

Signals

from the UWV Knowledge Reports 2011

Contents

- Signals from the UWV Knowledge Reports 20113

- The most important signals from UKV 2011-I4

- The most important signals from UKV 2011-II5

- The most important signals from UKV 2010-III6

- Definitions and explanations of commonly used terms7

Signals from the UWV Knowledge Reports 2011

This document provides an overview of the most important signals from the UWV Knowledge Reports (UKVs) from 2011. By providing the information presented in the UKVs, we contribute to the development of knowledge on social security in the Netherlands. In the UKVs, we report on, among other things, the volume developments in the social security laws and developments and trends in social security.

The content of the UKV is closely geared to UWV's need for knowledge which the various knowledge centres at UWV collectively chart out each year. The need for knowledge stems from the combination of the vision, mission and key goals of UWV. The right knowledge and expertise are necessary conditions for actively contributing to the better functioning of the labour market, increasing labour participation and good claim assessment. With our knowledge development, we not only contribute to the professionalism, effectiveness and efficiency of our service provision; we also anticipate social developments and contribute to current discussions on social security. We do this increasingly often in cooperation with our stakeholders.

The UKV is published three times a year. At the end of the year we compile the most important signals from these three UKVs and present them in English on UWV's website.

The UKV is a publication of UWV; its direction and content is the responsibility of the UWV Knowledge Centre.

A list of definitions and an explanation of commonly used terms can be found on the last page of this document. There you will also find a reference to more information in English on the social security legislation and provisions in the Netherlands.

If you would like more information after reading the summaries from the UKVs, contact Anneke van der Giezen, Head of the UWV Knowledge Centre (anneke.vandergiezen@uwv.nl).

The most important signals from UKV 2011-I

- **The picture of the labour market was somewhat more positive** in 2010 than in 2009. **Unemployment dropped slightly in 2010**, and we also expect a further decline in 2011. At the end of 2010, there were 410,000 people out of work. The number of jobs has increased somewhat but the number of vacancies arising is not growing rapidly yet. The number of new **WIA benefits** (Work and Income (Capacity for Work) Act) increased in 2010 by 21%. This is partly explained by demographic developments and renewed applications for those who are less than 35% incapacitated for work.
- **UWV provides a contribution to flexicurity** (a combination of a flexible labour market with a certain degree of work security) by facilitating transitions. UWV does this mainly through provision of information and collaboration with public and private labour market parties.
- **A permanent employment contract during the WIA waiting period is a success factor for work resumption after the claim assessment.** At the end of 2009, almost half of people partly covered by the WGA (persons who were 35-80% incapacitated for work) as well as 35 “minners” (persons who were less than 35% incapacitated for work) were back to work after a WIA claim assessment. Of those who had an employer during the period of illness, two thirds were back at work; for those without an employer this was one third. This shows an **“insider outsider” problem**: employers are prepared to keep permanent employees with limitations on board but offer less opportunities to outsiders with limitations.
- **Frequent client contact at the beginning of unemployment leads to a briefer duration of unemployment benefit** as apparent from international empirical studies. If unemployment goes on for longer, the intensity of the contact is important. E-service provision can contribute towards reducing the benefit duration if the frequency of contact is increased and intensified.
- **UWV clients are well aware** of their **rights and obligations** and are able to find and comprehend the relevant information. Points **for attention** are: WIA (Work and Income (Capacity for Work) Act) and Wajong clients (Wajong stands for work and labour support for young disabled persons) who sometimes find reporting changes to their situation difficult. More clients report that they find reporting changes via internet difficult and, 16 per cent are not aware of the obligation to accept an offer of suitable work.
- **Not all Wajongers are young**, around half of them are thirty years old or older. **Not all people suffering from ADHD are covered by the Wajong Act**: for 7 per cent of the influx in the Wajong system in 2010 there was a first diagnosis with ADHD. One in six of the young adults with ADHD enter the Wajong system.
- **We expect 10 per cent fewer applications for a Wajong benefit in 2011** compared to the number of applications in 2009 and 2010. However, we must be careful when interpreting the figures concerning the new Wajong scheme (nWajong). **The figures for 2010 do not yet provide a good picture of the Wajong influx under the new legislation** because the influx in 2010 consisted for 45 per cent of influx with regard to the old Wajong scheme (oWajong).
- **A quarter of the Wajong population is working.** Around **80 per cent** of the Wajong population working at a regular employer are **given support**, often in the form of wage dispensation and/or a job coach and/or an additional payment.
- Two thirds of the placements with wage-cost subsidy (LKS) are Wajongers. According to half the employers, the productivity of LKS placements lags behind that of their colleagues. However, **most employers are satisfied with the LKS placements** and the role of the UWV. Probably the employer makes allowances for the lesser productivity of the Wajongers and moreover three-quarters of the employers employing a Wajonger with LKS also have a wage dispensation. More than half of the LKS placements, which also applies for the Wajongers, go onto an employment contract without LKS. Wajongers still often need supportive measures (wage dispensation, job coach).
- **Labour participation of Wajongers does not lead to swift outflow** from benefits. Only 0.5 per cent of the Wajong population flows out due to “recovery”. A Wajong benefit is terminated due to recovery if the Wajonger works during a certain period, earns the minimum wage and does not need any facilities for working. Over **one in five Wajongers work without a benefit** (14% “zero benefits”) or with a **partial benefit** (8%). The Wajongers with “zero benefits” are mainly Wajongers working in Sheltered Employment.
- Pupils in the special secondary education cluster 4 schools (VSO) belong to a **risk group for the Wajong**. The direct influx from these schools is not too high but there is a lot of indirect influx from young people who obviously do not make it in the stage following the VSO. Why some young people do not make it in the following stage and what can be done to prevent this (and consequently influx into the Wajong system) is not yet known. Further research is required in this area.

The most important signals from UKV 2011-II

- In the first quarter of 2011, the number of non-working job seekers (not everyone who is out of work is looking for work) dropped further. The **further declining unemployment rate** is also reflected in a lesser influx into the WW (Unemployment Act) and a lesser number of unemployment benefits compared to the first quarter of 2010.
- People aged over 55 not only constitute an increasingly larger part of the potential working population; they are also participating more often in the labour market. The **labour participation of people aged over 55 rose between 2000 and 2010 from 34% to 49%**.
- **Older people have less of a chance to flow into the WW than young people**, in particular because they more often have a permanent employment contract. The **number of work resumptions under older people looking for work, however, is much lower** than amongst young people meaning that the total group of WWers is relatively old.
- The number of applications for a WIA benefit and the influx in the WIA scheme has increased in recent years. Older **people apply for a WIA benefit relatively more frequently than young people** because they are sick for lengthy periods of time more often. This already higher WIA application percentage of older people rose even more in recent years. This may be the result of the higher labour participation of older people meaning that more than previously also relatively less healthy older people have continued to work: a "vice versa *healthy worker* effect".
- **After or during long-term illness older and younger employees reintegrate to practically the same extent at their own employer.** However, employers barely hire any older employees with limitations from outside.
- If older people go back to work after receiving unemployment benefit, this occurs more often in the small and medium sized enterprises and companies where relatively large numbers of older people work. The predictive factors for the chance of work resumption for older people partly differ from those of younger people. The **most important predictor for work resumption for older people is a positive health perception.** Older people are relatively less likely to have a positive health perception than young people are.
- **Older employees are invited for an interview less often than younger employees are.** UWV work coaches and company advisers can put them in contact with employers. UWV must approach these employers personally, provide reliable high-quality services and offer a CV of a highly motivated older person.
- Employers often have **negative ideas about the productivity of older people and positive ideas about their loyalty and skill.** When weighing up hiring new employees employers allocate more weight to productivity considerations.
- Employers increasingly use temporary contracts to hire new employees. The transfer from temporary to permanent work in the Netherlands is around 25% a year. For people aged over 55 it is somewhat lower than average. Therefore, mobility (**the transfer from one job to another**) **might be less appealing to older people.**
- **Older people are generally more satisfied with the services of UWV than young people are.** This is because older people generally tend to agree to the duration of the benefit and because they often find services relatively better than expected. Managing **expectations, briefly put, is a crucial part** of the services of UWV in order to increase client satisfaction.

The most important signals from UKV 2010-III

- It was expected that at the end of 2011 the number of non-working job seekers and unemployment benefits (WW) would be lower than at the end of 2010. However, the **disappointing economic development** led to unemployment being somewhat higher than in the second quarter of 2011.
- In 2010, the **WIA influx** (WIA stands for Work and Income (Capacity for Work) Act) rose by over 20%. This increase was expected to be **much lower** in 2011, only 6%. The actual WIA influx in the first six months of 2011 was in line with this expectation. The growing WIA influx is partly the result of demographic changes (mainly aging) and influx of previously rejected applications.
- The **Wajong** (Invalidity Insurance (Young Disabled Persons) Act) **influx** is expected to be less in 2011 than in 2010. This decline is due to the implementation of the new Wajong Act in 2010.
- The number of employees in temporary service has grown in recent years. In the last two years growth was lower and there was even stabilisation as a result of the economic crisis. The development of the number of **employees in temporary employment** extends to the **claim on social security**.
- For example, in 2009-2010 the **WW influx risk for employees in temporary** employment was three times higher than for employees in permanent employment. The benefit costs, however, are less than can be expected based on the higher influx risk, because employees in temporary employment are unemployed for a briefer period and have a lower daily wage than employees with permanent contracts.
- Around three quarters of the people who went back to work after their unemployment benefit in 2009 and 2010 did so in a temporary job. For the **WWers** who went back to work within one month of their benefits ending it applies that the **chance of long-term work** has more to do with the company sector in which they work than with the type of employment (temporary or permanent). Long-term work means that they are working for more than one year.
- Of all the **Wajongers** who worked at the end of 2009, 80% had long-term work, i.e. they had a contract for more than one year. The share of long-term work varies: for Wajongers in the WSW (Sheltered Employment Act) this is 93%, while this was 66% for Wajongers with a regular employer 66%. Wajongers in temporary employment again have less long-term employment than Wajongers in permanent employment (54 versus 79%).
- **Wajongers up to the age of 35** often work based on a temporary contract and are less likely to make the transition from a temporary to a permanent contract. This also applies for young people in the employment market in general. Wajongers up to the age of 35 are twice as likely to have no work after a year as young employees up to the age of 35.
- **The majority of those partly incapacitated for work** who work alongside their WGA benefit have work at two subsequent reference dates, situated in the first and second year after influx in the WGA. This applies both to people coming from the Sickness Benefits Act safety net¹ as well as regular employees. However, the safety netters are back to work far less often than the employees who can often stay in employment with their former employer.
- **Safety netters (see footnote 1)** more often have to deal with aggravating circumstances (such as psychosocial problems and long-term joblessness in old age) compared to employees, but studies show that they also could often reintegrate in suitable work. A major obstacle for safety netters remains the lack of an employer who can offer suitable work.
- The effects of the so-called Participation Work Method have been examined **for sick temporary employees and sick unemployed persons in the safety net (see footnote 1) with postural and motor dysfunction disorders**. Part of this method is that the safety netters are given a work experience position. The results are positive: work resumption takes place more readily than for safety netters with regular supervision.

¹ The Sickness Benefit Act (ZW) gives employees a right to benefit from UWV if they no longer have an employer who must pay their wage. These employees are called "safety netters". Consequently the Sickness Benefit Act is called a "safety net arrangement". The group of safety netters consists mainly of sick temporary employees and other flex workers, women who have become ill because of pregnancy or giving birth, sick unemployed persons and disabled persons who are returning to the labour market. Ex-employees are persons to whom the employer has a reintegration responsibility and wage payment obligation during the first two years of illness; for ex-safety netters UWV has these responsibilities.

Definitions and explanations of commonly used terms

Dutch labour incapacity schemes and laws

Wet Wajong= the Invalidity Insurance (Young Disabled Persons) Act.

WAO= Invalidity Insurance Act (predecessor to the WIA)

WIA= Work and Income (Capacity for Work) Act (replaces the WAO for new entrants from 2006).

WIA claim assessment

UWV assesses all clients who submit a claim application on the basis of the WAO, Wajong or WIA benefit. The medical assessor assesses the client's functional possibilities for performing work. The UWV labour expert determines according to established criteria what functions the client can still perform, given these functional possibilities. The difference between the wage that can be earned with these functions and the wage that the individual earned before becoming labour incapacitated determines the height of the labour incapacity percentage.

There are four possible outcomes of a WIA claim assessment:

1. *IVA*
Full Invalidation Benefit Regulations; people who are found fully labour incapacitated and who have no chance of recovery are eligible for an IVA benefit.
2. *Wga 80-100%*
Resumption of Work (Partially Disabled Persons) Regulations; people who are declared 80-100% labour incapacitated but whose health is expected to improve are eligible for a WGA benefit.
3. *Wga 35-80%*
Resumption of Work (Partially Disabled Persons) Regulations; people who are declared 35-80% labour incapacitated are eligible for a WGA benefit.
4. *Less than 35% labour incapacitated*
People found to be less than 35% labour incapacitated have a loss in income of less than 35% and are therefore not entitled to a benefit under the WIA. These people often still have a functional restriction but are considered fit for work.

Abbreviations and terms

AOW= The General Old Age Pensions Act is a basic pension provision for people aged 65 and over.

CPB= Bureau for Economic Policy Analysis. The CPB is a research institute that analyses economic policy. It does this at its own initiative or at the request of the government, Parliament, MPs, trade unions or employers' organisations.

IVA= Full Invalidation Benefit Regulations.

LKS= Employers are given wage-cost subsidy under certain conditions if they hire someone who is finding it very difficult to find work and who is entitled to a WW, WGA, WAO, WAZ, or Wajong benefit.

Wage dispensation= Wage dispensation is possible for a young handicapped person (Wajonger) who performs considerably less well at work than a healthy employee because of his illness or speech. Wage dispensation means that the employer temporarily pays less wage to the employee. The UWV supplements the Wajonger's wage so that it is at least 75% of the minimum wage or minimum youth wage.

Nug= Job seeker not entitled to a benefit; someone who has registered with the UWV Public Employment Service but who is neither working nor eligible for a benefit, such as people who have not yet built up enough of an employment history in order to be eligible for an unemployment benefit or those who have resigned from their previous work voluntarily.

Wet Wajong= the Invalidity Insurance (Young Disabled Persons) Act.

Wajongers [person covered by the Wajong Act] = Young disabled person who receives a benefit under the Wajong Act.

Werkbedrijf = UWV WERKbedrijf, the Public Employment Service, is the part of UWV that brings together job placement and reintegration. The public employment service provides employers with information and facilities for finding qualified employees. Job seekers are provided support in finding work.

Wga = Resumption of Work (Partially Disabled Persons) Regulations.

Wsw= The Sheltered Employment Act, Sheltered Employment (SW) is intended for people who cannot find a 'regular' job because of their physical, psychological and/or mental restrictions. In the SW sector, the work is adapted to the person's abilities.

WW= Unemployment Insurance Act.

WW-er [person receiving an unemployment benefit]=Unemployed person who receives a benefit under the unemployment insurance act.

WWB = Work and Social Assistance Act This law is implemented by the municipalities.

Safety net = The Sickness Benefits Act (ZW) functions as a 'safety net' for employees who can no longer claim wages during illness (such as pregnant women and temporary agency workers who become ill). See also footnote 1.

Vut= Early retirement scheme.

ZW= Sickness Benefits Act.

More information in English on the social security legislation and facilities in the Netherlands can be found in the publication 'A short survey of Social Security in the Netherlands' from the Ministry of Social Affairs and Employment:
<http://english.szw.nl/>