



FOR INTERNAL USE

European Network of Public Employment Services

PES Capacity Questionnaire
Country Factsheet

Iceland
Directorate of Labour
Vinnumalastofnun (VMST)
2019



EUROPEAN COMMISSION

Directorate-General for Employment, Social Affairs and Inclusion
Directorate B — Employment
Unit B1 — Employment Strategy

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The European Network of Public Employment Services was created following a Decision of the European Parliament and Council in June 2014¹. Its objective is to reinforce PES capacity, effectiveness and efficiency. This activity has been developed within the work programme of the European PES Network. For further information: <http://ec.europa.eu/social/PESNetwork>.

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¹ DECISION No 573/2014/EU

About the Directorate of Labour - Vinnumalastofnun (VMST)

Name of PES	Vinnumálastofnun – Directorate of Labour
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1. Background

1.1. Status of the national PES

The Directorate of Labour (the VMST - the Icelandic PES) is under the supervision of the Ministry of Welfare. Social partners are also involved by law in the supervision of the VMST. They have representatives on the board of the Directorate, the board of the Unemployment Insurance Fund and on the board of the Guarantee Fund, and they are also represented in the five regional employment councils. The Board of the Directorate has a supervising role and must approve the annual Operational and Finance Schedule. It also has a role in unemployment benefit funding and policymaking in the field of labour market measures. The VMST has a considerable amount of autonomy in its task of executing government policies.

The main objectives of the PES are set out in the aims of the Act on Labour Market Policies:

- To provide individuals with the appropriate assistance to enable them to become active participants in the labour market;
- To promote equilibrium between the supply of, and the demand for, labour in Iceland.

1.2. Geographical organisation

The PES is organised according to the following structure:

Level	Description
National	<i>Head Office</i> - with an Executive Management team composed of a Director General and five Directors of Division
Regional	<i>Regional offices (8)</i> - Regional Directors under the direction of either The Director of Counselling and Recruitment Services or The Director of Law and Administration are responsible for the management of regional offices. Regional employment councils are composed of representatives from the labour market organisations, the local authorities and the secondary schools. They have an advisory role regarding structure and choices of ALMP (Active Labour Market Policies) measures. In the Reykjavik Capital Office (where the Head Office is located), the management of counselling and recruitment services are the responsibilities of departmental managers

1.3. Relationships and cooperation with other organisations

The PES operates and cooperates with a range of organisations and with different types of relationships the principal ones being as follows:

- Social partners are involved by law in the supervision of the VMST with representatives on the board of the Directorate, the board of the Unemployment Insurance Fund and on the board of the Guarantee Fund and are also represented in the five regional employment councils;

- Regional employment councils have representatives from the labour market organisations, the local authorities and the secondary schools and have an advisory role regarding structure and choices of ALMP measures.
- The PES outsourcing any training requirements to external education and training providers.

1.4. Key PES responsibilities


The key activities and tasks and the PES responsibilities within them are set out in the table below:

Activity/Task	PES Responsibility
Implementation of services of individualised assistance (e.g. intensive counselling and guidance, job-search assistance) and follow-up for the unemployed provided as part of a planned path towards durable (re-)employment (cf. services as in Eurostat LMP database Category 1.1.2).	Fully responsible
Implementation of ALMP measures (any measures within Eurostat LMP database Cats. 2-7) financed by national funds or ESF (the European Social Fund) co-funding.	Fully responsible
Administration of national unemployment benefit (UB) scheme (handling of UB claims, payments, financial planning and reporting, etc.)	Fully responsible
Administration of social types of allowances (e.g. child allowances for UB recipients), please specify each allowance separately:	Fully responsible - for maternity and paternity leave allowances
Administration of benefits for with disabilities or handicapped, please specify which exact group(s) are covered:	Not responsible
Approval of layoffs by employers. Please specify if this concerns specific conditions or situation only:	Not responsible (but employers are obliged to inform the PES regarding collective redundancies)
Licensing and supervising private employment agencies (PrES), please specify whether this covers PrES, temporary work agencies, or another type of service provision by private companies:	Partly responsible – the role of the Directorate of Labour/PES is to ensure that the nationally operated PrES do not charge jobseekers for recruitment. Foreign service providers who post workers temporarily in Iceland must register at the PES and the PES has a supervising role. See http://posting.is/en
Notification of apprenticeship places and placement of apprenticeship candidates	Not responsible
Career advice and guidance for young people still in education	Not responsible
Acting as Managing Authority for the ESF	Not applicable

Activity/Task	PES Responsibility
Managing training centre for jobseekers (that are an integral part of the PES)	Not responsible – training is mainly outsourced to education providers
Issuing of work permits for third country nationals (e.g. dealing with applications, approving and issuing, keeping records, reporting, etc.)	Fully responsible
Other – please specify: Wage subsidy programme where employers receive reimbursement of salary for employing a disabled person	Fully responsible

1.5. PES good practices

Examples of good practice in the Icelandic PES identified by the European Network of PES are listed below:

EN		PES Practice: 'Join me'	2016
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Source: EC DG EMPL, PES Practices: <http://ec.europa.eu/social/main.jsp?catId=1206&langId=en>

2. Annual expenditure

Total PES expenditure fell by EUR 14 million or 12% between 2013 and 2017, reaching EUR 101.6 million by the end of the period. Within this total, expenditure on all types of benefit fell by 2% and expenditure on ALMPs by 80%.

Other types of expenditure remained stable as can be seen in Table 1.

The principal source of funding for PES activities are Social Security Contributions, with some additional funds from the Government Budget.

Table 1. Annual expenditure summary (EUR million)

Expenditure category	2013	2014	2015	2016	2017	2018
Total PES	115.6	97.1	84.3	81.9	101.6	N/A
All types of benefits	94.2	85.4	74.6	72.6	92.4	N/A
ALMPs	16.0	6.7	4.9	4.3	3.2	N/A
Staff costs	4.2	3.8	3.7	4.0	4.8	N/A
Staff training costs	0	0	0	0	0	N/A
Budget intended for other institutions	0	0	0	0	0	N/A
Other expenditure	1.3	1.2	1.0	1.1	1.3	N/A

Source: Annual PES Benchmarking Data Collection.

3. Human resources

The total number of PES staff remained stable between 2018 and 2019 at 139 FTE (Full Time Equivalent), though between 2017 and 2018 staff numbers fell by 6. The decrease was due to the transfer of the management and operation of housing benefits to the Housing Financing Fund on the 1 January 2018 and it is therefore no longer a division

of the Directorate of Labour. In 2019, approximately 86 staff, or 62% of the total, were directly in contact and dealing with clients (jobseekers and employers interchangeably). The proportion of staff exclusively servicing jobseekers was 13% in 2019, similarly, the proportion of total staff exclusively servicing employers is around 5% in the same year. There are plans to increase staff in 2019.

Overall staff turnover in 2019 was 5%.

Table 2. Staffing summary (FTE, as at 30 April each year)

Staff category	2016	2017	2018	2019
Total PES staff	129	145	139	139
Of which (absolute and as a % of total PES staff):				
Front office staff	35	39	61	86
% front office staff	27%	27%	44%	62%
Exclusively servicing jobseekers	N/A	N/A	N/A	18
% exclusively servicing jobseekers	N/A	N/A	N/A	13%
Exclusively servicing employers	N/A	N/A	N/A	7
% exclusively servicing employers	N/A	N/A	N/A	5%
Staff turnover (for all reasons – figure for calendar year)	8%	5%	N/A	5%

Source: Responses to PES Capacity Questionnaire.

4. Registered unemployed

The number of registered unemployed jobseekers fell by 2 988 or 39% between 2013 and 2018, ending the period at 4 582. Over the same period, participants in ALMPs fell by 93 people or 60%, with 62 in ALMP measures in 2018.

Table 3. Registered unemployed jobseekers and participants in ALMPs (average monthly stock each year)

Client Group	2013	2014	2015	2016	2017	2018
Registered unemployed jobseekers*	7 570	7 027	5 321	4 271	4 105	4 582
Participants in ALMPs**	155	77	23	53	66	62

*The number of people registered with the PES, who are available for the labour market and who are, or should be, looking for a job, excluding those on any active labour market policy (ALMP) measure.

** The number of people participating in ALMP measures in the following categories (according to the LMP database): Training (Category 2); Job rotation and job sharing (Category 4.3); Sheltered and supported employment and rehabilitation (Category 5); and Direct job creation (Category 6).

Source: Annual PES Benchmarking Data Collection.

5. Job Vacancies

The monthly average of job vacancies notified to the PES decreased by 265 or 81% between 2013 and 2018, reaching 139 in 2018. The proportion of monthly average job vacancies notified to the PES that were filled stood at 19% in 2018.

The share of the job finders who found their present job through PES involvement at any point remained stable between 2013 and 2018, ending the period at 4.2%.

Table 4. PES Job vacancies

Vacancy measure	2013	2014	2015	2016	2017	2018
Vacancies notified to the PES (monthly average inflow) *	404	329	328	320	217	139
Vacancies notified to the PES that were filled (monthly average outflow at the end of the month) *	160	96	99	83	51	26
Vacancies notified to the PES that were filled within 60 days of notification (monthly average outflow at end of month) *	N/A	N/A	N/A	N/A	N/A	N/A
Share of the formerly unemployed who stated in Eurostat's Labour Force Survey that the PES was involved at any moment in finding their present job (<i>proxy for vacancies filled with PES assistance</i>) **	5.6%	5.2%	4.3%	4.6%	3.6%	4.2%

Source:

* Annual PES Benchmarking Data Collection.

** European Union Labour Force Survey (EU LFS).

6. Active labour market policies (ALMPs)

No new employment measures were introduced in 2018. Three amendments were made to existing measures last year (see Table 6).

Table 5. New ALMPs introduced in 2018

Intervention name	Target group(s)	Type
No new ALMPs were introduced in 2018	N/A	N/A

Table 6. ALMPs modified in 2018

Intervention name	Target groups	Type*	Main modifications
<i>Starfstengd námskeið</i> Training courses related to vocational skills, upskilling participants for labour market or further education	All target groups	2	Focus on jobseekers who are in a vulnerable situation on the labour market due to lack of education, and the long-term unemployed (LTU) in all target groups
<i>Frumkvæði (modification of þróun eigin viðskiptahugmyndar)</i> Business Initiatives (modification of developing your own business idea)	All target groups	7	An agreement was made between the Innovation Centre Iceland and the PES and the Innovation Centre now provides all services (training and support) to jobseekers participating in this ALMP.
<i>Íslenska fyrir útlendinga</i> Courses in Icelandic for foreigners	Jobseekers of foreign origin	2	Courses mostly take place in classrooms but increased focus on a job-related learning environment whenever possible.

* Classification of ALMPs according to the EU LMP database: Training (Category 2); Employment incentives (including job rotation and job sharing) (Category 4); Sheltered and supported employment and rehabilitation (Category 5); Direct job creation (Category 6); and Start-up incentives (Category 7).

Source: Responses to PES Capacity Questionnaire.

The following table shows the types of ALMPs that are primarily used for each of the client sub-groups listed in the table.

Table 7. Types of ALMP for specific client groups

Target group Type of ALMPs	Young people (aged under 25)	Long-term unemployed	Older workers	Disabled	Refugees*
2: Training	✓	✓	✓	✓	✓
4: Employment incentives	✓	✓	✓	✓	✓
5: Supported employment and rehabilitation				✓	
6: Direct job creation					
7: Start-up incentives	✓	✓	✓		✓

*Applies only to those with a temporary or permanent resident permit (status).

Source: Responses to PES Capacity Questionnaire.

7. Main strategic targets for 2018

Table 8 lists the main strategic targets set by the PES in 2018 for all clients and for sub-groups. The first column describes the indicators used, while the second column contains the actual targets set.

Table 8. Targets for all clients in 2018

Indicator, including target group and time frame where applicable	Target(s) set for 2018
Percentage of jobseekers that are unregistered from benefit and do not register again within six months.	80%
Number of long term unemployed (12* months) that unregister before the end of the rights to unemployment benefits are finished	650
Amount of unemployed people at every time that have received unemployment benefits 9-12 months.	<390
Amount of new subsidised workplace agreements for long term unemployed (labour market measures) over the year	400
Amount of young people (18-30), at every time, that have been on unemployment benefits 9-12 months.	850
Amount of young people (18-30), at every time, that have been on unemployment benefits longer than 12 months.	170
Amount of active subsidised workplace agreements for disabled people for the year.	800
Amount of foreign worker that have been on unemployment benefits longer than 12 months.	250
Percentage of jobseekers that are unregistered from benefit and do not register again within six months.	80%

Source: Responses to PES Capacity Questionnaire.

Supporting Youth

Implementing the Youth Guarantee

Responsibilities for the Youth Guarantee

Iceland did not implement the Youth Guarantee (YG) according to the guidelines. However, the PES places great emphasis on activation and services for young people, with an emphasis on early intervention and cooperation between service providers and institutions.

The PES responsibilities in activation and specific services for young people are related to:

- Registration of young unemployed people
- Provision of PES services (including YG services to young people)
- Coordination of partners

Involving young people and youth organisations

Young people and youth organisations have been involved in designing, re-designing or improving the activation measures and specific services for young people, through:

- Surveys, focus groups and other feed-back from young jobseekers that are/have been registered as unemployed;
- Cooperation of regional PES service centres with the information and culture centres for young people run by the municipalities.

Partnerships in place and main developments

The PES works with the following types of partnership in helping young people:

- Partnerships to ensure that young people have full information and support available - informal partnerships with school counsellors and formal partnerships with career guidance providers with programmes aimed at youth;
- Partnerships aimed at increasing employment, apprenticeship and traineeship opportunities - with employers, municipalities and youth organizations offering training opportunities;
- Partnerships aimed at supporting transitions from unemployment, inactivity or education into work - by law, students are not eligible for unemployment benefits.

There have been no major changes or developments related to partnerships in place over the period April 2017 to April 2019.

New projects focusing on young people

In the past 24 months (April 2017 to April 2019), new pilot projects have been developed, which intend to build bridges between various service systems with increased inter-disciplinary cooperation in relation to youth, with a focus on vulnerable groups/individuals.

In the North East region, a cooperation agreement was signed in October 2017, within the 'Virkið' project, between the PES, the municipality/Akureyri, the local police, healthcare workers and the hospital, secondary schools, the lifelong learning centre, the mental health centre and the rehabilitation centre.

In the capital region, a similar project was started in 2018 with a formal participation of the PES, the Virk rehabilitation fund, the capital area social services, educational institutions, health care centres, researchers, and cooperation with parties offering various types of activation programmes.

The PES is also a partner in the Erasmus+ funded project Youth in transition which primarily targets the most vulnerable NEETs.

Resources for implementing the Youth Guarantee

Human resources

Iceland is not an EU Member State and has not implemented the Youth Guarantee. The PES staff in Iceland, working with young people, are all trained career guidance counsellors, social workers or with an education in psychology. In larger offices there are counsellors that exclusively service young clients, but usually counsellors provide services for all age groups. Staff maintain their skills by participating in appropriate training on their own initiative and with the PES participation in various projects.

Funding for youth programmes

Iceland is not an EU Member State and does not implement the YG. However, the funding of youth services comes from central government.

Reaching out to young people, including NEETs

The PES reaches out to young people, including people Not in Education, Employment or Training (NEETs), through the following:

- Proactive work with schools – limited to youth with disabilities. The PES cooperates with schools offering vocational secondary education and university diplomas for people with disabilities. Enterprises are also involved.
- Following up young people who drop out of activation measures or who no longer access benefits – in cooperation with social services and municipalities. A written agreement is concluded between the Directorate of Labour and the municipalities. This includes a condition saying that social workers refer those young people who have dropped out of school or activation schemes and who are receiving financial assistance from the municipality, to the PES.

Information management

The PES has access to the following source of information to support its work with young people:

- Database of traineeship vacancies (subsidised by the PES).

Timing in the provision of PES services

- The average time between registration with the PES and the first meeting between jobseeker and counsellor is less than 2 months;
- The average time from registration for making an offer to a young jobseeker is 3 months.

Monitoring and evaluation

Time-bound targets

The PES tries to ensure that:

- The first interview for young jobseekers takes place within 2 months of registration.
- IAP and activation (placements/measures) is developed/offered within 3 months.

Numerical targets

The PES tries to:

- Obtain 30 new jobs for young people with disabilities after vocational secondary education and university diploma.
- Reduce the number of young registered jobseekers (age 18-29) that are registered for more than 6-9 months to 906 individuals.
- Reduce the number of young registered jobseekers that are registered for more than 12 months to 185 individuals.

Monitoring and evaluation activities

- Satisfaction surveys for young jobseekers;
- Satisfaction surveys of employers;
- Monitoring young people who leave the unemployment register;
- Monitoring that young people receive an offer within 4 months;
- Follow-up of young people once they have entered employment or training;
- Follow-up of young people referred to education and training providers.

Mutual learning activities

During the period April 2017-April 2019 PES staff took part in the following mutual learning or technical assistance activities relating to youth:

Name of event or activity	Location and Host	Date
Erasmus+ KA2 project 2 'Community Guarantee' Samfés - Youth Work Iceland was one of four partners in this project. Through them, 3 PES counsellors working with Youth/NEETs were invited to actively participate in part of the project.		Project period 1 February 2017 to 31 January 2019
Partner in the transnational project Youth in transition YIT supported by Erasmus+		Project period 1 October 2018 to 31 March 2021