



WORLD BANK GROUP
Social Protection & Jobs

PES REVIEW

Denmark

Country case studies



Denmark

Danish Agency for Labour Market and Recruitment, and the Jobcenters
STAR and the Jobcenters



STAR is a public agency responding to the Ministry of Employment.



Each municipality is responsible for providing job matching and ALMPs in their individual Jobcenters. STAR ensures minimum standards and monitors the local job centers.



2,001 – 4,000 Unemployed per PES office



94 local Jobcenters and 3 regional STAR divisions.



Funded by the government's budget.



STAR & the Jobcenters



Governance

- ▶ The Ministry of Employment has overall responsibility for employment policy and the activation system. STAR develops strategic policy and employment initiatives to be implemented at the local level.
- ▶ The municipal Jobcenters are agencies or departments of the self-governing local authorities. They are directly responsible for implementing and delivering employment services.
- ▶ Twenty-four independent insurance funds manage the unemployment benefits.

Management



- ▶ The ministry of employment sets the national employment goals with support from STAR. Municipalities are incentivized to get people into jobs by financial means. The service delivery measures are set nationally, including the frequency of contact with the unemployed and the ALMP eligibility.
- ▶ The regional administrative units supervise the local Jobcenters. They negotiate annual local targets and priorities with the municipalities and subsequently monitor performance.
- ▶ The PES follows a model of evidence-based performance management, which focuses on knowledge about what PES services and measures effectively get people employed.



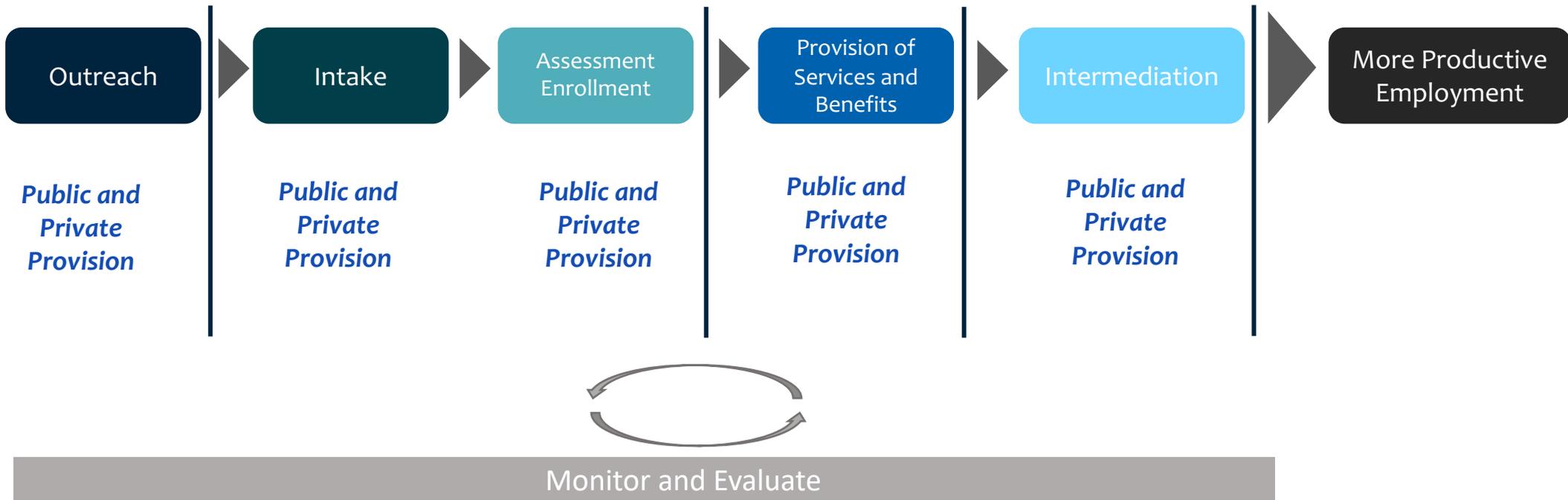
Latest reforms

- ▶ 2011: A new profiling system was introduced to have one standard model for all Jobcenters.
- ▶ 2014: The STAR was established from a merger between two agencies. This was followed by a change in the role of administration, including changes in financial incentives.



Local Jobcenters have freedom on which services to outsource and which to provide in-house.

There is much variation in the use of private providers ranging from some Jobcentres, which provide all services in-house, to the most radical model, developed by the municipality of Gribskov, which has outsourced its Jobcentre entirely to a private provider.



Jobcenters provide the users with general, labor market, and occupational information.

Outreach

Public and Private Provision



Call center



Labor market research & the Labor Market Balance

Information about the current and future labor market situation and the state of 1.000 different occupations.



Youth Guidance Centres

Outreach work for young people, carried out by the Ministry of Education. Some Jobcenters do proactive work with schools.



Active outreach to employers

Job centers must actively seek out relevant companies and offer assistance.



Jobindsats.dk

Public database with statistics and indicators of reforms for the different job centers .

→ benchmarking tool



The Jobcenters provide services for jobseekers and employers, benefit claimants must register.

Intake

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Provision**

Clients

- Jobseekers
 - ▲ Mandatory registration for those claiming unemployment insurance benefits or social assistance benefits.
 - ▲ Those claiming unemployment benefits must attend interviews at the Jobcenter and the UI fund.
- Employers
 - ▲ No obligation to register

Registration of jobseekers

- ▲ Jobseekers can register online or in person with the local Jobcenters.
- ▲ An initial encounter takes place where the person is screened and registered.
- ▲ This is followed by an interview, where the person is profiled, the CV is discussed, and they are assigned to a service stream. A job plan is usually developed.
- ▲ Those claiming UI benefits must register at the UI fund as well.



Caseworkers are responsible for profiling and assigning services, a statistical profiling tool can be used for support.

Assessment
Enrollment

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Private
Provision*

Caseworker-based profiling supported by voluntary statistical profiling
“Profilafklaringsværktøjet”

Statistical profiling

- Approach: big data, machine learning with a decision tree classification. The tree identifies nine paths that predict the likelihood of becoming long-term unemployed.
- Data: Online questionnaire and administrative data.
- Use of profiling tool is voluntary, if it is used, all results are shared with the jobseeker.
- Measurement: probability of becoming long-term unemployed (>26 weeks).
- Outcome: The results of the statistical profiling tool do not automatically refer users to ALMPs.

The caseworker categorizes the user into one of the four match groups. The assessment is supported by the two questions: Is the person able to take on a job within three months? If this is not the case, the second question follows: is the person able to take part in active employment measures?



The tool is used for diagnostics, targeting, matching, and to identify jobseekers:
-Who may be ready to take part in an ALMP but are not ready to work yet
-Who need additional support from other social services



Services are based on the assigned match group, which is defined during the profiling.

Assessment
Enrollment

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Streams and
benefits



Match group 1: job-ready- clients ready to take up employment and who can be expected to work within three months. The path to a job is usually via a period of on-the-job-training.

Match group 2: for jobseekers ready for (active) measures but who are not ready to take up ordinary employment within three months.

Match group 3: temporarily passive clients who have severe problems and cannot function in a job or an ALMP. Only interviews and referrals to other social services are offered.

- There is no time-limit for the period that a person can stay in one of the match groups. However, the Jobcenter must ensure as quick a progression as possible towards match group 1 and into employment.
- The Jobcenter must actively decide whether the person is still in the right match group at every contact between the jobseeker and the counselor.



The Jobcenters are not responsible for the management of unemployment insurance benefits.



Provision of Benefits

Private Provision

There are 24 independent unemployment insurance funds responsible for assessing eligibility, paying out benefits, and directly imposing sanctions.

Unemployment Insurance (Arbejdsløshedsdagpenge og andre Akasseydelser)

- Voluntary, contributory, and taxable.
- The person must be a member of the fund for at least a year, be between 18 and 65 years old, be registered at the Jobcenter, be actively seeking work, and report for interviews.
- The qualifying criteria is based on “income” rather than “hours worked”. At least ~€31,266 in the last 36 months. Part-time insurance is also possible.
- The benefit rate is calculated based on the 12 months with the highest income within the past 24 months. The benefit will be paid at a rate of 90% of the recipient’s former income with a defined ceiling.
- Benefit is usually paid for a period of 2 years.

There is no Unemployment Assistance scheme in the country



Social assistance benefits are managed by the municipalities, jobseekers able to work must register at the Jobcenter.



Provision of Benefits

Public Provision

Social Assistance (*kontanthjælp*)

- Lowest security net in the Danish system, but low income per se is not a condition for becoming entitled. Instead, an “event”, such as unemployment, sickness, or disability, must have occurred.
- Unemployed people who exhausted their UI entitlement or are not eligible may be entitled to this benefit.
- Claimants who are able to work must register at the local Jobcenter, be available for and seeking employment, and participate in the ALMPs they are referred to.
- The benefits are calculated at the individual level depending on the age and whether the person has children. The maximum is about 80% of the person’s unemployment insurance benefit calculation.
- The benefit is paid for as long as the person is in need, but it is reduced after receiving the benefit for one year within the previous three years if the person has not worked a minimum of 225 hours in the last 12 months.

*There are two other social assistance grants, one grant for educational assistance for those between 18 and 29 years old; and the grant of self-sufficiency or transition benefit for those who have resided in Denmark for at least nine of the past ten years.



Conditionalities are connected to the match group. UI claimants have additional obligations.

Provision
of Benefits

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Private
Provision**

Conditionalities

According to the match group

- Match group 1: registration and active CV on the matching platform Jobnet, be available for work, personal contact at least every third month, providing a weekly online confirmation of active job-search and participation in ALMPs.
- Match group 2: personal contact at least every third month, participation in ALMPs.
- Match group 3: personal contact at least every third month,

UI benefit claimants

- Interviews with the Jobcenter and the UI fund. Interviews at the Jobcenter are focused on job-search assistance, whereas interviews at the UI fund address the recipient's availability for work.
 - When jobseekers attend meetings at the UI fund concerning availability, they must bring a plan for job-search activities, several examples of job applications, and be prepared to provide general information on their job-search activities.
- The job center caseworkers are expected to ensure that the individual is available for work and participates in activation measures. If the claimant fails to do so, the caseworker must notify the relevant benefit authorities.



Different sanctions according to the benefits claimed.

Provision
of Benefits

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Sanctions

UI benefit claimants

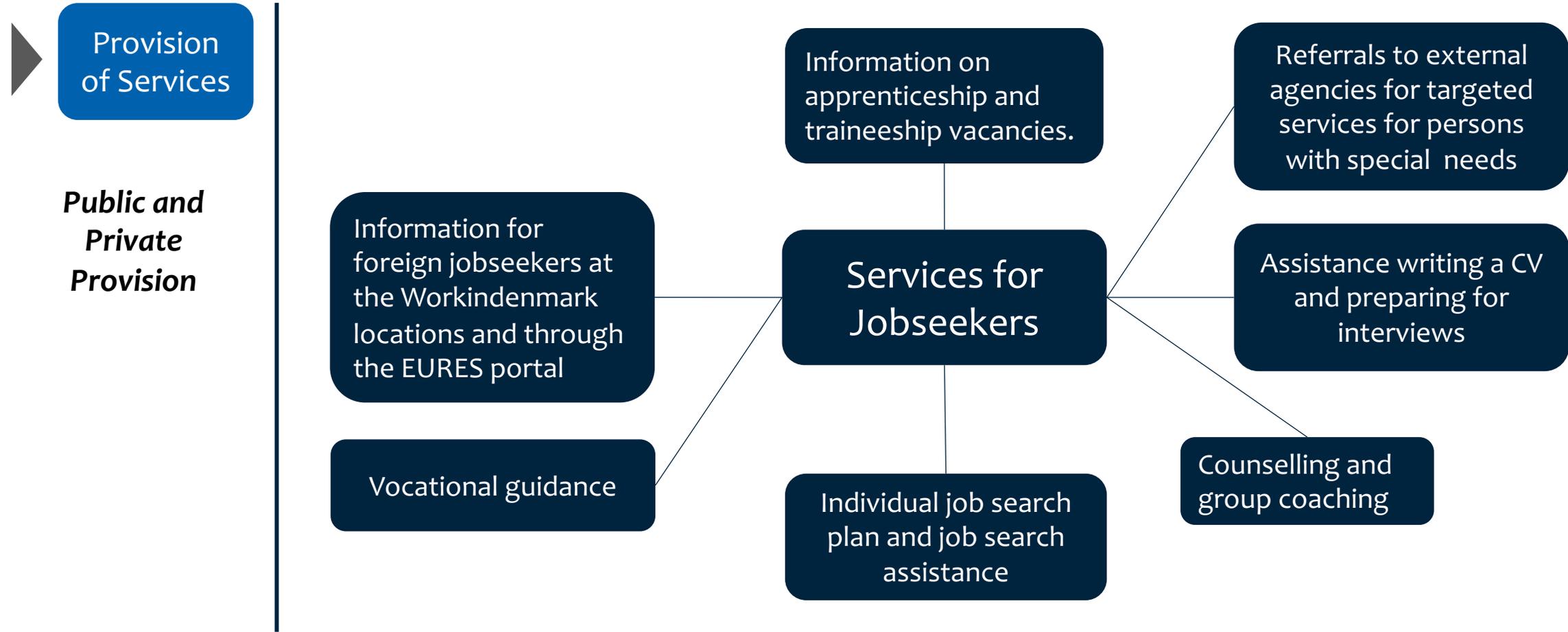
- If the job loss is “voluntary”, the person will not receive benefits for the first three weeks.
- Failure to collaborate with the Jobcenter can lead to suspension of benefits for a certain period and, if repeated, in the loss of benefits.
- If the person refuses a job offer or an ALMP placement without a valid reason for the first time, the benefits are suspended for three weeks. If they refuse it two times within 12 months, they forfeit their right to the benefit until they have worked in a regular job for at least 300 hours within a 12-week period.

Social assistance recipients

- If they fail to search for a job, refuse an ALMP or job offer without good reason, it will result in a partial loss or a reduced benefit over a defined period, or a complete loss of benefits for a period of up to three months.



Jobcenters offer different services to jobseekers.





Jobcenters also offer a wide range of services for employers.





Eligibility for the first ALMP depends on the age of the unemployed person and on the benefit type.

Provision
of Services

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ALMPs

Wage subsidies for unemployed and those with disabilities

Job rotation: companies can send workers for skills upgrading and, in the meantime, hire an unemployed person with a public subsidy.

Job training: four-week internships

Education programs

Adult apprenticeship scheme

Training subsidies for employers

Rehabilitative training for people with reduced ability to work (outsourced)

Jobcenters can refer unemployed jobseekers to centers of employment training in the local authority.



Several intermediation services are available.

Intermediation

**Public and
Private
Provision**



Workindenmark

Service from STAR. It connects companies with highly qualified international professionals looking for a job in Denmark



Job fairs



Digital matching platform “Jobnet”



For Jobseekers

Self-service tools and job vacancies at the PES offices and online
Individual job search plans, job search interviews and job-search training



For Employers

Registration of job vacancies
Access to applicant data bank and direct contact to candidates
Pre-selection and referral of candidates
Jobservice Denmark: national hotline for large or nationwide enterprises with large-scale recruitment needs. It is the point of entry to the PES for enterprises who want to recruit from more than one of the local Jobcenters.



Outsourcing



The Act on active employment services allows the local authorities to outsource tasks and decision-making relating to employment services to external providers.



Local job centers have the freedom to design their own tenders. In several regions, Jobcenters have united to develop their tenders and procure services together.



There is much variation in the use of private providers ranging from some Jobcenters, which do not contract out services, to the most radical model - developed by the municipality of Gribskov-, which has outsourced its Jobcentre entirely to a private provider.



When outsourced, it is usually done through outcome performance contracts, and the delivery is done through for-profit providers.



Digitalization

- **The PES** uses different platforms to meet its need, Jobindstats allows for benchmarking of Jobcenters, and Jobeffekter for the collection of information about efforts made in the employment field.
- **There is a national** IT-based database used by the PES, UI funds, and other state agencies. The database is used for documentation of job-search, confirmation of job-search activity, etc., and is the basis for the coordinated and effective responses to the different clients.

Services for Jobseekers

- ✓ In the Jobnet platform, jobseekers can:
 - Get tips on CV and interview preparation
 - Browse vacancies
 - Access their individual plan
 - Register job seeking efforts
 - Fill in questionnaire for profiling
 - Calculate UI benefit and duration
- ✓ Vacancy database and matching platform.
- ✓ Database for apprenticeship and traineeship vacancies
- ✓ Labor Market Balance tool to check opportunities in different occupations.
- ✓ Workindenmark: foreign jobseekers can get information about the Danish labor market.

Services for Employers

- ✓ In the Jobnet platform, employers can:
 - Advertise vacancies
 - Search CVs
 - Send digital job orders
 - Get information on recruitment and training of employees
- ✓ The VITAS platform gives employers digital access to the Jobcentre, including requesting wage subsidies, work-experience placements, and adult apprenticeships.
- ✓ Workindermark: post vacancies and browse CVs of international professionals.

Monitoring jobseekers



- Regular monitor and control through interviews and conditionalities checks.
- For UI benefit claimants, the monitoring is more frequent, and it is conducted by two agencies, the PES and the respective UI fund.
- UI is paid for a maximum of two years and social assistance for long as proven necessary.
- A nation-wide IT-system allows for efficient coordination across Jobcenters, STAR, UI funds, and other related agencies.

Monitor and Evaluate



Monitoring the PES



- Each municipality must complete an annual performance audit of the impact and outcomes of their employment services. The Regional Employment Council reviews these audits.
- The regional offices are required to hold a minimum of four annual dialogue meetings with municipal and Jobcenter managers to discuss performance.
- In case of poor performance, remedial functions are developed and monitored. If this continues, financial sanctions can be implemented.
- Following the evidence-based performance management strategy, STAR has collected and created a lot of evidence on the efforts that achieve the best results. This evidence is available on a dedicated website, “jobeffekter.dk”.
- A national database with real time information on the delivery and outcome of services is available (jobindstats.dk). Municipalities can benchmark their results against clusters of comparable municipalities.

Monitor and Evaluate



Covid-19 responses



- There was an increase in the length of unemployment benefits and a softening in the job-search conditionalities.
- The STAR is supporting municipalities in setting up vocational training courses, e.g., to close the skills gap of former workers in the hotel and restaurant sector and to be able to retrain for work in the logistics sector.
- The PES is also supporting the private sector by offering online courses for employees. Companies across the country can enroll their employees in the course instead of laying them off.
- A temporary scheme for Salary Compensation was made available for companies at risk of laying off a substantial part of their staff. The employer continued to pay the full salary to the employee. The employer got 75% of wage costs reimbursed from the scheme up to a limit of approximately €4,000 per employee.
- For the self-employed, a partial compensation for the losses of turnover was made available. This was available for those with ten employees or less and with more than 30% losses in turnover caused by the coronavirus outbreak.



General observations



Wide range of employment services and ALMPs.



Strong focus on reaching out to employers and offering on-demand services.



Regular monitoring of beneficiaries and strict monitoring of the PES agencies, including benchmarking platforms.



A large number of procedures can be made online, e.g., requesting wage subsidies and filling the profiling questionnaire.



Strong coordination across agencies. Unemployment insurance funds and Jobcenters frequently cooperate to serve jobseekers.



The national government steers programs to meet policy goals by offering financial incentives to the municipalities.