

# *EU Reference Budgets Network*

## *Proposal for a comparable method for reference budgets in Europe*

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# Outline

1. Background
2. The EU Reference Budgets Network project
3. Role of the EU level stakeholders
4. Conclusion

# 1. Background

Importance of active inclusion policies and adequate minimum income support recognised by EU:

- Council (1992, 2010)
- Parliament (2009, 2010, 2011)
- Commission (2008, 2013)

# 1. Background

More recently potential role of Reference Budgets recognised:

- “[The **European Parliament**] recommends that the Commission consider establishing a **common method** for calculating a minimum survival income and a cost-of-living minimum (a ‘shopping-basket’ of goods and services), with a view to ensuring the availability of comparative measurements of poverty levels and establishing means of social intervention” (Resolution of 20 October 2010)
- “[The **European Parliament**] [c]alls on the Commission, in consultation with the European Central Bank, **to propose common principles to define the ‘basket of basic goods and services’** required to enable everyone to live in dignity” (Resolution on the European Platform against Poverty and Social Exclusion, November 2011)

# 1. Background

- “Based upon the methodology that the **Commission** in cooperation with the SPC will develop, **establish reference budgets** to help designing efficient and adequate income support that takes into account social needs identified at local, regional and national level” (Commission February 2013 “Social Investment Package”)
- “The **EESC** strongly urges the Commission to act faster into putting into practice the promise it made to support the Member States by monitoring reforms towards active inclusion, **developing a methodology for reference budgets** and monitor the adequacy of income support, using these budgets once they are developed together with the Member States.” (European Economic and Social Committee, Opinion on European Minimum Income and poverty indicators, December 2013)

# 1. Background

- Reference budgets are ‘priced baskets of goods and services that represented a targeted living standard for a specific target population’.
- Reference budgets have been developed in all EU Member States, for a wide range of purposes and uses
- 3 main methodologies: expenditure based RBs, focus group central method, theory of human need (mix scientific evidence, gvt guidelines, expert opinion, focus groups)
- Until now: one attempt for cross-country comparable reference budgets (ImPRovE)
- No fully tested ‘common methodology’ available

# 1. Background

If RBs are developed in a comparable way:

Instrument that can help Member States to **design** efficient and adequate income support (Social Investment Package)

Facilitates the Commission in its task to **monitor** the adequacy of income support in Europe (Social Investment Package)

Facilitate cross-national **learning** and the identification of best practices (especially regarding decreasing out-of-pocket cost for public goods and services);

Contextualise existing social indicators

...

# 1. Background

## Advantages

1. A clear understanding
2. Potential to integrate 'experiential' and 'codified knowledge'
3. Take account of cultural and institutional differences (including public goods and services)
4. Flexibility to take account of particular living conditions of citizens
5. Stronger basis for campaigning for adequacy of income levels (minimum income, benefits, wages)



# 1. Background

## Pitfalls

1. Risk of blind use as a **'standard' ceiling** neglecting individual and institutional variations

2. Risk of **prescriptive** use

<-> Use RBs rather as an awareness-raising instrument that can illustrate the (non-)adequacy of social benefits

<-> Focus groups and surveys to check if RBs are acceptable and not too far from reality

3. But risk of **circularity**: actual consumption patterns are constrained by people's economic resources.

-> mostly for RBs solely based on household budget data

# 1. Background

4. Can create ***disincentives to work***: come too close or exceed minimum wages.

<-> Enhance minimum wages

<-> RBs can show that the accessibility of public goods and services have a direct impact on the spending capacity

<-> (adequacy is not only about increasing minimum incomes!)

5. The inevitable use of ***arbitrary*** judgments

<-> A sound theoretical and methodological framework to make judgements based on experiential and scientific knowledge

6. RBs are ***complicated to construct***: interdisciplinary methods

<-> Build on the strengths of the used information sources

## 2. The EU Reference Budgets Network project

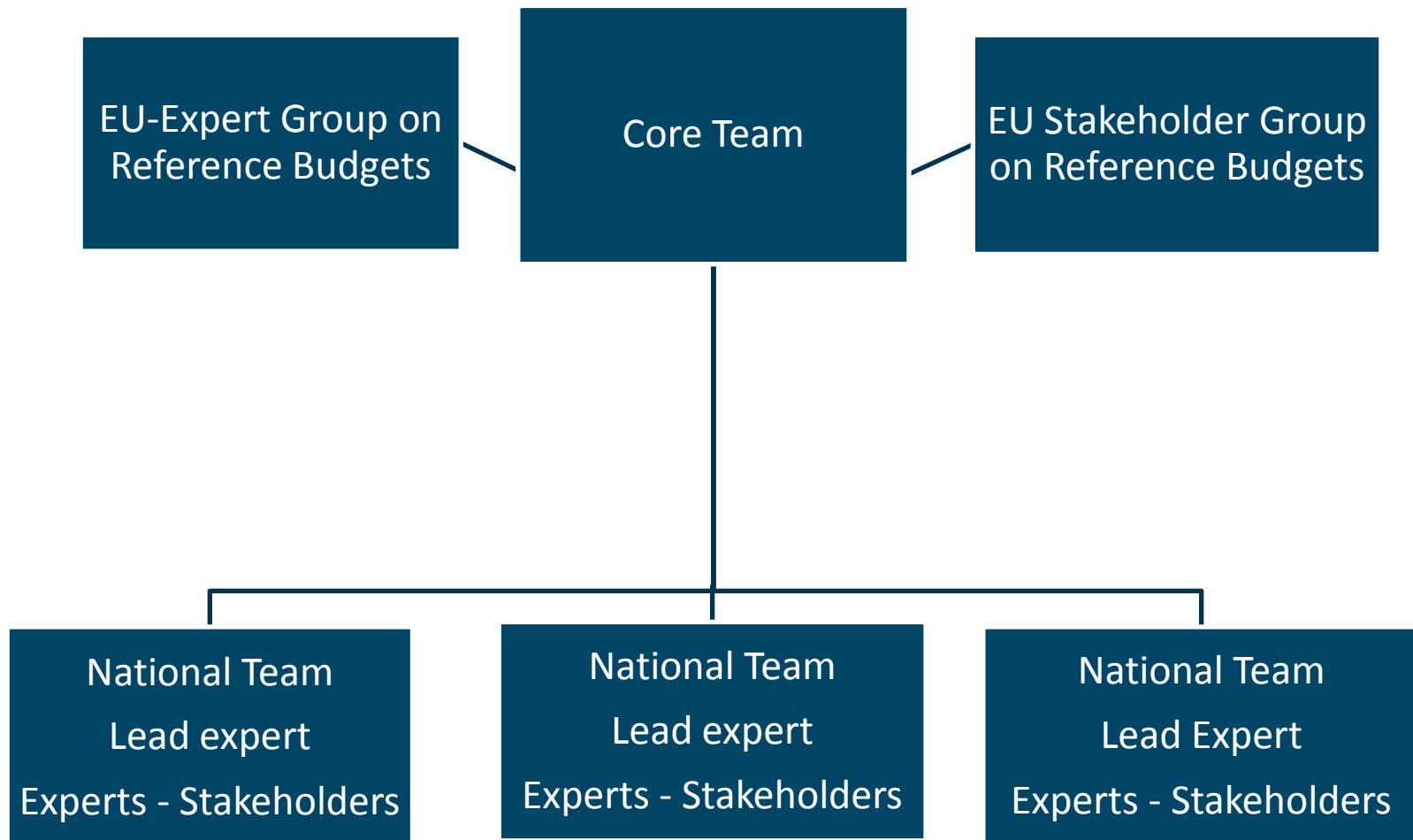
**Aim:** (2014-2015)

*To investigate whether it is possible to develop a **method** for constructing high-quality **cross-country comparable reference budgets** in all EU Member States which can rely on a broad support base.*

*In addition, we aim at generating the intellectual foundations and developing a ‘**reference budgets network**’ that has the capacity for implementing such a method in the near future:*

- *Key EU experts*
- *EU representative stakeholders*
- *28 national networks of experts on reference budgets and societal stakeholders*

## 2. The EU Reference Budgets Network project



## 2. The EU Reference Budgets Network project

### What have we done so far?

- Setup of network (Core team, EU experts, national teams, domain coordinators, stakeholders)
- Review of current state of play on reference budgets in the EU
  - Including review of advantages and pitfalls
  - Including common conceptual framework
  - Including development of quality criteria
- First draft proposal for a common methodology
  - Review of ‘candidate methods’
  - First proposal discussed & revised after roundtable with experts
  - Revised proposal discussed with & welcomed by EU stakeholders

## 2. The EU Reference Budgets Network project

### Deliverables

- Review of current state of play on reference budgets in the EU
- Common methodology for creating reference budgets
- Reference budgets :10 complete (BE, EL, ES, FI, HU, IT, AT, LU, BG, NL) and 18 food
- Data for publication on EMPL Europa website
- Guidance note for other types of households and other regions
- Note on post-project sustainability
- Conference

## 2. The EU Reference Budgets project

### Targeted living standard:

*Minimum resources required to adequately participate in society*

*To participate adequately ≈ Being able to adequately fulfil the various social roles people should be able to play*

### Target population:

*Children and persons at active age in good health, without disabilities, and with normal competences, living in an urban environment*

## 2. The EU Reference Budgets Project

### Model families:

- A single-person household, A single parent household with two children, A couple with two children
- Adults at active age (+/- 40 years)
- Boy in primary education (10 years)
- Girl in secondary education (14 years)
- All in good health



## 2. The EU Reference Budgets project

### Model families:

- Adults are well informed & have 'normal' competences
- Capital city
- Knowledge of and access to public goods and services
- Range of tenure statuses
- Long-term budgets
  
- Disregarding sustainability

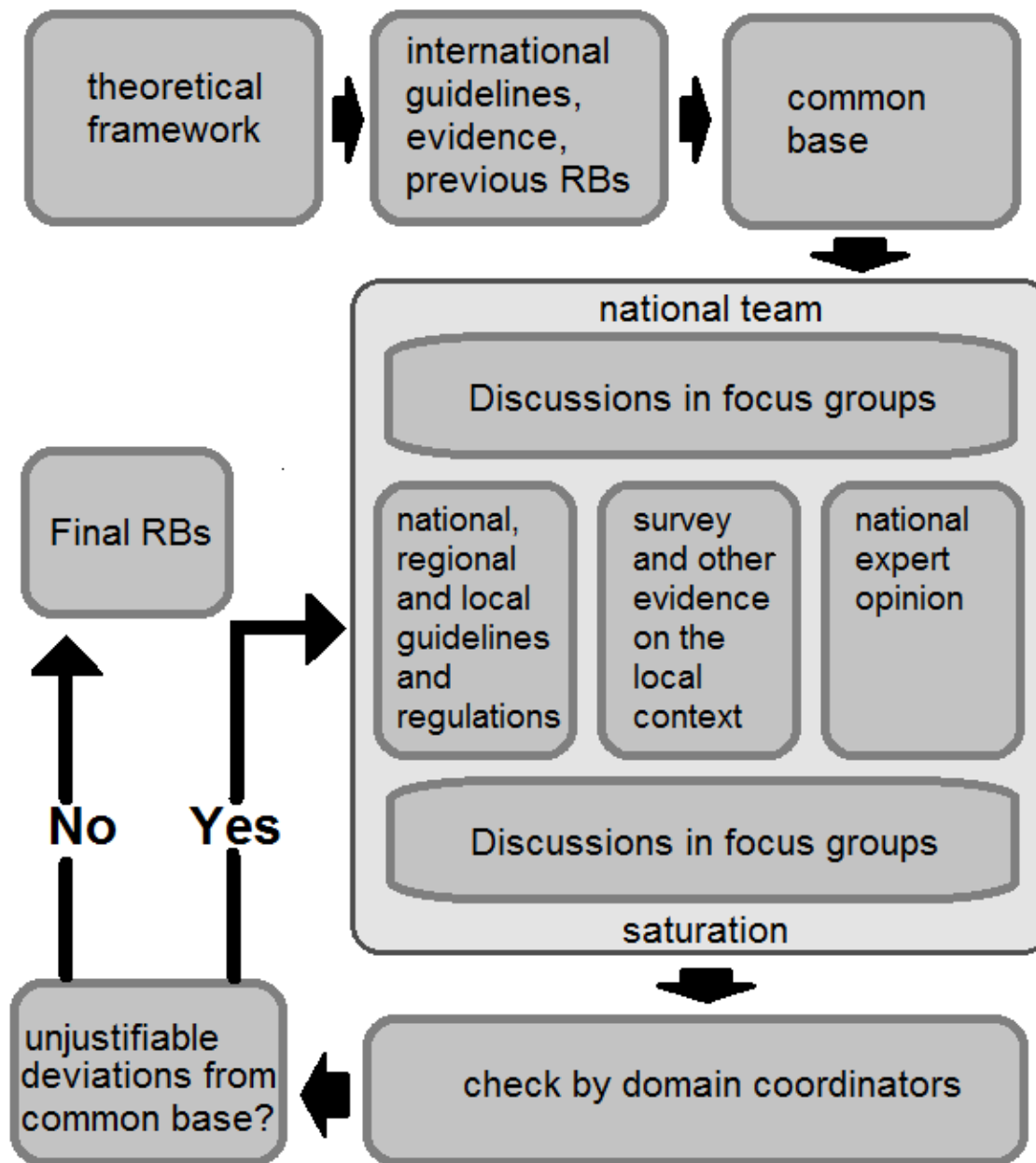
## 2. The EU Reference Budgets Project

Social participation requires **autonomy** and **health** (Doyal and Gough, 1991)

Justification for 10 'intermediate needs' (baskets)



# Method



# 3. Role of EU level stakeholders

- To be informed at an early stage about the project and to discuss the opportunities and pitfalls of RBs
- To discuss the prerequisites for the development of good quality RBs, to be able to defend and disseminate the proposed method and the developed RBs
- To give advice on the identification of national experts and stakeholder organisations
- To recommend to their member organisations to be involved in national networks
- To discuss the role of stakeholders in the possible use and dissemination of RBs in social policy development

### 3. Role of EU level stakeholders

- AGE- Platform
- Caritas
- EAPN
- ECDN
- EESC workers group
- EMIN
- ENSA
- ETUC
- Eurodiaconia
- FEANTSA
- IUT
- OSE
- Social Platform
- SOLIDAR
- Eurochild (tbc)

# 4. Conclusion

Cross-country comparable reference budgets could create an important added-value

Challenging & not without pitfalls

We try to build on the strengths of a range of data sources & approaches

Importance of winning support from actors in civil society

Still is work in progress

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## Consortium websites

Applica: [www.applica.be](http://www.applica.be)

Herman Deleeck Centre for Social Policy (University of Antwerp) [www.centrumvoorsociaalbeleid.be](http://www.centrumvoorsociaalbeleid.be)

[www.referencebudgets.eu](http://www.referencebudgets.eu)