



ESPN Thematic Report on Minimum Income Schemes

The Netherlands

2015

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Contents

SUMMARY	5
PART I - DESCRIPTION OF MAIN FEATURES OF MINIMUM INCOME SCHEME	7
1 GOVERNANCE ARRANGEMENTS	7
1.1 Levels of governance	7
1.2 Delivery arrangements	8
1.3 Rights-based versus discretionary benefits	9
2 DESIGN OF MINIMUM INCOME SCHEME	9
2.1 Level of benefit	9
2.2 Eligibility conditions	11
2.3 Conditionality rules	12
2.4 Duration	13
2.5 Transitions	13
3 LINKS WITH OTHER SOCIAL BENEFITS AND SERVICES	13
3.1 Components covered by MI schemes	13
3.2 Other means-tested benefits	14
3.3 Passport to other services and benefits	15
PART II - ANALYSIS OF MINIMUM INCOME SCHEMES	17
1 ASSESSMENT OF ADEQUACY, COVERAGE, TAKE-UP AND IMPACT	17
1.1 Adequacy	17
1.2 Coverage	17
1.3 Take-up	18
1.4 Impact	19
2 LINKS TO OTHER TWO PILLARS OF ACTIVE INCLUSION	20
2.1 Inclusive labour markets	20
2.2 Access to quality services	23
3 SUMMARY TABLE	24
REFERENCES	25
ANNEX	28

Summary

The focus of this report is social assistance for people of working age who are able to work. This is mainly covered by the Participation Act (*Participatiewet*) which replaced (among other things) the Work and Social Assistance Act (*Wet werk en bijstand, WWB*) in 2015 and integrated several acts into one system for people (including the young disabled) with some employability. The act not only includes a minimum income but also assistance for exceptional expenses, reintegration facilities and subsidised work.

Participation Act in a nutshell

In short, the Participation Act 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 benefit is related to the minimum wage. People who receive social assistance are required to accept reasonable offers of work. With the introduction of the act the conditionality rules and enforcement became stricter.

The implementation of the Participation Act 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. The level of benefit is related to the minimum wage (for single persons 70% and for couples 100% of the minimum wage).

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

Apart from the Participation Act, social insurance and social assistance also exist for the unemployed, self-employed, (partially) handicapped, elderly etc. Furthermore, there are several municipal and national income provisions to support low-income groups, for instance long-term extra allowance, rent, health care and child care allowances and tax credits. Recipients of the main Minimum Income Scheme (minimum income benefits) have no preferential access to services such as health care or youth care.

Assessment of Minimum Income Scheme

The social security system in the Netherlands is elaborate and can be considered adequate. The net income packages of social assistance reach the at-risk-of-poverty threshold (60% median threshold). It remains to be seen what the impact of the *kostendelersnorm* will be on the adequacy of the system. The coverage of the scheme is extensive. Judging the scheme by using reference budgets is not very useful since the thresholds are set above the social minimum, therefore recipients of social assistance are in principle at risk of poverty. Their risk increased when the effects of the crisis became apparent. With an increasing focus on enforcement the risk of excluding eligible persons rises. In particular, the financial effects of sanctions (and sanctions as an obstacle to entering debt assistance) and job search periods on recipients need monitoring.

Assessment of links to active inclusion

The available reintegration budgets have decreased substantially. However, despite their halving in 2012, no less than a third of the benefit recipients participated in a reintegration programme in 2013. There are large differences in the outflow to work after completing the reintegration programme. The outflow to work is especially lower among long-term welfare recipients and immigrants. As yet, not much is known about the net effectiveness of reintegration. The first experimental studies show small net effects. The largest net effects are visible with regard to programmes that are deployed at the start of the process. Potential obstacles for recipients to take up work are connected to the complexity of the different benefits and the ensuing administrative burden, especially for people with part-time and flexible work. Misconceptions on

whether work is profitable or not and high costs for single parents for formal child care can discourage people from working.

Part I - Description of main features of Minimum Income Scheme

The Dutch social protection system is built on three pillars: social security, flat-rate pension provisions and social assistance. Social security contains national insurance and employee insurance. Social assistance is 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 and on changes that occurred after 2009. Social assistance is mainly covered by the Participation Act (*Participatiewet*) which replaced (among others) the Work and Social Assistance Act (*Wet werk en bijstand, WWB*) in 2015 and integrated several acts into one system for (young disabled) people with some employability.¹ The act not only includes a minimum income but also assistance for exceptional expenses, reintegration facilities and subsidised work.

Part I gives an overview of the governance arrangements, design and links with other benefits and provisions. Part II provides an assessment on the adequacy, coverage, take-up and impact of the Minimum Income Scheme, and the link with the other two pillars of active inclusion.

1 Governance arrangements

1.1 Levels of governance

Social security in the Netherlands is governed by the Ministry of Social Affairs and Employment (*SZW*). The Participation Act (*Participatiewet*) was implemented in January 2015, is concerned with the social assistance benefits (means-tested) and serves as the Dutch safety net. The national authorities are responsible for the general benefit levels. They are also responsible for the system, which implies that *SZW* will have to take active measures if the Participation Act system does not function well. *SZW* also defined the target groups and is responsible for registering and monitoring (on a yearly basis) the Social Agreement to guarantee additional jobs for people with an occupational impairment and the Jobs Agreement and Handicapped Workers Quota Act (*Wet banenafspraak en quotum arbeidsbeperkten, Wet BQA*).

The Social Affairs and Employment Inspectorate (*Inspectie SZW*) exercises supervision on the implementation of ministerial regulations concerning work and income by municipal social services. It offers amongst other things insight into the effectiveness of the system of work and income by studying the implementation of social security acts.

The national authorities have assigned the implementation of the Participation Act and related regulations to local authorities, the municipalities, 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 (municipal) regulations (by law) were at the latest implemented in July 2015.

¹ With the introduction of the Participation Act there is no longer a separate scheme for people of working age able to work. See for more information Part I, section 2.

The SZW Ministry consults with several partners and stakeholders, including municipalities²; employers' associations and trade unions; advisory bodies such as the Social and Economic Council of the Netherlands (*Sociaal-Economische Raad, SER*) and the Labour Foundation (*Stichting van de Arbeid*)³; implementing organisations, such as the Employee Insurance Agency *UWV* and independent administrative bodies.

1.2 Delivery arrangements

The Participation Act is financed from general funds (tax revenues). Local authorities receive two budgets from the national authorities: one budget for benefit payments (Income budget) and one for participation measures (Participation budget: active labour market measures, education and citizenship courses).⁴ Each budget is distributed using an allocation model. In 2015 a new allocation model was introduced replacing the one which was established under the *WWB*. In 2016 some improvements will be introduced. The system itself remained and will remain the same. 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 for the shortage itself. This is an incentive for the municipality to guide as many people as possible towards 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. Municipalities can either take care of reintegrating clients themselves or contract private reintegration agencies.

The Participation Act, implemented by municipalities, includes active labour market policies. Under the Participation Act, regional public employment services⁵ are being set up. These services will have to place those people who are unable to earn the statutory minimum wage, in jobs which will be made available by employers. The Participation Act allows municipalities to pay wage cost subsidies from their Income budget. The agreements in the Social Agreement imply that everyone will earn at least the minimum wage, including those not able to do so due to impairment. In these cases, the employers pay the minimum wage (or, where applicable, the negotiated wage), but they are reimbursed the difference between the minimum wage and the actual production of this employee via the wage cost subsidy. Municipalities can also create new forms of sheltered employment.

In addition to implementing the Participation Act, municipalities are also responsible for policies combating poverty and debt assistance, for which they receive a budget. The recent reforms concerning social assistance, long-term care and youth care, implemented in 2015, challenge municipalities to transform their policies and provide integrated services to their citizens.

Municipalities have been and still are being supported in different ways to implement the Participation Act, including support for improving worker professionalism, with special focus on methodical working, transparency and exchange.

² Such as the Association of Netherlands Municipalities (*Vereniging van Nederlandse Gemeenten, VNG*), the Dutch National Association of Managers with municipal services in work, participation, income, social welfare and social inclusion (*Divosa*) and the four and thirty-two largest municipalities (*G4* and *G32*).

³ The Labour Foundation is a national consultative body organised under private law. Its members are the three main trade union federations and three main employers' associations in the Netherlands.

⁴ In 2009 the reintegration budget, the budgets for adult education and civic integration were merged in this fund. This enables municipalities to pursue a more integrated policy and supply better-customised services to clients.

⁵ A form of cooperation at the regional level between municipalities, the Netherlands Employees Insurance Agency (*UWV*), employers, and employees. In the NRP 2014 these services are referred to as branches of *UWV WERKbedrijf* (the work placement branch of the *UWV*).

Single point of contact

Every labour market region⁶ has at least one jobseekers' centre, where municipalities and the *UWV-WERKbedrijf* work together with employers and temporary work agencies. This single point gives access to most of the necessary benefits (including both social assistance and unemployment benefits) and activation. For recipients of social assistance, this can also be the access point for other services. Besides this physical single point, there is a single website (*werk.nl*) that the unemployed can access. This website is also used by employers to fill vacancies. This makes it easier for employers to find an eligible candidate.

1.3 Rights-based versus discretionary benefits

Benefits are paid on a rights basis (fixed criteria, for more information see section 2.2). The level of assistance is governed by national rules and the levels of benefits depend on household types. With the introduction of the Participation Act municipalities no longer determine additional allowances. Municipal discretion only applies to the homeless and school leavers (they may lower the standard amount). With regard to school-leavers the social security administration can reduce the benefit for the first half year after schooling or the training course has ended.

Municipal discretion mainly applies to conditionality rules such as work exemption, but municipalities can also temporarily exclude part of a person's salary when determining someone's income. The same goes for persons who for medical reasons can only work for a limited number of hours. Municipalities can also give clients an incentive bonus (once time only) when they accept a contract for at least six months (*uitstroompremie*).

2 Design of Minimum Income Scheme

The Participation Act, implemented January 2015, replaced the Work and Social Assistance Act (*WWB*), the Sheltered Employment Act (*Wet Sociale Werkvoorziening, Wsw*) and part of the Disablement Assistance Act for Handicapped Young Persons (*Wajong*). From 2015, access to the Disablement Assistance Act for Handicapped Young Persons (*Wajong*) is limited to people not able to work. People who are capable of working but are dependent on support will be grouped with the target group of the Participation Act, and not the *Wajong*. Furthermore, the Sheltered Employment Act (*Wsw*) was closed to new inflows from 1 January 2015.

The principal idea behind the Participation Act is that everyone should have the opportunity to participate fully in society, preferably through a regular job. There will thus be only one system for (disabled) people with some employability. People who really cannot hold a regular job can work in a sheltered environment under the Participation Act. In practice there are still several schemes because of the transition from and the rights of the clients who already receive benefits under the old act(s).

People with low incomes (including recipients of social assistance) can apply for rent allowance, health care allowance and child benefits. There are also tax credits, social provisions and municipal policies combating poverty (income provisions and programmes to stimulate participation in sports and cultural activities). These allowances, provisions and services are described in section 3.

2.1 Level of benefit

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

⁶ http://www.samenvoordeklant.nl/system/files/19112013_UWV-vestigingen_en_werkgebieden_2014.pdf

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

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. The rates of the minimum wage are readjusted twice a year, and therefore the benefit levels are also reviewed twice a year (January and July). In 2015 (as of 1 July 2015) the gross minimum wage per month was EUR 1,507.80.⁷ For the other age groups and institutionalised persons other mechanisms are applied.

With the implementation of the Participation Act there is no longer a distinction between single persons and single parents. This implies that compared to the former Work and Social Assistance Act (*WWB*) the level of benefit for single parents is lowered. This is (to a large extent) compensated by a higher child-related budget (an extra supplement called *alleenstaande-ouderkop*).⁸ Benefit recipients receive the *alleenstaande-ouderkop* on a monthly basis through the Tax Authorities (*Belastingdienst*).

The level of benefits a household receives depends on the number of adults (who can share the costs) and is not related to the number or age of the children (this is compensated by the general child-related budget). Married couples, registered partners or unmarried cohabiting partners, each receive 50% of the minimum wage. The total household income therefore equals 100% of the minimum wage. Social assistance benefits are paid out as a net amount. Since 2015, the benefit levels for people on social assistance who share the costs of living with other adults⁹ have decreased (the so-called *kostendelersnorm*).¹⁰ The more co-habitants (independent of their source or level of income) there are, the lower the standard level of benefit is. For instance a four person household receives 40% of the standard per person.

Social assistance is supplementary to all other subsistence allowances and is provided as a last resort (safety net). If a person receives alimony, social benefits or income from work, then it is topped up to the relevant assistance level. The amounts in the table are therefore maximum amounts. In practice, the amounts are lower when there is income out of salary, or when people also receive other social benefits, or alimony, or when the *kostendelersnorm* is applied.

⁷ The gross minimum wage rates are stipulated in the provisions of the Minimum Wage and Minimum Holiday Allowance Act (*Wet minimumloon en minimumvakantiebijslag, WML*).

⁸ Municipalities cannot compensate the loss in income.

⁹ Aged between 21 and 65.

¹⁰ For clients who already received social assistance before 2015, this will be applied in the second half of 2015.

Table 1 Assistance levels as of 1 July 2015 (net amounts) for persons between 21 and 65 years of age (per month)

	Net amount per month (in €)	Holiday allowance (in €)*	Percentage of minimum wage
Divorced singles without children	€914.50	€48.13	70%
Married couples without children	€1,306.42	€68.76	100% (together)
Married couples with two children aged 7 and 14	€1,306.42	€68.76	100% (together)
Divorced single parents with one child aged (2 years old)	€914.50	€48.13	70% + €254.17 (extra child-related budget)

* Payment once a year

Compared to other EU countries, benefits in the Netherlands are relatively high. In the annex more information is given on the social minimum and the relation with poverty indicators.

Young persons¹¹

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. Local authorities determine the level of special assistance. Municipalities are obliged to offer young people under the age of 27 a range of work and study opportunities and to develop a safety net for those who seek assistance that is cheaper than social assistance (for instance going back to school). Under the Participation Act municipalities are obliged to draw up an individual action plan for clients aged 18 to 27 (article 44a).

2.2 Eligibility conditions

The Participation Act grants a minimum income to anyone aged 18 years and over 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. Persons in full-time detention cannot receive social assistance benefits. The self-employed are also excluded, because there is a separate social assistance scheme for them if they have a low income. Depending on their status, refugees are entitled to social assistance, but there are plans to exclude them (See Flash Report, available as of November 2015).

This Participation 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. A Participation Act benefit is supplied to a household and is not related to the recipient's work history. There is a waiting period of four weeks in which claimants younger than 27 years of age are required to look for work and are not yet entitled to social benefits. Social assistance will be given from the date of notification providing this condition was met.

¹¹ July 2009 a separate social assistance benefit for persons younger than 27 (*WJZ*) was implemented. This scheme was abolished January 2012 and transferred to the Work and Social Assistance Act (*Wvwb*).

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 2015, a maximum allowance of EUR 11,790 applied to families and single parents and a maximum of EUR 5,895 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 49,700 applies.¹² Municipalities may deviate from general standards on the basis of individual assessments.

2.3 Conditionality rules

Recipients of social assistance (including the partners) must do as much as possible to support themselves. Every recipient must try to get work, accept a suitable employment and be registered as a job seeker at *UWV-WERKbedrijf*. They also have to cooperate with examinations and any support that is offered to them (for example job application training). They also have to provide the municipality with correct information. For example, when a recipient starts living with someone, or receives income from work.

With the introduction of the Participation Act changes concerning enforcement were also introduced aiming to stimulate labour market participation. Recipients have to be prepared to travel for work (a maximum total travelling time of three hours a day applies), to invest in their employee skills, to invest in their presentation and behavioural skills, to be signed on at temporary employment agencies, to try to the best of their ability to find acceptable labour in another municipality before moving there, and (only under certain specific conditions) to be prepared to move house if necessary to obtain acceptable labour. If the claimant refuses to cooperate in these efforts to find employment, the municipal 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. With the implementation of the Participation Act the legal sanction is a reduction of 100% of the applied benefit level for a minimum period of one month and a maximum period of three months. Municipalities may deviate from this standard on the basis of individual assessments. Municipalities can also introduce additional conditionality rules such as how long to search for work and/or participation in Work First arrangements.

With the implementation of the Participation Act municipalities also have to implement regulations (by law) on the way recipients of social assistance return or compensate for the fact that they receive social assistance, for instance by taking up voluntary work. In Dutch this is called '*tegenprestatie*' (consideration).¹³ From the perspective of the legislator this *tegenprestatie* is primarily motivated as a 'quid pro quo' and not as an incentive to acquire a job. The municipalities have substantive discretion on the implementation of the *tegenprestatie*. Refusing to cooperate can lead to fines or temporary freezing of the social benefits. Municipalities receive no budget to enforce the *tegenprestatie*.

Exemptions

Municipalities can grant temporary exemption from the obligation to accept a job on social grounds while the person concerned does have labour market opportunities. Social grounds are, for instance, addiction, single mothers with young children, or age (57.5 years or older). The exemption of single parents comes with an education/training requirement for the single parent.

¹² For more information see: <https://www.rijksoverheid.nl/onderwerpen/participatiewet/vraag-en-antwoord/wanneer-heb-ik-met-een-eigen-huis-recht-op-bijstand>.

¹³ In this case voluntary work is not a re-integration provision. In fact the *tegenprestatie* or voluntary work may in no way be an obstacle to reintegration into the labour market.

2.4 Duration

Social assistance benefits are available as long as eligibility conditions are met.

2.5 Transitions

Income out of work and social assistance

Benefits will be reduced when someone receives wages from work. The Participation Act provides a top-up to the applicable assistance level. However municipalities can exclude part of a person's salary when determining someone's income. For six months 25% of their salary can be disregarded in assessing their total income, up to a maximum of EUR 188 a month. The maximum duration of this relief is six months. In addition, municipalities can apply a similar temporary measure for single parents receiving social assistance benefits (with children under the age of 12), which means they can keep 12.5% of their salary from part-time work (above the unemployment benefit), up to a maximum of EUR 118 (maximum duration 30 months, starting after the 6 month period of the 25% income relief). Municipalities can also give clients an incentive bonus (one time only) when they accept a contract for at least six months (*uitstroompremie*). And they can pay an incentive bonus to social assistance recipients who participate in voluntary work or a work experience placement.

Single point of contact

After the first contact at the jobseekers' centre, people are assigned to a professional (organisation), depending on the kind of benefit (*WW* or Participation Act) that they have access to. Social assistance recipients may have just one or two different municipal professionals handling their cases (benefits and activation). This may differ between municipalities. On transfer from the public employment services to the municipal social services, the contact person changes, but the same information system can be used. There are privacy regulations concerning the sharing of data. Currently (2015), both the system itself and the way in which municipalities share data are being improved and closely monitored.¹⁴ If a client needs external (medical or psychological) help, he or she sometimes has to deal with several points of contact, because these services are usually not integrated with income support.

3 Links with other social benefits and services

3.1 Components covered by MI schemes

The main MI scheme is the Participation Act (social assistance). People with low incomes (including recipients of social assistance) can apply for rent allowance, health care allowance and child benefits from the Tax Authorities (*Belastingdienst*). There are also tax credits, social provisions and municipal policies combating poverty (income provisions and programmes to stimulate participation in sports and cultural activities). Most of these schemes are means-tested; they are described in section 3.2.

The general allowance for chronically ill and disabled persons and the payment of compensation for the obligatory excess of the health insurance (*Wet tegemoetkoming chronisch zieken en gehandicapten (Wtcg)* and *Compensatie eigen risico (Cer)*) were abolished in December 2014. Part of the budget for these arrangements has been transferred to municipalities, to provide customised care. Municipalities are expected to financially support inhabitants with high health care costs, but they are not obliged by law.

¹⁴ http://www.vng.nl/files/vng/brieven/2014/20141216_ledenbrief_veilige-gegevenswisseling-suwinet-stand-van-zaken-eind-2014_1.pdf

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).

The General Child Benefit Act (*Algemene Kinderbijslagwet, AKW*) offers all parents an allowance for the expenses of bringing up and taking care of children up to the age of 18. The tax regulation that partly compensates child-related costs was abolished in 2015. School books and other training aids are freely available for children attending primary or secondary school. Other arrangements and allowances are in place for some forms of secondary education.

3.2 Other means-tested benefits

In general income tax is based on annual income and allowances and thresholds are referred to in annual terms. The means-tested benefit system assesses entitlement according to the benefit unit income. Allowances are paid by the Tax Authorities (*Belastingdienst*).

Supplementary Benefits Act

When the total income of the beneficiaries of social insurance schemes and an eventual partner is below the social minimum, the Supplementary Benefits Act (*Toeslagenwet, TW*) supplements benefits up to the level of the social minimum. Those eligible are the recipients of the following benefits: Sickness Benefits Act (*ZW*), Unemployment Insurance Act (*WW*), Invalidity Insurance (Young Disabled Persons) Act (*nWajong*), Invalidity Insurance Act (*WAO*), Work and Income (Capacity for Work) Act (*WIA*), Military Personnel Invalidity Insurance Act (*Wamil*), Older Unemployed Persons income scheme (*IOW*), and the Employment and Care Act (*Waz*). Supplementation of a benefit related to pregnancy, giving birth and adoption is also possible. The standard amounts are the same as social assistance benefits.

Combating poverty

The Participation Act shares common ground with fighting poverty and debt assistance. Poverty and debts are more and more seen as barriers to working and therefore are approached in various ways that contribute to the activating effect of the Participation Act. In the past years the government has intensified its policy on poverty and debt assistance (including prevention of debt). It is intended that greater attention will be devoted to the working poor, families with children, and elderly people with a low income. Most of this funding has been made available to municipalities; social institutions can (as of mid 2014) apply for subsidies for projects aiming at combating poverty and debt problems.

The municipalities develop and implement their own policies and define their own target groups. In general the benefits are aimed at low-income households (up to 110 – 125% of the minimum wage). There are several types of regulations: long-term extra allowances; special social assistance (assistance for exceptional expenses¹⁵); discounts on collective health care insurance and collective additional health care insurance; assistance for participation in sports, culture and education; remission of municipal taxes, for example sewerage charges and waste levy. Over the years, more and more activities have been developed for households with children, encouraging the use of income provisions and addressing over-indebtedness.

With the implementation of the Participation Act, municipalities can no longer categorically apply the long-term extra allowance. The *kostendelersnorm* (see 2.1) also applies for special social assistance.

¹⁵ The budget cannot be used to fund the costs of social housing.

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.

Child-related allowances

In 2015 changes to the system of child-related schemes were implemented. The new child-related schemes reduce the previous eleven child benefit schemes to four. Besides the General Child Benefit Act (*Algemene Kinderbijslagwet, AKW*) there are also means-tested child-related allowances: Child-related Budget Act (*Wet op het kindgebonden budget, WKB*), child care allowance (*Kinderopvangtoeslag*) and the combination tax deduction (*combinatiekorting*).

In 2010, the child-related budget was extended to include an educational expenses allowance. The child-related budget is linked to the number of children. The child care allowance is linked to the number of hours worked by the parent who works least, and to the household income. The use of proportional adjustment for the parental contribution is aimed at sparing the lowest income groups. In the past decade several policy changes were introduced. The labour market participation of women is stimulated with the phase-out of the double tax credit (a tax credit for social assistance recipients with an employed partner).

Rent allowance

Households with a low income can make use of rent allowance. Eligible are persons aged 18 and older who rent an independent accommodation. The underlying principle is that every household pays a part of the rent itself: this is referred to as 'standard rent'. The Standard rent increases as the taxable income becomes higher. The rent allowance amounts to the difference between the actual rent (a maximum social rent threshold is applied) and the standard rent. Handicapped persons can get extra rent allowances.

Health care allowance (Wet op de zorgtoeslag, Wzt)

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. For those with low incomes, the government contributes to the costs of health care insurance in the form of a health care allowance.

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.

Other forms of social assistance and social insurance 15 to 65 year olds

Social assistance also exists for the self-employed (*Bbz*), partially disabled (*IOAW/IOAZ*) and handicapped (young) persons (*nWajong*). Following the introduction of the Participation Act the latter is limited to people unable to work. Another facility for young handicapped persons is a sheltered workplace (*Wsw*). With the introduction of the Participation Act this scheme was closed to new inflows from 1 January 2015.

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*).

3.3 Passport to other services and benefits

In 2015, several important institutional revisions were implemented (health care and long-term care, youth care and social assistance) that affect (unemployed) people of working age. These 'decentralisations in the social domain' form one of the most

important developments in Dutch domestic administration in the last decade. They represent a significant change in policy direction and in the allocation of resources.

Health care, long-term care and youth care

Recipients of the main Minimum Income Scheme (minimum income benefits) have no preferential access to services such as health care or youth care. The health care allowance for households with low incomes makes the costs for health care more affordable. They may also benefit from a municipal discount on insurance costs.

The Social Support Act (*Wet maatschappelijke ondersteuning, Wmo*) obliges municipalities to support people who cannot run a household on their own and participate in social life. Municipalities can collect contributions for the care and support they supply out of the *Wmo*. After the reforms of 2015, municipalities increased or introduced these contributions. Some, but certainly not all, municipalities apply a maximum amount or limit the contribution when chronically ill take up more than one provision for which they have to pay contributions.

Housing

Promoting the availability of adequate housing the government's responsibility. This includes the availability of affordable rented accommodations and owner-occupied homes for those on relatively low incomes.

The Netherlands has a large rental sector and social housing takes up a large proportion of the housing stock. Most social housing is owned by housing associations. Recipients of the main Minimum Income Scheme (minimum income benefits) have no preferential access to social housing. All households with low incomes are targeted. Low-income households can also take advantage of rent allowance paid by the Tax Authorities.

Part II - Analysis of Minimum Income Schemes

1 Assessment of adequacy, coverage, take-up and impact

Part II of this report provides an assessment of the Minimum Income Scheme and the link with the other two pillars of active inclusion. This first section focuses on the adequacy, coverage, take-up and impact of the Minimum Income Scheme.

1.1 Adequacy

The social security system in the Netherlands is elaborate. A minimum wage is guaranteed to people of working age. The system includes unemployment benefits and social insurance for specific situations or groups such as occupational disability, sickness, the self-employed, surviving relatives, tax credits. The Participation Act serves as the Dutch safety net and includes active labour market policies. As has been described in Part I, there are also additional benefits for low incomes and provisions aimed at participation in sports, culture and education. The minimum wage (working full-time) guarantees a minimum acceptable lifestyle. The unemployment benefits and social assistance benefits are linked to the minimum wage.

In general, the net income packages of social assistance reach the at-risk-of-poverty threshold (60% median threshold). Analyses of the CSB-Minimum Income Protection Indicators dataset (*CBS-MIPI*)¹⁶ show that in 2012 this was the case for single persons (and single parents). Couples and especially those with two children fell behind a little (respectively 86% and 72% of the poverty threshold). Gross median income figures provided by Statistics Netherlands (*CBS*) also indicate that the benefit levels reach the at-risk-of-poverty threshold.¹⁷ MIPI data do not include care allowances and municipal regulations that may help them rise above the threshold. In relation to the at-risk-of-poverty threshold, one may conclude that in general the Dutch MI scheme is adequate. Since 2015, the benefit levels for people on social assistance that share the costs of living with other adults have decreased (the so-called *kostendelersnorm*). It remains to be seen what the impact of the introduction of the *kostendelersnorm* will be on the adequacy of the system.

The question is whether this is also the case when using reference budgets. Reference budgets in the Netherlands are used to measure poverty. The thresholds are set above the social minimum, which reflects that recipients of social assistance have an increased risk of poverty (more information is given in Part II, 1.4). Due to this, the question about whether the MI scheme is adequate is a complicated question to answer. The adequacy of the system is also reflected in the access to or coverage and take-up of the scheme and the effects of the reintegration programmes. This is further discussed in the following (sub) sections.

1.2 Coverage

The coverage of all relevant population groups is extensive and fairly comprehensive. There are no groups that are not adequately covered. The eligibility conditions for social assistance, including extra allowances and tax credits, cover the relevant population at risk.

On the other hand, in the past decade several measures were introduced that made the conditionality rules stricter (e.g. the introduction of a job search period, stricter enforcement regime, introducing the aforementioned '*tegenprestatie*'). With an increasing focus on enforcement, the risk of excluding eligible persons increases

¹⁶ Bradshaw and Marchal analysed MIPI data and provided the ESPN members with a comparison of Minimum Income Schemes in European countries.

¹⁷ In 2012, the gross median income was EUR 25,300 a year; the 60% threshold is equal to EUR 15,180, while the median income of social assistance benefits was EUR 15,100 a year. Net median income figures are not available.

should they refrain from applying for social assistance without having an alternative source of income. Also, the financial effects of sanctions can cause or worsen the financial problems of the recipients of social assistance. They can also be an obstacle to entering debt assistance programmes (municipalities are preferred creditors and access is closed if debts are a result of penalties or fines).

1.3 Take-up

Take-up

Long-term development of the volume of social assistance benefits exhibits a strong correlation with the macro-economic development and the labour market absorption capacity. A long period of declining numbers of households receiving social assistance (people under the age of 65) came to an end in 2008. Since 2009, the number is on the rise. In 2008, 302,310 persons received social assistance. In 2014, this number increased to 433,620 persons (ALMP database, 2010 and 2015). The increase in the volume of households from 2009 onwards is the result of an increase of influx and a decrease of outflow. Because of the rising unemployment figures, the influx contains transitions from unemployment benefits (in 2013, 19%) but also from temporary jobs (in 2013, 14%) and self-employment (CBS, 2014; Divosa, 2014). The expenditure on income related allowances (housing, care and children) in 2013 was EUR 10.4 billion, which is 0.3 billion more than the previous year.¹⁸ Low-income groups profit most from rent and health care allowances. 70% of expenditure on rent allowances goes to low-income households. 85% of the low-income households receive a health care allowance. High-income groups profit most from expenditure on child care allowances. More information on the (non)-take-up of health, rent and child care allowances and child-related budget can be found on the website of CBS.

Non-take-up

The stricter regime may be one of the reasons why people are refraining from applying for social assistance. Local studies¹⁹ show – there are no national data available – that after the introduction of a job search period, the number of benefits that were awarded declined (Divosa, 2014). A part of refraining from applying for social assistance can be explained by the take-up of work. In section 2.1 of Part II, more information is given on the effects on both influx and outflow. Local studies also show that implementing a job search period has a negative effect on the applicants' incomes, which can lead to a temporary income below the social minimum. Divosa recommends selectively applying the job search period (not to all persons applying for social assistance) and closely monitoring the financial consequences.

Other national and municipal income provisions do not have additional conditionality rules. However, the non-take up of specifically municipal provisions is much higher. The take-up of income provisions is relatively high among recipients of social benefits, and higher among the long-term unemployed, because non-take-up decreases with the number of years on social benefits (Tempelman, 2011). On the other hand, the take-up among employed low-income households is low. All low-income groups express that they do not always have access to correct information about services and benefits. They are hindered by (from their point of view) incomprehensible local bureaucracy and they are ashamed of their difficult situation (Inspectie SZW, 2010; Klein, 2011 chapter 4; Tempelman, 2011).

The most common policies to prevent or reduce non-take-up are: providing information on websites, publishing articles in local newspapers, giving information at locations such as playgrounds and jobseekers' centres and simplifying the application processes. Also, by means of data-linking non-applicants are being identified. The Tax

¹⁸ This is the result of an increase of expenditure on health allowance and a decrease of the expenditure on child care allowance. In 2013 the expenditure on rent allowance also increased, in total 2.4 billion was spent.

¹⁹ Carried out in Utrecht, Eindhoven, Enschede, The Hague and Amsterdam.

Authorities provide tools to calculate the eligibility and level of the allowances.²⁰ Municipalities also use teams (often occupied on a voluntary basis) to help people fill in application forms for municipal services and housing and care. They also work together with local private and non-governmental organisations that can identify potential applicants.

1.4 Impact

The MI scheme (social assistance) is designed as the Dutch safety net. The system contains incentives (for municipalities and clients) to increase the outflow of social benefits. The focus of the activation support and additional measures such as tax credits and child care allowances is to guide clients back to work and make work more profitable for social assistance recipients. The MI scheme, therefore, is not designed to permanently lift citizens out of poverty. As a result, there are no studies available on the impact or the effectiveness of social assistance in reducing the level and depth of poverty. Long-term dependency on social assistance could be perceived as an indicator for the effectiveness of the income support. However, the outflow (to work) is more a reflection of the economic climate, the labour market absorption capacity and the effectiveness of the activation aspect of the scheme than of the income support itself.

In GDP percentage terms, Dutch expenditure on social protection (including social insurance) is relatively high. The Dutch tax system is complex and includes a large number of different allowances and income taxes to support low incomes (with or without work).²¹ Comparison of the at-risk-of-poverty rate of the population before and after social transfers shows that social transfers reduce (growing) differences in income and the risk of poverty (Caminada, 2010; 2013; Eurostat). However, these outcomes reflect more the number of households dependent on income support rather than the impact of income support in general and social assistance benefits (including additional benefits). A recent study of the Scientific Council for Government Policy (*Wetenschappelijke Raad voor het Regeringsbeleid, WRR*) focusing on income inequality highlights that redistribution has a stronger positive effect on pensioners (the flat-rate pension (*Algemene Ouderdomswet, AOW*)) than on people of working age. The WRR therefore (also) promote the introduction of pre-distribution measures into the Dutch social security system (*WRR, 2014*).

Compared to other European countries in 2013, the poverty level was still relatively low (10.4% according to the 60% of median income threshold (Eurostat)). As has been mentioned, the reference budget thresholds used in the Netherlands are set above the social minimum, which reflects that recipients of social assistance have an increased risk of poverty (the only exception are single parents with one child for the 'basic needs' criterion). The same goes for the low-income threshold (for more information on the thresholds see Annex).²²

The effects of the crisis become apparent in the growing volume of social assistance recipients and their increased risk of poverty. Compared to 2010, in 2013 the increase was 13.3 percentage points. In 2013, three-quarters of households on social assistance were considered poor according to the low-income threshold. Households where social assistance benefit was the main source of income were most at risk of long-term low income in 2013, at almost 41%.

Due to the take-up of, for instance, rent allowances, social assistance beneficiaries have an income above the social minimum (using the 'modest but adequate' variant). This is not the case for the low-income threshold. As a result, according to the budget-related thresholds, social assistance recipients are less often considered poor than if the low-income threshold is applied. In this light, the additional (means-tested) allowances can thus be perceived as reducing the impact of poverty. These allowances

²⁰ <http://www.belastingdienst.nl/rekenhulpen/toeslagen/>

²¹ Low-income households profit most from tax relief and specifically from transferable tax credits.

²² In the period 2006-2012 single parents with one child had an income above the low-income threshold.

and other municipal regulations are also used to explain the relatively low level of materially deprived persons in the Netherlands.

2 Links to other two pillars of active inclusion

2.1 Inclusive labour markets

MI recipients and ALMP-support

The budgets available to municipalities for Active Labour Market Policies (ALMP) have decreased by two thirds since 2009. In 2009, the national budget for municipalities was 1.8 million, in 2012 it was 1.0 million and in 2015 it was EUR 0.6 million (*Divosa*, 2015). Municipalities have mostly cut back on the expensive re-integration programmes, such as subsidised employment and wage subsidies. Moreover, (far) fewer (social) activation means are being deployed for people with a large distance from the labour market who live isolated lives and have few social contacts. Municipalities tend to focus on new clients and clients that are less distant from the labour market (*Divosa*, 2013; Blommesteijn (2012)).

The deployment of reintegration programmes is being monitored. However, the available data do not include all reintegration efforts, such as for example the activities (contents of activities/target groups/number of hours/contact moments) of case managers. These activities and the results thereof are not structurally monitored. The conditionality rules for recipients of MI benefits are described in part 1, section 2.3.

In 2013, there were 377,970 people on social security benefits of whom 33%²³, 124,350 people, were participating in a re-integration programme.²⁴

In 2014, nearly 100,000 new re-integration programmes were entered into by people on social security benefits. More than a quarter of these people had been on benefits for less than six months, 15% between six and eleven months and 55% more than eleven months before they entered into a programme. Slightly more than half of the participants are male (52%) and slightly less than half of them are female (48%). 43% of the participants in these programmes are native Dutch, 10% are Western immigrants and 47% are non-Western immigrants (CBS 2015a). 2013 shows a similar picture (CBS 2015b). No figures are available for single parents and other household types.

There is as yet no data available on the use of reintegration instruments after 1 January 2015.

Evidence on the effectiveness of ALMP support

Outflow after participating in reintegration programmes (CBS 2015a and 2015b)

Of the nearly 115,000 people on welfare whose reintegration programme ended in 2014, 31% (in 2013 this was 26%) immediately found work (resulting in an entire outflow from the benefit scheme of two thirds of this group of 31%).

There are clear differences between the outflow rates of reintegration programmes for different groups of recipients of social assistance (2013 showed a similar distribution):

- The outflow rate for men (33%) is slightly higher than for women (29%).
- The outflow rate for non-Western immigrants (25%) is lower than for Western immigrants (32%) and the native population (37%).

²³ By comparison, in 2005 almost half of the social assistance population (146,000) was participating in a reintegration programme.

²⁴ Source: www.kernkaart.nl

- The outflow rate for people who have been on benefits longer than eleven months (21%) is lower than for people who have been on benefits between six and eleven months (34%) and people who have been on benefits for less than six months (39%).

CBS also examined the outflow after two years of people on welfare who had participated in a reintegration programme. Almost half (48%) of the more than 50,000 people on welfare who had entered into a reintegration programme in 2009, had a job two years after participating in this programme (CBS, 2012).

Net effectiveness reintegration

In 2014, the first two reports on experimental research into the net effectiveness of specific reintegration instruments (randomised controlled trials) appeared in the Netherlands (Koning, 2014; Bolhaar, 2014).

These yielded the following insights:

- A job search period before entry into the benefit system, combined with some form of Workfare (called Work First in the Netherlands) after entry into the benefit, provided a preventive effect of 6.2%.²⁵ The effect on outflow from the benefit within one year was 7.1% and the effect on outflow to work within a year was nearly 6% (Koning, 2014).
- The sole introduction of a job search period before entry into the benefit system provided a preventive effect of 3.9%, a net effect of 3.9% on the outflow from the benefit within one year and of 4.9% on outflow to work within a year. However, these effects were not significant (Koning, 2014). In another study, the introduction of a job search period provided a net effect of twelve percentage points after six months (Bolhaar, 2014).
- For the instruments 'direct job mediation', 'trial work placement' and 'wage cost subsidy' a net positive effect was found 30 weeks after entry into the benefit system. For another reintegration instrument a negative net effect was observed. However, these effects were not significant (Bolhaar, 2014).
- Three diagnostic tools and a tool for people with a large distance from the labour market where outflow to work was not the immediate goal, showed as yet no net effect (Koning, 2014).

Conclusions

The available reintegration budgets have decreased substantially. However, despite the halving in 2012, no less than a third of the benefit recipients participated in a reintegration programme in 2013. There are large differences in the outflow to work after completing the reintegration programme. The outflow to work is especially lower among long-term welfare recipients and immigrants. As yet, not much is known about the net effectiveness of reintegration. The first experimental studies show small net effects. The largest net effects are visible with regard to programmes that are deployed at the start of the process. There is no data available on the results of the reintegration efforts of case managers.

Long-term dependency

In 2014, nearly 320,000 people had been receiving social assistance benefits for at least a year. This is over 60,000 more than in 2008. Long-term unemployed people are often aged between 45 and 65. Non-Western ethnic minorities are also over-represented (CBS).

More than 190,000 households had had a low income (independent of their source of income) for at least four years in 2013, which is 23,000 more than in 2012. This represents the largest increase in the share of households at long-term risk of poverty

²⁵ Whether or not people who did not enter into the benefit system had alternative means of income has not been investigated.

since the economic crisis, up from 2.6% in 2012 to 3.0% in 2013. More than half of these households receive social assistance benefits. Despite this increase, the percentage of Dutch households at long-term risk of poverty is still much lower than in the early years of this century, when it reached well above 4% (SCP 2014). Households where social assistance benefit was the main source of income were most at risk of long-term low income in 2013, at almost 41%, followed by those on disability benefits (11%). Both percentages were higher than in 2012 (SCP 2014).

Obstacles to taking up work

In general, there are several aspects of the MI-scheme that (may) form an obstacle to recipients taking up work. Potential obstacles are:

- Complexity of the system and the use of different standards: no clear overview of changes in net income, assistance and allowances; a complicating factor is that the level of benefits is net, while tax credits and income are gross; also the first paycheck is received at a later date than the date when the level of benefit is determined; administration offices have to work with provisional data, with the consequence that people do not have any income for a period of time and/or may receive too much benefit/allowance which will have to be paid back; when the income varies each month and consequently is not higher than the social minimum these complicating factors continue and consequently form an obstacle to taking up work;
- Benefits can only be frozen for a limited period of time after which a person (and the municipal administration office) has to go through the whole application process again, which is an obstacle to taking on temporary work;
- In the past decade, the poverty trap diminished by introducing new fiscal measures and the phasing-out of transferable tax credits for second income earners. Whether it is financially profitable to work (and to what extent) depends on the personal situation (including municipal provisions). Even so, there are still misconceptions regarding the poverty trap. It is assumed that working is not financially profitable because one will lose the right to allowances. This is not entirely true and strongly depends on the level of income (phasing-out of the level of allowances is applied).²⁶ The poverty trap can be an obstacle, but in practice people also accept work even if it is not financially profitable to do so;
- When persons cannot organise the care for their children informally, the costs of formal child care can form an obstacle to accepting work. Whether this is the case depends on the personal situation (age and number of children, level of income/number of working days). For single parents it may be more rewarding to work while receiving benefits.

Some of these aspects (related to administrative burden) may also be an obstacle for municipalities to actively promote or stimulate the take-up of temporary work and part-time work (especially when income levels vary per month). Several Dutch municipalities have announced plans to experiment with a basic income (for social assistance recipients only). This seems to stem from frustration with the excess of rules and sanctions applying to this group. The idea is that the purpose of the law (including outflow to work) is better and more quickly achieved if people are less burdened by unnecessary rules (ESPN Flash report, 2015).

Clients themselves believe that positive incentives such as a bonus are more effective in searching for or accepting work than negative incentives such as sanctions (*Inspectie SWZ/IWI*, 2010). It is noteworthy to mention that in this study professionals do not expect a great effect from positive incentives.

²⁶ Most allowances are related to the standard benefit level. In general, this makes it more profitable for single (parents) to work than for couples (if only one of them takes up work). After all, working full/time on a minimum wage is 30% more than the benefit level of single (parents). Tax credits limit the amount of tax that has to be paid.

2.2 Access to quality services

Besides implementing the Participation Act, municipalities are also responsible for policies concerning combating poverty and debt assistance for which they receive a budget. Municipalities are also responsible for other forms of social support such as most non-residential (extramural) long-term care under the Social Support Act (*Wet maatschappelijke ondersteuning, Wmo*) and youth care for which municipalities receive a state grant. The recent reforms concerning social assistance, long-term care and youth care, implemented in 2015, challenge municipalities to transform their policies and provide integrated services to their citizens.

Many municipalities choose a form of social neighbourhood teams (SNTs, *Sociale wijkteams*), in which several support disciplines are combined (e.g. social, youth and community work, municipal social support counselling²⁷, district or neighbourhood nurse, counsellor for elderly persons, the reintegration of recipients of social benefits very distant from the labour market, debt-assistance etc.). These teams are intended to reach out into the neighbourhood, identify problems at an early stage and refer citizens to appropriate forms of support and care. Not all municipalities opt for SNTs; several municipalities choose to create a network of relevant care and support providers around the already existing municipal access to care and support. The district nurse is not only expected to deliver personal care in the neighbourhood, but also to act as a kind of coordinator, alerting other health care providers.

In April 2015, the commission that oversees the decentralisation of tasks in the social domain to municipalities (*Transitiecommissie Sociaal Domein, TSD*) mentioned there had been markedly few incidents concerning the continuity of care (*TSD*, 17 April 2015). This is also the conclusion of the Dutch Ombudsman for Children (*Kinderombudsman*). However, the latter also expresses concern about the accessibility of youth care for new cases.

The reforms do have an impact on the access to and quality of services and the financial contributions that have to be made. Differences between municipalities should be monitored, but are inherent to the choices that have been made. Special attention should be given to the (financial) effects of the accumulation of municipal contributions for chronically ill persons.

The negative effect of the crisis in terms of social inclusion also becomes apparent in the growing number of households in need of debt assistance, and the growing take-up of provisions such as the food bank. More than half of the households on social assistance experience difficulties in making ends meet (*CBS, EUSILC/SSB*) and 20% of the households say that they had to enter into debt because they have insufficient means (*CBS, CCO/SSB*). For instance, low-income households spent 37% of their disposable budget on housing, water and energy in 2012. 12% reported being in arrears with their rent or mortgage. This compares with 4% for households with an income above the low-income threshold (*SCP, 2014*). Households on social assistance are also over-represented in municipal and national debt assistance programmes. In general, households wait for over two years before they seek help for financial problems.

²⁷ Support given under the Social Support Act (*Wet maatschappelijke ondersteuning, Wmo*).

3 Summary table

Please note this assessment has been done on the basis of a Minimum Income Scheme for the working age that includes social assistance, additional allowances and municipal regulations to combat poverty.

Note that "Evolution over time" column a P stands for (Positive evolution), SQ (Status Quo), N (Negative evolution).

Assessment of MI scheme(s)				
	Assessment			Evolution over time
Adequacy How adequate is the level of MI benefits?	Adequate	Somewhat inadequate	Very inadequate	
	x			SQ
Coverage How extensive is the coverage of people in need?	Fairly comprehensive	Partial	Very limited	
	x			SQ
Take-up How complete is the take-up of MI benefits by those entitled to them?	Fairly complete	Partial	Quite limited	
	X (social assistance)	X (additional social benefits)		SQ
Impact on Poverty Reduction (1) What is the impact of MI provision in reducing the at-risk-of-poverty rate?	Strong impact	Partial impact	Very limited impact	
	(x) strong impact of social transfers			SQ
Impact on Poverty Reduction (2) What is the impact of MI provision in reducing the at-risk-of-poverty depth?	Strong impact	Partial impact	Very limited impact	
		x		SQ
Link to Active Labour Market Policy (ALMP) In practice, how effective are the links between MI scheme(s) and ALMP measures?	Very effective links	Mediumly effective	Very ineffective	
		x		SQ
Link to Adequate Services In practice, how effective are the links between MI scheme(s) and access to adequate services?	Very effective links	Mediumly effective	Very ineffective	
		x		SQ

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- http://wetten.overheid.nl/BWBR0015703/Hoofdstuk1/11/Artikel2/geldigheidsdatum_04-01-2015 (Participation Act)
- <https://www.rijksoverheid.nl/actueel/nieuws/2015/06/19/verdeelmodel-brengt-verwachte-bijstandsuitgaven-gemeenten-beter-in-beeld> (allocation model Participation Act, improvements 2016)
- https://www.werk.nl/werk_nl/werknemer/uitkering-aanvragen/bijstandsuitkering
(application for social assistance benefits)
- <https://www.rijksoverheid.nl/documenten/publicaties/2015/03/06/kennisdocument>
(Information on Jobs Agreement and Handicapped Workers Quota Act)
- <http://www.inspectieszw.nl/english/index.aspx> (The Social Affairs and Employment Inspectorate)
- <http://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/prive/toeslagen/> (information allowances, Tax Authorities)
- <http://www.samenvoordeklant.nl/>
- www.gemeenteloket.szw.nl
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- <http://www.cbs.nl/NR/rdonlyres/F16D8015-786C-44DA-A8DF-78CE958A3516/0/4138maatwerknieuw.xls> (take up rent, health, child care allowances and child-related budget and by income)
- <http://www.belastingdienst.nl/rekenhulpen/toeslagen/> (tool to calculate allowances, Tax Authorities)
- <http://ec.europa.eu/social/keyDocuments.jsp?advSearchKey=ESPNFlash&mode=advancedSubmit&langId=en&policyArea=&type=0&country=28&year=2015> (ESPN Flash report, experiments basic income Netherlands)
- <http://www.kernkaart.nl>
- <http://www.divosa.nl/actueel/nieuws/meer-maatwerk-in-bijstand-kan-problemen-voorkomen>

Country reports

European Minimum Income Network (EMIN) 2014 Country Reports

<http://ec.europa.eu/social/BlobServlet?docId=12976&langId=en> (Asip Country document update 2014, Netherlands)

<http://ec.europa.eu/social/main.jsp?catId=1025&langId=en&newsId=1416&furtherNews=yes> (Network of independent experts on social inclusion, Minimum Income Scheme 2009, the Netherlands)

<https://www.iser.essex.ac.uk/euromod/using-euromod/country-reports> (EUROMOD Country report, the Netherlands)

<http://www.equalsoc.org/165> (MIPI, Project on Minimum Income Protection Indicators, Netherlands)

http://ec.europa.eu/eurostat/statistics-explained/index.php/People_at_risk_of_poverty_or_social_exclusion#Income_poverty:_16.7.C2.A0.25_of_the_population_in_the_EU-28_at_risk_of_income_poverty (At-risk of poverty before and after social transfers).

Annex

Social minimum and poverty indicators

The standard that is used to calculate the benefit levels is the social minimum in the Netherlands, i.e. the minimum amount necessary to make ends meet. CBS have studied how much income households actually need to meet all monthly expenses (*SCP & CBS, 2014*). When the costs of social participation are taken into consideration as well, the minimum monthly amount needed is higher than the benefit/social minimum. However, because many of these households can make use of additional allowances (e.g. rent allowance) they have enough income in the end to make ends meet.

In the Netherlands three different indicators are used to determine the number of households in poverty: the low-income threshold, the 'basic needs' 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 flat-rate pension are part of the low-income group. People in this group have 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 of 1979, when purchasing power was at its height for people on social assistance. For later years, the threshold is indexed in line with price-inflation.

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). The income level of the 'modest, but adequate' variant is approximately 13% higher than the 'basic needs' criterion.

The method of indexation of budget-related thresholds 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.

Participation budget

In the Participation Act, the budgets for reintegration and sheltered employment (WSW) have been merged. This enables municipalities to weigh the pros and cons of investing more in reintegration programmes at the expense of sheltered work.

ALMP: individual support

Municipalities can either take care of the reintegration of their target groups themselves or contract private reintegration services. Municipalities do increasingly invest in professionalising their organisations and upgrading the skills of their case workers so as to be more efficient and effective. The Ministry of Social Affairs and Employment (SZW) facilitates and cooperates with municipalities through subsidies and programmes such as *Effectiviteit & Vakmanschap* and *Impuls vakmanschap*. Other organisations involved in these programmes are the Dutch national association of managers of municipal services in the fields of work, participation, income, social welfare and social inclusion (*Divosa*) and The Association of Netherlands Municipalities (*Vereniging van Nederlandse Gemeenten, VNG*).

Municipal activation support is available to people on social assistance benefit and to people who are not entitled to any benefits. Due to the scope for policymaking, municipalities have few obstacles in the way of providing a tailor-made approach.

Municipalities have tailor-made programmes for different groups of unemployed. Examples include: diagnosis of the client's possibilities, job application training, wage-cost subsidy, combinations of learning and working programmes, Work First schemes (work while retaining benefits or receiving a salary) or social activation programmes, including voluntary work. Moreover, there are several national reintegration tools available which municipalities can deploy: wage cost subsidy for people with occupational disabilities, sheltered employment, no-risk policy and employee provisions.

There are no specific programmes for the long-term unemployed. Municipalities determine the kind of support that is needed, taking into account personal circumstances and whether someone is easy to place or is further removed from the labour market. This might include the duration of unemployment, but also factors such as age, (lack of) skills, occupational handicap, perceived health problems, multi-problem household situation, etc.

Also, case workers are instructed on how to use screening and diagnostic instruments that enable them to make well-informed decisions on behalf of individual clients. A recent survey has indicated that support tailored to individual needs has a positive effect on the client's confidence in finding a job, and that clients are less tempted to break the rules.²⁸

²⁸ <http://www.divosa.nl/actueel/nieuws/meer-maatwerk-in-bijstand-kan-problemen-voorkomen>

