemployed
- you have been a member of an unemployment fund for at least 26 weeks before becoming unemployed.

Earnings-related daily allowance is granted and paid by the unemployment fund whose member you are. Usually, you can receive earnings-related daily allowance for 400 days. When you exhaust this, you fall to a Basic employment allowance, which is lower than the earnings-related one.

Basic unemployment allowance

The basic unemployment allowance is paid to persons who meet the work requirement for employees or self-employed persons when they become unemployed. The basic unemployment allowance is payable for a maximum period of 400 days.

Labour market subsidy

The labour market subsidy is intended for

- unemployed persons who enter the labour market for the first time or who have not worked long enough, i.e. do not meet the work requirement.
- unemployed persons who can no longer receive basic or earnings-related unemployment allowance since the maximum payment period for these benefits has been reached.

The labour market subsidy is means-tested, which means that the amount of the benefit is affected by your income as well as by your parents' income if you live with them in the same household

The unemployment benefit paid by Kela amounts to EUR 32.40 per day. The **municipalities** are responsible for means tested **social benefits**. **National Insurance**, Kela is responsible for **housing allowances**. You are allowed to earn 300 €/ month without a reduction to your unemployment benefits or housing allowance, i.e. there is a small 'protected income zone' to give and incentive to take up some work.

1.5. The main agents involved in managing the benefit system and providing employment and social services

- Unemployment funds (insurance agencies) are responsible for the earnings related unemployment allowance (you are usually a member of a labour union)
- National insurance Kela is responsible for the basic unemployment allowance and the labour market subsidy and housing allowances (and many family related benefits from 'cradle to death')
- Municipalities are responsible for means tested social benefits

1.6. Brief description of the institutional status quo before the reform

Before LAFOS, state PES, with a local-regional organisation was responsible for employment services and ALMP. Social, basic health, basic education and some work rehabilitation were provided by municipalities. Rehabilitation, housing allowances and family benefits were provided by Kela. ALMP, ESF projects and various employment, employability and activation measures and projects were typically joint efforts of the aforementioned, together with third sector actors. Although cooperation between the state PES and municipalities existed pre-LAFOS, it was unsatisfactory. The employment issues were not particularly high on the political agendas of municipalities (some municipalities were very active in employment issues, however). ALMP measures were purely a PES business, and not necessarily well synchronised with the municipality situations and goals. The decision power and funds concerning employment issue and activations was in other works split, and with a PES dominance.

The system of employment, activation, rehabilitation, upskilling etc., particularly for people with multiple problems, calling for a holistic, multi-actor and integrated service was complicated and overlapping, with often unclear responsibilities. The sources of funding and the management of services and funds for rehabilitation, employment, upskilling and ALMP came from many sources, which led to discontinuation and breakdown of services and income, and 'run arounds' for clients.

It is important to note that LAFOS covers only a rather small part on the total unemployed (about 5%) This can be seen in the stock figures of PES and LAFOS 2007 – 2016 (earlier LAFOS figures are not usable)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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LAFOS	17 647	17 732	16 630	16 408	22 433	22 337	22 681	22 756	22 876	23 466
PES	377 926	363 268	29 899	282 174	55 467	269 228	200 601	233 809	218 958	246 661

	Service provision in LAFOS before the new law 2015 (LAFOS figures from LAFOS database TYPPI)
Name of provision (benefit or service)	1.1.2007-13.4.2017 (taking here an example) On social benefit 3 648, employment benefit 4 076, earnings related benefit 5 880, other 12 060
Main purpose of the benefit/service	Long-term unemployed people with the need for multi-actor holistic service
Main access criteria (insured, means-tested, other criteria, e.g. age, family status, etc.)	Unemployed continuously over 12 months and in need of coordination of PES, social and Kela services
Target group and its size in proportion to total non-working active age population	in 2016 Pes 377 926 of which Lafos 17 647 (about 5 %)
Who is the main actor that determines the client journey?	PES, municipalities and Kela together, in practice PES has a strong role
Who evaluates claims for this benefit / decides on who can participate in this service (if the service is open to all, please indicate that)?	PES, municipalities and Kela direct separately and/together clients for Lafos - various ways for decision, not all have to be accepted, discretion left for LAFOS. After the law of 2015 all clients fulfilling the criteria (see the table later) have to be accepted
Who enforces the activation (job search, accepting job offer, etc.) requirements (if these exist)?	PES
Who decides on sanctions (in case of non-compliance)?	PES in employment benefit and municipalities in social benefit

Who pays the benefit / delivers the service?	social benefit municipalities and Kela, employment benefit Pes and Kela, earnings related benefit unions (unemployment funds)
Who provides the funding behind (e.g. local government using their own revenues or local gov. using a per capita subsidy from the central budget)	In case of PES and Kela government and in social and health services municipalities

2. Details of the reform episode (initiative)

2.1. Brief description of the initiative

The Labour Market Service Centre (LAFOS) is a reform of setting up a joint service between state PES, local municipalities (especially social services) and National Insurance (Kela, responsible for many basic supports in Finland). This is to overcome the fragmentation of services and institutional responsibilities concerning people in a vulnerable position, having multiple problems and whose unemployment is prolonged. The very first aims were related to the rising costs of long-term unemployment, and the burden it posed on public spending. The aim was to look for effectiveness and efficiency by coordinating state and municipality services better.

The rationale behind the initiative

The rationale in the beginning was to bring the otherwise separate state, municipal and Kela services under the same roof in order to defragment the services provided for people with multiple problems in relation to the labour market. The main reason for launching the LAFOS reform was the need to combine employment, social, health and educational services in the face of prolonged and complex LTU problems of people, resulting in social exclusion and income difficulties. There was a need to find a service concept which would have better results in terms of activation, well-being and the economy.

This goal also contained the seed of a tug-of-war between the state and local authorities. The municipalities are the last resort for income for people, who have otherwise dropped off employment benefits. So with prolonged unemployment, more and more people drop off the higher benefits, and have to turn to social benefits, which burdens the municipalities. As decision power, most measures and practices and ALMP funds are in the hands of PES, municipalities are left in a hampered position to have influence on LTU. This is a big question for the municipalities, as they had to pay 50% of the costs of the labour market subsidy after 500 days of unemployment (this was later shortened to 300 days). This is called an 'unemployment fine' for municipalities. As an illustration, in 2008 municipalities payed 9,5 meuros of this 'fine', and in 2014 already 16,1 meuros. So the municipalities have a strong interest in having more influence for people being activated and getting jobs.

There were difficulties in responding to these challenges also via National Insurance (Kela), with its traditional rehabilitation services.

2.2. Detailed description of the NEW system

	LAFOS provision after the new law on LAFOS (passed 2015)
Name of provision (benefit or service)	LAFOS service for people long-term unemployed and need of multi-actor holistic service
Main access criteria (insured, means-tested, other criteria, e.g. age, family status, etc.)	<p>Since 2007 persons who have received at least 500 days labour market subsidy, persons in risk of prolonged unemployment, persons to whom the basic services of Pes and municipalities are inadequate and who are motivated for Lafos -services</p> <p>Since 2010 persons receiving at least 500 days labour market subsidy and addition half of customers should be common to Pes and municipality</p> <p>Since 2015 Pes, municipality and Kela evaluate, is a person in need of multi-actor holistic service, if unemployed</p> <ol style="list-style-type: none"> 1) has received at least 300 days labour market subsidy 2) over 25 years old has been unemployed continuously 12 months or 3) under 25 years old has been unemployed continuously 6 months
Target group	<p>Since 2007 long-term unemployed persons receiving labour market subsidy and social benefit, and who need for employment services of Pes and municipalities, and probably also services of Kela</p> <p>Since 2010 unemployed persons, who need for employment multi-actor holistic service of Lafos. Also other unemployed if multi-actor holistic service of Lafos is estimated to prevent long term unemployment and exclusion from the labour market. Also youth who are long term unemployed or in risk of it and who need both Pes and social services.</p> <p>Since 2015 unemployed in need of multi-actor holistic service for their employment in</p>

	other words they need coordination of services of PES, municipality and Kela
Who is the main actor that determines the client journey?	Joint determination by PES, municipality social work and Kela
Who evaluates claims for this benefit / decides on who can participate in this service?	Joint determination by PES, municipality social work and Kela
Who enforces the activation (job search, accepting job offer, etc.) requirements?	Joint determination by PES, municipality social work and Kela
Who decides on sanctions (in case of non-compliance)?	Joint determination by PES, municipality social work and Kela
Who pays the benefit / delivers the service?	Depending on the situation either PES, social work and/or Kela
Who provides the funding behind (e.g. local government using their own revenues or local gov. using a per capita subsidy from the central budget)	Join funding by state PES, municipalities and Kela
Notes	

2.3. Context of the initiative: where did the idea come from?

The initiative to establish better cooperation of employment, social, health and employment and educational/training services for people in a vulnerable position in the labour market, and eventually set up LAFOS as a joint-service, comes from several sources.

The very beginnings of the LAFOS-reform was a cross-ministerial working group, in the beginning of 2000, led by the Ministry of Employment, with the task of finding new solutions to diminish persistent structural unemployment and LTU, in the aftermath of the 1990-2000 economic crisis. The original task was not to set up a joint service, but to reform the financing of labour market allowance (the lower level of unemployment benefit), i.e. divide the costs for the state and municipalities so that municipalities would bear more of the costs on unemployment, if they were not able to activate people.

This led to tensions and arguments between the state PES and local authorities, and eventually led to launching a pilot study in the form of joint-service experiments. This kind of a solution in the face of institutional (and political) tensions is typical in Finnish politics, i.e. launching an ‘experimental phase to pave the way for reform.

Another working group (‘From deprivation to participation’) mapped out what kinds of cooperation practices there were between PES and social work (municipalities). Inspiration came also from ESF-projects, and others, where joint service had been practices between PES and social work officials. This fed to the joint-service experiment.

Important individual figures in putting joint-service, and eventually LAFOS on the table have been Mrs. Tarja Filatov, Social Democratic MP, and the Minister of Employment 2002 – 2007, and the Deputy CEO of the Association of Finnish Local and Regional Authorities, Mr. Timo Kietäväinen, coming from the Centre Party. In the later phase of LAFOS another Social Democratic Minister, Mr. Lauri Ihalainen had an important influence in promoting new legislation to clarify and stabilize the position of LAFOS. The National Association of Unemployed were also active in promoting LAFOS, as were VATES (an association of disabled) and the National Association of Employment Workshops.

Influences at the time came also particularly from Denmark, which made employment a local authority responsibility. State and local authority people and MP:s from Finland paid visits to Denmark. Also there were several ESF-projects exploring what were termed as intermediary labour markets (ILM), where joint service was a central concept, and helped to pave way for the LAFOS concept.

2.4. The political decision phase: the actors

power \ interest	low	medium	high
low		Employers Unions	
medium		Labour Unions Other parties besides Centre and Social	Other Ministries Municipalities

		Democrats	
high	Association of the Unemployed Third sector actors	National Insurance Association of Local and Regional Authorities	MEAE MSAH Social Democrats Centre Party

The high interest and power categorisation given to MEAE, Social Democrats and the Centre Party is based on the fact that MEAE has traditionally been a social democrat dominated institution, and the key Ministers for introducing and supporting LAFOS were social democrats. Centre Party has its powerbase in the municipalities and is also strong in the Association of Local and Regional Authorities, KL, and has had an interest to strengthen the role of municipalities in employment and activation issues. The other parties have played a smaller role concerning LAFOS. The third and voluntary sector do have a keen interest in LAFOS, but their power, despite being given a voice in the LAFOS development, is nevertheless rather low. Their role has not been insignificant in practice, however.

2.5. The political phase: the actions

The tensions, debate and implementation in relation to LAFOS has had political dimensions, but not as apparently as between institutions, particularly MEAE/PES on the one hand, and municipalities on the other. Finland has several political parties, traditionally the Social Democrats, Centre Party and the Coalition Party (Conservatives) have been the biggest ones, with about the same share of seats (around 20% each), so the Government is usually set on either a Centre-Left or Centre-Right basis, plus smaller parties. Political shifts have tended to be rather small, and public officials in Ministries have strong influence on political content and continuation (‘politicians come and go, civil servants remain’). This LAFOS period has seen eight National Governments, with five different Ministers of Employment representing four different parties, but the social democratic ones have been the most active concerning LAFOS. So the strongest political input concerning LAFOS has come from the Social Democrats, supported by Centre Party and the Left Alliance.

The political parties on the left, the Social Democrats and the Left Alliance have traditionally identified more with the state-run PES, and with labour unions, who in turn identify themselves more with the interests of people on earnings-related unemployment benefits, so here is some ambivalence concerning LAFOS, as the clients of LAFOS are LTU and on Basic Unemployment Allowance.

The Labour Unions have been concerned about the possible crowding out of ‘normal markets’ consequences of employment subsidies, cheap labour and new training measures for the unemployed. The unemployment issues have never been high on the agenda of the employers, the Confederation of Finnish Industries, which has traditionally been in favour on cuts to unemployment subsidies and ALMP.

The political left has nevertheless been in favour of LAFOS-type joint-service reforms, and the LAFOS reform has been initially launched under the leadership of government and Employment Ministry led

by Social Democrats. The Centre Party, also an important player and traditionally on par with the Social Democrats and the Conservatives, has viewed the LTU and integration issues mainly from the position of local authorities, where it is a strong player, and has seen positive potential in LAFOS. The political right has never been particularly keen on ALMP, as they doubt that ALMP can result in disturbances and inflationary consequences in the normal market. But the political right and the Conservatives have never actively opposed the LAFOS reform, either.

So the LAFOS reform has thus never been a topic of an explicit political conflict, but rather of an institutional one, with political undercurrents.

All the governments from 2000 until 2017 have had a broad political base, most of the time with Social Democrats, Centre Party and Conservatives in government, coupled with smaller parties. This has provided a certain amount of continuity of the LAFOS reform. In 2015 a new Centre-Conservative government took office, with radical plans of privatising social, health and employment services, which can have major consequences for LAFOS, to a point where there might be a discontinuation of this joint service altogether.

As mentioned before, the employment, social, health, rehabilitation and training services and sources of income support have traditionally been fragmented, especially for people with multiple problems. There have been several attempts to streamline employment and social services, income support and rehabilitation in post-war Finland, but with only very partial results. Since the 1990-downturn, and with the prolonging and stagnation of unemployment, and the resulting burden on people and the economy, the pressures to deliver better results have been rising.

This pressure has reflected to tensions between the state and local authorities, as employment services and ALMP measures have mainly been provided by the state PES, and the others through a complex network involving the local authorities, National Insurance, and voluntary (third) sector and private providers.

This pressure has manifested as an institutional tug-of-war on how to divide the responsibility and cost between state (PES) and local authorities for people on the lower unemployment benefits, who typically were either LTU or new entrants to the labour market facing difficulties. This institutional tug-of-war has characterised the entire LAFOS reform period.

2.6. The designing phase: the actors

The first set of LAFOS were established 2002/2003 as a voluntary agreement of collaboration between the Ministry of Economic Affairs and Employment, Local authorities and National Insurance (Kela) in bigger cities and their sub-regions. The goal was to cover the areas where unemployment was highest, longest and most complex.

So no legislation or parliamentary process took place at this stage, but otherwise planning and preparation was broad-based. A national steering group for LAFOS, led by MEAE and with representatives from Association of Finnish Local and Regional Authorities, the Ministry of Social Affairs and Health and Kela was set up. The work of LAFOS was further supported by a group of bigger Finnish cities and a LAFOS network, which was further supported by MEAE by arranging meetings, workshops and training for LAFOS managers. Also representatives from Finnish Entrepreneurs participated in the working groups preparing the LAFOS reform.

The implementation of LAFOS on the local level was supported by the LAFOS management group and steering group, and a national LAFOS management group. National seminars and peer support were arranged.

Social partners were indirectly involved via in tripartite negotiations during the LAFOS-period, and representatives of the Association of Unemployed and VATES (Foundation for disabled) participated as supporters in working groups. The period 2003 - 2014 contained also a considerable amount of research and evaluation concerning LAFOS.

2.7. The designing phase: the decisions

This will be treated in detail in 2.9.2. describing the second phase of setting up LAFOS (2002-2014)

2.8. Who implemented the initiative?

This has already been treated in the chapters above. More details are given in 2.9.

2.9. Implementation process

2.9.1. First phase: Pre-Lafos joint service experiments (2000-2002)

The first phase was a pre-LAFOS joint-service (PES, local social service and National Insurance) experiments, which were evaluated, resulting in a recommendation of making this an official institutional agreement between PES (Ministry of Economic Affairs and Employment, MEAE)), Local Authorities and National Insurance (Kela).

The joint-service two-year experiment of PES, municipalities and National Insurance started in the beginning of 2002. The key goal of the experiment was to develop permanent joint service models for unemployed people on labour market subsidy. The goal was to promote employment, activation, work-ability and rehabilitation of this target group. The experiment was conducted in 18 localities with 25 service points, and the financing (and staffing) was divided 50-50 between state and municipalities. Kela would take care of its own costs. Participation of Kela was rather small in the beginning, but has grown all along the way. For MEAE, 8 meuro/year was assigned for their LAFOS. Municipalities were expected to assign a similar resource.

The quantitative goals were set as:

- 1) Minimum activation rates (as %), targets set regionally
- 2) A minimum of 60% of joint-service clients get a more stable solution than at start of service (primary goal as permanent employment to open market, other goals as vocational training, vocational rehabilitation, promotion of employability and moving to pensions)
- 3) Reduction in number of people on labour market support, and dependent on it for a long time

As qualitative goals were:

- 1) Rooting of a multi-professional work practice
- 2) Commitment of PES, municipal social work and Kela to a permanent joint service
- 3) Increase in customer satisfaction
- 4) Inventing new practices and services
- 5) Developing cooperation with employers and the third sector for joint service customers

- 6) Promoting local-regional development by rising employment levels and reducing structural unemployment
- 7) Getting employment on the local-regional strategic agenda

In 2002 there were 7000 customers in the experiment. The target group was sought and found by an iterative process. There were challenges in defining and delineating the target group, and to decide when does the service process end in joint service. These challenges led eventually to clarifications in the legislation of LAFOS (in 2015).

For PES the challenge was to position LAFOS in relation to its core and regular services, so that the joint-services would not end up as a structural cul-de-sac, and without an efficient contact to normal open labour markets.

Another challenge set of challenges derives from the fact that the joint-service is multi-sectoral and a network, calling for efficient network management. This has remained a major challenge throughout the different stages of LAFOS. The challenge was aggravated by the multiple principal-agent (orderer-producer) arrangements in the PES-local authority-third sector and private service structures.

It also became apparent already in the experiment phase that the service markets are very unevenly distributed across the country. From the viewpoint of the municipalities the experiment came about with a very short preparation period, even as a surprise. The resources for the experiment were distributed with a rapid time-table, and with PES terms. The activity was launched almost immediately, without a necessary period of preparing the actors and a joint activation and employment strategy. This meant that the experiment was initially profiled very much as an extension of PES strategy and goals. With time more a joint planning mode evolved. All in all, the resources available were much clearer on the centrally steered state (PES) side, vis-a-vis the autonomous and dispersed municipalities.

The experiment also revealed major challenges in synchronising PES, social work, health service, and National insurance management, information and data systems and work cultures. These have remained a challenge all through the later periods.

In 2003 a government working group got a positive assessment of the potential of the joint-service, and a decision to make the joint service permanent was written in the national government programme 2003. An independent evaluation of the joint-service experiment also recommended setting up and further developing the joint-service.

2.9.2. Second phase: Setting up LAFOS in major town subregions (2002 – 2014)

This is the key phase of implementing LAFOS before the new law on LAFOS in 2015. The first set of LAFOS were established 2002/2003 as a voluntary agreement of collaboration between the Ministry of Economic Affairs and Employment, Local authorities and National Insurance (Kela) in bigger cities and their sub-regions. The goal was to cover the areas where unemployment was highest, longest and most complex.

So no legislation or parliamentary process took place in this stage, but otherwise planning and preparation was brad-based. A national steering group for LAFOS, led by MEAE and with representatives from Association of Finnish Local and Regional Authorities, the Ministry of Social

Affairs and Health and Kela was set up. The work of LAFOS was further supported by a group of bigger Finnish cities and a LAFOS network, which was further supported by MEAE by arranging meetings and training for LAFOS managers. Also representatives from Finnish Entrepreneurs participated in the working groups preparing the LAFOS reform.

Social partners were indirectly involved via in tripartite negotiations during the LAFOS-period, and representatives of the Association of Unemployed and VATES (Foundation for disabled) participated as supporters in working groups. The period 2003 - 2014 contained also a considerable amount of research and evaluation concerning LAFOS, mostly in an action research mode, i.e. giving feedback while the reform was running, and not just ex post.

LAFOS was launched in bigger cities and sub-regions, where LTU and complex unemployment and social exclusion problems were most prevalent.

LAFOS also was set up as a part of the 2004-2006 reform of PES-services. The purpose of LAFOS (according to the national government programme) was to offer 'multiple support to unemployed, where present PES services are not enough', and they were supposed to act 'as an expert network for regional and local officials'. LAFOS was supposed to reduce structural unemployment, dependence on labour market support and social benefits and to rise the activation level of people on labour market support. The goals were distributed to PES and local authorities and discussed in national seminars arranged by MEAE. This investment in informing and processing the reform was an important success factor in the period 2003 – 2014.

The goal in the government programme was to set up 40 LAFOS and to rise the activation level of labour market policy to 30%. Setting up LAFOS was voluntary. Special funds were allocated in MEAE for the PES resource for LAFOS. In 2008 it was about 145 meuro. The condition was that the local authorities allocate the same number of staff to LAFOS as PES and cover 50-50 the running costs. MEAE chose on the basis of application where LAFOS was to be set. A key criterion for setting up a LAFOS was the number of people who had been on labour market allowance for 500 days. Altogether 39 LAFOS were launched and started working in 2004-2006. Although the whole process was dominated by MEAE, the municipalities were interested and willing to participate, as reducing benefit dependency and unemployment was clearly in their interest.

In 2006 the total cost of LAFOS (joint PES and municipalities) was 32 meuro, with altogether 650 officials, and the size of LAFOS varying from 100 to 4 staff. 52 PES and 161 local authorities (out of 330, so about 50%) were participating in LAFOS. The local authority staff were typically under the management of social and health affairs. 70% of LAFOS were steered by one person, and 30% as a joint management of PES and local authority.

About ⅓ of LAFOS customers were referred by PES, and the rest from social work and others. There were 12 700 customers in LAFOS in 2004, 20 600 in 2005 and then around 25 000 in the coming years. In 2004 - 2007 about 77-86% of the LAFOS customers were estimated to be 'hard to employ'⁴,

⁴ 'Hard to employ' has been defined as long term and repeatedly unemployed (also the term 'chronically unemployed has been used), people who return from ALMP measures back to unemployment, who 'run in circles'. According to the 2015 LAFOS law 'hard to employ' are those who have been unemployed for 500 days, and whose earnings related ue benefit right has been exhausted and they have dropped to the lower level of ue benefits

where in PES the share was 60% of job seekers. Share of women was 36%, under 25 years 16-18%, over 55 years 10% and disabled 34-38%.

Across LAFOS the number of customers varied between under 100 to 3000. LAFOS covered overall 80% of people who had been on labour market allowance for 500 days.

National customer criteria for LAFOS were confirmed in 2007. The task set for LAFOS was to assess the employability and work-ability of customers and to improve their labour market skills and employability. The primary target group were to be people who had been for a long time on labour market support and social benefits, and who were deemed to need the joint service of PES, municipality and Kela. On those on labour market support, the '500 day' customers were the priority. As a secondary target were people who were under the threat of prolonged unemployment, or to whom basic municipal social services were not enough. Also the motivation for LAFOS services by the customer themselves was emphasised, as also adequate possibilities to use the services in terms of health and social situation.

The customership at LAFOS was supposed to end when overcoming the obstacles in terms of work-ability no more needed close multi-actor collaboration between officials. The customer was to be referred either to PES or municipal social work if the customership had not ended for other reasons.

In 2010 the criteria were renewed, when national directions for LAFOS were established. The goal for LAFOS was now defined as supporting placement to the open market. One should refer those people to LAFOS who could benefit from the multi-professional service provided by LAFOS. The time-limit, with flexibility, for customership, was set for maximum 3 years. 50% on customers should be those who have been on labour market support for 500 days.

Also unemployed people, who could benefit from LAFOS in terms of preventing LTU and social exclusion could be referred to LAFOS. According to the regulation on the Youth Guarantee in 2010, also young people under the threat of protracted unemployment, and who need joint service, could be referred to LAFOS.

In the beginning the LAFOS wanted a lot of directions, because the joint service of PES and social work officials was new. Directives were supplied by MEAE by special letters, and training was given of customer criteria, procurement, data protection, and workshops were arranged.

The implementation of LAFOS on the local level was supported by the LAFOS management group and steering group, and a national LAFOS management group. National seminars and peer support were arranged.

In the LAFOS period 2003 – 2014 the LAFOS service process was set as (1) assessment period (defining service need and drawing up (or updating) an employment and activation plan, rehabilitation assessment as needed) (2) rehabilitation and guidance period (3) coaching and employment period (vocational training, subsidized employment, and others). The service can contain all three periods, or only an assessment or a guidance period. At the end it is assessed if the customer still needs the multi-professional service of LAFOS. This 'process model' served as the basis for the new LAFOS law of 2015, where it was then spelled out in detail.

2.9.3. Third phase: Municipality Employment Experiment - a stronger role for local authorities in employment and LAFOS (2012-2015)

While the LAFOS was being implemented in the bigger cities and municipalities, there was a change of government, and as a part of its programme a parallel experiment concerning developing services and local strategies to combat particularly LTU was launched by MEAE. The fact that a parallel experiment was launched illustrates the complexity and also the tensions and ambiguities of trying to find solutions for people with difficulties in relation to the labour market.

The Association of Finnish Local and Regional Authorities, and particularly bigger municipalities, emulating Denmark, wanted a stronger and more clear role in promoting employment, together with more authority on employment and activation resources (like ALMP). A national experiment termed 'Local Authority Employment Experiment' was launched 2013 lasting until 2015. The tug-of-war between the state (MEAE) and local authorities surfaced again, with the result that the experimentation was quite considerably watered down, with no actual shift of authority to local authorities. Also, the position of LAFOS in the experiment, especially in the beginning, was unclear, which again demonstrates the complexities of reforms concerning the more deprived end on the labour market and social exclusion.

So the experiment was launched as a joint activity of MEAE and the Association of Regional and Local Authorities as part of the new national government programme.

Applying to participate was voluntary and the criteria to be chosen were (1) the unemployment rate and the number of 'hard to employ'⁵ and LTU in the region (2) the goals set in the application (3) the commitment of actors for joint activity in the experiment. 26 experiment projects were chosen, with altogether 61 local authorities.

The goal was to reduce structural unemployment and to create and develop local partnerships for labour market integration, where local labour market and customer needs would be taken better into accord, where the local authority would take the leading role. Many of the participating cities wanted to integrate employment promotion better to economic development, and to lift employment issues higher on local authority agendas.

One goal in the experiment was also to promote LAFOS becoming a national service, covering the whole country. But no changes were made in the basic division of responsibilities or powers between the state PES and local authorities, which was a major disappointment for the local authorities, and in fact to a considerable degree watered down the experiment. The practical 'doings' (partnerships and multi-professional cooperation), in the experiment were in fact to a considerable degree similar, to what had already been done in LAFOS, so overlap with LAFOS was considerable. In the beginning the many LAFOS staff were rather demoralised by this overlap. With time the role of LAFOS and its work and practices were better integrated to the Employment Experiment, and the experiment was able to contribute further to the cooperation and merging of the working cultures of state PES and local social work in particular. As a result of the experiment some new services were made

⁵ 'Hard to employ' has been defined as long term and repeatedly unemployed (also the term 'chronically unemployed has been used), people who return from ALMP measures back to unemployment, who 'run in circles'. According to the 2015 LAFOS law 'hard to employ' are those who have been unemployed for 500 days, and whose earnings related unemployment benefit right has been exhausted and they have dropped to the lower level of ue benefits

permanent in some local authorities, like certifying acquired skills (i.e. skills developed in activation measures), and a service of further placement from activation work in municipalities to private companies.

In 2012 5 meuros was allocated of a special experimentation resource, and in 2013 – 2015 20 meuros/year, altogether 65 meuros.

The Municipality Employment Experiment was evaluated via an independent evaluation (Arnkil et. al 2015). The key findings were:

- Overall the Experiment was helpful in putting employment issues higher on the strategic agendas of municipalities
- Better cohesion and cooperation between employment and social integration actors was achieved
- The service process for LTU and people with multiple difficulties in entering the labour market was clarified, rationalised and enriched in many municipalities by developing a stage-wise procedure in activation and employment, by getting the different actors (case managers, job coaches, work-ability assessments, social work, National Insurance, health, training, NGOs) better integrated in the process.
- Participation of customers in service processes and development increased in some cases, where special customer panels were established, and in one instance a customer was hired to act as an experiential service designer/developer, collaborating with the different rehabilitation actors, and the city. Maintaining customer panels over time is a challenge, however.
- The position of LAFOS was first unclear in the experiment, which also demoralized the LAFOS service providers, but this improved later. The Experiment contributed to the further development of LAFOS.
- Upskilling issues were not treated enough, although examples existed
- No really strong conclusions on the impact on social integration and particularly employment can be drawn, but the so called Ranking-analysis by the evaluation pointed to somewhat better results in terms of combatting LTU in the areas where the experiment was conducted vs. those where not. As LAFOS is in practical terms dealing with similar issues than the Experiment, and was also a part of the Experiment, this finding gives some grounds to argue that LAFOS has had some positive effects concerning employment issues. This finding and the ranking analysis is further explained in the evaluation chapter of this paper.

The evaluation recommended continuing the Municipality Employment Experiment by deepening and strengthening the role of municipalities, also in LAFOS. This recommendation partly supported the next phase, legislating a new (first) law on LAFOS, which was intended to stabilise and clarify the position of LAFOS.

2.9.4. Fourth phase of the LAFOS reform: Legislation for LAFOS 2015 - 2017

Parallel to the experimentation, MEAE officials, with the support of the Social Democratic Minister of Employment, Mr. Lauri Ihalainen, together with Ministry of Social Affairs and Association of Local and

Regional Authorities officials, prepared new legislation to clear the position of LAFOS. Reflecting the wishes of local authorities, leadership of LAFOS was now prescribed to the local authorities. Until then, leadership was a 'joint task' between PES and local authorities, resulting in ambiguities. The bill was passed in Parliament 2015.

The new legislation on LAFOS was also spurred by the EU Council Recommendation of September 2015 On the integration of the long-term unemployed into the labour market, where it was recommended that single points of contact and multi-professional services would be established for people being unemployed for over 18 months⁶.

Passing the new legislation launched a new phase in LAFOS, as it now covered the whole country, and its purpose and tasks were more clearly spelled out, in order to make LAFOS more official, and not just a 'voluntary agreement', which had resulted in an uneven commitment of local authorities, and unclear funding of LAFOS. To support this new phase working groups and workshops both on the state and local levels were established.

Clarifying the tasks and position of LAFOS and securing its resources by passing a law on LAFOS, was a part of the new national government programme. The goal was to set up LAFOS across the country to make the multi-actor service accessible for people in need for it.

The criteria and procedures for customership stipulated in the law on LAFOS are the following:

According to the law on LAFOS, the PES office, the municipality or National Insurance assess, whether the customer is in need of multi-sectoral joint service of LAFOS, when the unemployed person has been on the labour-market benefit at least for 300 days, is over 25 years old, and has been continually unemployed for the last 12 months, or, if under 25 years old, when unemployed continually for 6 months.

The assessment period and procedure are stipulated in the law, so that PES, the municipality, and National Insurance and the customer together, assess, within three months from the start of multi-actor service in LAFOS, what is the service need of the customer. This is called a 'mapping period'. PES, municipality, National Insurance, and the customer, assess the professional capability, health and work-ability, and social situation affecting the employability of the customer. The mapping period contains counselling, which has the aim of motivating and getting commitment from the customer to services relevant for enhancing employability. During the mapping period the aforementioned make a multi-sectoral employment plan, where the services needed are spelled out, together with follow up. Follow up must be executed by PES and the municipality according to the needs of the customer, but at minimum at 6 month intervals. If the services required contain services provided by National Insurance, they participate in the planning, execution and follow up.

The backdrop for making the LAFOS law was also a government 'framework decision' for 2014 - 2017, where the role of local authorities in combatting LTU was to be increased. References to the 'Danish model' were made, although in Denmark **all** PES services, not only for LTU were made a local authority responsibility. This shift has in fact not materialized at all, as it is now pending on the change of regional government.

⁶ http://europa.eu/rapid/press-release_IP-15-5565_fi.htm

According to this 'framework decision' part of the financial responsibility for labour market support will be shifted from 2015 onwards to municipalities. Also the suggestion of developing 'intermediate labour markets' of the Minister of Employment, Mrs. Filatov, and the suggestions by the Ministry of Social Affairs and Health for promotion of employment of people with partial work-ability, were used as arguments and justifications for the new legislation. Also the new law on public procurement, where social criteria could be used, served as a justification.

The key goal was to reduce LTU, rise the employment rate, lengthen working careers, and secure availability of the workforce in the future. A long term goal was to reduce the costs of unemployment and enhance the functionality and efficiency of the service entities, and to clarify the division of labour between the state and local authorities, and enhance their cooperation.

In the new law LAFOS was re-termed as Työllistymistä edistävä monialainen palvelukeskus (*Multi-sector service centre for promotion of employability*), instead of Työvoiman palvelukeskus (*Labour force service centre*), to better reflect its actual task. The acronym in Finnish has remained as TYP, so the acronym LAFOS+ is used here (unofficially, just for clarity purposes) denote this newly defined service. Need for 'multi-sector service' refers to situations, where the customer needs joining the services of PES, municipality and Kela is particular.'

An important change to the former period of LAFOS is the redefinition of the task of LAFOS, that instead of *employment*, the task of LAFOS is *assisting in situations where there is a need for multi-actor/multi-professional service*. In other words, the key criteria for entering LAFOS service is 'the need for multi-sector (multi-professional) service'. This is usually assessed by a multi-professional/multi-actor team in a special assessment period (the mapping period described above), and then draws up an employment plan. This criterion was much debated in the preparation, and the definition was left quite loose, as a 'frame-law', in order to facilitate local-regional flexibility in looking for solutions.

Training (for employability and labour markets) has been left on rather small attention, as no quota has been set for long-term unemployed LAFOS customers by MEAE.

The law on LAFOS+ is a 'framework law' defining the framework and minimum, leaving room for regional and local adjustments and alternatives. More emphasis was wanted on customer orientation and using local networks and resources.

Basically this newly named LAFOS+ means the same as before, with some clarifications. PES, the municipality and Kela are now supposed to assess the needs of people in need of multi-sectoral service, and plan how the services should be arranged fitting for purpose, and to be responsible for the service process and follow up. The purpose of LAFOS+ is to offer public employment, social and health services to promote the employability of unemployed in need.

No new organization is set in the new law, so the institutions (PES, municipality, Kela) participate in the service according to their remit. According to the law there must be at least one LAFOS+ in every PES area (there are 15 PES areas).

In the law there is a suggestion to change the law of unemployment benefits so that the municipalities pay 50% of the labour market allowance for those who have been on it for 300 days, and 70% of those on the benefit for 1000 days.

As described above, PES, the municipality and National Insurance assess the need of the customer for multi-sectoral service, when 300 days are full. For those under 25 years 6 month of continual unemployment, and for over 25 years 12 months qualify for customership in LAFOS+. There have been no plans to open the criteria broader, as there is already an about 40 000 person queue to this service, and LAFOS+ has been intended to stay as a 'special service', somewhat similar as the division between basic and special health care.

The steering group of LAFOS+ decides on the resources and what service points and where are needed.

There is quite considerable variation how this new LAFOS legislation has been carried out in various parts of the country, as freedom was given how to arrange LAFOS according to local-regional needs, which vary quite considerably across the country. This also reflects the ongoing process of establishing a new governance tier, 18 regions by 2019, where the regions would have quite considerable powers to decide on service arrangements.

The bigger city areas have an abundance of services, whereas rural areas do not. The unemployment rate also varies across the regions, so tailored and intelligent use of resources is needed. Most flexible solutions have been established in new LAFOS, which have not had the burden of the former models.

In the beginning LAFOS was supposed to be in one physical space, in LAFOS+ there is regional/local freedom to see what setup is most appropriate. LAFOS+ will in the future exist more as a network, than a physical one-stop-shop. This setup process is ongoing at the moment, as the regional structures in Finland are about to change quite radically, and the position of LAFOS has so far not been spelled out at all.

Also the supportive structure for LAFOS has been under change. The new organisational arrangements in MEAE, by establishing a new Development Unit (Finnish acronym Keha), with the responsibility of overseeing also LAFOS, has resulted in a disconnect between MEAE officials with former knowledge on LAFOS and the new development unit, 'Keha,' as no former LAFOS resources were shifted to Keha.

In comparison to the earlier stages, the role of Kela has become stronger, however, especially in assessing the work-ability of customers. This was also the unanimous opinion of the people interviewed for this paper. The role of Kela has been on the rise also on other issues, as the payment of the labour market allowance has been shifted completely to Kela, so it is also the most efficient monitor of the recipients of the benefit.

According to stakeholder interviews conducted for this paper the cooperation between Kela and PES has improved, and a new instruction has been given for the customer guidance between PES and Kela. The present-day TYP is more networking than common services.

There have been challenges in customer guidance, but less than before. Especially in the new regions where TYP has been started, and with change of staff, the definition of multi-sector service need has been a challenge.

In part of the TYP there are staff who work only for TYP, and some do part-time in PES (in the so-called third service line). There is a shortage of resources. A challenge is also that in some areas PES

has retired from TYP (and the commitment of municipalities and Kela has increased). In some TYP the customer queues remain a challenge, in some waiting times are very short.

The new mapping phase introduced by the new law has been beneficial in terms of applying as a customer. The law affords much flexibility in what constitutes the mapping phase. There seems to be quite considerable variation what the mapping phase contains. Some TYP thought more regulation would have been needed, and have also pondered whether multi-sector assessment is actually too costly. In all, emphasizing the mapping as a phase, instead of just a quick assessment has increased customer orientation.

According to the questionnaire to PES managers, in 50% of the TYP the shortage of resources has hampered the offering of multi-sector services. 70% of the managers would have wanted devoted (fixed) employment funds for TYP (altogether 8,63 meuros). The estimates of the numbers of customers left without service in various TYP have varied from 30 customers to hundreds. Most shortage has occurred in subsidised employment and coaching, and work-ability assessments. There were also comments that the criteria for outsourced services are not particularly suitable for TYP clients.

According to the interviews there are differences in offering social rehabilitation across municipalities. In small municipalities there are no service providers in rehabilitation. The weak supply of tailored services has hampered service. Rehabilitation services, offered in good time would be needed, as now customers are too long without service and a face to face meeting.

The importance of the TYPPI database has in fact increased, as now there are less common service spaces, and more mobility, but also the development of TYPPI is now on hold, as we are waiting for the ICT solutions for the new regions. Again an example of the complexities of LAFOS, now LAFOS+.

In implementation a challenge has been a slow start. Joint agreements have been made slowly in the municipalities, and only a part of them have started service. In some TYP the customer work is well under way, and in some in the very beginning phase.

There are several factors that influence the launching and running TYP. The structure of social and health services in the area play an important – and an increasing - role (depending on whether it is a joint-municipality structure, a company or some other). There is also considerable path dependency depending on whether the municipality has an employment strategy in place, has it participated in the employment experiment, what the level of commitment of managers to employment issues, to what extent has there been peer learning and good practice exchange between municipalities, etc.

Because the support offered by MEAE, via the new Development Unit (Keha) is now much less than before, ESF projects have partly compensated for this. In some regions (North and East of Finland) there have been particular ESF projects offering training and development seminars. Some TYP have arranged their own trainings. In the interviews the tutoring for TYP managers was mentioned as useful. Network management training is only beginning. Much more would have been needed, as the TYP staff is changing and aging. Also training in cooperation with companies would be needed.

Fifth phase: New Regional model for Finland – and what does it mean for LAFOS?

A major change concerning also LAFOS is due by 2019, as the National Government is planning to set up a new governance tier as 18 Regions, with the responsibility for employment, social and health

services, with a provider – supplier (principal-agent) model, where the supplier would be mainly from the market, i.e. from private providers. The original plan of the government was to force via legislation also public services to form companies in employment, social and health services, in order to have public and private services comparable in terms of cost and position in the market, but in the Spring 2017 the Constitutional Committee of the Finnish Parliament out-ruled the possibility for compulsory ‘companizing’ of public services. So the fate and unfolding of this regional change is largely unclear at the time of writing this paper (September 2017). Nevertheless the change represents in all probability a major discontinuation of the 2000 – 2017 LAFOS reform.

The legislation on the new Regions is presently on a round of statements from stakeholders, and the plan is to start with the new regional model in 2019. The Constitutional Committee of the Parliament ruled 29. June 2017, that the Government plan for making it compulsory for the public sector to make their services into companies in order to have them compete on same terms as the private sector, is unconstitutional. This means that the plan to de facto privatise social, health and employment services will not materialise as radically as originally planned. What it means, nobody knows at the moment, but it might open up a window for shifting LAFOS+ to be a part of the new regional setup in employment matters, possibly as an assessment unit for employment needs.

So the position of LAFOS has not been yet spelled out in these plans, so the fate of this reform remains completely open. This can mean either a major discontinuation of the whole LAFOS reform, or some form of new adjustment, as the need for LAFOS-kind of combining services for people at the more troubled end of the labour market remains.

2.10. Costs of the initiative

Assessing the total cost of LAFOS is very difficult in precise terms, in fact impossible. In chapter 2.9.2 especially the MEAE side of costs has been described in the 2002 – 2015 period, but there are no calculations available for estimating the costs for municipalities, as they differ considerably.

In 2013 government proposal for legislation of LAFOS, it was estimated that total funding of LAFOS would be about 32 meuro/year

In 2015 the estimation of total staff cost of LAFOS is about 28,6 meuro/year.

A rough estimation of services of Kela, which has resourced to LAFOS as a smallest partner, is about 52,7 meuro in 2007-2017.

2.11. Monitoring

As we have explained in detail in the preparation phases of this country report, data on LAFOS is inconclusive and fragmented, and does not afford pre-LAFOS vs. LAFOS comparisons, or asserting results and costs of LAFOS in any precise terms. This is due to the fragmentation of the data systems. The only way to get such information would be to conduct a register baser research on LAFOS, with access to PES/URA database, municipal databases and Statistics Finland. The leading expert from Finland on such studies, Mr. Simo Aho from Tampere University has stated, that such a study would take 1 – 1,5 years, and would cost at least 150 000 €.

Monitoring LAFOS was mainly a responsibility of MEAE, but partly also KL and Kela. Monitoring, and impact assessment proved to be rather difficult and fragmentary, however. MEAE has produced half-yearly monitoring reports on customer intake etc., but they are rather general, and not as useful as they should be, according to interviews of LAFOS managers made for this paper.

As LAFOS was a joint activity of three main actors, PES, KL and Kela, and all three had their own customer databases, which are not compatible (and on top of this municipalities can have different data-systems for their social and health clients), the challenges to monitor LAFOS proved to be difficult. A special customer database was set for LAFOS, called TYPPI, but this in turn only partially could be connected to the other databases, resulting in redundancies and overlapping and inconsistencies in data.

TYPPI was intended as support for client work in LAFOS/TYP. In TYPPI you can produce and follow basic facts about the client service process, but only in a very limited way about the actual outcomes and results, as TYPPI is only partly integrated to URA, which is PES customer database. The customer education and work history move from URA to TYPPI, and the final assessment of TYP moves to URA, but only on the consent of the customer, as TYP is a voluntary service for customers. Direct exchange with other databases (Kela and municipalities) is not possible.

2.12. Impact assessment and impacts

There have been several independent evaluations concerning the different phases of LAFOS, an evaluation on the pre-LAFOS experimentation, some regional evaluations, and an evaluation of the Municipality Employment Experiment, but there is no evaluation on the entire LAFOS period. An overview is given in the ANNEX.

The evaluation of the pre-Lafos joint-service experiment recommended setting up a joint service, as it was deemed as useful for the unemployed with multiple problems.

Based on the recommendation of the evaluation of the joint service experiment (Spangar et. al 2001) the LAFOS database TYPPI was formed. It is a parallel client database to PES 'URA' database, municipal databases (social and health) and Kela, and only partially connected. It was also pointed out in the evaluation that the results for customers are based on close cooperation within the unit (PES worker – social worker), so in the first phases of LAFOS it was agreed to set up services under the same roof, and allocating budgets in PES for LAFOS and the equivalent amount from municipalities in terms of personnel and running costs.

Another evaluation (Saikku 2010) recommended to shift from a MEAE/PES dominated implementation in joint services to more collaboration between state and local authorities.

In the evaluations it was also pointed out that tailored group services, individualised services beyond the average, and low threshold services are critical for LAFOS.

It was also pointed out in the evaluations that health checks and services for the unemployed should be developed. It was also noted that giving guidance and directions on the criteria for customership, despite its difficulties, is important, as the goal was to keep LAFOS as a 'special service' (something like the relation of basic health care and special health care), so that 'not too easy cases' would crowd the LAFOS.

Similar conclusions and observations were given in some regional evaluations.

The key results of the evaluation of the Municipality Employment Experiment (which had a LAFOS development component) was already given in chapter 2.9.3. Here is a brief recap:

- Overall the Experiment was helpful in putting employment issues higher on the strategic agendas of municipalities and better cohesion and cooperation between employment and social integration actors was achieved
- The service process was clarified and enriched and customer participation increased
- The position of LAFOS was first unclear in the Experiment, but this improved later. The Experiment contributed to the further development of LAFOS.

As it was difficult to get data on the Experiment (and LAFOS), due to reasons already explained, in the evaluation a so called Ranking-analysis was conducted in order to get at least some picture of possible positive, neutral or negative effects of the Experiment (and indirectly also of LAFOS).

In practice this meant ranking the different Municipality Employment Experiment areas in terms of unemployment, LTU, outflow into LTU and into 6 months of unemployment, compared to areas where there was no Municipality Experiment. So this revealed what was the ranking order (how bad the unemployment and LTU statistical figures) were at the beginning of the experiment (in 2012) in Experiment and non-experiment areas and in 2015, when the Experiment had been running for 3 years.

If the area's ranking improved, or improved better, in Experiment areas, than in the non-experiment areas, it gives some strength to a conclusion that the Experiment has played a positive part in results. Also, as LAFOS was in practice an important part of the Experiments, this could shed some light on the impact of LAFOS.

The experiment is of course not the only variable in making an effect, the general employment situation, path dependency of local reforms, existing collaborative social capital, all play a role.

On the other hand, If the ranking would deteriorate, i.e. ranking of Experiment areas had worsened, it would weaken the position to argue that the Experiment has played any positive role.

As it turned out, the Experiment areas fared better in terms of the ranking, than the non-experiment areas. We then used this result to look further into explaining factors of this result, like the design and execution of the local experiments (from their case-reports), existence of employment strategies, and other information from other research, and found evidence, that a more collaborative execution, and path dependency of collaborative investment in employment matters in the experiment areas yielded better ranking.

We were careful not to draw very strong conclusions from this, but nevertheless concluded that the Experiment had a positive effect on the employment of the more deprived clients. The Ministry of Employment and the Economy, the principal of the evaluation, subjected our conclusion and ranking to some hard scrutiny, but the conclusion survived this. From this we also conclude – with the above reservations - that implementing LAFOS has probably had a positive effect concerning the employment of the harder to place and LTU.

2.13. Any important follow-up measures?

The ESF funded project FYYRA orders an evaluation of the post-LAFOS-law time of LAFOS. The evaluation will be conducted by the Rehabilitation Foundation, and the research will be a registered based comparative study. The evaluation will produce data on LAFOS service use and impact.

Regional employment and employer service experiments were planned to be run in 2017 – 2018 in nine regions. In the experiments the municipality role is increased, so it is a Municipality Employment Experiment 2.0. In 2017 – 2018 regional experiments on PES will be executed, where the aim is to create a cross-sectoral model for the post 2019 time ('A Finnish employment service model'). This is closely tied to the reform of the regional government in Finland.

3. Assessment and conclusions

3.1. What external factors helped/hindered the launch of the initiative and its successful implementation?

The unemployment shock of the 1990, and the resulting LTU, which remains a major challenge today, serves as the most important external factor in raising the awareness on the unemployment and social exclusion issues, and eventually helping to launch the initiative. The global crisis of 2008 served to reinforce the general awareness of the tenacity of the long-term and chronic unemployment, which is the main cause on social and economic problems of people in Finland, coupled with an ageing workforce (one of the most aging in the world in fact). ESF-funding has played a positive role, as have the Recommendation from EU. The example of Denmark was seminal in the beginning and middle phases of designing and launching LAFOS.

3.2. Lessons for the country

The LAFOS reforms represents in many ways a rather typical way of establishing institutional change in Finland, for the good and bad, where instead of open conflict, the tensions and disagreements are first contained in an experiment or pilot, and then generalised and mainstreamed. Quite often the main features have in fact already been agreed upon, and the experiment is there to mellow the attitudes, and to find concrete ways for adjustment. From 2000 (the initial discussions) to 2015 (new legislation) the LAFOS story follows this logic with reasonable continuation, even with some renewed institutional tugs-of-wars along the way. But the new Regional model plans can mean a major disruption in this evolution, and thus also in this type of a reform strategy.

The LAFOS reform tells partly an ambivalent and contradictory story of reforming services and social benefit systems for people with multiple problems and being under the threat of exclusion. The bright side is that the results of LAFOS, even with reservations, and difficulties to produce really hard facts, point to partial success, especially concerning the role of municipalities and their partners and better collaboration overall in employment and social exclusion issues. Also the broad cooperation in planning and executing pilots, despite the tensions, is a strength in Finland. There was quite considerable investment in steering and supporting the reform by Ministries, KL and Kela and other actors, but against the complexity of the issues, even more investment and resources would have been needed.

On the other hand, the process from 2000 until now is a rather messy one, with repeated re-launches, redundancies and overlaps of policies, initiatives, goals and actors. So the reform in a way is isomorphic to the problem it is trying to solve: ambiguous, unclear boundaries and responsibilities and frequent changes and discontinuities. One of the core problems is the fact that the powers, responsibilities and resources were not under one roof in the beginning (the state-municipality divide), and they still are not, so the split continues.

Continuity of efforts from 2000 to 2015 is rather consistent, with a Social Democratic (employment issues and MEAE) and also Centre Party (municipalities) interest, plus consistency in the Ministerial and other public sector investment in the reform, particularly Kela (especially in the later phases of the reform) and social work of municipalities, and the multitude of projects (including ESF-projects) contributing to the development of LAFOS related services.

The preparations of changes in Finnish governance (new regional tier as 18 regions), in social, health and employment services by the present Centre-Right government (Centre party, Coalition Party and True Finns) threaten the LAFOS reform in a serious way. The plan has so far been to move into a

market driven system in these services, which would mean the biggest change in the public services in Finnish history. As the Constitutional Committee of the Parliament on 29. June 2017 ruled out compulsory privatisation, the government has to revise these plans. The position of a public joint service like LAFOS in the coming reform is completely open at the time of writing this paper. No explicit plans have been spelled out concerning LAFOS in the draft existing bill concerning employment and social services, but perhaps the Constitutional ruling opens up a possibility for a continuation of LAFOS in some form, after all.

3.3. Lessons for Europe

Good practices don't travel easily, even within countries, not to speak of between countries, where many structures, cultures and actors differ. The LAFOS experience probably does not contain strikingly innovative elements in details like customer contact, assessment methods, case management etc., but rather on a more systemic level, on policy making, experimentation, steering, broad collaboration and networking. This could be called *systemic good practice* in reforms. So is there something to learn on systemic good practice on running the LAFOS reform for other EU countries in this sense.

In order to benefit from the experience of such a complex reform as LAFOS in other national contexts, a complex organisational learning process is needed, where something similar – *mutatis mutandis* – as the supportive structure of LAFOS, and a learning infrastructure would be needed. Essentially it boils down how to promote collaboration of state PES, municipalities, third sector and private companies in any context concerning people with difficulties in the labour market, and under the threat of social exclusion (or already being excluded).

LAFOS was always explicitly mentioned in all the government programmes of the 2002 – 2017 period, which is of course important for its status and position on reform agendas.

The supportive structure in LAFOS consisted of a multi-ministerial steering group, working group, regional-local workshops and information tours, peer learning between local LAFOS and continual consultation offered by MEAE and KL, and also others. A part of the supportive structure was also quite extensive use of evaluation and research, which was given an action research role in order to benefit from research findings while running the reform, and not only *ex post*. In order to support the reform process, KL published an 'Employment Cookbook', where good practice examples all the way from strategic steering to front-line services were spelled out, and disseminated widely.

Also the local-regional support, also self-directed and peer learning based, played an important role, as did the 'road show' of MEAE, MSAH and Kela going through all the regions of Finland explaining the new law on LAFOS. It is important to note that the collaborative networks need constant repairing and updating, as personnel and circumstances change.

The story of LAFOS has been about providing a more holistic, all round and cooperative service for people in need of combining employment, social and health services, and having a more holistic cooperative steering in place. The most important results have been the increased local-regional cooperation of PES, municipalities and Kela and other actors in the localities, with most significant results probably in the municipalities.

The first good practice concerning the municipalities in particular, has been on the strategic steering level, where employment issues have been lifted of the top agenda of municipalities. It has also meant that dealing with employment issues is at best composited, and in clear partnerships. It was demonstrated in LAFOS that best results were achieved in those municipalities where such strategic and cooperative agenda was confirmed.

Another set of good practices is developing a clear service one-stop-shop and process from initial contact via need assessment and coaching to after placement support. This is of course good advice for any service, but in LAFOS working on the ‘service chain’ was a key issue. It meant working in pairs as an employment officer and social worker (and health worker when needed). It meant flexible use of need based services like debt counselling, job search coaching, upskilling, rehabilitation etc. In many cases, customers were drawn to develop the services via focus groups.

Another good practice, probably relevant for many EU context, was assembling small pieces of temporary work in LAFOS, so that these small local pieces could be more effectively used for work practice and employment.

3.4. Main strengths and weaknesses

A synoptic assessment of the strengths and weaknesses of LAFOS

Dimension		Explanation
Coordination of job seeker activation	++	This has been a clear strength of LAFOS
Coordination of information exchange and exploiting synergies between services	-	ICT Information exchange and data is a weakness in LAFOS. Otherwise synergies have developed.
Response to multidimensional problems	+	LAFOS has increased a holistic approach to customer issues
Access (take-up of) benefits and services	+ (?)	LAFOS has a low threshold, but to what extent it really has increased accessibility is not quite clear. Might have deteriorated lately.
Innovative capacity of service providers	+	LAFOS and related projects have increased innovation
Poverty	?	Poverty has not been strong theme in LAFOS
Transparency and accountability of (actors in) service provision	-	Due to a poor ICT system it is difficult to get to grips to data on LAFOS

One success factor in the LAFOS reform is the highly consensual way of introducing and running reforms in Finland. Although the reform has been initiated by the Social Democrats and the Left Alliance, also the Centre party, with its power base in the municipalities has played an important role in supporting the initiative. Other parties, The Conservatives, the Greens and others, have been more passive, but not opposing either, to the reform. The flipside to this consensual politics is often the insufficient determination and power to drive reforms to a definite execution and success. Also the

issue of employment and social exclusion tends to be rather low on political agendas of most parties, where the economic, export and innovation debates dominate discussion.

The other success factor is the broad institutional base of running the reform. The Ministry of Employment, the Ministry of Health and Social Affairs, Finnish Association of Local and Regional Authorities, National Insurance, social partners, voluntary actors, regional actors, municipalities and others, all have participated, either directly or indirectly, in initiating, running and commenting the reform. The leading, and probably critical role, in terms of management and ‘game setting’ came from MEAE, and KL played an important supportive role for the municipalities.

The flipside to this broadness is complexity, and difficulties to overcome the turfs and silos of such a multi-faceted reform. Also, the Ministry of Employment was criticized, particularly from the point of view of the Local Authorities, to dominate the leadership and game setting too much. The LAFOS reform was until 2015 based purely on a voluntary cooperation agreement between MEAE, MHSA, KL and Kela, which of course made it vulnerable for changes of political wind. The law 2015 on LAFOS made its position more sustainable in principle, but the new changes planned by government might undo this.

A third success factor is the experimental culture of introducing and running reforms in Finland. If a reform includes political or institutional tensions, the solution usually is to launch experiments to explore and pave the way. So it was also for the LAFOS reform. This is helpful in not getting stuck in a tit-for-tat political debate, but it also has a flipside. Sometimes experiments are launched only apparently, when in fact the political decision has already been made. In the case of LAFOS the experimentation has been more real and open, however. ESF funds have played an important role all along the way of the reform, providing a platform for experimentation, particularly concerning the cooperation challenges relevant for the LAFOS reform. In the ESF projects there has been a lot of attention to develop the so called intermediary labour markets (ILM), i.e. intermediary activation solutions for the more deprived, hopefully eventually leading to sustained employment. Unfortunately, the ILM has too often turned out to be a cul-de-sac, so also in the case of LAFOS.

In the latest post-LAFOS-law period ESF has played an important role as not only a project, but in fact the supportive and development infrastructure for LAFOS. It compensates the withdrawal of the former MEAE etc. –based infrastructure.

A problem has been the complexity of the reform, and the difficulty to draw unequivocal judgements from the experimentation for decision making. In the services for the more deprived and people with multiple problems the results unfold often over a long time, and through intermediary results, like improved health, motivation and employability. But political terms are quite short, and the economic pressure calls for quick fixes and employment results. This was apparent also concerning the LAFOS reform, where proof of impact was rather hard to come by, as most of the results are ‘systemic’, i.e. improved cooperation, a soft result, which would also need hard facts in terms of employment, activation and other results.

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Section III: Annexes

A.3. Overview of the existing literature

Jarno Karjalainen and Vappu Karjalainen, *Kuntouttava työtoiminta - aktiivista sosiaalipolitiikkaa vai työllisyyspolitiikka? Empiirinen tutkimus pääkaupunkiseudulta*. Terveyden ja hyvinvoinnin laitos (THL), Raportti 38/2010. (Helsinki: Terveyden ja hyvinvoinnin laitos, 2010)

Jarno Karjalainen et. al, *Kohti kuntouttavampia työelämäpalveluita. KOPPI-hankkeen tuloksia*. Terveyden ja hyvinvoinnin laitos (THL), Työpaperi 7/2015 (Helsinki: Terveyden ja hyvinvoinnin laitos, 2015)

A.2. Good Practice examples

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 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 health-care 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. In 2008 – 2010, a project on enhancing health service for long-term unemployed was carried out, when a public health nurse was hired to 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 health care nurse working full time in the LAFOS-centre for clients. Another nurse is working in the basic health centre screening long-term unemployed.</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. The doctor is specialised in psychiatrics which is useful for decisions on rehabilitation needs.</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 request, as needed, the nurse to participate in drawing up an employment plan.</p> <p>The basic health check is done by two public health nurses. One focusses on health-checks for long-term unemployed in the same building as LAFOS, which offers workshops and activities for unemployed, , and the other actually in LAFOS 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, local</p>

	<p>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 to work-ability are registered in TYPPI, based on discussions with the patient. There is a separate health-care 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 health-care process lasts as individually needed.</p>
Resources 1: money	<p>This practice has yielded a net saving. The health-care workers are on the basic health care centre payroll, and the doctor holding office as a doctor specialising in psychiatrics. Patient numbers increased in comprehensive medical and work-ability assessment and medical treatment and rehabilitation, but improved employability and health generated revenues and savings (reemployment, 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 measures (ALMP) 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 long-term unemployed and people with mental health problem, 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 health care 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@salofin.fi, sofia.maleike-ruohola@kela.fi</p>