

## **Decentralization in the Netherlands: from blueprints to tailor-made services?**

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The Netherlands has started a major decentralization exercise. From 2015 onwards municipalities will be given much greater responsibility in the social policy domain. This includes three specific areas the so-called 3D decentralization agenda: Services for person with disabilities (Wmo), youth policy and work & income. The overall goal is to help citizens find work and stay employed, while also stimulating broad participation from citizens, and to provide active support where required. At the same time, it is expected that municipalities are able to provide services in a more efficiently. Municipalities will receive an additional share from the national budget, but they are expected to fulfill a larger set of tasks. Consequently, we observe the emergence of a new playing field, which includes both old and new stakeholders.

In order to better understand this new playing field, the Institute of Public Administration at Campus The Hague conducted a study on today's impact of the upcoming decentralization. This was done in 57 municipalities across the Netherlands, in collaboration with the Association of City Managers (VGS) and the Association for Public Administration (VB). The analysis was done by research staff from the Institute and thematic experts from Deloitte Consulting.

This study focuses on three issues that are relevant to this context: the national government, other municipalities and service providers. Another important issue, which relates to the changing role of the municipalities vis-à-vis citizens, will be addressed in a future edition of The Hague Governance Quarterly, as we expect significant shifts in terms of participation and individual autonomy. Based on the findings of the study, we have been able to summarize key recommendations for municipalities in each of the following three areas:

**1. The national government – don't get discouraged as a municipal decision-maker by unclear guidelines on regulations and finances**

**2. Other municipalities – make use of the benefits from inter-municipal cooperation within the three decentralised areas**

**3. Service providers and stakeholders – redefine your relation vis-à-vis existing partners and enrich your network in finding new partners in 2014 and 2015**

*Figure 1: surveyed municipalities*



**#1: The national government – don't get discouraged as a municipal decision-maker by unclear guidelines on regulations and finances**

Municipalities are concerned about the lack of clarity in terms of their freedom to design future policies. This has negative consequences for budgeting, policy development, cooperation with other municipalities and for contractual arrangements with service providers. As municipalities must soon decide on future contracts, service delivery to citizens might suffer as a result.

Respondents also point to the fact that lack of clarity leads to stagnation. Policy decisions are postponed, and new arrangements for service delivery and reorganizing management tasks are put on hold. This confirms earlier findings by The Hague Governance Quarterly (October 2013) on local governance and austerity measures, which surveyed mayors and city managers in the Netherlands. Municipalities are worried about the financial power that is needed for implementing the

decentralisations in the social domain.

### **Recommendations:**

**A)** Ensure the preparations for the new tasks are on track, despite the lack of clarity about the exact budget. At the same time, keep in mind that these plans might change (e.g. use policy bandwidths or scenarios).

**B)** Think about easy and fast reporting mechanisms to the national government and other stakeholders (within the given guidelines provided thus far). Anticipate future quality controls by national authorities in case municipalities decide to spend less money on the social policy domain.

**C)** Make use of the existing models and guidelines provided by national authorities, Association of Dutch Municipalities (VNG) and the so-called ‘transition bureaus’.

### **#2 Other municipalities – make use of the benefits from inter-municipal cooperation within the social domain**

The findings show that municipalities prefer a network-based approach, which gives them a variety of options for cooperation with others. This is reflected in the way that cooperation is organized in the fields of market studies and policy development. At the same time we also see examples of more hierarchical solutions, where municipalities integrate external services within their own organizational structure. At the moment, some municipalities are choosing to intensify existing cooperation schemes, in particular in the areas of regional policy, project management and joint social service provision.

Greater levels of integration are limited to the area of youth policies. This type of collaboration is due to the fact that the Youth Act asks for a cross-regional coordination of specific services, such as the Domestic Violence and Child Abuse Report Office (AMHK), the so-called crisis service (crisisdienst) and foster care. The underlying idea is that the high costs and the specific needs (such as residential support) can better be safeguarded if coordination is done on a larger scale (this also counts for risk spreading and the location principle, in Dutch: *‘woonplaatsbeginsel’*)

### **Recommendations:**

**A)** When municipalities cooperate, it is important to balance financial costs and benefits, the impact for service quality, risk spreading and management options. Another important issue is broad societal support of the way things are being done.

**B)** Create synergies by cooperating with the same municipalities across social domains.

**C)** Ensure that governance aspects are adequately addressed (management, control, reporting and supervisory roles) in order to safeguard the role of the cabinet (College) and the council (Raad).

*Figure 2: Enschede and Westvoorne: two examples of inter-municipal collaborations*

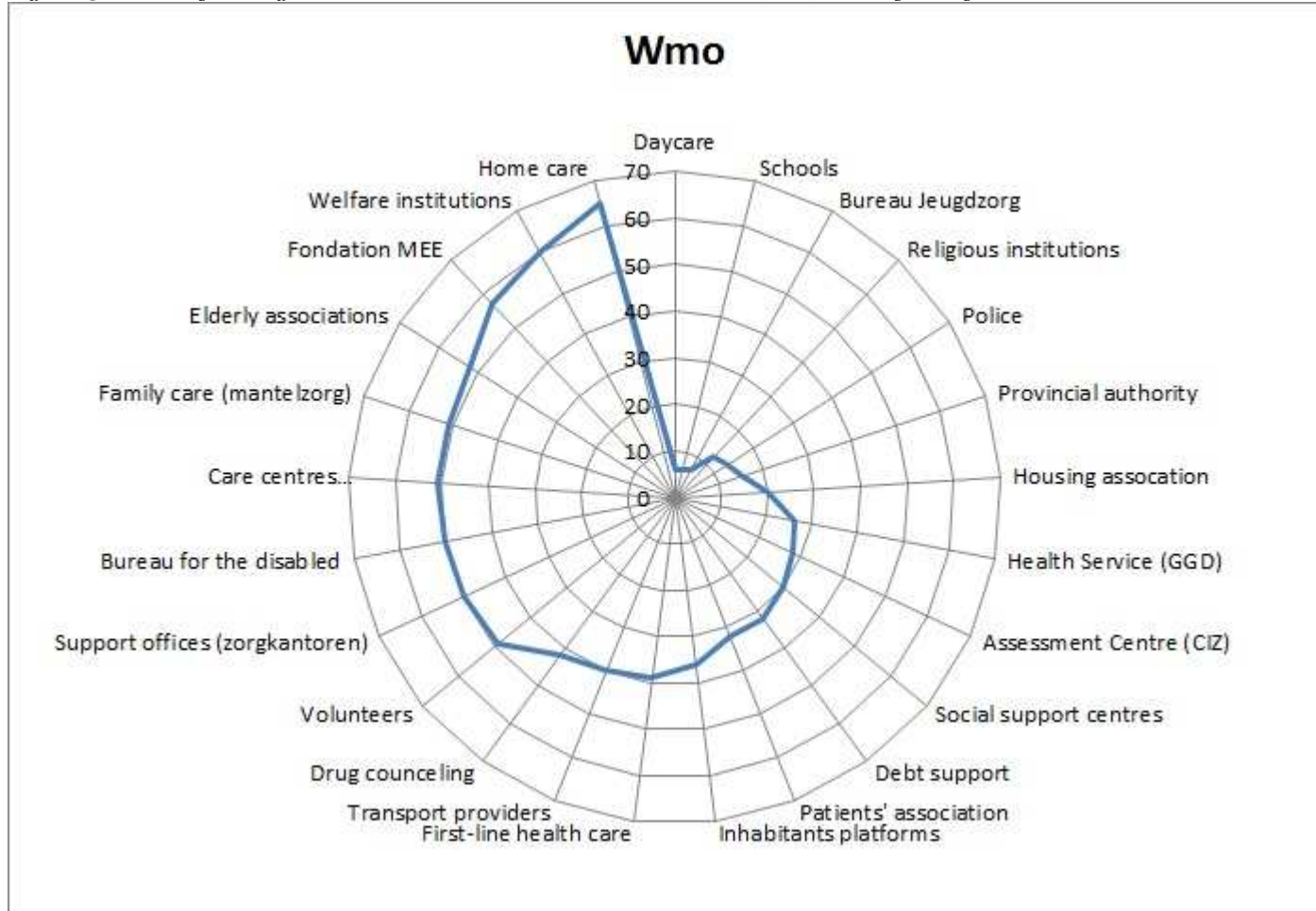
### **#3: Service providers and stakeholders – redefine your relation vis-à-vis existing partners and enrich your network in finding new partners in 2014 and 2015**

The interviews show that municipalities generally lead the formulation of policies, and that service providers and stakeholders tend to take up an advisory or implementing role. Respondents acknowledge that it is difficult to find the right balance between, on the one hand bringing service providers on board when formulating policies, and on the other hand, maintaining control of the process. If the latter is no longer the case, it becomes more difficult to accept full responsibility for potential problems. One example of this dilemma relates to how care is delegated to recipients: Should service providers be given (part of the) responsibility for implementing this? If collaboration takes hold, there are potential synergies between municipalities and service providers in the fields of sharing expertise and implementing capacities. More shared starting points, reporting standards and right financial incentives, coupled with greater mutual trust, will increase the likelihood of successful collaborations.

**1) Wmo:** There are well-established patterns of cooperation between municipalities and service providers /stakeholders, which often involve similar parties. The ‘usual suspects’ include home support, welfare institutions, elderly associations and the MEE Foundation (figure 3a). This confirms earlier findings based on an evaluation of the Social Institute for Social Research (SCP) (Van Houten, Schalk en Tuynman 2010: 107), which showed a similar pattern of cooperation. After the transition year of 2015, we can expect more maneuvering room for new cooperation agreements with service

providers/stakeholders that have thus far remained below the surface.

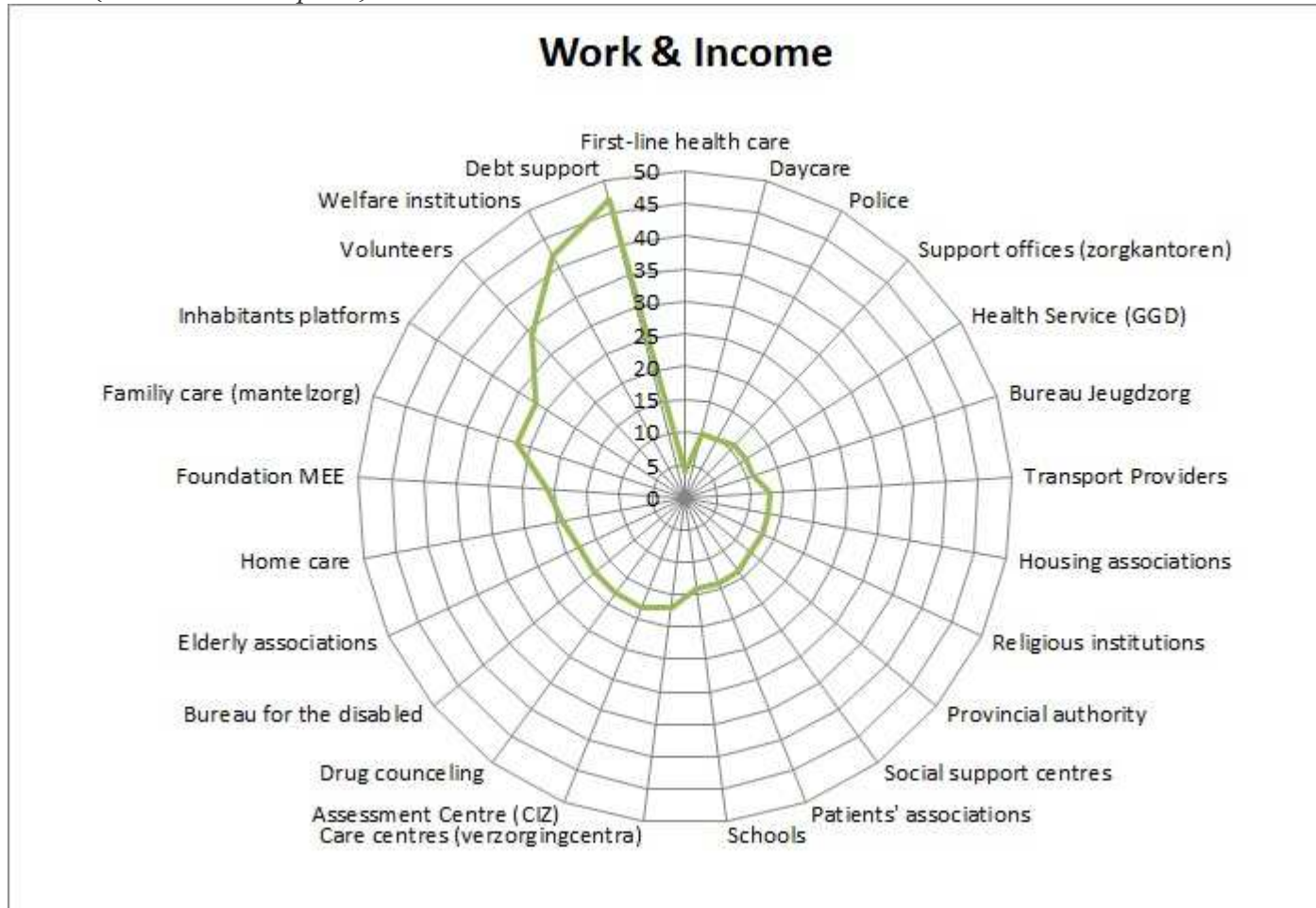
Figure 3a: level of strong collaboration with selected stakeholders (in %) in the field of Wmo



There is no data available for the other two domains (youth and work & income). As such, this study provides a base line on which to build in the coming years. Figures 3b and 3c reveal two interesting facts:

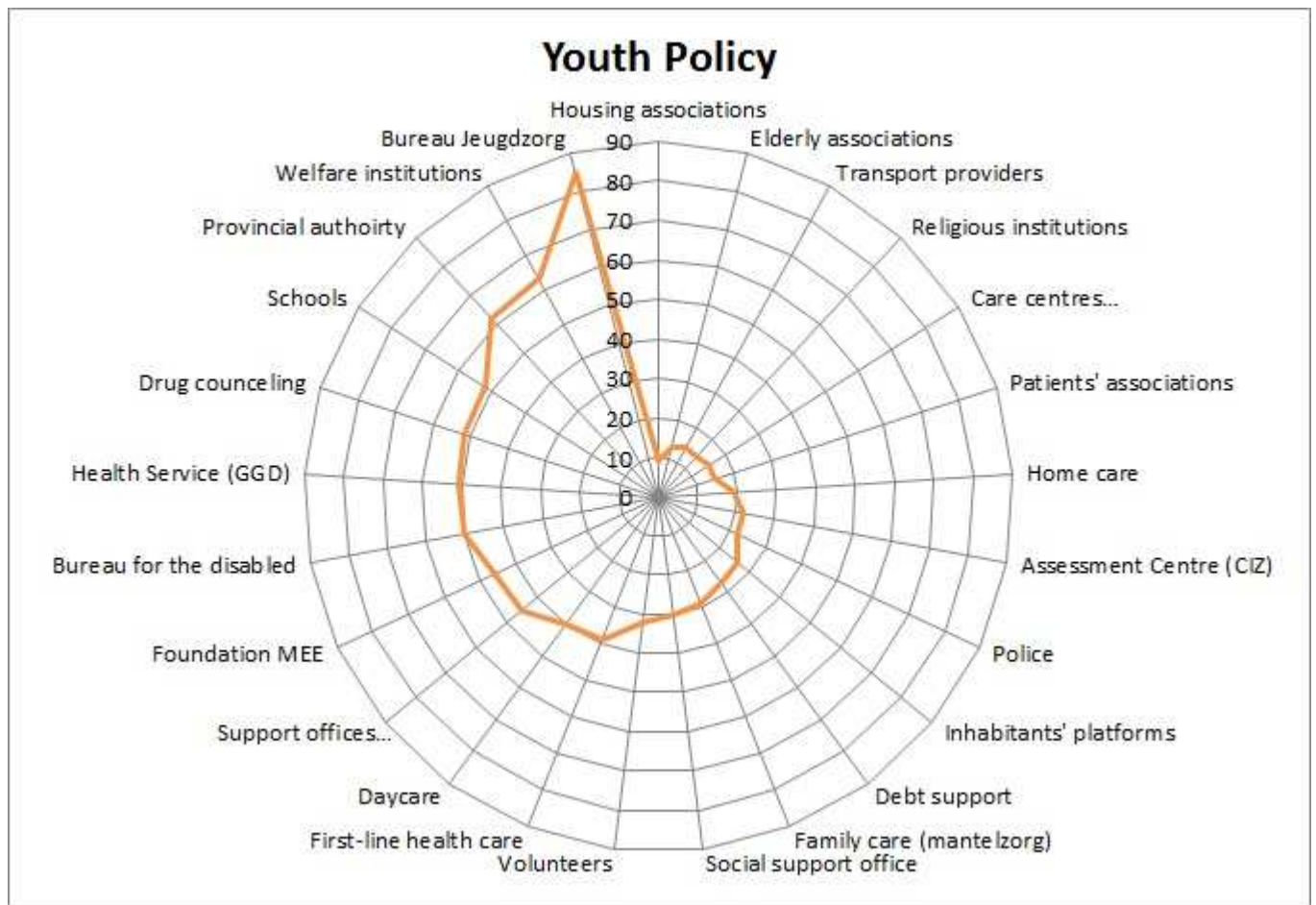
**2) Work & Income:** Collaboration with local organisations in this field is, compared to the other two domains, the least developed. The only exceptions are debt support and welfare institutions, where collaboration is strong (resp. 47% and 42% of the municipalities). The Participation Act requires the implementation to be done through 35 regionally organised ‘work market places’ (werkpleinen: where regional employers and union leaders develop a regional labour policy with eldermen) or ‘work companies’ (werkbedrijven: these include today’s list of social work places, which are intended to help people with disabilities find work).

Figure 3b: level of strong collaboration with selected stakeholders (in %) in the field of work & income (in Dutch: 'Participatie')

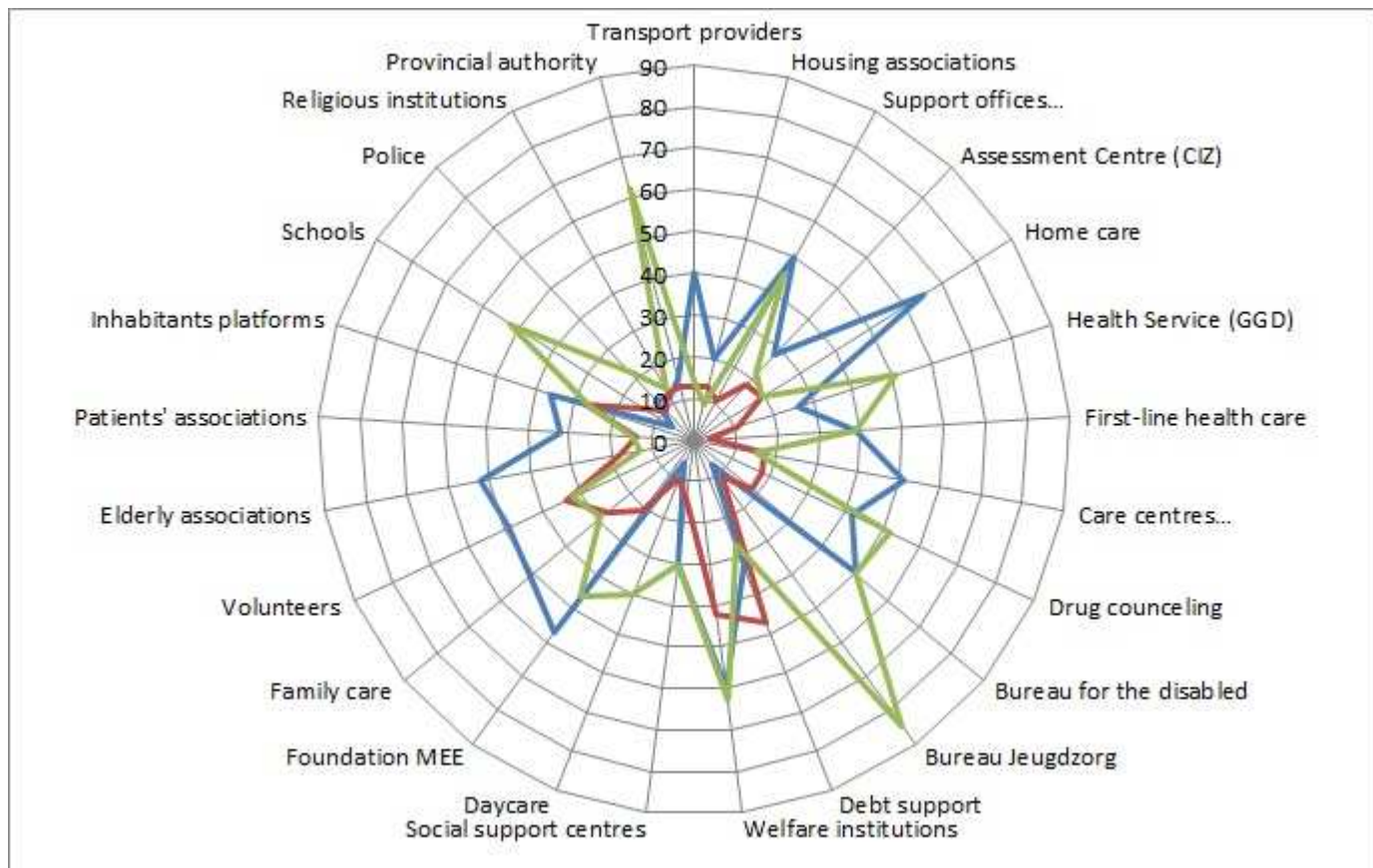


**3) Youth policy:** Municipalities engage most with the youth office (bureau jeugdzorg) when it comes to policy development; provincial authorities and schools are also important partners. This is not a very surprising outcome as it is in line with historic guidelines.

Figure 3c: level of strong collaboration with selected stakeholders (in %) in the field of youth policy (in Dutch: 'Jeugd')



*Overview: the degree of strong cooperation with selected stakeholders (in%) in the three decentralisations*



**Volunteer organisations** are generally considered important stakeholders; however these are not very involved at the time of writing. The survey shows that in 49% of municipalities they are not strongly involved in Wmo policy. This is particularly the case in smaller municipalities (figure 4a). We see a similar picture in the field of youth policy: we observe a much lower score for ‘strong involvement’ in policy development and implementation across the municipalities (32% of Dutch municipalities)

*Figure 4a: municipalities that strongly involve volunteer’s organisations in the field of Wmo*

*Figure 4b: municipalities that strongly involve volunteer’s organisations in the field of youth policy*

**Recommendations:**

**A)** Invest in both transition and transformation in the social policy domain.

**B)** Use this year and the transition year of 2015 to expand your network: improve and rearrange the current cooperation arrangements with service providers and stakeholders and add new parties in order to enhance the quality of the provided services.

C) Identify the most adequate financial structure to guide cooperation arrangements with service providers. Think of financial agreements based on results, performance, tasks or target groups (or a combination of these).

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## **Conclusion**

In the first edition of The Hague Governance Quarterly, we zoomed in on the austerity measures across Dutch municipalities. We concluded that municipalities would prefer not to cut spending on youth policy and social support policies, both of which lie at the heart of the decentralization agenda. The presented results of the second survey confirm these findings. Municipalities are generally positive about the legal starting points, in particular when it comes to the local autonomy that is considered a requisite for more effective local and tailor-made support services. At the same time, respondents indicate that there is much left to be done at the national level to make clear the specific financial conditions, as well as the amount of freedom municipalities must relinquish when designing their own local policies.

The survey further showed that historic patterns determine much of the current nature of cooperation arrangements across the various stakeholders. We can see a number of municipalities working pro-actively on establishing new partnerships after the transition year of 2015. The key challenge for municipalities is to make clear choices with the aim to develop new policies and ensure new implementation arrangements for tailor-made service provision. This takes place in a context of uncertainty, faced with limited budgets and limited time. A major opportunity emerges at the intersection of municipality and citizens. We will discuss the implications of this opportunity in more detail in an upcoming issue of The Hague Governance Quarterly.

## ***About the survey***

*The survey's main goal was to facilitate a dialogue between academia and practice. The survey was designed and conducted by the Institute for Public Administration and the Centre for Innovation at Campus The Hague (Leiden University), in collaboration with the Association of Public Administration (VB) and the Association of City Managers (VGS). The survey was also used for a*

*number of workshops during the 11th Festival der Bestuurskunde on 13 February 2014 in Utrecht.*

*The sample covers 57 municipalities (response rate 59%). A non-response analysis shows that both response and non-response municipalities are representative in terms of inhabitants, 'green pressure' (% inhabitants <20), 'grey pressure' (% inhabitants >65), amount of unemployment benefits and the % of non-Western immigrants. The non-response municipalities have a slightly lower average income per household (Source: CBS).*

### **References**

*Van Houten, G., Schalk, J., & Tuynman, M. (2010). Samenwerking en sturing in gemeentelijke beleidsprocessen. In M. de Klerk, R. Gilsing, & J. Timmermans (Eds.), Op weg met de Wmo: Evaluatie van de Wet maatschappelijke ondersteuning 2007-2009 (pp. 101-124). The Hague: SCP.*