



NAV's Horizon Scan 2021

Societal trends towards 2035 and the consequences for NAV



Collage: Unsplash, Colourbox

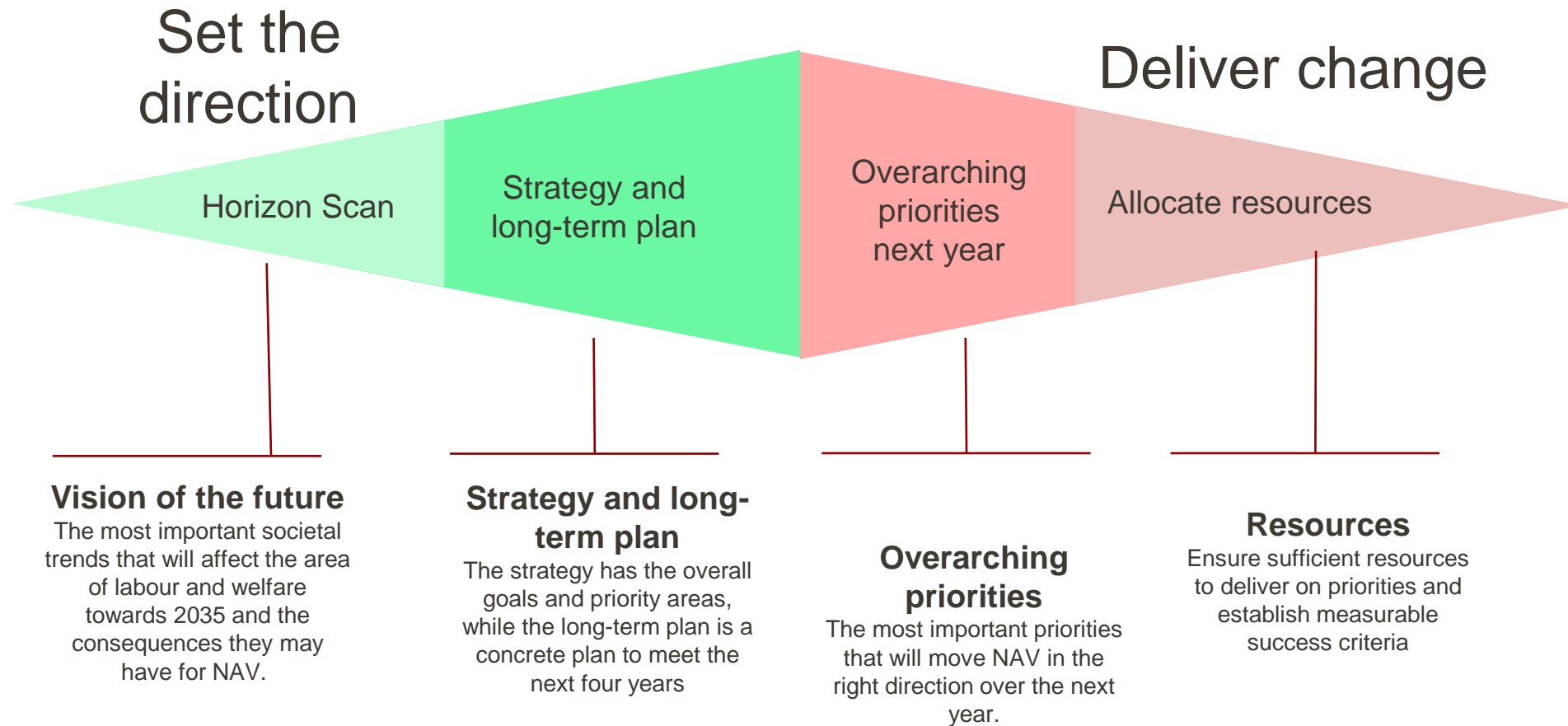
Why do we need a Horizon Scan?

- The pace of restructuring is accelerating – and NAV's services must reflect and respond to this restructuring.
- Reflection and discussions on opportunities and challenges provide an important basis for a new strategy in 2021
- NAV employees are the main target group but we want to reach everyone who is involved with labour and welfare policy

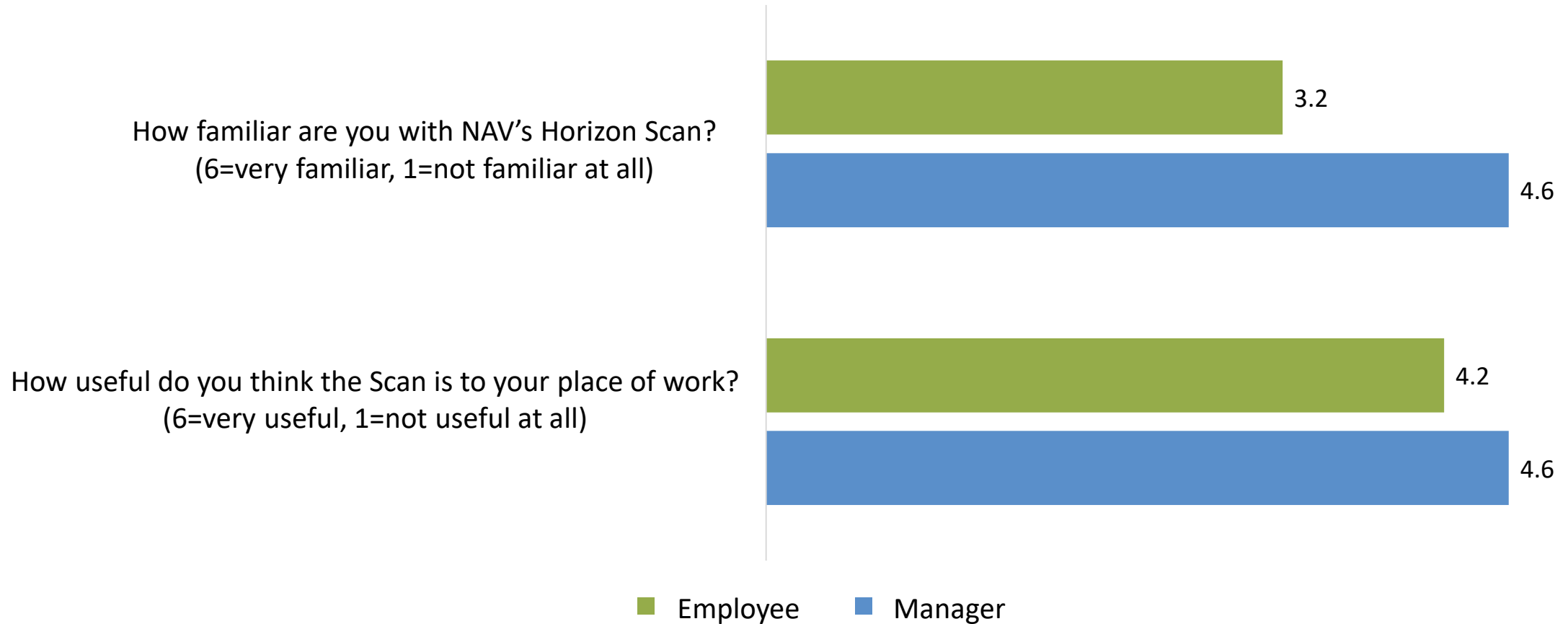
Collage: Unsplash, Colourbox



From a vision of the future to delivering change



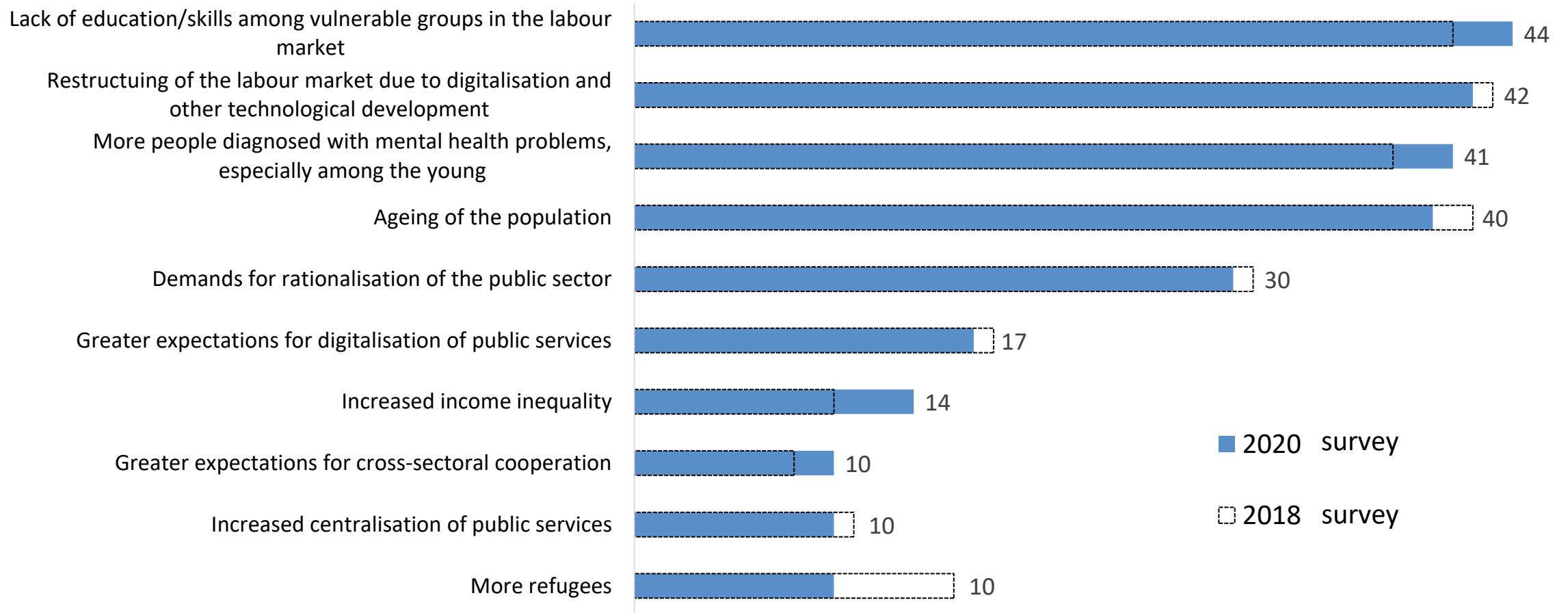
Knowledge and usefulness



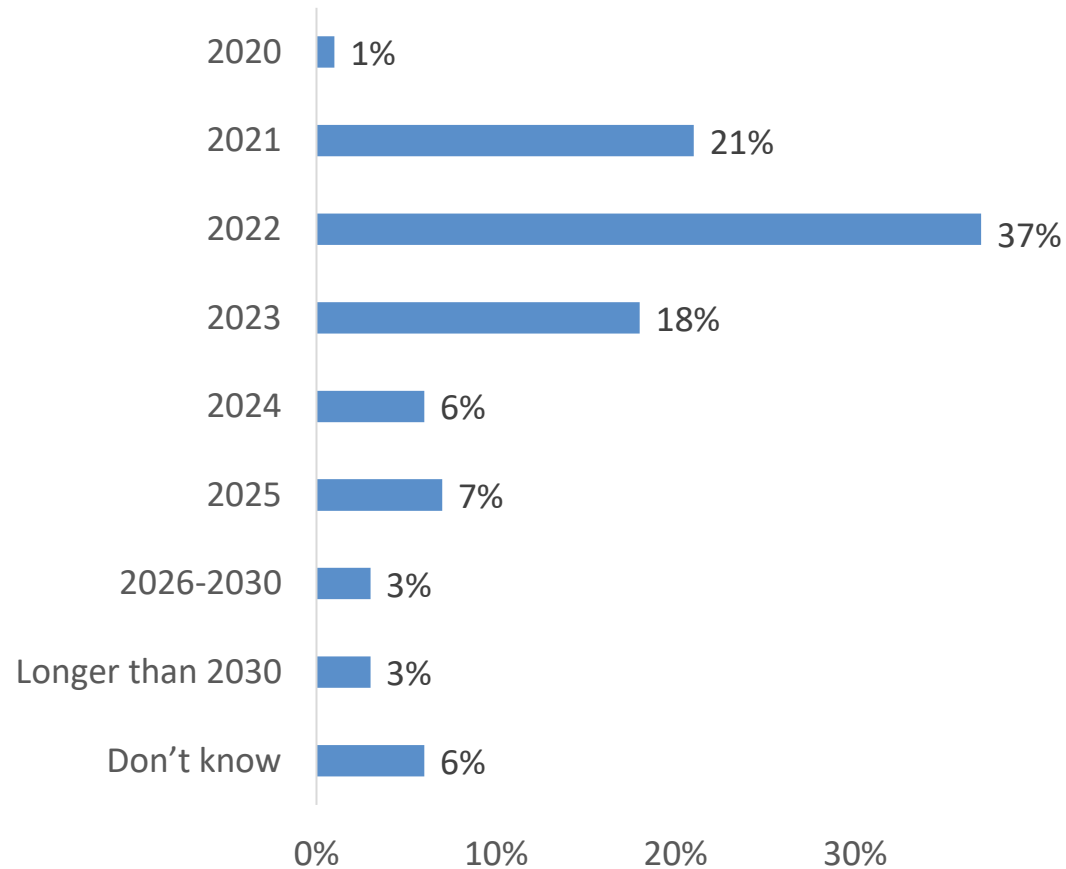
N=4,500 employees in NAV

What do the employees think?

What societal trends will affect NAV the most as a whole in the next 10 years? (Choose up to 3 trends.
N=4,500)



How long do you think the coronavirus outbreak will have significant consequences for NAV?



N=4,500 NAV employees

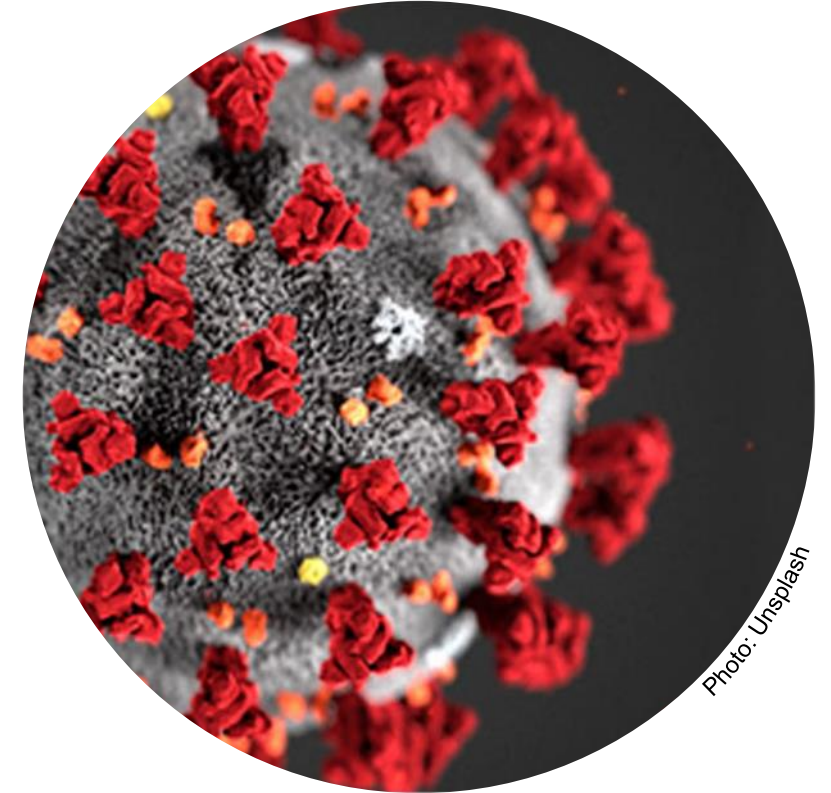


Photo: Unsplash

Societal trends and NAV towards 2035



Weak population growth,
strong ageing



Faster
restructuring pace



Increased expectations
and opportunities

Seven areas of society



1. The labour market



3. User expectations



5. Living conditions



2.
Demographics



4. Technology



6. Health



7. Political trends



The labour market:

Faster restructuring pace

3 reasons for the high restructuring pace

- Technological development
- The green transition
- A continued high level of globalisation



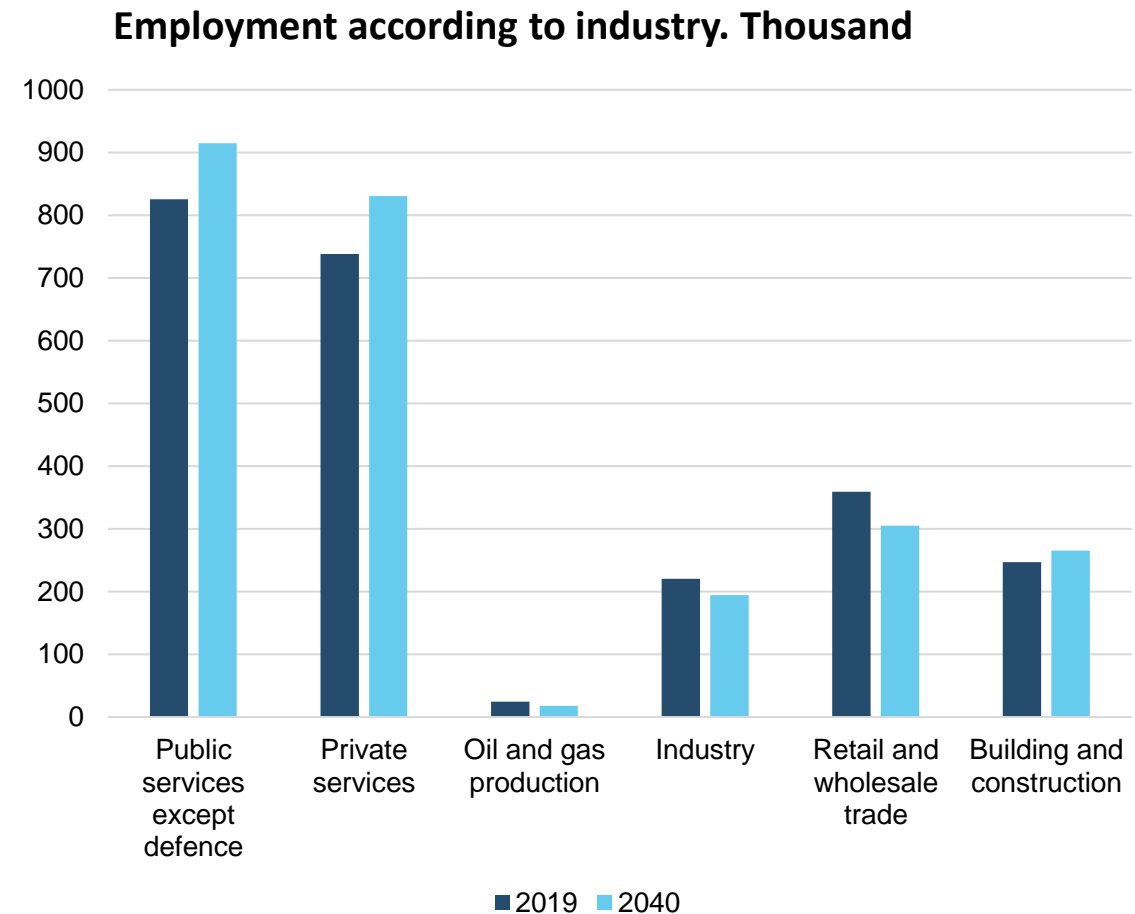
The coronavirus is accelerating the restructuring

- The coronavirus crisis has changed habits and preferences – are these changes permanent?
- Crises accelerate change and innovation
- A risk of more people remaining permanently outside the labour market
- Norway depends on international developments



The composition of industry will change

- Largest growth in service-providing industries and public administration
- Weak development in the oil industry, manufacturing and the wholesale and retail trade
- More people with higher education
 - Not everyone will find a job that requires this, especially in economics/administration, social sciences and humanities
 - Increased demand for nurses
- Large shortage of vocationally trained workers – especially in health care and traditional trades



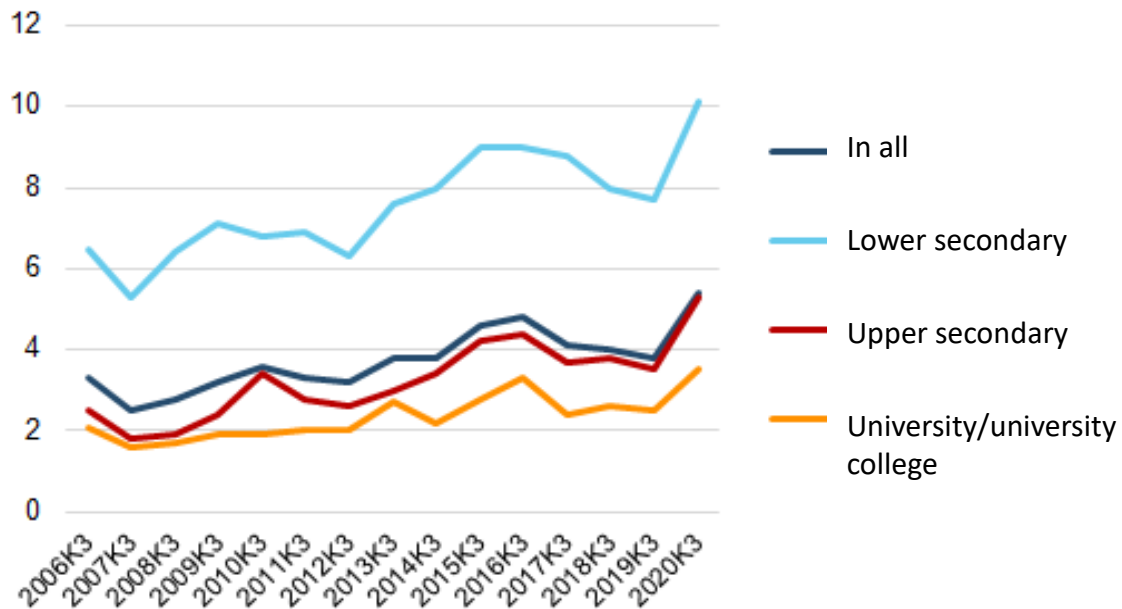
Source: Statistics Norway (Cappelen et al. 2020)

More than 1 in 5 do not complete upper secondary school

- Nevertheless, the proportion who complete upper secondary education is increasing
- Unemployment is highest among unskilled people:

Unemployment according to the level of education.

Figures as a percentage



Source: Statistics
Norway



The consequences of automation and other restructuring

- Possible periodically higher unemployment in particularly affected industries and occupations
- New jobs come in other industries/occupations and can be created elsewhere in the country
- NAV must facilitate restructuring – contribute to occupational and geographical mobility
- Life-long learning and restructuring
- NAV will be required to have more labour market and labour inclusion expertise

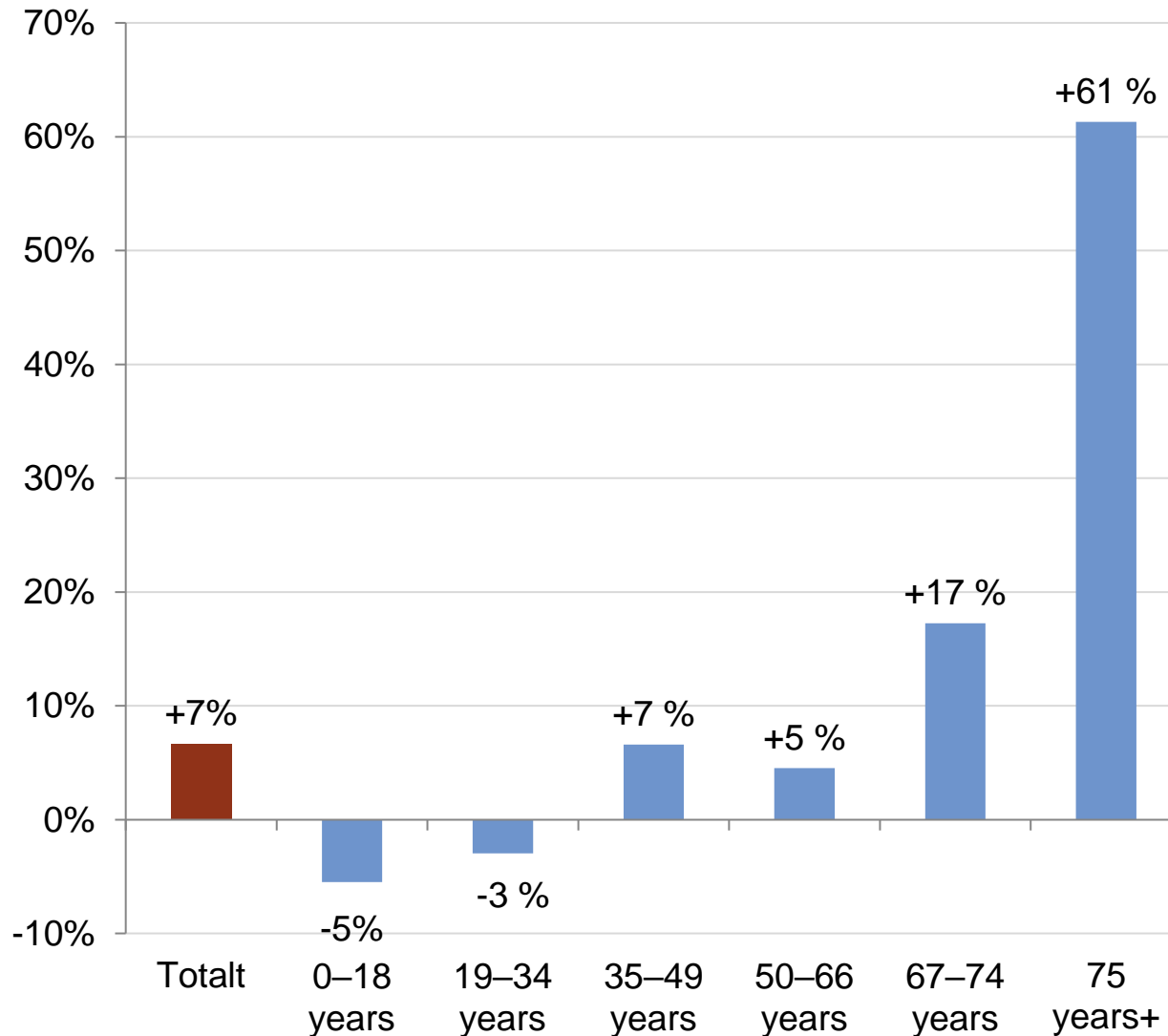




Demographics:

**Weaker population growth,
stronger ageing**

Population growth 2021–2035



Weaker population growth – stronger ageing

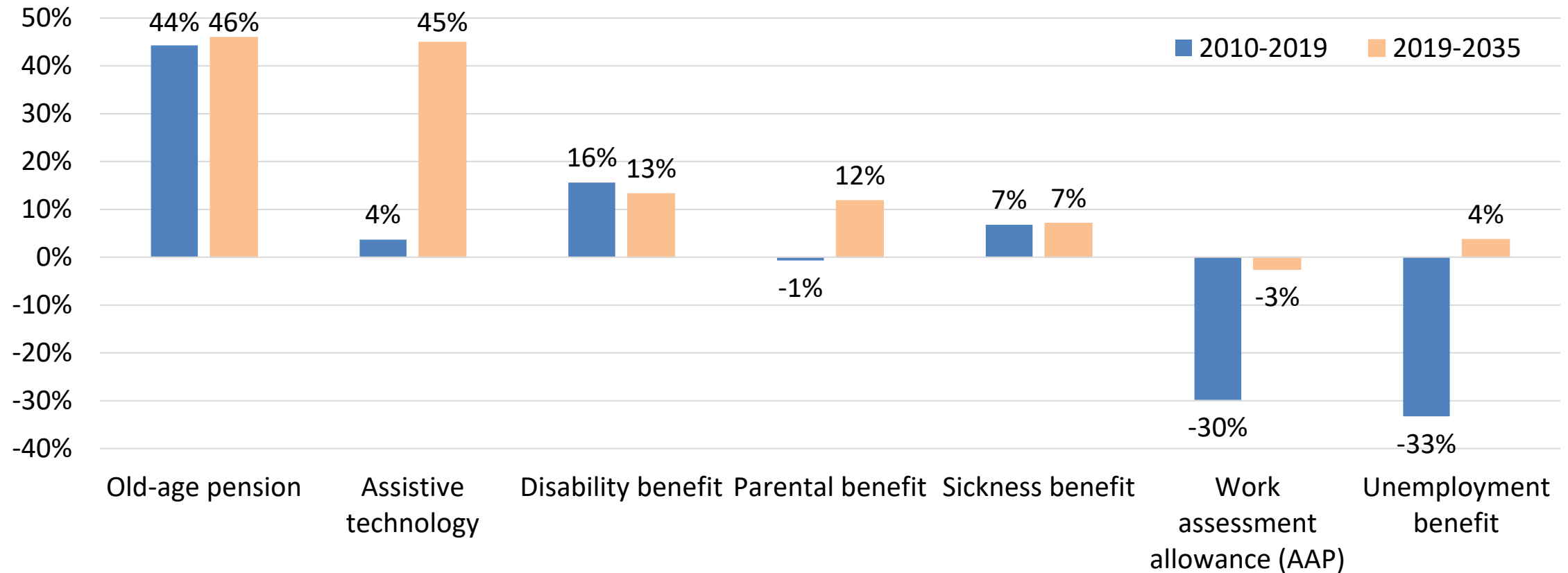
Consequences for NAV

- Modest impact on workload – 3 in 4 NAV employees deal with people of working age
- Recipients of old-age pension and assistive technology will increase by 40% towards 2035
- Increased dependency burden – NAV will be expected to assist more groups towards employment



Old-age pensions and assistive technology increase the most

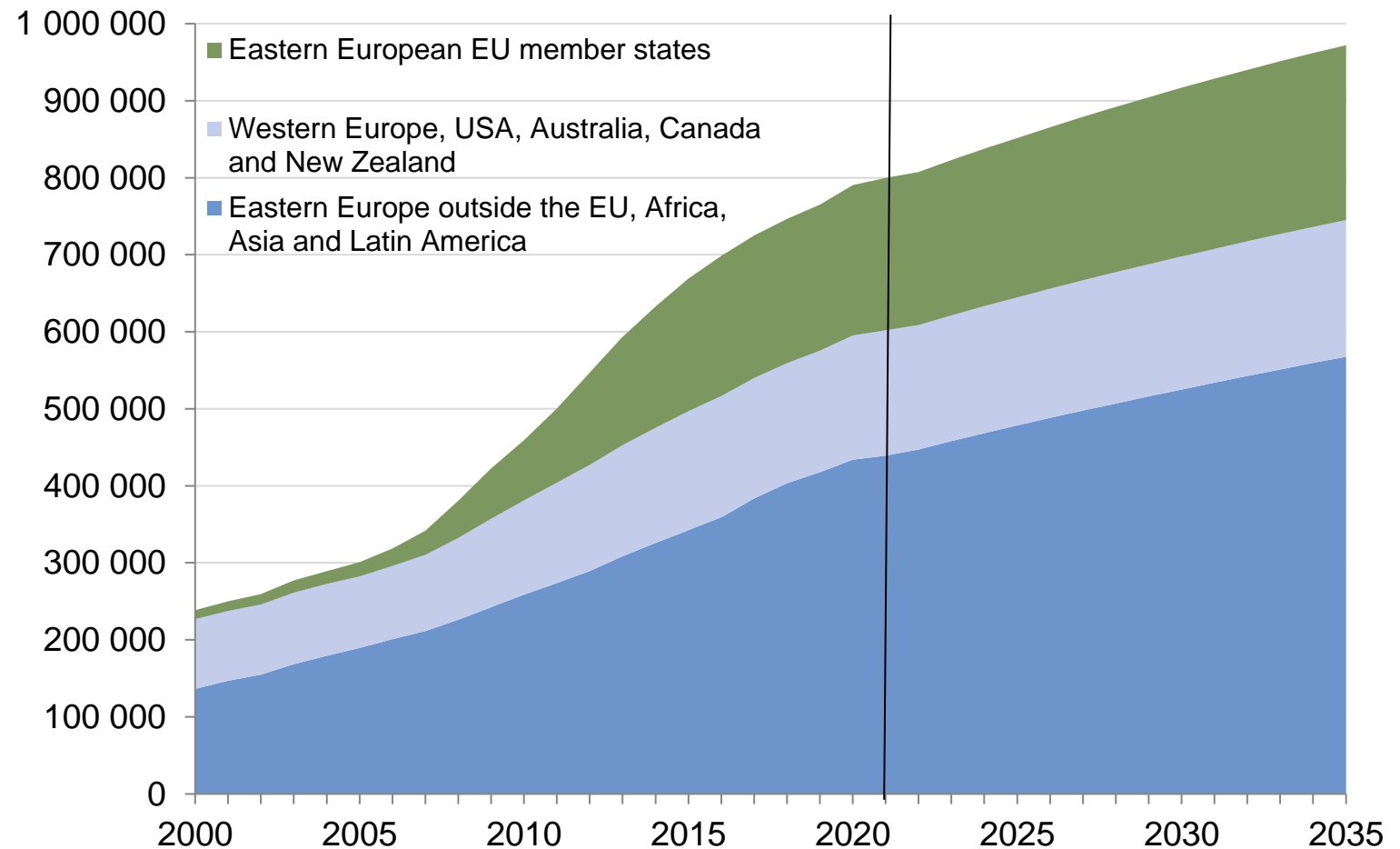
Recipients of NAV benefits and assistive technology, change 2010–2019 and 2019–2035





Lower growth and changed composition of the immigrant population

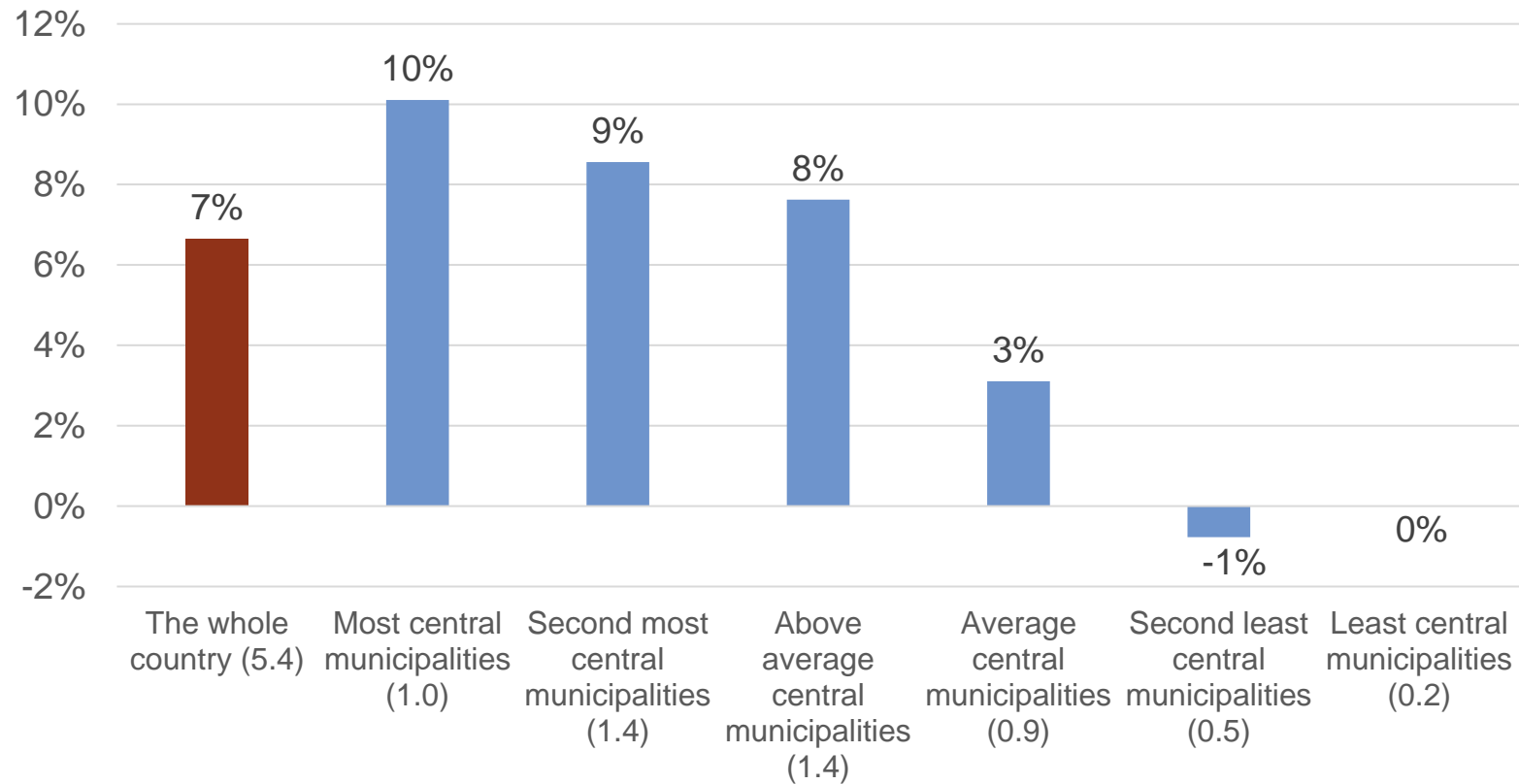
* Born abroad of foreign-born parents



Source: Statistics Norway's population projections, June 2020

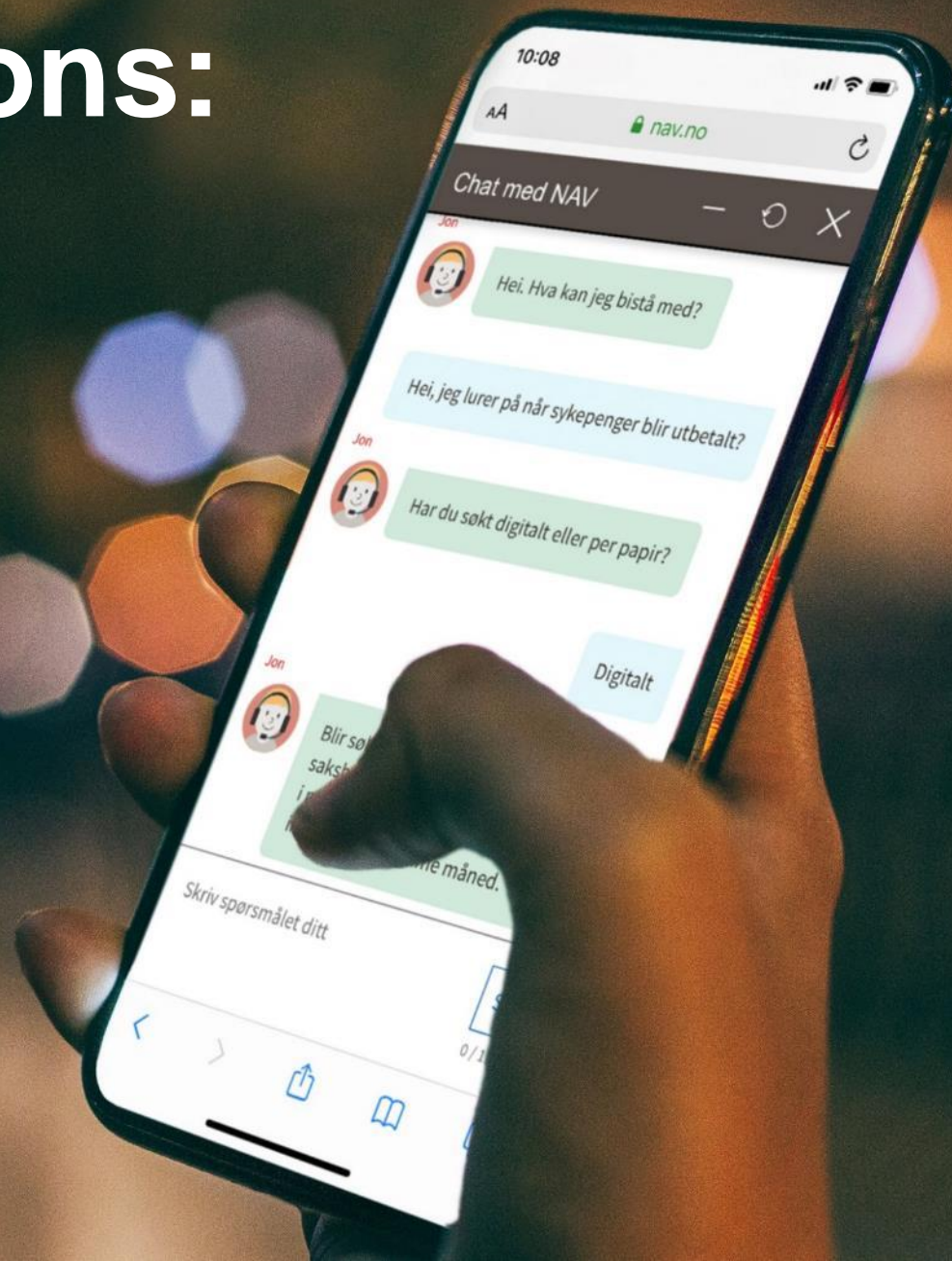
Centralisation continues – Increasing number of elderly in peripheral municipalities

Population growth 2021–2035 by the municipalities' centralisation rate
(Population in millions in brackets)



User expectations:

Increased expectations
for coordinated
services
and adapted service





Expectations are shaped by other trends

- Digitalisation leads to increased expectations
- The labour market and the demographics change the composition and needs of the users.
- Knowledge-based practice

Invisible, automatic and proactive services

- The reuse of information and simpler processes for the users
- In many areas, we assume that users will neither be in contact with us nor know that NAV is the provider of the benefit or service they are receiving

In 2035, I envisage that we will not have to struggle to receive the various services. That they will be available to us where we live, when we need them.

User representative

In 15 years, I hope the system is so good that I as an ordinary user do not notice it.

User representative

What knowledge do people need when in contact with public services?



- Digital skills are a threshold today
- People and businesses often face demanding situations that affect how they use our services
- Administrative competence will be important as long as the services are complex and not well coordinated
- Can automation make us less aware of our rights and obligations?

Adapted service and coordinated services

- Services tailored to the individual's situation and needs
- Get the help I need, when I need it
- Able to make your own choices to a greater extent
- Do not have to deal with how the public sector is organised
- Will NAV become more of a data provider?



Photo: Rob Curran/Unsplash

Meetings that help people to move on



Photo: Stock

- Automation will take away many of today's meetings
- This will increase expectations for the services and the contact with NAV
- Move on in life, away from the situation you or your business is in
- Applies regardless of whether the meeting is with a person or a machine
- May change the expertise NAV requires
 - User needs
 - Relationships
 - The labour market



Technology:
Data-driven
services
provide great
opportunities

Rapid technological development

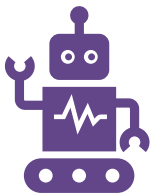
Several trends will affect lives and societies



The green transition



The physical and digital are merging



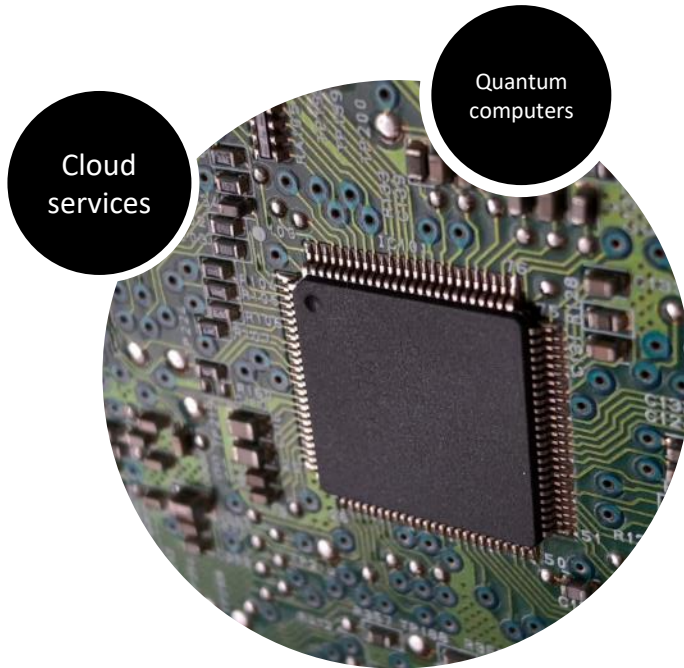
Robotised and driverless



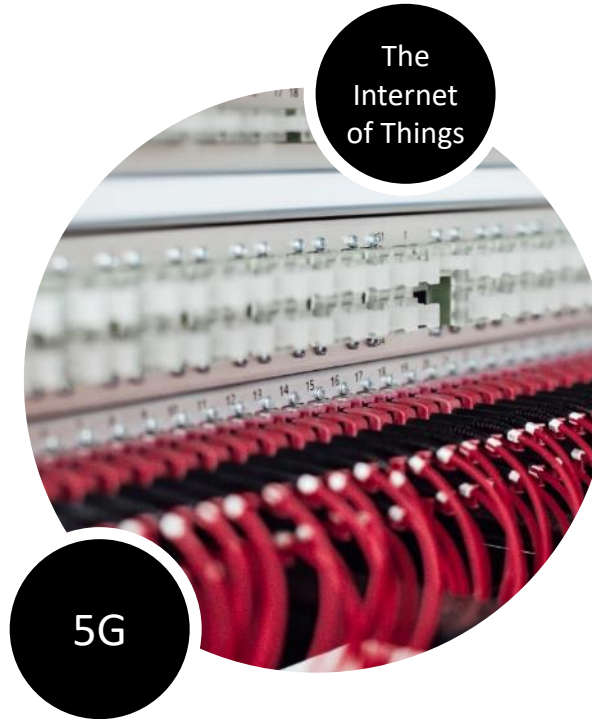
Personalised medicine

Digitalisation continues to spread

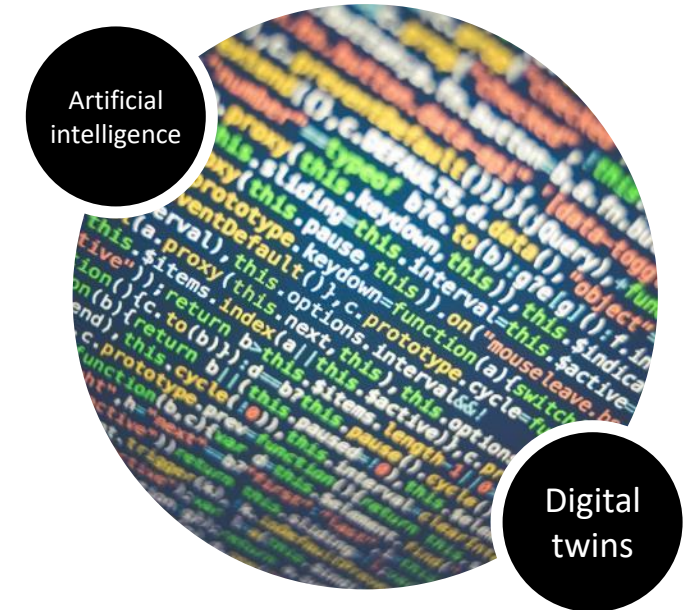
Persistent and growing trends



- Cheaper and more flexible computing power



- Broader and easier access to data



- Algorithmic systems

Digitalisation trends in NAV

Persistent and growing



User contact is digitalised

From online self-service to the digital NAV office.



The administration is digitalised

More tasks are solved digitally and as coherent services around life events.



Ethical and sustainable digitalisation

Broader debate about protection of privacy, algorithms, rule of law, power and the use of data.

A person with short dark hair, wearing a light blue denim jacket with a white fur collar, is seen from behind, walking away on a paved city street. The street is lined with a brick wall on the left and trees and buildings on the right. The scene is captured in warm, golden-hour lighting.

Living conditions:

Stable purchasing power

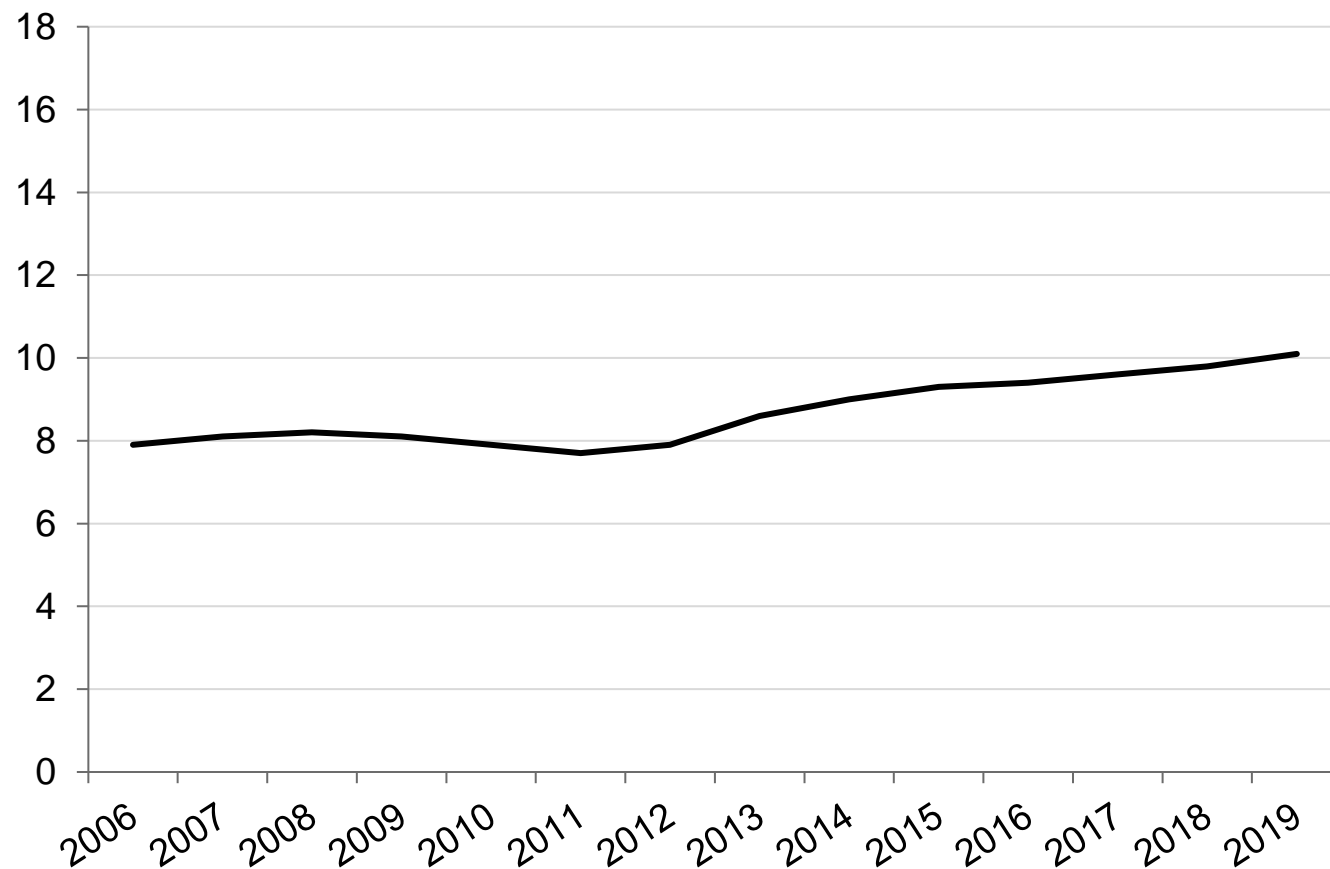
Young people and immigrants most at risk of having low incomes

Restructuring can increase the differences

Increased income inequality

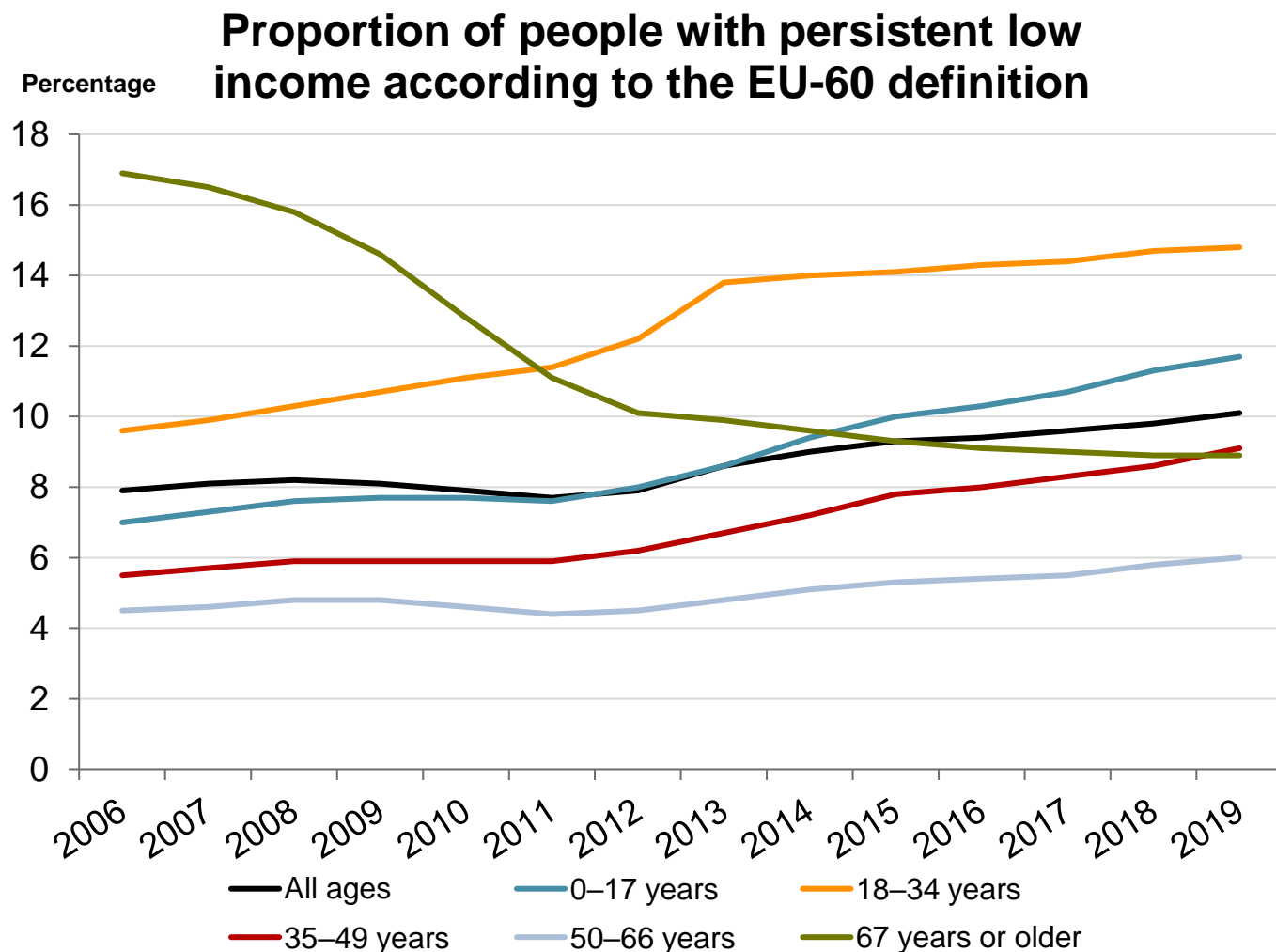
- Restructuring in the future may increase income inequality
- Households with immigrants (particularly with a refugee background) often have low incomes
 - 1 in 3 immigrants from Eastern Europe, Africa, Asia and Latin America
- The growth in the proportion of immigrants is the reason for the growth in low incomes
- A high level of social mobility among descendants of immigrants

The proportion of people with persistent low income according to the EU-60 definition. Percentage

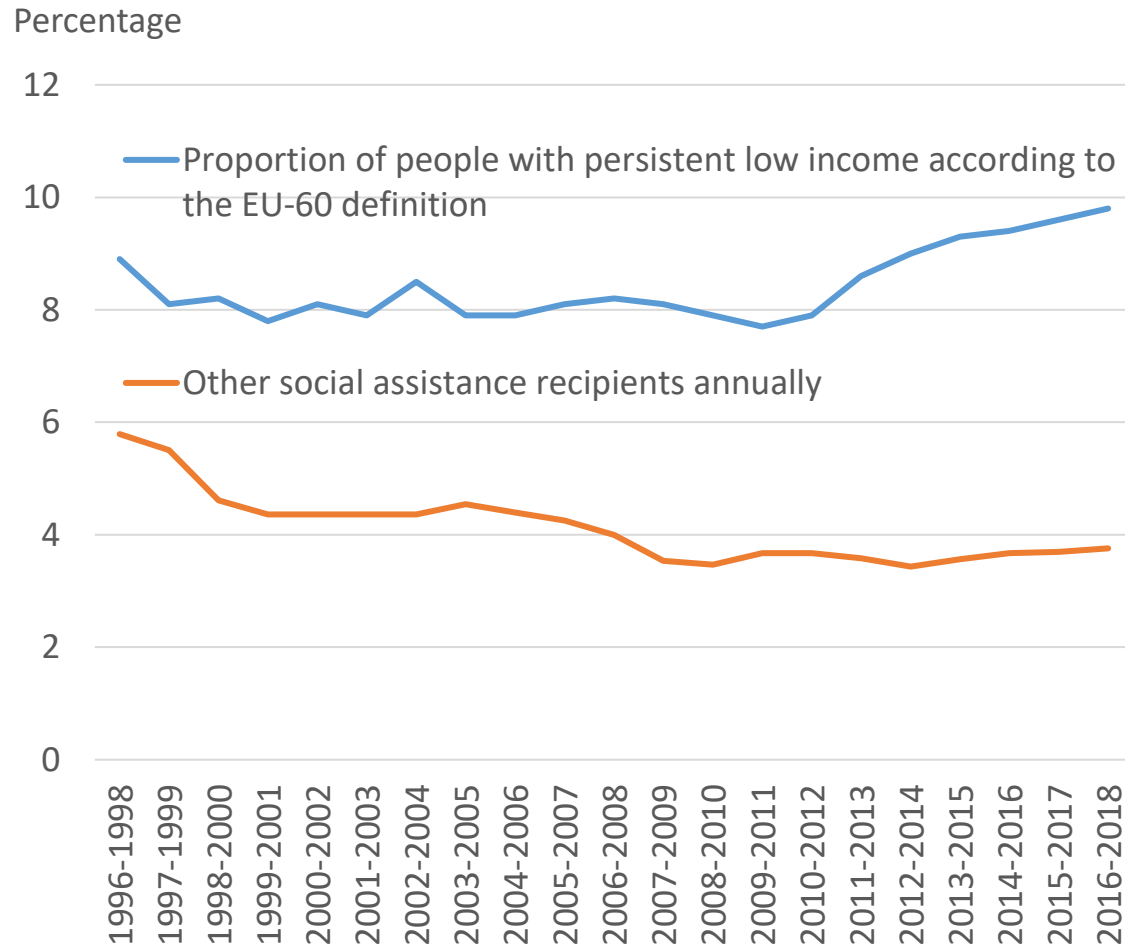


Increasing income inequality

- A sharp decrease in the proportion with low incomes in the 67+ age group
- A significant increase in the proportion of young people (18-34 years) with low incomes



Little relationship between persistent low income (EU60) and the need for social assistance



Consequences for social services in NAV

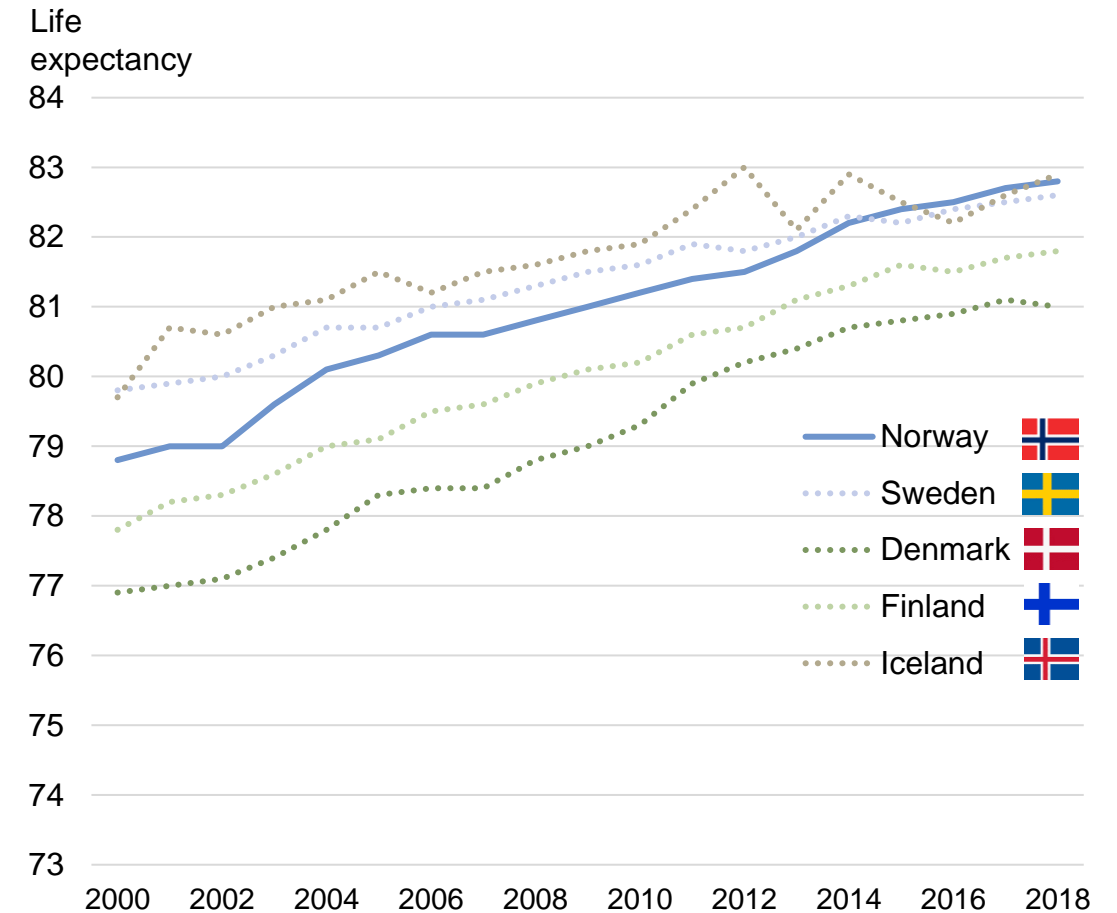
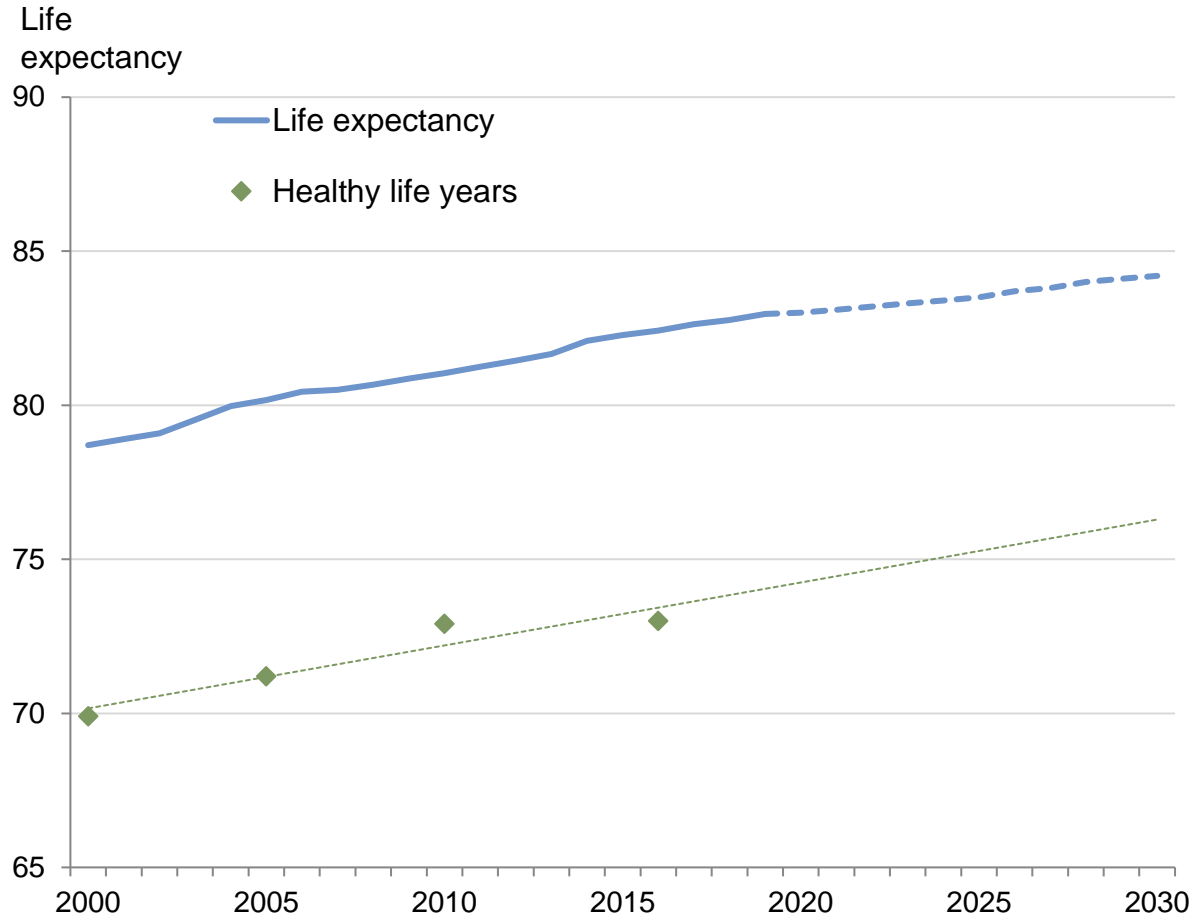
- Increased income inequality does not necessarily mean an increased need for social services from NAV
- The number of refugees with a short period of residence has a clear correlation with the demand for financial social assistance

Health:

**We are becoming
healthier
and living longer**



Norway is among the best countries in the world in terms of public health and we are becoming healthier

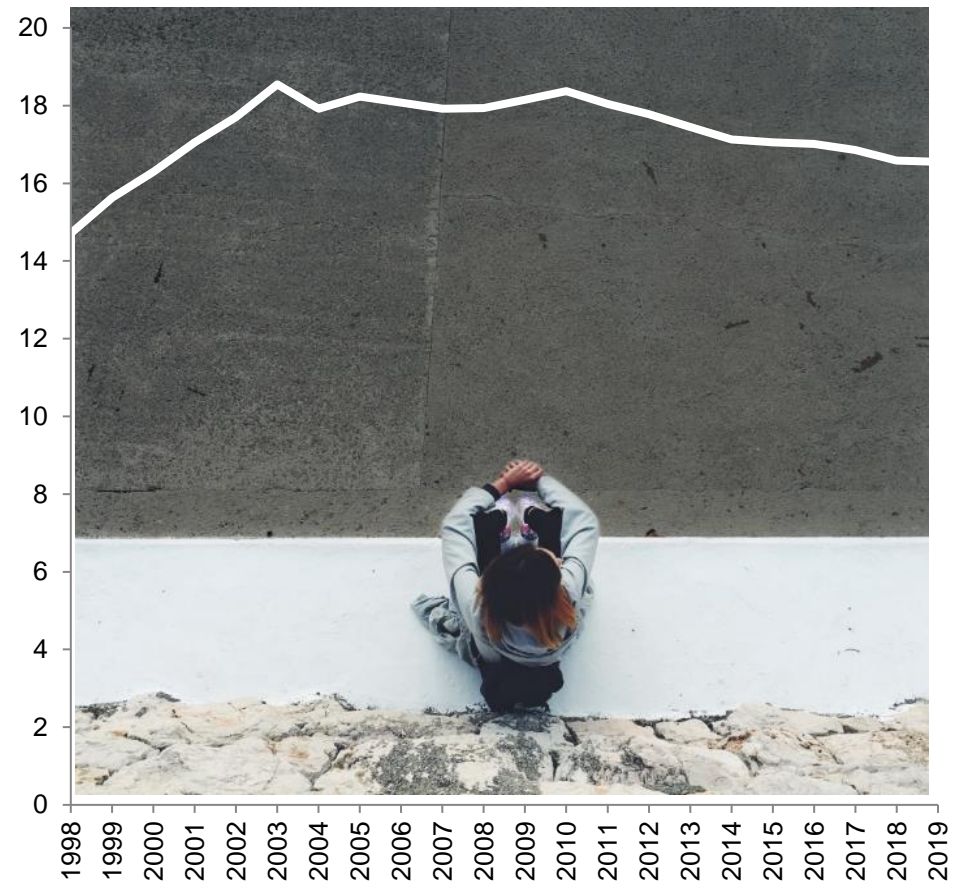


Source: Statistics Norway and the World Health Organisation

Fewer receiving health-related benefits

- Decrease from and including 2010
 - Largest decrease among the oldest, a slight increase for those under 30
 - Still high numbers – but fewer people in Norway than in other countries who are not in employment and education
- Expect a stable development towards 2035
- Risk factors/NAV's role:
 - Pace of restructuring in the labour market
 - Increased pressure on low-skilled occupations
 - Dropout rate in upper secondary schools

Proportion of the population aged 18–66 years who are receiving health-related benefits*



* Health-related benefits are disability benefit, work assessment allowance and sickness benefit

How does the coronavirus pandemic affect public health?

- An immediate increase in sickness absence (Nossen and Sundell 2020)
- Unknown long-term effects
 - Direct effects of the disease
 - Indirect effects of the measures

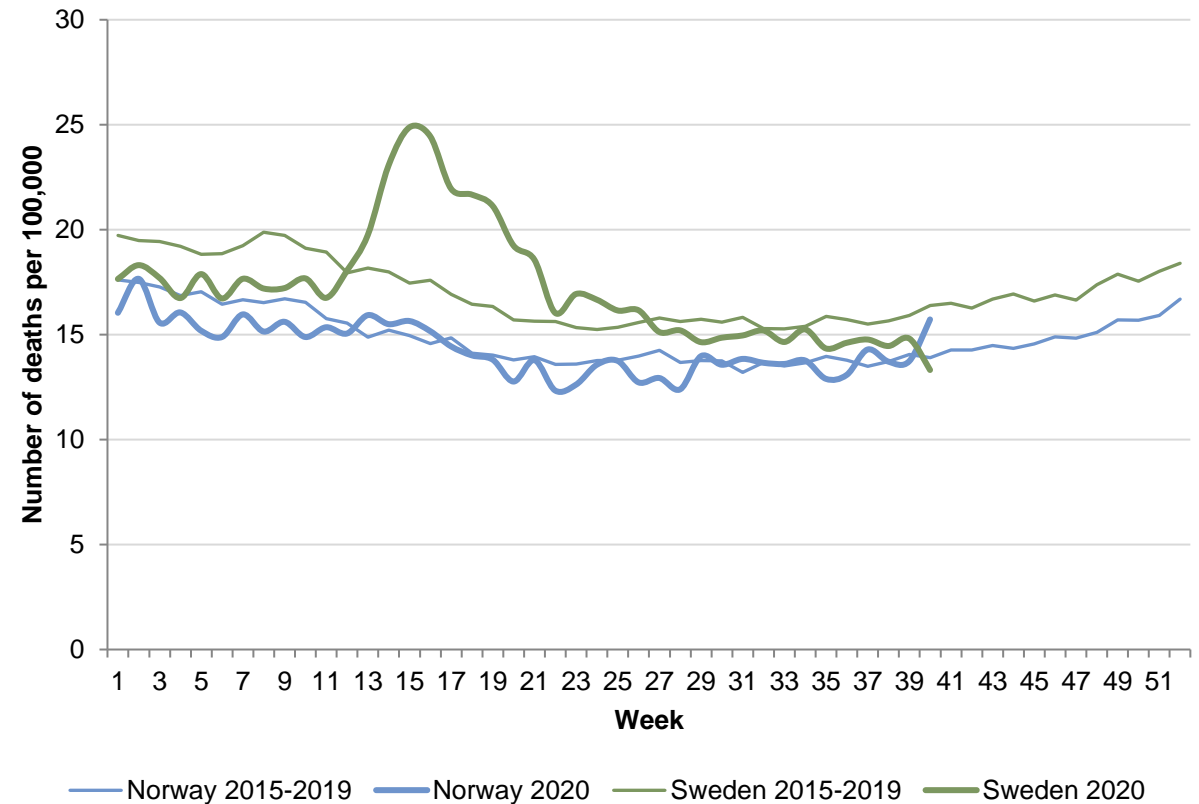


Figure: Weekly mortality rate (per 100,000) in Norway and Sweden. Compare 2020 with the average in the period 2015-2019. (Source: SSB, Socialstyrelsen and Fiva, 2020)

Political trends:

Restructuring, labour
inclusion and
the sustainability of the
welfare state



Restructuring, inclusion and sustainability

Restructuring and new skills will become increasingly important

Inclusion of vulnerable groups

- Some groups of immigrants and young people with a lack of formal competence

Ensure the sustainability of the welfare state

- Balance between secure welfare schemes and financial sustainability
- Tough priorities require combinations of different measures, depending on the political majority:
 - Reduce spending?
 - Increase tax revenues?
 - Increase employment?
 - Rationalise the public sector?



Important lines of conflict going forward

In the labour and welfare policy

- Public vs. private solutions
- Universal vs. selective schemes
- Whip vs. carrot

In society as a whole

- Climate and environment
- Immigration and integration
- Centralisation
- Globalisation and international cooperation

Increasing polarisation internationally – for the time being a high level of trust in Norway



Political opportunities

Restructuring and skills development measures

- NAV, employers, employees and politicians are responsible
- Greater emphasis on education as a labour policy instrument

Increased interaction and coordination

- Requires regulatory amendments and removing organisational barriers
- A new Public Administration Act allows for more interaction

Digitalisation and simplification

- Aim for more comprehensive user experiences when in contact with the public sector
- Digitalisation and automation require simplification of the regulations



Main findings



Labour market

- Faster restructuring pace – technology, continued high level of globalisation, green transition. The coronavirus pandemic will accelerate restructuring
- 1 in 5 do not complete upper secondary school
- NAV must facilitate restructuring and contribute to increased mobility
- Need for better cooperation models with employers and across sectors



Technology

- Digitalisation is spreading – more flexible computing power, broader access to data
- Data-driven services provide great opportunities when digitalising user contact and administration:
 - Automation, adaptation, decision-making support, nudging
 - Digital platforms where other actors can develop services
- Protection of privacy and social acceptance considerations give increased ethically sustainable digitalisation requirements



Demographics

- Weaker growth than expected – ageing, immigration and centralisation still the most important factors
- Weak growth in services and benefits to people of working age, 40 per cent user growth in assistive technology will challenge NAV
- Lower immigration can ease integration, a changed composition pulls in the opposite direction
- An increased dependency burden may lead to increased rationalisation and work-related follow-up



Living conditions and health

- Increasing income inequality, young adults and some immigrant groups most at risk
- Increased life expectancy and better health, but high restructuring pace increases the risk that exclusion from the labour market can increase



User expectations

- Expectations are increasing faster in step with services elsewhere in society – especially coordinated services and an adapted service
- Increase user meeting requirements – professional advice, relationship skills



Political trends

- The most important political challenges: Restructuring, inclusion and the sustainability of the welfare state
- Lines of conflict going forward: Public vs. private solutions, universal schemes vs. more means-testing, whip vs. carrot
- Rule changes that support digitalisation and increased interaction
- High level of trust and political stability prevail in Norway although political polarisation is an international trend

Unexpected events require the ability to quickly reprioritise



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You can also send an email to redaksjon.omverdensanalysen@nav.no.