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Services delivered to long-term unemployed citizens under the Danish Active Employment Policy Act

1. Introduction and conclusion

1.1. Purpose and conclusion

1. Unemployment in Denmark is currently low and several industries experience a shortage of labour. At the same time, a group of citizens remain long-term unemployed. This report concerns initiatives aiming to bring long-term unemployed citizens closer to the labour market.

2. The number of long-term unemployed has dropped from 92,1000 in January 2021 to 82,500 in May 2022. During that period, the number of citizens who were unemployed for shorter periods dropped from 101,500 to 46,000. Based on prior experience, the long-term unemployment rate decreases at a slower pace than the short-term unemployment rate because long-term unemployed citizens are often also struggling with other problems, which make it more difficult to enter the labour market.

3. The Danish Active Employment Policy Act defines the measures to be applied to assist unemployed citizens in finding. The purpose of the instruments referred to in the act is to establish a permanent attachment to the labour market for the unemployed and thus ensure that they can support themselves in full or in part. In keeping with the act, the employment measures should have a clear focus, be offered regularly to the unemployed and be tailored to meet the requirements of each individual. The act was amended in January 2020 following a political agreement on simplifying the Danish employment policy. With the amendment, the municipalities were granted more freedom in organising their delivery of services to citizens that have been unemployed for more than six months. For the first six months of the unemployment period, the type of services provided to unemployed citizens, and the number of consultations to be held with the unemployed, are determined by the act. After six months, it is up to the jobcentre and the unemployed to agree on the way forward. Thus, consultations are held at the request of the unemployed or on the initiative of the jobcentre. In return for this extra leeway, the Ministry of Employment will strengthen its monitoring of and follow-up on the performance of the municipalities.

4. The municipalities are responsible for the employment measures, while the Ministry of Employment has overall responsibility for the policy area and reimburses the municipalities for costs relating to unemployment benefits. Among the ministry's tasks are monitoring and analysis of developments in the labour market and monitoring and follow-up on the performance of the jobcentres, cf. Act on the Organisation and Support of the Active Labour Market Policy.

Long-term unemployed

Rigsrevisionen defines long-term unemployed as citizens who have been unemployed for more than 12 months and are job- and activation-ready.

Job-ready means that the unemployed will be able to take on an ordinary job within a short period of time.

Activation-ready means that the unemployed is not considered immediately able to take on an ordinary job for professional, social or health reasons. In the long term however, an activation-ready unemployed citizen will be expected to be able to take on an ordinary job.

Job consultation

The Active Employment Policy Act refers to the term *job consultation*, which is a meeting set up between the unemployed and the caseworker in the municipal jobcentre. The purpose of consultations is, among other things, to ensure that the services provided by the municipality meet the requirements of the unemployed.

Rigsrevisionen's study has focus on citizens who have been unemployed for more than 12 months. This group includes individuals who are job ready as well as individuals who are ready to participate in activation initiatives. Citizens who are referred to either of the two categories by the municipality are entitled to the same employment services. In 2021, approx. 85,000 citizens were long-term unemployed. We examine the services provided throughout the unemployment period to citizens who have been without work for more than 12 months.

5. The purpose of the study is to assess whether the Ministry of Employment has supported a focused employment effort directed at the long-term unemployed.

Rigsrevisionen initiated the study in September 2021.



Main conclusion

The Ministry of Employment has not sufficiently supported the municipalities' efforts to provide long-term unemployed citizens with focused activation services. As a consequence, there is a risk that long-term unemployed citizens are not brought closer to the labour market.

The study found that the municipalities have failed to provide all long-term unemployed citizens with statutory services in the form of consultations and activation during the first six months of their unemployment period. During the first six months of their unemployment period, 16% of the job-ready long-term unemployed citizens and 31% of the activation-ready unemployed citizens were not offered the statutory consultations with the jobcentre. As regards activation, 19% of the job-ready long-term unemployed and 31% of the activation-ready long-term unemployed were not offered the statutory activation within the first six months of their unemployment period.

Following the simplification of the Active Employment Policy Act, the number of consultations and activation offers to be provided to citizens who have been unemployed for more than six months is no longer determined by the act, but the municipalities are still required to deliver active employment measures. The study shows that 15% of the long-term unemployed, who are activation-ready, and 4% of the long-term unemployed, who are job-ready, have not had any consultations with their jobcentre for six months or more.

The study found that the Ministry of Employment has established very close monitoring of whether the municipalities, during the first six months of the unemployment period, hold consultations with and offer activation services to the job- and activation-ready long-term unemployed in accordance with the requirements of the act. However, the ministry's monitoring of job- and activation-ready citizens who have been unemployed for more than 12 months is less thorough because the ministry looks at long-term unemployment as a whole irrespective of the length of the unemployment period. Therefore, the ministry fails to obtain the same level of detailed knowledge about long-term unemployment periods as it obtains about the early efforts made during the first six months of the unemployment period.

The Ministry of Employment is not monitoring whether the municipalities employ the instruments available to them to deliver focused employment services, which include defining the types of jobs and training that are considered relevant for the unemployed. Rigsrevisionen's review of a sample of cases shows that the instruments are not always employed; contrary to the requirements of the Active Employment Policy Act, no relevant types of potential jobs or training have been defined for 16% of the job-ready long-term unemployed and 52% of the activation-ready long-term unemployed, respectively.

The Ministry of Employment has established a model of monitoring that facilitates strict supervision of municipalities that fail to provide the required services to the long-term unemployed. The model measures performance across all services and categories of unemployed citizens. This means that although a municipality has failed to deliver all the required services to a specific category of unemployed citizens like, for instance, the activation-ready long-term unemployed, the overall rating of the municipality will not necessarily be negatively affected. The implementation of strict supervision was postponed for 12 months due to COVID-19, and the first annual performance measurement was therefore carried out in April 2022. None of the municipalities were placed under strict supervision based on the outcome of the performance measurement because they all met the targets set. However, eight municipalities were placed under a light version of strict supervision because they had not provided the required services to the unemployed.

The Ministry of Employment measures the performance of the municipalities every month, and based on the outcome of the performance measurement, the regional labour market divisions provide ongoing counselling and support to the municipalities at risk of being placed under strict supervision. During the period examined, the ministry followed up on 25 municipalities that were at risk of being placed under strict supervision and invited them to join a task force with the regional labour market division. Forty per cent of the municipalities did not accept the invitation.

Rigsrevisionen recommends that the Ministry of Employment more actively supports the jobcentres in their efforts to define the types of jobs and the training that will be relevant for the individual long-term unemployed and follow up on agreements made with the unemployed.