NAV's Horizon Scan 2023–2035

Societal trends towards 2035 and consequences for NAV

Why does NAV need a Horizon Scan?

1 Contribute to more accurate strategies and prioritisations for NAV

2 Reflection and discussion of how societal trends affect NAV in general and your field in particular
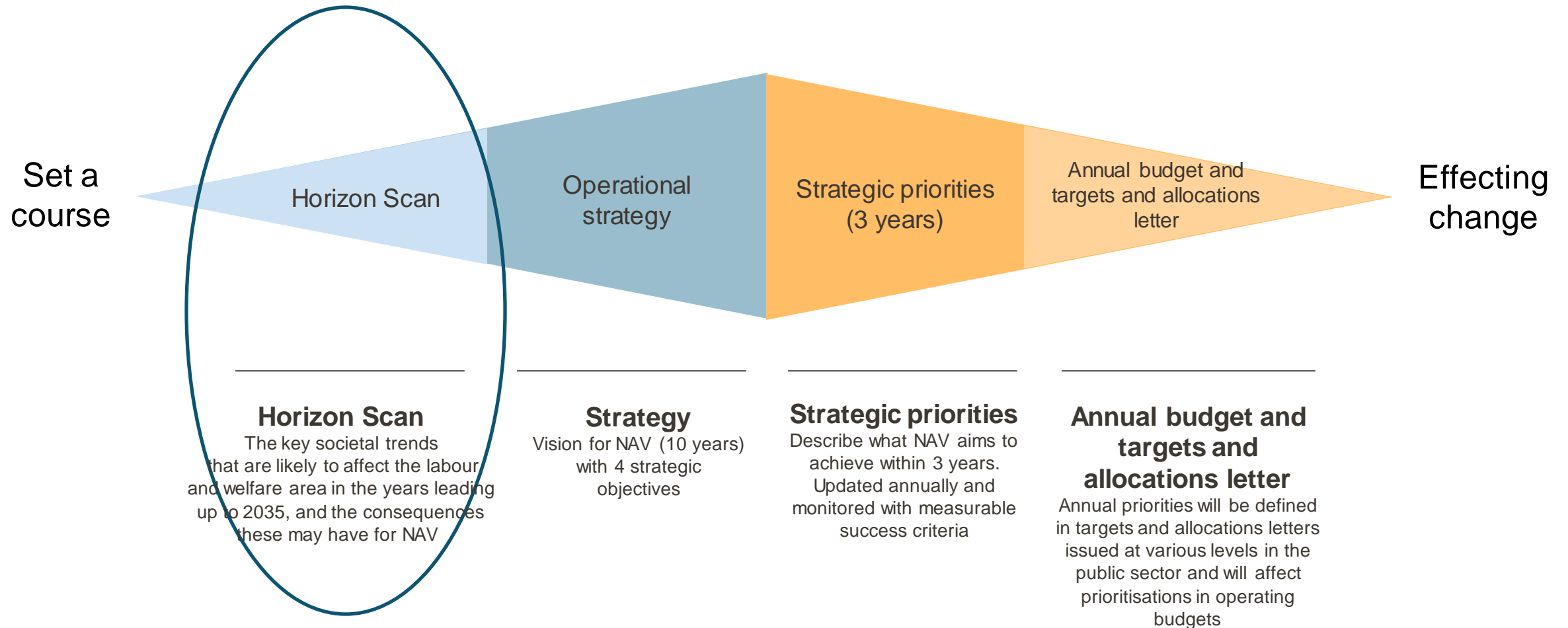
Society is changing rapidly. NAV must change with it, in step with new opportunities and challenges, and taking into account unexpected developments.

NAV's employees are the target audience, but we also want to reach decision-makers and partners.

From vision of the future to effecting change

Set a course

Effecting change

Horizon Scan

Operational strategy

Strategic priorities (3 years)

Annual budget and targets and allocations letter

Horizon Scan
The key societal trends that are likely to affect the labour and welfare area in the years leading up to 2035, and the consequences these may have for NAV

Strategy
Vision for NAV (10 years) with 4 strategic objectives

Strategic priorities
Describe what NAV aims to achieve within 3 years. Updated annually and monitored with measurable success criteria

Annual budget and targets and allocations letter
Annual priorities will be defined in targets and allocations letters issued at various levels in the public sector and will affect prioritisations in operating budgets

Societal trends and NAV toward 2035

- Ageing and centralization challenge the welfare state and NAV

- Immigration trends increasingly uncertain

- New expectations and opportunities

- Framework conditions and skills needs may slow rate of development

- Restructuring and labour shortages

- Increased regionalisation of international trade

- Risk of increased polarisation and reduced trust a challenge for NAV and may lead to increased political unpredictability

Central uncertainties for NAV

- Unforeseen circumstances

- Immigration

- Restructuring ability in the labour market and public sector

- Trust and polarisation

Photo: Unsplash

7 SOCIETAL AREAS

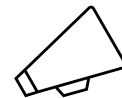Labour market

Demographics

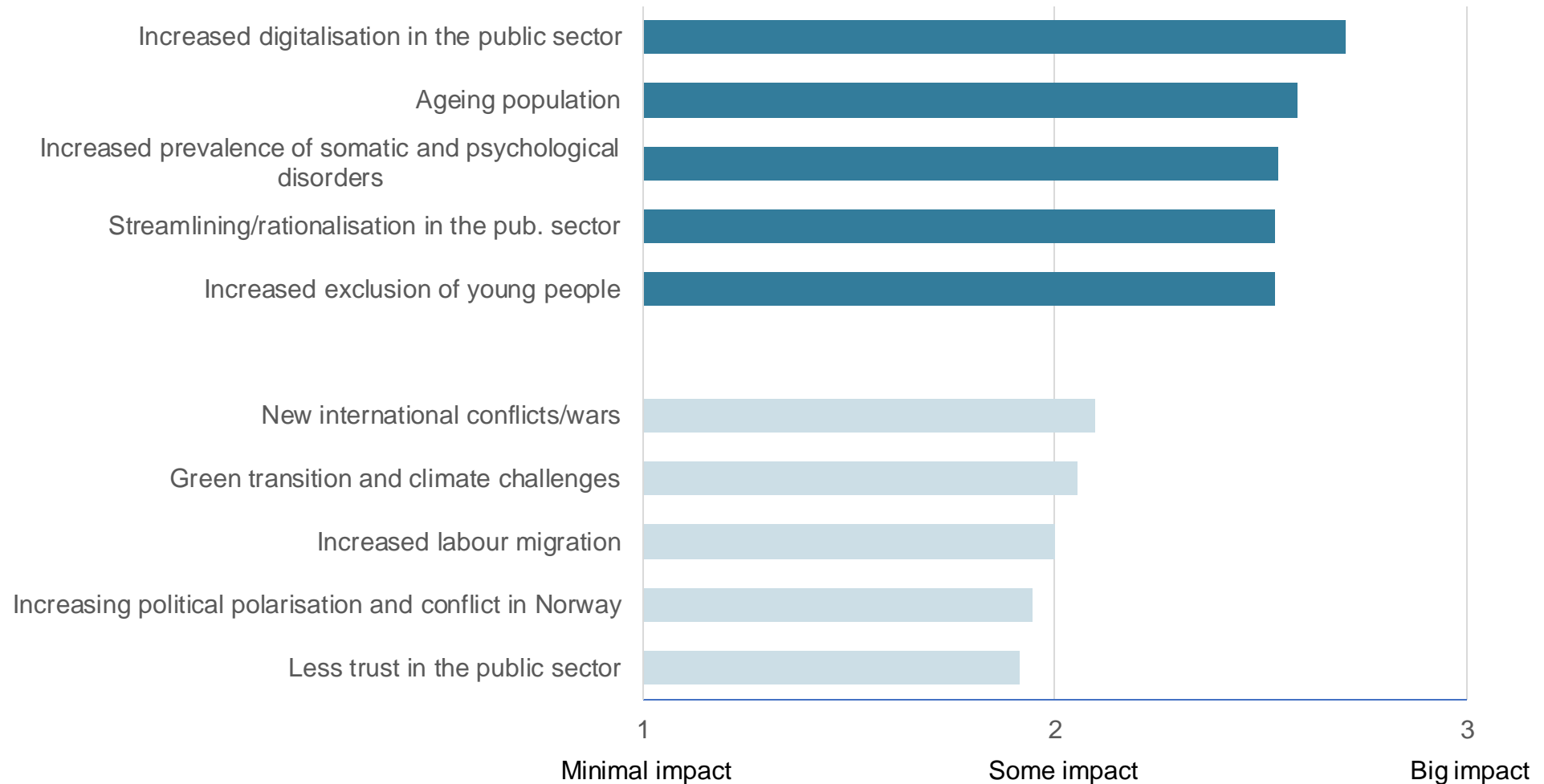User expectations

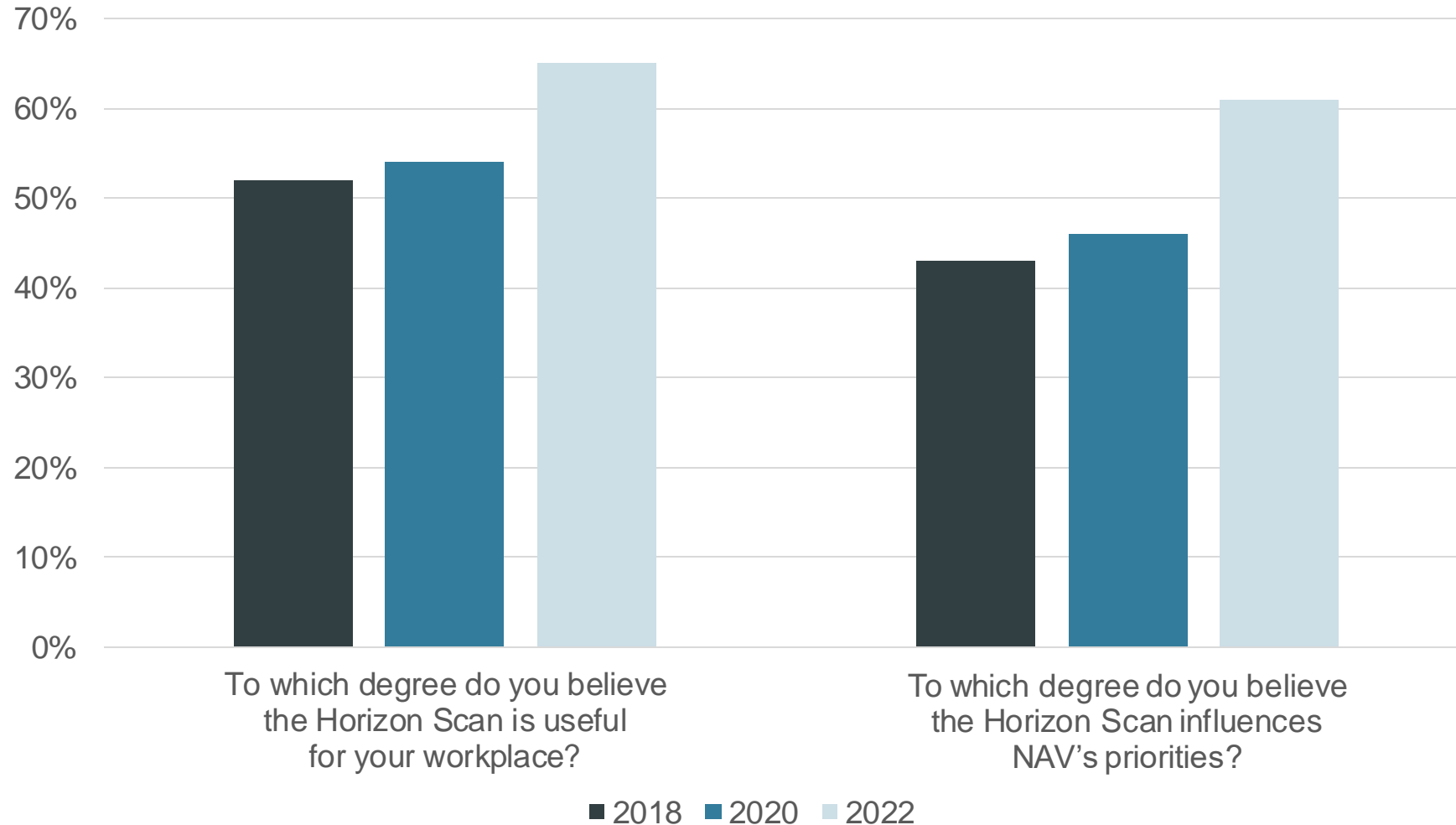Technology

Living conditions
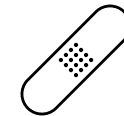
Health

Political trends

Employee survey, June 2022

The five societal trends likely to have the biggest and smallest impact on NAV in the next 10 years, according to NAV employees

// NAV

Employee survey, June 2022

Horizon Scan with increasing usefulness and influence

Bar chart comparing survey responses for 2018, 2020, and 2022.

- "To which degree do you believe the Horizon Scan is useful for your workplace?" — 2018: ~52%, 2020: ~54%, 2022: ~65%
- "To which degree do you believe the Horizon Scan influences NAV's priorities?" — 2018: ~43%, 2020: ~46%, 2022: ~61%

Legend: 2018, 2020, 2022

// NAV

Labour market

Two drivers behind the high rate of restructuring

- **Technological development**
  - Creates, eliminates and changes jobs
  - Changes skills requirements
  - Increased inequality
  - Temporarily increased unemployment

- **The green transition**
  - Creates and eliminates jobs
  - Impact on skills requirements uncertain
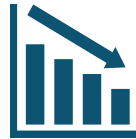 - Considerable regional differences

Low level of unemployment, but weaker growth prospects in the short term

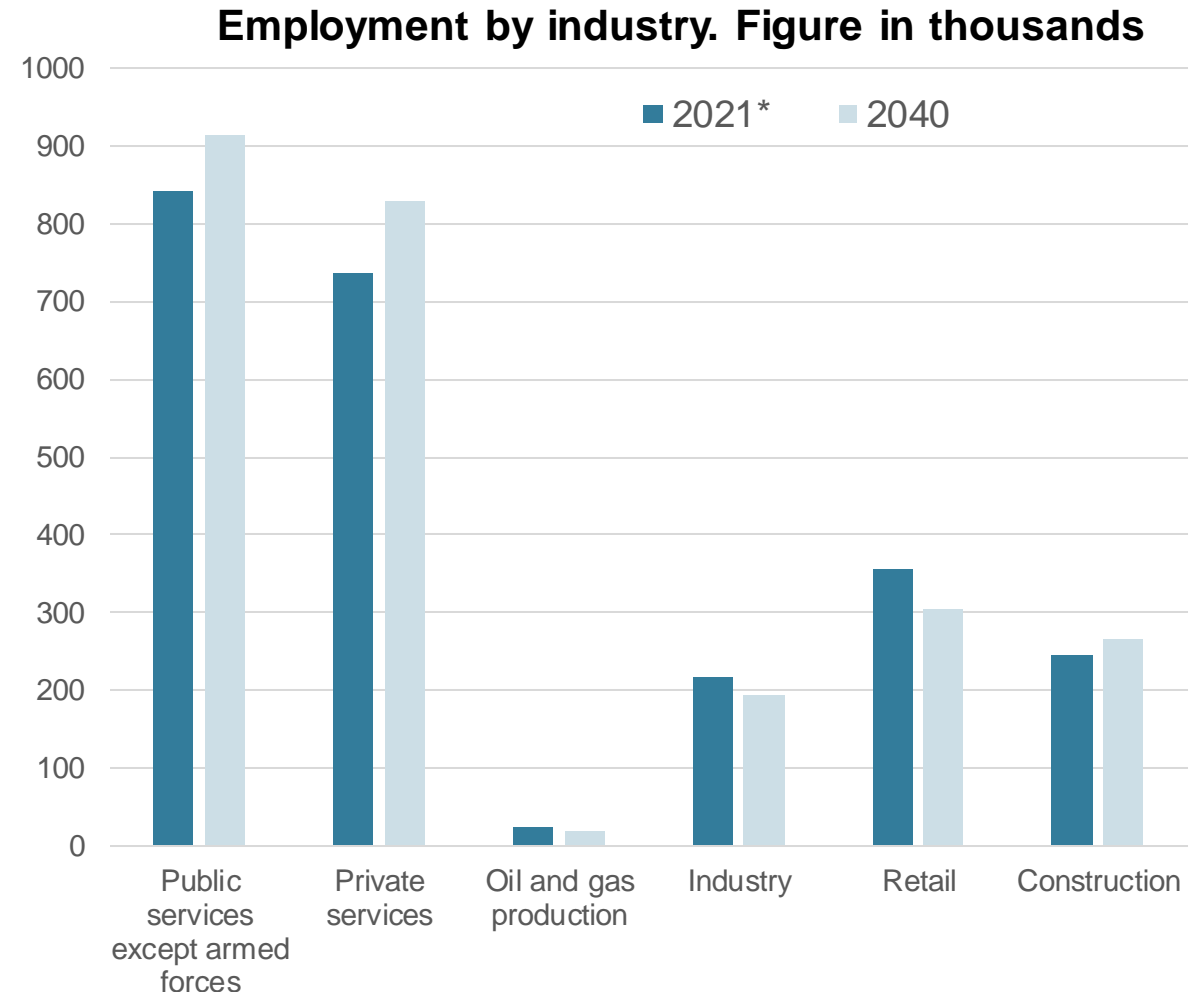Ageing population leads to weaker growth prospects even in the long term

Lower productivity growth in rich countries

We are more vulnerable than we thought

Weaker international growth and vulnerabilities in the globalised economy

Industrial structure will change

- Biggest increase in service industries in the private and public sectors

- Fewer jobs in the petroleum industry, retail and (more uncertain) industry

- Increased skills requirements

- Great shortage of
  - health personnel - all levels of education
  - occupations that require trade certificates – especially within healthcare and crafts
  - ICT competence

Employment by industry. Figure in thousands

■ 2021*   ■ 2040

Public services except armed forces | Private services | Oil and gas production | Industry | Retail | Construction

* Figures from 2019 for private services
Source: Statistics Norway (Cappelen et al. 2020)

The green transition – skills requirements

Key occupational groups

- Trades and operators (50 %)

- Engineers and supervisors (40 %)
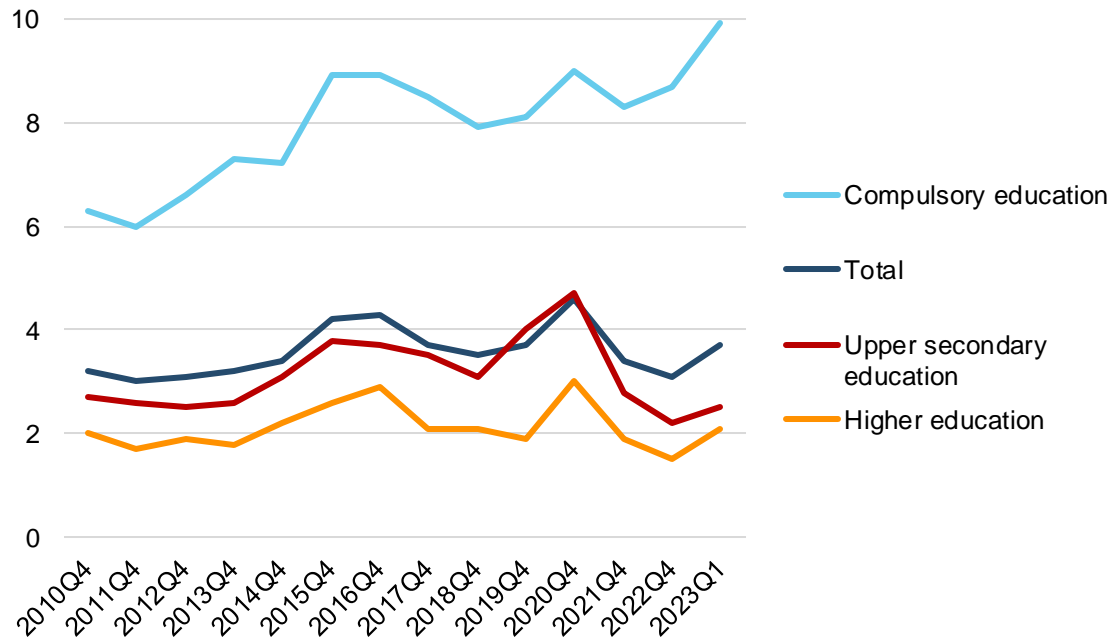
- Graduate engineers and IT developers (10 %)

Main scenario

- Demand for these occupations will increase by 64,000 by 2030

Kompetanse- og kunnskapsbehov for det grønne skiftet

Utredning på oppdrag for NHO og LO

osloeconomics

1 in 5 does not complete upper secondary education

Unemployment by education level Figures in percent

- Compulsory education
- Total
- Upper secondary education
- Higher education

x-axis: 2010Q4, 2011Q4, 2012Q4, 2013Q4, 2014Q4, 2015Q4, 2016Q4, 2017Q4, 2018Q4, 2019Q4, 2020Q4, 2021Q4, 2022Q4, 2023Q1

y-axis: 0, 2, 4, 6, 8, 10

Source: Statistics Norway

Consequences of restructuring and increased skills requirements

- Periodic increases in unemployment in strongly affected industries and occupations

- New jobs in other industries/occupations, and with considerable regional variations

- NAV must help ease transition
  - increased mobility, reduced exclusion, increased inclusion

- Need for lifelong learning

Questions for reflection

- How will labour market changes affect NAV?

- What will it entail for NAV that competence demands change rapidly?

- How will the platform economy and other changes in forms of employment affect NAV?

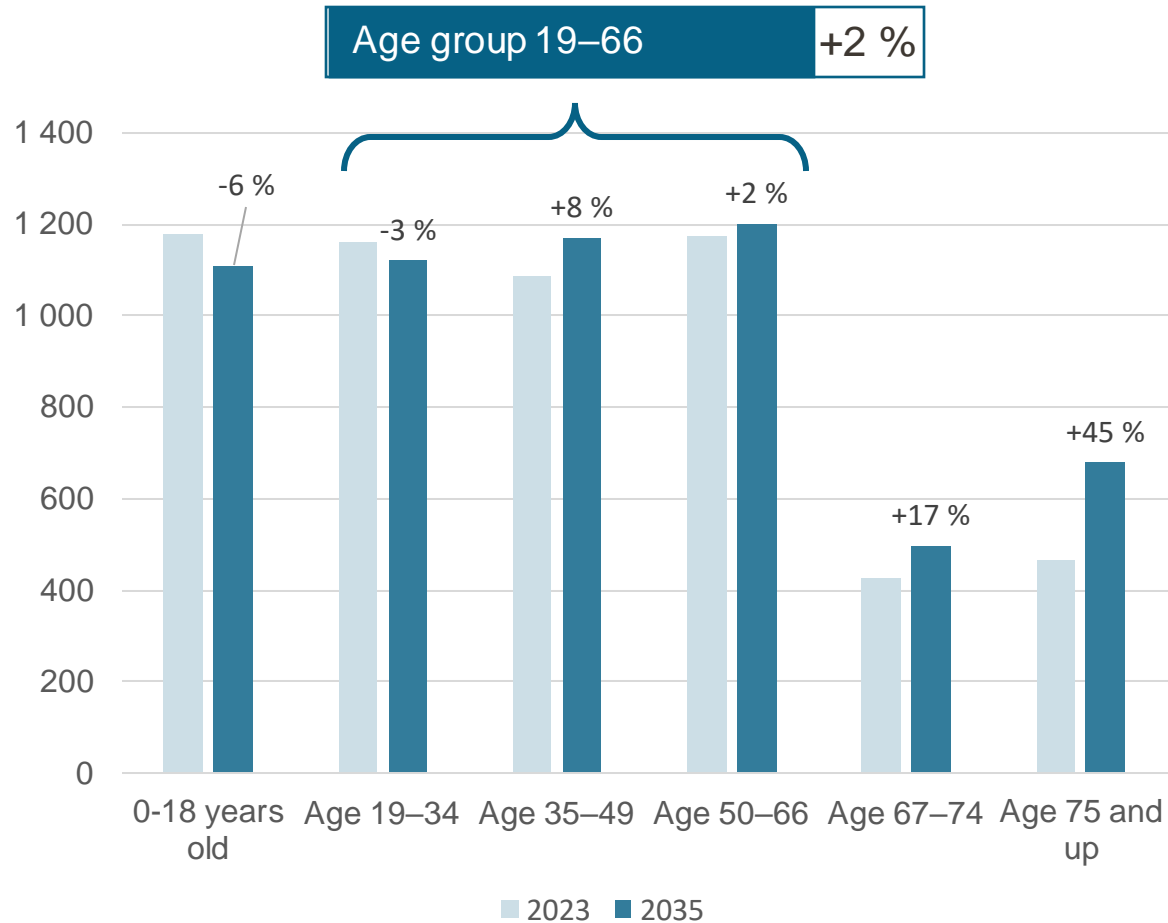- How will we handle rapid changes within certain occupations or regions?

Demographics

Weaker population growth – strong ageing

Population in 2023 and 2035
Figures in 1,000 and change in %

Age group 19–66 | +2 %

Age group	2023	2035	Change
0-18 years old			-6 %
Age 19–34			-3 %
Age 35–49			+8 %
Age 50–66			+2 %
Age 67–74			+17 %
Age 75 and up			+45 %

2023   2035

Source: Statistics Norway population projection, mean alternative, July 2022

Consequences for NAV

- Modest consequences for workload overall – 3 out of 4 NAV employees work with users of working age

- More than 35 percent increase in recipients of retirement pension and assistive technology towards 2035 will pose a challenge for NAV

- Increased pressure on public funding – greater expectations for efficiency and for NAV to help more groups join and stay in the workforce
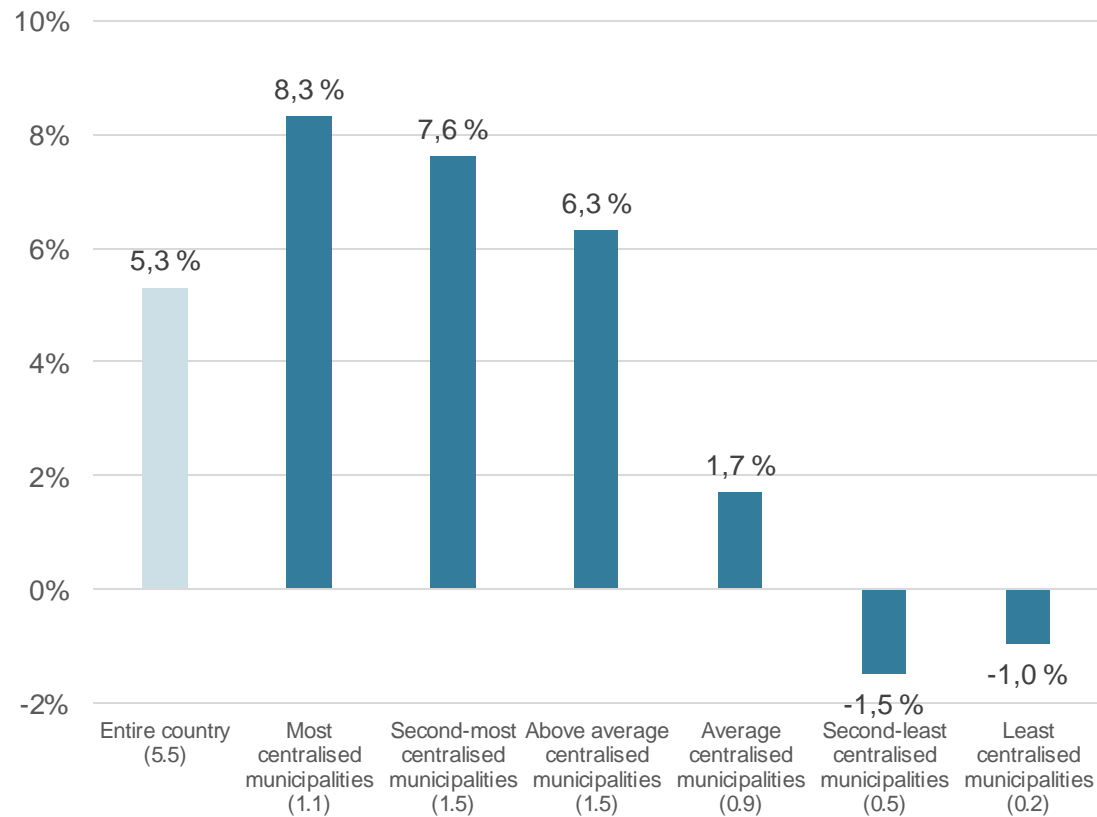
Photo: Unsplash

Strong increase in recipients of assistive technology and retirement pension

Annual average for number of recipients (figures in 1,000) and change in percent, 2023–2035

Chart data:

Category	2022	2035
Retirement pension	1 011	1 366 (35 %)
Retirement pension, new claims	60	76 (28 %)
Assistive technology	160	218 (37 %)
Parental benefit	68	74 (9 %)
Sickness benefit	121	123 (1 %)
Work assessment allowance	136	128 (-6 %)
Disability benefit	364	388 (7 %)
Unemployment benefit	40	48 (20 %)
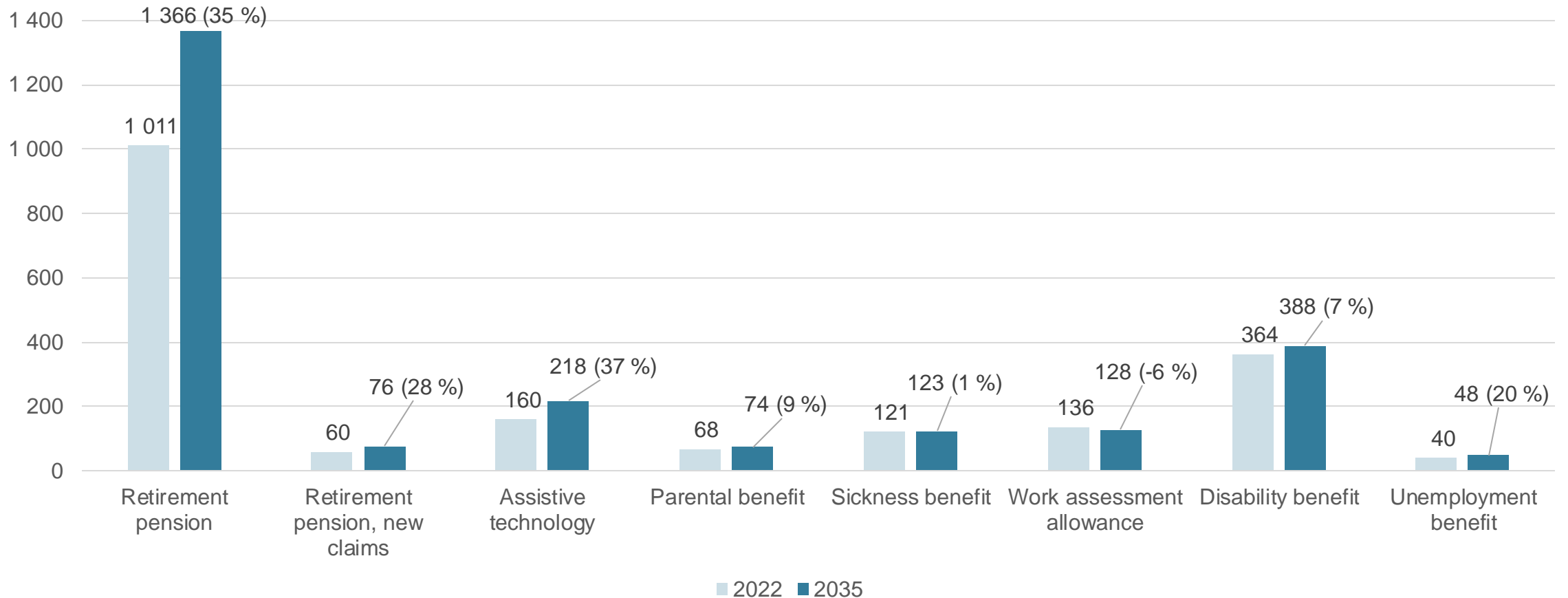
Strongest increase in centralised municipalities

Population growth 2023–2035 by centralisation
(population for each group in parentheses, in millions)

	Growth
Entire country (5.5)	5,3 %
Most centralised municipalities (1.1)	8,3 %
Second-most centralised municipalities (1.5)	7,6 %
Above average centralised municipalities (1.5)	6,3 %
Average centralised municipalities (0.9)	1,7 %
Second-least centralised municipalities (0.5)	-1,5 %
Least centralised municipalities (0.2)	-1,0 %

Source: Statistics Norway population projection, mean alternative, July 2022

- Almost half the population lives in centralised municipalities

- Population decrease in 4 out of 10 municipalities

- Decrease in working-age population in 2 out of 3 municipalities
  - shortage of qualified labour, even for NAV

- Fewer users for many NAV offices
  - trend exacerbated by digitalisation
  - Reorganization may be required to maintain service quality and ensure effective resource utilization

Photo: Colourbox

When the number of old people will surpass number of young people in each county...

Old: 65+
Young: 0-19 years old
Source: Statistics Norway

Year	County
2019	Innlandet
2022	Nordland
2024	Vestfold and Telemark
2026	Møre og Romsdal Troms and Finnmark
2031	Agder Trøndelag
2032	Vestland Viken
2037	Rogaland
2046	Oslo

Lower net immigration
Climate change, war/conflict and labour shortages mean increased uncertainty

Legend: ■ Immigration ■ Emigration ■ Net immigration
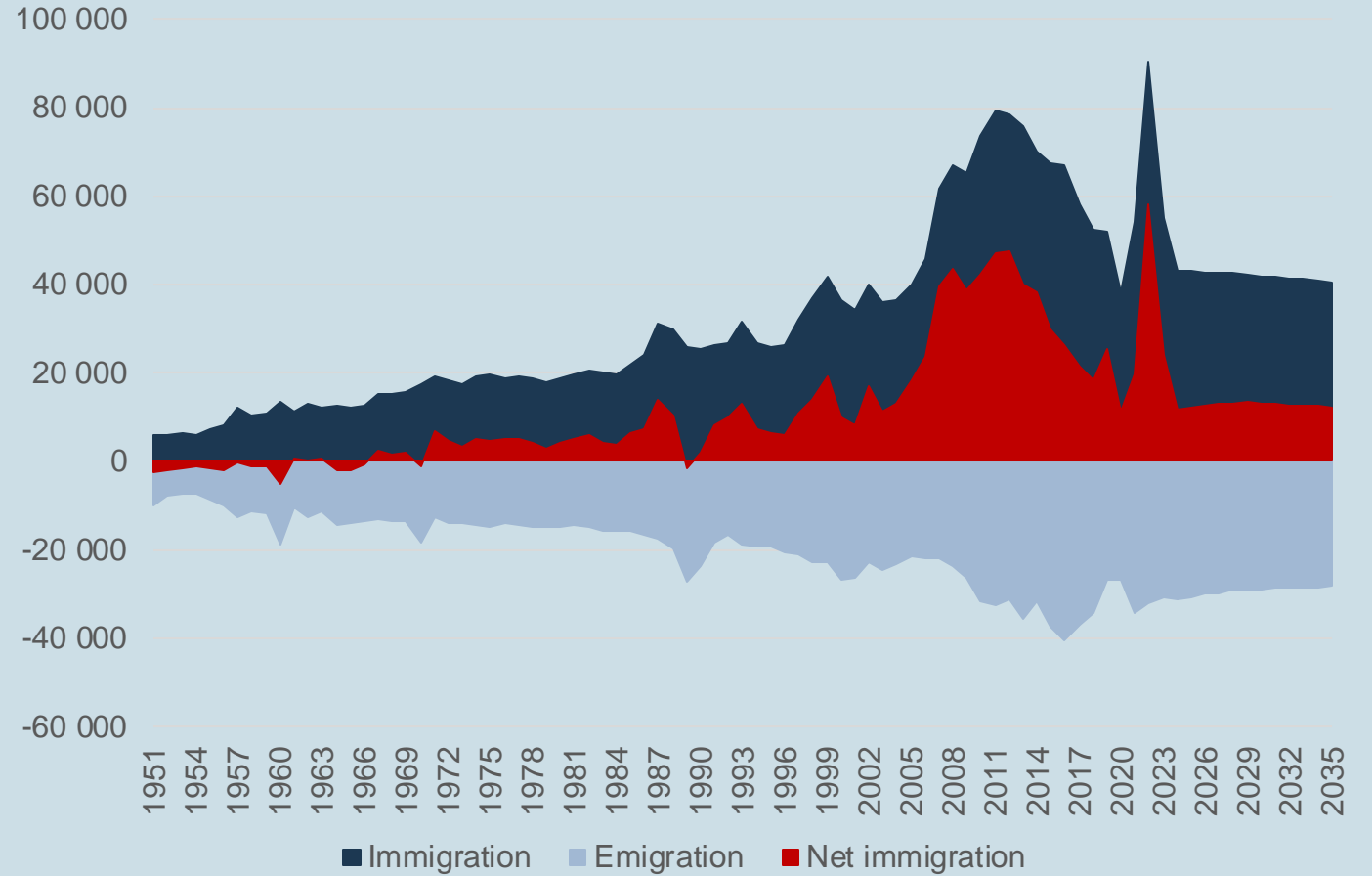
Questions for reflection

- How will your unit be affected by demographic changes?

- How may increased immigration affect NAV?

- What may a larger discrepancy between expenditures and revenues in the National Budget entail for NAV?

User expectations

Which factors affect user expectations?
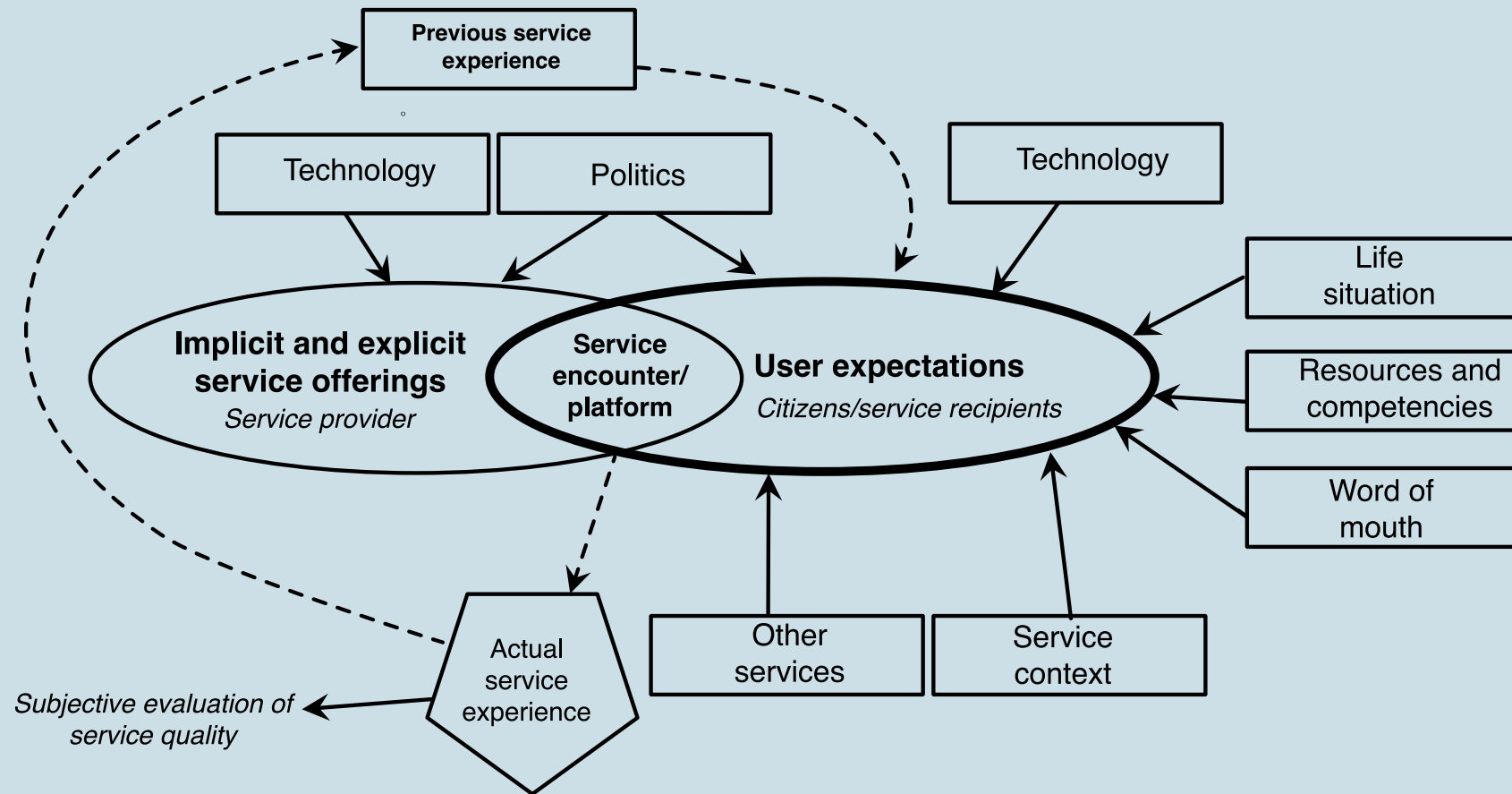
User expectations in 2035

New channels and services to prevent digital exclusion

Person-oriented, continuous services

Increased expectations for expertise and relational competence

Person-oriented, continuous services

- Better and more accessible services in the private sector increase expectations towards NAV.

- Services built around life situations and customised to individual preferences and needs.

- New forms of communication, blending digital and physical.
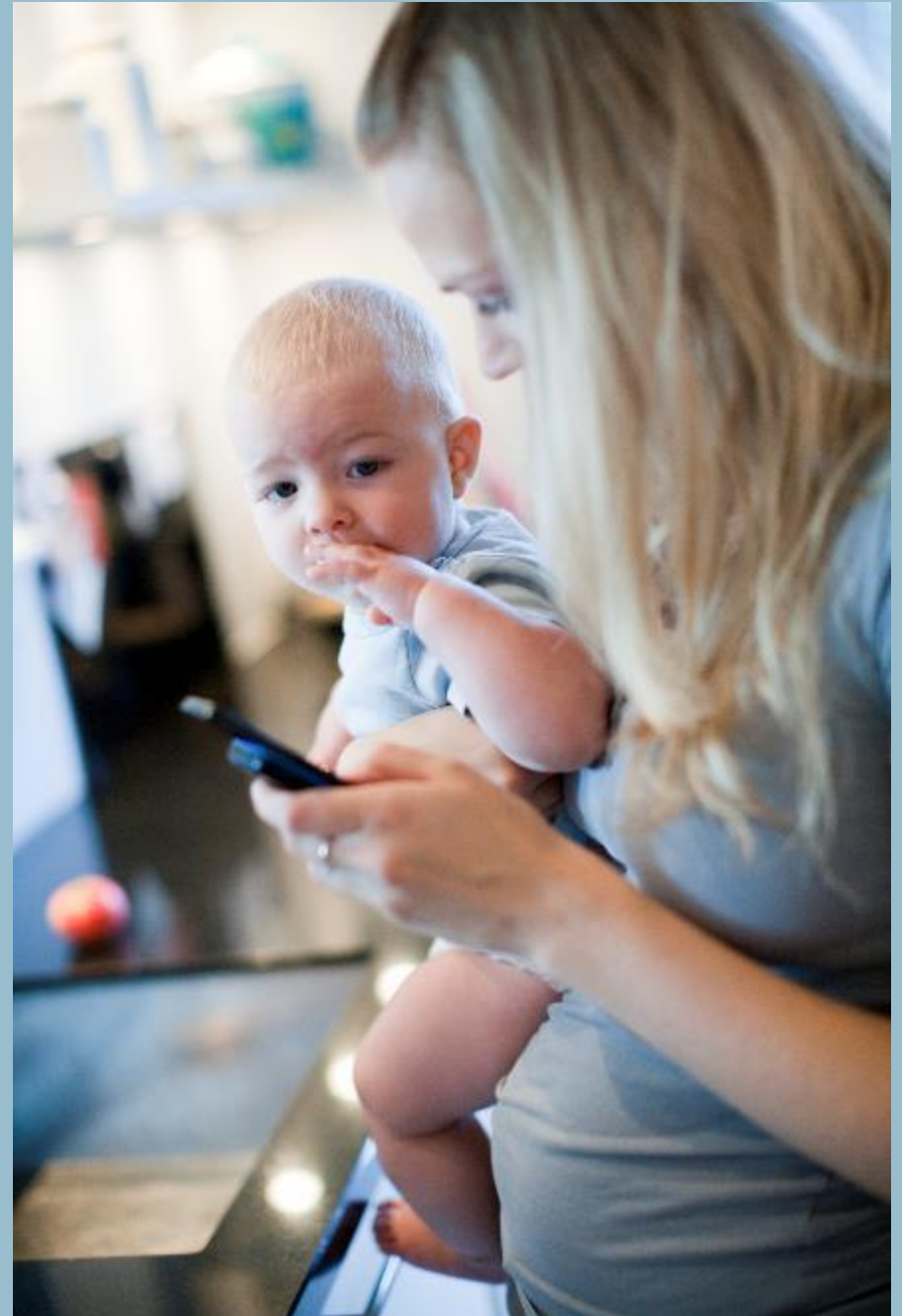
Inclusive services

Seven barriers to implementation of digital services

1. Health barriers
2. Social barriers
3. Language barriers
4. Lack of bureaucratic competence
5. Digital inequality/lack of access
6. Lack of experience and insecurity
7. Trust issues

Source: SINTEF 2022

✓ NAV must develop more inclusive digital services
✓ Equivalent and accessible alternatives for those who prefer or need personal assistance

Increased expectations for in-person meetings

Automation increases expectations for in-person meetings:

- Increased demand for relational competence
- Professional expertise

Expectations from employers

- Knowledge of businesses and mapping of needs

- Assistance with recruitment and restructuring

- Advisers on future skills needs

Questions for reflection

- Where and how do you expect to meet NAV in 2035?

- What does it mean when we say that NAV should
be accessible for all who need it?

- What does it mean to take
a user-centric approach?

Technology

Digtalisation trend continues

Persistent and increasing trends

Cloud services

Quantum computers

Internet of Things

5G/6G

Artificial intelligence

Digital twins
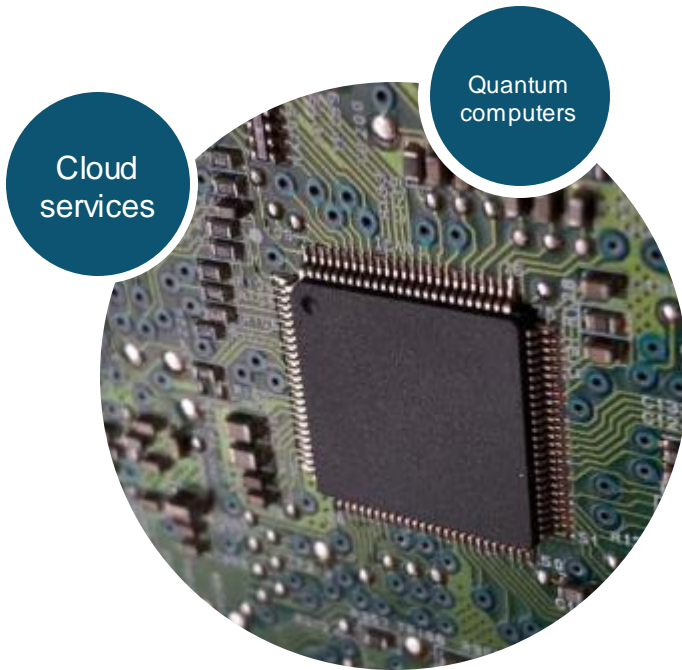
Cheaper and more flexible computing power

Greater and easier access to data

Algorithmic systems

All photos: Unsplash

New developmental characteristics

Virtual reality
Blending of the physical
and the digital

"Foundation models"
Artificial intelligence
becoming more like the
combustion engine

New regulatory spring
The EU as a "third way" in a
new technological cold war

Consequences for NAV

User contact becoming digital

More tasks are handled digitally.
More hybrid contact?

A digital public administration
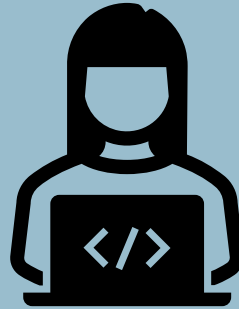
Proactive and continuous services. Decision support

Ethical and sustainable digitalisation

Broader discourse on privacy, algorithms, use of data.
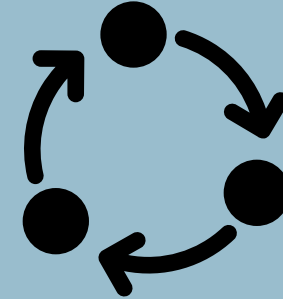Increased risk of cybercrimes

Photo: Pexels, Colorbox

Risks to rate of development

Skills shortages

Uncertain technological development
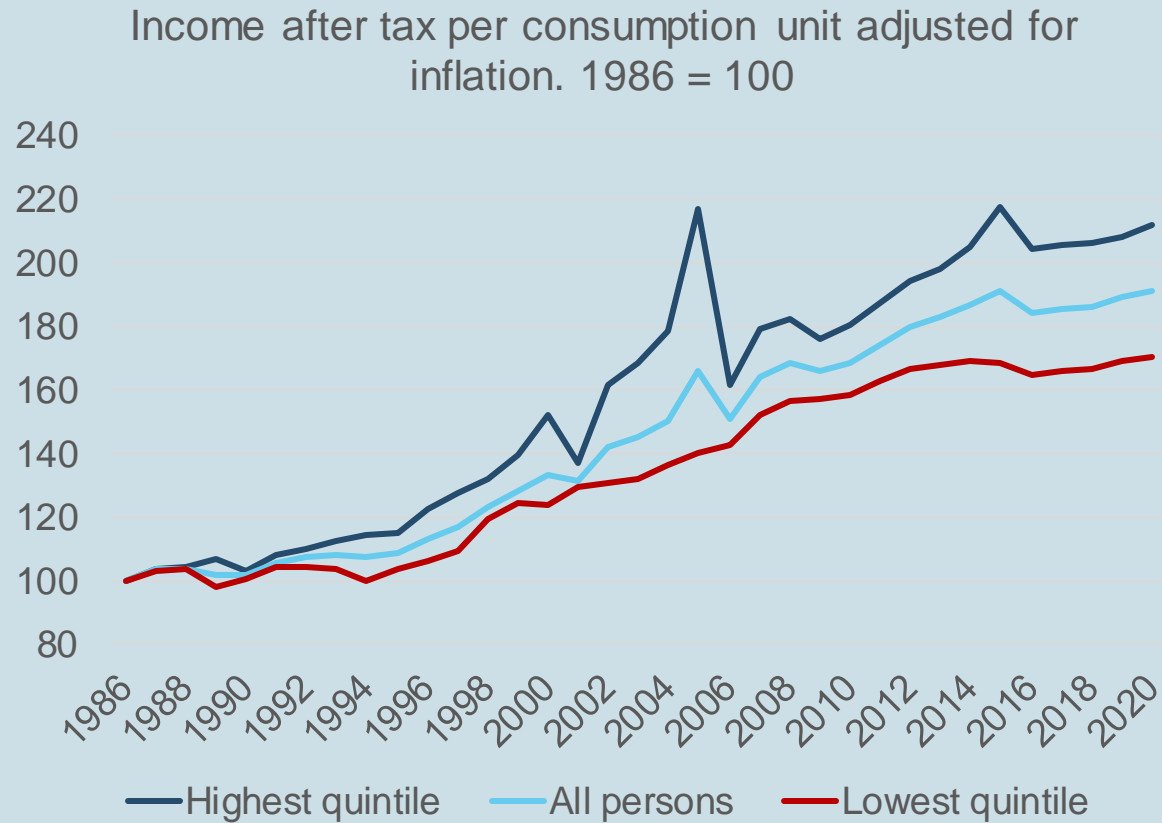
Framework conditions

Questions for reflection

- How can data-driven services be useful in your field?

- How can we prevent algorithms from discriminating
against individuals or groups?

- How will technology change meetings with users in 2035?

- How do you want digitalisation to change NAV?

Living conditions

Photo: Colourbox

Increased incomes, but low growth for all in recent years

Income after tax per consumption unit adjusted for inflation. 1986 = 100

Legend:
— Highest quintile   — All persons   — Lowest quintile

# Increasing income inequality

Groups especially at risk of low income:

- Immigrants with refugee background

- Single providers

- Recipients of financial assistance or other benefits from NAV

Stable connection with workforce important for preventing low income

More people with financial problems in 2022

- 5 % (130,000) with serious financial problems, double that of 2021

- An additional 11 percent (280,000) are struggling financially

**Share of population with persistent low income by EU-60 definition, in percentage**
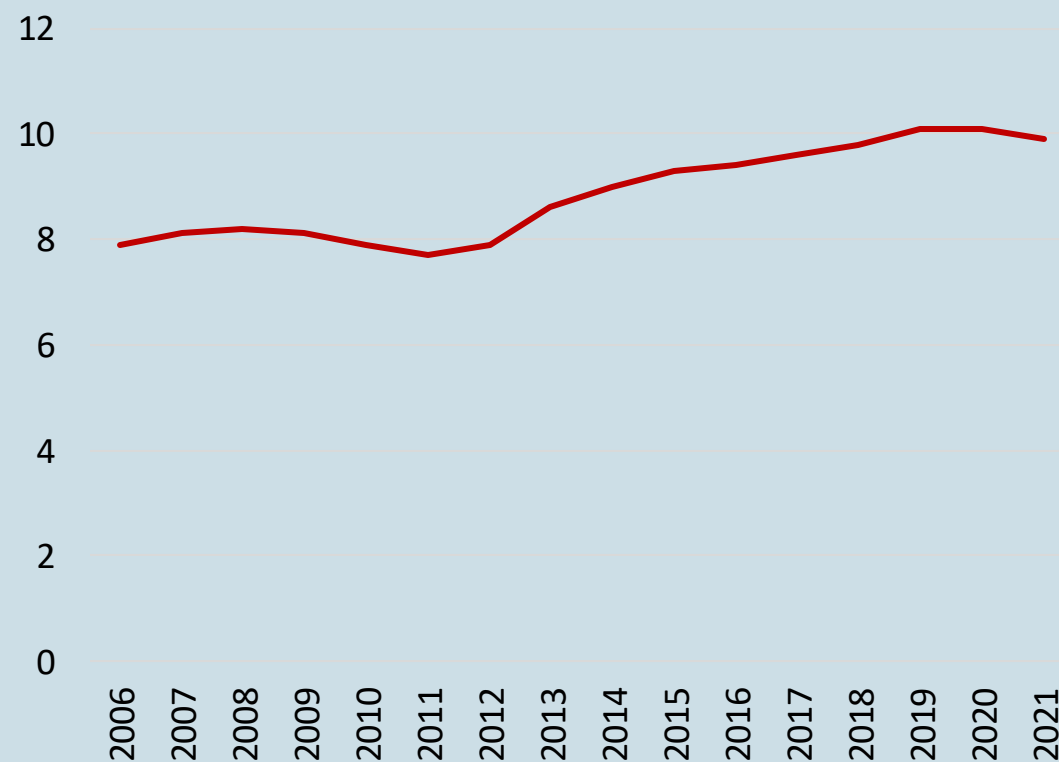
Source: Statistics Norway

Children and young adults most at risk

- Reduction in low-income share in age group 67+

- Highest share of low income among young adults (age 18–34) and children

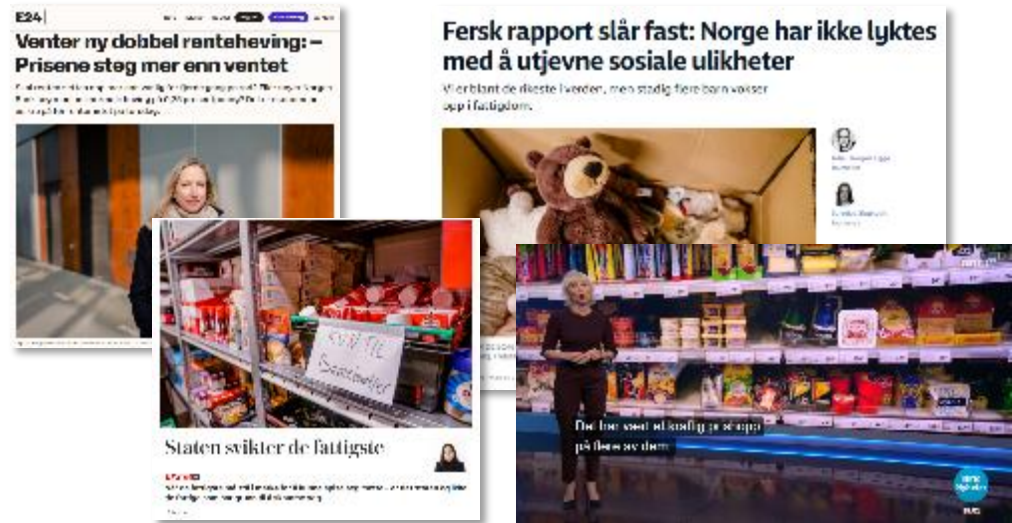- 110,000 children (11 percent of total) live in persistent low-income household

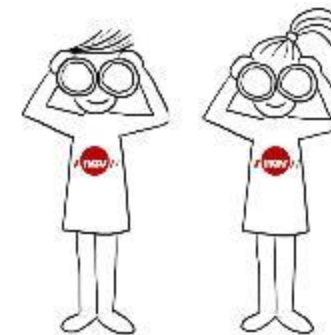**Share of population with three years of persistent low income by EU-60 definition, in percentage**

| All ages | 0-17 years old | Age 18–34 |
| Age 35–49 | 50–66 | Age 67 and up |
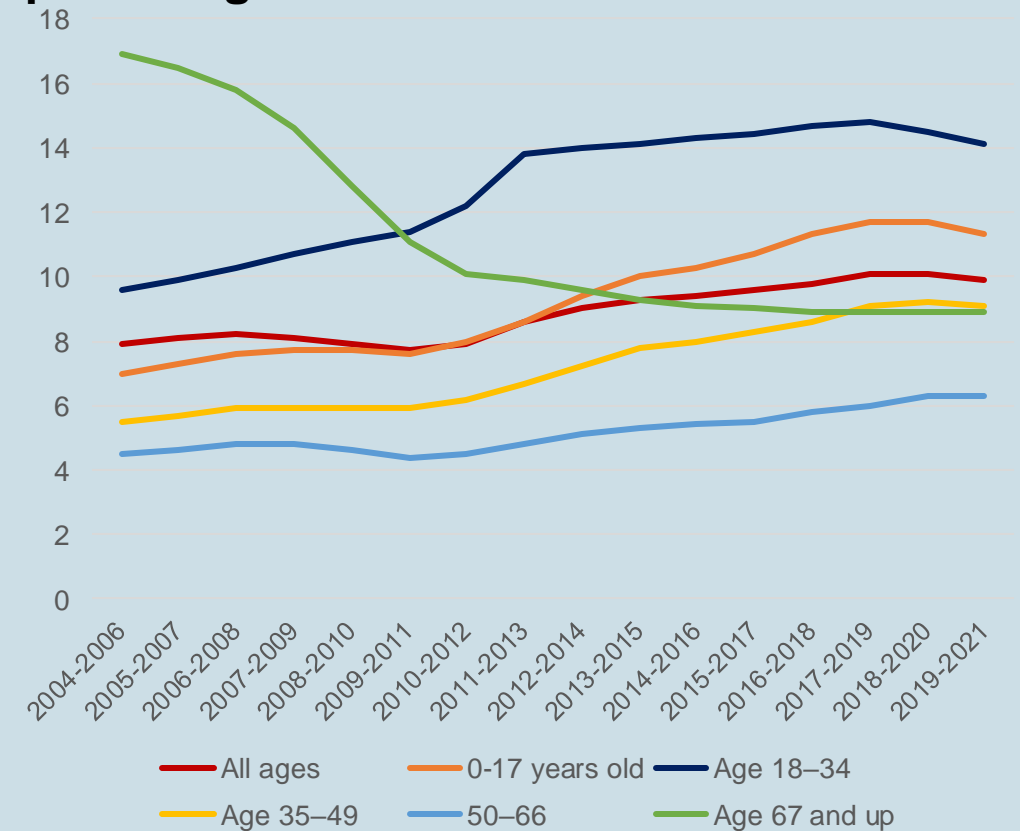
Living conditions – projections towards 2035

Short term

Long term

High inflation and interest rates lead to
increased demand for social services from NAV

Biggest challenge arises if we
see a combination of **increased
income inequality** and
reduced economic growth.

Uncertainty of whether high
inflation and high interest rates
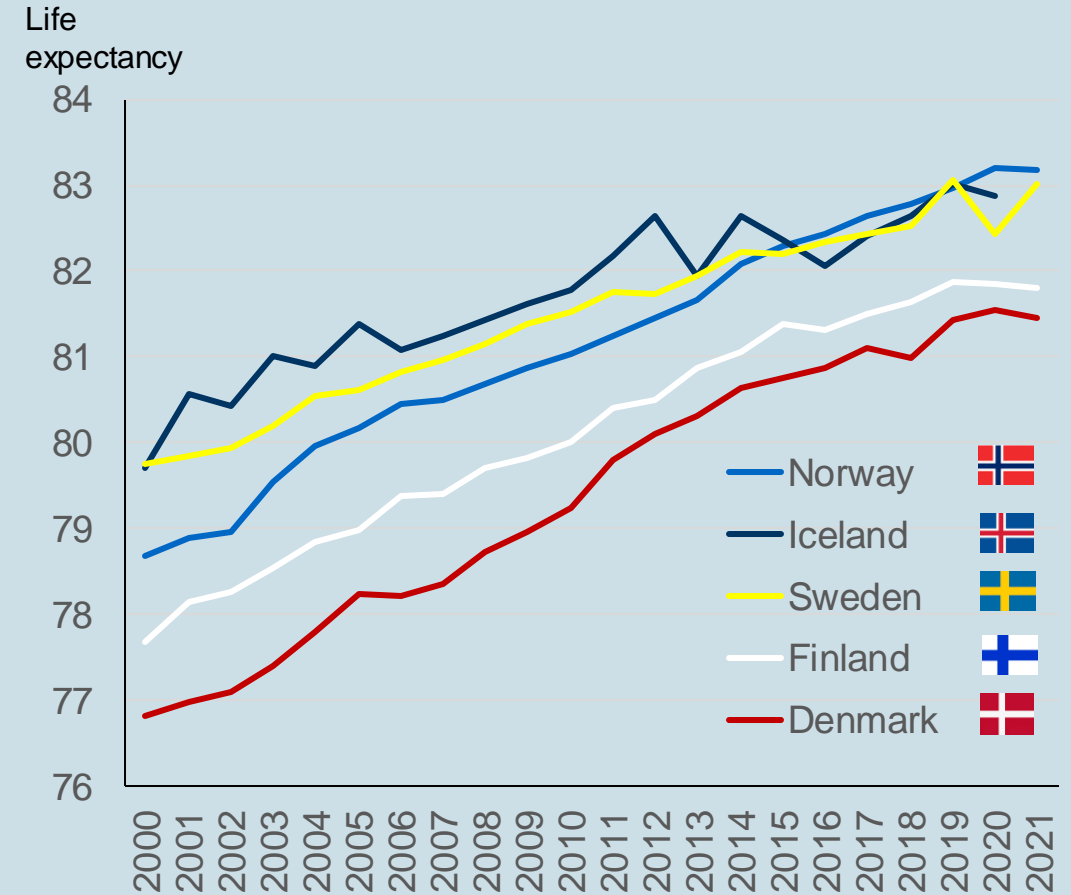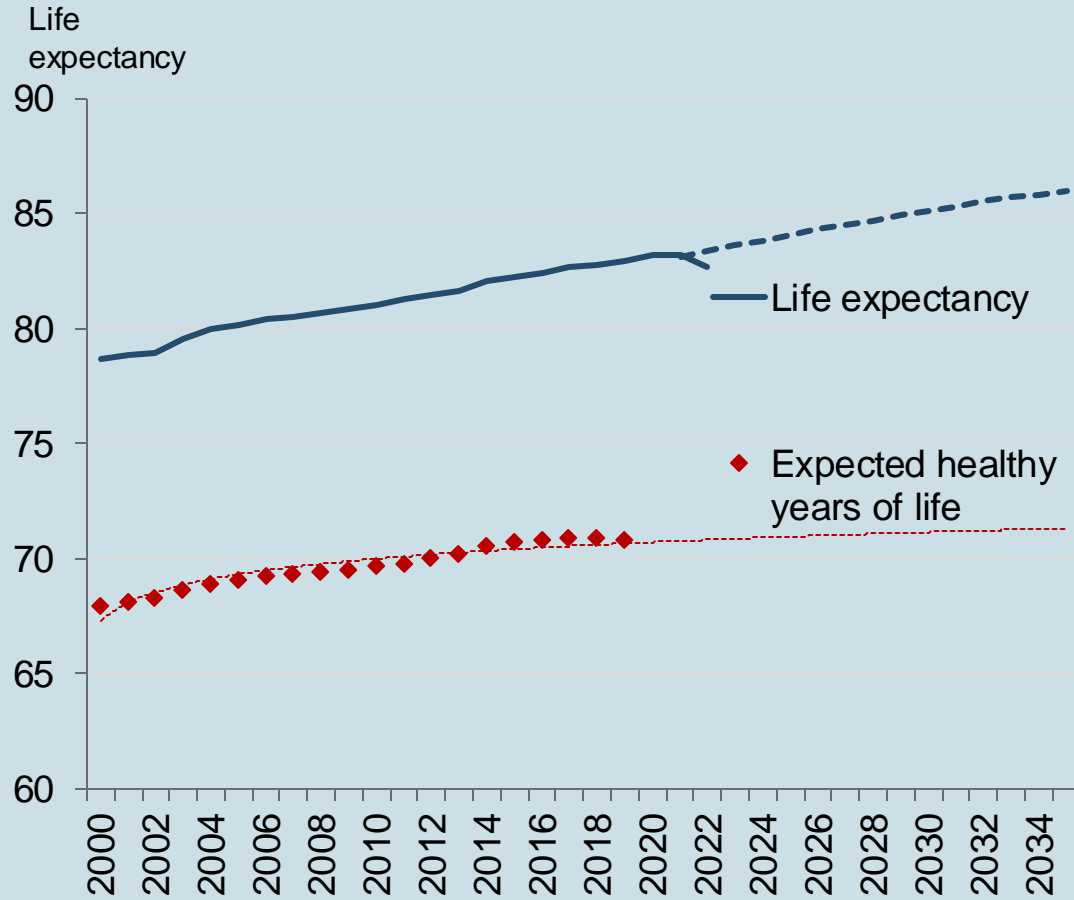will continue.

Questions for reflection

- Who are NAV's key partners in terms of improving living conditions for vulnerable groups?

- How should we approach this issue in practice?

- How can NAV contribute to high social mobility among children and youths who grow up in low-income families?
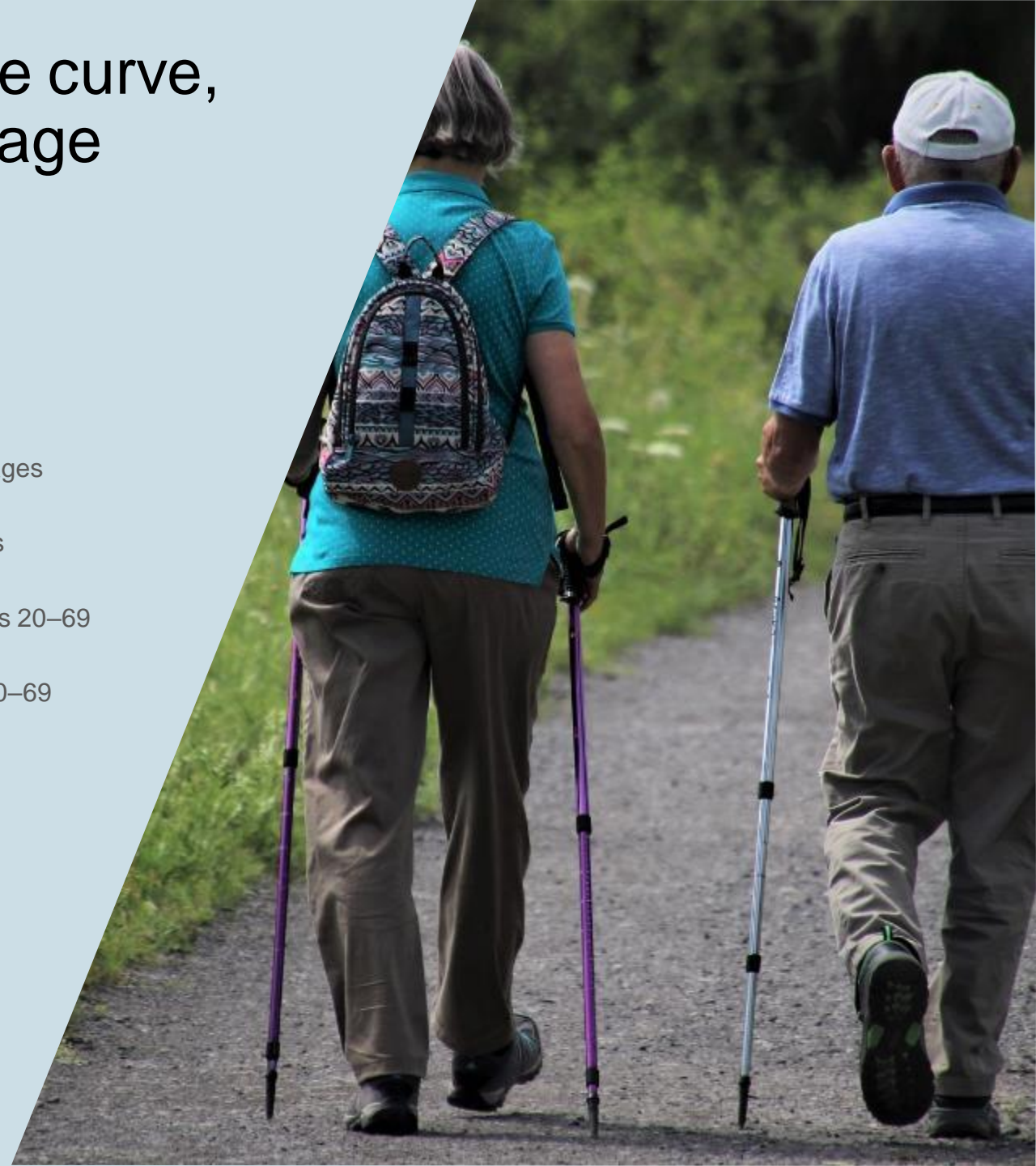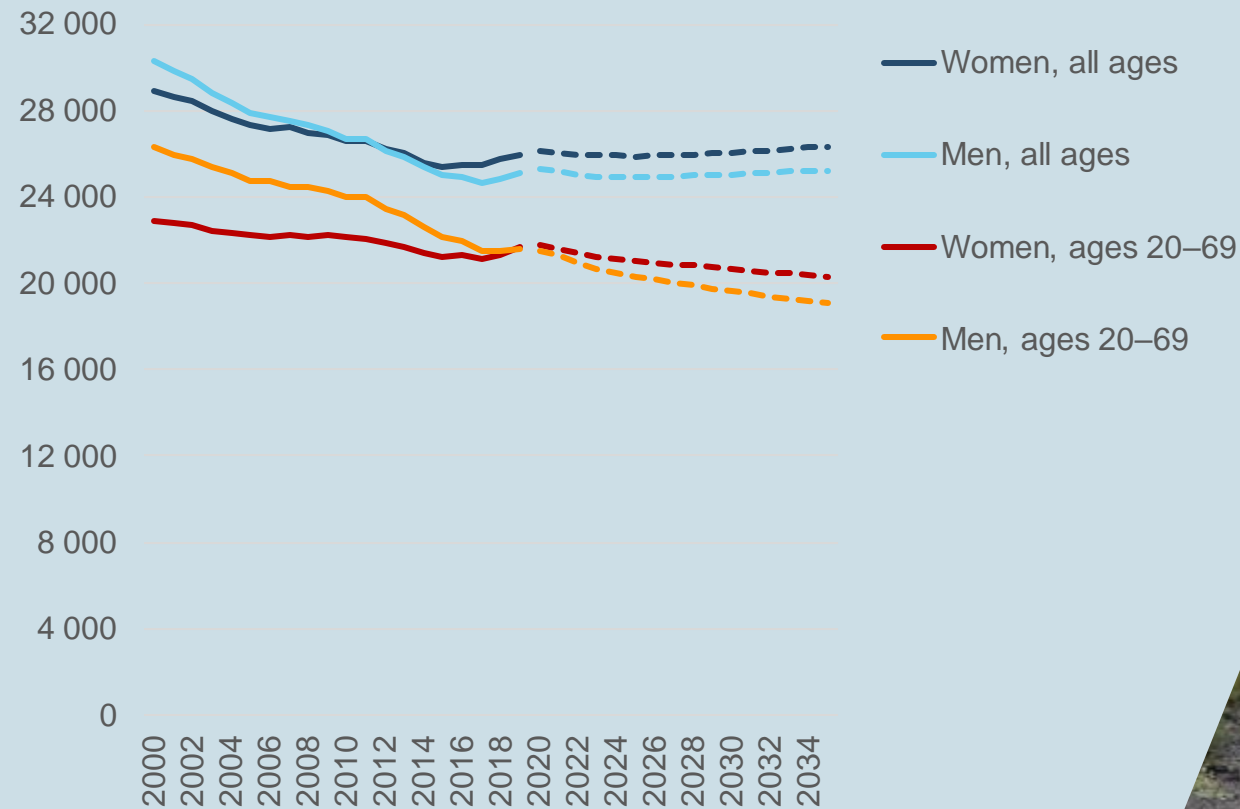
Health

We live longer and are healthier than ever

Life expectancy

Life expectancy

Expected healthy years of life

Norway
Iceland
Sweden
Finland
Denmark

Source: Statistics Norway and Global Burden of Disease

# Ageing flattens burden of disease curve, but the decrease within working age continues

Burden of disease, projected to 2035
(sum of lost years of life and non-fatal health loss per 100,000 population)

Legend:
- Women, all ages
- Men, all ages
- Women, ages 20–69
- Men, ages 20–69

Y-axis: 0, 4 000, 8 000, 12 000, 16 000, 20 000, 24 000, 28 000, 32 000

X-axis: 2000, 2002, 2004, 2006, 2008, 2010, 2012, 2014, 2016, 2018, 2020, 2022, 2024, 2026, 2028, 2030, 2032, 2034

Source: Global Burden of Disease Project

# How did the Covid pandemic affect public health?

- Increased absence due to sickness, more long-term absence
  - Resistance to declare fit for work, or after-effects?

- Lower mortality rate in the beginning, increased mortality rate since late 2021
  - Primarily due to Covid-19
  - 10 % with Long Covid: Risk highest after hospitalisation

- Few clear indications of increased rate of psychological disorders
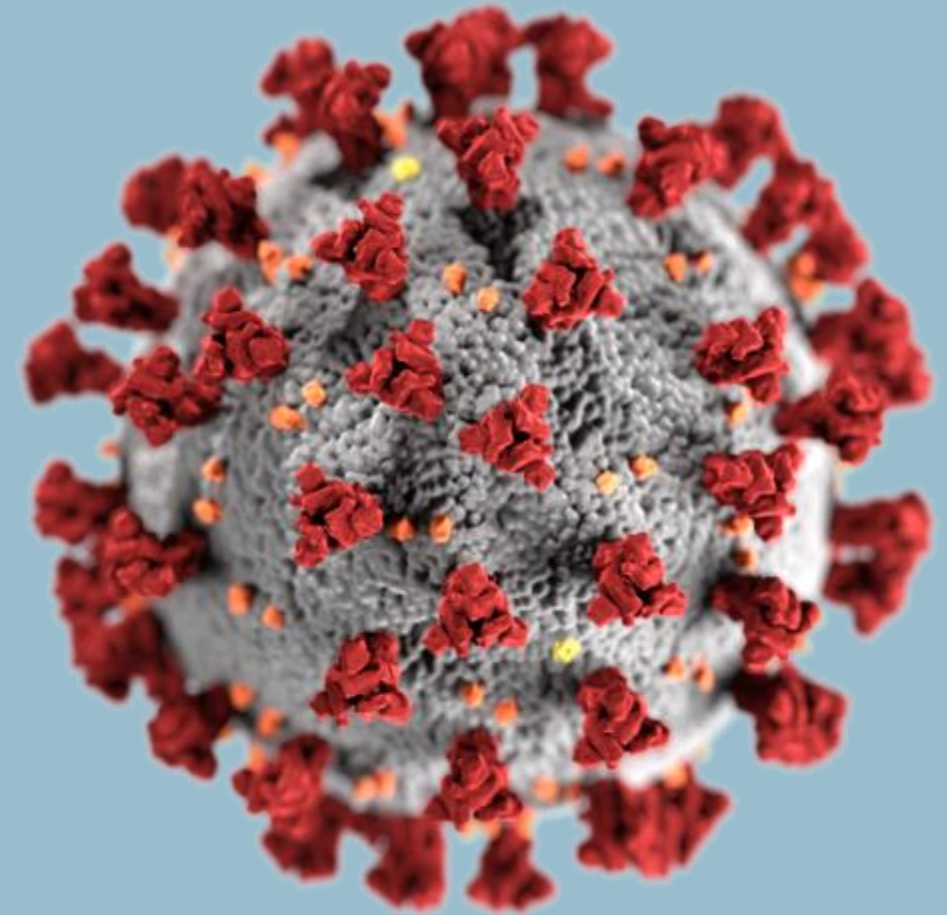
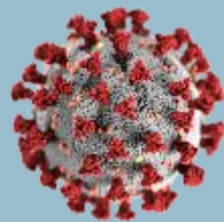# Fewer people receiving health-related benefits

Decrease 2010–2019
- Biggest decrease among over 50 population and especially over 60 population
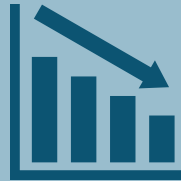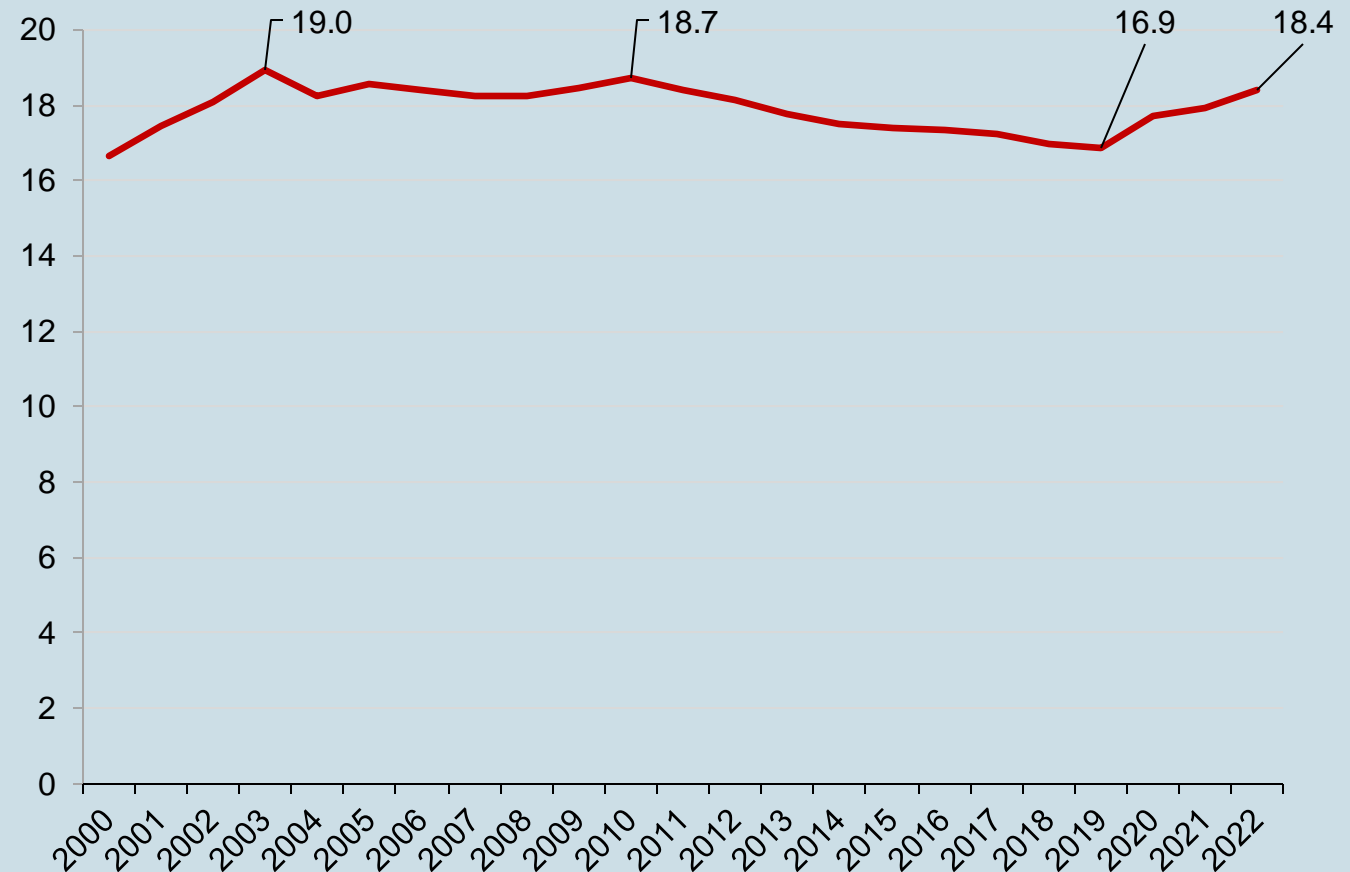
Increase during pandemic
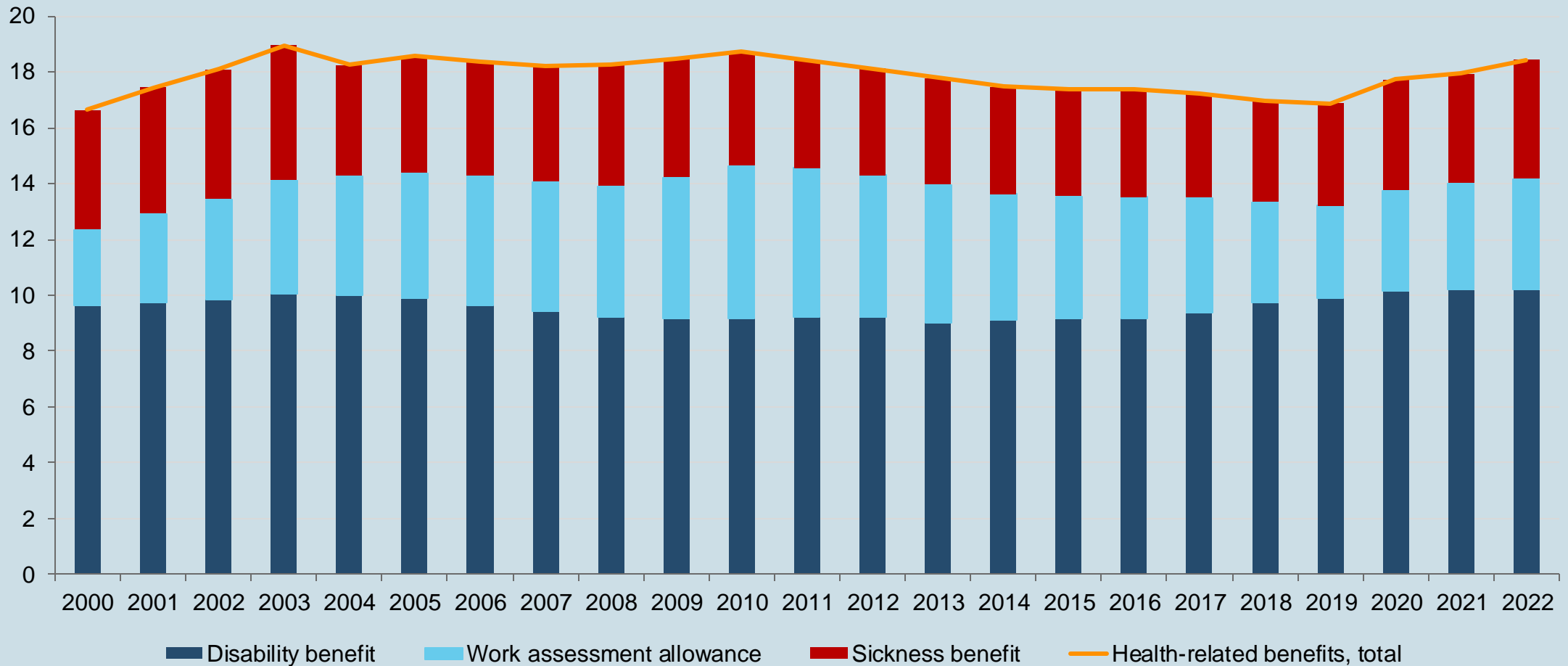- Highest since 2012
- Further increase in 2022

Health-related benefits as percentage of population aged 18–66 (sum of sickness benefit, work assessment allowance and disability benefit)

19.0   18.7   16.9   18.4

Health – development towards 2035

Increased life expectancy and improved public health in all age groups

- But ageing leads to stable burden of disease overall, decrease for working age population

Uncertainties

- Covid pandemic ending?

- Risk of future pandemics

- Antibiotic resistance

Health-related benefits affected by more than health

- Restructuring leads to increased risk of labour force exclusion

- Labour shortages improve chances of inclusion

- Psychological disorders more often cause for health-related benefits despite no increase in prevalence in population – trend may continue

- Expecting stable development in share receiving health-related benefits overall

Photo: Colourbox

Questions for reflection

- How will an ageing population, in combination with improvements in public health, affect NAV?

- How can NAV prevent exclusion of young people with psychological disorders?

- Which new methods for inclusion of people with health problems will be important in 2035, and what will they require in terms of competence

- How can NAV better collaborate with the health sector?

Political trends

Photo:
Colourbox

Restructuring, inclusion and sustainability

Restructuring and new skills will become even more important

Inclusion of vulnerable groups
- Some immigrant groups and young people lacking formal education

Ensure sustainability of the welfare state – more and more relevant
- Balance between secure welfare schemes and economic sustainability

Tough prioritisation require combination of measures, depending on political majority:
- Reduced benefits, reduced service offerings?
- Increased taxes and charges?
- Measures to increase employment?
- Make public sector more efficient?

Key lines of conflict in coming years

In labour and welfare policy
- Benefit levels v. incentives, boundaries of workfare policy
- Universal v. means-tested schemes
- Public v. private solutions

Society in general
- Climate and environmental issues
- International cooperation
- Immigration and integration
- Centralisation

Increasing political polarisation
- Multiple, sudden policy shifts
- Threat to trust in NAV

Photo: Colourbox

International influences

Changing international framework conditions

- The EU will probably become more important for Norway in a time with increased regionalisation and nation rivalry

- Increased demand for preparedness to face future international crises

EU policies towards 2035

- Active role in data protection and ICT/digitalisation policy

- "Soft politics": Recommendations to member states and requirements for local targets and action plans

  - Skills policies, labour and welfare policy

  - Increasing awareness of need to fight poverty and economic inequality

UN Sustainable Development Goals

- Framework that informs strategies and plans for NAV and our partners

Photo: Colourbox

Political opportunities

Measures for restructuring and competence development

- NAV, employers, workers and policy-makers all have responsibilities
- Increased emphasis on education as a labour policy tool

Increased interaction and coordination

- Will require regulatory changes and dismantling of organisational barriers

Digitalisation and simplification

- Goal is a more uniform user experience when interacting with the public sector
- Digitalisation and automation require regulatory simplification

Photo: NAV

Questions for reflection

- How can we ensure a sustainable welfare state in the future?

- Which political measures are required to include more young people and immigrants into the workforce?

- Is NAV sufficiently prepared for future crises and cyber attacks?

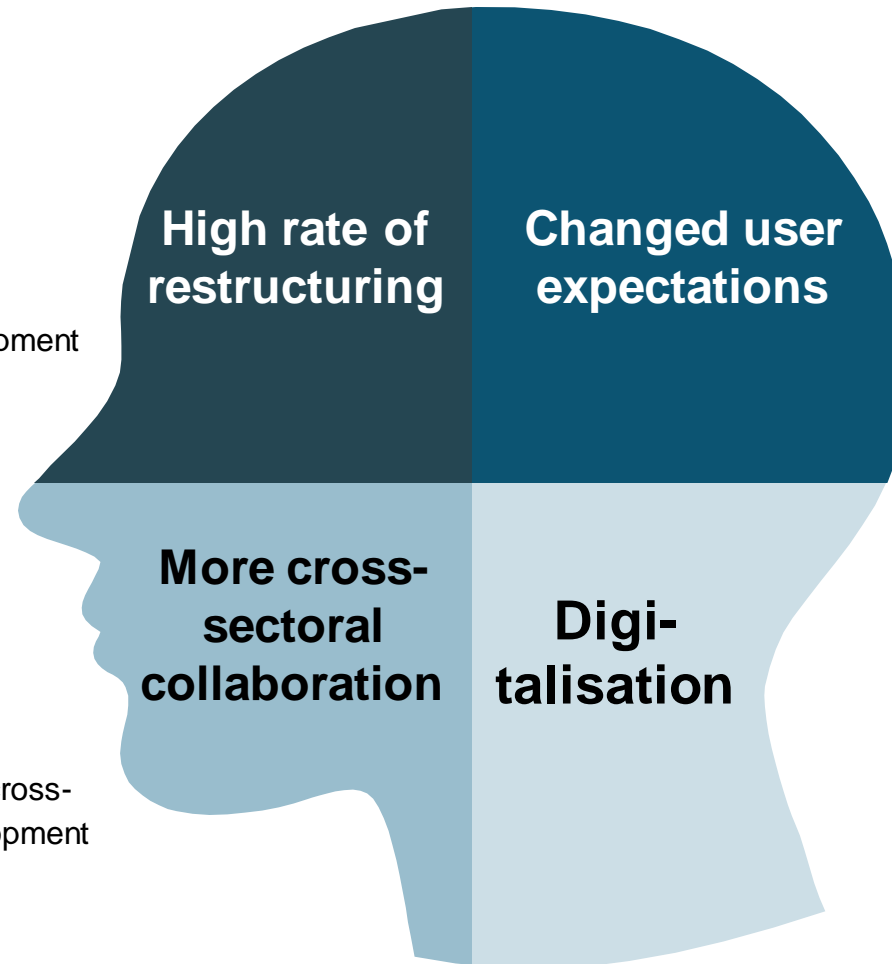- How will the trust reform affect NAV?

Competence needs in NAV

Future competence needs in NAV

- Continuous learning and competence development
- Evaluation and experience-sharing
- Flexible and innovative service development

High rate of restructuring

Changed user expectations

- Knowledge of user needs
- Knowledge and overview of colleague competencies
- Guidance and relational competence

More cross-sectoral collaboration

Digi-talisation

- Knowledge of partners, services they may offer users, and the effects of these
- Competence in interdisciplinary and cross-sectoral collaboration and joint development initiatives

- Legal, technological and analytical competence
- Competence with use of digital tools in interactions with users
- Competence with responsible use of decision support based on artificial intelligence
- Understanding of how digitalisation will affect the labour market

MAIN FINDINGS

Labour market

- Restructuring due to new technology and the green transition. Vulnerable globalisation leads to regionalisation of international trade

- Increased skills requirements, especially shortages of health personnel and trade certificate holders

- NAV must help ease transition, promote mobility and qualification by collaborating with employers and the educational sector

Technology

- More flexible computing power and increased applicability of artificial intelligence

- Vast opportunities for digitalisation of user contact and management

- Considerations of data protection, legal protection and social acceptance require ethical and sustainable digitalisation

Demographics

- Ageing a challenge for the welfare state, centralisation continues. Immigration trends increasingly uncertain

- Weak growth for services and benefits in working age population, 35 percent increase in users of assistive technology and retirement pension will pose a challenge for NAV

- Increased dependency will lead to increased demand for more efficiency and work-oriented follow-up

Living conditions and health

- Increasing income inequality, refugees and others with weak ties to labour market most at risk

- More uncertain living conditions for at risk groups, depending on inflation and interest levels

- Increased life expectancy and improved public health. Decrease in burden of disease in working-age population, but restructuring leads to increased risk of labour force exclusion

User expectations

- Continuous services customised to user needs

- For NAV to remove barriers to implementation of digital services

- Increased expectations for in-person meetings – expertise and relational competence

Political trends

- Restructuring, inclusion and the sustainability of the welfare state will characterise labour and welfare policy – key lines of conflict will be universal v. means-tested, benefit levels v. incentives, public v. private

- The EU will become more important for Norway in an uncertain world

- Risk of increased political polarisation challenges trust in NAV and may lead to more uncertainty in policies

Want to know more?

More information found here: nav.no/omverdensanalyse

You may also contact us via e-mail redaksjon.omverdensanalysen@nav.no