

**MUTUAL LEARNING PROGRAMME:
PEER COUNTRY COMMENTS PAPER – NETHERLANDS**

**A more decentralised welfare system creates a network by
itself!**

Peer Review on the 'Employability Learning Network (ELN)
Scotland, 11 - 12 April 2011

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1 LABOUR MARKET SITUATION IN THE PEER COUNTRY

This paper has been prepared for a Peer Review within the framework of the Mutual Learning Programme. It provides information on Netherlands' comments on the policy example of the Host Country for the Peer Review. For information on the policy example, please refer to the Host Country Discussion Paper.

The labour market situation in the Netherlands has shown a slow, but steady recovery during 2010. Despite the financial and economic crisis, there has been a steady decline in unemployment since the middle of 2009, when unemployment had been at its highest level in the decade as a whole (5.8%). The unemployment rate at the national level is (at this moment) down to 5.2% and expected to fall to 4.2% in 2012. Although this is a relatively good situation compared to other countries in the EU, there are significant regional differences. For instance, the unemployment rate in the four major cities in the Netherlands is on average still about 10%, whereas in the more rural regions in the country the unemployment rate is not exceeding 3%.

Although unemployment rates are improving, there is a lot of work to be done in the field of active labour market participation; about 60% of the workforce in the larger cities is participating in employment (having full-time and part-time jobs) and there is an over-representation of people from a non-European background on welfare rolls (Rotterdam, 600,000 population, about 70% of the total households [32,000] are on welfare rolls).

Combating youth unemployment is an important issue in order to prevent the growth of a 'lost generation'. Many experiments have been undertaken in the last two years by municipalities funded by the state government. Due to this, a more decentralised and tailored approach has been established, bringing down the youth unemployment rate from 12% to 9% since 2009.

The improvement of the situation in the labour market is caused by strong demand and temporary job vacancies (provided by temporary work agencies), and in specific sectors of the economy: care and hospitality, maintenance, transport, education and health. The public sector is still strong, but is expected to face redundancies, due to the budget cuts which will be implemented in 2012 and beyond.

Big changes are expected to take place within the next two to three years, caused by demographic developments (retirement of the baby-boom generation). It is expected that job openings will occur in various sectors and at all levels in the labour market; creating substantial openings for jobs at the entry-level (lower skilled work).

In the last two decades there have been many reforms in the Netherlands, touching on almost all aspects of social security, on the rights and obligations of clients and citizens, organisation of the delivery of services, relation between the state and market, allocation of responsibilities, and so on.

Social security in the Netherlands consists of employee insurances and minimum income provisions by the state. The most important benefits are currently WW (unemployment insurance for employees), WIA (work incapacity insurance for employees), and WWB (general minimum income provision). A right to WW exists if one has worked in 26 of the last 36 weeks. The level amounts to 70% of the last wage for a period of 38 months maximum, depending on one's work history. A right to WIA exists if one's earning capacity has decreased at least 35% due to medical reasons. The level amounts to 70% of the last wage (75% if permanently work disabled). The employer continues to pay for two years, with optional private insurance for this risk. The WWB is a last resort for citizens with insufficient income, no right to another benefit and no property ownership or fortune. For individuals the level amounts to 50% (650 EUR) of the minimum wage (70% for single parents) plus a housing cost allowance of up to 20% (260 EUR). Couples receive 100% of the minimum wage (1,300 EUR).

Over the years, entitlement for employee insurance (unemployment and incapacity) has been tightened and the duration of unemployment insurance benefits has been shortened. Restricting access to employee insurance did not lead to a (relative) rise in social

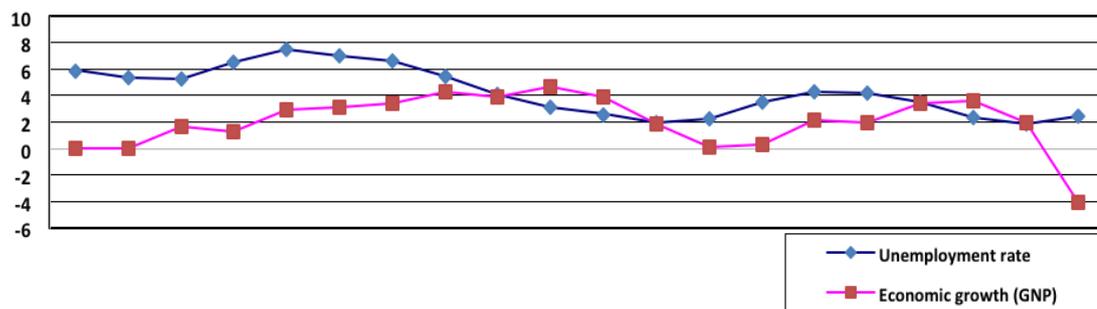
assistance claimants (Table 1). The relative importance of social assistance compared to insurance has remained stable. The number of people on social assistance has dropped even faster between 2000 to 2008 and more quickly than the number of people on unemployment insurance. Activation policies are seen as an important explanation for this.

Table 1 - Number of people on insurances and social assistance in 2000 and 2008

	ABW/WWB	WW	WAO/WIA	Total
2000	23.6%	12.6%	63.8%	1,499,970 (100%)
2008	23.6%	13.8%	62.7%	1,241,200 (100%)
Change	-17.3%	-9.8%	-18.7%	258,770 (-17.3%)

The reforms in social security also seem to be a partial explanation for the decline in unemployment rates, as the inverse relation between economic growth and unemployment rates seems to be less clear in the last ten years (Table 2), even when we take into account a time lag – unemployment rates reacting with some delay to economic developments. The recent severe economic crisis has led to a relatively low 10% increase in social assistance benefits in the third quarter of 2010.

Table 2 - Unemployment rate 1990 – 2009. Data: CBS



2 ASSESSMENT OF THE POLICY MEASURE

The policy measure taken by the Scottish Government to establish the Scottish Employability Learning Network is a good example of a supportive approach to develop a network for all the relevant partners on a local/regional scale, as an instrument for developing new ways to make progress on employment, within the legal framework of devolution. This means that the overall employment policy is regarded as a 'reserved area' by the UK Government.

The network itself is based upon the interest of the participants, which can be anyone with an interest in advancing employability issues in Scotland at both a practitioner and policy level.

Social policies in the Netherlands are rooted in a strong tradition of consensus building, sometimes called the 'polder model', referring to the historical necessity to co-operate in a country always threatened by water and flooding. Although corporatist structures, in which employers organisations, trade unions and government cooperate, have gradually been played down (especially in the 1990s), paving the way for subsequent reforms. It can be argued that consensus building has continued to exist as a cultural feature of policy processes in the Netherlands. In the last decade or so, a number of organisations have played an increasingly important role in the often diffuse policy processes in the field of work and income. The most important of these are the association of municipalities (VNG) and the association of leaders and staff of social services (Divosa). Operating in the background, Boaborea (a branch organisation of private reintegration companies) has also played a role. In addition to helping develop benchmarks, quality systems and evaluations, these organisations have also been instrumental in stimulating certain developments, both in implementation and in policy development.

The Employability Learning Network (ELN) offers various types of services: a dedicated website, a monthly e-bulletin, events for ELN-members, the provision of an on-line community and short-life sub-groups to take forward specific issues. This appears to be highly relevant for the participants: to become better informed, based on real time information instead of later surveys.

This kind of service also exists in the Netherlands, but in a more institutionalised way. For instance, Divosa and VNG both have a structure of working groups, a dedicated website and news-alerts and even a lobbying strategy for influencing policy and politics at a national level. But what could be regarded as a major advantage of the Scottish approach is the 'learning-element'. In the Netherlands there is, despite the long tradition of decentralisation and the strong tradition of building consensus, also a strong individualistic 'everyone by him/herself' approach. This was strengthened by recent welfare reforms targeted at involved clients and agencies. A financially driven competitive system was introduced in 2004 in the welfare system, in which municipalities got 100% freedom and responsibility for the execution of the welfare-system. Municipalities are (lump-sum) funded by the national government. In this setting of the arena, there is strong competition among all of the municipalities to perform better (in terms of having less clients on welfare rolls) than the others.

Now this does not support the idea of having a common interest at the local or regional level, so staff of municipalities tend to feel uncomfortable about sharing their experiences and best practices.

The unique selling point of the Scottish ELN is the openness of its membership and the way it is structured, creating and supporting partnerships with agencies, intermediate organisations, employers, etc. In the way this is constructed, within the existing legal framework that offers almost no opportunities to undertake any action on employment, there is a lot to learn from other countries, for instance the Netherlands. Although in the Netherlands, cities and municipalities experience a lot of freedom, it seems almost impossible to get the right people to the table.

On the other hand, there seems to be no place for individual clients or a representation of the clients in the ELN. In the Netherlands there is a strong tradition of getting clients involved. It is also required by law that any (government) agency working in the field of employment/employability and working with clients has to establish a so-called 'client-panel', which acts as an advisory board for the agency involved and is entitled to have access to all policy and practical information concerning the agency. The perspective of the client is considered to be an important part of advocating on behalf of the client's interests.

Gathering the right information and having it renewed on a regular basis seems to be the 'backbone' of the ELN, offering all the participants added value. In the Netherlands this type of information (labour market analysis) is offered (free) by the Public Employment Service. In the last two years there has been a major improvement in their information position and information system, which now offers an insight into labour market issues at a national, regional and local level, identifying the sectors/branches in which there are vacancies/redundancies and also offering a perspective on future developments. Nevertheless, offering accurate information raises the question of how to 'understand and interpret' this information where several agencies and authorities are involved. Do they all share the same idea on what needs to be done? Because there are so many people and agencies involved in the Netherlands, some regions have created an 'inner circle' of participants in their regional networks. In the Netherlands, there are three lessons learned:

1. The information has to be correct and updated.
2. There is a need for understanding or common ground on interpreting the information.
3. People and agencies have different interests in the outcome of information gathering and evaluation, reflected in their ability to act upon the provided information and putting things into practice.

Regarding the involvement of employers as one of the key issues to a successful partnership, is a really innovative way of thinking. Getting them into the network is important. Putting this into practice is a real challenge. Being bureaucratic and government-funded, it is not easy to have a more entrepreneurial way of assessing things. The ELN partnership, not owned or ruled by the government and local authorities, offers a new way of thinking and putting things into practice. As employer involvement is very high in ELN, this is something from which other countries can learn. How is it possible to establish good and sustainable relationships with entrepreneurs? What is the (hidden) secret? What is the best way to establish more employer involvement?

In the Netherlands there are a few examples of enduring relationships with employers, based upon a mutual understanding of preferences, developments in economic sectors and the changes that are taking place. In the Netherlands, it is understood that having a clear understanding of an employer's business is important to meet his/her needs and tailor the services. Maybe the employer (in the long run) is to be considered as the real client of the welfare system?

3 ASSESSMENT OF THE SUCCESS FACTORS AND TRANSFERABILITY

As mentioned earlier, social policies in the Netherlands are rooted in a strong tradition of consensus building, sometimes referred to as the 'polder model'. Based on this tradition, there are several success factors from the Scottish experience with the ELN that can be applied and transferred to the Netherlands.

The element in the Scottish strategy, supporting a common ground (or agreement) on a wide definition of 'employability' - which recognises the importance of interventions from a range of other policy domains - can be regarded as an important success factor for transferability to the Netherlands. Having intermediate organisations already in place (VNG, Divosa, Client panels, etc.) is a very important issue, defining the roles, commitment and contribution of the partners involved. The Netherlands is also a very compact country, possessing numerous organisations operating on a small regional scale; so it is important

to get (almost everyone) on board, which means that you have to be very clear on your objectives.

The second success factor that most probably will work in the Netherlands, is linking policy and practice. As the Netherlands is a very decentralised country, including on social matters, it is important to understand that there is a great deal of policy freedom for individual municipalities. They control the budget for employment services and are, due to the financial structure of the funding system, invited to reduce the number of claimants and save taxpayers' money. This means that most of the municipalities are eager to find good examples from elsewhere (including the US evaluations of the Work-first approach), that could help them in saving money. As a result of this, it can be seen in the Netherlands that active labour market policies and practices are tending to converge, due to the competitive budget system, which could create real solid basis for exchange and mutual learning.

Establishing the ELN as a cross departmental initiative is also a success factor that could be applied in the Netherlands. The state government in the Netherlands has traditionally a very sector based approach, creating silos. It is now becoming clear that, in order to solve problematic situations in the Netherlands, a more holistic based approach is needed. This means: looking at a client's problems as a whole and having an inter-sectoral and integrated approach aimed at, for instance, improving mental health and addressing barriers in social participation and labour force participation. Looking at the ELN, it is clear that the Scottish Government has succeeded in establishing this in a very unique way, by not ruling the network and by inviting anyone who is willing and able, to contribute. This could be of significant relevance for the Netherlands.

Another important factor in the Netherlands would be that the services, provided by the Network, are free of charge. Whenever such a service is offered free of charge, it is regarded as very interesting, due to the current budget cuts.

One of the success factors that would definitely work in the Netherlands is the provision of practical guidance in the form of toolkits and the showcasing of good practices. The toolkits with practical information for frontline staff would be regarded as highly valuable in the Netherlands, provided they are based on several showcases of good and excellent practices. This is because in the Netherlands case-managers working in social welfare, being practitioners, are not so well trained and educated as in other countries and very often seek for practical guidance.

Another factor that would work is the availability of good information on new developments and policy changes. News-alerts and e-bulletins are highly appreciated at this moment, because there are a lot of changes in legislation by the new government, budget cuts and changes of policies in almost every field of the government.

Creating ownership of the network by its participants would be something very new to the Netherlands (in the field of work and income), because it is already institutionalised and ownership is very strongly felt by the organisations involved. There is no experience of this in the Netherlands, so in a more developing view and creative way of thinking, it would be worthwhile to see whether this could work. In the author's opinion the feasibility can be questioned at the moment, as in times of crisis and budget cuts, people and organisations are not likely to relinquish control.

4 QUESTIONS

1. How do you ensure that the information provided by the Network (for instance information on the situation of the labour market) is kept up-dated?
2. Although in the Netherlands cities/municipalities experience a lot of freedom, it seems almost impossible to bring the right people to the table. A real question would be: how did the ELN manage to become so attractive for the partners involved?
3. Given that a number of people and agencies are involved in the Netherlands, some regions created a more 'inner circle' of participants in their regional networks. How could the creation of an inner circle be avoided, in the perspective of establishing the ELN as a cross departmental and a cross organisational initiative?
4. In the Netherlands there is no common management information system in place that services the partners involved. Is a common management information system really necessary? Establishing it would take a great deal of time (and lots of money and energy) as there are several systems in place already.
5. From the client's perspective it would be interesting to see in what way the participation of client groups or client panels could contribute to the Network. Is there an opinion on this?
6. The involvement of employers is one of the key issues to a successful partnership. What is the best way to establish good and sustainable relationships with entrepreneurs? What is the (hidden?) secret? What is the best way to establish more employer involvement?

ANNEX 1: SUMMARY TABLE

Labour market situation in the Peer Country
<ul style="list-style-type: none"> • The unemployment-rate at the national level is (at this moment) down to 5.2% and expected to fall to 4.2% in 2012. • There are still challenges: only about 60% of the workforce in the larger cities is participating in employment and there is an over-representation of people from a non-European background on welfare rolls. • There has been success in combating youth unemployment due to a more decentralised approach. • Big changes are expected to take place within the next two to three years, caused by demographic developments (retirement of the baby-boom generation). It is expected that job-openings will occur in various sectors and within all levels of the labour market; creating substantial openings for jobs at the entry-level (lower skilled work).
Assessment of the policy measure
<ul style="list-style-type: none"> • The policy measure taken by the Scottish Government to establish the Scottish Employability Learning Network is a good example of a supportive approach to develop a network for all the relevant partners at a local/regional scale, as an instrument for developing new ways to make progress on employment. • In the Netherlands several network organisations have been in place for a number of years in a more institutionalized way. • The services provided by the ELN are also offered in the Netherlands. • The unique selling point of the ELN is the openness of its membership and the way it is structured, creating and supporting partnerships with agencies, intermediate organisations, employers, etc. On the other hand, there seems to be no place for individual clients or a representation of the clients in the network. In the Netherlands there is a strong tradition of getting the clients involved. • Regarding employer-involvement as one of the key issues to a successful partnership, is a really innovative way of thinking. Bringing them into the network is important. Putting this into practice is a real challenge. Being bureaucratic and government-funded, it is not easy to have a more entrepreneurial way of assessing things.
Assessment of success factors and transferability
<ul style="list-style-type: none"> • Because intermediate organisations are already in place, creating a common ground or agreement on a wide definition of 'employability' is very important, defining the role, commitment and contribution of the partners involved. • The second success factor is linking policy and practice. • Establishing the ELN as a cross departmental initiative is also a success factor that could be applied in the Netherlands. Nowadays it becoming clear that, in order to solve problematic situations in the Netherlands, a more holistic based approach is needed. • Another important factor in the Netherlands is that the services provided by the Network are free of charge. • One of the success factors that would definitely work in the Netherlands, is the provision of practical guidance in the form of toolkits and the showcasing of good practices. • Another factor that would also work is the availability of good information on new

developments and policy changes.

- Creating ownership of the network by its participants would be something very new to the Netherlands.

Questions

- How do you ensure that the information provided by the Network (for instance information on the situation of the labour market) is kept up-dated?
- Although in the Netherlands cities/municipalities experience a lot of freedom, it seems almost impossible to get the right people to the table. A real question would be: how did the ELN manage to become so attractive for the partners involved?
- Given that a great deal of people and agencies are involved in the Netherlands, some regions created a more 'inner circle' of participants in their regional networks. How could the creation of an inner circle be avoided, in the perspective of establishing the ELN as a cross departmental and a cross organisational initiative?
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- The involvement of employers is one of the key issues to a successful partnership. What is the best way to establish good and sustainable relationships with entrepreneurs? What is the (hidden) secret? What is the best way to establish more employer involvement?