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**Decentralisation and marketisation of the
Dutch employment effort. The case of social
assistance**

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Nyborg, February 2010



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Structure of presentation

- The Dutch context
- The marketisation of the provision of activation services
- Decentralisation and deregulation in social assistance
- Frontline work (case management) in local welfare agencies
- Conclusions: what lessons can be learned from the Dutch experiences?



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The Dutch context: income protection and activation

- Two-tiered income protection system for the unemployed: social assistance and unemployment benefits
- Local welfare agencies responsible for administration SA plus activation SA recipients; public Benefit Agency (BA) responsible for insured
- With marketisation, local welfare agencies and BA were obliged to purchase activation services on a market of private providers of activation services
- Basic employment services: provided by local job centres (now merged with BA)



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The Dutch context: social assistance

- Dutch social assistance is nationally funded
- Municipalities in favour of decentralised/deregulated activation rather than national uniform programmes
- Frontline work in local welfare agencies: strong emphasis on administrative tasks, social work function weakly developed. Most frontline workers have no professional background in social work or activation.



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The Dutch context: some figures

- Unemployment rate (november 2009): 3,9% (DK: 7,2%);
- Number of inhabitants: 16.5 mio; number of households dependent on social assistance: 300,000 (of them, about 25% single parents)
- Number of municipalities: 431 (2010), compared to 672 in 1990. Number of local welfare agencies: 350;
- Percentage of GDP spent on active measures (2007): 1,1% (DK: 1,16%).



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The market of activation services

- Objectives of marketisation: more unemployed involved in activation; more quality and effectiveness, especially for hard to employ
- Outsourcing activation obligatory for local welfare agencies
- Little national regulation of the market ('self-regulation'); large number of companies entered the market as providers



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Local welfare agencies and the market

- Advantages for local welfare agencies: no change of 'core business' and of staff qualifications; private providers decided about content of activation in individual cases, welfare agencies hardly interfered;
- Disadvantages: little expertise in activation makes it hard to buy effective services; price rather than quality competition; little service innovation; little control over activation



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Disappointing results of the market

- Increased numbers of social assistance recipients involved in activation, but only minority found a job (part of whom would have found a job anyway); creaming and 'cherry picking' processes were still widespread
- Market failure not only a problem caused by providers, but also by purchasers: lack of professionalism, price competition, exporting decisions concerning individual activation



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Local welfare agencies and the organisation of activation

- Mixed service provision as result of market failure *and* abolishment of obligatory outsourcing: private and public providers, in-house provision;
- More providers, more modular rather than full services;
- More monitoring of clients serviced externally
- Objectives: less dependency on external providers, more control over external providers, improving effectiveness, more individualisation



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Decentralisation and deregulation

- New Social Assistance Act of 2004 introduced decentralisation and deregulation in activation
- Local welfare agencies now have much freedom in deciding about the *content* of activation: no national programmes exist (exception: young people <27)
- The abolishment of obligatory outsourcing in 2005 also gave local welfare agencies much freedom in deciding about the *organisation* of the provision of activation



Utrecht University **BUT: new regime for financing social assistance**

- Yearly local budget for funding social assistance expenses: in case of shortages, local financial resources have to be used; in case of surplus, municipalities can spend this freely
- -> Incentive for municipalities to reduce numbers of SA recipients: gate keeping, deterrence, activation
- -> Budget system functions as implicit centralisation process: focus on quick reintegration and the easy to reintegrate; less focus on education



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Changing roles of frontline work in local welfare agencies

- From emphasis on SA administration to focus on activation
- -> Professionalisation of frontline work: increased autonomy of frontline workers, less hierarchical control, quality promotion, coaching
- -> More performance management
- Local welfare agencies developing from bureaucracies towards service and client oriented organisations



Utrecht University Conclusions and lessons from the Dutch reforms (1)

- Expecting that a market for activation services will solve all problems regarding effectiveness and efficiency is naïve
- Decentralisation/deregulation may be a condition for tailor made active labour market programmes, but does not guarantee that local needs of clients and employed are leading in local policies and local policy choices



Utrecht University Conclusions and lessons from the Dutch reforms (2)

- Hardest to employ clients did not benefit from reforms. Strong incentives to prioritise easiest to reintegrate, weak incentives to invest in most vulnerable clients
- Role of frontline workers in making activation more successful is pivotal, especially in context of tailor-made and individualised activation/employment services



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Thank you for your attention



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