

Summary:

Regional adaptation of labour market training – what consideration is given to the needs of the labour market?

Summary and conclusions

Labour market training is a vocational education and training scheme that people registered with the Swedish Public Employment Service can participate in. It aims to equip a jobseeker for work and at the same time counteract shortages in the labour market.

Purpose and implementation of the audit

The purpose of the audit is to investigate whether labour market training is used regionally and locally to facilitate matching between jobseekers and employers by meeting the needs of the labour market.

The audit is based on two audit questions:

- Has the Government provided the Swedish Public Employment Service with the conditions to be able to adapt labour market training to regional and local demand?
- Does the Swedish Public Employment Service adapt labour market training to regional and local demand to achieve effective matching?

The point of departure for investigating whether the Government's governance has provided conditions for regional and local adaptation was an examination of government bills and official government reports, as well as the instructions and appropriation directions to the Swedish Public Employment Service. The Swedish NAO also interviewed officials at the Ministry of Employment.

The audit concerning the Swedish Public Employment Service's operations comprises two parts. The first concerns the agency's procurement procedures for labour market training. Here the Swedish NAO audited how the Swedish Public Employment Service identifies needs at local level and whether the method of procurement enables fast and

flexible solutions to meet the needs of the labour market. The Swedish NAO has studied the part of the documentation concerning governance, organisation and working methods, as well as collecting responses from the Swedish Public Employment Service's eleven market areas on how they deal with labour market training issues. Moreover, the Swedish NAO conducted interviews with employees at the Swedish Public Employment Service's head office. The audit also refers to how procurement of labour market training meets the needs of the labour market in practice. The Swedish NAO has compared the supply of labour market training with the need for labour according to the Swedish Public Employment Service's forecasts to assess whether labour market training is procured in the parts of the country where this type of skill is in demand.

The second part of the audit of the Swedish Public Employment Service concerns the possibilities employment officers have to make referrals to labour market training on the basis of labour market needs. The Swedish NAO has interviewed managers, coordinators and employment officers at five employment offices. The Swedish NAO has also interviewed employees at six education and training providers. To quantitatively investigate how labour market training is used in relation to where there are vacancies the Swedish NAO compared the number of referrals to the respective labour market training programme with the number of job advertisements in the same industrial sector.

Audit findings

The Government's governance

As regards how regional and local adaptation of labour market training should be achieved the Public Employment Service is largely free to determine its working methods in accordance with what it considers appropriate.¹ The Government does not specify how procurement of labour market training should be done or how the activity should be carried out to meet the operational objectives. The Swedish Public Employment Service's instructions state that the Employment Service itself determines its organisation. This scope for action applies to the challenges mentioned above, that is how local needs should be identified and how the procurement process should provide scope for speed and flexibility.

¹ Taking into account the Public Procurement Act (2007:1091).

The possibilities of steering the supply of educational programmes to meet labour market demand are affected by the Swedish Public Employment Service's remit to give priority to jobseekers who are very detached from the labour market. Several of the labour market training programmes that are procured and used to a greater extent than warranted by the forecasts have in common that the requirements made of the participants are lower than for other specialisations. In a report from 2014 the Swedish Public Employment Service raised the point that the strong focus on people very detached from the labour market creates incentives to arrange training programmes that are not necessarily intended to meet a shortage in the labour market. At the same time another set of problems can arise if jobseekers assessed to be close to the labour market but who perhaps do not need the training to get a job are given too much priority. In the appropriation directions for 2015, however, the Swedish Public Employment Service was given the objective of better adapting employment services to the individual needs of jobseekers and employers, which can be said to give greater potential for adapting the initiative to labour market demand.

Identifying needs at local level

The Swedish Public Employment Service's regional organisation is divided into eleven market areas responsible for collecting information from their respective employment offices. The labour market forecasts and views collected by the Public Employment Service's industry strategists from employers are other important sources of information when the need for labour market training is to be analysed. The market areas' organisations are broadly similar, but there are differences as regards how responsibilities are assigned for identifying viewpoints and wishes concerning labour market training and for assisting employment offices with information. On the basis of interviews conducted by the Swedish NAO at five employment offices a picture emerges of the work being more effective when heads of employment offices and employment officers work closely with people who are familiar with the work of the market area. It may be a matter of supplier developers and contact officers working at regional level regularly being present at employment offices and receiving comments and wishes as well as providing information about labour market training. It is easier for someone who is part of the market area organisation to deal with these tasks than for officers from the individual offices, who do not have as much knowledge of the regional work.

The Swedish NAO sees a risk that the question of supply of labour market training is perceived as something determined far from the day-to-day operations. This may lead to passivity and reduced interest in the question at local level. At the same time it is at the employment offices that the labour market training is to be used. They have knowledge

of the local labour market and of the wishes and needs of the jobseekers registered there. The views of the offices are therefore a significant source of information when determining the supply of labour market training. The Swedish NAO considers that the Public Employment Service should follow up and evaluate different ways of conducting regional collaboration. In that way the Employment Service can arrive at the most effective forms of involving the employment offices, which appears to be the greatest challenge in the present system. The focus of such work could for example be to identify good examples.

Flexibility of labour market training

The Swedish Public Employment Service has decided to use a standardised method for procurement of labour market training. The needs analysis takes place at the head office, for the entire country. The whole process until a contract is signed with a training provider takes about 10 – 12 months for major national procurements. Most contracts for labour market training then run for four years. Applying this method consistently may make it difficult to adapt the service to shifting circumstances in the labour market and to meet needs not identified in the ordinary process. To address this challenge the Swedish Public Employment Service endeavours for example to sign broad contracts that can be used and adapted in various ways in different parts of the country. However, it is still possible that a particular training programme may be needed somewhere that is not covered by the contracts in force. This may mean that some areas and employment offices have to wait for this training programme until the contracts expire and a new national needs analysis is made.

The Swedish NAO assesses that better agreement between supply of labour market training and the needs of the regional labour market could be achieved through regionally delimited procurement based on a needs analysis that has already been carried out at market area level. This would mean increased potential to meet needs not identified in the national procurements or that arise if the labour market changes between the times when the overall needs analysis is carried out. This method can constitute an alternative to the ordinary procurements, and be used when there are clear grounds. In the opinion of the Swedish NAO there are no provisions of the Public Procurement Act (2007:1091) or that follow from the Government's governance that require needs analyses to be carried out centrally from a national perspective. In other respects the procurement department will treat the case as normal. However, there are risks and challenges to take into account; for example that the head office's ability to gain a general view and plan strategically will decrease if regionally initiated procurement were to be used too much. Consequently the Swedish Public Employment Service needs

to evaluate the matter further. The needs analysis carried out in the market areas also needs to be developed.

Supply in relation to the Swedish Public Employment Service's forecasts

The Swedish NAO has compared the existence of procured labour market training in 16 industrial sectors with the existing needs according to the labour market forecasts. In individual counties labour market training is procured at the same time as the forecasts show that there is no demand for the skills in up to a third of the training programmes studied. Also as regards labour market training that is not procured when the forecasts show that there is demand for the skills the percentage is up to a third of the training programmes studied in an individual county. In Södermanland and Östergötland there is a simultaneous surplus and deficit of labour market training in relation to the forecasts, but in different industrial sectors.

The industrial sectors where it is most common for labour market training not be procured when forecasts show that there is demand are refrigeration mechanics, construction and ventilation sheet metal workers and car mechanics. The training programmes that are procured to the greatest extent without the forecasts showing a demand are maintenance services, selling consumer goods and warehouse work. Several of the labour market training programmes that are procured to a greater extent than warranted by the forecasts have in common that the requirements made of the participants are lower than for other specialisations. The Swedish Public Employment Service has noted that the strong focus on people very detached from the labour market creates incentives to arrange training programmes that are not necessarily intended to meet a shortage in the labour market.

Referrals to labour market training

Interviews at five employment offices indicate that the jobseekers themselves need to take responsibility for obtaining information about available labour market training to be able to make an appropriate choice. A heavy workload as well as priority for decisions linked to activity requirements and to the jobseeker's rights are factors that may restrict the employment officer's ability to provide guidance. This makes it more difficult in cases where labour market needs are to be taken into account when making referrals to labour market training. Through its own analyses the Swedish Public Employment Service has also concluded that referrals are made in cases where the employment officer could

assume from the start that the participant would not be able to benefit from the programme. Officers with extended responsibility for labour market training at the employment offices could facilitate the work and create conditions for using labour market training more effectively. Some of the training providers interviewed mentioned that ongoing contacts with the employment offices do not function well when the employment officers themselves are responsible for them.

Referrals in relation to advertised vacancies

The Swedish NAO has compared the number of referrals to labour market training made in 2013 with the number of vacancies advertised in Platsbanken for 16 common labour market training programmes. The analysis was made on the basis of the 75 local labour market areas that Statistics Sweden has divided Sweden into. Of 75 local labour market areas, 15 had a generally high use of labour market training and 25 areas a generally low use in relation to the number of vacancies advertised in Platsbanken. The areas that used little labour market training in relation to the number of advertisements in 2013 also did so the year before. In three cases one and the same local labour market area had comparatively many referrals in industrial sectors where few vacancies were advertised but few referrals in industrial sectors with more job advertisements.

Recommendations

The Swedish NAO's recommendations are directed at the Swedish Public Employment Service:

- The Swedish Public Employment Service should develop forms of collaboration in the market areas to involve the employment offices more in needs analyses ahead of procurement of labour market training.
- The Swedish Public Employment Service should review the possibilities of implementing to a greater extent less extensive, regionally initiated procurements of labour market training.
- The Swedish Public Employment Service should use the increased scope given by the 2015 appropriation directions to adapt the service to employers' needs when procuring and making referrals to labour market training