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Getting unemployed with problematic debt problems to work

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Getting unemployed with problematic debt problems to work

A quick scan of debt help strategies by European
Public Employment Services

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Abstract

More and more long term unemployed and lately also other unemployed looking for work, see themselves confronted with not directly work related problems as a barrier to work. Many are not self-reliant and need help in the form of social help, childcare, transport facilities, addiction care and help with relief of problematic debts. Over-indebtedness turns out to be a major barrier. Potentially debt relief can be effective in a more effective job search. Little knowledge is as yet available of debts and type of debt-relief in the context of employment servicing for the unemployed. This working paper offers a quick-scan of debt help strategies in the context of employment services. The quick-scan was held in 2016 amongst the European public employment services. The survey results show significant differences in approaches between the countries. The quick-scan clarifies that we are just in the initial stage of encompassing debt relief as an employment instrument.

1 Introduction

'How can debt rescheduling truly help? Getting a job is an important element, but unfortunately the toughest to solve.'

Vliegenthart, Alderman Municipality of Amsterdam, Volkskrant – 14 April 2016.

Problems with getting the unemployed a job touches the heart of any welfare state. Since the start of the worldwide economic crisis in 2008, in many European countries the unemployment figures have risen sharply and therefor labour market policies have been given a prominent position on the agenda (OECD 2016). Many unemployed jobseekers remain unemployed for a longer period of time and suffer from more than just one barrier to work. Many need assistance not only in the form of an allowance, but also help with looking and finding a job, with motivation, their matching with an employer and assistance with eliminating so called not directly-work-related barriers in the form of social help, childcare, transport facilities, addiction care and help with relief of problematic debts.

Often these barriers come together. It turns out that in the EU countries in general a quarter of the unemployed with financial problems also suffer from health issues, alcohol addiction and/or discrimination.¹ But the service delivery organisations the multi-barrier unemployed have to rely on are inclined to defend their own domain. They differ in traditions and rationalities. More and more efficient institutional coordination is needed to enhance the employability of these unemployed and tackle the institutional fragmentation in social security. This is where the original idea to bring together all forms of service delivery related to participation on the labour market (virtual or otherwise) under one roof, comes from (Minas, 2014).

The idea to bring all kinds of employment service delivery together is not new. The idea stems from the eighties. The concept became known as 'one stop shop' and was defined as 'As nearly as possible a complete service (including as possible the power to make decisions) in one place, at one visit, and with members of the public having to deal with no more than one or two different officers'(halligan & Wills 2008). The purpose is to bring together a number of dispersed activities of service delivery organisations in a more coherent combination of services and allowances in accordance with the needs of the unemployed (Bouget, Frazer, Marlier 2015). However until recently debt and debt relief was not included in employment services.

As such debts do not necessarily entail a hindrance to get back to work. Debts can even be an incentive to try and find a job as soon as possible. Unfortunately research reports show that debts indeed are a barrier to get back to work. For example Zwinkels finds that the chance for unemployed to get back to work significantly diminishes once their allowance is confiscated. For the insured unemployed the chance to return to work diminishes with 35 percent and for disabled with 12 percent. Zwinkels concludes that unemployed with problematic debts indeed do have more problems returning to work than unemployed without debts (Zwinkels 2015; Zwinkels & Guiaux 2015). Research amongst Amsterdam people on social assistance shows that debt relief trajectories in the context of employment services do lead to more exits, all be it that the exit towards work is relatively limited (Koning 2014). A research project amongst providers of employment services indicates that once the debt position an unemployed is in is ameliorated, his or her chances to

¹ Source own calculations based on ESS, round 7, edition 2.0, 2014.

work tend to get bigger. Making debts more manageable for unemployed on social assistance led to a significantly better chance to get back to work (Sol & Kok 2014,p.144.p.168).

With the conclusion that debts tend to make unemployed less prone to exit welfare or unemployment insurance and that debt relief enhances their chances to get a job, the current question to be answered in this quick-scan amongst public employment services is how European public employment services deal with their clients debts. Do they see debts as a problem for re-entering the labour market, signal them and what are the facilities they offer their clients in order to improve the employment prospects of benefits recipients? spect of benefits recipients?

1.1 Applied methodology

In order to get an understanding of the role of debts in re-employment services a quick-scan was performed amongst European Public Employment Services (PES). In this quick-scan we investigated the information on debts and debt relief PES place on their website, held a literature search and set out a questionnaire amongst the EU members of the World Association of Public Employment Services (WAPES).² This report presents the state of the art of debt relief from inside the domain of work and income. It looks at the position of public employment service organizations regarding debt and debt relief in the context of employment servicing. As there was no material available yet on the integration of debt and debt relief in employment services we produced an overview ourselves. We looked at whether the websites of the various PES bodies provide information on debt and debt relief to the unemployed and to companies, conducted a literature search and distributed a questionnaire among 25 EU member states, all members of the World Association of Public Employment Services (WAPES).³ With the aid of an online questionnaire, the PES bodies in the EU countries were asked in February-April 2016 to answer our questions. In distributing the questionnaire, the University of Amsterdam received the full and enthusiastic cooperation of the secretariat of the World Association of Public Employment Services. In order to get the maximum response rate possible the questionnaire was presented in the English, French and Spanish language. The information on the websites and literature search was processed in the questionnaire report [below](#). Table 1.1 provides an overview of the type of response according to the type of welfare state.

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- 2 The quick-scan amongst European PES was held by the University of Amsterdam commissioned by the Dutch benefit agency UWV. In order to get a better picture of the connection between employment services and the financial problems of unemployed jobseekers, UWV commissioned two quick –scans. One is this quick-scan on the role of debt help in the context of employment services by C.C.A.M. (Els) Sol, AIAS University of Amsterdam, and a second quick-scan on the role of re-employment in the national approach towards debt relief, performed by Nadja Jungmann and Gercoline van Beek, both Hogeschool Utrecht.
 - 3 While Norway is not a member of the EU, it has been included as a WAPES member. Three countries are not affiliated to WAPES, namely Ireland, Latvia and Poland, and were thus excluded from the questionnaire.

Table 1.1 Response according to type of welfare state

Type	Response			Non response	Total
	Ques- tionnaire	Text	Total response		
<i>Northern:</i> Denmark, Finland, Norway, Sweden	3	1	4	0	4
<i>Anglo-Saxon:</i> - Great Britain*	0	0	0	1	1
<i>Continental European:</i> Belgium (Flemish (F), Brussels (B) and Wallonia (W)), Germany, France*, Lux- embourg, Netherlands, Austria	5 (incl. B)	(F+W)	5 (+2)	1	6 (+2)
<i>Eastern European:</i> Bulgaria, Estonia, Hungary, Croatia, Lithuania, Rumania, Slovenia, Slovakia, Czech Republic	5	3	8	1	9
<i>Southern European:</i> Cyprus, Greece*, Italy, Malta*, Portugal, Spain*	2	1	3	3	6
Total (N=26)	15	5	20	6	26
Expressed as a percentage	58%	19%	77%	23%	100%

*= non-response

Although debt relief as an intervention does not (yet) form part of the core activities of the European PES, a uniquely high response percentage of 77% was realised – thanks, no doubt, in part to the efforts of the secretariat of WAPES. Non-response was received from the public employment services in Bulgaria, France, Great Britain and the Southern European countries of Greece, Malta and Spain.

1.2 Structure of the report

The (legal) context of debt relief as part of reemployment servicing, determines PES operational (im)possibilities to act in this respect. That is why this quick-scan starts in paragraph 2 with a short description of the varying legal contexts in which European PES operate. Paragraph three presents the results of the quick-scan and shows the view on debts as a barrier to return to work and the varying degree in which PES commit to debt relief in the context of reemployment. The report closes with our main conclusions.

2 Characteristics of European debt relief systems: a wide diversity⁴

The legal context in which PES organisations operate differs from one to the other, also in terms of the legal debt relief systems. For example, in a couple of countries not the PES but municipalities have been given the responsibility for the uninsured on welfare (see annex II) and municipalities are the first responsible for debt relief of the unemployed. Debt relief systems form the framework within which public employment services (can) operate on debts for their clients.

In the last twenty years we have seen an enormous growth of the debt problem in Europe. In response, many countries have implemented legal arrangements in order to provide the indebted with the possibility to turn to a judge and start all over anew, in other words to get debts cancelled. Each system has its specific characteristics. In the one system debts are seen as an economic phenomenon and the debtor must pay to get entrance to the system and show he or she is cleaning up his/her act (Germany, Austria). In the other the attention goes mainly to the needs of the debtor ('forgiveness model'), giving leeway in terms of the duration of the debt servicing and the degree of cancellation of debts (Belgium, France, Denmark, Norway, Sweden). In the Netherlands the system is more of a mix with characteristics of both types of systems (Heuer 2013). Not everyone is entitled to debt relief. In all systems there are citizens with problematic debts excluded on economic or social political grounds.

Since the great economic recession of 2008 everywhere in Europe the problem of over-indebtedness amongst households has risen sharply, affecting many households (Civic Consulting 2013). For example a recent Dutch research project shows that almost one in five Dutch households has so called high risk problems, problematic problems or is in a debt relief trajectory. In total over 1.2 million households. According to the Dutch debt relief association NVVK, between 351.000 and 571.000 households have problematic debts, i.e. are incapable to pay off their debts within 36 months. No less than 193.000 households are in a debt relief trajectory. These are the 'visible' debtors who have asked for help and are to be found in statistics. In percentages, this results in more than 80 percent of Dutch households with no risk whatsoever, 2.5 percent with visible problematic debts who are in an amicable or legal settlement, and 15.7 percent of the households with risky or problematic debts who are 'invisible' (Westhof & De Ruig 2015).

Next to the legal debt relief system most countries do have an amicable debt relief trajectory. An amicable trajectory is a non-legal form of mediation, a way for a citizen to come to an agreement with the creditor in the form of a payment plan as alternative for or prior to a formal legal procedure. This procedure too has significant variations in set up and conditions for admission. Furthermore, not all European countries use an amicable trajectory. For example in the Czech Republic an amicable trajectory does not exist.

⁴ This paragraph is mainly based on a quick-scan by Jungmann & van Beek (Jungmann & van Beek 2016) and a legal analysis by Huls (Huls 2016).

In most countries, just like in the field of employment services, legal debt rules and regulations are complex and there is an enormous variety of public and private players active in the field. Recovery of payments on the one side and debt relief on the other encompass a whole industry of financial advisors, debt collection agencies, bailiffs, credit agencies, debt relief helpers, lawyers and courts with each their own powers, opinions and goals. Lack of coordination between the world of recovery of payments by bailiffs and debt collection agencies and the debt relief system often inhibits the debt relief, and thereby causes behavioural problems of the debtors. Hence the call for 'integral debt relief' (Haster 2013; Stavenuiter & Nederland 2014). Currently policymakers tend to stimulate self-help in the context of debt relief. For example, Great Britain has online fora and informative internet sites where people exchange experiences and give each other peer to peer advises (Deville 2015). Another tendency is to involve volunteers, for example to install a decent system of home administration or for help to fill in forms or to submit an electronic request. In Belgium this type of volunteering is in a very advanced state; 'debt relief mates' can follow an official vocational training programme and become certificated.

There are also significant differences in pressure from the field of debt-relief systems on over-indebted unemployed. There are countries where there is no extra pressure on the unemployed to look for work (Belgium, France, Great Britain, Czech Republic), but there are also countries that do exert extra pressure to look for work (Germany, the Netherlands) and there are countries where it is more difficult for the over-indebted unemployed than for the regular unemployed to refuse an offer for less suited work. (Spain, Portugal). Denmark has built in thresholds for over-indebted unemployed to enter a debt restructuring trajectory. Unemployed have to find paid work before they can be admitted to such a trajectory.⁵

5 The choice the Danes made has to do with their confiscation system. Danish over-indebted can keep a relatively high amount of money, when the creditor confiscates. The consequence is in the case of confiscation, that there is hardly any room for repayment. By demanding work as a requisite one guarantees the creditor at least a minimal repayment. See Guiaux, Jungmann, Sol 2016.

3 Debt relief as a reintegration instrument

Helping bring an unemployed person with problematic debts into paid employment is a challenge. A public employment service that wishes to develop a handling strategy in order to tackle this problem has a number of choices. That choice ranges from passive ('no intervention') to active with a rising level of involvement by the Public Employment Service.

3.1 Problem analysis: debts as barrier to work

The first question in the quickscan was whether public employment services viewed debts as a barrier to the return to work by their clients. Only four countries, namely Cyprus, Lithuania, Norway and Sweden, answered that they did not view debts as a barrier to entry to the labour market. To the contrary, the Norwegian PES viewed debts as an extra stimulus for the unemployed to seek work. The PES bodies of Cyprus, Lithuania and Sweden took a less pronounced view. Swedish PES did not as yet regard debts as a problem for reintegration in their country. Lithuania stressed that in the absence of knowledge about the debt background of jobseekers it was difficult to express an opinion on clients' debt situation and therefore to assess the consequences for participation in the labour market. The rapporteur of the PES in Croatia also admitted to having no hard data on the debt problem among the unemployed.

The *degree* to which a debt problem exists varied by country, with *little to none* (Sweden and Cyprus) to *very serious* (Czech Republic and Austria) at either end of the scale. Other countries scored somewhere in between, with those countries that viewed the debt problem as a *serious* barrier to return to the labour market (Belgium, Hungary, Estonia, Netherlands and Germany) as the largest group.

Most of the public employment services had difficulty producing an exact percentage of clients for whom the debt problem serves as a barrier to participation in the labour market. Indeed, most countries refrained from answering the question of what share of clients had problematic debts.

Four countries – whether or not based on research – managed to disclose a percentage: Hungary (10-15%), Luxembourg (50%), Netherlands (10%) and Slovakia (2-5%). The group of unemployed most affected by problematic debts remains unclear, however. A number of countries estimated that the problem was most serious among the unemployed on welfare. That could include jobseekers who had long enjoyed a decent income, but had lost their jobs and got into difficulties when their unemployment benefits ended.

Looking at the *causes* of debt, eight countries named payment arrears owing to hire purchase and other loan forms. Additionally, seven countries also mentioned the repayment of mortgages and rent arrears as a secondary cause. Moreover, the PES itself can in certain cases also be to blame. The Netherlands, for example, lists garnishment as a result of benefit-related penalties imposed by the PES in the role of creditor.

When activating jobseekers, the public employment services in the various countries run into two problems as a result of the debt barrier. Firstly, if a jobseeker with problematic debts finds work and subsequently faces wage garnishment, employees generally cannot or do not want to cooperate and, secondly, the jobseeker himself sees little added value in returning to work owing to

the wage garnishment. Estonia, Finland, Austria, Slovakia and the Czech Republic reported this as an issue. Austria, the Czech Republic and Slovakia added to this that jobseekers would, because of the risk of garnishment, rather work in the black economy. According to the Austrian PES, the threshold for bankruptcy in Austria is relatively high while the unemployment benefits are so low that the unemployed would rather stay unemployed or resort to undeclared work. According to Austrian law, employers hiring a client with excessive debt are regarded as the debtors, which creates an enormous threshold for hiring people with problematic debts.

Respondents also link other hindrances to jobseekers with excessive debts. For example, the Bundes Agentur in Germany pointed to the high burden that a problematic debt causes for the unemployed, possibly leading to illness and labour incapacity, and the effect of debt as a barrier to geographic mobility (daily travel expenses, car costs, relocation costs, etc.).

3.2 PES Strategies aimed at debts by type of welfare state⁶

Northern welfare states

Denmark

The website of the national PES, the *Styrelsen for Arbejdsmarked og Rekruttering* (Star), which operates under the auspices of the Ministry of Labour, reflected that the need for financial support among jobseekers exceeds the supply made available by municipalities and private initiatives. A number of new initiatives are being set up to meet this need. The *Consolidation Act on an Active Social Policy* obliges municipalities to offer financial security to people who would otherwise be unable to provide for their own maintenance. A stronger role (with accompanying financing) has, during the 2016-2019 period, also been assigned to the civil society in combating poverty. Additionally, experiments with experience experts are being conducted, including tests involving the creation of peer-to-peer communities in which people who have overcome those same problems can help disadvantaged citizens to return to the labour market. Also, national financing for voluntary debt relief has been made available since 2008. The objective is to (help) reduce debt as it often hinders the solving of other problems and reintegration. Most of the support is provided by civil actors.⁷

The PES of Denmark (Star) will in the coming period take a further step in providing support and assistance to people with problematic debts. According to the Star,⁸ financial problems may constitute a mental burden, which possibly has a negative effect on entry to the labour market and lengthens the time during which people remain on benefits. Backed by that reasoning, the organisation has made funds available to study how debt relief can best be provided to unemployed jobseekers on welfare benefits. This concerns both advice to the unemployed with serious debts and preventive financial advice to help people become financially self-sufficient. The target group consists of vulnerable welfare recipients who find it difficult to enter the labour market. In six pilot projects involving both public employment services and private non-profit organisation, various types of debt relief are provided. There are municipalities with advice centres manned by volunteers (retired bank employees), municipalities that provide courses in which attention is

⁶ In the absence of a response, no description is provided of the Anglo-Saxon type.

⁷ SCTaP, comments paper Denmark, 2016, p. 2.

⁸ The Danish PES did not complete the questionnaire on the grounds that they were at present unable to properly answer the questions. Information was provided by email and an interview.

also given to financial and debt management, municipalities that have concluded agreements with local banks on providing debt counselling, and municipalities that have their own debt counsellor, whose services are available to all citizens. The projects started in 2015 and will run until 2018. Annually, 4.0 million crowns (€ 537,000) is available for providing debt counselling to individual clients with welfare benefits. The projects are evaluated. One of the criteria will be that citizens are given instruments with which they can monitor their own financial situation in the future. It is expected that the results of the evaluation study will be available in 2019.

The strategy of the Danish PES is based on voluntariness, the provision of information and advice to unemployed jobseekers with problematic debts. Responsibility for the debt load remains with the unemployed, no debt remission is provided. Debt rescheduling is not an option for the unemployed in Denmark. Amicable settlement may not be used as an instrument as long as the unemployed retains a prospect of reintegration (see also section 2).

Finland

Finland has developed a tradition of integrated services, including debt relief through LAFOS (see Section 2), for non-insured jobseekers on social assistance. Under the name of LAFOS, Labour Force Services Centres have been active throughout Finland since 2006. The centres are based on local, more or less informal collaborations between public employment offices, local social services and the social insurance body KELA. The centres are mainly staffed by advisers of the employment offices and municipal social services, together with a limited number of KELA representatives. This structure is supplemented by a number of third parties offering complementary services. Working in multidisciplinary teams with expertise in various fields, such as health, housing, psychological and financial consultancy, use is made of an integrated holistic approach, modelled on the case management method.⁹ The rapporteur of the Finnish PES stated that the subject of debt relief has to date not given rise to much discussion within the PES. Indeed, the organisation does not gather information on which groups are most affected by excessive debt. This does not mean, however, that no assistance is given to clients with problematic debts. Clients are referred to external help in the form of a municipal debt counsellor, debt rescheduling and income support. Cooperation takes place with municipalities and other (volunteer) organisations. Also, the PES makes use of former unemployed with debt problems as experience experts. The public employment service of Finland also cooperates with an organisation that is comparable to the Dutch NIBUD. Direct care provided by the PES is limited to referral and information to clients on debts and debt relief.¹⁰

Norway

According to the rapporteur, the NAV, the Norwegian PES, has not developed a national strategy aimed at tackling excessive debts among its clients. The private economic situation is, in principle, not the problem or responsibility of the NAV. Nevertheless, the NAV website does provide information on how the Norwegian jobseeker can seek help in case of debts.¹¹ The website names the following types of support: assistance in overseeing the financial situation and drawing up a realistic budget; learning how to reduce expenditures; making agreements with creditors; writing

9 OECD Employment Outlook 2013.

10 According to the rapporteur, the PES does offer help to entrepreneurs in financial difficulty via Enterprise Finland. See <http://www.yrityssuomi.fi/en/home>.

11 <https://www.nav.no/and/Home/Relatert+informasjon/%C3%B8konomisk-r%C3%A5dgivning-og-gjeldsr%C3%A5dgivning%281%29#chapter-2>

a request for postponement of payment; acquiring information on rights and obligations; entering into a debt settlement scheme; negotiating with creditors and, finally, contact with the operational and supervisory counsellor. In practice, the national organisation leaves it up to the local NAV offices to provide debt relief, information and behavioural support to clients. These offices form a collaboration between the national PES and municipal social services. Sweden

The PES indicates that it has not developed any specific policy/activity aimed at the early signalling or management of debts amongst its clients. Sweden does, however, use *financial* stimuli in the form of employment benefits to stimulate the unemployed with problematic debts to more actively seek work (see Section 3).

Sweden

The PES indicates that it has not developed any specific policy/activity aimed at the early signalling or management of debts amongst its clients. Sweden does, however, use financial stimuli in the form of employment benefits to stimulate the unemployed with problematic debts to more actively seek work (see Section 3).

Continental-European countries

Belgium

In Belgium, more specifically in Flanders, it is generally accepted that people with problematic debts often live in isolation and are, on their own, unable to bridge the gap with society and work. In an ideal world, society would be organised in such a way that this distance would be reduced so that people with excessive debts could bridge this gap by themselves.¹² Self-organisation by the clients is seen as the most effective strategy. The most important actor with which the VDAB cooperates and refers to for budget support and debt relief is the Public Centre for Social Welfare (Openbaar centrum voor maatschappelijk welzijn – OCMW), which has been assigned this task by the federal government. The purpose of the OCMW is not only to provide people with an adequate income, but also to give them ‘the opportunity to gain independent control over their own lives’ (Comments paper Belgium 2016 p. 3). The OCMW offers its expertise in debt relief to all jobseekers, including clients of the PES.

Cooperation between the VDAB and OCMW is intensive. For example, the VDAB, working in close cooperation, offers work-welfare (W2) pathways with specialised services to the unemployed, who can no longer make ends meet. Local job shops play an important role in this. The strength of this Belgian W2 model lies in the fact that ‘the personnel is highly qualified and uses a rights-based integral multi-level approach, in combination with accessible public services provided by generalist social workers in the front office, and specialised services by reintegration or professionals and debt mediators in the back office. Practice shows that help in dealing with financial distress is often the first step in a longer process aimed at empowerment and (labour) integration’ (Depauw & Driessens, 2014). Whether debt relief precedes the pathway or is offered in combination depends on the person. In some cases a (financial) preparatory pathway is considered necessary in order to ‘create a solid basis’ for a successful employment pathway. In other cases, an employment

¹² Source: Social Community teams against poverty. Anti-poverty policy in Belgium – an integrated approach. The Netherlands 2016.

pathway can right from the start contribute towards faster integration.¹³ The experience of the VDAB is that confidence grows as the pathway progresses. Generally speaking, the VDAB takes the following steps. First, the consultant tries to improve confidence, then works on strengthening the client's competencies, and in a subsequent phase seeks out vacancies and, finally, presents the client to employers. In setting up the integrated approach of W2, Flanders was inspired by the Finnish 'Labour force service centre' (LAFOS) (see above). An additional advantage of the integrated service in Flanders is that the data of individual clients is managed by all parties involved in one and the same data system, the VDAB Client Monitoring System.¹⁴ It is also interesting to note in this context that in 2012, the VDAB and the OCMW started bottom-up cooperation involving structural information exchange on clients. Moreover, irrespective of whether they receive unemployment or welfare benefits, clients can use the services of either the VDAB or the OCMW, or indeed of both at the same time (Van Mellaert et al., 2013). It is standard practice for the VDAB to look at the financial situation of jobseekers immediately on intake. Advisers can use a checklist in order to detect unemployed with debts. Additionally, experience experts in poverty and social exclusion are used alongside the VDAB adviser in order to help their 'peers' by providing clarity on procedures and support. Unlike other countries, the experience experts do not work as volunteers, but are regular employees who receive a salary. In Belgium it is a recognised profession with accompanying training,¹⁵ driven by the insight that there is a 'missing link', a gap between people who live in poverty and service providers/ policymakers. At a functional level, it consists of providing group and individual support, advice, supervision and training to service providers and policymakers.¹⁶

The strategy of FOREM is an example of a lighter form of intervention. A referral is not provided proactively, but exclusively at the request of the individual jobseeker. Clients who on intake voluntarily raise the issue of problematic debts are referred to the OCMW and subsequently to certified external debt counsellors. The intervention is not registered in the databases of Forem. Actiris in the Brussels region applies that same practice. In answering the quick scan, however, Actiris indicates that it is increasingly encountering the problem of debts. For that reason, Actiris will in 2017 start an online platform to give PES clients with serious debt problems information on the procedures to be followed.

Germany

The German PES has developed a policy strategy based on a broad network-based approach to both debts and the underlying behaviour. Municipalities in Germany have a statutory responsibility for the provision of services, which includes debt relief (§16a SGB II). In case of debt regulation, the PES therefore acts as an intermediary, referring clients to municipalities and debt relief organisations. In providing debt relief to unemployed jobseekers, the job centres, under the joint management of the municipalities and the employment services, work together with several parties, including the Red Cross, Varitas and other welfare organisations. Debt relief organisations in Germany are not nationally organised. Debt counselling by the PES focuses mainly on clients with multiple prob-

13 See Sannen, L., & Van Regenmortel, T. (2011). Strength-oriented, integral pathway support for unemployed in poverty. Challenges and bottlenecks of a new method, Louvaine: HIVA-K.U. Louvaine.

14 Monitoring can, for example, include a number of intakes or training sessions during a specific period. See Leroy and Struyven, 2014.

15 See <http://www.tna.be/studeren/secundair-volwassenenonderwijs/ervaringsdeskundige-de-armoede-and-sociale-uit-sluiting>.

16 This prompted the wish to engage people who, based on their own experience, could support the unemployed and increase the understanding of poverty among service providers: an interpreter and bridge function.

lems. Social, non-work-related problems are tackled before considering a return to the labour market. Services provided alongside or in combination with debt relief include childcare, as well as help in dealing with psychosocial and addiction problems. The objective is to offer a combined package, tailor-made to the individual jobseeker.¹⁷ According to the rapporteur, the PES provides this type of debt counselling before, during and after reintegration pathways. What's more, during talks with the jobseeker, the counsellor regularly discusses the progress made in resolving debts. The PES provides its consultants with training aimed at recognising and resolving debts.

Luxembourg

The rapporteur states that the PES provides its clients with information on debts and debt relief through a call centre. While the PES has not defined any specific policy targeting this problem, the adviser of the PES can hire external legal advice if it appears that an unemployed has unmanageable debts.

Netherlands

Following an internal study which showed that the debt problem among the unemployed is greater than expected (Zwinkels 2015), the *Dutch* PES (UWV) has started developing a policy strategy aimed at addressing the debt problem of its clients. This also extends to the short-term unemployed. In the Netherlands the PES clients are limited to the insured unemployed. Non-insured unemployed, on social assistance are the responsibility of the municipalities who are also first and foremost responsible for delivering debt relief (see Annex II). Until now, within the Dutch PES little to no policy existed in terms of debt prevention, early signalling, curative care in the form of debt rescheduling, etc. The year 2014 saw the introduction of a referral service in the form of a UWV call centre, which jobseekers with debts could call for further information and a referral to external debt relief for advice on, for example, debt rescheduling. While training is offered to the call centre staff, this does not apply to the reintegration coaches. Schooling of the call centre staff focuses on recognising possible debt-related problems, discussing their problems and referral to municipalities and debt counsellors. Clients who require legal assistance can be referred to their local municipality. Under the terms of the Municipal Debt Relief Act, Dutch municipalities are obliged to offer persons admitted to debt relief a suitable solution in the form of amicable settlement or, if creditors refuse to cooperate, to submit their case to a supervisory judge for statutory debt rescheduling. According to the rapporteur, debt relief intervention is not linked to the stage of the reintegration process. Finally, the UWV reported that it cooperates with the National Institute for Family Finance Information, called NIBUD.

Austria

Problematic debts as such are not centrally registered by the implementing organisation. The PES does, however, have access to reliable information regarding unemployed jobseekers who have gone bankrupt; those people can be tracked in the data warehouse of the PES (AMS). The PES has in the first place chosen for a preventive approach in which jobseekers, on registration, receive a brochure, setting out possibilities for reducing the costs of their daily livelihood. Examples include support in paying the rent, electricity and heating costs, costs of TV and cultural events. The question how to prevent budgetary problems from arising is the subject of group and training sessions, in particular for youths. Standard practice is to provide jobseekers with information when they

¹⁷ Website BA.

register or contact the call centre and indicate that they have debt-related problems. The PES also provides information on budgeting to jobseekers during the training and group sessions, while employers can also receive advice on the placement of a jobseeker with debts. The PES in Austria provides debt relief in all three stages, namely before, during and after a re-integration pathway. The PES forms part of a number of networks, comprising municipalities, regional governments and the Ministry of Justice.

Other than providing jobseekers with information aimed at preventing problematic debts, the direct role of the Austrian PES is limited; clients in financial distress are referred to external advisors. Indeed, the public employment service has long formed part of a network of recognised private profit and non-profit consultants specialised in providing debt relief by means of contracts and co-financing. The Austrian PES (AMS) initiated these external service centres with a strong financial focus some thirty years ago. Nowadays, the AMS is but one of several organisations who, together with municipalities and regional governments, co-finance these centres,¹⁸ which provide free legal advice and individual guidance towards partial or complete debt redemption, a standard legal service in Austria. The employer is also viewed as a client. Debt relief centres give advice, on request, to employers with a view to retaining employees, especially in the low-wage sectors.

Austria reports the use of financial incentives as a means of increasing the motivation of clients with debts to return to work. By showing their commitment, the unemployed can have their debts reduced on completion of the reintegration pathway. Every agreement with creditors to reduce the debt burden requires proof of active search behaviour.¹⁹ The agreement guarantees that at least 10% of the unemployed individual's debt will be waived.

Eastern European welfare states

Estonia

Unlike in other Eastern European countries, the PES of *Estonia* provides financial assistance and support to jobseekers with problematic debts. The Estonians recognise the negative impact that the blocking of an account has on a jobseeker's motivation; he loses his desire to seek other work when any extra money is used to pay off debts.

In Estonia, the barriers for the individual jobseeker are inventoried during the first intake, a face-to-face contact at the PES office. The Estonian PES monitors the general situation of clients until they have found employment. On their part, the unemployed jobseekers must report in at least once a month and in case of debt relief, feedback is requested from both the debt counsellor and the unemployed. Staff in Estonia receive general schooling on the objectives of debt relief, so that they can determine whether a client needs it or not. If so, debt relief is provided during the reintegration pathway and the jobseeker can be referred to external debt counselling centres that can help with reaching agreement on repayment arrangements, which then takes place under the supervision of an external party. An external debt counsellor analyses the financial situation of the PES client and draws up a planning of the activities necessary to resolve the debt problem. The PES outsources

18 There are currently also regional AMS offices that no longer provide co-financing, whereby the costs are borne in full by regional and local governments.

19 It is unclear, however, to what extent this obligation extends beyond a duty on the part of the unemployed to actively seek work.

these activities to both commercial companies and NGOs. Debt counsellors are required to have a legal or financial background, as well as social work experience with debt relief. Although debt relief is not available before the reintegration pathway in Estonia, it is provided during and after. What's more, the jobseeker can always complete the debt relief programme, also once the reintegration pathway has ended or he or she has found a job.

Croatia

The policy of the PES in Croatia can be defined as a passive strategy that relies on the market. According to Croatian policy, the focus of the PES is to place as many clients on the labour market as quickly as possible, in the conviction that this will contribute towards reducing personal debt in the long term. As a supplementary instrument, the unemployed with problematic debts can make use of a 'protected bank account' so that the unemployment benefits paid by the Croatian PES are excluded from garnishment. However, the unemployed individual is required to initiate this process by notifying the financial office (FINA) of the wage situation.

Lithuania

Lithuania views divorce (child/partner maintenance) as the main cause of debt problems, which are qualified as neither large nor small. No information was gathered and no policy has been developed (i.e., no schooling of staff, no dedicated partnerships). A first cooperation project, which includes the Bank of Lithuania, has been started to improve the financial literacy of unemployed jobseekers.

Czech Republic

Despite serious debts among clients, the rapporteur of the PES was confined to stating that there is little to no insight in the problem in the Czech Republic and that the PES had not developed any specific policy. Nonetheless, incidental legal support was provided on an individual basis (not further specified). According to another source, however, random activities were being initiated. In 2012, employment services started providing 'financial and debt relief courses' in ESF projects such as 'Education of jobseekers' (2012-2015) aimed at improving debt prevention, self-presentation and communication skills amongst the unemployed. Apparently, over 10,000 people have already participated in this project.

Southern European welfare states

Cyprus

While Cyprus reports that debt problems occur both among short and long-term unemployed, the PES does not view excessive debt as a serious barrier towards finding a job on Cyprus. The organisation says not to have developed any specific policy in this area.

Italy

The current strategy of Lavoro, the Italian PES, is to return the unemployed with problematic debts to work as soon as possible. In that sense, their strategy does not deviate from their policy with respect to other jobseekers. The underlying idea, according to the rapporteur, is that financial problems amongst the unemployed provide extra motivation to seek work.

3.2.1. Typology of PES strategies

Based on these results, the following PES strategies in Europe could be identified. A *first* group of public employment services rely on the market and seek to place the unemployed as quickly as possible. These PES indicate that they do not focus specifically on debts. Countries adhering this strategy are Cyprus, Italy, Croatia, Lithuania and the Czech Republic. A *second* group develops explicit activities in the area of debt relief, specific debt relief facilities are available. But these play a minor more passive role and leave the initiative with the jobseeker. Luxembourg and the Netherlands are in this category. They have both established a national call centre that informs and refers unemployed with debts to specialised agencies. A *third* group has a more proactive and further developed approach. Belgium, Germany, Estonia and Austria belong to this group. Of all the countries, the PES of Austria has the furthest developed policy strategy in terms of debts and work. In this third group a further distinction can be drawn between PES organisations that focus on resolving actual debts as such and those with a broader so-called 'multiple barrier' approach that takes into account context, behavioural change and self-sufficiency. Examples of the latter are the public employment services of Germany and Flanders. In this last approach institutional coordination between work, income, social services not directly related to work such as (but not only) debt relief ('one stop shop') is seen as a necessity. Such an approach requires an intensive cooperation between the administrative organisations. Appendix II gives an overview of in how far countries have realised coordination between work and income and social services. The analysis shows a pattern wherein the northern and continental welfare states have come furthest. They are best of in terms of developing a promising integrated debt relief strategy for unemployed, by working on several barriers at the same time within the context of providing access to work.

3.3 PES and debt prevention

Alongside debt rescheduling, the questionnaire also looked at the possible existence of activities aimed at debt prevention. It was asked whether the PES provided general information, in any form whatsoever, on debts and debt relief via their website or group sessions, or on financing and debt management via personal debt counsellors. A number of countries answered in the affirmative. Estonia, Finland, Norway, Austria and the Netherlands report giving attention to this on their website. The Austrian PES also devotes group sessions to this, while Belgium, Estonia and Norway use an individual approach involving debt counsellors.

3.4 Placement results

Practically all countries are unable to answer the question on placement results in the online questionnaire. The Netherlands and Austria do give a percentage: 22% for Dutch unemployed with problematic debts (2014) and 43% (January – October 2015) for Austrian jobseekers, who had been subject to bankruptcy. As yet, insufficient reliable information is available in Europe with respect to the placement results of jobseekers with debts and insight into the effects of debt relief programmes on finding work.

3.5 Level of integration of debt relief in the PES: integral service index

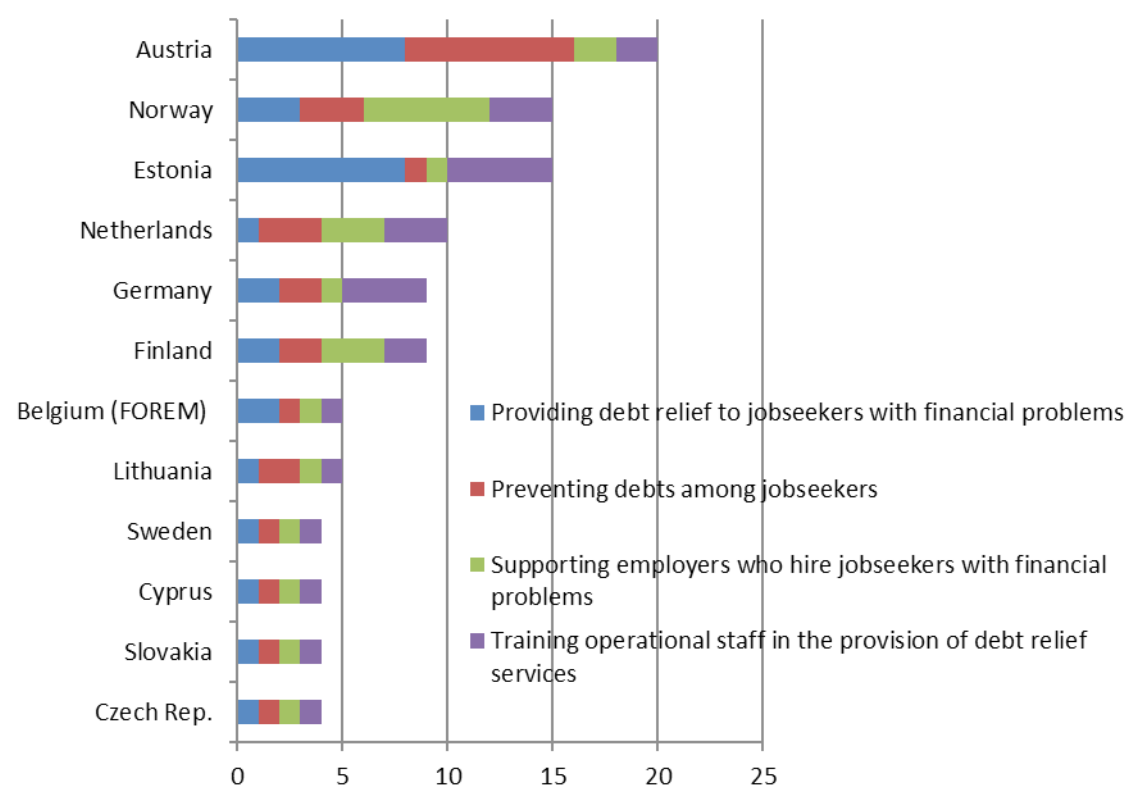
Within the context of this quick scan, an index has been developed to reflect the integration of debt relief in the services provided by the PES. The country that has best integrated its debt relief services scores highest on the index.

Each PES was asked to indicate the level of integration in regular services according to four aspects:

- Providing debt relief to jobseekers with financial problems
- Preventing debts among jobseekers
- Supporting employers who hire jobseekers with financial problems
- Training operational staff in the provision of debt relief services

The results of the index are shown in Figure 3.1.

Figure 3.1: Integral service index on debt relief provided by the PES in European countries



The figure shows how each country scores on each of the four aspects. Each aspect is assessed on the level of integration in the provision of services by the PES (score 0-10). The maximum attainable score is 40. This figure reflects the degree in which debt relief forms an integral part of the services regarding these four aspects. Nowhere is full integration realised, also not in the PES with the higher score 20, namely that of Austria. The PES in Austria and Estonia are furthest in the integration of debt relief to the unemployed, while that same Austrian PES and UWV, the PES in the Netherlands, score highest on prevention.

Norway and Finland report the highest level of integration of employer-focused policy, while Estonia and Germany claim to do most when it comes to schooling on debt relief within the context of reintegration.

Integration is lowest among the PES of Cyprus, Slovakia, Czech Republic and Sweden.

One can draw the following conclusions from the index:

- The integration of debthelp in the regular service delivery of public employment organisations in Europe is still in its infancy.
- Different countries have different policy priorities. Norway claims to have taken relatively significant steps as regards the integration of aid to employers, while Estonia and Austria claim the same with respect to debt relief to clients.

4 Conclusions

Over-indebtedness has a major impact on the lives of unemployed jobseekers. Quoting a Dutch alderman: work is the best solution, but the hardest to find. Debt problems can become a significant barrier for employment and extend the duration of the jobseeker allowance. This quick-scan shows that the majority of Public Employment Services do recognize debt problems an obstacle for the return to work. Currently PES tend to be aware of the debt problems from jobseekers, but their approach to solving these problems in the context of delivering reemployment services is still far from unambiguous and well-thought-out.

In Continental and Nord European countries debt help as part of employment services is further developed, in East and South European countries still limited. Austria has the furthest developed policy strategy in terms of debt and work. Their approach entails not only debt relief to their jobseekers with over-indebtedness, but also training operational staff in signaling debt problems, preventing debts among jobseekers and the inclusion of other actors, in casu employers who hire jobseekers with financial problems, in their service provision.

The general conclusion on the basis of this quick-scan must be that debt help as part of reemployment services is still in its infancy. Debt problems he tend to go hand-in-hand with other problems, but it is not yet obvious to opt for an integrated approach. Plus very little is known about the effectiveness of debt help in terms of the employment prospects of unemployed jobseekers. Debt relief is a new instrument in the toolkit of public employment services. Evaluation studies still lack.

The quickscan revealed that PES debt policies are still in its infancy. The reaction of the Austrian PES-respondent to the results of the quickscan was telling: 'it is interesting to see that our procedures which are far away from being sufficient or good are estimated as most developed'.

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APPENDIX I

Online Questionnaire Public Employment Services

Debt help in employment services

Bovenkant formulier

SECTION 1 - EXTENT OF THE DEBT PROBLEM

Does the PES consider debts to be a problem for return to work for unemployed jobseekers in your country?

- ☐ ☐ No
☐ ☐ Yes

Please specify below:

To what extent does the PES consider debts to be a barrier for return to work?

- ☐ ☐ Hardly at all
☐ ☐ To some degree
☐ ☐ Not great, not small
☐ ☐ A great barrier
☐ ☐ A very severe barrier

What are the main causes of jobseekers' debts?

	No	Yes
Mortgage or rent payment arrears	<input type="checkbox"/>	<input type="checkbox"/>
Arrears on hire purchase installments or other loan payments	<input type="checkbox"/>	<input type="checkbox"/>
Fines related to unemployment benefits	<input type="checkbox"/>	<input type="checkbox"/>
Other causes (please specify below)	<input type="checkbox"/>	<input type="checkbox"/>

Please specify other causes

How high do you estimate the percentage of PES clients with debts?

(%)

(19)

Do the following specific groups of jobseekers experience debt problems?

	No	Yes
Short-term unemployed	<input type="checkbox"/>	<input type="checkbox"/>
Social assistance recipients	<input type="checkbox"/>	<input type="checkbox"/>
Long-term unemployed	<input type="checkbox"/>	<input type="checkbox"/>
Other groups (please specify below)	<input type="checkbox"/>	<input type="checkbox"/>

Please specify other groups

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Bovenkant formulier

SECTION 2 - CURRENT PES POLICY

Does the PES have specific policies to help indebted jobseekers return to work?

☐ ☒ No
☐ ☒ Yes

If so, what exactly do these PES policies entail?

Onderkant formulier

SECTION 2 - CURRENT PES POLICY

Does the PES have specific policies to help indebted jobseekers return to work?

- ☐ ☒ No
☐ ☒ Yes

If so, what exactly do these PES policies entail?

SECTION 2a - Servicing jobseekers

Do PES frontline staff help clients to solve their debt problems or debt-related problems to return to work?

	No	Yes
Special trained PES professionals to help solve debts	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
PES Client call center referring clients to professional forms of debt help	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other services by PES frontline workers (please specify below)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Please specify other PES staff
Does the PES use external workers for debt support services/programmes

	No	Yes
Volunteers (e.g. a debt relief buddy)	<input type="checkbox"/>	<input type="checkbox"/>
Experience experts, i.e., those who can speak from own experience (e.g. poverty or indebtedness experience experts)	<input type="checkbox"/>	<input type="checkbox"/>
Other experts (please specify below)	<input type="checkbox"/>	<input type="checkbox"/>
None	<input type="checkbox"/>	<input type="checkbox"/>

Please specify other experts
Does the PES offer legal support services addressing indebtedness?

	No	Yes
Free legal advice at local level	<input type="checkbox"/>	<input type="checkbox"/>
(Independent) Special debts commissions for reviewing individual cases, with the possibility for partial or whole debt cancellation	<input type="checkbox"/>	<input type="checkbox"/>
Others (please specify below)	<input type="checkbox"/>	<input type="checkbox"/>
None	<input type="checkbox"/>	<input type="checkbox"/>

Please specify other legal support services
SECTION 2b - Incentives for jobseekers

Are clients with financial problems stimulated by means of financial incentives to

make an (extra) effort to find paid work?

- ☐ ☒ No
- ☐ ☒ Yes

Is proven effort to find paid employment a decisive element in the decision whether or not to cancel debts at the conclusion of a debt support service trajectory?

- ☐ ☒ No
- ☐ ☒ Yes
- ☐ ☒ Not applicable (no debt canceling)

Are there other PES incentives related to indebtedness and return-to-work?

A rectangular text input field with a thin border. It contains no text. On the right side, there is a vertical scrollbar with a small upward-pointing triangle at the top and a downward-pointing triangle at the bottom. On the bottom left, there is a horizontal scrollbar with a small left-pointing triangle and a right-pointing triangle.

SECTION 2c - Coaching employers

Does the PES, as part of its placement services, provide debt-related coaching activities for employers?

- ☐ ☒ No
- ☐ ☒ Yes

Please specify indebtedness-related servicing

A rectangular text input field with a thin border. It contains no text. On the right side, there is a vertical scrollbar with a small upward-pointing triangle at the top and a downward-pointing triangle at the bottom. On the bottom left, there is a horizontal scrollbar with a small left-pointing triangle and a right-pointing triangle.

Are PES policies on debt and debt-related behaviour applied in the following stages of its service provision?

Please specify the types of debt-related policies prior to employment service delivery

Please specify the types of debt-related policies during provision of employment services

Please specify the types of debt-related policies after the placement of indebted jobseekers

SECTION 3 - IMPLEMENTATION

Who implements PES debt policies for jobseekers?

	No	Yes
PES itself	<input type="checkbox"/>	<input type="checkbox"/>
Private provider (for-profit)	<input type="checkbox"/>	<input type="checkbox"/>
Private providers (not-for-profit)	<input type="checkbox"/>	<input type="checkbox"/>
Others	<input type="checkbox"/>	<input type="checkbox"/>

Please specify the service providers
Does the PES cooperate with other parties on debt support services?

	No	Yes
Municipality	<input type="checkbox"/>	<input type="checkbox"/>
Volunteer Organization	<input type="checkbox"/>	<input type="checkbox"/>
National Institute for Family Finance Information	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify below)	<input type="checkbox"/>	<input type="checkbox"/>

Please specify
How does the PES monitor interventions for jobseekers with debts?

SECTION 4 - RESULTS

What is the placement rate of indebted jobseekers?

(%)

(please include the year of this estimate)

- ☐ ☐ Placement rate of indebted jobseekers is unknown

Where can we find this information?

Bovenkant formulier

SECTION 5 - PREVENTION

Does the PES provide, in any form, general information to clients about debt?

	No	Yes
On the website	<input type="checkbox"/>	<input type="checkbox"/>
Via group sessions on finance and debt management	<input type="checkbox"/>	<input type="checkbox"/>
Through personal debt advisers	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>

Please specify

Do frontline workers receive specific training on debt and debt support for jobseekers?

- ☐ ☐ No
- ☐ ☐ Yes

If yes, does this training include:

	No	Yes
Support training programme on debt	<input type="checkbox"/>	<input type="checkbox"/>
Support training on debt management for frontline workers	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>

Please specify other types of training
SECTION 6 - AVAILABLE RESEARCH**Are there any studies available on the effectiveness of debt support services in the context of return to work? If so, please provide sources of information**

SECTION 7 - OVERALL ESTIMATION

On a scale from 0 to 10, how would you rate the degree of integration of debt support in PES service delivery regarding:

Debt support to jobseekers with financial problems

	1	2	3	4	5	6	7	8	9	10	
Not integrated	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Fully integrated

Prevention of debt for jobseekers

	1	2	3	4	5	6	7	8	9	10	
Not integrated	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Fully integrated

Support for employers employing jobseekers with financial problems

	1	2	3	4	5	6	7	8	9	10	
Not integrated	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Fully integrated

Training for frontline staff

	1	2	3	4	5	6	7	8	9	10	
Not integrated	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Fully integrated

SECTION 8

Please provide your name and email-address *

Name:

e-mail address

Would you like to receive the results of the European QuickScan on debt help in employment services?

- ☐ ☐ Please send me information on the results of the QuickScan

Is there anything else you would like to share with us about debt support by PES?

APPENDIX II

Level of integration of work-, income- and social services delivery in EU countries

Traditionally Public Employment Services' basic function includes work activation, i.e. mediation and labour market entry. Since the nineties - in order to boost activation - in many countries this function has been integrated with the payment of benefits (OECD 2013). The idea is that by bringing together the work and income function in a single organisation, the focus will shift from income to activation, a realignment from which the latter will benefit (Rice 2015).²⁰ Countries show a broad diversity in the substance of tasks for their PES. Some have separate institutions others joint institutions for the insured and the non-insured population, some have their income (I) and work (W) functions housed in separate organisations while others group income and reintegration services under a single roof, in a combined organisation. In the countries that have chosen for separate institutions for the insured and the non-insured, generally the responsibility for work and income for the non-insured on social assistance lie in the hands of the municipalities.

Table II.1 Variations in the level of integration of PES functions of Work and Income

	Insured population(1)	Non-insured population(2)	Insured and non-insured population
Income (I)	I(1)	I(2)	I(1)+I(2)
Work (W)	W(1)	W(2)	W(1)+W(2)
Income and Work (I+W)	I(1)+W(1)	I(2) + W(2)	I(1)+W(1) + I(2) + W(2)

- *The income function (I)*: The public employment service can integrate the income function of recipients of unemployment and welfare benefits into a single (one tier) system (I1 + I2) or separately (two tier). In the latter case, the PES solely assumes responsibility for the payment of benefits to the insured unemployed (I1).
- *The work function (W)*: The employment services can be grouped together or separately for the insured unemployed and for welfare recipients in two organisations or in a single combined organisation (W1+W2). In case of two separate organisations, the PES assumes responsibility for the insured, while municipalities are charged with the reintegration of the uninsured.²¹
- *The work and income function(W + I)* The public employment service can strictly separate the work and income service or integrate both functions in a single organisation (I1+W1 / I2+W2). In case of complete integration, all four facilities are housed in a single organisation (I1+W1+I2+W2).

A broader or more limited task in terms of integrated functions can result in a larger or smaller debt problem amongst PES -clientele. In general unemployed on social assistance tend to have more problematic debts than insured welfare recipients.

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

21 Or alternatively, the system as it exists in Denmark, where the entire public employment service is not managed by the PES (any longer), but instead by the municipalities.

System similarities and differences

Table II.2 gives an overview of the way European countries have organised PES work and income tasks. Column (1) describes whether PES has both the insured and the non-insured population (2) as clientele or just the insured unemployed (1). Next the table visualises which type of combination of work and income (see table II.1) each country has realised (column 3,4,5 and 6). The columns at the right side of the table show which countries in effect have brought their local services together in so called one stop shops. These shops can entail employment services or not directly employment related social services or a combination. Column 7 gives an overview of the countries in which work and income related services are brought together in a one stop shop. Column 8 does the same for social services, such as help with housing, alcohol- , psychic or other problems. The column in the far right (9) shows tentatively in which countries the most intensive integration is realised in the form of networks or organisations connecting employment and social services. There is a world to be conquered by better cooperation. For example, in the Netherlands there are more than forty separate organisations, that deal with debt relief and related services. Unfortunately these days there is not yet secondary literature available in Europe about debt relief and cooperation. In the absence of data the table does not comprise specific information about the role of debt relief related interventions in one stop shops. See for information about debt related interventions the material that was collected with the help of the reporters of the Public Employment Services in Europe in paragraph 4.

The first two columns of the table show that the composition of the client base varies according to the type of welfare state. Continental activation systems typically consist of an insured and a non-insured population. This generally means that the population of jobseekers is divided into a population that usually gets back to work soon (insured) and the more vulnerable unemployed on social assistance. Examples of such a system are found in activation systems not only in Belgium, Germany, Denmark and the Netherlands, but also in Eastern, Northern and Southern Europe. It should be noted here, however, that the group of insured unemployed is smaller in Eastern Europe, in particular, owing to the short benefit duration. A liberal activation system typically comprises a single tier, with a more mixed and heterogeneous population. Great Britain and Ireland are examples of this.²² Not all the characteristics in table II.2 can be grouped according to the type of welfare system, however. While most of the countries have currently integrated the income and work functions for the insured unemployed, this applies to a lesser degree to welfare recipients. A combined handling of the insured and non-insured population in terms of income is less common than in the case of the work function, where in most countries a single organisation is responsible for activating both insured unemployed and unemployed on welfare benefits. The far right column (9) concerns the availability of work-related multifunctional one stop shops, in which work and income-related services are coupled with not directly employment related social services. This most far-reaching form of integration is solely found in countries using the Northern and Continental activation systems.

22 While, on paper, they still have a two-tier system with a joint activation system, under the auspices of DWP, the arrival of the universal credit system has led to full integration.

Table II.2 Central characteristics of the systems in EU countries (2015)

	PES respon- sible for		In-sured	Not-in- sured	Insured + Not insured	Insured + Not insured	One stop shop		
	One Tier (1)	Two Tiers (2)	Combi W+I (3)	Combi W+I (4)	Combi I (5)	Combi W (6)	W+I (7)	Soc. Serv. (8)	(9) = (7) + (8)
Belgium	-	yes	-	yes	-	-	yes	yes	yes
Bulgaria	-	yes	yes	-	-	yes	yes	-	-
Croatia	-	yes	yes	-	-	yes	-	-	-
Cyprus	-	yes	-	-	-	yes	-	yes	-
Denmark	yes	-	yes	yes	yes	yes	yes	yes	yes
Estonia	-	yes	yes	-	-	yes	-	-	-
Finland	-	yes	-	-	-	yes	yes	yes	yes
France Germany	-	yes	yes	-	-	yes	yes	?	-
Greece	-	yes	yes	yes	-	+/-	yes	yes	yes
Gr. Britain	yes	-	yes	yes	yes	yes	yes	yes	-
Hungary	yes	-	yes	yes	yes	yes	-	yes	-/+
Ireland	-	yes	yes	yes	yes	yes	yes	-	yes
Italy	yes	-	yes	yes	yes	yes	yes	yes	-/+
Lithuania	-	yes	-	-	-	-	-	-	-
Luxembourg	-	yes	yes	-	-	yes	yes	-/+	-
Malta	-	yes	yes	-	-	yes	-	-	-
Netherlands	-	yes	-	-	yes	yes	-	-	-
Norway	-	yes	yes	yes	-	-	yes	yes	+/-
Austria	-	yes	yes	-	-	yes	yes	yes	yes
Poland	-	yes	yes	yes	-	+/-	yes	+/-	-
Portugal	-	yes	yes	-	-	+/-	-	-	-
Romania	-	yes	yes	-	-	yes	-	-	-
Slovakia	-	yes	yes	-	-	+/-	-	yes	-
Slovenia	-	yes	-	-	-	yes	-	-	-
Spain	-	yes	yes	-	-	yes	-	-	-
Czech Rep.	-	yes	-	-	-	yes	-/+	-/+	-/+
Sweden	-	yes	yes	yes	yes	yes	yes	yes	+/-
	-	yes	-	-	-	-	-/+	yes	--/+

Source: mainly ESPN reports

The figures in Table 2.2 conceal significant differences in governance between the various countries. An example of an exceptional situation is Belgium, where no fewer than three public employment services exist. Work and income are institutionally separated. The federal state, operating through the National Employment Service (*Rijksdienst voor de Arbeidsvoorziening – RVA*), is responsible for income payments to the insured unemployed. Welfare is jointly financed by the federal and local government. Each of the 589 municipalities in Belgium has a Public Centre for Social Assistance (*Openbaar centrum voor maatschappelijk welzijn – OCMW*), which is responsible for welfare

payments.²³ Activation and mediation are organised at a regional level. The three regions (Brussels, Flanders and Wallonia) organise their activation policy autonomously and have their own PES: the VDAB in Flanders, Actiris in Brussels and Forem in Wallonia. Cooperation has been organised in the form of one stop shops, in which the regional PES offers clients – the insured unemployed – a range of work-related services, such as mediation, training, counselling and start-up help for fledgling businesses. Intensive cooperation exists – at least on paper – between the regional PES, the OCMWs and other organisations such as training institutes and private reintegration companies. In practice however, the services are not always integrated. While the PES is driven by the needs of the labour market, the welfare sector operates from the broader perspective of individual well-being, in which work is but one of the factors at play. Consequently, one of the main challenges facing the cooperating parties is preventing the job centres from becoming a fragmented and incomplete mishmash of primary and secondary services (Van Hemel & Struyven, 2008). Antwerp city council, the OCMW and the VDAB recently concluded an agreement aimed at further improving work floor cooperation in the city.

Finland, where the concept of a one stop shop is strongly developed is another country worth mentioning separately. Under the name of LAFOS, Labour Force Services Centres have been active throughout Finland since 2006. The centres are based on local, more or less informal collaborations between public employment offices, local social services and the social insurance body KELA. The centres are mainly staffed by advisers of the employment offices and municipal social services, together with a limited number of KELA representatives. This structure is supplemented by a number of third parties offering complementary services. Working in multidisciplinary teams with expertise in various fields, such as health, housing, psychological and financial consultancy, use is made of an *integrated holistic approach*, modelled on the case management method and ‘one stop shop’.²⁴

23 In which both unemployment and welfare benefits, as well as work-related subsidies, can be used as an activation tool.

24 OECD Employment Outlook 2013.

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