International cities: case studies

Rotterdam

Introduction

Rotterdam is the second largest city of the Netherlands after Amsterdam with a population of approximately 624 thousand. Following around twenty years of population decline it saw population growth from the mid-1980s onwards.

The city is divided into two parts by the Nieuwe Maas channel (which leads to the delta of the Rivers Rhine, Meuse and Scheldt): a more prosperous north and a more disadvantaged south. Rotterdam's port is the largest in Europe and is among the most important in the world. It has been and remains a key driver of development in the city, although port-based employment has declined at 2% per year from the mid-1980s, and the city economy diversified with growth of important sectors in health, distribution, consumer services, knowledge and education. The port-industrial complex is one of the economic clusters selected by the city leadership as key to future development, along with the health/medical (concentrated around the Erasmus University Medical Centre) and the creative sector.

The port was booming in the 1960s and early 1970s and guest workers came to the city from southern Europe and then from Turkey and Morocco. The port was badly hit by the oil crises of 1973 and 1979, employment declined and port-based activities shifted westwards. The immigrant population of the area increased as new immigrants (including from China, Cape Verde, Indonesia, Surinam and the Dutch Antilles) moved into housing that had previously accommodated port-related workers in South Rotterdam, while those who could tended to move out of the city. Approximately half of Rotterdam's residents (or their parents) are foreign-born. Rotterdam is one of the youngest cities in Europe, with 30% of its population under the age of 25. Rotterdam's unemployment rate is higher than nationally, while the level of average educational qualifications is lower than average; in general the city fares worse than the Netherlands average across a range of socio-economic indicators. Unemployment tends to be highest amongst immigrant groups. There is an 'assimilationist' policy, emphasising language learning as a means of integration.

Governance

In the Netherlands there are three levels of government: the central government; twelve provinces; and municipalities. Rotterdam is part of the province of South Holland and is part of the Randstad (a conurbation of urban agglomerations), the Metropolitan Region of Rotterdam-The Hague (an attempt to capture agglomeration economies with co-operation based on the twin pillars of transport and economic development [OECD, 2016]), and the Urban Region of Rotterdam (comprising 15 municipalities including Rotterdam).

The central government sets out a policy framework and collects and redistributes state budgets. Through special purpose grants the central government can support (and to some extent, control) municipal policy strategies. Provinces are responsible for the coordination of public policies such as planning, transport, culture and social affairs.

The implementation of significant parts of national level policies has been devolved to municipalities, especially regarding welfare policy – with municipalities taking charge of the welfare budget for those residents (nearly 39,000 at the time of writing and on a rising trend) who do not qualify for unemployment benefit. The social security system of the Netherlands is based on social insurance and supplementary income support provisions. The main principle of the system is that all members of society must be able to play an equally active role in society. Hence those who are able to must work. Pressures to keep the welfare system affordable have contributed to greater emphasis on labour market activation.

While the responsibilities of municipalities are increasing – including new responsibilities for home care services, their budgets are declining: the total budget of Rotterdam decreased from €4.4 billion in 2010 to €3.8 billion in 2014. Thus, the Rotterdam City Plan 2010-2014 stated: 'we will have to do more with less') (Tersteeg et al., 2014). Of the municipal budget of €3.6 billion in 2016, over €2 billion was spent on social activities, with the largest single share of €870 million allocated to social security (of which €580 million is allocated to welfare, where entitlements are set nationally). Despite their broad responsibilities, municipalities in the Netherlands have limited opportunities to impose local taxes – the majority of municipal funding is sourced from national level taxes. However, municipalities can retain benefits locally of reducing welfare spend.

Nationally the Urban Agenda is currently undergoing some major changes and 'City Deals' (modelled on those in the UK) are being negotiated. City Deals do not provide any new funding, but pool existing resources and allow for a temporary adjustment of regulations for innovative pilot projects.

City governance in Rotterdam comprises a Mayor (appointed by the queen and king) and vice mayors at the top level. At the time of writing the Mayor is Ahmed Aboutaleb – a Muslim born in Morocco – who has been in office since 2009. Rotterdam City Council is made up of 45 elected members, who are elected every four years. At the second level there is a share service centre and staff at city hall. At the third level there are five service clusters: (1) economic development and physical planning, (2) physical repair and cleaning, (3) welfare and job finding, (4) social development (including education, health care, sports, etc.) and (5) public services. Overall, the city is characterised by very open channels of communication – including with the Mayor. There is an appetite in Rotterdam for experimenting with innovative governance and incentive systems; 5% of the city budget set aside for innovative approaches and some empowered civil servants ('city marines') work closely with the Mayor.

Strategy, Vision and Leadership

A series of 'visions' and economic and spatial development strategies and frameworks have been developed in recent decades in Rotterdam, although in general the emphasis in Rotterdam has tended to be on actively 'doing projects', rather than a 'top down' approach of setting 'broad goals' and relying on / establishing formalised 'strategic partnerships' to take them forward. This is indicative of a model of distributed leadership.

Nevertheless, the municipality, local partners and experts (including higher education institutions, NGOs and, in some cases, representatives from the private sector) have formulated a series of strategic plans / development frameworks. Several of these have made links between the port and the city. For example, *Koers 2005 ('Destinations 2005')* was a strategic development framework, positioning the city as a service centre for transport and logistics and an incubator for new economic activities (including the creative industries). More recently '*Rotterdam 2042: Connected Port City'* positions the city to include the Port, with a

strong focus on sustainable growth.[24] Sustainable growth encompasses economic, ecological and social

aspects: (1) a healthy economy, attracting businesses and encouraging entrepreneurs to provide high quality employment; (2) a green city; (3) a healthy city (with clean air and minimal noise pollution); (4) promoting educational performance and where everyone can develop their talent. The strategy mentions social, ecological and economic implications of sustainability. There are targets relating to carbon- dioxide emissions, energy savings, moving towards sustainable energy sources, sustainable mobility and use of various transport modes, better air quality and more green areas in the city. The emphasis on partnership working in formulating, designing and implementing initiatives is also evident in the *Rotterdam Climate Initiative*,[25] which includes the City of Rotterdam, the Port of Rotterdam and the business community, and in a series of seven *Green Strategies*[26] to improve the quality of life in the inner city and attract inhabitants and visitors.

In May 2016 Rotterdam published a *Resilience Strategy*,[27] underpinned by a vision for a sustainable, safe, inclusive and healthy future, as part of the Rockefeller Foundation's 'Resilient Cities' framework[28] which aims to help build resilience to the physical, social, and economic challenges in the 21st century. It is guided by six themes: social cohesion and education, the energy transition, cyber use and security, adaptation to climate change, infrastructure and changing governance. There are seven objectives: (1) a balanced community with skilled, active and engaged citizens[29]; (2) a global port city running on clean and reliable energy; (3) cyber port city; (4) resilience to climate change taken to a new level; (5) infrastructure for the 21st century; (6) a network city – in which residents, public and private organizations, businesses and knowledge institutions together determine the resilience of the city;[30] and (7) embedding resilience in the city.

National policy in the Netherlands is characterised by a tradition of integrated approaches to urban development focusing traditionally on deprived neighbourhoods. The programme '*Grote steden beleid' (Major Cities, 1994-2009)* linked urban development to social and economic goals and policies and introduced a 'bottom up' approach to implementation. Its key elements were the pooling of resources, decentralisation and an increased flexibility of local authorities' organisational structures (including local neighbourhood management with its own budget), public participation, monitoring and a local approach (Difu, 2012).

South Rotterdam (which has a large immigrant population and is poorer socio-economically than North Rotterdam and has a job shortfall) is the subject of a national level long-term strategy[31] that combines urban regeneration and active labour market inclusion policies to (1) promote entrepreneurship and (2) combat poverty in seven focal districts of Rotterdam South. The project plan was signed in 2011, with 17 public and private partners (including the City Council, social housing corporations, schools, NGOs, etc.). Work started in 2012 and the timescale extends to 2030. It focuses on education, labour market inclusion and improvement of public and private spaces. In a '*Children's Zone*'[32] (modelled on US experience), which forms part of the South Rotterdam programme, in the poorest neighbourhoods of South Rotterdam extra funding is being used to support children's personal social development, alongside an aim of closing the attainment gap with the rest of the city. The programme spans the full spectrum from early childhood (e.g. with mothers being encourage to talk to their babies) through primary and secondary school to college level (where there is a desire to encourage young people to get experience of employment through 'leadership internships' which they are supported to arrange for themselves). Alongside specific initiatives there is ongoing wraparound family support and community and after school

programmes.

Another key element in fostering inclusion in Rotterdam is the use of *public procurement*. Since 1996 any company tendering for local government contracts worth more than €225,000 is obliged to dedicate a minimum of 5% of the contract value to creating employment opportunities for people currently on social benefits (long-term unemployed), young people on apprenticeships and those supported under the Dutch Sheltered Employment Act. Since 2009 this rule has been integrated into municipal procurement policy. Privatised (former municipal) services, such as public transport and harbour services have ratified the 5% settlement initiative and apply it in their own procurement process; thus each time the city outsources services, deals are made with the service suppliers to employ a certain percentage of job seekers. Employers are supported in meeting the expectations of the public procurement rule a service centre run by the City's public employment service in co-operation with the private sector.

Turning to *housing policy* this has evolved over time to focus on developing greater choice for residents. Here it is relevant to note that relative to the UK experience renting assumes a more important role in the Netherlands and housing corporations are important actors, In the aftermath of World War II the primary focus was on delivering homes for a growing population. Much of the new building took place on the urban periphery. By the mid-1970s the focus had shifted to city renewal, with a focus on making improvements in older neighbourhoods, with a near sole focus on social housing. By the mid-1990s the emphasis was on social and economic as well as physical renewal, with priority placed on the quality of housing and provision of medium- and higher cost housing in order to attract higher income residents and provide a greater mix and choice of housing – including in the centre of the city. More recently the focus on urban renewal has remained in the context of city making with citizens having a role in co-creating the city and making the central areas of the city more attractive for living and working – including for higher income groups. In general the aim of policy in the city is to create mixed neighbourhoods in the city. 'Densification' (as opposed to suburbanisation) helps in provision of public *transport*, and also in encouraging cycling.

In terms of social mixing a notable element of national policy (the *Act on Exceptional Measures Concerning Inner-City Problems, 2005* - also known as the *Rotterdam Act* as it was proposed by the municipality of Rotterdam*)* limits the proportion of low-income households in designated deprived urban areas on the grounds that they cannot accommodate any more vulnerable residents. The Act is in effect in certain designated areas in Rotterdam. Critics argue that the Act violates the rights of vulnerable groups and indirectly limits the housing choices of disadvantaged ethnic minorities (Tersteeg *et al.*, 2014). In general the aim of policy in the city is to create mixed neighbourhoods. Relative to the UK experience housing corporations are important actors, with renting assuming a larger role in the Netherlands than in the UK.

Across the various strategies outlined above various terms are used: 'inclusive growth', 'sustainable growth' and 'resilience'. Related underpinning concepts in the strategies which help guide the direction implementation of policy are creation of 'mixed communities' and promotion of 'full engagement' and 'social contribution'.

Design, Implementation, Monitoring and Impact

In Rotterdam there is a tradition of partnership working – often involving informal and voluntary collaboration alongside or instead of more formal approaches. In practice there is a mix of 'bottom-up' and 'top-down' approaches in designing and implementing policy, with an increasing trend towards emphasising co-creation in formulating policy. Some interviewees spoke about partnership working being part of a 'mind set of co-operation', characterised by an open approach in dealing with challenges, getting a range of people involved and trying new ideas. This tradition was

variously attributed to the need to co-operate to combat flooding and to rebuild the city after bombing of World War II. Partnership working often spans the public, private and NGO sectors.

There is also an appetite to learn from, and share experience with, cities elsewhere in the Netherlands and internationally – as exemplified by participation in the Eurocities Network, and the inclusion of Rotterdam amongst OECD Inclusive Cities and the Rockerfeller Foundation's Resilient Cities. This means that much policy design is informed by international experience. For example, Rotterdam pioneered the use of social impact bonds in continental Europe to tackle low youth employment rates. The 'Buzinezzclub' project[33] aimed to empower disadvantaged young people by providing individualised coaching and training to young people while continuing to receive benefits, and provided savings for the municipality and returns for investors. The municipality in Rotterdam is active in finding space for implementing experimental and innovative projects – often learning from and transferring experience elsewhere - with a view to acting as a catalyst for change. Information on outputs is collected for projects but the quality of evidence on impact is more variable; (albeit in several cases it is indicative of promise in the approach adopted).

National policy in the Netherlands is characterised by a tradition of integrated approaches to urban development focusing traditionally on deprived neighbourhoods, with urban development linked to social and economic goals and policies. The '*Grote steden beleid*' (Major Cities, 1994-2009) introduced a 'bottom up' approach to implementation. The key elements were the pooling of resources, decentralisation and an increased flexibility of local authorities' organisational structures, public participation, monitoring and a local approach (Difu, 2012).

The City Council plays an important role as convenor and co-ordinator in implementing policy. It also has an important role in helping to create the conditions for, and removing obstacles to partnership working and in helping create the necessary infrastructures for development.

Exemplar themes

Three inter-linked themes are highlighted in this section:
- Activation policy and civil contribution;
- Social enterprise and entrepreneurship; and
- The future of work: recreating sharing economy platforms for the benefit of city residents, microfranchising and 21st Century Skills for the Next Economy

Activation policy and civil contribution

Welfare policy in Rotterdam is characterised by a 'full engagement' approach. The underpinning principle of reciprocity is that every citizen participates in society up to the limits of their capabilities, by providing a civil contribution for 20 hours per week. Following the 'Participation Act' of 2015 Social assistance is no longer an unconditional right: recipients of social assistance and services are expected to make a civil contribution. This can include volunteering, sheltered employment with training, undertaking caring responsibilities, language or physical training, or working on personal issues (which may be medical, mental, financial or social in nature).[34]

Given that the City Council has financial responsibility for social security benefits it makes sense to endeavour to reduce the number and dependency of welfare recipients. There were approximately 39,000 recipients of social benefits in Rotterdam at the end of April 2016, of whom it is estimated that nearly half can get a job with help from the Municipality. The remainder are deemed very

unlikely to get a job. On average people in this latter category have been on welfare support for over 11 years, have a mean age of 51 years, have limited or no training or work experience, often have limited command of the Dutch language, and typically face other disadvantages.

A Civil Contribution Taskforce was established and the volunteering initiative started with a territorial-based in two neighbourhoods. The initiative has gained broader political support and has been expanded to 30 neighbourhoods. Benefit recipients receive a written invitation to join the initiative and attend individual and/or group meetings. The emphasis is on individual self-orientation (i.e. to look for a volunteering opportunity for themselves in the first instance in accordance with the principle that "you are the architect of your own contribution". For those unable/ unwilling to find a volunteering opportunity for themselves placements may be found with organisations procured to deliver goods and services to the municipality and which have social clauses in their contracts, with welfare providers, neighbourhood networks and community initiatives and the education sector.

The initiative has resulted in more and better connections between service providers in the welfare, health and other associated policy domains. At the end of April 2016 there were 8,000 registered civil contribution contracts in Rotterdam, of which 4,000 concerned voluntary work. Evidence indicates that, in general, participants have better self-reported health as they climb up the 'participation ladder': (1) living in isolation; (2) increased social contacts; (3) participating in organised activities; (4) an unpaid job; (5) a paid job with support; and (6) a paid job. Emerging evidence indicates that the social return on investment is positive (1,8) and that community initiatives are growing, that there is increased inter- ethnic contact and that volunteering helps to reduce loneliness and increase emancipation and integration.

Social enterprise and entrepreneurship

In Delfshaven, and area to the west of the main centre of Rotterdam, the Delfshaven Cooperative[35] is an exemplar of residents, local entrepreneurs, the City Council and other institutions working together. Formed by a local bank, housing association, local entrepreneurs and residents, with support from the City Council, the Cooperation acts as an initiator, connector and capacity builder in a long-term strategy to develop an attractive and entrepreneurial district, with an emphasis on converting empty buildings to house new functions / act as meeting places, and to improve the quality of life. The aim is to create lasting value through entrepreneurship in the neighbourhood by empowering existing residents and attract new residents (who are more educated/ have higher incomes).

Some large companies from outside the district have invested in the Delfshaven Cooperative initiative. It was agreed that a certain percentage of revenue goes into a district fund that supports the Cooperative that finances entrepreneurial activities aimed at strengthening the local economy, and increasing the attractiveness of the area (Tillie et al., 2016). For example a pop-up store, 'Stroop' sells treacle waffles ('stroopwafels') that are baked by local residents and also provides a meeting place for them. The shop also plays an important role in filling vacant property. Close by residents, represented in the Park Council, are actively involved in renovation activities and the improvement of green spaces. More generally parks and other public spaces are being developed to provide opportunities for interaction between different groups of local residents.

Key actors (often professionals living in the area) with knowledge of the 'worlds', interests and languages used by residents and the City Council, NGOs and the private sector play a crucial 'connecting' role in the ongoing development (and success) of such initiaitves.

The future of work: from 'jobs' to repackaging tasks into 'work', microfranchising and 21st

In Rotterdam thought is being given to the future shape of the labour market and the changing nature of work, and what this means for the workforce of the future and for re- integration people not in employment. Challenges for inclusion and for creating better quality jobs are that middle level jobs are declining and increasingly low-skilled jobs are being splintered into 'tasks'. In the 'New Economy' zero hours contracts are being replaced by the 'gig economy' in which temporary positions are commonplace and organisations contract with independent workers for short-term engagements. Most welfare recipients are not able to organise their own gigs. There is also a danger that crowdsourcing for work platforms, while providing opportunities for some people, might also lead to a 'race to the bottom in terms of income from work. Yet sharing economy platforms to support the sharing of human and physical resources can also provide opportunities for exchange of neighbourhood services, etc., at the neighbourhood scale. Hence there is a role for the municipality to create sharing economy platforms for the benefit of city residents.

A related new pilot initiative in Rotterdam involves microfranchising[36] (building on experience in developing countries to combat poverty). The model involves identifying and matching individuals to tasks that they can do on their own with existing skills and minimal equipment, while dealing centrally with issues of branding, price setting, administration and payment.

The idea was developed by 'Rotterdam Partners' acting as an economic advisory board to the municipality of Rotterdam, bringing together public and private sector partners. With initial €15K seedcorn funding from the municipality 'matched' by a bank in Rotterdam, an initial focus on care giving and handyman tasks provided proof of concept. The rationale is that micro franchising can be "enabling" in providing a sense of "self-worth" on a "step by step" basis to individuals who have been out of the labour market to take the initiative forward. This microfranchising is an example of activity in Rotterdam to establish an 'experimental space' for 'testing the system' that may be a trigger for 'system change'.

Related to the 'future of work' there is a focus on development of *21st Century Skills.* In the Netherlands content this education initiative[37] is not unique to Rotterdam, although the idea has been embraced more actively in parts of Rotterdam than elsewhere in the country. The emphasis is on the development of digital skills, enterprise skills (including creativity, co- operation, critical and independent thinking, problem solving capacity and taking calculated risks) and personal leadership skills (such as self-efficacy and confidence, taking responsibility, setting and reaching goals, self-reflection and living with differences[38]) for the 'Next Economy'. While these skills are of universal relevance to (young) people, at city level

the municipality has convening powers in taking or promoting action in development and implementation of new education curricula, making available spaces for incubation and innovation and facilitating creation of innovation networks.

Synthesis and Conclusion

A broad shift from government to society is evident in Rotterdam. In part this may be viewed as a response to austerity, but it may also be seen as important in a longer-term strategy for building resilience, enabling connections and fostering inclusive growth. As such it is of relevance to UK cities. It is part of an asset-based approach to community and urban development that nurtures and mobilises existing (but sometimes unrecognised) social, economic and physical assets to respond to and create opportunities for the individual and common good.

The municipality of Rotterdam has an important and established role as a convenor in bringing together resources, facilitating connections and providing space for experimentation and innovation adopting an incremental step-by-step approach. However, there is widespread understanding that other key individuals, organisations and partnerships also have key parts to play. The emphasis on activation, self-efficacy and developing individual leadership skills and capabilities in a changing labour market and macroeconomic environment also fits with this approach. It is particularly notable that Rotterdam has recognised explicitly what it is and what it is not able to influence, and as the economy and employment in the city are changing it has a duty to help its citizens to adapt to, and where possible capitalise, on those changes.

References

Difu (German Institute of Urban Affairs) and The Federal Office for Building and Regional Planning (2012): *'5 years after the Leipzig Charter - Integrated urban development as a prerequisite for a sustainable city: Integrated Urban Development in the EU Member States and its Candidate Countries'*, Federal Ministry of Transport, Building and Urban Development, Berlin.

OECD (2016) *OECD Territorial Reviews: The Metropolitan Region of Rotterdam-The Hague, Netherlands*, OECD Publishing, Paris.

Tersteeg, A, Van Kempen, R and Bolt, G (2014) Urban Policies on Diversity in Rotterdam, The Netherlands.[Report, 'DiverCities:*Governing Urban Diversity: Creating Social Cohesion, Social Mobility and Economic Performance in Today's Hyper-diversified Cities Project'*, EU 7*th* Framework Programme]

Tillie, N, Dudok, I, Pol, MJP, Boot, L, Van der Heijden, R (2016) 'Rotterdam case study' in Carter, DK (ed) *Remaking post-industrial cities: Lessons from North America and Europe*, 171-86.

Notes

[24] See http://www.rotterdam.nl/DSV/Document/Rotterdam%20Sustainability%20Programme_vs5_3_cover.p_df

[25] See http://www.rotterdamclimateinitiative.nl/UK

[26] Focusing on Boulevards, Quays, Squares, Parks, Playgrouds, Green Roofs and Facades, and 'Glamorous Green' to improve the quality of outdoor space so that people stay longer and feel more connected to the city (Tillie et al., 2012).

[27] See http://www.100resilientcities.org/page/-/100rc/ResilienceBoek_Deel1_defdef_ENG_04.pdf

[28] https://www.rockefellerfoundation.org/our-work/initiatives/100-resilient-cities/

[29] With knowledge, skills, education, health and well-being, and mutual respect and understanding as building blocks.

[30] Here it is noted that residents, entrepreneurs, public organizations, and research and educational institutes combined determine the level of resilience of a city. Rotterdam already has many coalitions and networks of residents, entrepreneurs, public organisations and research and educational institutes, and laboratories in place – providing space for the self-organising capabilities of the city. The authorities have sufficient flexibility to respond to change and provide support whenever necessary.

[31] This represents an exception to the Netherlands' decentralised policies on addressing poverty.

[32] See http://nws.eurocities.eu/MediaShell/GetMediaBytes?mediaReference=3986

[33] See http://www.eurocities.eu/eurocities/news/Cities-at-work-Rotterdam-Buzinezzclub-Social- Impact-Bond-WSPO-A6YPS4

[34] See http://www.rotterdam.nl/tegenprestatie (in Dutch).

[35] See http://delfshavencooperatie.nl/

[36] See http://www.enviu.org/2016/03/04/city-of-rotterdam-and-enviu-collaborate-on-micro-franchise- project/

[37] It is appropriate to interpret 'education' broadly here to encompass not only traditional educational establishments and teachers, but also youth workers, sports coaches, etc.

[38] For example, norms expected at home, at school/ college and in the street; and/or being 'Dutch' and 'Moroccan' at the same time.