

Contribution of the Dutch social partners to the National Reform Programme within the context of the EU 2020 Strategy

March 2015 – February 2016

Foreword

The EU 2020 Strategy, which the European Union (EU) agreed in 2010, focuses on the promotion of sustainable, inclusive and smart growth, i.e. growth that is driven by knowledge and innovation. The aim of this strategy is for the EU to achieve a higher level of employment, social cohesion and productivity.

The objectives of Europe 2020 are summarised in five headline targets and ten guidelines. Based on the agreements, the Member States are required to set their own national targets that must ensure that the goals in the agreed strategy will be achieved by 2020.

When the guidelines were adopted, the Commission decided that the guidelines should remain fixed until 2014 to ensure a focus on implementation. Since 2014, the guidelines have been established annually.

The five headline targets for 2020 are:

- increasing the employment participation rate from 69% to 75%;
- increasing R&D expenditure from 1.9% to 3% of GDP;
- 20/20/20 targets: greenhouse gas emissions, energy from renewables and energy efficiency;
- reducing school drop-out rates to 10% and increasing the percentage of 30-40 year olds completing third level education to 40%;
- reducing the number of people in or at risk of poverty by at least 20 million.

Each year, the EU Member States prepare their own National Reform Programmes (NRPs), in which they set out their strategy for meeting the EU 2020 targets. As a matter of practice, the Dutch government has decided to discuss a draft version of the NRP with the social partners each year. The government, however, will bear full responsibility for

the final content.

Each year, in cooperation with the Social and Economic Council of the Netherlands [*Sociaal-Economische Raad*] (SER), the Labour Foundation [*Stichting van de Arbeid*] prepares an annual report entitled “Contribution of the Dutch Social Partners” regarding achieving these joint European goals. This report is added as an appendix to the NRP. The report contains the social partners’ main contributions towards meeting the headline targets arrived at in consultation between the Labour Foundation and the SER. Contributions that the social partners have made separately to achieving these targets are outside the scope of this report.

This report clusters guidelines for each theme of the EU 2020 strategy and indicates the measures the social partners undertook between March 2015 and February 2016 in order to achieve the headline targets of that strategy. Of course, many of the social partners’ recommendations and advisory reports pertain to several headline targets and guidelines. Where this is the case, the contribution concerned is not included in respect of several guidelines but has been placed with the most suitable guideline.

- ***Completion of the Social Agreement***

On 11 April 2013, the social partners signed the Foundation Agreement [*Stichtingsakkoord*] that was endorsed that same evening by the Dutch Cabinet [*kabinet*] in the Social Agreement [*Sociaal Akkoord*]. This document contains the building blocks ‘...for responsibly restructuring the social security system, a new foundation for rebuilding trust in a sustainable, prosperous Netherlands, and a new basis for society.’

Two and a half years after the Social Agreement was concluded, the Board of the Labour Foundation decided to assess the extent to which the Social Agreement was being implemented properly. This Completion Report on the Social Agreement presents the Board’s assessment of the implementation of the agreements that were made.¹

The Social Agreement was concluded at a time when the Netherlands was in the midst of economic difficulties. The economic crisis, which had started back in the autumn of 2008, showed no signs of alleviation. Since 2011, the unemployment rate had been rising monthly, as had the number of bankruptcies. There seemed to be no prospects for improvement of the country’s economic situation. Since then, the joint approach by employers and employees has led to the implementation of a variety of measures, but a great deal remains to be done. Converting the agreements laid down in the Social Agreement into legislation is only one side of the implementation. The other side is working out the practical details of the legislation and other agreements. The Social Agreement reserves a crucial role for the country’s municipalities [*gemeenten*]. The Labour Foundation understands and appreciates that role.

The Board of the Labour Foundation notes that, generally speaking, the Social Agreement is being implemented in accordance with the agreements made, and that a

¹ The publication *Completion of the Social Agreement* and its appendices, dated 24 November 2015, is available www.stvda.nl.

significant portion of those agreements have already been codified in statutory and regulatory law. The Social Agreement has contributed to recovering and restoring confidence in our society. This agreement has laid the foundation for boosting the economy and employment and increasing the quality of jobs and employment contracts.

Some agreements are still being worked out in a final phase, other agreements are subject to a longer completion period. Examples of these are the sectoral plans that will not be completed until 2018 and the jobs agreement that will remain in place until 2026.

The Social Agreement contains the important building blocks for people to find work, whether they are unemployed or whether they need to change jobs. However, connecting sectors to regions and vice versa, in those sectors where the infrastructure is adjusted to the region's characteristics and its dominant sectors, will demand the social partners' full attention for the coming.

- *A final word*

Finally, it should be stressed that it is mainly through their policy on conditions of employment, which incorporates the recommendations and advisory reports of the Labour Foundation and the SER, that the central and decentral social partners contribute to the EU 2020 Strategy.

1 European cooperation

As members of the SER, employer organisations and employee organisations regularly discuss their strategy and possible contribution to the European consultations on achieving these goals.

• *Presidency of the European Union in 2016*

In 2014, the SER sent a letter to Minister Koenders listing the issues that should be assigned priority during the Dutch presidency of the European Union (EU) in the first semester of 2016.² These focus on the recovery of sustainable growth and employment. In this respect, the SER requests the Presidency to devote particular attention to:

- the EU 2020 Strategy and the EU Investment Plan;
- promoting the internal market, including for energy and digital services;
- establishing a capital markets union in addition to the banking union;
- promoting fair labour mobility;
- open and fair world trade;
- investments in infrastructure and knowledge;
- the earning opportunities presented by a circular economy;
- initiating open coordination to promote ‘lifelong learning’;
- protecting the safety and health of employees by establishing common limits on exposure to certain substances.

• *Consultation on EU Spring Summit*

On Thursday, 3 March, the social partners and the Crown-appointed members [*kroonleden*] of the SER met with Minister Kamp regarding the EU Spring Summit. Those present discussed both socioeconomic policy coordination in the context of the European Semester and current issues that the EU and the Dutch presidency of the EU are facing, such as the refugee crisis and Brexit.

On 1 March, in preparation for this meeting, the SER met with representatives of the European Commission (EC) in the Netherlands about the country report³ and the EC’s proposals for instituting a national competition council and strengthening the role of the social partners in the European Semester. They also spoke with J. Kremers, whose positions include that of the First Chairperson of the Netherlands Investment Agency (NIA), about our country’s chances of participating in the Juncker investment plan. On 30 March, a meeting will be held with an official representative of the EC regarding the country-specific recommendations for the Netherlands.

² SER Advisory Report, *Prioriteiten Nederlands voorzitterschap EU* (‘Priorities of the 2016 Dutch Presidency of the EU’), The Hague, 19 December 2014.

³ Commission Staff Working Document, *Country Report The Netherlands*, Brussels, 26 February 2016.

2 Wage, unemployment and pension developments

Guideline 1: Ensure the quality and the sustainability of public finances.

Guideline 2: Address macro-economic imbalances.

Guideline 3: Reduce imbalances in the euro area.

The government is ultimately responsible for fulfilling these guidelines. The principal role of the social partners primarily regards the development of negotiated wages and pensions.

Wage, employment and unemployment developments

- ***Rises in negotiated wages***

The CPB Netherlands Bureau for Economic Policy Analysis (CPB) has calculated a 1.2% movement in negotiated wages for 2015. The CPB is forecasting a 1.6% movement in negotiated wages for 2016. The derived inflation rate in 2015 was 0.7%; consumer prices rose by 0.9%. For 2016, these are estimated at 1.1% and 1.2%, respectively. Salary costs per worker rose by 0.6% in 2015. These are expected to rise by 2.6% in 2016.

- ***Unemployment***

According to the definition of the term used by Statistics Netherlands (CBS) the unemployment rate stood at 6.9% at the end of 2015. The CPB expects this to drop to 6.7% in 2016.

Pensions

- ***Funding ratio development***

In the past year, most pension funds have seen a further decrease in the funding ratio on which they are required to base their policy. At the end of December 2015, the average funding ratio at pension funds stood at 100%, a decrease of eight percentage points in comparison to the end of 2014. As a result, most pension funds were unable to grant an indexation; adjusting pensions to compensate for inflation becomes less and less likely as time goes on. If the current downward trend continues, several pension funds will even be forced to reduce their pension benefits in 2017.

The most significant cause of this is – and will remain – the low long-term interest rate that funds must use to calculate their obligations because of the provision of nominal entitlements in pension contracts. This rate continued at a historic low in 2015. This was partly due to the monetary policy being pursued by the European Central Bank.⁴ The interest rate dropped further in the first two months of 2016, and share prices also fell as

⁴ Quantitative Easing Programme.

a result of unrest on the international markets. This put additional pressure on funding ratios.

- ***Ultimate forward rate (UFR) and interest rate hedging***

On 14 July 2015, the Dutch Central Bank [*De Nederlandsche Bank*] (DNB) decided to effect an immediate adjustment to the ultimate forward rate (UFR) that pension funds must use to determine the value of their obligations over the long term. As a consequence of this decision, the UFR was reduced from 4.2% to 3.3% and was made dependent on a moving average of the current market interest rate.

On 1 September, the Labour Foundation sent a letter urging further study of the consequences of this decision. In the letter, the Foundation noted that the European UFR for insurers, which was reconfirmed in the spring of 2015, was set at the previous, stable rate of 4.2%. The Labour Foundation considers it peculiar that two different estimates of long-term interest rate development could apply simultaneously in the Netherlands.

The State Secretary of Social Affairs and Employment [*Sociale Zaken en Werkgelegenheid*] (SZW) granted the request for a study. This study, which was conducted by the DNB and the CPB, showed that the effect on premiums amounted to EUR 4.3 billion. As a result, pension funds will have to maintain an extra buffer of EUR 60 billion. The Labour Foundation primarily objected to the volatility of the new UFR. The introduction of the new financial assessment framework (FAF) with effect from 1 January 2015 had been intended precisely to promote the stability of the pension system, but the UFR has largely reversed this effect. The DNB, however, sees no reason to revise the UFR decision.

At the urging of the social partners, the DNB also conducted a study of the consequences of interest rate hedging. This study, which was completed on 25 November, showed that even under the new FAF pension funds are still facing a dilemma: the unconditional nature of the nominal pension commitment calls for risk avoidance and hence interest rate hedging. At the same time, however, the target pension – a pension that retains its value – demands a riskier investment policy. In a low interest rate environment, of course, pension funds are always compelled to reduce risks in view of the nominal pension commitment. As a result, the target pension in real terms ('real target pension') is being put under even more pressure.

In 2010, the Labour Foundation signed a Pension Agreement [*Pensioenakkoord*] to focus on the real target pension and eliminate the nominal degree of certainty. The new FAF passed by the Dutch Parliament in 2014, however, continues to strive to achieve both goals, which has created a dilemma for pension funds trying to decide on their investment policies.

- ***Collective risk-sharing in defined contribution agreements***

Defined contribution agreements [*premieovereenkomsten*] require members to convert the pension capital they have accrued into an annuity by no later than their retirement date. This means that they will no longer receive a return on their investment after they

retire. Investment risk must also be reduced before the retirement date. Moreover, the amount of the pension benefit is strongly dependent on the interest rate on the date the annuity is purchased (conversion risk). These factors unnecessarily limit the resulting pension.

Partly at the insistence of social partners, the bill regarding the Enhancement of Contribution Schemes has recently been adopted by parliament. This bill will enable members with a contribution scheme to choose between receiving a fixed or a variable pension benefit. As a result, members will no longer be obliged to convert their pension capital into a lifelong fixed pension at a set time. This amendment will enter into force on 1 July 2016.

- ***Continuation of SER analysis of the future pension system***

In 2014, State Secretary Klijnsma of SZW started a national pension dialogue in order to embed more transparency and options into the pension system in the future, improve harmonisation with labour market developments, and restore confidence in the system. It was in that context that, in February 2015, the SER explored four options for improving and strengthening the pension system. The alternatives explored were:

- a defined-benefit agreement with declining accrual;
- a national pension scheme;
- personal pension capital with voluntary risk-sharing;
- personal pension capital with collective risk-sharing.

The conclusion was that ‘personal pension capital with collective risk-sharing’ might be an interesting option for the future. The SER is currently working out the details of that fourth option, and this work is expected to be completed before the summer. This alternative regards a contract with personal capital accrual with collective risk-sharing that would eliminate the average pension contribution system [*doorsneesystematiek*]. This will entail significant transition problems for which an effective solution is being sought.

- ***Indexation supplement deposits [Indexatiedepots]***

When the new FAF was implemented, the Foundation requested that specific attention be paid to the ‘indexation supplement deposits’ which are formed pursuant to stipulations in collective agreements and which are intended to ease the process of mergers of pension schemes and transitions to other pension schemes. The new FAF contains stricter rules regarding indexation that are diametrically opposed to agreements made in employment terms and conditions that stipulate that money on deposit can be used to provide extra indexation to a disadvantaged group of members on a temporary basis. In the Foundation’s view, an unintended consequence of the new FAF will be that these deposits will no longer be able to be used for those very legitimate purposes. Prompted by a letter from the Labour Foundation dating back to 2014, and after intensive consultation with the social partners on this issue, the State Secretary of SZW took a decision that will eliminate obstacles to merging and amending such schemes.

- ***Pension accrual in the event of occupational disability***

On 21 September, in a letter to the State Secretary of SZW, the Labour Foundation again raised the alarm regarding the lack of pension accrual by many employees who were already occupationally disabled at a young age. These people, who fall under the Dutch Invalidity Insurance (Young Disabled Persons Act [*Wet arbeidsongeschiktheidsvoorziening jonggehandicapten*] (Wajong) generally have very low labour productivity (salary). This means that employers of these individuals only have to pay part of the minimum wage. These individuals' wages are supplemented by a benefit paid under the Wajong.

In 2010, the Labour Foundation recommended applying a deemed part-time factor, calculated as a proportion of the salary, to the contribution-free amount [*pensioenfranchise*] of working Wajong beneficiaries which would allow them to accrue pension on the portion of their wage paid by their employer. Afterwards, however, the Dutch Tax and Customs Administration [*Belastingdienst*] declined to cooperate with this programme because it believed that the entire contribution-free amount had to be applied to the partial wage. Originally, it appeared as though the introduction of the Dutch Participation Act [*Participatiewet*] would solve this problem because, from then on, employers would pay the full amount of the employee's wage and be reimbursed by means of a salary cost subsidy. This would enable occupationally disabled employees to accrue pension on their wage. During the debates on the Participation Act at the end of 2014, however, the Parliament decided that the salary cost subsidy would only apply to new cases. As a result, people who qualified for Wajong benefit prior to 1 January 2015 still cannot accrue pension on their wages. The Labour Foundation considers this situation undesirable and is now, as a consequence of the letter, in talks with SZW to arrive at a suitable solution.

In December 2015 the Labour Foundation issued an action plan for the continuation of the pension accrual at an income of more than 100.000 euro in case of labour incapacity. It regards members who were incapacitated before 1 January 2015, had a premium-free pension and who, in general, experienced detrimental consequences of the tax limit. The action plan presents possible solution to prevent those detrimental consequences through a netto pension accrual.

- ***Transfer of pension rights***

In two advisory reports issued by the Labour Foundation at the State Secretary's request – one of which outlined the main issues and the other of which discussed them in more detail – the Labour Foundation advocated eliminating the problems associated with additional payments [*bijbetalingen*] and making the system of individual transfer of pension rights more transparent by discontinuing the practice of transferring entitlements and transferring the accrued contributions instead. Since then, SZW has been working on a fundamentally reforming the pension right transfer system, but has decided for the time being to include this action in the broader reform of the pension system as a whole.

The Ministry will, however, be consulting with the Labour Foundation to determine how to eliminate the biggest problems in the short term. Because a provisional decree has

already capped the extra payment by employers, the remaining problems relate primarily to the continuation of the surviving dependants pension [*nabestaandenpensioen*] and the transfer of small pensions. Solutions for these problems are expected to become available during the course of 2016.

- ***Surviving dependants pension***

A limited number of pension funds only define a partner as a spouse or registered domestic partner. Because this is often difficult to explain to people who have other types of long-term cohabitative relationships, the Labour Foundation issued a recommendation on 22 July to parties to collective agreements and pension fund managers advocating that cohabitative relationships other than marriage and registered domestic partnerships should be eligible for surviving dependants pensions. This primarily regards situations in which unmarried partners live together based on a cohabitation agreement signed before a Dutch civil-law notary. The Labour Foundation hopes that such inclusion will promote uniformity and offer a solution for situations that are sometimes distressing. Moreover, this would also eliminate any thresholds relating to job changes.

- ***Pension administrator governance***

As a supplement to the Improved Governance of Pension Funds Act [*Wet versterking bestuur pensioenfondsen*], the Labour Foundation and the Dutch Pension Fund Federation [*Pensioenfederatie*] drafted the Pension Fund Code [*Code pensioenfondsen*]. This Code contains provisions on the performance of the three core governance functions: management, supervision, and reporting. The goal of the Code is to make the relationships within pension funds and communication with stakeholders transparent.

In 2014, both organisations together established an independent committee that annually surveys the extent to which the standards of the Code are being applied in practice. The second report was published in February 2016. This report states that nearly 95 percent of the standards are being complied with; a substantial proportion of this compliance is implicit. The committee has therefore called on pension funds to ensure that their future annual reports contain explicit statements about how they are complying with the standards laid down in the Code.

The survey also showed that approximately 85% of the funds have implemented a diversity policy to ensure that more young people and women are appointed to their boards and reporting bodies. In more than half of these cases, however, it has not been made clear which specific steps are being taken, and over what period of time, to make this policy a success. According to the committee, more transparency is also desirable in respect of these issues.

The committee will conduct another survey in the course of 2016 to assess progress. The Labour Foundation and the Pension Federation have brought the committee's recommendations to the attention of pension funds and parties to collective agreements.

- ***New pension institution***

After the House of Representatives passed the bill for a ‘general pension fund’ [‘*algemene pensioenfond*s’] (APF) on 27 November, the Senate passed this bill on 23 December. The establishment of APFs has been permitted since 1 January 2016.

The APF is a new type of pension fund that differs from the existing professional, industry and company pension funds and offers parties to collective agreements an additional alternative for pension scheme administration. Until 1 January 2016, if parties to a collective agreement or an employer wished to transfer their pension scheme to another administrator, they could only choose between an insurer or an industry pension fund. Not every sector has an industry pension fund. The APF offers a new alternative.

The APF will make it possible to combine various pension schemes. The Labour Foundation has long embraced this new vehicle for pension administration. It may be particularly suitable for smaller company pension funds that are in liquidation or in the midst of a merger.

- ***European developments***

The Labour Foundation closely follows European developments regarding IORP (the EC Pension Funds Directive) and Solvency 2 (EC Insurers Directive) by regularly meeting with the social partners’ and pension funds’ representatives in Brussels.

IORP and Solvency 2 may have a significant impact on second-pillar pensions in the Netherlands. After a 2014 compromise between the Member States regarding IORP, the Economic and Monetary Affairs Committee (ECON) of the European Parliament took a position on 25 January. In the first half of 2016, the two co-legislatures (the Council and the Parliament) will begin negotiations with the European Commission.

The Foundation appreciates the compromise that the Member States reached in 2014 and acknowledges the fact that employment pension schemes are primarily a matter for parties to collective agreements to decide upon among themselves. The Foundation urges the European Parliament and the European Commission to adopt the compromise that has been reached.

3 Growth capacity, sustainability and innovation

Guideline 4: Optimise support for R&D and innovation, strengthen the knowledge triangle and unleash the potential of the digital economy.

Guideline 5: Improve resource efficiency and reduce greenhouse gas emissions.

Guideline 6: Improve the business and consumer environment and modernise and develop the industrial base for optimal operation of the internal market.

- ***Technology Pact 2020***

In 2015, the social partners continued to contribute to achieving the goals of the Technology Pact.⁵ This pact is aimed at drawing young people's attention to, and encouraging them to opt for, careers in technology, as well as at retaining employees in those sectors. Through initiatives such as sectoral plans, the decentral social partners have made significant efforts to reduce the shortage of technical staff.

- ***Energy Agreement for Sustainable Growth***

The Energy Agreement for Sustainable Growth [*Energieakkoord voor duurzame groei*] is an agreement that is being carried out by 47 organisations. Parties to this agreement include the government, employers' and employees' organisations, financial institutions, environmental organisations, and other social organisations. The agreement is designed to expedite the transition to sustainable energy provision and provides incentives for innovation that also translate into opportunities on the world market. Compliance with the Energy Agreement is monitored by a special SER committee consisting of representatives from all of the signatory organisations.⁶

By 2020, this agreement will have generated approximately EUR 20 billion in extra investments. Another of the agreement's targets for 2020 is to have quadrupled the economic value that was attributed to clean energy in 2010. This ambitious target will also create new jobs in the CleanTech industry.

- ***International Corporate Social Responsibility***

Since the SER published its advisory report entitled 'The Profit of Values' [*De winst van waarden*] in 2000, the concept of corporate social responsibility (CSR) has become widely accepted in our country. The next step will be international corporate social responsibility (ICSR) and the achievement of sustainable cross-border supply chains. In December 2008, the core employers and employees associations in the SER committed themselves to promote ICSR by signing the International Corporate Social Responsibility Statement [*Verklaring Internationaal Maatschappelijk Verantwoord Ondernemen*]. Since then, the SER has facilitated the conclusion of sector-wide conventions.

It was against this backdrop that, in 2015, the SER drew the country's attention to the

⁵ Representatives from education, employers, employees, and regions joined Minister Bussemaker (Education, Culture and Science (OCW)), Minister Asscher (SZW), Minister Kamp (Economic Affairs (EZ)) and State Secretary Dekker (OCW) in concluding the Technology Pact [*Techniekpact*] in 2013.

⁶ Energy Agreement.

opportunities inherent in global sustainable development. In addition to bolstering the Netherlands' position in global supply chains, this concept also poses the question of how the Netherlands can positively impact manufacturing conditions in supplier countries and contribute to sustainable development. It also poses the question of what opportunities global sustainable development offers emerging markets and developing countries. In this context, a brochure on living wages and a report focusing on opportunities in global sustainable development have been published. The latter provides examples of companies that make the most of their opportunities while complying with ICSR standards.

In 2014, the SER issued an advisory report advocating that ICSR conventions should include agreements between the government, the business community, trade unions [*vakbonden*], and social organisations to jointly tackle the problems affecting the people and the environment in supplier countries. Because industry organisations for the clothing and textile sector and the banking sector requested the SER's assistance in this area in early 2015, the SER secretariat has since been facilitating the conclusion of ICSR conventions in those sectors.

- ***Competition and sustainability***

Competition plays an important role in our market economy. At the same time, the Dutch Competition Act [*Mededingingswet*] should not unnecessarily impede joint sustainability initiatives that improve social welfare. The tension between competition and sustainability has become a significant issue in recent months, including with regard to the joint agreements on closing coal-fired power plants. Another question that has arisen is what the interplay will be between sector-wide ICSR conventions and the competition authorities.

On 27 January 2016, the SER, the Dutch Consumers' Association [*Consumentenbond*] and Natuur & Milieu, an independent environmental organisation, issued a joint response to the draft Competition and Sustainability [*Mededinging en Duurzaamheid*] policy rule proposed by the Minister of Economic Affairs [*Economische Zaken*] (EZ). The SER endorses the adjustments proposed by the Minister but has also made several additional proposals. Since the policy rule is intended to allow businesses the leeway to better avail themselves of the opportunity to conclude sustainability agreements, it should better clarify the assessment issued by the Netherlands Authority for Consumers and Markets [*Autoriteit Consument en Markt*] (ACM). The SER's proposals therefore include:

- instructing the ACM to assess whether the restriction on competition is necessary to safeguard a legitimate objective, an explicit public interest;
- including generally accepted social values such as those embedded in the OECD Guidelines to determine eligibility for exemptions;
- creating a certain degree of freedom to experiment with sustainability initiatives whose social welfare impact is not immediately obvious.

- ***Agenda for Cities***

Many of the challenges laid down in the EU 2020 strategy will have to be faced at city level. The SER's advisory report entitled 'The SER Agenda for Cities' [*De SER-agenda voor de Stad*] published on 28 August overlaps with virtually all of the socio-economic issues addressed in the Dutch EU 2020 strategy.

The advisory report notes that there is no uniform concept of 'city', that each city has its own qualities and potential. Cities vary in size and play different roles in the economy. Some are part of an international network, while others act as regional hubs. Cities can profile themselves based on their particular characteristics, but they can also use these as a basis for strengthening regional cooperation. The SER therefore advises cities to make choices so that they adequately complement one another in addition to making themselves count as individual cities. This will require coordination at national level.

The goal is to have as many people as possible contribute to, and profit from, the success of our cities. To achieve this, the focus must be on the development and utilisation of entrepreneurship and talent. The SER applauds the recently implemented regional labour markets' capacity to develop and utilise talent at regional level. According to the SER, the labour market regions must continue to develop in order to be able to contribute to socio-economic development that captures their region's potential and anticipates problems on that region's labour markets. The labour market regions must develop themselves such that they can contribute to socio-economic improvements that are suitable to their city and region and that do justice to their potential, needs, and preferences. In this respect, the SER's suggestions include suitable forms of cooperation between municipalities, social partners, educational institutions, and the business community. Close cooperation will also be a prerequisite for creating a climate that is conducive to businesses and promotes innovation, as well as that is tailored to an individual city's 'DNA' and position.

Businesses and employees are generally more productive in urban settings. They profit from their proximity to one another, a large and specialised labour market, a broad selection of suppliers, and facilities, and the higher degree to which knowledge is shared. An attractive and dynamic residential and commercial climate will therefore be essential for thriving urban communities that drive growth.

4 Operation of the labour market, employment and social inclusion

Guideline 7: Increase labour market participation for both men and women, reducing structural unemployment and promoting job quality.

Policy regarding terms of employment and employment relationships

- ***Dutch Work and Security Act [Wet werk en zekerheid]***

On 15 April, at the request of MP Schouten of the ChristenUnie party, the social parties will again remind the House of Representatives that they unreservedly support the Social Agreement of 11 April 2013. This also applies to the agreements they made to prevent 'excess flex work' [*doorgeschoten flex*] and to improve the legal position of flex workers, including by changing the rules on dismissal. The Board of the Foundation is aware that the implementation of the Work and Security Act (WWZ) will entail sometimes major changes in the near future. The new rules on flex work and dismissal will, after all, effect a comprehensive change that will initially require significant efforts by individual employers and employees. In practice, this will mean learning by doing in order to adapt.

- ***Ban on zero-hours contracts in the health care sector***

The Labour Foundation informed Minister Asscher of SZW that the agreement in the Social Agreement regarding the ban on zero-hours contracts in the health care sector has been completed. Decentral social partners from this sector have integrated this appointment into their collective agreements. Therefore, there is no longer need for further legislation.

- ***Advisory report on employment 'triangles'***

On 29 June, the Labour Foundation informed Minister Asscher of SZW that the complexity of employment triangles, and their interrelationship with other labour market developments, had prevented the Foundation from issuing a unanimous advisory report on the question of whether, and if so how, employment triangles fall within the employment relationship spectrum. Employment triangles are understood to refer to: ... *'New forms of flexibility, such as the contract for professional services [opdracht van overeenkomst or ovo], payrolling, contracting and seconding [doorlenen]...*⁷ The Foundation's position is that this advisory report cannot be viewed separately from a broad image of the labour market developments which have occurred in recent years and which can probably be expected to continue in the coming years. Continuing the debate on this fundamental question within the Labour Foundation is very important to both employers and employees; after all, the debate regards the qualification of the employment relationships that link the two groups to one another.

⁷ Letters of the Labour Foundation to Minister Asscher, 26 June 2015 and 27 January 2016.

- ***Transfer of an enterprise***

Another arrangement in the Social Agreement relates to regulating the transfer of enterprises. This arrangement has prompted the Foundation to prepare an analysis of how procurement, outsourcing and bogus bankruptcies must be dealt with in order to ensure that employees will follow the work while retaining their employment benefits.

The consultations are still ongoing regarding finalising this analysis in the form of a recommendation to the decentral social partners and an advisory report to the Minister of SZW.

Labour Market

- ***Sectoral plans and the Crisis Action Team***

By instituting the Crisis Action Team [*Actieteam crisisbestrijding*] in June 2013 and the earmarking of at least EUR 1.2 billion – EUR 600 million from SZW through the Sectoral Plan Co-financing Scheme [*Regeling cofinanciering sectorplannen*] and at least EUR 600 million from the social partners and regions – to bolster employment across sectors and regions, the social partners and Cabinet wish to provide substantial support to the labour market. The underlying goal in carrying out the sectoral and regional plans is to develop a functional infrastructure for job-to-job commitments as we go and thus take action in the near future to prevent as much (long-term) unemployment as possible.

The procurement will be accomplished in three stages in order to give the social partners and regional managers enough time to submit a thorough plan. In the meantime, 76 sectors and regions are working hard, generally very successfully, on using the sectoral plans they submitted in the first and second stages to revitalise their sector/region and maintain or increase employment opportunities. For the third stage – the plans for which can be submitted until 15 September – 28 sectoral plans have already been approved. These plans focus explicitly on programmes designed to help people switch jobs when they are at risk of becoming unemployed (i.e., VWNW programmes) or to help those who are already unemployed find jobs.

The regional cooperation between municipalities/labour market regions and the sectoral social partners is continuing to gain ground. The most recent stage, for example, involves more regional cooperation plans than purely sectoral plans. This offers good prospects for a longer-term and more resilient regional labour market cooperation and infrastructure between the social (sectoral) partners and the municipalities.

Information about the rules, activities, and sectoral plans that have been approved can be found at www.stvda.nl (in Dutch).

Led by independent chairperson Marjan Oudeman, the Action Team, comprising representatives from the social partners, the Association of Netherlands Municipalities [*Vereniging van Nederlandse Gemeenten*] (VNG), the Employees Insurance Agency [*Uitvoeringsinstituut Werknemersverzekeringen*] (UWV), SZW, and the Dutch Ministry

of Education, Culture and Science [*Ministerie van Onderwijs, Cultuur en Wetenschap*] was dissolved during a celebratory meeting at the SER building on 29 June. After two years, their work – encouraging and promoting sectoral plans – was done. It is now up to the decentral partners and regions to implement those plans adequately. To mark the occasion, the Action Team wrote ‘Passing the Torch’ [*Overdrachtdossier*], which describes the lessons learned from the experiment.

The Foundation, however, will continue to monitor the sectoral plans. The supporters of the Action Team will remain active in order to support the administrators with implementing the plans. The Foundation will also be holding bi-monthly implementation meetings where the administrators and SZW can work together to solve problems and share positive experiences.

In connection with the Technology Pact, meetings are held once every three weeks to monitor progress and explore how the sectoral plans can help with fulfilling the agreements in the Technology Pact. These meetings will continue in 2016.

- ***The Workroom and the Regional Job Centres***

The most important goal of the administrative consultations between the Labour Foundation and the VNG in The Workroom [*De Werkkamer*] is to meet one of the agreements contained in the Social Agreement dated 11 April 2013: to help 100,000 occupationally disabled people find jobs in the private sector and to help another 25,000 find jobs with the government. After the partnership was established primarily between municipalities, the UWV, and regional social partners in 2014, the activities in 2015 mainly focused on eliminating unnecessary thresholds.

In order to be able to determine whether the extra jobs being created are actually given to people in the intended target group, people with occupational disabilities are being registered in a ‘target group register’ [*doelgroepregister*]. The UWV determines whether a person will be included in the target register. In the first half of 2015, the number of referrals from municipalities for these evaluations remained far below expectations. Since July 2015, prompted by advice from The Workroom, it has been possible for individuals to request evaluations themselves without having to route their request through their municipality. Students who receive special secondary school education are also automatically included in the target group register. Moreover, from now on, the UWV will be allocated a budget directly by SZW for performing these assessments, and municipalities no longer have to pay a fee for every request. This eliminated the financial threshold for municipalities. These agreements – which were concluded between the State Secretary of SZW and the respective chairpersons of the Labour Foundation and the VNG – led to a considerable increase of requests for registration in the target group register since the summer of 2015.

The Job Centres [*Werkbedrijven*] have indicated that the criteria for the evaluations are too stringent, and the Workroom will determine whether or not this is in fact the case. Other simplifications still have to be implemented in the procedures for requesting arrangements for work, for example, and improvements still need to be made in the job

seekers register. Consultations between The Workroom and SZW are in full swing, with the ultimate goal being to ensure that the facilities for placing occupationally disabled people in jobs are optimally structured.

An initial interim assessment showed that, despite relatively high unemployment, approximately 10,000 occupationally disabled people had been assisted with finding jobs up through the end of 2014. This number is far above the growth rate that had been anticipated, and it is primarily due to the efforts of the market sector. The growth rate for extra jobs in the government has remained below target. No figures are available yet for 2015, but indications are that the creation of extra jobs is on schedule.

- ***Social enterprises***

Social enterprises are a fairly new phenomenon in the Netherlands. This is discussed in the SER advisory report entitled ‘Social Enterprises: an exploratory advisory report’ [*Sociale ondernemingen: een verkennend advies*], which was published in 2015. Social enterprises sell products and/or services on the market while simultaneously striving – primarily and explicitly – to meet a social goal. For example, social enterprises create new, long-term jobs for people with limited prospects on the labour market. The combination of entrepreneurship and the prioritisation of social value increases the chances of arriving at innovative solutions to social problems. The SER has called on social enterprises and the national government to invest in improved cooperation and joint impact assessment by setting up a national knowledge centre. The SER has also advised the government to study which tools – such as labels or certificates – will promote the acknowledgement and recognition of social enterprises.

Working conditions and vitality

- ***Health and Safety Catalogues [Arbocatalogi]***

The goal of the social partners is to promote the private sector’s implementation of responsible occupational health and safety policies. This can be accomplished, for example, by providing incentives for industries and companies to draft occupational health and safety catalogues. Since the Dutch Working Conditions Act [*Arbowet*] was amended in 2007, employers and employees have been able to prepare health and safety catalogues that describe how the goals of that Act can be achieved in their own sectors. The SZW Inspectorate verifies whether the occupational health and safety catalogue satisfies the requirements of the Working Conditions Act.

In January 2015, the Follow-up Health and Safety Catalogues Project, which had been carried out with a subsidy from SZW, was completed. The project’s goal was to promote the implementation of existing health and safety catalogues, to increase the number of existing catalogues that designate priority risks, and to promote the development of new catalogues. Among other things, new guidelines were developed and existing guidelines were updated with a view to meeting this goal. Industries and companies can use these guidelines to draft or supplement their own health and safety catalogues.

On 25 November, by way of marking the project's completion, a 'Health and Safety Market' [*Arbomarkt*] was organised based on the theme 'Eliminate risks you would rather not run' [*Pak het risico aan dat u niet wilt lopen*]. At the workshops experts explained eight health and safety issues for which health and safety catalogue guidelines had been written during the project.

- ***Coordination and monitoring***

The orientation discussions that were started in 2014 to set up a coordination desk to streamline the consultations between the social partners themselves and between the social partners and SZW (and other ministries) on occupational health and safety issues were continued during this reporting year. These efforts are aimed, at the one hand, on the better coordination of issues between the social partners and SZW and, on the other, at jointly communicating to decentral employers and employees where information, tools, websites, etc., can be found, while ensuring that such information, tools, and websites are updated and continued.

With regard to the consultations between the social partners and SZW (and other ministries), SZW has indicated that it would prefer to coordinate periodically with the social partners and jointly develop several primary health and safety themes that could then be put on the agenda for the coming year. Afterwards, the parties could jointly examine – each from its own perspective – how attention can be drawn to these themes. This can be done by performing additional research, making existing information more accessible, or drafting guidelines.

An initial periodic meeting was held in June. The discussions with SZW also revealed the need for a digital identification system that can assist the sectors with keeping their health and safety catalogues up to date. The social partners and SZW are jointly exploring the possibilities for this.

- ***Psycho-social strain***

During 'Work-related Stress Week' [*Week van de Werkstress*] (16-19 November), the Dutch Focal Point/TNO drew attention to the issue of workload/work-related stress by hanging a banner across the facade of the SER building that read: *Werkstress grootste arbeidsrisico.... Kom in actie!!* (English: 'Work-related stress is the biggest occupational health risk – It's time to do something about it!!').

In 2015, bullying was the central theme of SZW's four-year PSA campaign. Against that backdrop, the Labour Foundation and SZW developed an action plan for tackling bullying at work.

- ***RI&E Centre***

Employers are required by law to use a Risk Inventory and Evaluation (RI&E) to outline the risks inherent in the work their employees perform. In the action plan that constitutes part of an RI&E, the employer describes all of the measures being taken to minimise these risks. The result must be tested by a certified key expert [*gecertificeerd kerndeskundige*] (these are company doctors who are registered under the Dutch

Individual Health Care Provision (Professions) Act [*Wet op de beroepen in de individuele gezondheidszorg*, or *BIG*], certified employment experts, safety experts, occupational health strategists, etc.).

Since 1 April 2011, companies employing no more than 25 employees need no longer obtain this approval as long as the employer uses an RI&E instrument that has been registered with the RI&E Centre [*Steunpunt RI&E*].

Under order of SZW, the Labour Foundation is responsible for the RI&E Centre. The Centre handles the digitisation of branch-specific RI&E instruments and makes these available to all businesses via its website www.rie.nl. In this way, the Centre intends to increase knowledge about RI&E and to promote both the development and recognition of industry-specific RI&E instruments as well as their use. The use of RI&E by small businesses is one of its priorities.

- ***Improving the quality of occupational health care***

On 19 September, the SER published an advisory report on occupational health care. The premise of the report is that this type of health care must be improved: it must be made more effective and better informed; it must devote attention to prevention and re-integration; *and* it must be accessible to all workers.⁸

This advisory report outlines a future strategy for occupational health care, referring in particular to the changes on the labour market and the increased importance of workers' sustainable employability. The firm support of an accessible knowledge infrastructure will be needed to provide qualitatively better occupational health care. This infrastructure will facilitate the gathering and dissemination of insights into, and knowledge of, occupational health problems, diagnoses, and treatments. This will also improve the identification, diagnosis, and prevention of occupational illnesses. Improved effectiveness and efficiency will reduce absenteeism and interruptions and reduce health care costs, which will also reduce costs for employers, employees, and society as a whole.

Within the SER, opinions differ on which route must be followed to arrive at better occupational health care. Some advocate that employers, along with the employee participation body [*medezeggenschapsorgaan*], should remain responsible for managing employee absence. Companies themselves must determine which occupational health and safety services [*arbodiensten*] and experts they will engage. Others argue that the desired improvements must be achieved through investments and statutory support. This faction advocates such measures as providing financing for company doctors and legally ensuring that employees have access to company doctors.

On 28 January, in its response to this advisory report, the Cabinet noted that there is no

⁸ SER Advisory Report, *Betere zorg voor werkkenden: Een visie op de toekomst van de arbeidsgerelateerde zorg* ('Better health care for employees: a strategy for the future of occupational health care'), The Hague, 19 September 2014.

broad support for altering the occupational health care system.⁹ Given this, the Cabinet wishes to make an effort to develop specific measures that will improve both occupational and regular health care services while allowing employers to govern the policy on employee absence.

Social security

- ***Private supplemental unemployment and partial disability insurance***

With effect from 1 January 2016, the Work and Security Act will gradually restrict the statutory benefit term and accrual of benefits under the Dutch Unemployment Insurance Act [*Werkloosheidswet*] (WW benefit) and the Dutch Return to Work (Partially Disabled Persons) Regulations [*Werkhervattingsregeling gedeeltelijk arbeidsgeschikten*] (WGA benefit). The first consequences of the changes to WW benefit will be felt in the course of 2017.

The Social Agreement dated 11 April 2013 primarily contains agreements regarding assisting workers who are at risk of losing their jobs or who are already unemployed with getting back to work as quickly as possible. Since the amount and duration of statutory WW benefit will be cut if workers nonetheless find themselves unemployed for longer periods of time, an agreement was made that collective agreements should contain provisions for a supplemental benefit for these individuals.

In order to avoid making the implementation of this agreement unnecessarily complex for parties to collective agreements, the Labour Foundation will be looking for a national administrator this year. After several organisations applied for this position, the Board – after consulting external experts – decided to assign a single organisation to administer three collective agreements to see whether a simple implementation – one that parties to collective agreements can work with – is feasible. The parties to the collective agreements themselves will have to decide which organisation will administer the supplemental WW benefit scheme because, formally speaking, those parties will be the principal in the administration agreement. The Foundation proposes this ‘test’ to relieve the parties to collective agreements of the burden of finding a suitable administrator.

- ***Emergency Scheme***

On 17 August 2012, the Foundation objected to the Emergency Scheme [*Calamiteitenregeling*] proposed by the Minister of SZW, which would extend the waiting period for filing claims under the Unworkable Weather Scheme [*Regeling onwerkbaar weer*] from two weeks to four weeks. Moreover, the social partners would no longer be able to deviate from this scheme in their collective agreements. At the request of the social partners, Minister Asscher postponed implementing the scheme.

Discussions regarding the new proposal of the Minister - to limit the excess period to

⁹ The Cabinet’s response can be found at www.ser.nl.

two weeks, and prohibit collective agreements from deviating from this timeframe – have not yet been concluded.¹⁰

• ***The UWV's provision of information to the sectors***

In its response to the SER Advisory Report entitled 'Preventing, limiting and adequately insuring unemployment', the Cabinet said it would take steps to ensure that the UWV would provide adequate information to the sectoral social partners. The sectoral social partners need more information to:

- comply with the stipulations in the Social Agreement regarding supplemental WW and WGA benefits;
- develop and implement a labour market and occupational disability policy;
- enable sectors and subsectors that fall within the scope of the WW contribution group system [*premiegroepensystematiek WW*] to issue optimal advice regarding contribution-setting.

The agreements on these issues are expected to be formalised in the spring of 2016.

• ***Limiting 'safety netter' absence due to illness and occupational disability***

The UWV is legally responsible for providing assistance to 'safety netters' – employees with temporary contracts who begin receiving sickness benefits before their employment terminates – and ensuring their reintegration into the labour market. In the context of the Social Agreement, stipulations have been made that the social partners would conduct several pilots in order to determine whether innovative work processes could be developed that would ensure that fewer people apply for benefits under the Work and Income (Capacity for Work) Act [*Wet werk en inkomen naar arbeidsvermogen*] (WIA) and would shorten the absenteeism of 'safety netters' [*vangnetters*] from work due to illness (the term 'safety netters' refers to unemployed persons who report that they are ill, temporary employees who are ill, and employees who were on sick leave when their temporary employment contract ended). An agreement was made to determine whether a new approach could save EUR 15 million in the transport, agricultural, horticultural, and retail sectors. If that result is achieved through a sector-specific approach, the work processes will be rolled out throughout the country in due course.¹¹

The innovation is that responsibility for reintegration after the termination of temporary employment will be retained by the employer rather than being transferred to the UWV; there will no longer be a transition between the employer's and the UWV's responsibility. This will enable the parties to implement longer and alternative reintegration programmes. The UWV will continue to be responsible for paying benefits. A no-risk policy will apply after the first year of sick leave.¹²

¹⁰ Letter from the Minister of SZW, Cabinet's response to the SER Advisory Report entitled *Werkloosheid voorkomen, beperken en goed verzekeren: Een toekomstbestendige arbeidsmarktinfrastructuur en Werkloosheidswet* ('Preventing, limiting and adequately insuring unemployment: a future-proof labour market infrastructure and Unemployment Act'), 24 November 2015.

¹¹ Subject to SZW's commitment to refrain from implementing the work history requirement [*arbeidsverledenis*] that had been provided for in the bill on Limiting Safety Netter Absence Due to Illness and Occupational Disability.

¹² An employer who hires a safety netter who has been ill for more than a year will not, for a period of five years, run

The results of the pilots will be announced at some point in 2016, and the first indications are encouraging.

• ***Follow-up study of 80-100 WGA***

In 2012, SZW studied the group of people who had been declared fully, but not permanently, occupationally disabled; this group is known as the ‘WGA 80-100’.¹³ Because this study showed that, over a longer period of time, 28% of the WGA 80-100 population fully recover, SZW has decided to do a follow-up study, which was delivered this past summer under the title ‘In-depth Study of the WGA 80-100’ [*Verdiepingsonderzoek WGA 80-100*].¹⁴

The Foundation used the results of this study to implement the Social Agreement stipulation directing the social partners to take measures to ensure that fewer people apply for WIA benefit.¹⁵

On 30 November, the Labour Foundation wrote a letter to SZW stating that, based on this study, it will be possible to achieve the envisaged savings on benefit costs and find paid employment for some of these occupationally disabled workers. The Foundation made several suggestions for achieving these savings.

• ***Daily wage problems for job market entrants/re-entrants/flex workers***

On 23 November, after months of extensive research on the consequences of implementing a change to the income set-off for WW benefit purposes for this target group, SZW sent its response to this proposal. The Foundation has established that this change has had other (more significant) and unintended effects on the daily wage for WW benefit purposes. The Foundation considers this undesirable, given that it was never the intention to achieve the savings by adjusting the daily wage decree [*dagloonbesluit*]. In its response, the Foundation said it expected that everyone who suffered a loss as a result of this regulation would be fully compensated for the period starting on 1 July 2015.

In his extensive response to the Foundation’s proposal, Minister Asscher said that he would not adopt it because it would not be feasible for the UWV to carry it out.¹⁶ The House of Representatives’ response to his proposals mean that the daily wage problems

any risk of being required to continue making salary payments in case of illness. The underlying rationale is that this will make employers more prone to hire safety netters.

¹³ ‘WGA’ is the abbreviation for the Resumption of Work (Partially Fit Persons) Regulation [*Werkhervattingsregeling gedeeltelijk arbeidsgeschikten*].

¹⁴ Ape, ‘*Verdiepingsonderzoek WGA 80-100*’, July 2015.

¹⁵ This is measure 22 in the appendix to the letter dated 11 April 2013 to the House of Representatives, entitled *Herstel van vertrouwen* (‘Restoring confidence’). These measures must bolster the efforts being made in respect of prevention and reintegration of safety netters and the WGA 80-100. This is attached to a long-term savings target of EUR 150 million, which is to be achieved on a gradually increasing basis, starting with EUR 5 million in 2017, EUR 15 million in 2018, et cetera.

¹⁶ Letter dated 27 November 2015 from Minister Asscher to the House of Representatives entitled *Opzet evaluatie Wwz en eerste beeld invoering Wwz* (‘Structure of the WWZ evaluation and first impression regarding the implementation of the WWZ’).

will be on the agenda again in the spring of 2016.

- ***Continued payment of wages during sick leave and degree to which SMEs are insured***

The 2014 Budget Agreement [*begrotingsakkoord 2014*] stipulates that a study will be conducted regarding employers' obligation to continue paying wages to employees who are on sick leave, employers' risks relating to illness and occupational disability, and the chances for promoting solidarity among SME employers, perhaps by increasing the degree to which they are insured through private reinsurance policies or collective funds for SME employers.¹⁷ The Foundation will participate in the sounding boards.¹⁸

On 18 December, in response to two motions addressed to the President of the SER, the Cabinet requested the SER to issue an advisory report before the summer of 2016 on the labour market position of the long-term unemployed (motion in the Senate) and a suitable system for continued salary payment during illness for both employees and self-employed persons who do not employ anyone themselves [*zzp'ers*] (motion in the House).

¹⁷ Parliamentary Documents II 2013/2014, 33 750, no. 19.

¹⁸ Panteia, *Prikkels en knelpunten: Hoe werkgevers de loondoorbetalingsverplichting bij ziekte beleven* ('Incentives and problems: Employers' experiences with the obligation to continue paying wages during sick leave'), 8 December 2014 and Ape survey, *Verzekeringsgraad kleine werkgevers* ('Degree to which small employers are insured'), November 2014.

5 General and vocational education and training

Guideline 8: Develop a skilled workforce responding to job market needs and promote lifelong learning.

Guideline 9: Improve the quality and performance of education and training systems at all levels and increase participation in tertiary or equivalent education.

- ***Low literacy skills***

Concluded in September 2007, the agreement on a structural approach to low literacy skills [*Convenant Laaggeletterdheid*] contains arrangements made between the social partners and the Ministries of Education, Culture and Science (OCW), Social Affairs and Employment (SZW) and the former Youth and Family to combat low literacy levels in industry. Education in the area of language skills, after all, forms the basis for improving employees' position on the job market.

Throughout the year, the Labour Foundation brings these problems to the attention to decentral parties to collective agreements. Although this agreement expired in 2015, the Labour Foundation will continue to make efforts in 2016 to increase language skills, particularly for people on the lower end of the job market. For example, the Foundation will cooperate with Stichting Lezen & Schrijven (reading and writing foundation) to keep the website www.taalwerkt.nl up and running. This website provides both employers and employees with practical information about tackling low literacy problems at their companies.

The Foundation will also be cooperating with the roll-out of the 'Language Agreement for Businesses' [*Taalakkoord voor bedrijven*] initiative developed by SZW. This agreement, which will be signed by a company and the Minister of SZW, will oblige that company to address language deficits among its employees. It will also oblige that company to make its best efforts to get ten other companies to do the same thing. The Labour Foundation advocates taking a more industry-oriented approach to promoting language skills, primarily by embedding that approach in the HR policy.

- ***Basic Education***

In June 2015 the SER issued the advisory report entitled 'Learning in Basic Education of the Future' [*Leren in het funderend onderwijs van de toekomst*]. This advice is part of SER-activities within the context of the exploration of 'Learning in the Future' [*Leren in de toekomst*]. The essence of this report is that in order to become better prepared for the future, students already need to start acquiring a solid foundation in primary and secondary education to become flexibel, agile and defensible so that they will learn to deal with uncertain and fast developments of the labour market and society.

- ***Harmonising universities of applied sciences (HBO programmes) with the labour market***

In July 2015, the Minister of OCW issued the '2015-2025 Strategic Agenda for Higher Education' [*Strategische Agenda hoger onderwijs 2015-2025*]. In anticipation of this, the social partners formulated their views on HBO programmes, which focus on

stimulating and, if necessary, improving the harmonisation between HBO programmes and the labour market. The social partners primarily advocate increasing the effectiveness and reinforcement of dual programmes.

Intensifying the cooperation between the business community and vocational and professional education is important to the social partners. This applies not only to initial HBO programmes, but also to training employed persons and job seekers. The training programmes available to employed persons *must* be geared to *their* needs. Education must be geared to the individual career prospects of both employed persons and job seekers, and it must take into account the experience and competencies they have already acquired. Since employees will now be working longer and training is playing an increasingly significant role in increasing employability, an increasing number of adults who have already been employed for some time are also enrolling in HBO programmes for additional training or as part of making a career change. The approach will have to be tailored to the relevant issues.

In October, the social partners spoke with representatives of various HBO institutions in order to exchange views on the relationship between HBO education and the business community.

The social partners then decided to contribute their views to the consultations relating to the SER advisory report entitled 'Learning in the Future' [*Leren in de toekomst*]. After this SER advisory report is issued, the Labour Foundation will determine whether it would still be useful for it to announce its own position.

- **APL**

Accreditation for prior learning [*erkenning van verworven competenties*] (APL) provides a clear picture of employed persons' and job seekers' personal knowledge and expertise. APL is a labour market instrument used to strengthen the labour market position of working persons and job seekers in terms of their career and recruitment opportunities, and prospects for advancement. Through a agreement concluded in 2012, the government, employers and employees have undertaken to make their best efforts to promote APL as a labour market instrument.

In order to safeguard (and, where possible, improve) the legal effect, recognition, and application of APL and other accreditation tools, the parties to the agreement (OCW, SZW, EZ, and the social partners) developed an accreditation system that entered into effect on 1 January 2016. This system comprises two routes: the labour market route and the education route. In the education route, the government (OCW) is responsible for ensuring the quality of prior learning. For the labour market route, the Labour Foundation has designated Stichting Examenkamer to verify the quality of previous learning. Stichting Examenkamer has established an administrative organisation for that purpose called the National APL Knowledge Centre, Centre of Expertise for the Labour Market [*Nationaal Kenniscentrum EVC, expertisecentrum voor de arbeidsmarkt*]. The agreement will have to be amended to reflect this new accreditation system.

- ***Training flex and traditional employees, intersectoral training***

In the Social Agreement, the decentral parties to collective agreements were asked to ensure that employees with flex contracts and self-employed persons have the same access to training in their businesses/sectors that are afforded to employees with permanent employment contracts. The Social Agreement also asserts that flex workers should be offered training that is at least sufficient for them to earn starting qualifications. Attention is also requested for cross-sector cooperation between education and training funds [*O&O-fondsen*] in order to, for example, increase the feasibility of job-to-job transitions.

Last spring, the Labour Foundation conducted a written survey to assess the current status and organised a meeting for the directors of education and training funds. The input of approximately 40 funds was compiled and sent in a report to Minister Asscher of SZW on 26 June.

The Foundation reports that the education and training funds are considering how they can better respond to the changes affecting the labour market and thereby better assist employees with flex contracts and self-employed persons. Progress has been made in this respect since the Social Agreement was concluded.

The Labour Foundation added several 'actions to be taken' to these findings. Among other things, the Labour Foundation wants to promote the conclusion of agreements regarding intersectoral cooperation and how training financing can be arranged between funds for workers, flex or otherwise, who enter or leave a sector.

The status will be assessed again this spring.

- ***Collective agreement stipulations regarding practical vocational programme placements***

On 11 August, Minister Bussemaker of OCW requested the Labour Foundation to determine whether new stipulations had to be inserted in collective agreements in order to create placement opportunities, and thus jobs, for young people in practical vocational education [*beroepsbegeleidende leerweg*] (BBL) programmes.

On 8 December, the Labour Foundation responded that it was up to the social partners to insert stipulations in collective agreements regarding BBL placements that correspond to the needs of their particular industry. The Foundation noted that, collective agreements aside, a large number of sectoral plans include provisions regarding the creation of BBL placements. The Labour Foundation also referred to several factors contributing to the BBL problems. It advised the Minister to seek advice from the Cooperation Organisation for Vocational Education, Training and the Labour Market [*Stichting Samenwerking Beroepsonderwijs Bedrijfsleven*] (SBB) on this matter so that these problems could be dealt with jointly by the social partners and secondary schools.

- ***Starting off on the Right Foot***

On 22 January the SER published its vision on the future system of services for young children entitled '*Starting off on the Right Foot*' [*Gelijk goed van start*]. The essence of

this advice is that services for young children are not only an important labour market instrument but also provide a significant contribution to the development of children, the reduction of backlogs and the the enhancement of equal opportunities. Because of these effects, early and focused investment in the development of young children will pay off.

The SER states that in view of economic growth and productivity it is necessary to keep up the labour market participation rate. Especially women still have a low participation in the number of hours worked. In addition, there is an increasing gap between the high- and the low educated. Chances to success at school and in society are strongly determined by the environment in which children grow up. Early identification and elimination of learning- and developmental backlogs contribute to the realisation of equal opportunities and the limitation of costs in the future. Prevention seems to be better and cheaper than cure.

In this advice the SER pointed out several directions. The first is to set up contemporary and, suitable day care for school-age children. The first one is setting up contemporary day care package for schoolchildren. In addition, the SER recommends to develop, in time, a 'universal (inclusive) system' of facilities for young children. In the coming legislative session, all children aged two to four should have sixteen hours of day care available to them each week, regardless of whether their parents work, with their parents contributing to the costs.

Moreover, children with delays should be eligible for extra programmes to stimulate learning. A second suggestion is to reduce taxes on the extra hours worked. However, the question, in this respect, is to what extent women would react to this financial incentive. A third option is to stimulate companies to expand small part-time jobs to larger part-time jobs.

6 Social inclusion and combating poverty

Guideline 10: Promote social inclusion and combat poverty.

• Promote diversity in businesses and organisations

The Diversity in Business project [*Diversiteit in bedrijf*] project, an initiative of the Labour Foundation and the Council for Public Sector Personnel Policy [*Raad voor het Overheidspersoneelsbeleid*] (ROP), was launched on 15 February 2015. The goal of this three-year Foundation and ROP project is to support businesses and works councils in promoting diversity and to assist companies in the public and private sectors that want to make a conscious step towards diversity by establishing a charter. The project specifically focuses on five dimensions of diversity: occupational disability and chronic illness; gender; age; LGBTI; and ethnic, cultural, and religious background.

This project comprises two approaches: the Diversity Charter [*Charter Diversiteit*] and the knowledge platform.

Diversity Charter

The goal of the project is to get at least 150 parties to sign the Diversity Charter over a period of three years. Companies and organisations, but also industry organisations, can decide for themselves which dimension will be the focus of their extra efforts.

In February, 52 organisations and companies signed the Diversity Charter. The promotion of cultural diversity has been the most popular choice, followed by recruiting/retaining people with an occupational disability or chronic illness, followed by gender diversity. The Charter was signed by company managers at a celebratory meeting attended by representatives of the social partners and several Ministers (Asscher, Plasterk, and Bussemaker).

In addition, network meetings are held for the signatories to make personal contact with one another and share their knowledge and experience of specific topics in the field of diversity and inclusion. These network meetings are organised by one of the signatories. Through contributions by experts and other experienced parties, those attending are provided with information on a particular theme, the approach taken by other businesses/organisations, and the business case. Informational documents are prepared (for each dimension) prior to these meetings, and these documents are updated as necessary. The documents contain all sorts of data about a given dimension, such as facts and figures, problems relating to recruitment, retention, career path), the role of HR and the works council [*ondernemingsraad*], social organisations active in the field, and the policy pursued by the social partners and the government.

Knowledge networks

The Diversity in Business project will attempt to link existing diversity initiatives being undertaken in the workplace. Knowledge and advice is collected by knowledge networks. The purpose of the five knowledge networks is to collect, share, and disseminate up-to-date information on good practices and problems relating to a specific

theme within a dimension. The knowledge networks consist of representatives of social organisations and knowledge institutions that focus on the interface between the labour market and the relevant dimension. Employee networks at large companies and public organisations are also invited to be part of these knowledge networks, which advocate for their focus group and thoroughly understand the problems at industry organisations from an insider's perspective. Thanks to the participation of the employee networks, an interesting dynamic has been created in the knowledge networks.

Knowledge about the five dimensions is disseminated via various channels. Key channels include network meetings attended by signatories, social media, such as a dedicated page on LinkedIn (Diversiteit in bedrijf), a Twitter account (@CharterDiv), and a website www.diversiteitinbedrijf.nl. Lectures are also held often.

This project has its own Supervisory Board [*Raad van Toezicht*], which is chaired by Harrie van de Kraats (Director of the AWWN employers' organisation). The project is financed by a subsidy from SZW, the European Platform of Diversity Charters, and contributions from the Labour Foundation and the ROP.

- ***Socio-economic integration of refugees***

The thorough socio-economic integration of refugees will require practical and sustainable solutions so that these individuals can make a positive contribution to the Dutch economy and society. In the letter dated 21 September 2015 from SER President Mariëtte Hamer to Dutch Prime Minister Mark Rutte, the SER indicated its willingness to contribute to these efforts.

The SER is well aware of the importance and urgency of a Community-wide approach to curb and manage the influx of migrants. At the same time, the Cabinet must be able to rely on the support of constructive representative organisations in the Netherlands itself. Against this backdrop, the SER exchanged ideas on this topic at its meeting on 18 September. The chairpersons of the central employers' and employees' organisations shared the concerns in their ranks about these issues. They also determined that this major, complex problem calls for the development in the short term of practical solutions that will be both sustainable over the long term and broadly supported by Dutch society.

