

Analysis of the reintegration market 2008/2009

Survey of developments in the reintegration market in the Netherlands

Council for Work and Income
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The Council for Work and Income is the consultation agency of employers, employees and municipalities in the Netherlands. Its primary role is to submit proposals to the government and other parties concerning work and income in a broad sense. The aim of these proposals is to stimulate the proper functioning of the labour market. Other core functions of the Council for Work and Income are to increase the transparency and improve the quality of the reintegration market.

Introduction

Benefit claimants and unemployed persons who do not possess the resources to find work for themselves can count on help in finding regular work. These groups include people who receive unemployment benefit, national assistance and disability benefit, but also people who do not claim benefits but whose chances of finding work are remote (also known in the Netherlands as ‘nuggers’). The Work and Income (Implementation Structure) Act (SUWI Act) (2002) provided that reintegration services would in principle be provided by private companies. In the meantime, there has been a transformation from a reintegration market with a clear distinction between public purchasers of reintegration services and private suppliers of those services to a hybrid system, in which the distinction between direction and execution has disappeared. At the same time, considerable efforts have been made in recent years to tailor reintegration programmes more closely to the demands of the labour market. Generally speaking, this trend has led to more customisation of services and greater attention to the quality of the services provided. But the hybrid structure has also blurred the picture as regards the effectiveness and efficiency of the reintegration market and the input of different parties to the system. Measures are needed to ensure that parties continue to learn from each other and strive to make reintegration as effective and efficient as possible. Furthermore, there are groups for whom reintegration is entirely in private hands. If an employee has been sick for a long time, the employer and employee are jointly responsible for the employee’s reintegration and are free to choose their own methods of reintegration and to hire professionals to help them (such as an occupational health and safety service and/or reintegration company).

This analysis outlines recent developments in the integration market. It considers not only the interplay between the public purchasers, the UWV and municipalities¹, on the one hand, and private suppliers on the other; it also discusses the use of reintegration services by private purchasers. In that context, particular attention will be devoted to the reintegration of employees on long-term sick leave. In sketching the developments

¹ Municipalities implement the Work and Social Assistance Act (WWB), which provides a safety net for the unemployed. The UWV implements the unemployment benefit and disability benefit schemes for employees.

in the integration market, an effort will be made to highlight their effectiveness and efficiency. The report also suggests possible improvements and makes policy recommendations based on the themes that the Council for Work and Income (RWI) has concentrated on in the last two years, since the publication of 'Route naar resultaat', its analysis of the reintegration market in 2006.

Context

Link to policy review

At the beginning of 2008, the Ministry of Social Affairs and Employment conducted a review of reintegration policy. That study was mainly concerned with generating information about the effectiveness and efficiency of reintegration instruments. In this analysis, we also use data from that policy review or refer to the original sources. However, the emphases in this analysis are different. In the first place, our analysis is not confined to the reintegration activities financed from public funds, since reintegration is increasingly the responsibility of employers and employees.

For example, the raising of the thresholds for access to disability and unemployment benefit schemes mean that reintegration activities that were still in the public domain a few years ago now fall outside it. Secondly, this analysis is not an evaluation of policy. We concentrate more on the extent to which assistance in reintegration helps people to find a job or return to work in practice. An understanding of how reintegration agencies work, the choices that purchasers make in deciding whether to provide reintegration programmes themselves or outsource them and developments affecting suppliers yields information about the effectiveness and efficiency of reintegration. It was also not the RWI's intention to conduct an evaluation in the classical sense of concentrating on what has happened in the past. Above all, the RWI wants to look ahead and make suggestions for improving reintegration activities in the short and medium term.

Insufficient quantitative data about effectiveness and efficiency

There is only limited insight into the effectiveness and efficiency of support for reintegration. There is a serious shortage of information in this area, and it is not easy to draw any definite conclusions from the statistics that are available. Consequently, it is not always possible to clearly interpret the developments described in this analysis. It is questionable whether some of the changes that have been initiated with regard to establishing performance indicators are not more likely to increase the information gap rather than reduce it. This applies in particular to changes in the way gross effectiveness is measured. Until recently, the use of reintegration programmes that were purchased in the market was measured. Since 2007, the measurements have encompassed the reintegration programmes provided by municipalities and the UWV themselves as well as the programmes they have purchased externally. While this change may perhaps reflect a trend among purchasers to provide reintegration programmes themselves, it makes the figures more difficult to interpret.

Role of public purchasers is changing

Market is constantly changing

Municipalities and the UWV are the major public purchasers. From 2002 they were in principle required to outsource reintegration programmes to private reintegration companies. In the meantime, the situation has gradually arisen where municipalities and the UWV opt for various forms of implementation: they can provide some or all of the reintegration services themselves, they can outsource them or they can form partnerships with other actors in the chain. For municipalities, the obligation to outsource reintegration activities disappeared in 2006. The RWI's Omnibus survey of municipalities in September 2008 showed that, on average, they manage around 28% of the programmes themselves, outsource 22% to external parties and outsource 50% to organisations affiliated to the municipality. The UWV now also no longer assigns all its clients to reintegration companies. Some of its clients are offered intensive counselling by the UWV's own reintegration coaches. The increasingly active involvement of purchasers in providing reintegration services can be seen not only in their own reintegration programmes. Even when they purchase reintegration services in the market, municipalities and the UWV maintain tighter control of the reintegration process and closely monitor it. Another trend that has emerged in relation to the purchase of services in the private integration market is that municipalities and the UWV increasingly buy specific products (modular purchasing). Consequently, performance-related remuneration is declining (in both the municipal and UWV markets)².

Demand on the labour market as the guiding principle

Public purchasers increasingly take account of demand on the labour market. They have devoted a lot of time recently to expanding their contacts with employers, securing the involvement of employers, removing obstacles to training, etc. An important development is the creation of the Work and Income Locations, which will act as service centres for job seekers and employers from 1 January 2009. They will increase the possibilities for making reintegration even more demand-driven.

New benchmarks needed for measuring effectiveness and efficiency of reintegration market with hybrid structure

The methods used for reintegration, whether they are used by private or public providers, is less important than the results of the efforts. The decision on whether or not to outsource activities should be dictated by which is the most effective and efficient method of performing them. For example, activities that require substantial investment and are only used to a limited extent by the purchaser or for which demand fluctuates heavily should probably be outsourced. If, however, the purchaser possesses the necessary expertise then it seems more logical for it to provide the services itself. The question is whether purchasers necessarily make the best choice (in terms of efficiency and effectiveness). The transition to a hybrid implementation structure means that the existing benchmarks in the SUWI Act (2002) aimed at increasing effectiveness and efficiency within the discipline of the market need to be reviewed.

² : Koning, J. de, et. al. (2008) Re-integratie door gemeenten: zelf doen, uitbesteden of samenwerken? The Hague: RWI. p. 91. See also the UWV's new procurement framework 2008.

The existing benchmarks are assessed below in light of current developments:

- Free access and fair competition: the number of suppliers in the integration market has grown enormously in recent years. There are currently around 2,000 companies operating in the market. There are few if any barriers to entry for new suppliers wishing to enter the market. The UWV recently erected some obstacles, particularly for very small suppliers, although it seems unlikely that they will genuinely prevent free entry to the market. As far as competition is concerned, it is questionable whether private providers of reintegration services are given a fair chance by purchasers that want to supply services themselves³.
- Quality through self-regulation (self-promotion in the market by suppliers that perform well): purchasers have partially abandoned self-regulation. Disappointment with the quality has led them to do more themselves, exercise tighter direction, etc. This could in fact be called a form of self-regulation, in which case self-regulation is not confined to the supply-side of the market.
- Focusing on target groups with prices and contracts: the practice of placing 'lots' in the market via framework contracts as occurred in the early years after the introduction of SUWI has almost disappeared. These lots mainly involved specific target groups. Purchasers found it difficult to secure the right expertise with this method (for example, because it often took a long time for the results to become evident). The focus now is more on the delivery of tailored solutions. In this way, the purchaser retains control in individual situations and in the majority of cases there is intensive contact with the client (even when services have been outsourced). There is less performance-related remuneration with this method.
- Public tendering procedures: the procedures have been greatly simplified. The UWV has switched to concluding accreditation agreements. A common feature of tendering procedures and accreditation agreements is that no results are guaranteed. This seems to apply particularly with regard to accreditation agreements (if a lot of agreements are concluded). However, both procedures are public and therefore in principle open to everyone. The actual choices should be based mainly on insight into the quality of service and the anticipated results. Since tailored reintegration plans are becoming more common, this has mainly become part of the discretionary scope of the work coach. That is the new term to be used from 2009 for the UWV's reintegration coaches and municipal client managers.
- Contracts in which service providers are judged on results: both the UWV and municipalities judge on results less frequently. There is a tendency to include fewer performance-enhancing elements in contracts. This is connected with the nature of the products they purchase, the success of which is more difficult to determine. Municipalities and the UWV feel that they can exert more influence over the results by strengthening their role as director.
- Transparency: it was already difficult to determine how well suppliers performed (for example, because results could only be determined with hindsight); the new approach by purchasers will not make this any easier. As the hybrid structure become more widespread, with purchasers and private service providers both responsible for the choices made concerning the actual services to be provided in

³ The Operation of Market Forces policy study published by the Ministry of Economic Affairs said that public purchasers will have to learn a new role: either that of market superintendent or that of a tendering party (p. 69). The situation where the public purchaser is also supplier has still not been properly explored. The study did say that the private integration market is not the only way of achieving the objectives.

individual cases, the transparency⁴ of the integration market will probably decline. This is because it is difficult to show the results of specific products on the one hand, and because the results of reintegration activities carried out by the purchasers are not reported separately on the other. The Blik op Werk foundation uses performance indicators in awarding its quality mark to some reintegration service providers. The certification process includes a measurement of the level of satisfaction of clients and purchasers, an evaluation of whether the supplier achieves the agreed results and whether the agreed deadlines are met. Around 175 companies had secured the quality mark by the end of 2008.

- Accounting by purchasers of the spending of public funds: greater attention should be paid to the funds spent by the municipality or the UWV themselves. These funds represent a substantial portion of the total reintegration budget. The operating costs of the work coaches that provide reintegration support should be included in the financial reporting. This is relevant for municipalities and for the UWV (each within its own accounting regime).

⁴ The clear presentation of findings regarding the performance of service providers.

Role of private purchasers in the reintegration of employees on long-term sick leave

As in the public segment, the reintegration of sick employees also involves a mix of service provision by the purchasers themselves and outsourcing. Employers rely heavily on their occupational health and safety services (*arbodienst*) in the reintegration process. These agencies provide employers with the expertise on legislation and a person's capacity for work that they often do not possess themselves. They are called on to advise on absenteeism and reintegration. In many reintegration processes, no commercial service providers are used apart from the regular counselling by the occupational health and safety doctor. One in three employers hires a reintegration company for primary reintegration services. Two in three do so for secondary reintegration activities, but they are far less common. Outplacement firms and employment agencies are also hired to a lesser extent. Occupational health and safety services often provide advice on the hiring of external expertise.

To the extent that services are purchased, there are a number of obvious imperfections in the market. These are mainly due to the fact that the average employer has less time and fewer resources to develop the professional skills for purchasing reintegration services (which are far more prevalent in the public segment). For them, the market is far from transparent, especially in terms of the supply and the quality of service. Employers also have difficulty in formulating precisely what they need to buy and, in the view of the service providers, often leave it too late before hiring a reintegration company. Given the irregularity of the demand and the often specific nature of a case, the reintegration companies generally also operate on the basis of individual assignments rather than permanent contracts.

Nevertheless, the available information shows that some progress has been made in recent years. For almost all employees on long-term sick leave, something or other is done to facilitate their reintegration or resumption of work. The efforts also seem to be successful in the majority of cases. Nevertheless, for some groups the reintegration process is less successful, particularly in more complex cases where the employee cannot return to his own job or where the prospect of recovery is uncertain. People with serious health problems, the unskilled and the elderly require special attention. For these groups, it is more difficult to successfully complete a reintegration programme. The groups depending on the social safety net, particularly the unemployed and flex workers, are another vulnerable group on the labour market. On average, they face a higher risk of health problems and long-term unemployment.

There are a number of obvious problems in the process relating to these types of complex cases:

- The employee is often unable to manage his own reintegration, even though this is an important condition for success.
- The employer-employee relationship is frequently problematic. Employers sometimes say that there was already a conflict or a problem with the employee's job performance even before he took sick leave, while sometimes the problems arose during the reintegration process.
- The use of professionals is not properly coordinated or effective enough. For example, employers often wait too long before requesting specific expertise and the

employer and employee expect external service providers to solve the problems for them. There is often a lack of good interaction between everyone concerned.

- Especially in more complex cases, the employer and employee lack the necessary knowledge and skills. This is a particular problem in smaller companies that do not have a specialist P&O department. But the situation can also arise even in large companies where long-term absenteeism is often still only incidental.
- 'Social safety netters' have a far weaker bond, if any, with an employer. Furthermore, they constitute a vulnerable group in the labour market. This probably explains to a large extent why a relatively large proportion of the safety net population claim WIA benefit after two years of sick leave than regular employees who have been sick. The UWV plays the role of occupational health and safety service and reintegration service for the safety net population.

Developments on the supply side: growing competition and threat of contraction

Smaller playing field and more intense competition

On balance, the playing field for suppliers seems to be shrinking. The contraction of the private reintegration market is not only due to the growing trend among purchasers to provide services themselves as outlined above. Since 2004 there has been a sharp decline in the number of people claiming unemployment and disability benefits. Consequently, the number of reintegration programmes that have started has also fallen steeply over time.

The number of programmes is also expected to decline even further because of a more selective use of reintegration following the government's decision at the beginning of 2008 to scrap the comprehensive approach, in which everyone had to be offered a reintegration programme within a year⁵. More players in a smaller field will create a cut-throat market with tougher competition. The vast majority of suppliers feel that competition in the market has already intensified. Tougher competition can lead to price competition, which can have adverse effects on the quality of service and must not be allowed to gain the upper hand. The suppliers have adopted two strategies for responding to the tougher competition:

- Expanding their services to cover more purchasers, market segments and target groups. This strategy is followed mainly by larger organisations (and slightly more often by suppliers to municipalities than the others).
- More cooperation with other actors: with other suppliers (a strategy that is followed mainly by the smallest organisations) and with purchasers.

Another, more general trend is for suppliers to specialise more in terms of the services they provide, their target groups and purchasers.

Large number of new suppliers

The dominant feature of the supply side of the market is the enormous number of new, generally small, suppliers that have entered the market in the last few years. The number of suppliers has more than doubled since 2004, from between 600 and 800 to around 2,000. Because these are generally small suppliers, including many one-man businesses, the growth in the number of suppliers says nothing about the total market volume (in terms of turnover or the number of clients). There are few if any barriers to entry to the integration market for new suppliers, although the UWV is erecting barriers for very small suppliers. Companies that wish to secure reintegration assignments under Individual Reintegration Agreements (which fall outside the strict tendering regime) must have a turnover of 20,000 euro. For companies that provide reintegration services under the regular procedure, the turnover criterion is 10,000 euro for each type of service. The majority of small suppliers do not possess a quality mark and are not currently trying to secure one. It is possible that these suppliers will rule themselves out of contention with purchasers such as the UWV, which adopt the criteria for the Blik op Werk quality mark⁶. In practice, reintegration coaches say they only make limited use of information about the quality mark when selecting suppliers. They base their selection more, for example, on local experience with particular companies.

⁵ See Ministry of Social Affairs and Employment: Government's position paper on reintegration.

⁶ Possession of the quality mark is not a requirement in tendering procedures for reintegration programmes. It would not necessarily be allowed under EU tendering rules.

Suppliers focus mainly on placement with their services

The most important service in the integration market is mediation in finding work. This service accounts for the highest share of the total volume of services and is one of the top three services most commonly provided by companies. At the same time, this market share is under pressure, partly because purchasers also provide reintegration programmes themselves and because the gap between clients and the labour market is widening. A number of municipalities and the UWV offices are currently experimenting with actively involving employers, as a rule public employers, in their reintegration efforts. The RWI calls, above all, for the involvement of employers to be treated pragmatically. The most important thing is to select the right employers; after a careful analysis in advance of the chance of success and where possible with knowledge of earlier contacts by partner organisations. Private suppliers and employment agencies should also be able to play a role in this.

It's not all contraction: there is a large pool of non-benefit claimants

A large group of people not actively participating in the labour market are the so-called 'nuggers'. These are people who have no work and are not receiving benefits. In its advisory report 'De Drempel over' in 2007, the RWI made proposals for reaching this unused labour potential and increasing the chances for this group in the labour market. Some people in this group have very little prospect of finding work and depend on support in finding a job or returning to work. Up to now, this potential labour supply has received little attention in policy. In 2007 and 2008 the government and the Association of Netherlands Municipalities (VNG) made agreements on the activation of non-benefit recipients. The target is to help 35,000 'nuggers' to find work or engage in some other form of social participation during this government period. The municipalities have been given a financial incentive to meet this target. For every 'nugger' that finds work and retains the job for longer than six months with the help of the municipality, the municipality can spend 12,000 euro from the Work budget, with few strings attached, on activities to promote social participation (for example, for young people under the age of 18 who are not attending school and have no job). This scheme will create an incentive for municipalities to focus on 'nuggers' more than they have done in the past.

The RWI's Omnibus survey carried out among municipalities in September 2008 showed that only a small number of municipalities (13%) pursue an active policy towards 'nuggers', although four of the five large municipalities in the survey with more than 200,000 inhabitants do.

Results: what does the use of reintegration deliver?

On the basis of the available data, it is only possible to determine whether the developments in the reintegration market are effective and efficient to a certain extent. The table below presents data on the number of people finding regular work after reintegration programmes and the rest of the section discusses the added value of reintegration.

The section headed ‘improving information provision’ discusses the importance of uniform performance indicators and of resolving problems in measuring them.

General reintegration target achieved

A review of reintegration policy by the Ministry of Social Affairs and Employment at the beginning of 2008 found that the number of benefit recipients who are finding work after receiving help with reintegration is growing steadily. The government’s target had been to increase the number of people finding regular work after following a reintegration programme by a quarter in 2007 compared with 2004. The provisional figures for 2007 show that the 25% target has been met. The percentage of clients that find work after following reintegration programmes has been rising substantially over the years. The results are presented in table 1.1⁷. The government has since formulated a new target.

Table 1.1. Percentage of benefit recipients finding regular work within 24 months of the start of reintegration support⁸

Results (Start in	2004 2002	2005 2003	2006 2004	2007 2005)
Unemployment benefit	58%	63%	67%	75%
Disabled persons	48%	48%	51%	57%
National Assistance	10%	15%	19%	27%
Non-benefit recipient/Surviving dependant’s benefit	47%	58%	61%	65%
Total	26%	38%	41%	50%

Although the figures could be used to indicate a positive trend, the percentages still say too little about the effectiveness of the support provided for reintegration.

With these gross figures it is not possible to establish a correlation between the use of services and the final results. To illustrate this point, a reintegration programme for a client in the first month of 2002 and the resumption of work by that client (even part-time work for less than 12 hours) at the end of 2003 is recorded as a success.

Added value of reintegration effort is limited, but qualification is called for

⁷ It should be noted, however, that this standard is far easier to meet when the starting level of reintegration is low than when it is high. When the initial level of placements is 10%, an increase of 2.5%-points is already enough to meet the standard.

⁸ Ministry of Social Affairs and Employment (2008), Quarterly Labour Market Report, June 2008

The results presented above relate to the percentage of clients that find work again after a reintegration programme. This tells us nothing about the added value of the reintegration support. It is possible that the client would have found work again even without the help of a reintegration programme. Various studies, by the RWI and UWV among others, have investigated the added value of the use of reintegration programmes (the so-called net effectiveness)⁹. A constant factor in the studies is that their added value is limited, although the studies revealed differences that cannot be clearly interpreted. Furthermore, it has to be noted that net-effectiveness studies of necessity review data from earlier years, which makes it difficult to estimate the value of recent policy choices. The most important conclusions from the various studies are briefly discussed below. Net effectiveness is discussed in more detail in chapters 2 and 3 (including references to sources).

Particularly for people claiming unemployment benefit, reintegration programmes have little added value. This is partly due to the fact that some unemployment benefit recipients who could have found work themselves follow a programme. Reintegration programmes should be used more selectively on the basis of a proper diagnosis. Municipalities and the UWV will implement this suggestion further in the coming period.

Research into the net effectiveness of the Work and Social Assistance Act also shows that reintegration programmes have little added value for recipients of national assistance. Some national assistance recipients are offered reintegration programmes that are not directly concerned with finding work. This blurs the results if the only criterion is the number of people returning to work. For example, social activation programmes are used that are not directly intended to help the client find work. A significant proportion of people in social activation programmes do subsequently progress to a reintegration programme and climb a further rung on the reintegration ladder.

The picture that emerges from different studies into the effectiveness of programmes for disability benefit claimants is diverse, with effects ranging from negative to moderately positive. The use of reintegration programmes for people who are totally incapacitated for work was found to have a reasonably positive effect. But it has to be remembered that reintegration programmes for people who are totally unfit for work might only be used when the clients have returned to work or agreements have been made on a resumption of work. In that case, a reintegration programme will ease the process of returning to work but is not the catalyst for finding work. A study of disability benefit recipients who have been re-assessed shows a very limited net effect. Some of those who are re-assessed have no work at the time they undergo the new examination. Returning to the labour market is particularly difficult for this group and the use of reintegration programmes is less effective. It is important to look for causes and possibilities for improvement.

Particularly effective instruments are those in which the reintegration process is explicitly linked to the labour market.

⁹ Besides the relevant RWI products (www.rwi.nl), see also the following UWV publication: Heul, H. van der (2006) Vaststelling en evaluatie van de effectiviteit van re-integratiemiddelen voor WW-cliënten. Kennismemo 2006/11. Amsterdam: UWV.

Possibilities of increasing the success of reintegration policy

There are lessons to be learned from studies carried out by the RWI and by other organisations about how to make reintegration more efficient and effective. The main conclusions from these studies are discussed below. The findings are also explained in more detail in the separate chapters of this analysis of the reintegration market.

These insights are useful regardless of the structure of the integration market (private, public or hybrid). It is highly questionable whether the fundamental choices that are made about the market's structure determine the success of the market. For example, an external assessment of the reintegration policy review concluded that the net effectiveness was similar before and after the introduction of the SUWI Act¹⁰.

Besides providing concrete suggestions for increasing the success of reintegration, it is important to observe that demand in the labour market has become the guiding principle for reintegration in practice. Reintegration programmes that are explicitly linked to the labour market are often also successful. Considerable effort has been made in recent years to make reintegration programmes more demand driven. Furthermore, regional partners are also joining forces in an effort to actively involve employers and formulate policy for the regional labour market. The major challenge for the integration market will be to match those groups that are more difficult to place with employers and, where possible, to help prevent bottlenecks in the labour market. The facilities are largely in place. It is now a question of making optimal use of the possibilities (this calls for properly equipped service providers, expertise and skills and good contacts with employers).

Taking demand in the labour market as the guiding principle must not, however, mean that no efforts are made to reintegrate those for whom a place in the labour market is, at least temporarily, a bridge too far.

The timing of programmes

The timing of a client's entry into a programme does make a difference. For clients on national assistance with little prospect of finding work, it is important to start the reintegration process quickly. Naturally, this calls for a good diagnosis. If the diagnosis shows that the client's only difficulty is in finding a job, it makes sense – as many municipalities already do – to start with direct mediation. If it emerges that the client's distance from the labour market or personal problems are too great, an early start with help in reintegration is advisable¹¹.

This option is less appropriate for unemployment benefit claimants, since they still have a very good chance of finding work in the first year even without the help of reintegration instruments. It is apparently still difficult at the moment to select those individuals that really need a programme in the first year. A general approach (a programme for everyone) for new benefit claimants is less than ideal, since many people are placed in a programme even though for some of them it will only extend the period during which they receive benefits (because of the lock-in effect: they only start work when they have completed the reintegration programme).

¹⁰ Ministry of Social Affairs and Employment (2008), Review of Reintegration Policy, p. 64.

¹¹ RWI (2008) Analyse aandeel langdurig uitkeringsgerechtigden in WW and WWB.

Targeted use of programmes

Some groups benefit more than others from a programme. Reintegration is particularly useful for people in the age group from 25 to 44. Young people and the elderly benefit far less. The question is whether the correct instruments are used for the elderly. Other instruments may be more effective for this group. Some of the instruments that are used work better than others: job-related training stands out in a positive sense, and mediation also scores relatively well. With a view to helping practitioners to make a sensible selection of the reintegration programmes that are actually used, the RWI has launched a study into methods of making an effective diagnosis.

Incentives for regional labour market policy

This section discusses three regional approaches that could play an important role in the success of reintegration.

Involvement of employers: securing the active involvement of employers creates possibilities for filling vacancies or otherwise placing candidates with employers. Three-quarters of all municipalities have already taken the initiative to contact employers and secure their involvement.

This approach is often regional and municipalities usually cooperate with each other (58%). If the involvement of employers is to have genuine added value, in the sense of additional placement possibilities for the target group, the following preconditions have to be met more than they are at present:

- Careful selection and early placement of candidates that are proposed to employers.
- Good management of the relationship with the employer.
- It is important for employers to have a single contact person for all their questions.

Demand-driven projects: in light of the positive evaluation of the Incentive scheme for filling vacancies with unemployed and persons at risk of unemployment (SVWW), the RWI has advised the minister to establish a new scheme for demand-driven reintegration. In addition, there are obvious possibilities for municipalities and the UWV to actively invite employers and sectors to present suggestions for demand-driven projects. The UWV seems to have the scope for this with the discretion it has in purchasing services. Municipalities could also opt to reserve part of the reintegration budget for project plans submitted by sectors.

Innovative concepts: it is essential to make optimal use of existing structures and facilities. It is also useful to look for innovative concepts. One promising route would be to upgrade working people and unemployed persons with relatively good job prospects to the levels at which there are bottlenecks in the labour market. It may then be possible to find jobs for the more difficult-to-place candidates that are still within their reach. This would require, for example, a more strategic use of training in reintegration programmes for benefit claimants.

At the moment, training is often only provided when there is no shorter route to work. However, a period of temporary unemployment can profitably be used to upgrade one's qualifications: in this way, there could be a trade-off between a perhaps slightly longer period of unemployment and the person's ability to help solve bottlenecks in the labour market and avoid benefit claims in the future.

By extension, another option is to create room on the lower rungs of the wage ladder for groups that are more difficult to place by upgrading working people.

Other potentially innovative concepts include:

- More use of Accreditation of Prior Learning (APL) programmes in reintegration. Exemption that can be provided by virtue of an APL procedure can lower the threshold for following training courses, but also make it clear what competences a job-seeker already possesses.
- Investing in counselling after placement. This is all the more important now that attention is turning to the groups that are more difficult to place.

WorkFirst approach has added value

Several variants of WorkFirst are being implemented at local (municipal) level in the Netherlands. How it is implemented depends on local conditions and differences in policy. The added value of WorkFirst lies in the combination of mandatory work and capacity building. The work requirement teaches the national assistance recipient how to function in regular employment. The capacity building is designed to increase the participants' employability, for example by teaching them employee skills, how to look for vacancies and how to apply for jobs.

Almost every municipality regards WorkFirst as the most effective instrument for new benefit claimants and benefit recipients with good prospects of finding work. Around 90% of municipalities employed one or more versions of WorkFirst in 2008. A study by the RWI showed that many participants value the WorkFirst approach. Because of the individual approach, the participants feel the obstacles they face in finding work are taken seriously. The RWI has recommended that WorkFirst should also be open to long-term benefit claimants. The actual WorkFirst programme should be tailored as closely as possible to the needs of the individual. That is a crucial if WorkFirst is to be used for long-term benefit claimants as well as for 'promising' national assistance claimants. The administrative agreements to improve the effectiveness of reintegration made between the VNG and the Ministry of Social Affairs and Employment in July 2008 also included agreements on WorkFirst.

Define more criteria for success than just finding work

The primary objective of reintegration policy is to help find work for benefit claimants and other unemployed persons who are unable to do so on their own¹². However, it will be impossible for everyone to follow this route to paid work in the short term. They may be too remote from the labour market (and may face multiple or complex problems)¹³. Frequently, the practice is to set realistic targets for reintegration programmes and then endeavour to help clients climb the reintegration ladder at their own pace¹⁴. The government's reintegration action plan (September 2008) reflects that approach. The statistics on the municipalities' reintegration efforts should show the position of participants on the reintegration ladder (see under 'improving information provision'). It would also be useful if the statistics for the UWV provided insight into the participant's position on the reintegration ladder. With the introduction of the participation budget, the municipalities' reintegration ladder can be expanded into a

¹² General target for reintegration. See: Ministry of Social Affairs and Employment (2007), Government Budget 2008,

SZW Budget XV, p. 73: 'Finding regular work for those benefit claimants and unemployed persons who cannot do so on their own'.

¹³ See, for example, the RWI study 'Beleid en praktijk na niet-geslaagde trajecten', p. 20.

¹⁴ For the structure of the reintegration ladder, see the RWI's advisory report 'Omdat iedereen nodig is'.

participation ladder showing the dynamism of the municipalities' efforts to increase participation by citizens (for example, also through assimilation and education).

Extra investment for specific risk groups

It is difficult for the elderly and persons who are unemployed because of more complex problems or health problems, but also for 'safety net groups', to find regular work. Apart from the incentives the government has proposed for employers, it is important to provide a tailored service that addresses the specific problems facing this group. The use of reintegration programmes is particularly important for increasing the opportunities for these groups. Developing good methods is one aspect of this, and it is also important that reintegration support does not end with their placement. People who have just come off benefits are not in a strong position in the labour market (see the study 'Wel of niet aan het werk' by the RWI/SCP).

Professionalism in purchasing

The work coaches of the UWV and municipalities play a central role in the support provided for reintegration. The work coach has considerable discretion. It is important to find a good balance between their freedom of assessment and the frameworks within which they have to work. Both municipalities and the UWV are taking steps to increase their professionalism. In 2008, the UWV introduced the ABC measurement, a new instrument for preparing a carefully considered, result-driven diagnosis. The measurement can help in making the decision on whether or not to outsource services. Decisions that fall outside the scope of the existing rules are sent to the UWV's head office, which is then able to adjust its policy. This instrument should be evaluated to investigate whether it can be used more widely. It is certainly worthwhile including this instrument in the planned study of how diagnoses are made¹⁵.

A more explicit role for clients

There is little or no discussion of the role of clients in current developments in the reintegration market in either the reintegration policy review or the reintegration action plan of the Ministry of Social Affairs and Employment. Given the positive experience with the experiments with the Personal Reintegration Budget (PRB) and the use of Individual Reintegration Agreements (IROs), it makes sense to give clients an adequate say in the reintegration process.

The greater discretion allowed to work coaches at the UWV and in municipalities, together with the planned implementation of a stricter enforcement and sanctions policy for the public service providers¹⁶ is another argument in favour of giving clients a more explicit role. This is one of the reasons that has prompted the RWI to conduct research into and produce recommendations on steering by clients (see also 'proposals for follow-up activities by RWI'). An independent work advisor would fit in well with such a system. The RWI previously observed that clients greatly appreciated the services of an independent work advisor¹⁷.

Improving the process for reintegration programmes that have (almost) broken down

The majority of reintegration programmes do not (immediately) produce the desired results. The current process after unsuccessful reintegration programmes can and must

¹⁵ See under 'proposal for follow-up activities by RWT'.

¹⁶ See Ministry of Social Affairs and Employment (2008): Reintegration Action Plan, p. 2.

¹⁷ See: RWI (2008) Beterschap! Advisory report on the reintegration of sick employees.

be improved. A number of points are important in this context: preventing participants from completing programmes simply for the sake of it (or for the money); the underpinning of decisions on follow-up steps after unsuccessful programmes; and the smooth transition to new programmes. More details of ways to improve the process can be found in the manual for municipalities, the UWV and reintegration companies entitled 'Perspectief op tweede kans'.

Improving information provision

As already mentioned, it is only possible to determine whether the developments in the integration market outlined here are effective and efficient to a limited extent. It is important to define performance indicators that provide the necessary insight and which specify the priorities in reintegration policy and how municipalities and the UWV should report on them. At the moment, there are two relevant policy objectives (Budget of the Ministry of Social Affairs and Employment 2009):

- To promote the transition to regular work of benefit recipients and unemployed persons who are unable to find work on their own.
- To provide help in reducing the distance to regular work for benefit recipients and unemployed persons who are unable to find work on their own.

An important gauge for assessing whether the first objective is being met is to measure the number of participants placed in permanent employment after reintegration support.

There is not enough information about the number and percentage of permanent placements. For example, the Netherlands Court of Audit has reached the conclusion that almost one-third of placements by the UWV after reintegration do not involve permanent jobs. The RWI feels that it is important to develop a clear and verifiable performance indicator to assess whether a placement is permanent or not. This is not made any easier by the way in which ‘permanent’ is currently formulated as a policy objective: “Permanent participation in the labour market is therefore not only achieved by immediately starting work on a permanent contract, but also by a succession of various flexible jobs or by promotion to a permanent contract after a flexible job”¹⁸.

The Minister of Social Affairs and Employment has made specific agreements with the UWV and municipalities on measuring attainment of the second objective. For example, as part of the so-called administrative agreement with the municipalities it was agreed that it must be possible to gain an insight into the various positions on the reintegration ladder. The Statistics on Reintegration by Municipalities (SRG) will be revised to allow for this. By expanding the SRG with a reference to ‘position on the reintegration ladder’, it will be possible to establish a relationship with the aim of the reintegration support. However, useful statistics will only be available in 2010 at the earliest¹⁹.

¹⁸ Letter from the Ministry of Social Affairs and Employment to the Lower House of Parliament of 11 July 2008 (Lower House of Parliament 2007-2008, 28719, no. 59).

¹⁹ Ministry of Social Affairs and Employment, elaboration of motions pursuant to review of reintegration policy, letter to Lower House of Parliament of 11 July 2008.

Figure 1 Proposal for definition of reintegration positions in reintegration action plan (part of the budget of the Ministry of Social Affairs and Employment 2009)

0 Zero phase	Nothing is yet done with the client		Aimed at reducing distance to the labour market
1 Care	Persons are incapable of reintegration due to serious constraints which are met by a demand for care	No employment contract	
2 Social activation	Persons are not yet able to perform regular work due to serious constraints or lack of basic working skills		
3 Labour activation	Persons still need skills to perform regular work		Aimed at regular work
4 Labour steering	Persons need assistance in finding work	Employment contract-	Regular work
5 Work for the purpose of reintegration	Persons perform regular work with support (wage cost subsidy, job coach, etc.)		
6 Regular work	Persons perform regular work without support		

Since there are limits to steering by quantitative targets (information is almost always late and definitions can often be interpreted in different ways), it is also important to formulate qualitative targets. These could perhaps be used as an instrument for making improvements (rather than as an accountability mechanism)²⁰. A number of initiatives have recently been taken to develop benchmarks for comparing the performances of municipalities and how they have been achieved²¹. For example, Stimulansz and SGBO are developing a reintegration benchmark:

- to help municipalities identify and present the results of their reintegration policy;
- to allow a comparison of municipalities so that they can learn from each other and ultimately improve their results and the quality of reintegration.

Also relevant in this context is the ‘interventions to work’ website, which is designed to show the effectiveness of reintegration interventions more clearly. The site publishes information about interventions whose effectiveness and underpinning have been assessed by a panel of experts. The site is not only intended for policymakers and purchasers, but also for professionals in public or private organisations operating in the sector who have to choose whether to use these interventions.

The RWI makes regular contributions to improving insight into the effectiveness of reintegration programmes. In consultation with municipalities and the UWV, the RWI conducts research to learn more about specific target groups. These studies have in the past analysed disability benefit recipients who were re-examined, new claimants of national assistance and unemployment benefit, young disabled workers and persons who had been on benefits for a long time (unemployment benefit, national assistance and

²⁰ The Ministry of Social Affairs and Employment’s policy review ‘Werkt the WWB’ discusses the system of the performance-based management in more detail.

²¹ See Ministry of Social Affairs and Employment (2008) Reintegration Action Plan.

disability benefit). The aim of the studies was to generate information about the effects of the use of reintegration and to help increase its effectiveness. Another objective of the studies was to develop methods of evaluation. In its analysis 'Weten over werk en bijstand' (2008), the RWI made suggestions on how municipalities could improve the information for management and reporting purposes. The Ministry of Social Affairs and Employment commissioned research organisations TNO and SEO to produce a handbook for policymakers and researchers on how to investigate the (net) effectiveness of activating labour market policy. The handbook refers to the importance of not only formulating clear policy targets but also devoting attention to the operationalisation of 'measures of success'.

Finally, it is important for purchasers and clients to have reliable information about the quality of specific service providers. The Blik op Werk foundation provides this information with its quality mark for occupational health and safety, intervention, career and reintegration companies. Before awarding the quality mark, the foundation measures various specific quality standards: lead times, drop-out rate, results and permanence of placements. It also measures the satisfaction of clients and purchasers with the service provided by the company. Only companies with a satisfaction rating of at least 6 from both groups qualify for the quality mark. There is discussion about raising this minimum requirement. Municipalities and the UWV are reluctant to use the criteria for the quality mark in tendering procedures. One reason for this is that the EU tendering rules do not permit possession of a quality mark to be used as an exclusive criterion. This could be resolved if purchasers adopt the individual requirements for securing the quality mark in their conditions for potential contractors.

Proposals for follow-up activities by RWI

In this reintegration market analysis the RWI has observed that there are a number of gaps in knowledge of the reintegration market. Further research is needed to fill in these gaps. The RWI has therefore decided to explore five subjects in more detail.

Diagnoses

A proper diagnosis is one of the most important conditions for effective reintegration. A reintegration programme may not always be the proper medicine for quickly securing a person's participation. For example, it could prolong the absence from the labour market of clients with relatively good prospects of returning to work. For other clients who are more likely to continue claiming benefits for longer, early intervention is required. 'Who gets what, and when' is therefore an important decision, which can have a major influence on the service to be provided.

There are various instruments already available to help reintegration coaches and client managers to make their decision. The RWI wants to study how diagnoses are made and analyse the instruments and the experience of the client managers and reintegration coaches.

Customer driven

Although the amendment to the SUWI Act and the move towards integrated service provision in the Locations for Work and Income (LWI) are intended to give the client a far more central role, it remains unclear how this will work in practice. The RWI wants to explore the possibilities of strengthening the position and self-reliance of clients with respect to the services provided under the SUWI Act.

Use of reintegration programmes for the elderly

The elderly now constitute a disproportionately large portion of the various benefit regimes. The number of over-45s claiming national assistance is not declining in absolute terms. The category of unemployment benefit recipients includes a vulnerable group of older employees who swap short jobs with periods of unemployment and who, if they are unable to find work, must fall back on national assistance.

The elderly form a vulnerable group for whom reintegration will not automatically be successful. Reintegration is also used less often for the elderly: for example, reintegration activities are used relatively less often for older employees who have been sick for a long time. Measures being considered by the government to improve the labour market position and the chances of reintegration of the elderly are therefore to be welcomed. The RWI will conduct research into the vulnerable position of the elderly in terms of reintegration, with the emphasis on highlighting bottlenecks and success factors.

Reintegration of young disabled persons

The labour participation and progression from benefits to regular work among young people entitled to disability benefit is low. Recent analyses by the UWV and RWI showed that a significant proportion of these young people are out of work again within a year. The number of young people claiming disability benefit is also rising rapidly. The RWI wants to conduct research to learn more about the conditions that could make it easier for young persons claiming disability benefit to find work and increase the permanence of their labour participation. The study will focus on the employers' perspective. On the one hand, this means that information will have to be acquired

about the possibilities of employers and the obstacles they encounter in offering jobs to young disabled workers. On the other hand, the study will attempt to identify what is needed to improve the matching process and actually enable employers to offer jobs to young disabled employees. The study is intended to lead to recommendations by the RWI for increasing the employment possibilities for young disabled persons. The intention is that the study will provide input for a manual for employers and service providers on how to increase the opportunities for young people on disability benefit to participate in the labour market. This will help with the implementation of the recommendations of the Labour Foundation (*Stichting van de Arbeid*) in this area.

Customer satisfaction

It was stated earlier that the transparency of the reintegration market is deteriorating. This is due, among other things, to the fact that it is difficult to show the results of specific products, which are increasingly being purchased. The active role of purchasers is another factor (as both provider and/or director). It is important to develop performance indicators that can be used to provide an insight into the quality of service provided in a hybrid system.

Research into customer satisfaction could yield this information. In association with the Blik op Werk foundation, the RWI intends to produce a questionnaire (or revise existing questionnaires) for a single customer satisfaction survey that will show customer satisfaction with the providers of reintegration services. (At present customer satisfaction surveys focus on the role of suppliers and of purchasers separately and the questionnaires are not geared to each other).

Integrated services for employers

In 2006, the RWI published the advisory report 'De regio centraal'. The report highlighted the importance of regional labour market policy, a principle that is now widely supported. The RWI will work out its proposals for a regional labour market policy in more detail for the benefit of the various regions and the partners operating at regional level on aspects such as rendering services for employers, and produce an advisory report on services for employers.

Effectiveness of reintegration

The RWI regularly devotes attention to the subject of the effectiveness of reintegration. For example, in the report 'De lange weg naar werk' it explored various aspects of the effectiveness of reintegration services. There is still room for improvement in the measurement of the effectiveness of reintegration. At the beginning of 2009, the RWI will draw up plans for research and advice to build on earlier activities on this theme in consultation with other actors in this field.

Non-benefit recipient job seekers (nuggers)

Further research will be carried out to supplement the advisory report 'De drempel over' in 2007 with a view to mobilising the unutilised labour potential. In particular, the study will look in greater detail at specific groups within the labour reserve, the possibilities of increasing labour participation among those groups, and the dynamic of alternate employment and unemployment ('revolving-door employees'). The study will also look at the demand side: the (difficult-to-fill) vacancies and related terms of employment, job requirements, possibilities to work part-time, etc.