

FOCUS INVESTIGATION

Focus on reception capacity for asylum seekers



2023



Netherlands
Court of Audit

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1. About this investigation

Lack of reception capacity for asylum seekers was headline news nearly every day in 2022. The reception centres of the Central Agency for the Reception of Asylum Seekers (COA) have been housing more and more asylum seekers for some time. The cost of receiving, supporting and counselling asylum seekers is out of step with the budget. The draft budget for 2022 estimated the COA's costs at €538 million. The autumn budget memorandum raised the amount to €1,570 million. The COA warned the State Secretary for Justice and Security (J&V) as early as November 2019 that there would be a shortage of reception places and it repeated its warning in the years that followed. This is not the first time the Netherlands has had problems dealing with the reception of asylum seekers. The cause of the current crisis, however, is more complicated than in the past. Overcrowding in the reception centres is due to a combination of factors, there is no simple solution.

1.1 Our investigation

Many discussions and reports on the problems with the reception of asylum seekers often ignore the way in which reception centres are funded and the cost of scaling them up and down. How they are funded, however, has an undeniable impact on the reception of asylum seekers. This is what prompted the Netherlands Court of Audit to carry out this investigation.

Political and public debates are often dominated by the latest headlines and rarely take a longer look at developments in the past. This investigation places the

current reception problems in a multiyear perspective. How have the COA's reception places (reception capacity) been scaled up or down in recent decades? What considerations were made? And what was the cost? Setting out the facts and figures about the reception of asylum seekers will help parliament and the government learn lessons from the past.

The State Secretary for J&V is responsible for the implementation of the Aliens Act by all relevant government services and agencies. These include the Immigration and Naturalisation Service (IND), the Repatriation and Departure Service (DT&V) and the COA, an autonomous administrative authority (J&V, 2022b).

Under the Central Agency for the Reception of Asylum Seekers Act, the COA has a statutory task to shelter, support and counsel asylum seekers and acquire and manage reception centres. Municipalities can provide the COA with locations to receive asylum seekers. The IND assesses all applications made by aliens seeking to remain in the Netherlands or wishing to obtain Dutch nationality (Ministry of Justice and Security (Organisation) Order). Aliens applying for asylum are referred to as asylum seekers.

Several parties are involved in the reception of asylum seekers. This investigation focuses on the part played by the COA and how it is funded from the budgets of the Ministries of J&V and Foreign Trade and Development Cooperation (BHOS). It does not consider the Nidos Foundation, the national guardianship institution for

unaccompanied children (also funded from the J&V and BHOS budgets). Furthermore, we consider only asylum seekers. Many Ukrainians fled to the Netherlands in 2022 to escape the war in Ukraine. They are not asylum seekers but displaced persons from a European country. They are provided with accommodation by municipalities, not by the COA.

Focus investigation

This report presents the findings of a focus investigation carried out by the Netherlands Court of Audit. A focus investigation differs from an audit in that it is carried out in a considerably shorter period of time, looks at current events and answers specific, well-defined questions. A focus investigation culminates in a clear, concise report without opinions or recommendations. See <https://english.rekenkamer.nl/about-the-netherlands-court-of-audit/what-we-do/innovation-in-audit/focus-investigations>.

1.2 Our conclusions

Receptions costs systematically higher than budgeted

The costs incurred for the reception of asylum seekers are systematically higher than initially budgeted. Furthermore, it is difficult to release additional funding quickly when the advance payment received by the COA for a particular year is not enough to meet the additional costs incurred when the number of asylum seekers in reception is higher than budgeted. The State Secretary for J&V can provide additional funding through supplementary budgets at only two moments in the year and he is constrained by the Ministry of J&V's budgetary framework. The annual advance payment the COA receives from the state secretary is accordingly lower than the projected requirement nearly every year.

Emergency reception more expensive than regular reception

When faced with a sharp increase in asylum seekers, the COA, sometimes in conjunction with the State Secretary for J&V, seeks crisis and emergency reception places. Such upscaling costs money. Emergency reception is more expensive than regular reception yet is of lower quality and has fewer amenities. Costs are also incurred to open new locations. The COA has to scale down reception capacity when the arrival of new asylum seekers has peaked. Scaling down also comes at a cost. Apart from the financial cost, upscaling and downscaling have social costs (see chapter 4 and ACVZ and ROB, 2022).

Poor insight into costs

The COA cannot say precisely what expenditure it incurs when scaling up and scaling down reception capacity. It is therefore not known how much upscaling and downscaling cost. One way to deal with fluctuations in the arrival of asylum seekers is to maintain additional reception places – spare capacity. But empty beds also cost money. The State Secretary for J&V and the COA therefore seek the right balance between empty beds and rapid upscaling in response to crises. This is frustrated, however, by lack of information on cost.

Persistent problems

The current shortage of reception capacity is not new. There have been bottlenecks in the reception of asylum seekers at various times in the past 30 years. The previous asylum crisis, in 2015/2016, differs in many respects from what we are seeing now. The problems in 2015/2016 arose and subsided very quickly. There was also a clearly identifiable cause: the war in Syria. The current problems have built up over a long period of time and overcrowding in reception centres is due to a multitude of factors. The state secretary wrote in a letter to the House of Representatives in November 2022 that the end of the crisis was still not in sight.

Good intentions

The first calls for more flexibility in the asylum system were heard in the 1990s. This was also one of the findings of our 1995 audit on asylum policy (Netherlands Court of Audit, 1995).

Asylum policy report – Netherlands Court of Audit 1995

A new reception system was introduced in 1992 to strengthen the government's grip on the inflow of asylum seekers. In 1995 the Court of Audit found that the system was not working properly. We concluded that the politicians concerned, the COA and the IND were not processing asylum applications efficiently or providing resident permit holders with accommodation as quickly as needed. In 1995, the COA suggested that buffer capacity be created but the state secretary did not act on this suggestion. However, he did agree to a proposal by the COA to put emergency reception on a more structural footing. In the afterword to our 1995 audit we wrote, '*Now that the inflow of asylum seekers seems to be remaining within the estimates for the first time since 1992, this would be a good opportunity to make an extra effort to sort the situation out*'. In other words, use relatively quiet periods to resolve structural problems.

It has been said many times in the past 27 years – most recently in the coalition agreement for 2021-2025 – that a different system is needed, but so far there has been little change.

2. The current reception crisis

This is not the first time the Netherlands has had to deal with problems in the reception of asylum seekers, whereby occupancy of reception places has outstripped capacity in the Netherlands. The high occupancy rate is due to both a high inflow of asylum seekers and a low outflow of asylum seekers who have been granted a residence permit (known as 'status holders') or who have exhausted all their legal remedies (rejected or failed asylum seekers). Several factors are currently exerting pressure on reception capacity and making it even more difficult to scale up capacity than during the 2015/2016 asylum crisis.

2.1 Inflow and outflow of asylum seekers fluctuate

If the inflow of asylum seekers is higher than the outflow, the occupancy rate increases. The inflow consists of the number of registered asylum seekers in the COA's reception centres following their first interview with the IND. The outflow is made up of people who voluntarily leave a centre, those who are obliged to leave the country because they are not granted a residence permit and those who are allocated housing as status holders. On 26 December 2022, 51,761 asylum seekers and status holders had signed a reception agreement with the COA (COA website). In total, the COA received 331,269 unique persons between 1 January 2013 and 1 November 2022.

The recognition rate (i.e. the percentage of positive decisions on asylum applications) in the Netherlands is 85% (J&V, 2022c). These asylum seekers are classified as status holders: they are granted a residence permit and are entitled

to housing. Figure 1 below shows the increase in the number of asylum seekers and the number of status holders in the COA's reception centres.

Figure 1 Number of asylum seekers and status holders in reception
Both the number of asylum seekers and the number of status holders are increasing

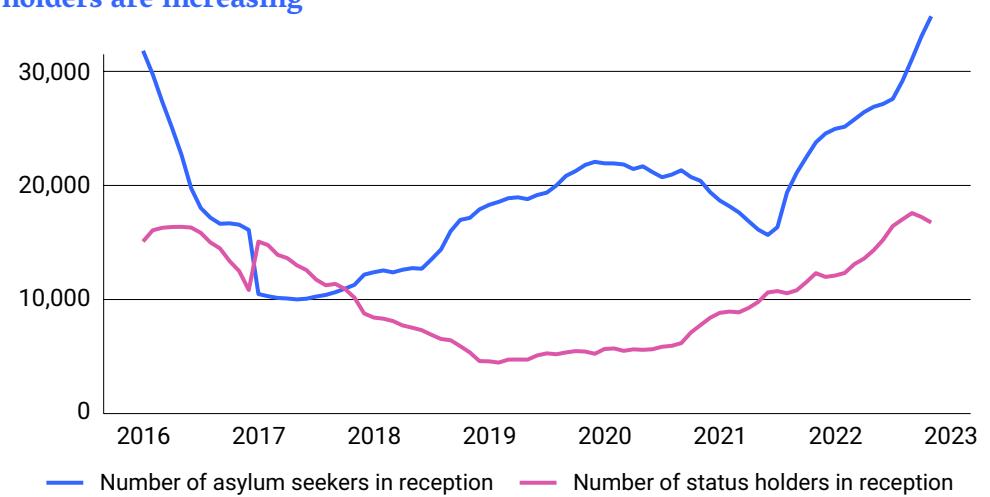
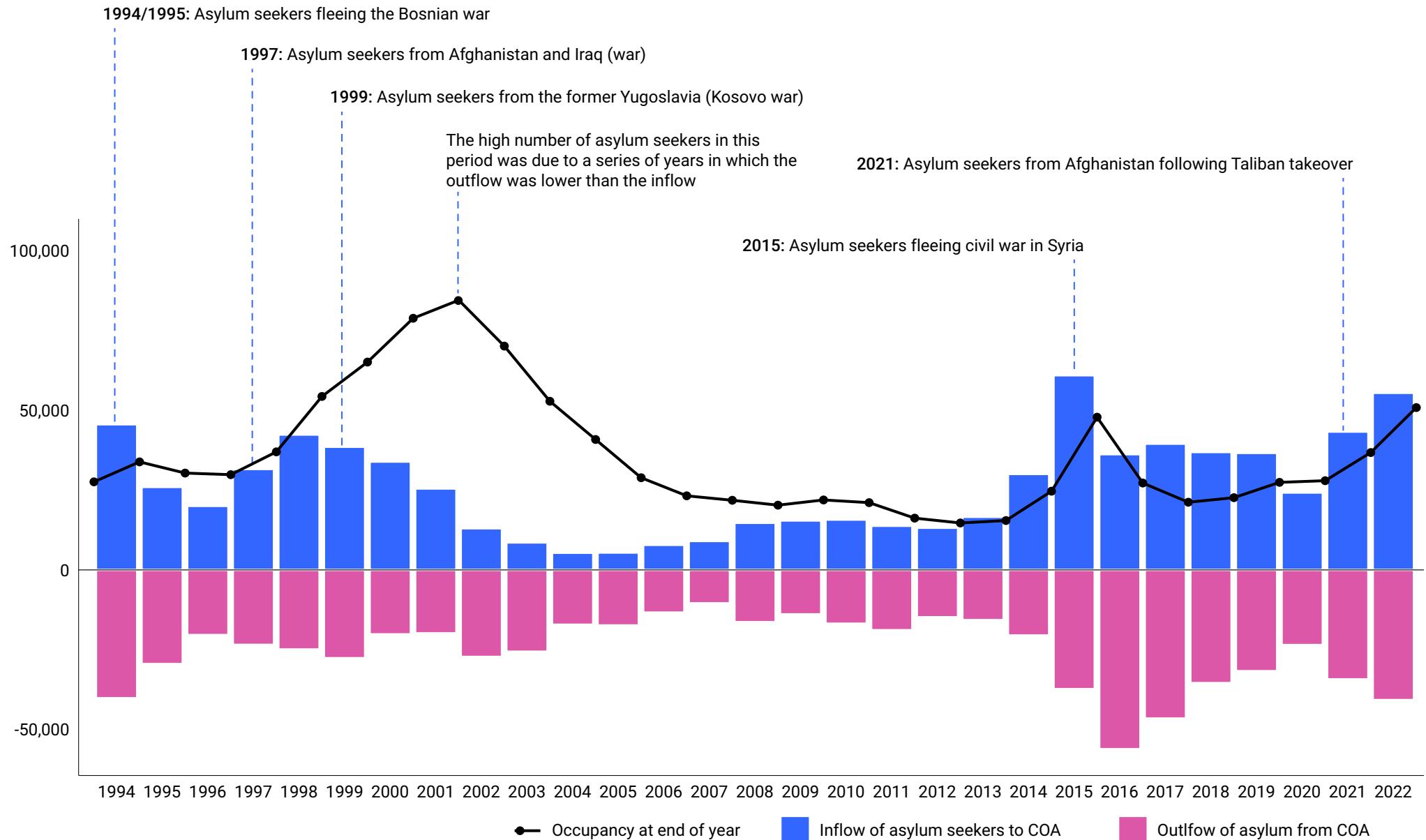


Figure 2 compares the inflow and outflow of asylum seekers. It also shows the occupancy rate of the COA's reception centres at the end of each year. The occupancy rate was particularly high in 2000/2003 and 2015/2016. The number of people received by the COA increased sharply in these years. The COA accordingly had to rapidly scale up its capacity.

Figure 2 Inflow en outflow of asylum seekers

Inflow and outflow determine the number of asylum seekers in COA reception centres



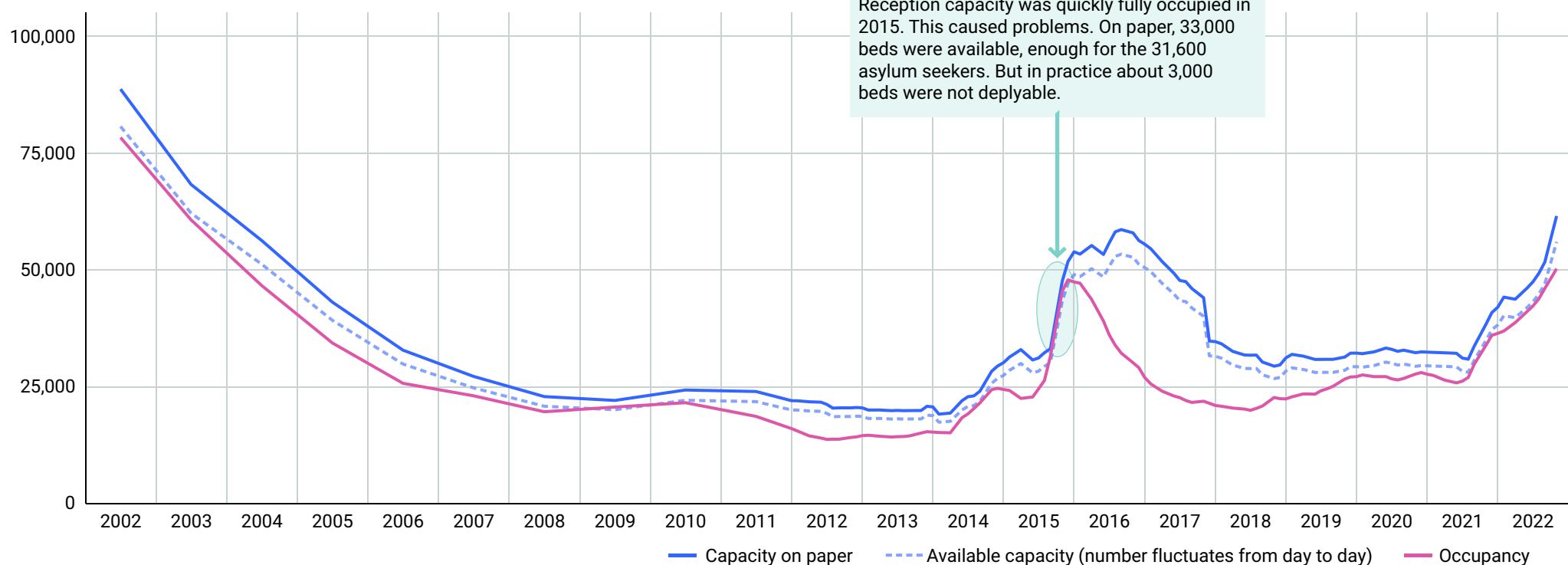
2.2 Reception capacity can never be fully utilised

A comparison of the COA's available capacity with its actual use produces a slightly distorted picture. Reception capacity is almost never fully utilised, as shown in figure 3. A family consisting of 4 people, for instance, cannot be accommodated with 2 single men in a 6-person room. Rooms also have to be

maintained. For financial purposes, the COA therefore assumes an occupancy rate of 91%. The COA indicated that this rate provided little scope for fluctuations in numbers or an influx of asylum seekers. If a location's occupancy rate falls because of lower inflow, the reception centre becomes financially unviable and has to be closed. This increases the pressure on other locations and there is little spare capacity to accommodate any subsequent increase in asylum seekers.

Figure 3 Occupancy and reception capacity

Capacity seems adequate on paper but overcrowding in practice

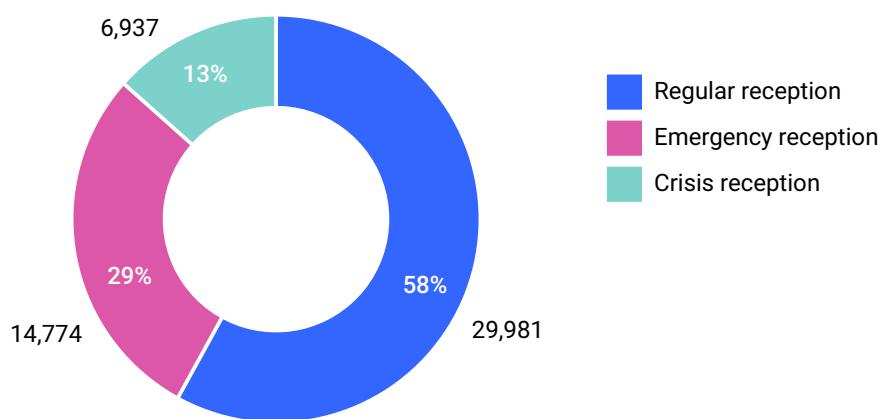


2.3 Many asylum seekers in emergency or crisis reception

If the COA is no longer able to upscale regular asylum centres, the state secretary and the COA decide to open up emergency locations. If regular and emergency locations are full, the COA informs the Ministry of J&V that it can no longer fulfil its statutory task. The ministry then arranges crisis reception in, for instance, multipurpose exhibition or sports halls, which are often managed by municipalities and safety regions (public bodies that coordinate and facilitate the response to crises and disruptions). In early 2023, more than 40% of asylum seekers were being accommodated in emergency or crisis locations (see figure 4).

Figure 4 Reception by type of location

In early 2023, more than 40% of asylum seekers were being accommodated in emergency or crisis reception



2.4 The current situation in the asylum reception differs from 2015/2016

The current situation is different from that in 2015/2016, when many asylum seekers fleeing the civil war in Syria arrived in the Netherlands in a short period of time, causing a high peak in the occupancy of reception locations. In the current crisis, several factors have been exerting pressure on reception for some time and making rapid upscaling more difficult than in 2015/2016. These diverse factors also frustrate the search for a solution and the State Secretary for J&V does not expect any improvement in the foreseeable future.

Tight housing and labour markets

The COA says it is more difficult to find vacant property, especially for long-term reception, in the current real estate market. The housing shortage is one of the reasons why many status holders are currently being accommodated in the COA's reception centres for longer than usual (Advisory Council on Migration, 2022; J&V, 2022a). About a third of the asylum seekers in the COA's reception centres were status holders in 2022 (see also figure 1). Municipalities are set a target every half-year for the number of status holders they must house. On 1 January 2022, there was a backlog of about 4,000 status holders that municipalities should already have housed, plus a target of 23,500 for 2022 (J&V, 2022e). In the first half of 2022, the backlog was reduced to 1,830.

In the second half of 2022, municipalities had to accommodate 13,500 status holders and clear the 1,830 backlog. In total, they had to find homes for 15,330 status holders. Subsequent administrative agreements concluded on 26 August 2022 obliged municipalities to house at least 20,000 residence permit holders in total in the second half of 2022. This number did not form part of the formal target. In November 2022, the State Secretary for J&V announced that the formal target of 15,330 could be met but the 20,000 target could not (J&V, 2022e).¹

The current shortage of staff in nearly all sectors is causing problems for the IND and COA (J&V, 2022c). Both organisations have difficulty filling vacancies. At the IND, moreover, new staff members need months, if not a full year, before they are fully deployable, partly because they must first undergo training. As a result, the IND's asylum processing times and procedures can be exceptionally long.

Reluctant municipalities

According to the COA, municipalities are more reluctant to open new reception locations than during the 2015/2016 crisis. If municipalities agree to open a site, they prefer short-term contracts and smaller locations. This is one of the reasons why the state secretary is drafting a bill that will give municipalities a specific statutory task for the reception of asylum seekers (J&V, 2022d). The COA supports a statutory task for municipalities but thinks it should be accompanied by a more stable funding system. 'The continuous opening and closing of locations – with all the associated social unrest, rash expenditure and inhumane conditions – is not compatible with the bill's objective' (COA, 2022a). The Association of Netherlands Municipalities (VNG) also concludes that 'various parts of the present bill are not conducive to the law's objective of arriving at adequate, structural reception capacity as quickly as possible' (VNG, 2022).

Crowding out by displaced Ukrainians

Some months after the influx of displaced Ukrainians began in early 2022, the reception level was scaled up to 'national crisis' in June 2022 (J&V, BZK and VROM, 2022). Displaced Ukrainians were received by several municipalities. Some of them claimed their lack of reception capacity was due to Ukrainians crowding out asylum seekers (House of Representatives, 2022b).

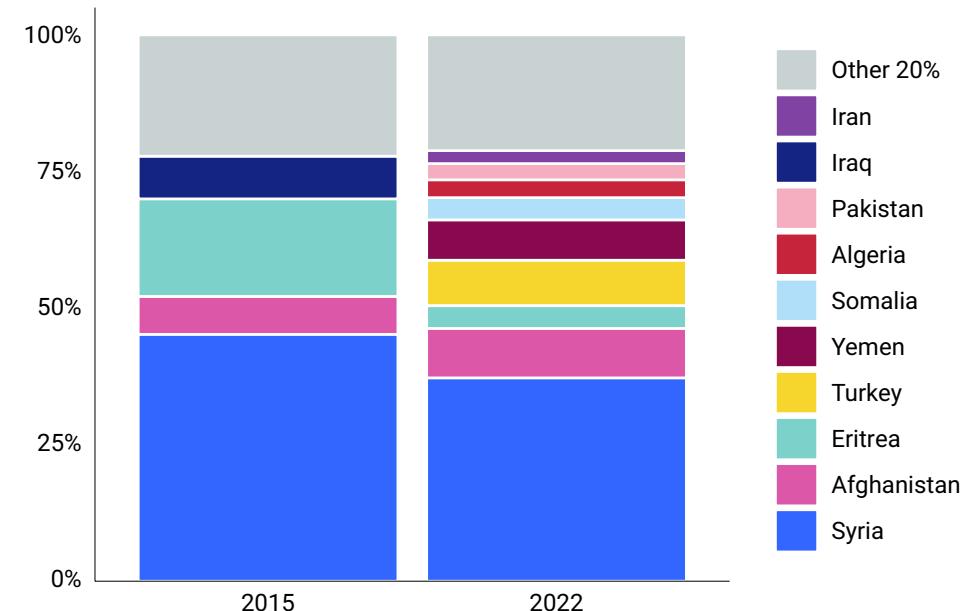
Heterogeneous group of asylum seekers

Finally, the inflow of asylum seekers is currently more heterogeneous than in 2015/2016 (see figure 5). The IND could process the thousands of asylum applications made chiefly by Syrians relatively quickly in 2015/2016 because the

files were so similar and less complicated. In 2022, asylum seekers were arriving from a wider range of countries and the IND needs more time to process their applications (J&V, 2022c).

Figure 5 Country of origin of asylum seekers

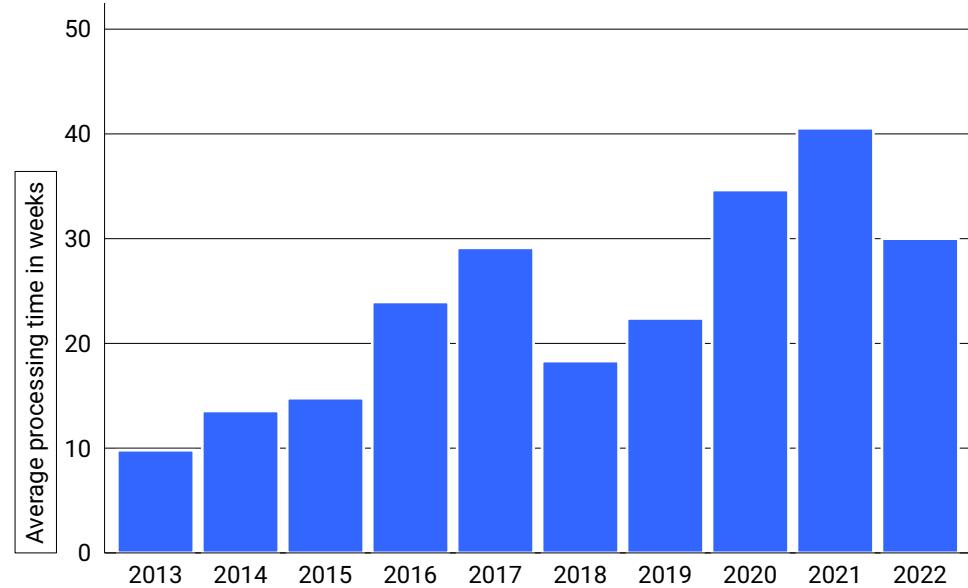
The population of asylum seekers was more homogeneous in 2015 than in 2022



Moreover, the IND claims the current asylum crisis is more legalistic in nature than the 2015/2016 crisis, and its asylum procedures are accordingly longer (partly because more assessments have to be made). Figure 6 shows that processing times at the IND were nearly 3 times as long in 2022 than in 2013. Processing time doubled from about 20 to 40 weeks in 2022. In October 2022, 85% of procedures were not completed within the statutory term. Because the statutory term was not met in many cases, the government extended the time limit from 6 to 15 months in September 2022 (J&V, 2022a).

Figure 6 IND processing time for asylum applications

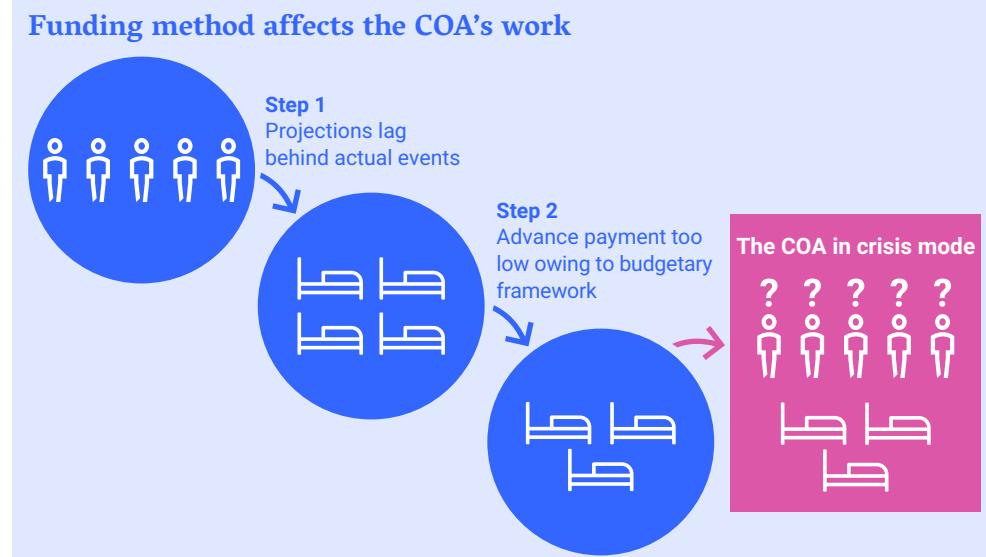
IND processing time for asylum applications tripled in 10 years



3. Funding of reception

The COA is funded from the State Secretary for J&V's budget. However, the budgeted expenditure is often too low. There are two reasons for this. Firstly, the projections used to calculate occupancy rates at the COA often lag behind actual events. Secondly, the money available in the Ministry of J&V's budget (the budgetary framework) is used to calculate an advance payment, which is sometimes less than the projected expenditure. As a result, the COA is continuously playing catch-up and having to work in crisis mode, as shown in figure 7.

Figure 7 Steps to fund the COA

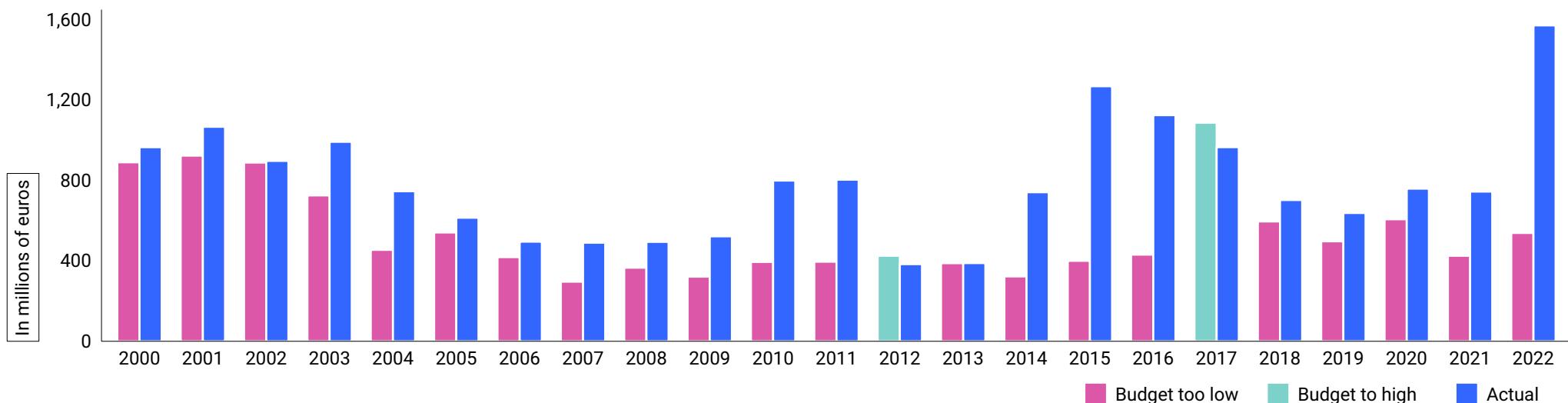


3.1 J&V budget structurally too low

The COA is responsible for the reception, support and counselling of people who apply for asylum in the Netherlands. Together with the IND, COA and other parties, the State Secretary for J&V estimates in advance how many people the COA will receive in a particular year. The COA then receives an advance payment from the state secretary from J&V's budget, as approved by parliament. If the number of asylum seekers is significantly lower or higher than estimated, the advance payment can be revised during the year, subject to an interim budget amendment. The COA receives a final settlement at the end of the financial year, based on the actual number of asylum seekers it received.

Figure 8 Budgeted and actual expenditure of the COA

Budgeted expenditure was too low in 21 of the past 23 years



Actual expenditure on the reception of asylum seekers was higher than budgeted in 21 of the past 23 years, see figure 8. It was lower in only 2012 and 2017. In 2015, expenditure was 3 times higher than budgeted (€1,268 million versus €400 million (J&V, 2015)). The same significant differences between budgeted and expected expenditure can be seen in the current crisis. The 2022 Autumn Memorandum foresees expenditure of €1,570 million, whereas J&V's draft budget assumed it would be €538 million.

3.2 Projections lag behind events

The State Secretary for J&V makes a projection of the inflow into and outflow from the asylum system on at least two occasions during the year. The projection is known as the Multiannual Production Projection (MPP). It is based on the projected inflow of asylum seekers in combination with the number of asylum

procedures the IND expects to process. The COA uses the MPP to calculate the reception capacity it needs.

The number of asylum seekers received by the COA often differs significantly from the estimate made in the MPP. The MPP underlying the initial estimate is prepared in the February of the year before the year in question. There is therefore a relatively long period between the estimate and actual reception and the estimate can quickly be overtaken by events, especially in periods of rapid upscaling and downscaling. This problem is the outcome of the following aspects of the MPP:

1. When the inflow increases, the increase is underestimated. When the inflow decreases, the decrease is underestimated.
2. The number of asylum procedures the IND expects to process used to be estimated on the number it thought it would process (in connection with the statutory term to complete asylum procedures). When the inflow increases,

production is underestimated; when inflow decreases, as in 2017, production is overestimated.

3. The outflow of status holders to municipalities is overestimated. Municipalities made less accommodation available for status holders than expected (see, for instance, data in BZK, 2022).

3.3 Budgetary framework is leading

The State Secretary for J&V funds the COA on the basis of $p \cdot q$ financing: the agreed cost price (p) per asylum seeker multiplied by the expected number (q) of asylum seekers received by the COA.

The estimate of the payment to the COA is complicated by its timing. The timing of the Ministry of J&V's budget cycle does not coincide with that of the advance payment made to the COA, as shown in figure 9. The State Secretary for J&V uses the February MPP to calculate the advance payment included in the draft budget for the following year (September). The September MPP is too late for this process.

In practice, the advance payment received by the COA is often too low and the COA needs more money during the year. If the occupancy rate at the COA differs from the budgeted rate, the state secretary asks the COA to submit a new quotation for the reception capacity. However, this request for a quotation is still subject to the Ministry of J&V's budgetary framework. In December 2019, for instance, a new request for a quotation stated:

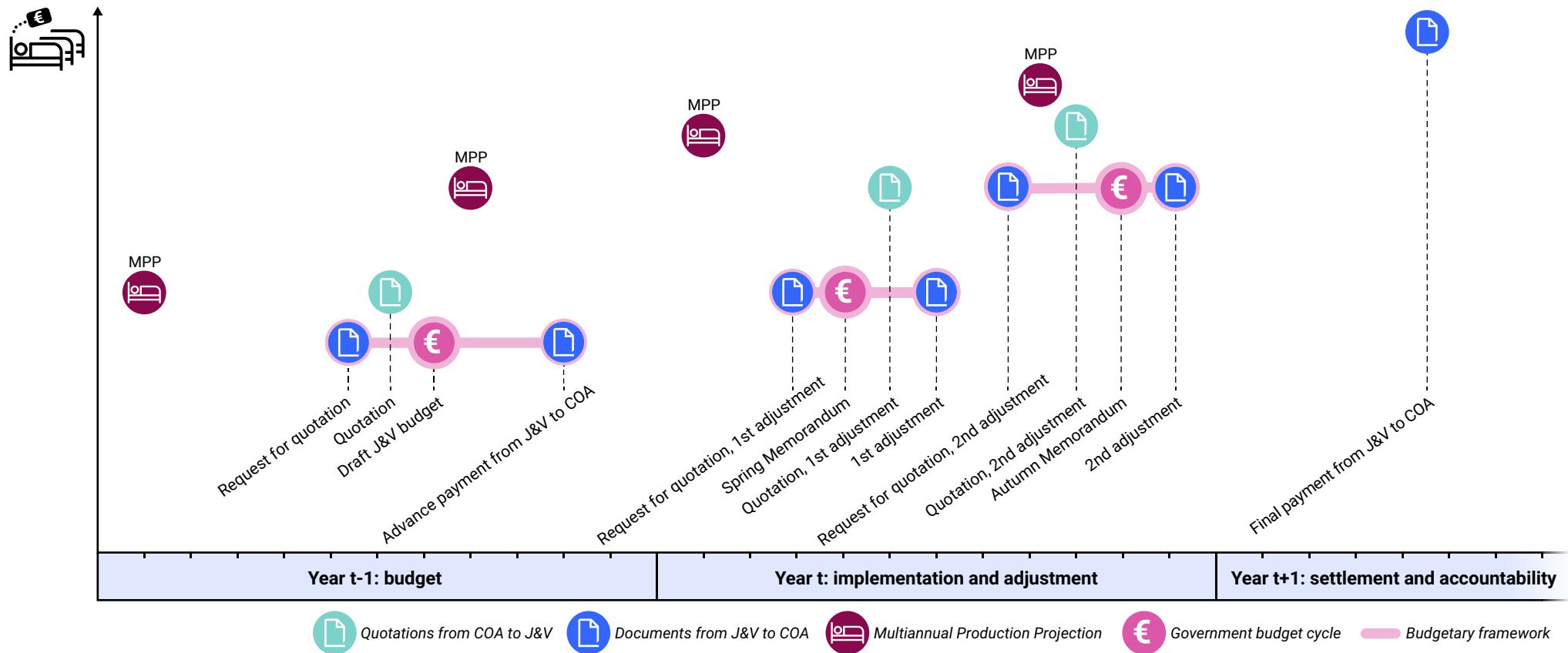
"This request is based on the financial framework currently available in the Ministry of J&V's budget. The contracting authority, owner and service provider agree that this number is inadequate for the various 2019 occupancy scenarios."

The COA then submits a quotation to the state secretary. If the occupancy rate is increasing, the COA expects occupancy to be higher than the state secretary does, for whom the money already provided is leading. In a 2021 decision, the state secretary wrote to the COA:

"I am providing a grant of €525,336,970 based on average expected occupancy by 19,959 persons [...]. The current decision is limited by the funds available in my budget. Average occupancy in 2022, however, is expected to be considerably higher, about 37,450."

If the advance payment is too low, there is a risk that the COA will respond too slowly to changing occupancy rates. It must then constantly upscale and downscale its reception capacity, which is a more expensive and less efficient use of its resources (see chapter 4 and ACVZ and ROB, 2022). The COA informed the State Secretary for J&V in November 2022 that the continuous opening and closing of reception locations was a source of social unrest, rash expenditure and inhumane conditions (COA, 2022a). We consider the cost and expense of upscaling and downscaling in more detail in chapter 4. The process in years when the number of asylum seekers in reception increases is shown in figure 9.

Figure 9 Process to adopt payments from the Ministry of J&V to the COA
J&V's funding process determined by its budgetary framework



To meet cost increases during the financial year, supplementary budgets are prepared and put to parliament for approval. The 2022 draft budget had included €538 million for the COA. This amount was adjusted upwards to €1,200 million in the Spring Memorandum and to €1,570 million in the Autumn Memorandum.²

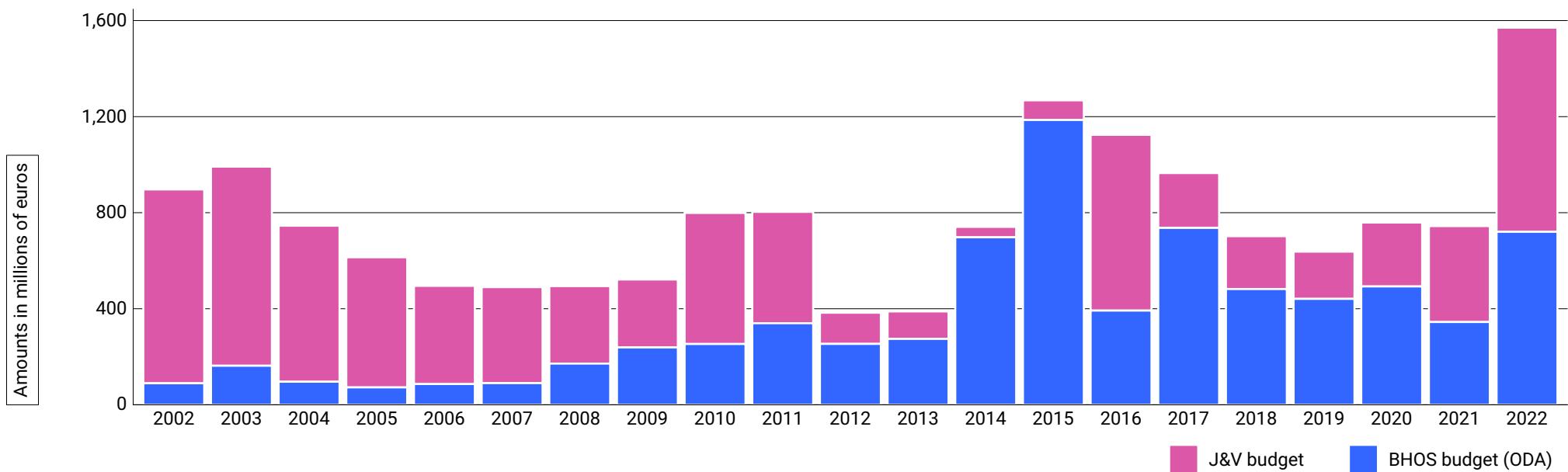
Contribution from BHOS budget

Expenditure on the reception of asylum seekers is funded from several budget chapters. The largest contributions are made from the budget chapters of Justice and Security (J&V) and Foreign Trade and Development Cooperation (BHOS). We found that BHOS has funded a growing proportion of the expenditure in the past decade (see figure 10). BHOS is responsible for funding Official Development Assistance (ODA).

The funds that countries can classify as ODA are defined in international agreements in order to compare the amounts each country spends on development cooperation. With regard to the reception of asylum seekers it has been agreed that only expenditure incurred in the first year of reception of an asylum seeker from a developing country qualifies as ODA. And not all such costs qualify. The cost of acquiring and building property, for instance, does not qualify, but the cost of leasing property (which is often more expensive) does. The contribution from BHOS's budget is at the expense of other development cooperation expenditure, which is funded from the same budget chapter.

Figure 10 Funding sources of asylum reception costs

More reception costs are being funded from BHOS's budget



4. Balancing upscaling and downscaling

During crises, the COA must find and open up additional reception places, and later dispose of them as the need declines. Upscaling and downscaling reception capacity costs money. Unoccupied beds, however, also cost money. The COA and Ministry of J&V's limited insight into the cost of upscaling and downscaling reception capacity makes it difficult to strike the right balance between stable and flexible capacity.

4.1 Differences in types of reception

The COA does not distinguish in its records between regular reception and crisis or emergency reception. This is partly because municipalities are jointly responsible for crisis reception. Despite this lack of structural insight, at our request the COA provided incidental information on the number of asylum seekers being accommodated in regular reception, emergency reception and crisis reception at the end of 2022, as shown in figure 4 in chapter 3.

Regular reception is generally less expensive than crisis and emergency reception. Despite the lower quality of the facilities, the cost per person in crisis and emergency reception is higher than that per person in regular reception. The current need to arrange crisis and emergency reception at very short notice is forcing up prices. Besides the general price increases in 2022, commercial parties are demanding more for their products and services. In addition, crisis and emergency reception is often arranged in smaller locations, where the cost of

security and other requirements has to be spread across fewer asylum seekers and is therefore higher per person.

4.2 Spare capacity and costs

The COA believes there are benefits in maintaining extra reception spaces (also known as spare capacity or buffer capacity) to meet any increase in a location's occupancy. However, the State Secretary for J&V does not usually allow the COA to hold spare capacity even though it requested extra capacity in 2015, 2018 and 2020. In years when a lot of extra reception places were made available, the spare capacity was quickly filled. The COA has not maintained spare capacity since 2019. At the end of that year the state secretary wrote the following to the COA:

"The benefits of maintaining spare capacity are clear. I did not include the issue in my request for a quotation, however, as the government did not provide any funding for spare capacity in the central government budget for 2020."

In 2020, the COA had an estimate made of the cost of several potential types of spare capacity in comparison with regular and temporary reception places. Figure 11 presents an indication of the structural and incidental costs of various types of reception. The COA admits that costs will probably be higher in 2022.

Incidental accommodation costs include the one-off cost of taking a location into and out of service. These costs are relevant for indirect spare capacity, incidental spare capacity and emergency capacity as, in contrast to regular capacity and direct spare capacity, the locations have to be set up from scratch. The calculations are based on about 400-500 residents per location and the use of indirect spare capacity for 2 years on average and incidental capacity and emergency capacity for 1 year on average.

Figure 11 Accommodation cost per type of reception

Accommodation costs vary per type of reception place

Type of reception place	Accommodation cost per bed per day	Incidental accommodation cost per location with 400-500 beds
Regular capacity	€19 	
Direct spare capacity*	€19 	
Indirect spare capacity*	€34-43 	€1.3-1.5 million 
Incidental spare capacity*	€30-53 	€0.4-0.8 million 
Emergency reception	€40-100 	€0.4-0.8 million 
Crisis reception	€48-? 	

* These reception types are not yet in use.

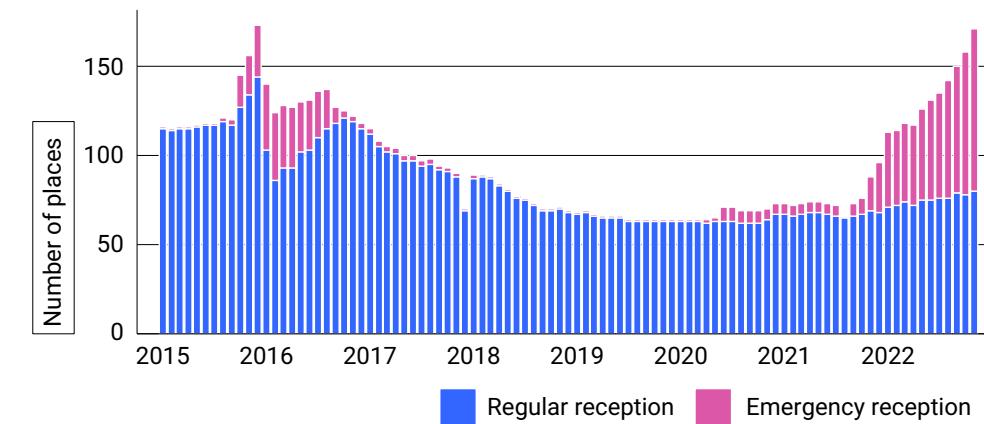
The available facilities, comfort and privacy differ from one location to another. Crisis reception is the most sober form, followed by emergency reception. In theory, people stay for only a few days in crisis reception places, but in reality they often stay for weeks. People stay for months rather than for weeks in emergency reception locations.

Payment for crisis and emergency reception

The COA manages emergency reception locations and municipalities and safety regions manage crisis reception locations. In the 2015/2016 crisis, municipalities received a fixed amount per asylum seeker per day (€100). In the current crisis, municipalities and safety regions can claim the actual costs incurred for crisis reception from the COA.³ Based on the first claims submitted by the municipalities for crisis reception, the COA thinks the cost is heading towards €150-€200 per place per day. The proportion of emergency reception is rising relatively faster in the current crisis than it did during the peak of the 2015/2016 crisis, as shown in figure 12. As a result, reception costs will be higher.

Figure 12 Proportion of emergency reception during crises

Increase in the number of emergency reception places*



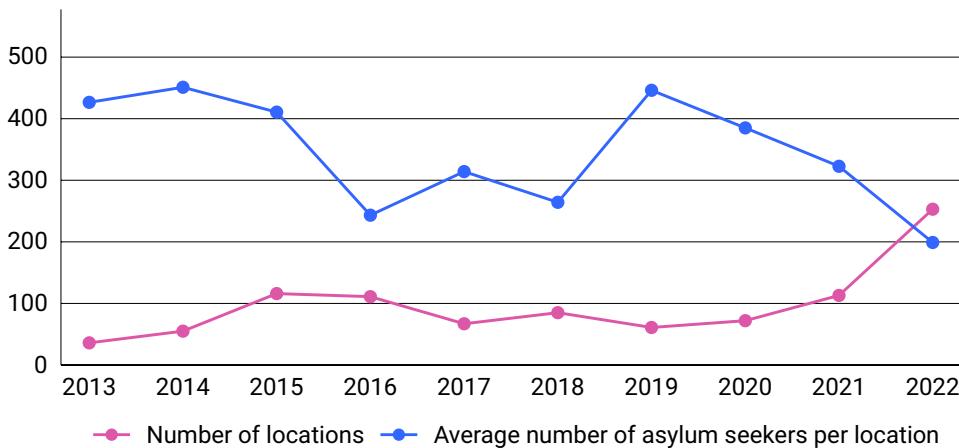
* No figures are available on crisis reception places

4.3 More and smaller locations

Many temporary locations are used to scale up capacity. Scaling up requires the cooperation of the municipalities: they often cooperate only if the locations are relatively small and the contracts are relatively short. According to the State Secretary for J&V, the smaller the location, the higher the cost per asylum seeker, mainly due to staff costs (House of Representatives, 2022a). Figure 13 shows the increase in the number of locations and the decrease in the number of beds per location.

Figure 13 Number of locations and asylum seekers per location

Reception locations have become smaller in recent years



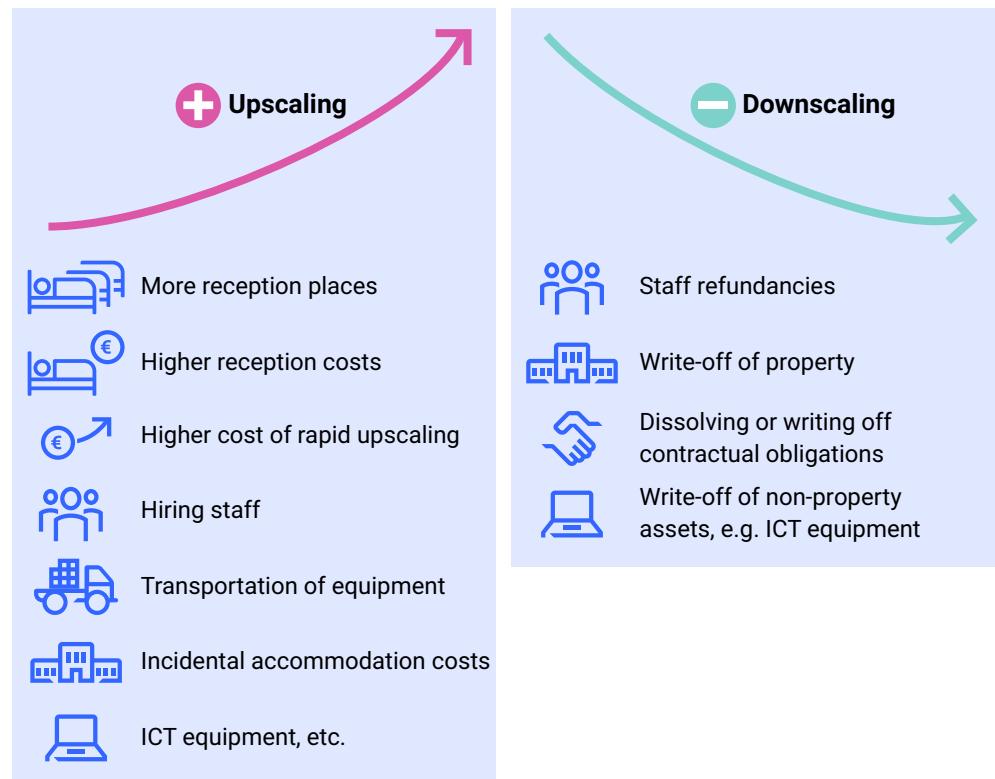
4.4 Poor insight into cost of upscaling and downscaling

The high cost of upscaling is due primarily to the increase in the number of reception places and more expensive types of reception (see section 5.2). The COA also hires more external staff when it opens new locations. Opening locations itself also costs money, as does closing locations (see figure 14).

Downscaling capacity incurs costs over a longer period as it takes time to dispose of property and release staff (AEF, 2019).

Figure 14 Costs of upscaling and downscaling

Various costs of upscaling and downscaling



The COA and the Ministry of J&V do not have a comprehensive insight into the cost of upscaling and downscaling reception capacity or the cost of crisis and emergency reception. According to the COA, this is because its accounting system is not designed to monitor costs, partly because municipalities are responsible for crisis reception.

4.5 Unoccupied beds also cost money

There are nearly always empty beds at reception locations. There are several reasons for this, such as group and family composition. The number of empty beds is higher when capacity is downscaled. Figure 15 shows that an empty bed cost €23 per day less than an occupied bed in 2022. Only the cost of meals and subsistence, and medical costs (recognised under healthcare) are not incurred if a bed is empty.

The COA has to pay for empty beds that were not requested by the State Secretary for J&V. For the COA, this is a financial incentive to downscale as quickly as possible following a peak. For the Ministry of J&V, it is an incentive not to request too many beds.

Figure 15 Cost of occupied and empty beds⁴

An empty bed also costs money

Cost	Occupied bed per day	Empty bed per day
Staff	€23	€3
Meals and subsistence	€11	
Running costs	€16	€6
Interest and depreciation	€3	€3
Healthcare	€16	€4
Programme costs	€	€1
Total	€70	€47

5. Good intentions

The Netherlands Court of Audit audited asylum policy in 1995 following a change in the asylum system. In the report Asylum Policy, we wrote:

"The structural shortage of capacity is due to the number of asylum seekers to be received, the length of the procedure and the occupation of reception places by asylum seekers who cannot be removed for technical or policy-related reasons. As a result, permanent use has to be made of a varying number of emergency reception locations. The objective of the NTOM [new asylum system] of ending reception in emergency locations by June 1992 was not achieved."

Asylum reception in the Netherlands is in a similar position in 2022 as it was then. Parties in the asylum chain have recently followed up on our 1995 findings and taken measures in an attempt to improve the system.

5.1 Recent intentions and recommendations

Various plans have been launched and recommendations made in recent years to improve asylum reception in the Netherlands. Their objective has been to make reception more stable and flexible in order to deal with sharp fluctuations in the inflow of asylum seekers more effectively.

The coalition agreement for the third Rutte government (2017-2021) states:

"The Netherlands must continue to respond flexibly to fluctuations in the numbers and types of asylum seekers entering the country. To this end we need a flexible asylum system, which is more effective financially and socially than ad hoc measures" (VVD, CDA, D66 and Christian Union, 2017).

In 2017 the Advisory Council on Migration (formerly the Advisory Committee on Migration Affairs, ACVZ) published a report entitled Peaks and Troughs (ACVZ, 2017). The report was prepared in response to a request by the State Secretary for J&V for advice on the improvements that could be made to the asylum system. The ACVZ made several recommendations, such as the creation of spare capacity to meet short-term peaks in demand for reception places. Another recommendation was to set off the cost of such buffer capacity against the actual and the political, administrative and social cost of stopgap solutions to unexpected peaks. The ACVZ also recommended creation of a statutory task obliging municipalities to receive asylum seekers, comparable to their obligation to accommodate status holders.

The Broad Public Review report, 'To a versatile migration chain', of April 2020 also considered the flexibility and efficiency of the asylum system, partly in the light of the high influx of asylum seekers in 2015/2016 'that has clearly revealed the high financial and social consequences of upscaling and downscaling the asylum chain' (Finance, 2020).

In May 2020, the National Coordination Meeting on Migration and Integration (in which central government, provinces and municipalities are represented) adopted an implementation agenda to make the asylum chain more flexible. One of the ambitions was:

"The reception capacity is sufficiently flexible, within acceptable margins, to respond quickly to demand. The use of emergency reception and crisis reception will be avoided wherever possible" (National Coordination Meeting, 2020).

At the end of 2020, the COA commissioned a calculation of the savings that stable reception capacity (i.e. a higher number of reception places) would make in comparison with more flexible reception capacity. According to the internal report, more stable reception capacity would deliver a saving on accommodation costs owing to the longer contracts and would also have social benefits. The report attempted to provide an insight into the cost of a flexible, upscalable and downscalable reception system but confined itself to accommodation costs.

The coalition agreement for the fourth Rutte government (2021-2025) states:

"The financing of partners in the asylum system (particularly the Immigration and Naturalisation Service (IND) and the Central Agency for the Reception of Asylum Seekers (COA)) must be made more stable and thus more future-proof. We will make a structural investment of €200 million a year for this purpose (€100 million each for the COA and IND)" (VVD, D66, CDA and Christian Union, 2021).

This investment in system change has been applied to clear acute financial shortfalls.

The ACVZ and the Council for Public Administration (ROB) published an advisory report entitled Asylum Reception out of the Crisis in June 2022. The report was critical of, among other things, the funding system in place for asylum reception. They argued that funding of the IND and COA was unstable because it relied too heavily on the number of asylum seekers. In periods when the number of asylum seekers declined and then rose rapidly or when the outflow of status holders from reception centres stagnated, it often took far too long to find reception locations that were available for longer periods (ACVZ and ROB, 2022).

5.2 Problems facing a flexible system

Various parties, including the previous and the present government, have been calling for some time for more stable and flexible asylum reception. To date, however, their calls have not led to structural change or prevented the repetition of problems. Large-scale use is again being made of emergency reception facilities, which, under the implementation agenda for a flexible asylum chain (signed in 2020), must be avoided wherever possible.

Staff at J&V were convinced that the flexible asylum chain programme would develop measures to increase flexibility. The programme ended in June 2020 with a series of ideas, some of which were included in the implementation agenda. Actually putting the ideas into practice, however, got off to a slow start, partly because the programme was launched without additional funding. Another problem was that it was not always clear what was meant by 'flexibility'. Several definitions were discussed, such as the flexibility of upscaling and downscaling, flexibility of the use of reception locations and flexibility of the type of reception places within a location. Remarkably, over the years many documents have used the terms stability and flexibility as synonyms for each other.

In the years between the previous crisis and the present crisis, when the inflow of asylum seekers was relatively low, the State Secretary for J&V tried to adapt policy in order to prevent another crisis but his attempts were futile and in June 2022 he had to declare a national crisis. The National Crisis Centre, part of the National Coordinator for Counterterrorism and Security (NCTV), then acted as the interministerial coordination centre. It also provided information management services and facilities to deal with the crisis. In August 2022, the VNG, the Safety Regions Council, the Association of Provincial Authorities and central government made administrative agreements to resolve the reception problems. They included urgent measures to improve the situation in Ter Apel, the main asylum reception and application centre in the Netherlands. Agreement was also reached on short and long-term measures such as the creation of additional crisis reception places, faster execution of the implementation agenda for a flexible asylum chain and on the use of flexible accommodation. Further to the administrative agreements, the State Secretary for J&V also worked on a bill as part of a review of the asylum system, under which municipalities will have a statutory task to receive asylum seekers.

Relatively quiet periods must be used to arrange asylum reception properly. In 1995 we wrote:

"Now the inflow of asylum seekers seems to be staying within the estimates for the first time since 1992, this would be a good opportunity to make an extra effort to sort the situation out."

The State Secretary for J&V does not expect this asylum crisis to end in the near future (J&V, 2022c):

"Whereas my previous letter on the current situation in the asylum chain was hopeful of improvement, I have to conclude in this letter that the outlook for the asylum chain does not look rosy. [...] the factors influencing current migration movements are not expected to stabilise in the short term."

Response

We submitted our draft report to the State Secretary for J&V, the Minister of Finance, the Minister for Foreign Trade and Development Cooperation and the Chair of the COA's management board. The State Secretary for J&V and the COA's Chair responded to our draft report. In view of their responses, we see no reason for an afterword.

Their letters have been published (in Dutch) on our website (www.rekenkamer.nl).

Appendices

Appendix 1 Methodology

What did we investigate?

Key question

Our key question was: How has reception capacity for asylum seekers been upscaled and downscaled in the past 10 years and what expenditure on staff and reception locations did this entail?

Investigation questions

We carried out this investigation by asking the following questions:

1. What was the inflow, transfer and outflow of asylum seekers at reception locations?
2. What was the reception capacity for asylum seekers and the occupancy (in numbers of bed, types of location and staff) and how was it upscaled and downscaled?
3. What expenditure did the COA incur for regular reception, crisis reception, emergency reception and staff?
4. What factors did the Ministry of J&V and the COA consider when upscaling and downscaling reception capacity?

The activities we performed for this investigation are summarised below.

Focus investigation

A focus investigation has a considerably shorter lead time than an audit and addresses a current event with well-defined questions. A focus investigation culminates in a clear, concise report without opinions or recommendations. See <https://english.rekenkamer.nl/about-the-netherlands-court-of-audit/what-we-do/innovation-in-audit/focus-investigations>.

Approach

We held many interviews for our investigation, including interviews with:

- Central Agency for the Reception of Asylum Seekers (COA);
- Ministry of Justice and Security (J&V);
- Ministry of Finance (Inspectorate of the Budget, IRF);
- Ministry of Foreign Affairs (BZ) / Ministry for Foreign Trade and Development Cooperation (BHOS);
- Immigration and Naturalisation Service (IND);
- Nidos Foundation;
- J&V Inspectorate;
- Advisory Council on Migration (formerly the Advisory Committee on Migration Affairs, ACVZ);
- National Coordinator for Counterterrorism and Security (NCTV) (in view of the involvement of the crisis management structure).

We also requested, analysed and processed data and documents from the COA, IND, Ministry of J&V, Ministry of BZ/BHOS and IRF. For a number of sections we also worked with public sources and public data.

The public sources are summarised in the references in appendix 2. Confidential sources include decisions, quotations and other forms of communication between the Ministry of J&V and the COA. These documents are not included in the references because they are not public.

We submitted our factual findings to the COA and J&V (in full) and to BZ/BHOS (parts of relevance to them) for verification.

Data used

Where relevant, we summarise below the sources of the data we used in each figure in the report. We tried to go as far back in time as possible for each data-based figure. We were more successful with some figures than with others because we were reliant on the party that provided the data (e.g. the COA, IND or ministries). The availability of data was therefore a decisive factor for the figures.

Figure 1 Number of asylum seekers and status holders in reception

Data from <https://data.overheid.nl/dataset/immigratie-coa-opvang-en-onderdak-bezetting>. A revision of the calculation method in 2017 produced a trend break.

Figure 2 Inflow and outflow of asylum seekers

Data from the COA's internal system (IBIS).

Figure 3 COA occupancy and reception capacity

Data received from the COA. We calculated the usable capacity (logistical capacity) as 91% of the 'capacity on paper' (technical capacity), using the COA's estimate that 9% of the places are out of service at any one time (for instance for maintenance).

Figure 4 Reception by type of location

Data provided by the COA.

Figure 5 Country of origin of asylum seekers

Data from <https://opendata.cbs.nl/statline/#/CBS/nl/dataset/83102ned>

We present the countries of origin by numbers per country. The percentages of the total are aggregated cumulatively. The first 80% were included as individual countries and the remaining 20% as 'Other 20%.'

Figure 6 IND processing time for asylum applications

Data provided by the IND.

Figure 7 Steps to fund the COA

No data.

Figure 8 Budgeted and actual expenditure of the COA

Data from the budgets and annual reports of the Ministry of J&V (and predecessors).

NB 1: Actual 2022 is based on the 2022 Autumn Memorandum. The 2022 annual report was not available at the time of publication.

NB 2: Compensation for wage and price movements is provided every spring.

Besides the causes named in the report, this is one of the reasons that the COA's actual expenditure always differs from the draft budget.

Figure 9 Process to adopt payments from the Ministry of J&V's to the COA

No data.

Figure 10 Funding source of asylum reception costs

Data from the annual reports of the Ministry of J&V (and predecessors) combined with data received from the Ministry of BZ/BHOS (for ODA amounts).

Figure 11 Accommodation cost per type of reception

Data from an internal COA document COA (Spare capacity business case; COA and Flexible Asylum Chain Programme, version 3.3, 2020)

Figure 12 Proportion of emergency reception during crises

Data provided by the COA.

Figure 13 Number of locations and asylum seekers per location

Data provided by the COA.

Figure 14 Cost of upscaling and downscaling

No data. Information taken from COA decisions and annual reports for the past 10 years.

Figure 15 Cost of occupied and empty beds

Data taken from COA annual reports and funding agreements.

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Laws and regulations

Central Agency for the Reception of Asylum Seekers Act (In force from 01-01-2020 to the present)

Ministry of Justice and Security (Organisation) Order (In force from 17-11-2022 to the present)

Appendix 3 Endnotes

1. This section was amended following ministerial clearance.
2. This section was amended following ministerial clearance.
3. This section was amended following ministerial clearance.
4. This figure was amended following ministerial clearance.

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