



Presentation – Tobias Carstensen

First of all I want to thank the IVSK for inviting me to be a speaker at this conference and for the excellent arrangement organized by the IVSK. I'm delighted that you find the Danish case interesting and that you will find some inspiration in the measures Denmark has used in reintegrating people with disabilities back into the labour market.

In 2003 the Danish Government agreed upon a new Law on Disability and Flex Jobs. The scope of the new reform was to reduce the number of disability beneficiaries and strengthen the flex job scheme, which should be done in accordance with the ideas of the inclusive labour market.ⁱ

The 2003 reform was evaluated in 2007.ⁱⁱ The reform did not deliver sufficient results and was deemed a failure.ⁱⁱⁱ The inflow into the flex job scheme had risen, which was seen as a good measure but the major problem was that the inflow into the disability system had not declined as hoped. The evaluation also pointed out that too many young people and people suffering from mental illness were granted disability benefit.^{iv}

In 2011 the newly elected Social Democratic led government proposed a new disability benefit reform that on the whole resembled the reform bill proposed by the former liberal government. The reform was passed by the Danish parliament in 2012 and was confirmed to begin in 2013.^v The bill was supported by a broad majority in parliament (both by the government coalition and the major liberal parties). The main thing that triggered the passing of this bill was the continued discussions that too many young people and people with mental illnesses were not employed.

The Government wanted to reduce the inflow into the disability system and bring disabled persons back into the labour market or education.

The number of new claimants was also considered a problem that should be tackled and reduced with the new reform.

The inflow into the flex job scheme was increasing with the 2003 reform but politicians wanted to strengthen the scheme even more with the new reform and make it more accessible for people with severe health problems.

Before passing the bill it was submitted to stakeholders and stakeholder organizations for consultation so they had the chance to voice their opinions. The Government received 44 statements.

The overall response in the hearing answers was that a reform was necessary and the stakeholders and stakeholder organizations all supported the overall aim of the reform which was to reduce the number of people receiving disability benefit. Also, there was a positive response to the introduction of rehabilitation measures, rehabilitation plans and rehabilitation teams. All this was made to give potential disability beneficiaries and young people multidisciplinary support.

Almost all of the stakeholders and stakeholder organizations were positive about the reform emphasizing a will to focus on people's individual abilities and opportunities instead of their disabilities. Furthermore, there was a positive response to the multidisciplinary support and the need for close cooperation between the different municipal departments in helping potential beneficiaries.

The two parties opposing the reform were The Red-Green Alliance and The Danish People's Party. They both agreed that a reform was needed but they were highly critical of the reform which both parties saw as a cost-cutting programme and a public austerity measure.

A large number of stakeholder organizations were also critical of the reform. They feared that the implementation process and time of beginning of the reform were too optimistic and they also feared that the reform would not be able to deliver the expected outcome. Many of the stakeholder organizations were against the introduction of the 40-year-old age limit. They argued that it should be the person's work ability and not age that should determine if the claimant should receive disability benefit.

The Danish Employer's Confederation (DA) was concerned that the proposed payments were too high and feared that it would be more attractive to receive disability benefit instead of finding a job. They pushed for stronger financial incentives for taking on a job than was proposed in the reform. They also wanted to have a stronger cooperation between the private and public sector and argued that the private sector could and should be an active player in the reform.

The number of young people under 40 and especially young people with mental health problems receiving disability benefit should decline. Young people under 40 cannot obtain disability benefit unless they suffer from severe disability. Potentially this group still has many years left on the labour market and introducing an age limit will send a clear signal to the young adults, their families, the job centres, and the health system that disability benefit is not an option. Instead rehabilitation measures must be taken (e.g. coordinating health, employment and social services) to make them ready for work or education (a rehabilitation plan of 1-5 years and a rehabilitation grant).

Complicated cases that need a coordinated service between different sectors must have their work ability and their case assessed by new rehabilitation teams in the municipal system before the job centre can grant disability benefit, a flex job or a rehabilitation plan. The rehabilitation plan is prepared by the rehabilitation team, but the different measures in the plan are granted by the relevant division in the municipality or the job centre. The rehabilitation teams consist of case workers from all sectors in the municipality (social services, education and employment) and a "health system coordinator". The reform stipulates that job centres had to establish rehabilitation teams by January 1, 2013.

The reform will focus on people's individual abilities and opportunities. The new focus is on "you" (the disability benefit claimant who together with the rehabilitation team will try to find a way into employment either via education, subsidized labour or other measures). Instead of disability benefit when under 40 claimants will participate in a resource process that will last up to 5 years. Here claimants will have their work ability tested and they will be advised on how to find the right job or right education, and get the right tools so that they can succeed.

The local authorities, case workers and the regional health services have to work more closely together than they did before the reform. Prior to the reform there was not a coordinated effort between the local and regional level.

When the claimant is in a resource process his income will vary. If the claimant was receiving sickness benefit before the resource process began the claimant will continue to receive that income for as long he/she is entitled to receive sickness benefit (up to 1 year). After that the claimant will receive a monthly income that is similar to the amount of money people receive when on social assistance.

If the claimant is under 30 and with no education, he/she is not eligible to receive social assistance but will instead receive education benefit and with the help of the job centre find a suitable education to start on. A minimum rate was introduced so everyone is secured an allowance similar to the level of social assistance for adults – 60% of the highest benefit rate (rate of unemployment benefit) for non-providers and 80% of the highest rate of unemployment benefit for providers. The minimum rate does not apply to young people under the age of 25 living at home who continue to receive social assistance.

The flex job scheme was modified in three different ways. Thereby it appeared less generous, more flexible and more temporary.

In the agreement text the Government pointed out that around 750,000 people of working age are excluded from the labour market and emphasized that the former reform was old and that changes were needed. The purpose of the former reform was to get people back into work and make sure as few as possible were granted disability benefit. In the agreement text the political parties strongly pointed out that this was not the case as 55,000 more people than expected in the period of time were granted disability benefit and that this cost the State and the Treasury DKK 9 billion alone in 2010.^{vi}

The focus is that people instead of receiving disability benefit people should be part of a resource process and the goal was to establish 14,500 resource processes in 2013. The hope was also that the flex job scheme would be more attractive to employers and employees and that more “mini flex jobs” would be established so that people receiving social assistance would look at the flex job scheme as a way back into employment. If not eligible for a resource process or flex job the claimant should receive education benefit and start on an education that will bring him/her closer to the labour market. Some of the claimants would have been entitled to unemployment insurance or sickness benefits prior to entering resource activation which is substantially higher than the social assistance. Even so, since the entitlement to unemployment insurance and sickness benefits requires having participated in ordinary employment for a certain period of time before getting ill or unemployed, most of the young adults are not entitled to these types of benefits. In practice, most young adults in question do not qualify for more than the absolute minimum of benefit.^{vii}

The 2013-reform was expected to lead to about 2,300 people in 2020 and about 7,700 people finding unsubsidized jobs compared to receiving disability benefit or taking on a flex job. Furthermore, it was also expected that the reform would increase the number of people in employment so that the supply of labour would increase by around 5,000 people in 2020 and about 12,500 people in the long run.

The rehabilitation team consists of case workers from all sectors in the municipality (social services, education, employment) and a “health system coordinator”. The rehabilitation plan is worked out by the rehabilitation team, but the different measures of the plan are granted by the relevant division at the municipality or the job centre. The municipalities have autonomy and work under the directives laid out by the Government. The regional level provides general practitioners working closely together with the case workers in ascertaining people’s health problems and needs that might affect their work ability.

The reform place a number of new demands on the municipalities’ efforts. All municipalities must among other things find useful jobs, recruit and organize case workers to coordinate the efforts, set up multidisciplinary rehabilitation teams. The municipalities have, however, freedom of choice over how they will implement the reform, for example whether the case workers coordinating the efforts are to be attached to the job centre or some other place and whether the municipality will prefer to use their own mentors or outsource this activity. Thus the municipalities can choose to organize the resource processes differently and at the same time live up to the legislation in question as well as the intentions behind the reform.

A central theme in the reform was that “the citizen shall be involved and heard in relation to the preparation of the rehabilitation plan and the handling of the citizen’s case in the team. Importance must be given to the citizen’s ownership of the resource process.”^{viii}

Apart from the fact that the citizen must have a say in the preparatory stage of his resource process and the target plan for the resource process, the coordination case worker must make sure through review talks that the target plan is adjusted to fit the citizen’s present situation and needs. Care must be taken to ensure that the citizen’s access to follow his own case is strengthened by giving him access to an overview of and an insight into his own target plan.

The Danish National Centre for Social Research (SFI) has evaluated the flex job reform and its evaluation finds that a new group of people have used the flex job scheme to find a new job, i.e. persons employed in flex jobs up to 10 hours per week. This group constitutes 38% of people having a flex job after the reform compared to 9% before the reform. The people in this group assess their

own health and work ability to be worse than other employees having a flex job. More than every fourth in this group would prefer to be granted a disability benefit when they were referred to take on a flex job compared to every eight among the other employees having a flex job.^{ix}

Persons having a flex job after the reform have (irrespective of the number of hours) a lower level of education than persons employed before the reform. Every third of those who are employed after the reform do not have an education that provides them with vocational skills compared to every fifth of those people employed before the reform.

A new group of companies employs persons in flex jobs after the reform, i.e. fairly small private companies which employ persons in flex jobs for a few hours. The majority of people in flex jobs work for private companies. 59% of the private-sector employees worked at companies with less than 10 employees in 2013. The corresponding percentage among flex job employees working for a few hours is 64%.^x

The SFI report shows that the majority of the employees in a flex job feel comfortable at their workplace and they have good relations to colleagues and management. Furthermore, the majority of the employees in a flex job experience that their work ability harmonizes very well with the work load.

People in flex jobs mention in particular that they expect their work ability to improve in the near future if their work ability is good compared to the physical job conditions and if it is possible for claimants to use their skills at work. People under 40, people who have recently been referred to a flex job and people who are referred to a flex job due to psychical problems expect to a higher degree than others to improve their work ability.

Since the implementation of the reform the number of people in flex jobs has increased by approx. 54,000 persons in the fourth quarter of 2012 to 58,000 persons in the third quarter of 2014. It should also be noticed that there is a significant fall in the number of people who have been granted disability benefit. After the reform this number has on average amounted to approx. 1,400 per quarter compared to approx. 4,000 before the reform. The fall in the number of people being granted disability benefit corresponds very well with the aim of the reform that fewest possible are to receive permanent passive support from the State. The number of people receiving unemployment benefit, i.e. persons who are referred to a flex job, who have not yet got a flex job and are still receiving unemployment benefit has on the contrary only decreased a little since the implementation of the reform. In the third quarter of 2014 approx. 17,800 persons received unemployment benefits compared to approx. 18,700 in the first quarter of 2013.

The number of newly created flex jobs with few hours defined as flex jobs of ten hours or less per week has risen significantly after the reform.

Flex job employees working few hours have apparently found it more difficult than the other flex job employees to find a flex job before the reform which corresponds to their work ability and skills. Prior to being employed flex job employees working only few hours received unemployment benefits to a much larger extent.

There has been a rise in young persons under 40 receiving unemployment benefits. It is difficult to find flex jobs to everybody eligible for a flex job.

Irrespective of which municipality the coordinating case workers come from they all mention a number of challenges when working with a multidisciplinary approach like the resource process.

The multidisciplinary approach ideally connects the claimants' efforts together across the various administrations and the first step is taken by the rehabilitation team. In practice the coordinating case workers experience this cooperation as a challenge especially because resource processes reside in the employment administration. Some case workers from the rehabilitation teams and representatives from the employment sector indicate that they experience that the representatives from the other administrations do not show the same degree of commitment. The representatives
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from the employment administration do, however, perceive the rehabilitation team to be a positive measure which makes it possible to present more professional opinions of the same case.^{xi}

Waiting lists and the lack of experience with cooperation across administrations and disciplines mean that it is a challenge to offer the claimants a truly multidisciplinary process where efforts can be initiated concurrently or in a special order.

The politicians have been criticized for not being able to transform the 19,000 established resource processes at a cost of DKK 630m into more ordinary jobs. Of the 19,000 established resource processes only 130 ordinary jobs were created.

In 2015 609 resource processes had finished and 14 had found a way back into the labour market. 314 were granted a disability benefit and 84 were transferred to the flex job scheme. Non started an education.

The job centres and municipalities all see a big potential in the reform and the new measures but they still find it difficult to navigate in the new settings and are still learning how to best work and use the expertise in the rehabilitation teams. The evaluation reports all show that the implementation has taken longer time than expected and that the municipalities are still learning to operate in the new employment paradigm.

A resource process can last up to five years. This makes room for the individually adapted needs which can move the unemployed closer to the labour market. This is one of the findings in a report from SFI, who has investigated the experiences made by the municipalities and citizens in relation to the resource process system in the two first years it has been in force.

In the report from SFI case workers as well as claimants' underline specifically the importance of and the high value of the time and peace which the processes give. The case workers emphasize that the system makes room for the individually adapted needs. The unemployed mention themselves that it is a relief that the process is taken care of by the same coordinating case worker in the entire process and who is supported by a rehabilitation team where several different experts together with the citizen plan the process.^{xii}

Local Government Denmark (KL) has earlier pointed out in connection with the criticism voiced against the resource processes that too quick conclusions of the effects should not be made because a resource process is a long process lasting between one to five years.^{xiii} However, SFI's research also shows a number of challenges. Among other things there is a need for informing the claimants better about agenda items for the meetings with the rehabilitation team. Often claimants come unprepared to the meeting and are overwhelmed by having to meet a large group of professional people who are there to take part in the further process. The case workers also point out that it is difficult to get the claimants to take advantage of the possibilities in the resource processes. Very often the case workers deal with people experiencing massive problems and not only their unemployment situation and consequently they are not always able to and do not want to take responsibility for what the process entails.

A KL research report from spring 2015 on the resource processes showed a somewhat similar result as it pointed out that the intentions of the rehabilitation team are fulfilled whereas the intentions of the resource process are a bit more difficult to fulfil in particular because the claimant often expects to be granted disability benefit. Therefore the case workers have to start by motivating the claimant to make him/her enter the labour market again.^{xiv}

The statistical figures you have seen about Denmark show that the number of new people being granted disability benefit has been falling since 2009. In the period 2009 to 2012 the number decreased from 17,102 to 14,621 and after the reform was implemented the figure declined further to 5,743.^{xv}

Discussions about how best to help young people not in employment and with no education have continued both politically as well in the media.

The Government appointed in 2013 an expert group to prepare a fact-finding analysis of the active employment performance. Against this background the expert group presented 28 recommendations explaining how the efforts for people on the fringe of the labour market can be reinforced.^{xvi} With the report and the 28 recommendations the expert group ended its work by explaining the active employment performance.

The 28 recommendations fall within these headings:

- New company directed efforts
- Reinforced multidisciplinary efforts
- More education and skills enhancement
- Supporting initiatives

The background to the expert group's recommendations is that people on the fringe of the labour market must have ties with the labour market even though they have limited work ability. The company directed efforts must be reinforced through targeted company offers, strong incentives to choose company offers, a strengthened mentor scheme and more focus on servicing and cooperating with companies.

The Danish Employers' Association (DA) was critical of the reform and in 2015 they proposed to enhance the disability and pension system.^{xvii} According to DA the public relief system must be turned around so that it becomes attractive for the most part to undertake the responsibilities by being available for work. For DA the solution is not to increase the payment level of the unemployment benefits and reduce the demands for being available for work. On the contrary DA thinks it is necessary to introduce considerable reforms of the disability pension system, flex jobs, sickness benefits and cash benefits.

The approach to lower the number of people receiving public benefits is through far-reaching reforms of all benefit schemes so that it is worthwhile to work and be available for work.

Local Government Denmark (KL) also recommends that cases about disability benefit granted before 2003 where the person today is below the age of 50 are to be re-evaluated to find out whether the person's work ability is still intact and should be applied. Disability benefit cases where this is apparently not the case are not to be re-evaluated. It is important not to create uncertainty among disability beneficiaries in relation to their disability benefit. Consequently, it is the opinion of the Local Government Denmark that more work is to be done to create a model where "old" disability pensioners with remnant work ability keep their benefits until they have found a job. At the same time, they must be available for ordinary work or for a flex job as long as it can be assessed that they can take on a job. If they cannot manage to have a job it must be possible for them to fall back on disability benefit.

Local Government Denmark estimates that the initiative will increase the labour offer by up to 5,000 persons. Out of the present 230,000 disability benefit pensioners approx. 27,000 persons under 50 years of age have been granted disability benefit before 2013. According to Local Government Denmark up to 20% of this target group can enter the labour market and work part-time.

End Notes

ⁱ <http://bm.dk/da/Aktuelt/Pressemeddelelser/Arkiv/2002/1007.aspx>

ⁱⁱ Redegørelse om udviklingen på førtidspensionsområdet og det rummelige arbejdsmarked, Socialministeriet Beskæftigelsesministeriet Finansministeriet, Maj 2007

ⁱⁱⁱ In 2008 Denmark used 1.8 pct. of its GNP on the disability benefit scheme.

^{iv} Christopher Prinz and the OECD criticized the 2003 reform and called it a total failure because disability benefit remained an easily accessible payment (with almost no benefit rejections) and the flex job scheme drew regular workers into subsidized work. Jan Høgelund, senior researcher at SFI, also mentioned this last problem with the flex job scheme.

^v The government et al, 2012

^{vi} The government et al, 2012

^{vii} Consequences of activation to work targeting young people with health related problems - a comparison of activation policies in Sweden and Denmark, Sara Hultqvist, dep. of social work, Linnaeus University, Växjö, Sweden Iben Nørup, dep. of political science, Aalborg University, Aalborg, Denmark, **Paper for Journal of Youth Studies Conference, Copenhagen, March 2015**

^{viii} The government et al, 2012, p. 15

^{ix} Holt, H., mfl.: *BORGERE I FLEKSJOB EFTER REFORMEN*, København: SFI – The Danish National Centre for Social Research

^x Holt, H., mfl.: *BORGERE I FLEKSJOB EFTER REFORMEN*, København: SFI – The Danish National Centre for Social Research

^{xi} Holt, H., mfl.: *RESSOURCEFORLØB KOORDINERENDE SAGSBEHANDLERES OG BORGERS ERFARINGER*. København: SFI – The Danish National Centre for Social Research

^{xii} Ibid.

^{xiii} KL is the national advocacy organisation of Danish municipalities: in English also referred to as 'Local Government Denmark'.

^{xiv} Kommunernes Landsforening, *Mere Arbejdskraft – kvalificeret arbejdskraft skal sikre vækst og velfærd*, 2015

^{xv} Ankestyrelsen, *Førtidspension – Årsstatistik 2013, 2014 s. 3*

^{xvi} Ekspertgruppen om udredningen af den aktive beskæftigelsesindsats, *Nye veje mod job – for borgere i udkanten af arbejdsmarkedet*, København 2015

^{xvii} Dansk Arbejdsgiverforening, *Udfordringer på Arbejdsmarkedet i 2015*, København 2015