

Summary

This report evaluates labour market policy pursued in 2014, including a closing review of the centre-right Government's performance in this area. In the past eight years high unemployment has left its mark on Sweden along with the rest of the world. This has put active labour market policy to a severe test.

In 2014 on average 5 per cent of the labour force was in labour market policy programmes, which is a marginal decrease compared with the year before. This means that participation in labour market policy programmes remains at a high level. The number of registered unemployed has fallen, mainly among those with shorter periods of unemployment who did not meet the qualifying period for the guarantee programmes; *the job guarantee for young people* and *the job and development guarantee*. This is a further sign of an increasing level of polarisation in the labour market.

Total predominance of the guarantee programmes this year too

At the same time as programme measures for the unemployed outside the guarantees has fallen, the numbers within the guarantees were on a level with 2013. This is in line with the political focus, where programme measures are steered by the long-term unemployed. Participation in the guarantees became increasingly unevenly distributed between different groups during the year. At the same time as there was a clear decrease in the job and development guarantee's phase 1-2 among native born people, the number of foreign born participants increased. The overrepresentation of registered unemployed with no more than pre-upper secondary education continues to grow.

Three out of four without preparatory measures

The fact that the number of people in labour market policy programmes continues to be high does not mean that active labour market policy meets the need for preparatory measures in the form of support and training. Three out of four programme participants only have access to placement measures. This means that only one in four benefit from resource activating measures aimed at strengthening competence or labour market attachment. The difference between the total percentage in programmes (47 per cent) and the actual activity ratio (26 per cent) has never been greater than in 2014. The development is a result of political priorities in which measures have primarily focused on job seeking activities rather than preparatory activities.

Education content too little and too weak

Historically labour market training has been an important component of active labour market policy. Last year's report showed that the training content had increased from its bottom level in 2009. However, in 2014 this development stagnated and only 14 per cent of the programme participants were given access to preparatory or vocational labour market training. Access to training measures is deferred and the increase is mainly within preparatory training. When vocational labour market training is neglected the Public Employment Service finds it more difficult to close the gap between the skills of the labour supply and labour market demand. This means that the role of labour market training as a matching tool is currently weak.

Unclear management the result of reduced ambitions

The centre-right parties' change of course in labour market policy has meant reduced resources for the Public Employment Service and financing has come close to the levels of countries with conservative or liberal social models. The decrease is based on an ideological shift in which unemployment is seen as the individual's problem. Consequently, incentives are required to reduce the disinclination to seek work or improve one's position in the labour market unaided. At the same time as central government labour market policy ambitions have decreased, local government commitment has increased. Critics believe that the Public Employment Service primarily focuses on unemployed people receiving unemployment insurance benefit, which means that the municipalities are consequently responsible for unemployed people receiving income support. Central government has supported this by increasing legislative support to municipalities to require participation in labour market policy measures. It is a problem that central government seems to be gradually transferring labour market policy expenditure and functions to the municipalities where the conditions for pursuing a sound labour market policy vary. The support of the Public Employment Service must be available to all unemployed people, regardless of how they support themselves and wherever they live.

An activated labour market policy for matching and transition

Given the parliamentary situation it is unclear what changes are possible to make in coming years, both as regards the organisation of the agency and the policy content. At the same time labour market policy is facing important strategic choices that cannot wait. The political debate in recent years has mainly focused on the Public Employment Service as an agency rather than the contents of active labour market policy. Both of these areas are important to strengthen the opportunities of job seekers but it is the content of the policy that is crucial. The final chapter contains concrete proposals for better matching and transition.

Strengthen the responsibility of agencies and clarify the roles of different actors

The Public Employment Service can and should be the hub for matching and transition in the Swedish labour market. It is the agency that is expert on these matters and should therefore lead labour market policy. Four particularly important factors are pointed out:

- ***Clearer interface in relation to other actors to ensure equal conditions***
- ***Regional adaptation of nationally coherent policy***
- ***The influence of the parties over formulation and implementation of policy***
- ***The use of complementary actors***

Active labour market policy is crucial

The abilities of the agency are basically determined by how policy is formulated. The report concludes that *activated* labour market policy is required to give the Public Employment Service the right conditions. Here three measures are particularly important:

- ***Strengthened training content.*** A special commission should be set up tasked with mapping without delay the needs and opportunities to increase the training content of active labour market policy.
- ***Honed tools for a more inclusive labour market.*** The levels determining which wages are subsidised should be coordinated to a level that is higher than the average wage in the Swedish labour market. The overall regulatory framework for subsidised employment should be reviewed and changed to improve accuracy and control.
- ***Strengthened guarantee programmes for long-term unemployed.*** The job and development guarantee and the job guarantee for young people should be scrapped. Guarantee programmes for long-term unemployed should be drawn up without time limits that control the measures that can be offered, where the focus on measures to strengthen skills and labour market attachment should be strengthened. Phase 3 should be scrapped completely and the benefit level should be the same throughout the guarantee programme.