



REPORT AND RECOMMENDATIONS FROM THE PEER REVIEW ON THE USE OF REFERENCE BUDGETS FOR POLICY PURPOSES

Antwerp 18-19 September 2018

Tess Penne & Irene Cussó Parcerisas

University of Antwerp

November 2018

What is EMIN?

The European Minimum Income Network (EMIN) is an informal Network of organisations and individuals committed to achieve the progressive realisation of the right to adequate, accessible and enabling Minimum Income Schemes. The organisations involved include the relevant public authorities, service providers, social partners, academics, policy makers at different levels, NGOs, and fosters the involvement of people who benefit or could benefit from minimum income support.

EMIN is organised at EU and national levels, in all the Member States of the European Union and also in Iceland, Norway, Macedonia (FYROM) and Serbia.

EMIN is coordinated by the European Anti-Poverty Network (EAPN). More information on EMIN can be found at www.emin-eu.net

What is this Report?

This report builds on existing research and documentation on Reference Budgets, on the contributions at the Peer Review of national EMIN teams and on the discussions at the Peer Review on uses of Reference Budgets and recommendations for further development of this area of work.

Acknowledgements: special thanks to all the EMIN teams who contributed to this peer review and to the speakers for their valuable contributions to the rapport. Thanks also to the University of Antwerp for hosting the peer review.

Authors of Report:

Tess Penne, Herman Deleeck Centre for Social Policy, University of Antwerp, with financial support from the Research Foundation – Flanders.

Irene Cussó Parcerisas, University of Antwerp and Ramon Llull University, with financial support from Secretaria d'Universitats i Recerca del Departament d'Empresa i Coneixement de la Generalitat de Catalunya.



For the period 2017-2018 EMIN receives financial support from the European Union Programme for Employment and Social Innovation “EaSI” (2014-2020) to develop its work in the EU Member States and at EU level. For further information please consult: <http://ec.europa.eu/social/easi>

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Executive summary

Since 2013 in the context of the *Social Investment Package* the European Commission has been promoting the development of reference budgets – hereafter RBs – to assess adequate income support in EU Member States. Almost all European countries have constructed RBs using different theoretical approaches and methods all along the twentieth century. This heterogeneity impedes the use of this indicator for common policy purposes at the European level. However, two recent European projects have been carried out in order to develop cross-nationally comparable RBs that could be used to contextualise other social indicators in Europe, in particular the at-risk-of-poverty indicator, as well as to monitor social policy in Europe.

The first project was the *ImPROvE* project (2012-2016) where one work package was devoted to construct fully-specified comparable RBs for six European cities: Antwerp, Athens, Budapest, Barcelona, Helsinki and Milan. Following this research experience, the *Pilot Project for the development of a common methodology on reference budgets in Europe* (2014-15) aimed to continue this major task of developing cross-nationally comparable RBs for the capital cities of all European Member States. The project achieved comparable healthy food baskets for 26 capital cities, as well as housing, personal and health care baskets for eight cities for three hypothetical family types. Both projects have been coordinated by the Herman Deleeck Centre for Social Policy at the University of Antwerp (CSB-UA). Recently, this institution also coordinates the European Platform on Reference Budgets (EU-RBP) that connects researchers and experts specialised in RBs to improve and promote the development and various uses of RBs in Europe.

The purpose of the EMIN peer review organised in Antwerp in September 2018 was to exchange experiences on the use of reference budgets for policy purposes. The participant countries were Austria, Belgium, France, Latvia, Luxembourg, Malta, Poland and Slovakia. In this meeting, academics and researchers, societal stakeholders and social professionals discussed about the development and the conditions for a successful use of RBs in the EU. A large variety of practices were presented, including uses at the macro and micro level. Presentations covered the use of RBs to contextualise the at-risk-of-poverty threshold, to assess the levels and adequacy of social benefits, minimum income schemes or wages, to support budget advice or debt counselling, to allocate additional financial aid to people receiving social assistance, to assess the quality and accessibility of services or to inspire social and educative actions to promote a healthy life style. In addition, two discussion groups worked out a set of conclusions and recommendations for an effective use of RBs for policy purposes at the European, national and local level.

To conclude, the peer review brought together interesting experiences and lessons for the future on the role and use of RBs to structure and improve social rights in Europe. This report summarises the presentations and highlights the main points of the discussions during the peer review.

1. Purpose of the Peer Review on reference budgets (RBs)

On 18-19 September 2018, EMIN, with support from the University of Antwerp (Herman Deleeck Centre for Social Policy) organised a Peer Review on 'The use of reference budgets for policy purposes' in Antwerp. During a two-day-meeting, the participating countries discussed about the conditions for a successful use of RBs for social policy purposes in Europe.

The first part of the meeting included presentations and input on RBs from eight countries (Austria, Belgium, France, Latvia, Luxembourg, Malta, Poland and Slovakia). In the second part, two working groups discussed the usefulness of RBs for a variety of purposes on a micro and macro level.

This report is structured as follows: First, it includes a summary of the presentations of the country representatives. Second, the main points of the discussions in the working groups are highlighted. Finally, we end with recommendations for a successful use of RBs for policy purposes and we sum up some important conclusions.

2. Peer review in Antwerp, 18-19 September 2018

2.1. Information provided by speakers¹

2.1.1. Introduction on recent developments at the EU level - Katalin Szatmari, EU Commission

The social investment package emphasized the importance of RBs in order to support the adequacy of social benefits and activation elements of minimum income schemes. The EU Pillar of Social Rights was proclaimed in 2017 and relies on the 2008 recommendation of active inclusion. It includes 20 principals of which one is on minimum incomes with an emphasis on adequacy of the schemes.

The implementation of the active social inclusion recommendation is very mixed across EU Member States. RBs point at the wide variety in minimum income schemes and their adequacy across Member States. In many Member States the level of the benefits is very low. The Commission also stresses the importance of quality services.

At the moment the EU Commission uses two indicators in order to assess the adequacy of minimum income protection: (1) the national poverty threshold (2) the income of a low wage earner. Together with the indicators the Commission also evaluates the relevant context information of minimum income schemes, focusing on:

- Eligibility and means test of the schemes, also the residence test (MISOC data base)
- Activation: conditions and financial incentives, gap in access to services for beneficiaries (indicators based on EU-SILC: access to some services such as health care), gap between jobless and working households

The main tool to look at performance of EU MS is EU Semester. The Commission is not just using the indicators but it is important to contextualise these, by taking into account at the national circumstances and the interaction with other benefits (e.g. housing benefits). There are still fields that need to be explored. For instance, how do national governments assess the level of the benefits, which method of indexation? This seems to be rather arbitrary without a structural method of indexation (MISSOC data).

EMIN contributes to information on minimum income protection. There will be two peer reviews on social protection (Berlin and Lithuania) – most of the Member States are interested in participating.

¹ Links to presentations: <https://emin-eu.net/publication-on-this/emin-publications/>

2.1.2. *Reference Budgets: current approaches and comparability – Bérénice Storms and Tim Goedemé, University of Antwerp*

Short summary

This presentation gave an overview of the previous projects on the construction of RBs in Europe. More specifically, the presentation highlights some important issues that are coming out of the three reports written within the framework of the latest EU project, namely the “Pilot project for the development of a common methodology on reference budgets in Europe”, financed by the European Commission.

The first report on ‘*Review of the current state of play on reference budget. Practices at national-regional- and local level*’ gives an overview on the current and past use of RBs by European member states². From the report, it can be concluded that RBs are very popular in Europe, but that national RBs are not comparable since they are constructed in isolation to each other.

The second report with a ‘*Proposal for a common method for comparable reference budgets in Europe*’³ discusses extensively the concept of comparability: what does it mean? Why is it important to have cross-nationally comparable RBs for monitoring social policies in Europe and how can one strive for maximum (substantive) comparability? Before formulating a concrete procedure that can be used for developing comparable RBs across the European Union, the report sums up the quality criteria with which the common methodology should comply.

The main conclusions of the third and final report on ‘*The development of a methodology for comparable reference budgets in Europe*’ are that: (1) meaningful results can be achieved by using cross-nationally comparable RBs for various purposes⁴, (2) procedural comparability requires extensive cross-country coordination, (3) substantial comparability remains elusive due to limitations of data availability and robustness, (4) there are important differences across countries in the accessibility, affordability and quality of publicly provided or subsidized goods and services, such as health care and education⁵.

Acknowledging both the strong interest of RBs researchers to continue the network and the need for mutual learning and facilitating national and comparative research, a group of European researchers set up the “EU platform on reference budgets” on a voluntary basis. For the moment 47 researchers from 25 EU countries are a member of this platform.

Questions and discussion

- Q: There are various methodological approaches to construct RBs, are some methods preferable to others?
- ⇒ A: Expenditure data are not the best way to develop RBs because of circularity problems: in this case, what people need is derived from what people have. It is also recommended to construct full RBs, referring to the minimum cost of all needs for adequate social participation, and to build these RBs on the strengths of various information bases, such as (inter) national guidelines, scientific and expert knowledge and focus groups data. The emphasis on one of

² see chapter 2 in Storms, Goedemé, Van den Bosch, Penne, Schuerman & Stockman, 2014.

³ Goedemé, Storms & Van den Bosch, 2015

⁴ see below: the use of RBs for policy purposes by Tess Penne

⁵ Goedemé, Storms, Penne & Van den Bosch, 2015.

these information sources varies across countries. For instance, in FR, PT, UK, researchers mainly rely on focus groups. Focus groups give a voice to ordinary people, which is important to complement the other information bases. They can offer more in depth information on the acceptability, feasibility and completeness of the budgets. However, according to the opinion of the researchers from the University of Antwerp, they should not be the only or main information base, since focus group data are not representative for the population. Hence, we should think of ways in which we can improve the method, for instance by the technique of deliberative polling that can give both a representative and an informed view of what people think.

- ⇒ Various participants agreed on this point and shared some personal experiences, for instance on the labour intensity of organizing focus groups and recruiting participants.
- There was a large debate on the difference between ‘a minimum subsistence level’ and RBs representing the ‘minimum cost for adequate social participation’. In low income countries, policy makers generally show large resistance to the rather high level of the RBs. This leads to discussions on which is essential and which is a ‘luxury’.

2.1.3. Use of Reference Budgets by a variety of societal stakeholders in Belgium - Bérénice Storms, University of Antwerp

Short summary

The start of the Belgian RBs can be situated in 2006, when Public Centers for Social Welfare in Flanders made a request for the development of a benchmark to be used by social workers and municipal counselors to assess individual living situations in the light of human dignity. In a follow-up project, RBs were constructed as well for Brussels-Capital Region and Wallonia and the targeted population was extended to 21 family types, living in various living circumstances. Since then, Belgian RBs have been re-priced every year, and fully updated every five year.

Belgian RBs have a high scientific and societal impact. There have been numerous publications discussing the construction of the budgets or making use of indicators based on RBs (e.g. to assess the adequacy of minimum income protection or to measure water- or housing affordability). At the same time, the use of RBs by stakeholder organisations has grown in Belgium. For instance, a growing number of Public Centres for Social Welfare uses REMI, an online tool that gains insight in the efforts that can be made to ensure individual clients a decent living standard. Furthermore, judges in labour courts, student services, policy makers, civil servants, NGOs and lawyers make ample use of ‘the budget calculator’ which calculates the budget that families need at the minimum for adequate social participation taking account of individual needs such as housing, health care or child care costs. Recently, a new tool ‘MELISA’, has been developed to support debtors or debt counselors to calculate the level of a decent income when paying debts. To conclude, the fruitful interaction between applied research by CEBUD (Thomas More) and academic research by the CSB (University of Antwerp) has proven to be of high value, with a strong societal and academic impact.

Comments by BE EMIN team:

- There are two important pillars of minimum incomes schemes:
 - (1) Adequacy of minima: it is agreed that social minima are too low, RBs can be used as a complementary tool to the at-risk of poverty threshold (AROP) to improve the adequacy of schemes.
 - (2) Accessibility of minima: More and more groups are being excluded from social rights and social benefits

2.1.4. *Use reference budgets as a tool to assess benefit levels of minimum income and minimum wages in Luxemburg - Jérôme Hury, Statec, Luxembourg*

Short summary

Recently, STATEC (Institut national de la statistique et des études économiques) carries out RB research for Luxembourg. The question that motivated the research was to know if the at-risk-of-poverty threshold, set at 3.549 Euros for a couple family with two children, is enough for a decent life in Luxembourg. In this way, RBs are seen as a threshold that reflects the minimum needs to live decently in Luxembourg and to participate actively in society. The project was carried out between 2014 and 2016 and was based on the ImPRovE theoretical framework trying to translate the basic needs into baskets of goods and services that allow individuals to fulfil their different social roles. The RBs were developed for four family types (singles, couples without children, singles with 1 child, couples with 2 children). Adults are assumed to be full-time workers and children are of primary and secondary school age. All members of the family are assumed to be in good health, capable of taking well informed economic decisions and living in a flat in good conditions in an urban region in Luxembourg. For pricing the baskets, the Consumer Price Index (CPI) was used and Internet collection of prices for some goods and services.

The results illustrate that a family composed of two adults and two children needed 3.935 Euros/month for a decent life in 2016. Hence, the level of the RB for this family type is above the poverty threshold. In other words, the poverty threshold is not enough for a decent life. The results show that housing is the most important basket which represents the 37% of the total budget, followed by the food basket. A pricing update has been carried out in 2018 and reflects an inflation of prices between 2016 and 2018. The presentation also highlights two other important findings: First, when comparing the RBs indicator with the minimum social wage (MSW), including benefits and family allowances, it shows that the state aid is below the level of RBs in the case of single adults and single parents with children. Secondly, the average consumption expenditure is much higher than the RBs.

Although RBs in Luxembourg have received a lot of criticisms by the media it is recognised by stakeholders that this type of research has a lot of potential to evaluate the adequacy of social protection. At the moment there is no official policy use of the indicator. However, STATEC is planning (1) a comparison of the RBs indicator with the recently voted minimum income (REVIS=*Revenu d'inclusion sociale*); (2) a complete revision of the baskets and pricing every 4-5 years; (3) an extension to other household types (early childhood, elderly people and non-active people).

Comment LU EMIN team:

- We are very happy with the RBs in Luxembourg, they are very useful for policy purposes. Housing costs are very important. Hence, we should be careful when using reference housing cost since the real cost depends a lot on the availability and characteristics of the housing market.
- There have been many discussions in LU on the level of RBs being rather to high (from one group in society) or rather to low (from another group in society, e.g. trade unions).

2.1.5. Use of reference budgets as a tool for debt and budget counselling in Austria - Maria Kemmetmüller, ASB, Austria

Short summary

RBs are developed in Austria by ASB Schuldnerberatungen GmbH with the purpose to be used as a tool for debt and budget counselling. It should be emphasized that RBs should not be used to prescribe people what to do or have, but as an instrument for social inclusion.

RBs are developed by combining data from various sources such as: primary data (research in shops, catalogues, on the internet), secondary data (from expert organisations, researchers, statistical office, ...) and focus groups discussions (with experts and consumers). Detailed lists of goods are converted into monthly costs and priced (modest but adequate figures, 1st quartile and average costs). The RBs are developed for seven household types: single person (25–51 years); couple without children; couple with one child (7 years); couple with two children (7, 14 years); couple with three children (7, 9, 14 years); single parent with one child (7 years) and single parent with two children (7, 14 years). There are no gender distinctions for single adult households. The update of the baskets is foreseen each year by adjusting for inflation based on the consumer price index and every five years by a comprehensive revision (last big update was done in 2015). The results show that the at-risk-of-poverty threshold is below the level of RBs for all family types. Minimum income schemes in Austria only cover between 49% and 61% of the RBs level, depending on the household type. Single parents are in the worse situation, which indicates that the cost of children might be underestimated.

ASB Schuldnerberatungen GmbH promotes the use of RBs for debt advice, debt prevention and budget counselling independent from banks or insurances. Recently, they have implemented an online budget calculator⁶ that compares your expenses with the RBs estimation for your household type. There is a political demand to increase the subsistence minimum level. However, at the moment, the political context in Austria does not help to have a positive debate about what people need for a life in dignity, since the government has just announced cuttings in the minimum income scheme, changes in unemployment benefits and restructuring of public health insurance.

Questions

- Q: Is the debt counselling accessible for everyone?
⇒ A: Yes, it is not only for people in poverty, but for everyone. Of course, in practice more people at the lower end of the income distribution make use of it.

⁶ www.budgetberatung.at

2.1.6. *Reference budgets development for new family types in Malta - André Bonello, EMIN, Malta*

Short summary

In 2016 Caritas Malta carried out research to develop a Minimum Essential Budget for a Decent Living (MEBDL) in Malta. The purpose was double. Firstly, to revise the minimum essential components of a basket of basic goods and services developed in a previous study in 2012. Secondly, to calculate the minimum essential budget for three low-income household types to achieve a decent living standard in Malta. The budget was calculated for the following family types: a couple with two children below 14 years old; a single parent with two children and an elderly couple. It is assumed that these family types are in a good health, use state services (transport, health, education), live in social housing and thus, receive energy and water benefits, as well as Fund from European Aid to the most deprived. The estimation was developed using a normative approach rather than a consensual perspective. The final composition of the budget includes: household goods, laundry, care and services; housing; food; clothing; personal care; health; education and leisure; and transport.

The MEBDL does not include alcoholic beverages or tobacco because these are seen as unhealthy elements. The budget does not include insurances and private health services. MEBDL is also very restrictive in the dimensions of leisure, social relations and mobility, excluding items or activities such as eating out, pocket money, games, toys, gifts, a car,.... However, some of these elements were calculated separately and added in the budget: a private car, eating out and private rented dwelling. The pricing was conducted using market prices (e.g. supermarket) for some of the items (e.g. medicines, food, clothing), but some other costs were estimated using the average consumer expenditure of the lowest income quartile of the 2008 Household Budgetary Survey and adjusting for inflation between 2011 and 2015.

The results show that the MEBDL lies between 11.446€ for a couple with 2 children and 6.527€ for an elderly couple. The food basket represents the highest share of the total basket, between 45% and 54% depending on the family type. Due to limited data, the study could not determine the number of households earning less than the MEBDL. Nevertheless, the MEBDL should be seen as a minimum benchmark (the lowest acceptable, not a RBs) to guide social security policies to determine the adequacy of minimum income for specific households in Malta.

Questions and discussion

- Q: Why did you not include the cost of social and cultural activities?
⇒ A: In Malta there are many festivities and sport activities for free.
- Q: What with alcohol? And toys for children?
⇒ A: We include one glass of wine a week. And for children's' play we include a computer and assume that there are enough digital leisure possibilities. Besides that, with the help of parents or guardians, children can be creative, although toys are a comfort for many children there are other ways and means that can replace this.

- There was a lively discussion on the limited budgets and the many items that were not included (toys, childcare, books,...). The focus is on low-income people, which means that you make a kind of judgement of what low income people should be able to have and you arrive at very restrictive budgets. The research is based on very limited means, it was a voluntary research.

Ideally, it should go further, also with more focus groups. But the study should be rather seen as a starting point to motivate authorities to support this kind of research.

2.1.7. Reference budgets as a tool for individual support in France - Jean-Pierre Bultez, ONPES, France

Short summary

The National Observatory on Poverty and Social Exclusion (ONPES) in France has been carrying out research on RBs since 2009. RBs are understood as an inclusive social indicator illustrating a minimum level of income that allows people not only to meet the needs of daily life (e.g. housing, food, access to health, etc, ...), but also to be able to take part in social life. RBs are constructed using a consensual approach that includes citizens-experts groups: 1) three guidance groups; 2) fifteen discussion groups; 3) ten validation groups and 4) three final negotiation groups. The results obtained show that RBs are higher than the threshold of monetary poverty. A significant proportion of households are not financially poor but experience restrictions, particularly, single parent families and pensioners. It is also shown that a single person who is working on a minimum wage and receives social benefits, has an income that covers only 80% of the RBs.

At the moment, the continuation of the study focuses on developing RBs for rural areas (finalized) and the Paris Metropolis (MGP) (in progress) and to estimate the financial contribution of local social action and public services to meet the needs listed in the RBs (in progress). RBs are used in France by different institutions for the following purposes: 1) to compare with monetary poverty lines, equivalence scales and other indicators of poverty (p.e. ONPES, Caritas France, Haut Conseil Famille, Enfance et Age (HCFEA); 2) to compare “the remains to live” used by Communal Social Action Centres (CCAS/CIAS), experts interested in budget support schemes and household expenses and 3) RBs are used by some political actors (Sirugue Ministerial Report; NGO Terra Nova). Other potential uses of RBs are emphasized: to understand the role of public services and social support for an effective participation in public life (e.g. real cost of public services (co-payments for health, culture, transport, social housing policy); the role of counselling and how to support vulnerable families facing specific expenses; to understand the evolution of solidarity between family members and neighbours; and to assess social minima schemes covering all family types and situations (unemployed, pensioners, disabled).

2.1.8. Expectations on possibilities to work with reference budgets by national EMIN teams.

Slovakia by Anna Galovicova

The minimum income in Slovakia is 66 euro per person but politicians often stress the idea that there is ‘no real poverty’. The EMIN2 project changed a lot, together with various focus groups and trade unionists. Now the minimum wage is 480 euro, they want to increase it to 620 euro. We should continue with this project to inform people how important minimum income protection is. Thus, RBs are a very useful tool to advocate for this. The problem is that the budgets are sometimes too high to compare with very low realities: how to deal with these different realities of east and west? Therefore, it is crucial to share good practices across countries.

Poland by Ryszard Szarfenberg

We have a long history with RBs, it is even part of our legislation. But we are still fighting to increase the minima to the level of the RBs which is called the 'social minimum'. However, a new budget was developed, the 'subsistence minimum'. This represents half of social minimum and does not include social participation needs. The low subsistence minimum is more interesting for policy makers since at some point more than 50% of the population was below the social minimum, which is why it remains difficult to see it as a poverty threshold. Poland went through a large change from a socialist to a capitalist economy, which increased the number of people below the social minimum. Today it is very difficult to talk about a social minimum in Poland. The last social democrat government has included a minimum benchmark in our legislation. This benchmark refers to a minimum close to subsistence levels. They have also included an indexation procedure, however this was not followed in 2009 (recession) when minima were below subsistence levels. The current government introduced very generous family benefits which are set at a level closer to the social minimum. In Poland the RB approach is very politicized. What is the best way forward? Should we get rid of the subsistence minimum? However, the social minimum is still too high, compared to reality in Poland. We also have very reliable household budget data in Poland, which are very useful to compare with RBs.

Latvia by Liga Rasnaca

The non-governmental sector in Latvia has a limited influence on policy makers. We have few experts and experience with RBs. The Guaranteed minimum benefit is now 53 euro which is very low and insufficient to fulfill needs. There has been a study on what would be the minimum necessary income which is about 500 euros. Moreover, there is a large problem of housing availability, with less than 1% social housing. We are in need for political support, for instance to introduce a more progressive tax.

2.1.9. The use of reference budgets for policy purposes – Tess Penne, University of Antwerp

Short Summary

In previous presentations we have seen a variety of examples of how RBs can be used for policy purposes at the micro and macro level. In this presentation it is shown how RBs can also be a useful tool for EU policy makers if they are developed in a cross-nationally comparable way. In order to illustrate this, this presentation relies on the results of two large EU projects: (1) the ImPRovE project in which a first attempt was made to develop cross-nationally comparable RBs for large cities in six EU Member States (BE-ES-EL-IT-FI-HU)⁷; (2) 'the pilot project for the development of a common method on RBs in Europe' in which food baskets were developed in a comparable way in 26 EU Member States⁸. Based on these two projects, it is shown how RBs can be a useful policy tool for:

- Contextualising other social indicators, such as the at-risk-of-poverty threshold;
- Identifying people in poverty and vulnerable groups in society;
- Deriving the cost of an additional household member, notably children;
- Bringing in the importance of affordable (publicly provided) goods and services (e.g. housing, energy, health care, education, ...);
- Facilitating cross-national learning;

⁷ Goedemé, Storms, Stockman, Penne, & Van den Bosch, 2015)

⁸ Goedemé, Storms, Penne, & Van den Bosch, 2015

- Monitoring and assessing the adequacy of minimum income support and other benefits;
- Identifying priorities or intermediate targets in social policy.

Of course, there are various limitations of the research. RBs are always illustrative and not representative since they are developed for a limited number of specific family types. Moreover, it is a very detailed work with challenges of robustness and there are a lot of areas for improvement (e.g. pricing, consultation of citizens, data collection). Nevertheless, RBs offer a clear benchmark of what is minimally needed to live a life in human dignity in different contexts. They show that having an income at the level of the at-risk-of-poverty threshold means different things in different countries in terms of adequacy. Based on RBs, it becomes crystal clear that, in most EU countries minimum income protection does not allow to adequately participate in society. The concrete interpretation of RBs does not only stress the importance of increasing the social minima in relation to human dignity, but also of how subsidizing or reducing the cost of essential goods and services can have a positive impact on the ability to reach an adequate living standard.

Discussion

⇒ See working group discussions day 2

2.1.10. Demonstration of practical applications of reference budgets (REMI, an on-line tool to determine the level of additional income support) by Thomas Maesele, social worker from the Public Center for Social Work Gent, Belgium

Short summary

In Belgium, the municipal Public Centers for Social Welfare (PCSWs) are responsible for the implementation of the Right to Social Integration and the Right to Social Assistance. It's their task to guarantee needy people a minimum income and to create the conditions under which they can live a life in human dignity. In this regard, PCSWs take initiatives of a preventive or curative nature, that encompass a wide variety of financial, material, social, medical or psychological aid. PCSWs take autonomous decisions about the kind of support, the level of support and the conditions under which people receive assistance. Since 2016, PCSWs in Ghent use the RBs to evaluate individual living situations and to make fair decisions about the level of additional financial support to social assistance. Better than other benchmarks, RBs show the complex relation between the level of income on the one hand, and the minimum budget that is needed to realise a decent living standard on the other hand.

The amount that needy people in Ghent receive depends on the gap between their household income and the level of the RBs (using families' own housing costs), corrected with a certain percentage if the RBs exceed the level of the (simulated) guaranteed minimum wage. The decision of the PCSW's council to rely on RBs when calculating the amount of financial aid, has almost doubled the municipal budget for additional income support in Ghent.

The presentation concludes with three discussion points that need further reflection, namely: (1) the need for higher minimum wages in Belgium, that correspond to the level of the RBs; (2) the responsibility of federal and regional governments to ensure a decent income and affordable public goods and services; and (3) the need for further research on how additional financial aid can be effective to activate people.

Questions and discussion:

- Q: Are differences across municipalities evoking people to move to another city with larger financial support?
- ⇒ A: This reflects the political discourse but in practice this is generally not the case, many other things matter more, such as the variation in housing costs.

- The large differences across social welfare offices – which is not the case in all countries- is unjust. There are not only differences between municipalities but also within the municipal PCSWs, depending on the different judgements of social workers. The right to a decent income should be solved at the federal level, it should not be a local responsibility.
- Financial incentives for activation are an issue but not all people are able to work and often there are not sufficient jobs available for the number of people looking for work. Moreover, people need financial space when seeking a job.
- Discussion on the advantages of receiving more generic aid versus small conditional cash transfers for certain groups (e.g. social tariff for electricity or specific support for medicines for families receiving a social assistance income).

2.2. Discussions in the working groups

On the second day of the peer review two discussion groups were formed to reflect upon the large amount of input of the previous day. The following questions were asked to frame the discussion:

1. *How would you evaluate the development of reference budgets?*
2. *What are the conditions or requirements that we need to develop successful reference budgets for policy use?*
3. *What could be the uses of reference budgets? Are they useful tools for policy purposes, for political strategies, for public campaigning and awareness strategies?*
4. *What could be the support of this tool to adequate minimum income protection?*

In this section we summarize the main points of the discussions.

2.2.1. *How would you evaluate the development of reference budgets?*

- Diversity of reference budgets' experiences

There are different experiences in developing RBs across European countries. Some countries are more advanced than others in this field. So, it has been very positive that during the Peer Review there has been an exchange of practices and uses of RBs in the social policy domain.

- Need for further research on reference budgets

There is much interest to continue developing this indicator. It seems that researchers, social workers, stakeholders and policy advisers are very interested in the development and use of this indicator in Europe.

2.2.2. *What are the conditions or requirements in order to develop successful reference budgets for policy use?*

- RBs a tool to build consensus in society

RBs should be a tool to build consensus in society around what are the minimum resources needed for a decent life. The consensus should be achieved between academia, experts and professionals (e.g. nurses, careers, social workers...) in different fields, societal stakeholders and ordinary citizens.

- The concept "reference budgets"

It is necessary to reflect upon the appropriate terminology. It was agreed in the discussion that the term "reference" budgets is a good start because it reflects a neutral concept. However, it might not be a "sexy" (attractive) term at the political level.

- Human rights for all: inclusive reference budgets

RBs should be linked to human rights and should be addressed to all people in society, not only to the most vulnerable people. It is necessary to combat the political narratives and stereotypes on people living in poverty.

- Reference budgets reflect "the real cost of living"

RBs adhere a very complicated and detailed method, but this can also be their strength: RBs can always point the finger on rising prices at the minimum, and do this more accurately compared to an indicator such as the consumer price index. Therefore, it is also important to regularly update RBs, in order to

make sure that they reflect the real cost of living. For instance in Austria, RBs are the only study on the real cost of life. Hence, there was not a lot of criticism on the level of the RBs, and various organizations make use of them.

- Transparent reference budgets

RBs should be transparently build using different sources of information in order to achieve as much as possible an objective and well-argued indicator avoiding political interests.

- RBs evoke debate on what is necessary – but should not be seen as prescriptive

In Luxembourg there was more criticism in the public and political opinion. The critique was mainly focused on three fields: (1) ideal household types are not representative; (2) detailed criticisms on concrete items; (3) the level should be higher according to trade unions, who aim at raising the minimum wage.

To avoid discussions on every little detail, it is good not to openly publish the details of the basket. If people ask for it, they can of course look into it, but it shouldn't be the main message and it entails the danger of being seen as prescriptive. "If you look at the number of trees you don't see the forest." RBs are not meant to be prescriptive, we need to make a lot of concrete decisions in the back but of course people should have freedom of choice on how to spend their money.

- Representativeness of the model families.

Hypothetical households are necessary as a starting point in order to look for a financial bottom line and to cope with the large variation in needs across households. However, it is important to communicate clearly about the assumptions. What families need depends largely on their situation. For people in poverty costs are sometimes underestimated, since the necessary assumptions are not fulfilled. For instance, the cost of energy is often higher because people in poverty lack the means for efficient use of energy. It is a starting point, but many people need more, since the people living at the minimum often live in non-qualitative dwellings.

2.2.3. What could be the uses of reference budgets? Are they useful tools for policy purposes, for political strategies, for public campaigning and awareness strategies?

- Contextualising current indicators: macro level

At the macro level RBs could be used to assess income adequacy and to contextualise current poverty indicators or indicators measuring the affordability of public goods and services.

- RBs use at the local level

At the micro level it was agreed that RBs are potential tools for actions at the local level and, particularly, linked to the idea of improving social cohesion in our cities. Moreover, RBs could be helpful to assess the quality and accessibility of the services in our cities, such as housing, food, health care and transport.

- RBs as a tool to show how to reduce the costs of certain goods and services as a way to improve adequate living standards.

RBs can indicate if certain costs are rising, and bring it to public debate: such as housing prices. They can offer useful information to feed the discussion, e.g. on how subsidizing isolation and measures that improve energy effectiveness could be a way forward.

RBs can also point at the consequences of climate change. In the near future we will very likely see an increase in problems of food insecurity and access to quality water. This will increase the prices of these physical basic needs.

- Sustainable Reference Budgets to reduce inequality

RBs could illustrate also the cost of an upper bound of consumption due to environmental constraint. This opens other interesting uses of RBs in giving information on inequality and sustainability and could provide indications for taxation policies.

2.2.4. *What could be the support of this tool to adequate minimum income protection?*

- Problems of discrepancy between the level of RBs and the reality of minima (esp. in some countries).

It is already difficult to advocate in favor of increasing minimum incomes to the level of the national at-risk-of-poverty threshold. The AROP60 threshold is clearly too low in some countries, but at least it is higher than current minimum income schemes. However, many policy makers will say; why to raise it to 60% of median income, why not to 40%? The large advantage of RBs is that these are a very useful instrument to discuss what is needed for everyone, not only for people living at the minimum. Often, minimum wages are also inadequate. If you show people the content of the baskets, it is more difficult to contest. On the contrary, 60% of the median is an arbitrary threshold which makes it a less suitable tool to have an informed discussion. RBs are an opportunity to actively advocate for higher levels of minima. It opens a public and informed discussion on the cost of a decent life, independent of politics. And people understand this.

- Should there be different levels of RBs? Survival vs. full social participation.

There are different realities in Eastern and Western EU. However, most participants agreed that it is not a good idea to come up with different levels of RBs. Not only because it is not possible to calculate the budget that people need to achieve a non-decent living standard, but also because then you start a discussion about who deserves what instead of discussing on what is a decent life. RBs should be used as a tool to discuss the content of a decent life (without being prescriptive) for all, not for specific groups. 'Survival' shouldn't be the starting point.

- Reference budgets as a discussion tool vs. a real political benchmark

Various participants stressed that if this is the level we say is needed, it is not possible to say that less is enough. So it should be used as a benchmark for policy purposes. However, particularly in some countries, it could be used as a gradual benchmark. It is possible to set intermediate priorities, while still having a long term vision. Of course, it is important to compare RBs with the whole income package. Minimum income is the combined effect of several social benefits.

- Common goals and benchmarks vs. the reality of each country/region.

The concrete translation of needs differs largely across countries and regions – can you have a common understanding of what people need, for instance for food? However, it is possible to start with common procedures and aim at a similar living standard while at the same time having respect for

institutional, geographical and cultural variation. In the end, the impact of cultural variation on the variation in prices is rather limited. RBs are very useful for EU policy makers to show how the cost of living differs between MS. They show us that in richer countries the social minima aren't sufficient either.

3. Conclusions and recommendations of the Peer Review

From the Peer Review we can extract the following conclusions and recommendations for future work in this subject.

Regarding the state of affairs on RBs in Europe, the peer review showed that this indicator is developed in many European countries, using a variety of theoretical and methodological foundations. It was pointed out that in order for RBs to be used for policy purposes at the EU level, comparability across member states should be improved and a wider set of household types and living situations is needed. Additionally, transparency was emphasized as an important criterion to build consensus in society on what is an adequate income. Two recent cross-national projects on RBs⁹ have advanced in these directions. However, there is still a lot of future research to be done. In this regard, the recently set up 'EU Platform on Reference Budgets' is very promising. It constitutes a network that gathers many researchers and institutions on RBs across Europe who are willing to collaborate on improving the scientific foundations and applications of reference budgets, and who are strongly cooperating with societal stakeholders to exchange knowledge and experiences on the use of reference budgets. For the moment, the platform is seeking structural resources for the coordination of the platform and the organisation of partner meetings.

The following recommendations were formulated during this peer review:

1. The discussion on the experiences and practices of RBs at the macro level learned that RBs are a very useful indicator to contextualise the common poverty indicators, such as the at-risk-of-poverty threshold.
2. Secondly, because RBs represent a societal consensus on the real cost of a decent living, it is a very useful tool to raise awareness about the shortcomings of the national welfare systems and to advocate for adequate minimum income schemes in our European societies. They should never be prescriptive; they should deal with the question 'how to live a life in dignity?' not with the question 'how to stay alive?'
3. Thirdly, RBs are also a useful instrument to identify priorities or intermediate goals on how to move forward in the battle against poverty, e.g. by bringing in the importance of affordable (public) goods and services. In this regard, fully developed reference budgets are also very useful for those countries where raising minimum incomes to the level of the complete reference budgets would be clearly overly ambitious in the medium term.
4. At the micro level and, particularly, at the local level, RBs are a powerful tool to promote social and educative support for people, especially for those at the lower end of the income distribution. Many promising examples were presented at the peer review, illustrating the practical use of RBs for budget advice, debt counselling, calculating additional financial aid for needy people, and assessing the quality and accessibility of public goods and services. Working with complete reference budgets on a local level can pave the way to promote their use on the macro level.
5. Well-informed societal stakeholders that are fully committed to the process of constructing and disseminating RBs, could promote and carefully protect the proper, non-prescriptive, use of RBs, namely as "priced baskets of goods and services that are illustrative for what people need at the minimum for social participation".

To conclude, the peer review clearly shows that there is a lot of interest for developing fully-specified RBs that could be applied at different levels of social policy. The peer review on RBs has been a great

⁹ Here we refer to the *ImPRovE* project (2012-2016) and the *Pilot project for a common methodology on the development of reference budgets in Europe* (2014-15).

opportunity to connect different agents interested in RBs: researchers, societal stakeholders, policy advisers, civil servants and other professionals from the social field. Many lessons learned were taken home and all participants ended up with a clear long-term vision on RBs research and all its possible applications. It is key to continue to work together with all these agents to effectively use RBs for concrete policy purposes in order to help building social cohesion and alleviate poverty in Europe.

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List of Participants

10 Sept 2018

EMIN – Meeting of the Peer review Antwerp 18 – 19 September 2018

Country	Name	Institution	e-mail
Austria	Helmut Gaisbauer	Academic, social partner, policy advisor	Helmut.gaisbauer@sbg.ac.at
	Maria Kemmetmueller	Expert on reference budgets	Maria.kemmetmueller@asb-gmbh.at
	Robert Rybaczek-Schwarz	Activist/NGO representative	Robert.rybaczek@armutskonferenz.at
France	Richard Delplanque	Activist/NGO representative	richard.delplanque@numericable.fr
	Jean-Pierre Bultez	Expert and activist	Jeanpierre.bultez@gmail.com
	Michèle Lelièvre		Michele.LELIEVRE@sante.gouv.fr
Luxemburg	Robert Urbé	Activist/NGO representative	Robert.urbe@caritas.lu
	Jérôme Hury	Luxembourg National Statistic Administration	jerome.hury@statec.etat.lu
	Nathalie Georges	Chambre des Salariés Luxembourg	nathalie.georges@csl.lu
Latvia	Elina Pinto	Expert on reference budgets	info@eapn.lv
	Laila Balga	Activist/NGO representative	info@eapn.lv
	Liga Rasnaca	Academic, social partner, policy advisor	info@eapn.lv
Malta	Andre Bonello	Expert on reference budgets	Andre.bonello@caritasmalta.org
	Johan Sciberras	Beneficiary of minimum income	Andre.bonello@caritasmalta.org
	Suzanne Pace Decesare	Activist/NGO representative	Suzanne.pacedecesare@caritasmalta.org
Poland	Irena Topinska	Academic, social partner, policy advisor	irena.topinska@case.com.pl
	Ryszard Szarfenberg	Academic, social partner, policy advisor	r.szarfenberg@uw.edu.pl
	Natalia Jungrav-Gieorgica	Activist/NGO representative	Natalia.jungrav@gmail.com
Slovakia	Daniel Gerbery	Expert on reference budgets	Daniel.gerbery@gmail.com
	Anna Galovicova	Activist/NGO representative	slovindia@hotmail.com
	Ivana Pochbova	Beneficiary of minimum income	ivana.pochabova@gmail.com
Belgium	Caroline Van der Hoeven	EMIN Belgium	
Speakers	Katalin Szatmari	European Commission	Katalin.SZATMARI@ec.europa.eu
	Tim Goedemée	Antwerp University	
	Bérénice Storms,	Antwerp University	bereniceml.storms@uantwerpen.be
	Tess Penne	Antwerp University	
	Irene Cussó	Antwerp University	irenecp2@blanquerna.url.edu
	Thomas Maesele,	Public Center for Social Work Gent	Thomas.Maesele@ocmw.gent
Organizers	Fintan Farrell		Fintan.farrell@eapn.eu
	Anne Van Lancker		anne.vanlancker@telenet.be
European Commission	Anne F Drion		
	Plameu Kolev		