



The Netherlands

Minimum income scheme: Work and Social Assistance Act

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Executive Summary minimum income scheme: Work and Social Assistance Act (WWB)

The focus of this report is on social assistance for people of working age who are able to work. This is mainly covered by the Work and Social Assistance Act (Wet werk en bijstand, WWB). The act, introduced in 2004, not only includes a minimum income but also assistance for exceptional expenses, reintegration facilities and subsidised work.

WWB in a nutshell

In short, the WWB grants a minimum income to anyone legally residing in the Netherlands who has insufficient means to support himself/herself. For most groups the amount of social assistance benefits is related to the minimum wage. People who receive social assistance are required to accept generally acceptable labour. The client base exists of relatively high proportions of older people, members of ethnic minorities, women and the lowly educated.

The implementation of the WWB is assigned to the municipalities. They receive two budgets from the national authorities to execute the Act: one budget for benefit payments and one for active labour market measures. In 2005 almost half of the social assistance population (146,000) was participating in a reintegration programme. From the beginning of the 1990s the emphasis was increasingly shifted towards getting people on benefits back to work and on full (financial) responsibility of the municipalities.

Links with other social benefits, social and national insurance and access to quality services

Social assistance exists for (young) handicapped persons, unemployed, elderly et cetera. Furthermore there are several municipality and national income provisions to support low income groups, for instance long-term extra allowance, rent and healthcare allowances and tax credits. All citizens are obliged to have health insurance and besides that there are social provisions for the handicapped and elderly.

Assessment: reintegration and coverage

Since the 1990s the number of people on social assistance benefits has been declining as a result of a rising demand of the labour market and to a small extent as a result of the WWB. However the outflow to paid employment is only a small proportion of the total outflow. Studies show that the effects of reintegration programmes appear to improve, but remain modest.

Assesment: poverty prevention and poverty reduction

In the Netherlands three different indicators are used to determine the number of households in poverty: the low-income threshold, the 'basic need' criterion and the 'modest, but adequate' variant. All three indicators show a decrease of the number of households in poverty since the mid 1990s. The WWB, together with supplementary income facilities, is sufficient enough to

prevent people from living in poverty. Yet in practice the non-use of income provisions is considerable and therefore reduces households on social assistance to poverty. Part of the governmental and municipal poverty policies, therefore, is aimed to reduce the non-take-up. Those most affected by poverty are single-parent families, members of non-Western ethnic minorities and households living on social benefits.

1. Work and Social Assistance Act (WWB)

1.1 Introduction

The Dutch social protection system is built on three pillars: social security, old age pension provisions and social assistance. Social security contains national insurance and employee insurance. Social assistance is also regarded as our safety net. The Dutch system guarantees a minimum income for people who are not able to support themselves independently. This social minimum serves as a policy boundary by which people have access to sufficient financial resources to achieve a 'minimum acceptable lifestyle' for the Netherlands. The Dutch social assistance system is based on the principle that citizens are deemed capable of supporting themselves independently. Those who are unable to do so are given income support and help in finding work for as long as necessary.

The focus of this report is on social assistance for people of working age who are able to work. This is mainly covered by the Work and Social Assistance Act (Wet werk en bijstand, WWB), also referred to as our safety net. With the introduction of the act in 2004, the emphasis of the Dutch system is even more than before on getting people on benefits back to work ('work above benefits'). Therefore, the act not only includes (special) social assistance benefits but also reintegration facilities and subsidised work.

1.2 The WWB in a nutshell

In short, the WWB grants a minimum income to anyone legally residing in the Netherlands who has insufficient means to support him/herself. This means that people without an income who live with a partner or parents with adequate income, or people with sufficient assets, are not eligible. Therefore, social assistance is a safety net facility. This act is of a complementary nature. If a person is receiving benefits or income from paid work, for example, the act provides a top-up to the applicable assistance level. The WWB is supplied to a household and is not related to the recipient's work history. People who receive social assistance are required to accept generally acceptable labour. If the claimant refuses to cooperate in efforts to find employment, the social security administration will reduce the benefits or stop them entirely. The same applies in the event of failure to fulfil other conditions for obtaining benefits, such as providing requested information.

1.3 Governance arrangements

Social security in the Netherlands is governed by the Ministry of Social Affairs and Employment (SZW).¹ Concerning the WWB the national authorities are responsible for, among other things, general benefit levels, the implementation of national integration policies, and enforcing the WWB.

¹ The task of SZW is to encourage employment, modern industrial relations and an activating social security system.

The national authorities have assigned the implementation of the WWB and related regulations to local authorities, the municipalities², on the basis of shared administration. Municipality responsibility includes the provision of tailor-made benefits, support for people entitled to a supplementary benefit and support for people trying to regain their financial independence. The way a municipality provides support is laid down in regulations with accompanying policy rules.

The WWB is financed from the general funds (tax revenues). Local authorities receive two budgets from the national authorities: one budget for benefit payments and one for active labour market measures. Each budget is distributed using an allocation model. Hereby a distinction is being made between large municipalities (40,000 residents or more), medium-sized municipalities (between 25,000 and 40,000 residents) and small municipalities (25,000 or fewer residents). If a municipality spends less on benefits than the amount it received from this specific budget, it may keep these funds. But if there is a deficit the municipality must compensate itself. This is an incentive to guide as many people as possible to employment. If municipalities spend less on reintegration than is granted, a part of the budget may be carried forward to the following year. Eventually, budget that is not spent must be refunded to the national authorities.

In addition, Locations for Work and Income (Locaties voor Werk en Inkomen) have been established which take care of intake and provide (initial) job seeking assistance for both the WWB and the Unemployment Insurance Act (WW). At these locations the municipalities work together with the public employment service UWV-WERKbedrijf.

Enforcement

Municipal enforcement is used both to prevent people from wrongly entering the WWB and to make sure WWB recipients satisfy their obligations (repressive measures). If the claimant refuses to cooperate in efforts to find employment, the social security administration will reduce the benefits or stop them entirely. The same applies in the event of failure to fulfil other conditions for obtaining benefits, such as providing requested information.³ Over the years municipalities started to work with provisions called Work First. It is a catch-all term that covers different approaches, but the essence of it is that people start working immediately (while retaining benefits or with a salary). This way Work First contributes to preventing influx and to achieving a relatively rapid outflow from the WWB.

Reintegration

Municipalities can either take care of reintegrating WWB clients themselves or contract private reintegration agencies. A reintegration provision can take all sorts of forms: diagnosis of the client's possibilities, job application training, wage-cost subsidy, a combination of learning and working, and the above-mentioned Work First schemes, et cetera. During the past years, the

² The municipality is one of the three administrative levels in the Netherlands: national authorities, provincial authorities and the municipal authorities. Each of the three levels has democratic control in the form of respectively the Parliament, the Provincial States and the Municipal Council.

³ Since the WWB the Dutch safety net there is no governmental alternative for those who fall out of the system. Municipalities consider the situation of people who stop their application of the WWB because of the obligations that are involved with being recipient of the WWB, not as alarming. Studies show that, at the time of research, most of them do have a source of income either out of work, study, or social benefits. There is no national data available that clarifies what happens to those whose benefits are stopped (and not on their own free will).

emphasis is less on long-term education and training and more on short-term provisions/trajectories and wage-cost subsidies (more information on reintegration chapter 2).

Trends over time

From the beginning of the 1990s the emphasis was increasingly shifted towards getting people on benefits back to work. The introduction of the Social Assistance Act (Abw) in 1996 meant a shift of responsibilities from the national authorities towards municipalities. From this moment on, more attention was paid to making clients aware of their own responsibility to return to the labour market. However the act did not include enough (financial) incentives for municipalities to control the volume and to prevent and detect fraud. These incentives are provided in the WWB which was introduced in 2004. During the last couple of years some changes were introduced, all aimed at eliminating the restrictions for municipalities to develop and implement their own policies.

1.4 Conditions, rights and obligations

The WWB grants a minimum income to all eligible persons above the age of 18 who legally reside in the Netherlands and who have insufficient means to support themselves. This means that people without income, who live with a partner or parents with adequate income, are not eligible. The WBB is supplied to a household. If a person is receiving benefits or income from paid work, the act provides a top-up to the applicable assistance level.

Social assistance is means-tested: all family resources are taken into account, regardless of their nature or origin. Assets above a certain amount are also taken into consideration. In 2009 a maximum allowance of € 10,910 applies to families and a maximum of € 5,455 to single persons. If the assets are tied up in a house, the assistance will be given in the form of a loan (credit mortgage) that must be repaid once the claimant's own income is sufficient. A maximum asset allowance of 46,100 applies. Municipalities may deviate from general standards on the basis of individual assessments.

To receive a social assistance allowance, one is obliged to:

- be registered as a job seeker at UWV-WERKbedrijf;
- do the utmost to support oneself. The same goes for the partner;
- apply for all kinds of generally acceptable labour. One should also apply for jobs that don't directly fit the training and experience of the recipient;
- accept generally acceptable labour;
- cooperate with any support the municipality offers, such as job application training;
- cooperate with home visits and psychological and medical examinations if necessary;
- provide the municipality with correct information. For example, when a recipient starts living together, this must be reported (it will affect the amount of the allowance).

Municipalities can temporarily exempt people from the obligation to apply for jobs or accept work. Reasons to do so are for example emotional, physical or social impediments. Single parents with small children are no longer categorically exempt under the WWB but are assessed on a case-by-case basis. Single parents must request the (once-only) exemption themselves (the maximum term of exemption is six years). Furthermore, the exemption comes with an education/training requirement for the single parent.

Extra attention for youth (under 27 years)

In the last couple of years, extra attention has been paid to young people under the age of 27. A work and study requirement has been established in order to prevent them from falling between the cracks and to encourage them to work and/or continue learning until they are sufficiently qualified to secure a place in the labour market. Municipalities are obliged to offer them a range of work and study opportunities and to develop a safety net for those who seek assistance that is cheaper than social assistance.

1.5 Amount of benefits WWB

The WWB applies national standards for persons aged between 18 and 21, between 21 and 65 and for persons aged 65 or over. The act makes a distinction between:

- married couples, registered partners or unmarried partners cohabiting;
- single parents (caring for one or more children under the age of 18);
- single persons.

Each group has a separate standard amount. For the group aged between 21 and 65 the amount of social assistance benefits is related to the minimum wage. For the other age groups other mechanisms are applied.

Table 1.1 Assistance levels as of 1 January 2009 (net amounts) for persons between 21 and 65 years of age

	Amount of social assistance benefits			
	Per month (2009)	Holiday allowance (2009)	Total per month (2009)	Percentage of minimum wage
Married or living together	1219.67	64.19	1283.86	100% of minimum wage (together)
Single parent	853.76	44.94	898.70	70% of minimum wage
Single person	609.83	32.10	641.93	50% of minimum wage

The point of departure for the standard amount for single parents and single persons is that (housing) expenses can be shared with other people. If this is not or is only partly the case, the municipal authorities can award a supplementary allowance of a maximum of 20 percent of the net minimum wage. In 2009 this equals an amount of € 256.77.

Young persons

The standard amount for young persons between 18 and 21 is based on the child benefit. If these young persons are faced with higher essential living costs, then their parents are responsible for these. If they cannot rely on their parents, they can apply for an income supplement via the special assistance scheme. The local authorities determine the level of special assistance. With regard to school-leavers the social security administration can reduce the benefit during the first half year after the schooling or training course has ended. People aged 21 or 22 may also receive less benefit if the social security administration finds that a full benefit will make employment financially unattractive.

Table 1.2 Assistance levels as of 1 January 2009 (net amounts) for persons below the age of 21

	Amount of social assistance benefits		
	Per month (2009)	Holiday allowance (2009)	Total per month (2009)
Married or living together, both partners under 21			
• Without children	421.44	22.18	443.62
• With children	665.37	35.02	700.39
Married or living together, one partner under 21			
• Without children	820.55	43.19	863.74
• With children	1064.48	56.03	1120.51
Single parent	454.65	23.93	478.58
Single person	210.72	11.09	221.81

65 years old or older

People aged 65 or older who have not built up a full state old age pension (AOW) can receive a supplement under the WWB up to the level of the net AOW pension.

Work and social assistance

Benefits will be reduced when someone receives wages from work. The Act provides a top-up to the applicable assistance level. However municipalities can exclude part of a persons salary when determining someone's income. For 6 months one can keep 25 percent of his income with a maximum of € 183 per month.

Long-term extra allowance

People (this includes persons who are working and are not WWB recipients) who rely on an income which is below the assistance level over a longer period of time and who have few or no assets, can apply for a long-term supplement. Since 2009, the amount is determined by the individual municipalities. Based on previous years, the following amounts will probably be used by the municipalities in 2009:

- € 498 for married persons;
- € 447 for single parents; and
- € 349 for single persons.

Premium for reintegration

Municipalities may reward a person entitled to social assistance with a one-time premium. The premium is intended to encourage positive behaviour directed towards leaving social assistance and finding paid employment. Up to € 2,196 of this premium will not be subtracted from the recipient's social assistance benefit.

Remuneration for voluntary work

People entitled to social assistance who do voluntary work sometimes receive remunerations for this. They may keep a limited amount of this money and this does not affect the amount of their benefit. If voluntary work is involved which is regarded by the local authorities as necessary for the reintegration of the person who is entitled to social assistance, an exemption of a maximum of € 150 per month applies. The maximum per year is € 1,500.

In all other cases, the threshold of the remuneration to be left exempted is lower: a maximum of € 95 per month and a maximum of € 764 per year.

In kind assistance

Municipalities can give in kind assistance, for example by paying rent directly to the involved organisation, by supplying food coupons for the homeless or computers to households with children.

2. Assessment of the Dutch Minimum Income Scheme

2.1 Introduction

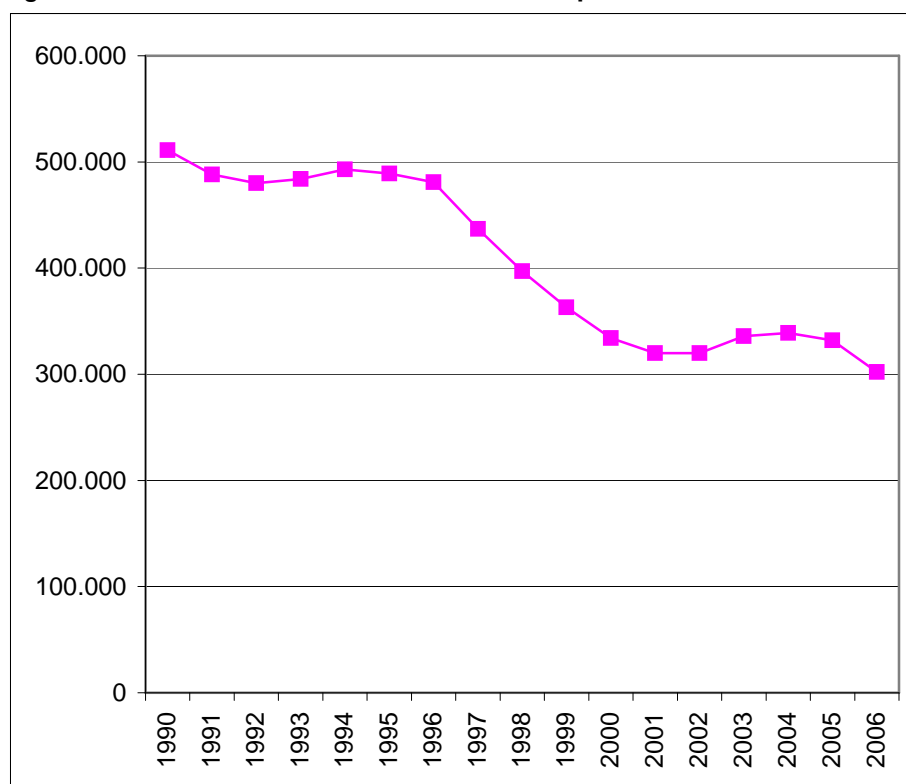
In this chapter we take a closer look at the coverage and non-take-up of the WWB. Furthermore we address the adequacy and effectiveness of the WWB in relation to the outflow to work and poverty prevention and poverty reduction.

2.2 Coverage and take-up

Volume, influx and outflow WWB

The number of people on social assistance benefit has been declining since the 1990s with a sharp decrease in the second half of the 1990s. In the period 1995 to 2006 the volume decreased by 38 percent. (see figure 2.1).

Figure 2.1 Number of social assistance recipients



Source: Netherlands Bureau for Economic Policy Analysis (CPB)

Recent figures of the WWB show that between the end of 2003 and the end of 2007, the volume of households receiving social assistance (people under the age of 65) had decreased by 18 percent: from 336,000 to about 274,000.

The decrease in volume of the WWB recipients is a result of a decrease of influx and an increase of outflux (in section 2.3 we elaborate on the factors that play a role in this decrease). Compared

to 2003, the influx into the WWB dropped 19 percent in 2006. The outflow from the WWB in this period rose by 23 percent.

WWB and total volume social benefits

A decline in volume is not only visible in the number of people in the WWB but also in the total number of recipients of social benefits aged up to 65. The volume decreased by nearly 20 percent from 1.9 million in 1995 to less than 1.6 million in 2006. However the number of recipients of social assistance as a fraction of social benefits claimants fell even sharper. In 1995 social assistance claimants accounted for more than a quarter of the social benefits population. By 2002 this figure had fallen to a fifth and it subsequently stayed at that level.

Table 2.1 provides an overview of social benefits for the population aged up to 65.

Table 2.1 Number of social benefit claimants aged up to 65, 1995 - 2006 (number * 1000)*

Type of benefit	1995	2000	2001	2002	2003	2004	2005	2006
Incapacity to work	860	953	979	993	980	964	904	861
Unemployment	395	194	166	205	280	322	307	249
Social assistance	512	377	364	363	378	379	368	337
Surviving dependant's pension	185	157	152	147	141	135	128	121
Total social benefits	1952	1680	1661	1707	1778	1799	1707	1569

* Not included are: Sickness Benefits Act, student grants and the state old age pension
Source: Netherlands Institute for Social Research (SCP)

Non-take-up

With a stronger emphasis on enforcement in the WWB the risk of excluding eligible persons rises. Possibly, people are put off by the stricter regime and refrain from applying for social assistance without having an alternative source of income. So far, there are no indications that this actually occurs on a large scale.

However, the non-take-up of other national and municipal income provisions is considerable (for more information on these provisions see section 3.3). There is no information available on the coverage of all regulations, but in 2006 the non-use of rent allowance is 27 percent, the non-use of remission of municipal taxes is 45 percent and the non-use of long-term extra allowance 54 percent. The major causes of non-take-up are unfamiliarity with the schemes, the frequently occurring incorrect idea among the non-applicants that they are not eligible for the scheme, the subjective need (they think they do not need it or only need it for a short period) and the time and effort involved in the application procedure.

2.3 Adequacy and effectiveness of WWB and poverty reduction

Effectiveness: volume and outflow (to work)

As has been mentioned in 2.2, there has been strong decline in the number of people on social assistance. The question is whether this can be ascribed to the (new) Social Assistance Act. The answer is that this is the case only to a small extent.

Research shows that the long-term development of the volume of social assistance benefits exhibits a strong correlation with the macro-economic development and the labour market's absorption capacity. A favourable economic tide leads to a rising demand of the labour market and a growth of the working population. After a period of rising demand on the labour market, social assistance claimants were absorbed into the labour market but with a delay. Other groups were 'served' first. The number of social assistance claimants not only declined in an absolute sense but also relatively. The relative recourse to social assistance has more than halved. In 1990 there were 90 social assistance claimants per 1000 working people and in 2006 this was reduced to 40 claimants per 1000 working people.

However, other factors also play a role in the decrease in volume of social assistance recipients. Frequently mentioned factors are:

- a changing social climate regarding the idea of receiving social assistance: it was regarded less and less as an established right and more and more as a final safety net for households that are temporarily unable to earn their own income. This was consolidated in the WWB.
- an increasingly stricter policy and its implementation as regards fraud; increasingly stringent checks are being carried out on violations of the rules, while improper use of benefits is increasingly being regarded as fraud. This also was consolidated in the WWB.
- an increased financial interest of municipalities in the second half of the 1990s in reducing the social assistance population. Full financial interest of municipalities with the introduction of the WWB in 2004.
- the creation of subsidised employment also contributed to a decrease of the number of social assistance claimants in the 1990s.

In other words, the economic context and changes in society formed the basis for amending legislation, which led to the introduction of the WWB. And, in turn, the WWB reinforced the developments and is a precondition for avoiding a fall-back to the original level.

Research shows that the WWB has led to an extra reduction of 4 percent of the volume of social assistance in the period 2003-2006 (after the effects of the economy and other factors had been filtered out). However, the WWB has a delayed effect: after 2006 the decrease in volume is expected to grow from 4 percent (2003-2006) to 14 percent in 2010.

Poverty indicators

In the Netherlands three different indicators are used to determine the number of households in poverty: the low-income threshold, the 'basic need' criterion (budget-related indicator) and the 'modest, but adequate' variant (budget-related indicator).

The point of departure of the low-income threshold is that people who rely on social assistance or the state old age pension are part of the low-income group. One has to make use of income facilities such as rent allowance to rise to the threshold or above. The level of the benefits is considered to be high enough to achieve a minimum acceptable lifestyle. The low-income threshold is derived from the social assistance benefit level in 1979, when the purchasing power was at its height for people on social assistance. For later years the threshold is indexed in line with price-inflation.⁴

Another poverty indicator is the budget-related threshold. This is related to costs for purchasing goods that are regarded as (virtually) unavoidable in the Netherlands, such as food, clothing, housing and personal care (basic needs criterion) and expenditure for social participation and recreation (modest, but adequate variant).⁵ The income level of the 'modest, but adequate' variant is approximately 13 percent higher than the 'basic needs' variant.

The method of indexation is different to that of the low-income threshold: the amounts are adjusted on the basis of the three-year progressive average of median expenditure on food, clothing and housing. As a result, the budget-related threshold partly reflects the growth in prosperity that takes place over the longer term.

The number of households in poverty therefore varies and depends on the threshold that is used. However between 2001 and 2006 the low-income threshold and the modest but adequate threshold are (coincidentally) nearly the same.

Developments: households in poverty

Using the low-income threshold, the volume of households in poverty decreased considerably since the mid 1990s. Compared to 1995 estimates for 2008 point to the volume being halved from 16 percent in 1995 to an estimated 8 percent in 2008. The decrease of the percentage of low-income households is largely connected with the increased purchasing power of state old age pensions. The percentage of single elderly persons living exclusively from state old age pensions dropped from 22 percent in poverty to 5 percent.

According to the budget-related criterion 'modest, but adequate', the volume of households in poverty decreased as well, but less drastically. From 8 percent in 1996 to an estimated 5.5 percent in 2008. According to the 'basic needs' variant the percentage of households in poverty is around 3.5 percent during this period.

In numbers, this means that in 2006, 623 thousand out of 6.7 million (9.3%) had an income below the low-income threshold, 382 thousand (5.7%) according to 'modest, but adequate' criterion and 233 thousand (3.6%) according to the basic needs variant. The number of children in poverty has

⁴ The threshold is set for a single person. For multiple-person households, the norm amounts are determined using equivalence factors.

⁵ The same equivalence factors are used for multiple-person households as for the low-income threshold.

decreased in recent years but is still considerable. In 2005 310 thousand children (9.1%) were living in poverty according to the 'modest, but adequate' variant and 185 thousand (5.4%) according to the 'basic needs' variant.

According to the low-income threshold 3.3 percent of the households have lived below the poverty threshold for four years or longer (200 thousand) in 2006. This percentage is 1.3 percent and 0,4 percent for respectively the 'modest, but adequate' and the 'basic needs' variants.

Risk groups

The risk of poverty varies widely depending on the population group. Those most affected by poverty are single-parent families, members of non-Western ethnic minorities and households living on benefits other than pensions. Since 2007 the elderly are no longer a risk group. Nearly a quarter of the households with a low income live in one of the three major cities. However, a high concentration does not necessarily coincide with a highly unequal distribution of low incomes within a municipality.

The self-employed are at much greater risk of poverty than employees. To some extent this is because they lack the protection of the minimum wage and collective labour agreements on pay which employees enjoy.

Consequences of poverty

The consequences of poverty are that people cannot make ends meet, have payment arrears or even problematic debts and for instance make use of facilities like the food banks.

Payment arrears are not uncommon for any household in the Netherlands but the number of households with a low income and payment arrears is higher than households with a higher income (13% versus 4% in 2007). Most arrears are related to living expenses such as rent, heating, water, electricity et cetera.

Even though it is hard to determine the exact numbers concerning problematic debts over the years the amount of debt as well as the number of creditors in a debt situation has increased.

Estimates show that in 2003 between 40,000 and 93,000 households with an income up to 150% of the social minimum had problematic debts. The total outstanding debts amounted to 17.9 billion euro. The overall picture drawn by municipalities is that persons on social assistance form only a comparatively small part of the total amount of applications for debt assistance.

Another consequence of poverty is that people make use of provisions like the food bank. The number of people making use of food banks is rising. In 2007 13,000 households called upon the food bank. In februari 2006 this number was 8,000. The increase is not so much a result of a growing number of people that cannot make ends meet but more an effect of the growing attention that is being paid to the existence of food banks.

Effectiveness: WWB and poverty prevention and reduction

The question is whether the Dutch Minimum Income scheme, the WWB, is effective in terms of poverty prevention and poverty reduction. As has been described before the WWB serves as the Dutch safety net. Together with supplementary income facilities the WWB is sufficient enough to prevent people from poverty. Yet this is mere theory, in practice the non-use of income provisions is considerable and therefore reduces households on social assistance to poverty. However, there is no data available on the percentage of households on social assistance who live in poverty. The numbers that are available contain the total social benefits population. Depending on the threshold that is used the percentage of households on social benefits takes up between 20 to 35 percent of the total number of households in poverty. Part of the governmental and municipal poverty policies, therefore, is aimed at reducing the non-take-up. The past years extra funding is reserved for debt assistance and combating poverty.

Measurements combating poverty⁶

To reduce non-take-up of income provisions municipalities promote the use of existing income facilities. This is for instance done by writing directly to people entitled to these facilities, by publishing articles in local newspapers and by giving information at locations such as playgrounds and schools.

Furthermore, the procedures to apply for support will be simplified and by means of data-linking non-applicants will be identified.

In recent years, many municipalities have changed towards an active poverty policy. An example of the activities are the so-called 'forms brigades'. By using a personal approach, these brigades win people over to submit an application. In addition, municipalities increasingly seek cooperation with food banks. Food Banks are seen as finding places of non-users of governmental and non-governmental income facilities.

To fight poverty among children and young people special funds are created to stimulate social, cultural and educational participation. With the help of these funds claimants can receive computers, participate in sports clubs, et cetera.

Furthermore, in previous years the cabinet has taken a large package of measures to prevent and solve problem debt situations.

⁶ There is no national data available on the effectiveness of these measurements.

3. Reintegration and access services

3.1 Introduction

As has been stated before reintegration is integrated in the Work and Social Assistance Act of the Netherlands. Municipalities receive a budget⁷ which is intended for carrying out a local reintegration policy to help the municipal target group find work. In this chapter we focus on the support to WWB recipients in terms of (personalised) employment and training programmes and the access to quality services.

3.2 Reintegration: employment and training programmes

Composition client base

In relation to reintegration one must know that not all WWB recipients have the obligation to apply for a job or accept work. Municipalities can exempt people from this obligation. There are no reliable figures of exemptions available. However, approximately between 25 and 40 percent of the total client base is exempt from job application requirements. Important reasons include health problems (including drug-related and other addiction problems), having very young children, a high age (> 57,5), responsibility for caring for others and a degree of remoteness from the labour market which would necessitate an extremely long reintegration programme before it is possible to work towards a return to paid employment.

Since the 1990s there has been a sharp decrease in the number of recipients of social assistance (for more information see 2.2). Because this decrease was not equally large in every sub-group, the nature of client base has changed. Gradually, the picture of a hard core began to emerge. What remained were groups that had few labour market opportunities, in any event in the short term and under their own steam. The client base exists of relatively high proportions of older people, members of ethnic minorities, women and the lowly educated. In 2006 the vast majority of the WWB population (82 percent) consisted of people who had been receiving benefits under the act for more than one year.

In view of the client base, it is no coincidence that municipalities have been given large budgets to develop reintegration provisions.

Reintegration provisions and executive organisations

A reintegration provision can take all sorts of forms: diagnosis of the client's possibilities, job application training, wage-cost subsidy, combinations of learning and working, et cetera. In the past years, the emphasis is less on long-term schooling and training and more on short-term courses. These courses, however, are more intense (32 hours a week) and more often contain a work-component. Municipalities also started to use an approach whereby people start working

⁷ In 2009, this budget is subsumed in the so-called Participation Budget. In addition to the reintegration budget, the budgets for adult education and civic integration were merged in this fund. This will enable municipalities to pursue a more integrated policy and supply better-customised services to clients.

immediately (while retaining benefits or with salary) called Work First. Finally, municipalities increasingly use wage-cost subsidies to help develop people's working skills in order to ultimately help them get back to the labour market.

In 2005 almost half of the social assistance population (146,000) was participating in a reintegration programme. In recent years, the inflow of social assistance claimants into reintegration programmes roughly equalled 100,000 per year. Members of non-Western ethnic minorities, the group in the 25-45 bracket, and people who have been claimants for a prolonged period of time are slightly overrepresented in reintegration programmes.

In addition on behalf of those who are greatly detached from the labour market social activation provisions are implemented. The emphasis is less on work and more on limiting the barriers that stand in the way of a working life.

Municipalities can either take care of the reintegration of WWB clients themselves or contract private reintegration agencies. As from the introduction of the WWB, most activities were executed by the reintegration agencies. Among other reasons, due to disappointing results more and more municipalities decided to take charge of reintegration provisions themselves again. These municipalities also establish contacts with employers and endeavour to set up agreements regionally with a view to placing 'their' clients in regular jobs.

Expenditure costs reintegration

Since 2002, the reintegration budget of municipalities has decreased considerably. In 2002 municipalities had well over 2 billion euros at their disposal for the reintegration policy in its entirety. In 2007 the available budget had decreased to approximately 1.6 billion euros. This budget will decrease further in the years to come. Actually, municipalities have not completely used the available reintegration budget in the period of 2004-2007. On average, municipalities used 1.4 billion euros per year in this period.

In addition to the reintegration budgets municipalities also receive State-financed means to execute the WWB. The Netherlands Institute for Social Research (SCP) estimates that municipalities spend approximately 1 billion euros on executing costs of the WWB per year. In conclusion, municipalities spend more than 2 billion on executing the Sheltered Employment Act (Wsw) per year in order to finance around 90,000 Wsw places.

Incentives and effects

One of the results of the financial incentive of the WWB is that municipalities mainly concentrate on clients who are considered 'easy to place'. Another development is that small municipalities seek cooperation and establish inter-municipality services.

Yet another effect of the emphasis on reintegration and work is that the view of social security administrations on who belongs to the hard core has shifted in the past years. While there is evidence that the client base contains more people with a great distance from the labour market

than in 2004⁸, the social security administrations perceive that the hard core decreased from 80 percent to 35 percent in 2007.

Clients themselves are divided in their appreciation of reintegration provisions. Approximately 30 percent of the clients are of the opinion that the courses offered are well suited to their situation. Another 30 percent do not think the courses are well suited to their situation at all. However, 50 percent think the course increases their chances of obtaining regular work.

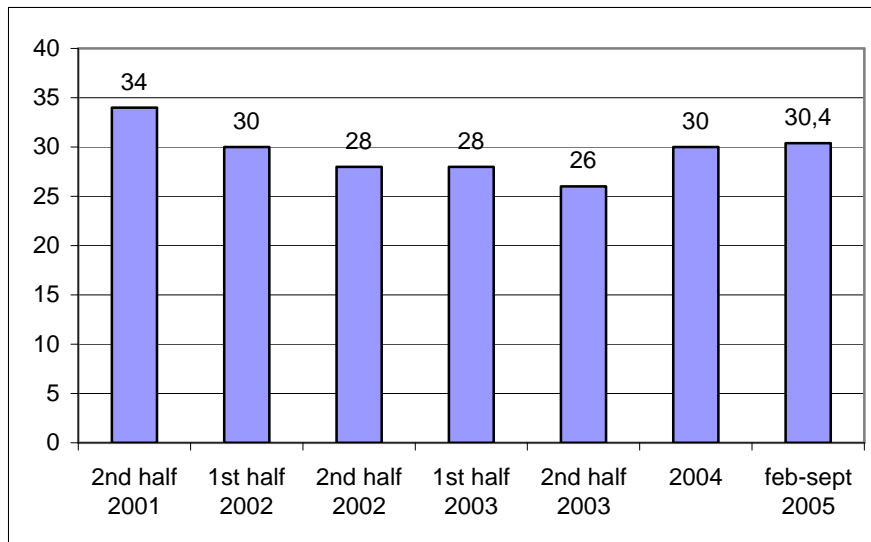
Outflow to work

The WWB embodies the aspiration of the government to get people on benefits back to work ('work above benefits'). The question is whether this emphasis on work results in a (greater) outflow to work. The effectiveness of reintegration is not undisputed. In the Netherlands it is not possible to experiment in order to 'clinically' establish courses that are most effective. When looking at the outflow to regular work it is needless to say that is difficult to establish to what extent this outflow can be attributed to the reintegration courses.

The available data reveals that the biggest proportion of the outflow consists of people who move house, retire, die, and in particular, enter into a relationship with a person who has his/her own income or assets. Furthermore, not everybody who exits the system to find paid employment participates in a reintegration programme. The larger part of this outflow occurs in the first year of recourse to assistance and it is precisely in this initial phase that only a small proportion of social assistance claimants start a programme. Moreover, 21 percent of all social assistance claimants have found a job after two years without a programme.

The outflow to paid employment is only a small proportion of the total outflow (see figure 3.1).

Figure 3.1 Outflow from social assistance to work as a percentage of total outflow



Source: Ministry of Social Affairs and Employment, 2007

⁸ Shown by the composition of the client base (with relatively high proportions of older people, ethnic minorities, women, lowly educated) and the duration of the benefit dependency of these clients.

The effects of reintegration programmes appear to improve but remain modest. Studies show that 10 percent of the reintegration courses that started in 2002 led to outflow to regular work within 24 months. This percentage increased to 19 percent of courses started in 2004 and 27 percent of courses started in the first half of 2005. The effect of reintegration varies drastically between target groups and instruments used. For instance, it is generally assumed that Work First contributes to preventing influx and achieving relatively rapid outflow from the WWB. Furthermore, reintegration is most worthwhile for people who are at the greatest distance from the labour market. However, the reintegration efforts of the municipalities have not been focused on this group but have mainly been on clients who are considered 'easy to place'. Therefore, there is still a lot to gain with regard to the effectiveness of reintegration.

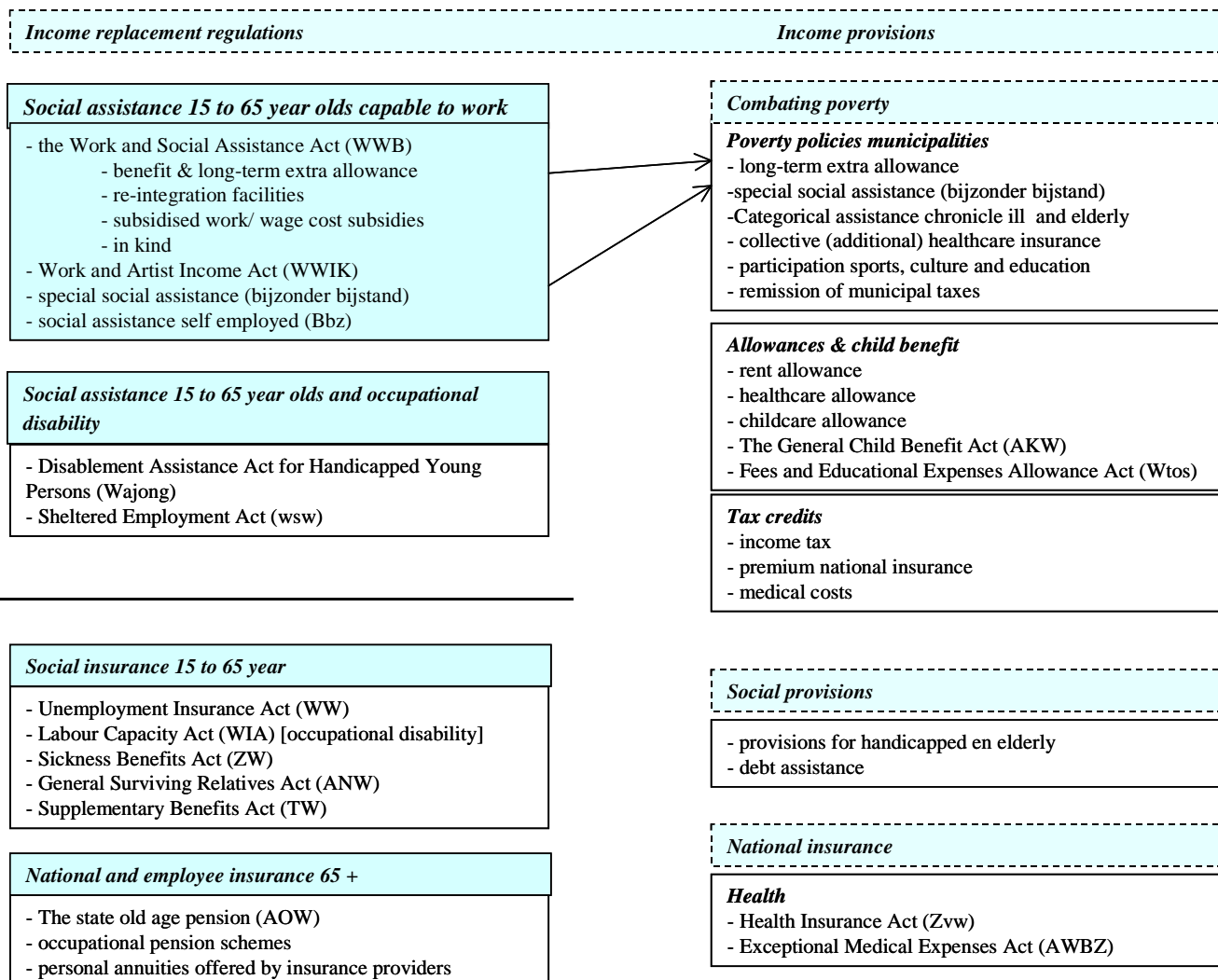
Not only the effectiveness of reintegration programmes, but also the balance in costs and benefits are disputed. Some study reports show that the costs of a successful programme are between 17,000 and 37,000. However, at this moment in time it is unclear how long the people concerned remain outside the WWB.

3.3 Link with combating poverty, social benefits, social and national insurance and access to quality services

To have a better understanding of the position of the WWB in the Dutch social security system we highlight the interconnections with other social benefits and social and national insurances. These are all aimed at providing a minimum acceptable lifestyle in the Netherlands. Furthermore, we highlight the access to quality services that facilitate a minimum acceptable lifestyle in the Netherlands.

The table below provides an overview of the above.

MINIMUM INCOME SCHEME THE NETHERLANDS



Combating poverty

The WWB is the safety net of the Dutch system. The WWB shares common ground with fighting poverty and debt assistance. Poverty and debts are more and more seen as barriers to work and therefore are approached in various ways that contribute to the activating effect of the WWB. The current cabinet is reserving considerably more funds for this than the former cabinets. In the period 2008 up until 2011 municipalities receive extra resources for combating (child) poverty and debt counselling with a total of € 353.55 million.

Municipality regulations and provisions

The municipalities develop and implement their own policies and define their own target groups. In general the benefits are aimed at households with an income to 125 percent of the minimum wage.

There are several types of regulations:

- long-term extra allowance: people⁹ who have an income that is below the assistance level for a longer period of time and who have few or no assets can receive a long-term supplement;
- special social assistance: assistance for exceptional expenses, for example a refrigerator or spectacles;
- categorical assistance for handicapped and elderly people: assistance for expenses resulting from a chronicle handicap or old age, for example extra heating costs and medicines;
- collective healthcare insurance and collective additional healthcare insurance: discount on insurance costs offered by social security administrations;
- participation sports, culture and education: assistance on behalf of participation, for example membership sports club or educational courses;
- remission of municipal taxes, for example sewerage charges and waste levy.

Over the years, more and more activities are developed for households with children, encouraging the use of income provisions and addressing over-indebtedness.

Allowances, tax credits and child benefit

Apart from municipality regulations the target group can make use of allowances for rent, healthcare, childcare and education costs, and tax credits for income tax and premium national insurance. Furthermore, the General Child Benefit Act (AKW) offers parents and carers a contribution towards the costs of raising and caring for children.

⁹ This includes persons who are working and are not WWB recipients.

All Dutch citizens are entitled to a general tax credit (income tax and premium national insurance). To support specific groups there are several additional tax credits (for example for young handicapped persons and single parents). When determining the income of persons on social assistance some of these discounts are left out of consideration.

Social assistance 15 to 65 year olds and occupational disability

Social assistance is the safety net for people of working age and who are considered to be capable to work (if necessary with subsidised work or wage-costs subsidies). Social assistance also exists for artists (WWIK), self employed (Bbz), partially disabled (IOAW/IOAZ)¹⁰ and handicapped (young) persons who have no or little working experience (Wajong). Another facility for young handicapped persons is a sheltered workplace (Wsw).

Social insurance 15 to 65 years of age

Furthermore, working people who become sick, unemployed or disabled can claim social insurance benefits. The Acts covering these areas are respectively, Sickness Benefits (ZW), Unemployment Insurance Act (WW) and Labour Capacity Act (WIA). Also if a spouse, partner or parent dies, one might be eligible for a surviving relative's benefit (ANW). If the total income of the household of claimants of the above mentioned benefits (including Wajong) is below the guaranteed minimum income the household income can be supplemented by the Supplementary Benefits Act (TW).

National and employee insurance 65 and older

The statutory old age pension scheme provides all residents of the Netherlands at the age of 65 with a flat-rate pension benefit that in principle guarantees 70 percent of the net minimum wage. In addition to this, the vast majority of employees in the Netherlands participate in an occupational pension scheme.

Social support and provisions for the handicapped and elderly

On 1 January 2007, the Social Support Act (Wmo) came into force in all municipalities in the Netherlands. The aim of the Social Support Act is participation of all citizens to all facets of the society, whether or not with help from friends, family or acquaintances. Among other things, municipalities are instructed to provide facilities to compensate for the restrictions experienced by people in their ability to cope for themselves and to participate in society. For those with a minimum income the facilities concerned are for example household assistance, and wheelchairs.

¹⁰ With the introduction of the WWB, IOAW and IOAZ were abolished. Therefore there are still a number of claimants but there is no new influx.

Health

Under the new Health Insurance Act (Zorgverzekeringswet (ZvW)) introduced in 2006, all residents of the Netherlands are obliged to take out a health insurance policy. The insurers are obliged to accept every resident in their area of activity. The health insurance comprises a standard package of essential healthcare. Everybody aged 18 and older has to pay a nominal premium to the healthcare insurer. With regard to low incomes, the government contributes to the costs of healthcare insurance in the form of a healthcare allowance. In addition, it is possible to take out supplementary healthcare insurances on an individual basis.

The Exceptional Medical Expenses Act (AWBZ) is a national insurance scheme for long-term care. This scheme is intended to cover chronic and continuous care which involves considerable financial consequences, such as care for disabled people with congenital physical or mental disorders. Generally speaking this means that everyone who is legally residing in the Netherlands and non-residents who are employed in and therefore liable for payroll tax in the Netherlands, are insured.

Furthermore there are two tax regulations that (partially) compensate medical expenses ('de buitengewone uitgavenaftrek' (BU) and 'de Tegemoetkoming buitengewone uitgaven' (TBU)). The former is specifically intended for low income groups.

Housing

Promoting the availability of adequate housing is a task of the government. This includes the availability of affordable rented accommodations and owner-occupied homes for those on relatively low incomes. Furthermore the target group can make use of allowances for rent by the tax authorities.

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