

Tripartite Agreement on Short-Time Working Scheme

On 31 August the Danish social partners, DA and FH, along with the Danish government have agreed on a short-time working scheme as a response to the effects of COVID-19.

The agreement covers all employees in the private sector and is not limited to those who are currently covered by a collective agreement.

The agreement takes effect from 31 August and runs until 31 December 2020. However, short-time working schemes being initiated before the end of the year can run until 30 April 2021, thus extending the range of the agreement until this date. The parties have agreed to discuss the agreement at the beginning of November with the possibility of extension.

The Danish government and the social partners have agreed that companies who feel the effects of COVID-19 on their level of activity can initiate short-time working schemes to be able to adjust the level of activity without having to cut staff. If such a scheme is initiated, the workers affected will have 24 hours to decide whether they want to be part of it or not. If not, the employer has the opportunity to dismiss the workers in question.

Under the short-time working scheme workers affected will receive their regular salary for the hours performed and will then receive unemployment benefits for the remaining part of their normal working time. The maximum rate of unemployment benefits will be adjusted to a level of 120,5 pct. compared to the normal maximum rate. Under normal circumstances, workers who are full-time covered will have the right to unemployment benefits for up to two years. Employees affected by the short-time working scheme will not draw on their entitlement to regular unemployment benefits during the period of reduced hours of work.

The short-time working scheme will be performed in four-week cycles and the level of reduced hours must be 20 – 50 pct. of the normal working time for each affected employee within four weeks for the conditions of the agreement to take effect.

Under normal circumstances, companies contribute to the financing of the costs of unemployment by paying the first two days of unemployment benefits for employees dismissed or whose working hours have been reduced as part of a short-term working scheme. To finance the costs of this short-time working scheme, employers will instead pay a monthly fee equivalent to the first three days of unemployment benefits for all workers affected by the agreement.

As a result of the short-time working scheme, employees affected will have the opportunity to take part in re-or upskilling activities when not working.