



Netherlands

Trends, Recent Developments, Active Inclusion and Minimum Resources

First Semester Report 2006

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1. Key trends and recent developments in the Netherlands in relation to social protection and social inclusion

1.1 Social policy in the Netherlands in 2006

In combination, the key trends and recent developments within the Dutch social security system, the health care system, and Dutch social policy aimed at the support of vulnerable citizens, have generated a worsening situation regarding the number of people confronted with poverty and social exclusion. The Poverty Monitor 2005 attributes this increase to the deteriorating public purchasing power. The cabinet blames the economic recession for the growth of the number of inactive people and the decline of purchasing power (Tweede Kamer 2005-2006, 30 300 XV, no.36).

This growth of inactive people consists, on the one hand, of the influx of new people forced to live on a minimum income. The Poverty Monitor 2005 shows that, since 2002, the number of low-income households has increased from 8.8 to 10.5%. Yet, on the other hand, this growth also consists of people who have already been living on a minimum income for a long time, without few prospects to improve their situation. Between 2001 and 2004, the percentage of households claiming to have difficulty in making ends meet increased from 27% to 39% of all households. In addition, during 2005, 10% of all households ran up debts, compared to only half this percentage, 5%, in 2002 (Poverty Monitor 2005). There is also a rise of debt assistance, debt restructuring, arrears of rent, evictions and collection orders. The number of requests for debt assistance, for instance, has increased by 10% in a year's time.

Beside these income problems for various sections of the population, more people are confronted with social exclusion, too. The study 'The social condition of the Netherlands 2005' ('De sociale staat van Nederland 2005') of the Dutch Social and Cultural Planning Office (SCP) shows that social inequality is on the rise. The SCP bases this statement on data about health, living conditions, (social) participation, the practice of sports, the possession of durable goods, mobility, the use of leisure, and holidays.

A phenomenon telling of the worsened situation is the growing number of food banks. At this moment, there are 28 Dutch food banks, and the estimate is that around 8000 households are using them. A recent study of the clients of food banks shows that three-quarters of them are on social security or on unemployment benefit (Regioplan 2006). Furthermore, 83% of the people using the food banks are running debts. In response to this study, the Association of Dutch Municipalities (VNG) advocates a national policy, among other things to raise social security payments and to automatically award a premium on long duration. Now, people have to apply for this supplementary benefit themselves, which causes non-use.

In the Netherlands, this deteriorating situation with regard to poverty and social exclusion must be chiefly attributed to a change in paradigm, both in policymaking and politics. In a previous report, we showed how since the nineties of the last century, a change in paradigm has taken place the Dutch democracy's social policy: it has shifted from protection to activation. Moreover, we drew special attention to the political processes accompanying this paradigmatic change: decentralisation and deregulation. In this section, we focus on an element of this change in paradigm that has so far been underexposed, that is, the shift from collective to individual responsibility. As a first example of this, we quote what the Minister and the State Secretary wrote in a letter on the Budget assessment for the year 2006 (Tweede Kamer 2005-2006, 30300 XV, no. 36):

"The cabinet has exerted itself to combat poverty and social exclusion as much as it could. In this effort, the emphasis of cabinet policy is on fostering the skills with which people will be able

to manage, which will provide them with better prospects on the labour market, and will enable them to fully participate in society."

The shift from collective to individual responsibility is unfavourable if one wants to combat poverty and social exclusion effectively. Its effect is that the full burden of responsibility of a life of poverty and social exclusion falls to the individual. In addition, little attention is paid to excluding mechanisms hidden within the social context, and to the effects of economic and political developments. It is partly these background factors that influence people's living conditions, factors for which society is responsible. In order to specify this proposition, we will look at three important, recent revisions of Dutch social policy: the revision of the social security system, the new Health and Social Care Insurance Act, and the Social Support Act. In section 3, we will elaborate in more concrete detail on the changes caused by these legislative revisions in the areas of social security, health care, and municipal care and social welfare policy for vulnerable citizens. In section 4, we will list all the effects of this paradigmatic shift for different groups of low-income households.

The revision of the social security system

In the course of last year, parts of the Dutch social security system have been drastically changed. This mainly concerns the rules for disablement and unemployment. Furthermore, effects are visible from the Reformed Social Assistance Act (WWB). This Act became operative on January 1st 2004. It constitutes the social safety net within the social security system.

For a long time, the main purpose of social security was to provide protection from risks like illness, disablement, unemployment, and old age. These conditions were considered to be social risks, for which the individual bore no responsibility. Legal standard arrangements were developed to cover for these risks. Yet, the present trend toward personal control and individuality rather looks upon these risks as factors that can be influenced by the individual. As a consequence of this shift, the major part of the recent adaptations within the social security system consist of financial incentives, intended to activate people into taking on their individual responsibility. A whole structure of benefit cuts has emerged, to be executed when people do not sufficiently fulfil their obligations, such as, for instance, the obligation for those registered for employment to apply for a job at least once a week.

The implementation of the statutory regulations for the support of benefit recipients is geared toward the most needy people, that is, those officially classified by the issuing authorities as being incapable of bearing any individual responsibility. Collective responsibility and generic policy are rapidly losing ground.

In response to the present revisions of the social security system, the Social Development Council has concluded, that while the generic expansion of the welfare state in the course of the past century has led to its excessive use, the current problems of the most needy citizens are an effect of a generic reduction of the level of provisions (RMO Advies 30).

The new Health and Social Care Insurance Act

For three decades, a variety of attempts have been made to revise the Dutch health care system. The aim was to remove the distinction between those covered in a compulsory manner by the Dutch National Health Service, and those covered by private insurance. Several proposals for a system of basic health insurance passed in review. The successive cabinets wanted to change the health care system because of a number of disadvantages. Debates in parliament, for instance, often centred upon

the big differences caused by the distinction between National Health Insurance and private insurance. Through the new Health and Social Care Insurance Act, the government aims at creating a more univocal health care system. Moreover, cost containment suffered from the fragmented health insurance system, and free market processes were insufficiently operative. Private insurers were allowed to turn away 'risky' patients, while National Health insurers were not. This stood in the way of fair competition.

Through the Health and Social Care Insurance Act, low-income applicants for care have been given more responsibility of their own. Compared to the former National Health Insurance, they must now pay a higher premium. They are refunded (no-claim refund) when using less care. The supposition is that this will result in a decrease in the costs of the health care system. In addition, since all insurers are under the obligation to accept all applicants, citizens have gained a greater freedom of choice. Now, nobody can be turned away by an insurance company.

The Social Support Act

The cabinet has now submitted the Social Support Act (WMO) to be passed by parliament. This Act places the responsibility for the creation of a consistent system for the support of its inhabitants with the municipalities. The bill is the result of an amalgamation of the Social Welfare Act, the Services for the Disabled Act, and parts of the Exceptional Medical Expenses Act (AWBZ). The national government has given free reign to local government to establish its own priorities. The aim of the Act is "that everyone, - old and young, disabled or not, with or without problems -, can participate socially."

In January 2006, the Act's discussion in parliament resulted in a number of important adaptations. At this moment, the bill is down to be passed by the Upper Chamber. In this Act, the cabinet wields a number of assumptions. An important basic principle is that individuals themselves have to bear as much responsibility as possible. People need to be persistently encouraged to take their lives into their own hands, to enable them to develop their talents and enter into social relations in a stimulating environment. Citizens need to acquire more 'problem solving capabilities'. Good care must be available for people who really need it, due to their limitations, disorders or problems.

1.2 Overview of the economic, social and demographic context

In this section, we will concentrate on the available data for 2005, since we want to see the evolution since the latest report of the Dutch government dated June 2005 (Implementation Report 2005 on the 2003 National Action Plan for Social Inclusion), and our *Assessment of the NAP Implementation Report 2003-2005*, dated July 2005.

General information about economic developments, purchasing power and labour market are taken from the Netherlands Bureau for Economic Policy Analysis (CPB) (CPB Newsletter 2006, 4). Where not specified, the other data in this chapter are from the Statistics Netherlands (CBS) web site.

According to these data, **GDP** has been lower in 2005 than in 2004 (0.9% against 1.7%. The CBS – Statistics Netherlands mentions 1.1% GDP against market prices in 2005). For 2006 CPB estimates a growth rate of 2.75%. The overall **purchasing power**, reached its lowest point in 2005 (minus 1.7% against 2004). It would raise with 1.25% in 2006.

The same trends can be observed in major **labour market** data. The employment in total labour years diminished with 1.6% in 2004 and with another 0.5% in 2005. In 2006 it would raise with 1.25%. The

total labour force has stagnated in 2004 and 2005 and would grow with 0.75% in 2006. 6.5% of this labour force was unemployed in 2004 and 2005. This rate is estimated to decline to 6% in 2006 and to 5% in 2007.

According to Statistics Netherlands (CBS) the number of jobs started to grow (with 0.2%) in 2005. The **labour market participation** turns around 63% (64% in 2003). It diminished with 3.6% since 2003 for the younger generation (15-24 years old). For the 55-64 year old it grew with 1.7%. The participation rate of men diminished from 74.3% in 2003 to 72.1% in 2005. 53.9% was the participation rate for women in 2003; in 2005 it reached 54.1%.

If the overall **unemployment** rate stagnated, there are some differences when looking into specific categories. Men's unemployment rate diminished with 0.2%, the unemployment rate for women grew with 0.3%. The unemployment among youth (15-24 year) doubled between 2001 and 2004 (from 6.7% to 13.3%). In 2005 it diminished to 13.1%. As to ethnicity, unemployment hits more than twice among ethnic minorities (12.7% against 5.2%). And this percentage seems not starting to decrease (12.1% in 2004 / 12.7% in 2005) as it is for the rest of the population (5.3% in 2004 / 5.2% in 2005). Unemployment reaches more than 16% for people of non-occidental origin (almost 20% for Moroccans, but slightly diminishing for this group).

According to statistics of the Dutch labour exchange institution, the Centre for Work and Income (Centrum Werk en Inkomen. 2006. *Kerngegevens. De arbeidsmarkt in Nederland 2005*. CWI : Amsterdam.), the unemployed job seeking population is very different among regions and cities. With 18.8%, Rotterdam has the highest percentage of the 50 biggest municipalities. The other three biggest cities The Hague, Amsterdam and Utrecht follow with respectively 13.2%, 12.5% and 10.4%. But a number of cities in other regions reach higher unemployment rates. More than 15% are registered in:

- Enschede (East – 153.679 inhabitants - 17.3%)
- Heerlen (South – 92.542 inhabitants - 16.6%)
- Arnhem (East – 141.321 inhabitants - 15.9%)
- Emmen (North – 108.617 inhabitants - 15.0%).

If one looks at the evolution of the major **social security benefits**, i.e. the invalidity pension, the unemployment benefit and the minimum income scheme, one can see an overall decrease between December 2004 and December 2005:

Table: Number of benefits (x 1000) by type of benefit December 2004 – December 2005

Type of benefit	December 2004	December 2005	difference
Invalidity pension	960,6	899,3	-61,3
Unemployment benefit	323,4	305,1	-18,3
Minimum income scheme (-65 years)	338,6	328,0	-10,6
total	1622,6	1532,4	-90,2

Source: Statistics Netherlands (CBS)

The decrease in the invalidity pension scheme is mainly due to a decrease in new cases. In 2003, CBS counted almost 7,500 new case per month. This figure decreased to some 1,300 new cases per month in 2005. This decrease of 80% is mainly the effect of new legislative measures, such as the Law on improvement of the entrance control (Wet Verbetering Poortwachter) and the change in the Law on extension of salary payments during illness (Wet Uitbreiding Loondoorbetaling bij Ziekte).

The number of minimum income beneficiaries decreased to 328,000 by December 2005. In 2003 there was an increase with an average of 1,300 benefits per month. The increase in 2004 was still 250 per

month. The decrease in 2005 is entirely due to the decrease in short term benefits (less than one year), more in particular for persons younger than 45 years.

In 2005, men represented 43.3% of the total minimum income beneficiaries. Their number diminished with 3.3% against 2004, while the number of female beneficiaries diminished with 1.5% between 2004 and 2005.

The number of unemployment benefits increased between 2001 and July 2005. It started then to decrease, more among men (-18,000 in 2005) than among women (-5,000 in 2005).

Among ethnic minorities, the increase in unemployment came almost to an end in 2005. Young people from non-western origin suffered more from unemployment than others. Their unemployment rate increased with 3%, from 23% in 2004 to 26% in 2005. For all age groups together, the unemployment rate among people from non-western origin is three times higher than that of people from Dutch origin. (source: press release Statistics Netherlands, 13 February 2006).

It is difficult to say (yet) to what extent the decrease in social security benefits, more in particular in the minimum income scheme and the invalidity pension is the result of an improved economic context and labour market situation. As was mentioned in the *Assessment of the NAP Implementation Report 2003 – 2005*, the effects of the Reformed Social Assistance Act (WWB) of 2004 could also play a role. More in particular the “gate keeping” principles and the local financial responsibility could mean that less people are eligible for certain benefits (or apply for these), without them having other perspectives.

The most recent detailed figures about poverty are those published in the *poverty monitor 2005*, published by the Social and Cultural Planning Office and Statistics Netherlands (Armoedemonitor 2005, Sociaal en Cultureel Planbureau en Centraal Bureau voor de Statistiek). Although published by the end of 2005, the figures used in that report are mostly limited to 2003, with some extension to 2004.

The authors of the report are not very positive about developments as to low income groups. “After a steady decrease in the percentage of low incomes from the middle of the nineties onwards, this percentage increased during the period 2002-2005 from 8.8% to 10.5%. For the next year (2006, HS) a decrease to 9.7% is expected, but this is still above the level of 2002. Moreover the estimates for 2006 include more uncertainties than those for other years. The following elements could make the development of purchasing power different from the expectations: the development of energy costs; the factual level of health insurance payments; the possible non use of the care benefit; the income developments for the self-employed and for (ex-) claimants of invalidity pensions.” (SCP, Armoedemonitor 2005, p. 206, translation HS)

On the other side, they underline that the actual figures are mostly compared with 2002 when the percentage of low incomes was historically low. They remind that in 1994, before the “modern poverty policy” and the economic boom at the end of the nineties, more than 16% of the households had a low income, in 1985 it reached even almost 22%.

But there is also the fact that the overall poverty percentage masks the differences between population categories. The expectations for decrease in 2006 are most important among single persons with old age pension. Among social benefit claimants under 65 years the decrease in 2006 is expected to be very low.

In the *poverty monitor 2005* the income position of ethnic minorities from non western origin is described as particularly unfavourable. Among the Surinamese households, the percentage of low incomes is three times as high as among households from Dutch origin. Among Turkish, Antillean and Moroccan

households it is even four times as high. But overall, the percentage of low incomes among non western ethnic households is with 29% in 2003 considerably lower than in 1998 (40%).

1.3 The new legislation and policy development

In this section, we describe in more concrete detail three shifts, within the social security system, the health care system, and the social support provided by municipal policy for care and social welfare. What do these changes mean? Within social security, this concerns the legislation for the disabled, the unemployed, and social welfare recipients. The health care system is in the transitional stage of a reorganisation on a free-market basis. The consequences of this transition for the most vulnerable groups in the health care system, such as the handicapped and chronically ill people, are still uncertain. It is certain, however, that the Social Support Act does have consequences for the risk groups of citizens run of becoming socially excluded.

Disablement legislation

As of 29 December 2005, the disablement insurance system has been drastically revised. On that moment, the Disablement Insurance Act (WAO) changed into the Work and Income according to Work Capacity Act (WIA). The WIA regulates the rights and obligations of employees and civil servants who have been unable to work, due to an illness or disability, for a period longer than two years. Only those who are completely incapacitated for work are entitled to a full disability pension. The objective of the WIA is to reduce the number of the disabled. These new regulations apply to people who have fallen ill on or after January 1st 2004. Exempt are those already receiving a disability pension, as well as the people who will get their entitlement during the period leading up to January 1st 2006.

From January 1st 2004 on, the disablement legislation has been subject to quite a lot of changes. For instance, an employer is now obliged to keep on paying an employee during the first two years of his or her disablement. In addition to this, employer and employee share the responsibility to help the employee get back to work again as quickly as possible. Furthermore, on October 1st 2004, the UWV, the Dutch body implementing employee insurance schemes, started a medical re-examination of all existing disability pension recipients younger than 50, in accordance with far stricter examination rules. Psychological symptoms, for instance, are now assessed more severely. People with the best prospects for work resumption are first on the list. Only those disabled who were 50 years and older on July 1st 2004, and those who were exempt from earlier re-examination operations will not be re-examined now, either. This once-only reassessment has replaced the formerly existing five-yearly re-examination.

In practice, the regulations mentioned above, and especially the once-only re-examination, have turned out to have a negative effect on both the income and the social participation of those presently disabled (see section 1.4).

Unemployment legislation

The Unemployment Act (WW) regulates the rights and obligations of employees who have involuntarily lost their jobs. The duration of the WW depends on someone's employment record. The amount of unemployment benefit is related to someone's pay. In 2005, the deadlines for people's entitlement were narrowed down for the first time. As of October 1st 2006, the Renewed Unemployment Act will come into force. From then on, to be entitled to unemployment benefit, an individual needs to have worked at least 26 weeks during the 36 weeks prior to the first day of unemployment (instead of the former 39 weeks).

With former disabled people, the period prior to the first day of sick leave is taken as point of departure. To be entitled to unemployment benefit for a period longer than three months, someone also has to meet the four-out-of-five-years-requirement: during the five calendar years prior to the year of the first day of unemployment, an unemployed person needs to have received at least 52 days of pay per year for four calendar years.

The amount of unemployment benefit is related to someone's pay: during the first two months, it is 75 % of the pay received last, and after that 70%. The maximum duration of an entitlement is three years and two months. However, this duration depends on someone's employment record. Each calendar year of employment history gives an entitlement of one month of unemployment benefit. Until October 1st 2006, the maximum duration of unemployment benefit for 40 years of employment history will be five years.

Only the future can tell what the effects of this revision will be. It is certain, however, that a continuing high unemployment will force many people to apply more quickly for the last safety net, social security. The UWV expects that the stricter rules already implemented in 2005 will cause 10.000 people to be denied an entitlement to unemployment benefit. Most likely, this will reflect negatively on the composition of the populace of entitled people. At this moment, poverty figures among ethnic groups are high (Poverty Monitor 2005). The largest low-income ethnic minority groups are Moroccan households (33 %), households originating from the Dutch Antilles (28 %), and Turkish households (29 %). The risk of poverty is even much higher for the new ethnic minorities: of the Somali, Afghan and Iraqi households, between 52% and 58% are low-income. For most people within these groups getting a regular job is difficult, among other things because of discrimination on the labour market. These groups will have a hard time meeting the requirements for entitlement to unemployment benefit, making it impossible for them to escape the poverty trap.

Legislation for social security recipients

On January 1st 2004, the Work and Social Assistance Act (WWB) came into effect. This Act replaced the Social Security Act. The WWB was designed for people who cannot support themselves, and who cannot fall back on any other welfare provision, either. The amount of the (monthly) payment is determined on the basis of nation-wide standards. The new Act puts more emphasis on the pursuit of a paid job.

All municipalities have received a budget to pay out social security benefits (the social security budget), as well as a budget to supervise people who are making the transition to paid labour (the reintegration budget). Coaching people into paid labour is central to the WWB. Its point of departure is the idea, that everyone must make an effort to be as self-supporting as possible. It is the appointed task of the municipalities to assist every social security recipient in this effort. The municipal council is obliged to lay down by order by what means it will coach the recipient in his or her search for a job.

All social security recipients must try to find a job as quickly as possible; to apply for jobs at least once a week is compulsory. People older than 57,5 and single parents with children younger than 5 can get a personal, temporary exemption from this obligation. However, municipalities are not allowed to grant this exemption to specific groups. They are obliged to assess whether there are urgent reasons for an exemption for each person individually.

In 2006, many municipalities have introduced an obligation for social security recipients to look for employment. In order to get an entitlement to social security benefits, the applicant is first obliged to apply for jobs during a two-week period. Subsequently, the application is dealt with, after which the recipient is put to work for 20 hours a week. This often involves voluntary work.

However, when we look at the first figures concerning the money the municipalities are to spend on the reintegration of people into paid employment, a remarkable fact can be established (WWB in Cijfers 2006). In 2005, the municipalities still had left a little under 600 million euro, implying that the support provided to social security recipients in their quest for regular employment falls short of expectations.

The new Health and Social Care Insurance Act

According to the new Health and Social Care Insurance Act, access to care is guaranteed by three rules:

1. The obligation to accept all (the insurers must accept every applicant for basic insurance);
2. The ban on fixing different premiums for equal insurance policies;
3. The existence of a risk equalisation system. This provides compensation, paid for by the Dutch government, for insurers with a relatively large number of high-risk clients. Yet, this only applies to basic health insurance, and does nothing to improve the accessibility of supplementary insurance packages.

With the introduction of the new legislation came an income-related, additional premium on care. This is a compensation, intended to guarantee that nobody has to spend a larger part of his or her income on the payment of insurance premiums than is considered acceptable. The premium costs surpassing this acceptable amount qualify for compensation through the additional premium on care.

Many people in the Netherlands are entitled to this additional premium: about 6 million insured receive it. It is paid out in advance, every month, through the tax authorities. The additional premium costs the government 2,1 billion euro per annum (Tweede Kamer 29763, 2003-2004). However, it does not provide compensation for the costs of a supplementary insurance package.

On January 1st 2005, a no-claim arrangement was introduced, which is still part of the new Act. The amount of the no-claim cut is 255 euro per annum. This sum is to be paid in advance by every insured person. Those who incur expenses on care amounting to less than 255 euro, get a refund of the remaining sum at the end of the insurance year (the no-claim refund).

Several interest groups representing chronically ill and elderly people, like the Dutch Council for the Disabled and Chronically Ill (CG-Raad), and the Co-ordinating Body of Co-operating Organisations for the Elderly (CSO), are worried about the freedom of choice and the accessibility of care within the framework of the new Health and Social Care Insurance Act. For both chronically ill and handicapped people, supplementary insurance is of the utmost importance. This additional insurance provides them with often indispensable care provisions. However, for supplementary insurance packages, insurers are under no obligation to accept everyone. This means that applicants for supplementary insurance policies can be refused on account of a health risk.

In practice, another group has turned out to become the victim of the new Health and Social Care Insurance Act: the self-employed (see section 1.4).

The Social Support Act

From January 1st 2007 on, the Social Support Act (WMO) will delegate the responsibility for the support of vulnerable citizens like, for instance, elderly people dependent on care, the mentally, sensory, or physically disabled, psychiatric clients, and the homeless, to the municipalities. The Act obliges a municipality to make arrangements for these groups who, on account of their limitations, cannot fend for

themselves, or experience difficulty when participating in society. The WMO is characterised by an emphasis on both the individual's responsibility and the citizen's initiative.

The supportive provisions concerned are provisions formerly provided by the national government, like welfare provisions, health care services, and provisions for the handicapped. Now, the municipalities have to set up this support, in co-operation with care providers, housing corporations, insurers, and client's organisations. The three most important areas where the municipal responsibility for these vulnerable groups is to take shape, are the stimulation of people to live on their own, the setting-up of housing-, care-, and welfare provisions for these groups, and the stimulation of their social participation.

The WMO makes two demands of the municipalities: social participation and accountability. Both the institutions involved in the social support and the citizens, involved either as clients or professionals, must take part in the drawing up of policy, and also in its implementation. The legislator expects the citizen to actively participate in both the design and the implementation of policy. Thus, not only is policy intended to come closer to the citizen, but the citizen should exert more influence on the making and execution of policy, too. Next to this, the municipality must also be accountable to its citizens and local institutions, by offering them a transparent presentation of the accomplished results.

A study of the Verwey-Jonker Institute on the state of affairs with regard to clients' participation within the framework of the municipalities' preparation for the WMO, shows that it is still in a paper phase (Oudenampsen et al 2006). The formal decision making process has not yet been completed. In January 2006, only 9% of the municipalities had passed a policy memorandum on the WMO. Partly due to debates on essential parts of the proposals, most municipalities have waited for the bill to be passed in parliament. Frequently, municipal administrators have also waited until after the municipal elections, before formal decisions were made locally.

In view of the late start of the preparations, it is no surprise that a large majority of municipalities indicates that, as yet, they do not have a policy plan for the different parts of the WMO. Only 7% of the municipalities has passed such a policy plan. For this reason, it is not yet feasible to clearly specify the effects on groups at risk for poverty. However, there are indications that a few risk groups are in danger of getting insufficient support. In addition, they are not sufficiently involved in the policymaking process, either (see section 1.4).

The European Structural Funds

From the perspective of combating poverty and promoting social inclusion, the most important structural funds are ESF-3 and Equal. As stated in our previous report, the Dutch government is focusing – following the reviewed Lisbon strategy – almost exclusively on projects directly related to labour market participation. The major news in the second half of 2005 was the full use of the ESF-3 budget before the end of the year. The Minister had to close the possibility for submission of new projects by the end of October. (Besluit van de Staatssecretaris van Sociale Zaken en Werkgelegenheid van 27 oktober 2005, Directie Arbeidsmarkt, nr. AM/ESM/2005/87523, houdende vaststelling van het subsidieplafond voor de Subsidieregeling ESF-3)

As to Equal, here also the focus is mostly on promoting employment, and to a lesser extend employability. Equal opportunities for men and women and activation are actively promoted through the National Thematic Networks. Gender mainstreaming is an overall concern within the monitoring function of the Agency supporting Equal.

Since the new National Strategic Framework for ESF is still in the making, we suggest to come back this in the second semester report. We hope then to dispose of the documents enabling some reflection on the relation between ESF and social inclusion policies in the Netherlands.

1.4 The risk factors and the main groups at risk

In this section, we sketch the most important risk factors related to the policy developments concerning poverty and social exclusion. We examine which groups currently face, or will face, a lower minimum income, and the danger of social exclusion as a result of the legislative revisions. We also take a look at the policy measures that are now being planned by either the national or the local government to reduce these risks.

Income policy and debt restructuring

The minimum income freeze of the past years has had its effects on the way in which low-income households can make ends meet. In 2006, the cabinet has repaired the linking of the social security benefits to the wages. Furthermore, it has earmarked 3,5 billion euro for the improvement of public purchasing power. The purchasing power figures of 2006 show, that especially older couples and single people with a low income have great difficulty in compensating for this year's expected 1% inflation. The income of single people increases with 0,25%, and that of elderly couples with 1% (see the website of the Ministry of Social Affairs and Employment).

These very same groups are the ones struggling most often with problematic debts. Figures published by the Dutch Association for Popular Credit (NVVK) show that the number of elderly people with financial problems is on the rise, from 11,9% in 2004 to 14,6% in 2005. And the other group mentioned in this context are the singles: 70% of those in problematic debt in 2005 were single people.

Here, again, government policy with regard to the rising numbers of people with financial problems takes the individual's responsibility as its point of departure. At this moment, the cabinet is setting up a study on the number of problematically indebted Dutch households, and of households at risk. The cabinet's basic principle in dealing with problematic debt is, and remains, that the first matter of importance is the responsibility of the debtor (Tweede Kamer 2005-2006, 30 300 XV, no.36).

Gender and ethnicity as central factors for the elderly poor

With regard to the income position of the elderly, policy makers predict a general improvement, in particular through supplementary pensions. Yet, some groups of elderly people are among the list of groups at risk for poverty and social exclusion. In the future, 20% of the elderly will have to make do with just their old age pension, sometimes supplemented by a low supplementary pension. This group primarily consists of single women and ethnic households (Ministry of Social Affairs and Employment, Budget 2005, The Hague, p. 127).

The same source shows the situation of the group of those (non-Western) ethnic elderly who did not build up a complete pension to be even more poignant, because they have not been living in the Netherlands the entire time between the 15th and 65th year of their lives. In 2009, 18% of the elderly population will receive an incomplete pension, with an average cut of 51%. The supplementary pension

of this group will be much lower than that of the Dutch-born elderly, as well. They will have to fall back on supplementary social security benefits. In this way, pensioners of ethnic origin will make up a large part of our future poor populace.

One of the problems posited by the income position of elderly people with an incomplete pension, is their possible non-use of their entitlement to supplementary social security benefits. At this moment, about 80% of this group of elderly does not receive any supplementary benefit, while they possibly are entitled to it.

After a lot of pressure from both social organisations and members of parliament, the national government has now started an experiment. The risk group can be traced by initiating a co-operation between the different issuing authorities, the Social Insurance Bank (SVB) issuing the old-age pensions, and the municipalities issuing social security benefits. Until 2008, in 8 municipalities the supplementary social security benefits for those elderly living on an income below subsistence level will be automatically issued by the SVB. Meanwhile, in the other 450 municipalities, – as of January 1st there are 458 Dutch municipalities (CBS, 2006) -, local government bodies will be allowed to ask the SVB for the addresses of the elderly living in their own municipality. This will enable them to specifically target the non-use of this group, by informing them about their entitlement to supplementary social security benefits. Hopefully, this project will result in generic policy to combat poverty among elderly people with an incomplete old-age pension.

A sharpened social security system

In section 1.2, we have listed the recent revisions to the Dutch social security system. The background of these changes is a paradigmatic shift in the main policy goal: from protection to activation. The new framework, appearing in many recent policy documents on social security, is the idea that employment surpasses income. In other words: whether you have a job or not is now considered far more important than the level of your income. In this section, we take a look at the consequences of the revisions in legislation for groups at risk for poverty and social exclusion.

The consequences for the disabled

The introduction of the new Work and Income according to Work Capacity Act (WIA) influences the income level of partially disabled people most of all. Just like before, the amount of benefit is dependent on the measure of disablement. But an important change is, that someone with a disablement of 35% is no longer entitled to any WIA benefit. These people now get unemployment benefit or, in case of an insufficient employment record, have to fall back on social security benefit. An employment disablement of between 35% and 80% means entitlement to benefit from the Resumption of Work of the Partially Disabled (WGA). People who are fully disabled, but who still have a prospect of recovery, will at some point encounter the WGA, too. Those entitled to benefit receive 70% of the wages they earned in the year prior to their disablement (the maximum annual pay being € 30.660,-). In addition, there is also an arrangement for fully and durably disabled people, the Income Provision for the Fully Disabled (IVA). Those entitled to the IVA arrangement receive 70% of their last-earned monthly wages.

The consequences of this new Act, as far as social exclusion is concerned, are to do with the obligation to apply for jobs, especially for the present generation of the disabled, who are subject to the once-only reassessment. A recent study shows that almost half this group, 30.000 people until now, are

confronted with the termination or a cutback of their allowance (Astri, 2006). Often, these people have been living under the impression that their disablement had put an end to the possibility of ever getting a paid job again. Now, they are confronted with the strict obligation to apply for jobs. The conjunction of their own assessment of their incapacity to work and the pressure to apply, results for most people in a steady stream of rejections, which undermines their self-confidence and self-esteem. Even for people who do find a job, the contribution of this predicament to their future prospects is questionable. After eight months of reassessment, 20% of all the reassessed turns out to have found paid employment. Only 5,6% has found a full-time job; all others are working part-time. 18% has found work through a temporary employment agency, while 26% has been contracted for less than half a year (Astri 2006).

Non-spending and non-use of municipal income support

The local government is responsible for laying out supplementary benefits. This is a form of individual income support. Members of parliament have been asking questions about the non-use of the budget reserved for this purpose. How could it be, for instance, that in 2004, the municipalities spent only 182 million euro issuing supplementary benefits, while to this end 402 million euro had been deposited in the Municipal Fund? The Minister replied that the budget for the supplementary benefit was 'imaginary', because it had not been earmarked. He referred to the municipalities' authority to make decisions on the manner of spending: "I am not taking over" (State Secretary Van Hoof, in response to questions about the municipalities' poverty policy, letter dated January 20th, 2006, kenmerk W&B/B&K/05/107623.)

The report 'WWB in figures' shows, that the money that has been spent has, for the most part, been allocated to housing provisions (29%), and to the bare necessities of life (22%).

Another indication to answer the question about the adequacy of the income support, is offered by figures about non-use by entitled individuals. At this moment, the Dutch Social and Cultural Planning Office (SCP) is conducting a study on this subject. A first outline of their data shows, that the main difference between users and non-users is in their knowledge of arrangements (WWB in Figures). Non-users have no, or hardly any knowledge of these arrangements. More than half the chronically ill and handicapped indicate never to have heard of the arrangement applying to them, with regard to the supplementary benefits and the premium on long duration. The dissemination of information about arrangements for people with a low income does not suffice. Thus, some of the non-users are convinced they are not entitled to these income provisions when, in reality, they are.

Sometimes, the local authorities are actively fighting the non-use, and sometimes they are not. A recent survey, conducted by a union, shows that one in every five municipalities actively approaches elderly residents with an incomplete pension; for social security recipients entitled to a premium on long duration, this is 75% (FNV Lokale Monitor Werk en Inkomen 2006). From this, it is clear that risk groups owe their existence at least in part to the use of the wrong information channels (free local papers, 88%), flyers or brochures in Dutch instead of the languages used by the relevant ethnic minorities (83%), or the use of websites.

The effects on income of more free-market processes in health care

The Minister has examined the consequences of the new Health and Social Care Insurance Act on the income of different groups. Sometimes, the effects are hugely different within groups. In order to compensate the income effects for civil servants and students, a sum of 0,2 billion was reserved. In his explanatory statement (T.K. vergaderjaar 2003-2004, 29763, no. 3), the Minister claims, that those chronically ill and handicapped people previously covered by the National Health Service suffered no

greater income effects than other citizens. There are differences, however, for chronically ill and handicapped people who used to be privately insured. The reasoning behind this is, that until January 2006, this group could not easily change from one insurance company to another, because private insurers were under no obligation to accept them. For this reason, their policies were sometimes more expensive than the average private insurance policy. The Minister has promised that in 2006, these people will get an insurance policy on the part of the Health and Social Care Insurance Act, with the same premium as that of 'healthy' people. In addition, insurers won't be able to turn them down any more. Because of this, the Minister expects that, in the end, the income effects for this group will be positive. One of the causes for this is the premium on health care for people with a low income, intended to compensate for any negative income effects.

However, people must apply for this premium first. There really is a danger that the lower-income groups will have to spend more money on care with the introduction of the Health and Social Care Insurance Act. As in the case of the application for supplementary social benefit mentioned before, people might not know that they can or must apply for this premium, or they might not know how to do this. The most vulnerable groups, in particular, often have difficulty finding their way in the administrative jungle.

In determining the amount of this premium, Minister Hoogervorst has taken as point of departure the average standard premium (of 1100 euro), to be paid for a basic health insurance policy. But the premium the insured will have to pay in reality, will be dependent on the type of insurance policy taken out by the individual. People who are scrupulous, who are apt at finding the right information, who can compare, and who can pick the right insurance out of many insurance packages, will certainly end up paying a lower premium. On the other hand, people who have difficulty doing all this, will probably settle for a higher premium than is necessary.

The consequences for the self-employed

In recent years, the group of self-employed people has become a group at greater risk of poverty and social exclusion than before. The low-income percentage of the self-employed has risen from 11% in 2001 to 16% in 2003. The new Health and Social Care Insurance Act has increased the danger that this trend will continue. In 2006, a large section of the self-employed will have to pay a considerably higher amount of premium for their new health care insurance: on average twice as much as before.

The consequences of the WMO for former psychiatric patients, the homeless, ethnic minorities, and the young

The new Social Support Act (WMO) has confronted municipalities with legislation, in which a particular form of clients' participation has already been laid down. In recent years, this has happened ever more often. Among others, this obligation has already been laid down in two Acts, such as the Reformed Social Assistance Act (WWB). Thus, in most municipalities, clients' councils and seniors' advisory councils are now functioning side by side in the policymaking process with regard to provisions for the physically disabled. A hotchpotch of councils and advisory bodies are thrown together, often sadly imprisoned in the logic of some particular municipal department.

A recent study on the Dutch state of affairs regarding the participation of clients in municipal policymaking, shows the elderly, the physically handicapped, and the chronically ill to be strongly represented within the advisory structure. Yet, this is much less the case for other target groups, like

psychiatric clients and those providing volunteer aid. Homeless people and young people are barely represented at all.

These facts about the strong representation of some client groups and the under-representation of others are also relevant, when we take a look at the plans conceived by the municipalities to involve clients in policymaking. Domestic care and the realisation of information counters are the topics of the plans clients get involved in most. But some other topics do not score so well: the support of young people, mental health care, provisions for the homeless, and policy for drug addicts. These are parts of the WMO policy with no, or only a minimal representation of the clients for whom this policy is most relevant. This raises the question how municipalities intend to involve these groups in the future. The current prioritisation of 'popular' topics carries the danger that other policy fields will be left dangling at the bottom of the priority list. In this way, no substantial renewal will take place with regard to the involvement of vulnerable groups like former psychiatric patients, homeless people, ethnic minorities, and adolescents.

Children and adolescents

In recent years, the national government has paid more attention to young people as a risk group. Indeed, such attention is very necessary with regard to the children and adolescents who are confronted with poverty and social exclusion. More than 12% of all children younger than 18 are now living in a low-income household. They are prone to hereditary poverty, that is, poverty being passed on from one generation to the next. Several members of parliament advocate the necessity of a premium on children. However, this is a form of generic policy that does not sit well with the State Secretary of Social Affairs and Employment.

Dutch policy is primarily aimed at providing young people with a qualification to start their employment career. Recently, an additional measure has been issued to encourage employers to co-operate in the actual realisation of opportunities for the young to start such a career. In 30 large cities, the Youth Unemployment Taskforce has entered into an agreement with employers to find a position for underprivileged adolescents in traineeships. The Minister and the State Secretary of Social Affairs and Employment have decided that employers won't run any financial risk in case these youths get ill. Municipalities will compensate employers for the costs of their sick leave with money provided by the national government.

1.5 Progress in relation to the challenges in the Joint Report on Social Protection and Social Inclusion

According to the latest Joint Report, the Netherlands face the following challenges:

- To closely monitor the impact of reforms in the area of social support, income and work capacity;
- To facilitate the integration of ethnic minorities and to recognise and take into account their cultural diversity in the development of social inclusion policies;
- To further reduce the number of early labour market exits, in particular due to long-term sickness and invalidity benefits;
- To implement the major health reform successfully and to monitor its medical, social and financial effects, and safeguard the functioning of the newly formed health insurance market.

In the previous sections, and in the following chapter, we give an overview of the available information on a number of issues related to these challenges. More in particular we describe the evolutions as to

the reformed social assistance act WWB and the act on re-integration WIA. We also assess the progress in implementation of the social support act WMO, with special attention for the position of the major actors: the municipalities. Finally, we gave attention to the impact on income developments of the act on care insurance (Zorgverzekeringswet).

The major health insurance reform only comes into practice in the course of this year 2006. A number of difficulties seem to be related to this reform. But we suggest to give more attention to this topic in later reports, when factual information will be available.

As to the integration of ethnic minorities, some facts and figures related to employment and income are given in a previous section.

In relation to the issue of cultural diversity, it is clear that the Dutch government gives high priority to the cultural integration of ethnic minority groups. One of the initiatives to be mentioned is the integration course for newcomers and the "exam" to pass before coming to the Netherlands. If in the past, the Netherlands put great emphasis on acceptance of cultural diversity, the actual tendency is clearly more towards assimilation of ethnic minority groups. The Scientific Council for Government Policy (WRR), in a recent report *Dynamism In Islamic Activism. Reference Points For Democratization And Human Rights*, points out the danger of stereotypical thinking and confrontation: "To date, political and public debate in the Netherlands demonstrates insufficient knowledge of Islam and the many Islamic-political movements and schools of thought. Governments should support active and especially structural initiatives which broaden the supply of information about these themes among Muslims and non-Muslims. (...) A climate of confrontation and stereotypical thinking does not create stable conditions for security, democratization, and increasing respect for human rights. The only advisable alternative is to engage the reference points for democracy and human rights in Islamic activism itself." (Scientific Council for Government Policy. 2006. *Dynamism In Islamic Activism. Reference Points For Democratization And Human Rights*. English Summary. WRR : The Hague).

Chapter 2 Active inclusion and minimum resources

2.1 Introduction

In this chapter we focus on social inclusion policy in the Netherlands and discuss (as far as possible on the basis on available sources) the implementations of policy measures in this field. In the EC introduced the term active inclusion, meaning an approach that combines three policies:

1. a link to the labour market through job opportunities or vocational training
2. income support at a level that is sufficient for people to have a dignified life
3. better access to services that may help remove some of the hurdles encountered by some individuals and their families in entering mainstream society, thereby supporting their empowerment and their re-insertion into employment (through, for instance, counselling, healthcare, child-care, lifelong learning to remedy educational disadvantages, ICT training to help would-be workers, including people with disabilities, take advantage of new technologies and more flexible work arrangements, psychological and social rehabilitation).

In this approach it is fundamental to start from the capabilities and competences of people and not from the problems or elements people can not do. Also people furthest from the labour markets have many talents and potential that can be put to use. Meinema and Nicaise (2004) state in their synthesis report on Experiments in Social Activation in the Netherlands that extending human capabilities (physical and

mental health, social capital, education and training, cultural capital, employability) is a crucial element of Social Activation.

In this chapter we will discuss the following elements of active inclusion policy: legislation and arrangements, main trends and challenges, social activation of individuals furthest from the labour market, main actors and co-ordination, monitoring and evaluation, budget and financial resources. Finally a good practice of social activation of individuals furthest from the labour market will be discussed.

2.2 Legislation and arrangements on active inclusion

In chapter 1 we have given an overview of recent development in legislation concerning poverty and social exclusion. Therefore, in this chapter, we will only briefly mention the main legislation and arrangements connected to the topic of this chapter: active inclusion.

Chapter 1 mentions the introduction of the Reformed Social Assistance Act (*Wet Werk en Bijstand*) in 2004. One of the goals of this act is: *to increase the activating function of the system of social assistance provision and municipal reintegration policy*. The new act on social assistance also changed the balance of responsibility between the national government and the municipalities. The national government remains responsible for, among other things, general benefit levels, the implementation of national integration policies, and enforcing the law. Local authority 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 (e.g. reintegration policy).

By January 2006, a new Act has come into effect: the Work and Income according to Work Capacity Act (*Wet Werk en Inkomen naar Arbeidsvermogen, WIA*). This Act will produce a distinction between people who are fully and permanently incapacitated for work on the one hand, and people who are partially incapacitated for work on the other. People are fully incapacitated for work, when an examination has proved an incapacity of at least 80%, and only a slim chance of recovery. They will be entitled to disability support. To all other people incapacitated for work, that is, those whose declared incapacity varies from 0 to 80%, another regulation will be applied. The aim of this regulating is to stimulate people to return to (part-time) work as soon as possible.

Finally, a new Social Support Act will be initiated by 2007. Under this new law, both the local authorities and citizens will get more responsibilities. A lot of care and welfare provisions are then no longer the task of the central government. The general idea behind the law, is that citizens in need of care or welfare should first seek their own solutions (by self-help or volunteer aid). Civil society, housing corporations, care institutions, and the municipalities come into view only when these needs can't be met privately; they will then seek solutions for the citizens' demands.

The first two acts mentioned above start from the basic idea of active participation of people without work. The final goal of the acts is labour market participation also for individual further from the labour market. The Social Support Act stimulates participation in a broader sense. In order to enhance the social activation of individuals furthest from the labour market, the Dutch cabinet and the four largest cities launched a Strategy Plan for Social Relief in February 2006. We will discuss this strategy plan in more detail in paragraph 2.3.

2.2 Main trends and challenges

In the Netherlands, the last decades showed a general tendency for decentralisation, deregulation and a continuous plea for less government. In our earlier evaluation report we have concluded that different reasons and arguments underlie these tendencies: more democracy, government closer to the citizens, budgets restrictions, more effectiveness and efficiency, more competent and responsible citizens.

During the most recent and actual economic recession the national debate on social inclusion has more and more disappeared. Within the framework of the NAPs consultation took place with many different actors, but the actual inclusion debate and developments took place at a local level. One could describe actual Dutch public policy, and certainly urban and social policy, as guided by the same type of principles as the European method of open co-ordination: national government decides on basic objectives, rules and frameworks; local government develops its own methods to achieve the set objectives.

It will be a big challenge to activate stakeholders in the making and implementation of the NAP 2006. The Dutch government has for some years now moved in the direction of interactive policy making through a policy of decentralisation. The national government delegates societal responsibilities and no longer functions exclusively as a central problem-solver. This also implies that a new form of active policy making is needed, for instance by replacing the traditional top down type of governing (government) with a communicative, interactive bottom-up system (governance). An important factor in attaining this goal is the relationship between the national government and the municipalities. How the national government can facilitate the local authorities more in stimulating their social inclusion policies should be open to a broad political and public debate. Also such a debate is much needed in order to include other stakeholders in active inclusion policies.

2.3 Social activation of individuals furthest from the labour market

In February 2006 the Dutch government published the Strategy Plan for Social Relief. The Dutch cabinet and the four major cities wish to improve the living conditions of people who are homeless (or in danger of becoming homeless) and, in doing so, to substantially reduce the disruption and criminality that is often associated with their behaviour. The risk of dereliction as a result of homelessness should be minimised. This Plan is a strengthening of the existing collective approach and will provide an extra impetus to tackling the problem of homelessness.

In the four major cities, around 21,800 people are living in a very vulnerable situation. Their lives are in a state of decline and dereliction. The four cities consider that they have a more persistent problem with this than the other central municipalities, and also that it is a problem in which they invest disproportionately. The cabinet, the four major cities and social organisations want the people concerned to be able to participate as fully as possible in society. That is difficult, for these people are suffering from psychiatric disturbances (including addiction) or serious psycho-social problems. At the same time, they have other problems in other areas of life. They see no opportunity to provide for their own subsistence (housing, income, social contacts, hygiene, etc.). They cannot succeed in solving their problems.

Main elements of the strategy plan:

- In the four major cities, there are 10,000 homeless people and 11,800 people who are in danger of becoming homeless. Because the majority of them suffer severe and complex problems, they often miss out on opportunities.

- The cabinet and the four cities have established that no legal changes are necessary to tackle the problems of this group and to solve them where possible. However, it is necessary to provide administrators with procedures and instruments that they can use to make the existing approach more targeted and more effective.
- Central to the Plan is individualised treatment based on seamless co-operation, mutual trust and a solution-orientated work attitude. The aim is to solve the problems without losing sight of reality and feasibility. The approach will be effective and suited to the purpose.
- The individualised treatment will be shaped by creating for each person in the target group a phased programme in which personal aims are included in the areas of housing, care, income and daily occupation. The phased programme will not be optional, neither for the target group, nor for the agency involved.
- Each city will translate this Strategy Plan into a 'city compass' within which will be indicated the community orientation of the city, the care agency, the housing corporation and the care provider. Underpinning this are the contracts, which the city will agree with the autonomous parties in the care and housing sectors.
- The city itself will supply effective identification and initiation of shelter and care, an adequate level of support provision, collective healthcare insurance and extensive debt-assistance projects; the housing corporations will provide adequate housing; the care agency will be responsible for care in the volumes and specifications it has agreed with the city, facilitated in this by the cabinet. The care assessment will take place uniformly and fit within the AWBZ [National Act on Exceptional Medical Expenses] agreements.
- The Plan will be executed over seven years. During those seven years, the entire group will be included gradually.
- At the end of the seven years, the target group should again be able to participate in society within their own capacities and the nuisance and criminality caused by the target group should have declined to less than 75% of current levels.
- At a much earlier stage, the influx into social relief should be reduced to a minimum, as evictions will be avoided as much as possible or be accompanied by a housing alternative and co-ordinated with aftercare, and influx of ex-detainees will be minimised.
- As big a part as possible of the target group should be able to live independently. Sometimes support will be necessary, and suitable forms of accommodation will be developed for this, with new forms of accommodation being deployed at the bottom of the accommodation ladder. A start will be made on this within a year.
- For a part of the target group, the approach can mean that they should be taken into an intramural facility, whether or not custodial, because existing outside of this would not be feasible for them. Rotterdam and Amsterdam will make a start on this, also within a year. Utrecht and The Hague will also realise permanent accommodation in due course.
- In order to execute the Plan satisfactorily, the Government and the cities will make substantial investments in improving the implementation in the first year. A considerable number of solid procedures and instruments will be introduced, so that it will be clear to the administrators where they stand and what is expected of them.
- These procedures and instruments are ready for use and included in this Plan, and cover the entire chain of social relief, from identification up to and including exit to a stable living situation.
- Cities will (where possible) realise expanded capacity in the coming years based on best practices.
- Government and cities will operate this Plan, but social organisations, such as the housing corporations, healthcare insurers and care providers, support it and will contribute to its execution.
- On the basis of partly available, partly estimated data on the care requirements of the target group, 2/3 of cover for the Plan will be sourced from AWBZ funding and 1/3 from municipal funding. This ratio is an assumption based on the required division of responsibility between

AWBZ and municipality, i.e. the municipality taking responsibility for the initial, short-term, co-ordinated care, and the AWBZ for the long-term care.

- A condition for the raising of the government expenditure level for this target group in the coming years is that cities will at least maintain their current level of expenditure for this group (€136 m).
- The Government will decide by 1 July 2006 on the adjustment of the social support funds allocation formula.
- For purposes of the OGGZ [Dutch public mental health care policy] tasks of central municipalities, the total budget for the specific expenditure will be increased by € 60.6 m from 1 January 2007. A decision will be taken later as to the distribution of this sum across the 43 central municipalities.
- The Dutch Government and the cities will meet every six months to consider the progress of the Plan's execution. If necessary, the Plan will be adjusted. The ambitions and financing will also be considered and adjusted if necessary.
- In the context of monitoring the execution of the Plan, each of the four major cities has been 'adopted' by a member of the Government. The distribution is as follows: Amsterdam: Minister Zalm; Rotterdam: State Secretary Ross; The Hague: Minister Donner; Utrecht: Minister Dekker.
- The Plan will also be carried through to the other cities in co-operation with the VNG [association of Dutch municipalities].

2.4 Main actors and co-ordination

As a result of many years of deregulation and decentralisation processes, active inclusion policy has moved from the national level to the local level. A large distance has been created between the national and the local level. The NAP/inclusion has been produced on the national level, but it is on the local level that many measures on active inclusion policy are or have to be implemented. Therefore, in our 2004 report we gave an overview of the most important measures concerning social inclusion in several municipalities.

In 2004 we concluded that the municipalities follow a two-track policy concerning social activation. A quick reintegration for the people most fit for the labour market (paired with a policy to keep people out of the income scheme) on the one hand and social activation for the most vulnerable (paired with reducing non-use and giving people dispensation and supplementary benefits) on the other. The municipalities welcomed the larger responsibilities and freedom given to them by the national government, but at the same time they need more room to develop and implement measures for the most vulnerable.

We also concluded in our 2004 report that it is difficult for the local authorities to fight poverty and social exclusion, while at the same time they are being confronted with cuts in the budgets for doing so. Many municipalities therefore tend to focus on work first project for people with a small distance to the labour market. Work first project for people further away from the labour market are less well developed, because municipalities have less financial incentives to do so.

The municipalities are convinced of working together with local actors. In our former evaluation reports we have concluded that in creating an open method of co-ordination not only co-operation between the different policy fields is needed, but also co-operation between government, stakeholders and clients. On the local level this should be the case as well. How the role of NGOs and the board of clients on the local level can be strengthened is one the issues that needs further investigation.

2.5 Monitoring and evaluation

With the introduction of the Reformed Social Assistance Act, the municipalities have been assigned a greater role in integrating social assistance recipients into the labour market and they have become responsible for the local social assistance budget. This can be done by finding work for welfare recipients, being more vigilant of fraud and by checking new applicants more strictly. On April 26th 2006 the Dutch government published an evaluation report about the implementation of the Act. In this paragraph we discuss the main results of this evaluation with regard to integration and activation.

In December 2004 there were 339,000 people on welfare. That number had decreased by 11,000 in 2005. There are differences in decrease figures according to age group. The decrease of the volume of people receiving benefits is highest among people younger than 25. Municipalities take specific measures by way of work first projects for the young. It is also possible that a stronger fraud policy limits the volume of the younger on welfare, but no specific figures of this for this age group are available (Evaluation Reformed Social Assistance Act, p. 12).

The decrease of welfare recipients is not equally distributed according to the period people receive the benefit. The decrease is largest among individuals who have received benefits for less than a year. There is hardly any measurable decrease among people who are 4 years or longer on welfare benefits (Evaluation Reformed Social Assistance Act, p. 13). This confirms our findings of 2005 that with regard to reintegration, the municipalities appear to have turned their attention to the exit volume of those people closest to the labour market. The exit trajectory toward paid employment seems to be a prerogative of those who are already likely candidates in the first place. The target groups of the NAP 2003, that is, the people furthest removed from the labour market, do not qualify for this trajectory. The municipalities assumed that more than half of their inhabitants on social assistance never exit toward paid employment. One third of the social assistance recipients have already received an exemption from the obligation to apply for jobs (Edzes et.al., 2005). Many of the municipalities state that they see this approach as a form of social policy. They do not want to unnecessarily push and shove welfare recipients, who will never get a job anyway (Blommesteijn et.al., 2005).

Finally the evaluation report of the Ministry of Employment and Social Affairs concludes that there are large differences between municipalities. The number of welfare recipients has gone down in some, whereas it has risen in others. In the press release accompanying the Evaluation Report the State Secretary of Social Affairs and Employment Henk van Hoof has stated that some municipalities can improve implementation of this aspect of the Act. Interpretation of exit volumes are, however, difficult, since a municipalities with a history of very active reintegration policy can have a problem to enlarge the exit volumes any further, while on the other hand the recently less active municipalities can easily score in the short run.

2.6 Budget and financial resources

At the local level, an extensive policy practice dealing with combating poverty and social exclusion has been built up. However far less is known about the budgets of municipalities on local social inclusion policies. This would necessitate an effective monitoring procedure and for example a benchmark of municipal social inclusion policies. It is yet unclear what budgets municipalities spent on poverty and social inclusion policies dealing with housing, employment, income, care, welfare, social activation, and social support. The research institute SGB0, related to the VNG (association of Dutch municipalities) started to make an overview of social inclusion policy and the budgets spent on social inclusion. The

aim of the research is to establish a benchmark of local social inclusion policy. The results of the benchmark are to be expected later this year.

2.7 Good practice: projects for the homeless

The aim of the Strategy Plan for Social Relief is to cover the entire chain of social relief, from identification up to and including exit to a stable living situation. This means that work and social activation should be an essential part of it. In many municipalities already projects have been set up in recent years for motivating homeless people and addicts. The projects for the homeless have been evaluated by the Verwey-Jonker Institute in a study on good practices (Davelaar et al. 2005). Active inclusion was the aim of these projects.

The nature of these projects for the homeless is between volunteer work (day activities) and subsidised labour (reintegration). 'Setting to work in the frayed fringes of society. Work and motivation for homeless people and addicts' puts the relatively young field of work and motivation projects for this target group firmly in the spotlight. The researchers surveyed more than sixty different work and motivation projects, eighteen of which were examined in greater depth. In terms of the type of activities, integration and early history, they present a representative picture of the field of work and motivation projects for homeless people and addicts. The researchers also interviewed project staff, co-ordinators and contact persons in the municipalities. Furthermore, observations were also made and discussions held with participants of five projects.

The research objective

The projects are concerned with homeless people and addicts who would be unable to cope in regular or subsidised work. The research results express, straight from practice, the way in which this group, despite the difficulties involved in mediating, can participate in work activities. They are often people with no fixed abode, who find it hard to stick to agreements, and who frequently have psychiatric and physical problems. The report investigates the effects of the projects: do the participants develop a perspective for putting their lives back on the rails? Moreover, is there a positive effect on the liveability in the neighbourhoods and districts?

The researchers concentrate in their search for obstacles, indicators and conditions for success, on practical reference points for continuing the projects. The researchers also explore new opportunities for future initiators, potential finance providers, clients and public authorities. They establish a relationship with the obstacles through recent policy changes, including the Work and Social Assistance Act (Wwb) and the Social Support Act (WMO). They opted for a cross-sector approach, because most of the initiatives investigated cut across the usual categorisations into policy fields or social sectors, such as informal care, the care and treatment of drug addicts and labour reintegration.

Support and profit

An important conclusion is that work and motivation are of great importance for homeless people and addicts. The occupational rehabilitation projects are intended for people who often have extraordinarily problematic and widely varied living conditions. Participation in work and motivation supports these people in restoring their self-respect and discovering or rediscovering their qualities. The people in their

surroundings and wider society also benefit from the participants' restored self-esteem and new perspective.

Three types of occupational rehabilitation

The tour of the projects yields a subdivision into three types of occupational rehabilitation: daily wage projects, the new style occupation projects, and processes oriented to labour reintegration in subsidised or regular labour. The researchers conclude that a good local or regional offering of work and motivation projects for homeless people and addicts must always contain a mix of these three types of projects.

The daily wage projects were modified to suit the unpredictable nature of life on the street. The underlying assumption was that the participants would co-operate if they felt able to work. In return, the participants received direct payments: 'cash on the nail'. The tasks involved are clear and self-contained.

The most important point of the new style occupation is: the option for participants to perform work that they enjoy and is within their abilities. The working atmosphere must be pleasant, because the perception of safety, and the contacts with and support from each other are extremely important. The projects are often integrated within multiple support processes in the field of accommodation and care.

The labour-oriented processes set out to provide the participants with the prospect of gaining 'real' employment. Learning work-related skills is paramount. A pleasant atmosphere at work is an important stimulus for the participants. The personality of the leader or on-the-job supervisor is crucial in the learning process: he is teacher, motivator and supervisor.

More attention for work and motivation from politicians and administrative bodies

Public authorities devote insufficient structural attention to the fact that work and motivation do more than providing homeless people and addicts with the prospect of better living conditions; they also help reduce the social nuisance that these people cause. The researchers recommend a catching-up operation by giving a more prominent place to work and motivation in the approach to homeless people and addicts. Until now, the focus has been the shelter and care facilities and treatment - in the case of psychiatric or addiction problems - of homeless people and addicts. However, accommodation and care without work, and therefore no satisfactory occupation, is a waste of time.

Based on the research results, the recommendation is therefore: build up a strong local or regional infrastructure for motivation and labour integration for homeless people and addicts.

Conditions for strengthening the infrastructure

For strengthening the infrastructure for work and motivation of homeless people and addicts, the most important actors - the actual projects, the municipalities and the national government - must create the proper conditions.

Firstly, the work and motivation projects must themselves undertake action on a number of points, such as: accentuating the cohesion in the variety of projects, making the benefits of the projects more transparent, widening the bond with clients and creating a more structural organisation of work for these target groups.

In addition, municipalities must perform their controlling function, on the one hand by making more use of their scope, and on the other hand by developing a flexible working model for motivation and labour integration of people in the frayed fringes of society. There is a need for an approach that satisfies three needs:

- basic support for work and motivation projects;
- matching the supply to important areas of life (e.g. income, debt assistance, medical care and accommodation);
- both creating and delivering new opportunities for calling homeless people and addicts to account on their responsibilities, capacities and motivation.

The national government must modify the existing regulations to increase their scope, and to ensure satisfactory conditions for municipalities to fulfil their responsibilities. The point is to review the assumptions of national policy to create more structural scope for municipalities and to devise a new type of labour contract.

Substantial indicators for continuation and extension

The substance of a successful continuation or extension of work and motivation projects must be based on several indicators, the most important of which are:

- the degree to which occupational rehabilitation is based on the following working methods:
 - creating or emulating a real work setting;
 - emphasising and matching people's capabilities;
 - personal contact between the participant and supervisor;
 - the active pursuit of a different balance for each group and individual between the correct protection, stability and incentives;
- the degree to which projects are able to fill gaps in the throughput and output in the area of work and motivation;
- the degree to which work and motivation projects can sustainably strengthen people's basic social network (e.g. by enhancing the contact between participants, the contact with employers, and intensive and committed counselling);
- the degree to which projects - in co-operation with others - are able directly or indirectly to improve the accommodation situation of their participants;
- the degree to which projects are able to clarify results and impacts on all levels (i.e. the perceived benefit on an individual level, results and impacts on a group level, and impacts on the level of people in the surroundings, e.g. in terms of nuisance and safety).

2.8 Conclusion and discussion

In this chapter we have discussed the specific topic of active inclusion and minimum resources. The European Commission has argued in a Communication on the active inclusion of the people furthest from the labour market that a comprehensive policy mix is needed combining the elements of adequate income support, empowerment, labour market activation and access to basis services, so as to encourage a more effective integration of people excluded from the labour market.

Adequate income support

Reformed Social Assistance Act provides a minimum guarantee for people without other sources of income. The Work and Income according to Work Capacity Act does the same for people who are

unable to work as a result of an illness or handicap. However, although Dutch legislation provides a minimum income for people without other resources, in practice poverty persists among the most vulnerable people, especially those who are receiving benefits for a longer period of time. Activating this group is therefore a crucial social inclusion policy.

Labour market activation

Active labour market policy is formally the task of the municipalities. Many municipalities focus on “work first” projects for this is the easiest way to establish the financial targets of the Reformed Social Assistance Act. It is more difficult to develop projects for people furthest from the labour market, although this is probably the group on which active inclusion should focus most. Also the Evaluation Report of the Ministry of Employment and Social affairs has shown that people who only received a benefit for a relatively short period of time (less than one year) are most easily helped towards paid work. The exit numbers of people who receive benefits for four years or more (and who are therefore far away from the labour market) are not decreasing. This will remain an important challenge for the years ahead. Especially now that economic growth and a decline of unemployment rates are to be expected in the Netherlands it will remain an important issue how to improve the position of the group furthest away from the labour market.

Empowerment and access to basic services

Empowerment of vulnerable groups is an important element of active inclusion policy. In this respect it is important that the Dutch government has launched the Strategy Plan for Social Relief. However this strategy plan is not explicitly focussing on activation to (subsidised) labour. The good practice of the homeless and addicts has made clear that empowerment of this vulnerable group is possible and that work and motivation do more than providing homeless people and addicts with the prospect of better living conditions. Participation in work and motivation supports these people in restoring their self-respect and discovering or rediscovering their qualities. The good practice has shown that care, treatment and housing is not enough for empowering this group when forms of labour reintegration are left out of the inclusion policies for these groups. In this respect the Social Support Act to be initiated by 2007 can offer new opportunities. On the local level this will mean that a cross sector approach will be most needed. That will be a challenge for local policy indeed.

Annex First Semester Report

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