

EU Reference Budgets Network

Towards Comparable Reference Budgets for Promoting Policies for Adequate Social Participation in Europe

Tim Goedemé, PhD

Bérénice Storms, PhD

Karel Van den Bosch, PhD

Herman Deleeck Centre for Social Policy – University of Antwerp

EU Reference Budgets Network



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<http://referencebudgets.eu>

Financed by the European Commission

Outline

1. What?
2. Why?
3. Who?
4. How?
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What?

- Reference budgets are illustrative priced baskets of goods and services that represent a targeted living standard for a specific target population
 1. Define targeted living standard
 2. Define list of goods and services
 3. Estimate cost of accessing goods and services on the list

What?

- *Minimum resources required to adequately participate in society*
- *To participate adequately ≈ Being able to adequately take the various social roles one should be able to take as a member of a particular society*

To some extent elusive:

=> illustrative lists

=> instrument for building consensus

=> build on all relevant information

What?

In this pilot project:

- Review of current state of play of reference budgets in Europe
- Proposal for a methodology for comparable reference budgets in EU
- Comparable food baskets in all EU countries + complete reference budgets for selection of countries

Why?

- A rather clear understanding
- Bring in the cost of essential expenditures people face
- Take account of cultural and institutional differences (including public goods and services)
- Flexibility to take account of particular living conditions of citizens (e.g. housing costs, health care costs)
- Basis for campaigning for adequate income levels (minimum income, benefits, wages)
- Also: budget counselling and debt advice, learning tool (living healthily and economically, informing about social rights...)

Why?

- The European Council, the European Commission and the European Parliament have underlined the importance of adequate minimum income support
- More recently: the instrumental role which reference budgets could play in these regards has been recognised
- Nearly everywhere reference budgets, but for different (national) purposes, with different methods
=> not comparable

Why?

Only if reference budgets are comparable it is possible to:

- assess in which countries incomes are more adequate than in others, and why this is the case;
- facilitate mutual learning and identify best practices in the fight against poverty;
- indicate how income adequacy can be improved in the most efficient and effective way
- be a helpful tool for the implementation and monitoring of the 2008 active inclusion recommendation and the 2013 Social Investment Package
- to contextualise other indicators, and policies

Why?

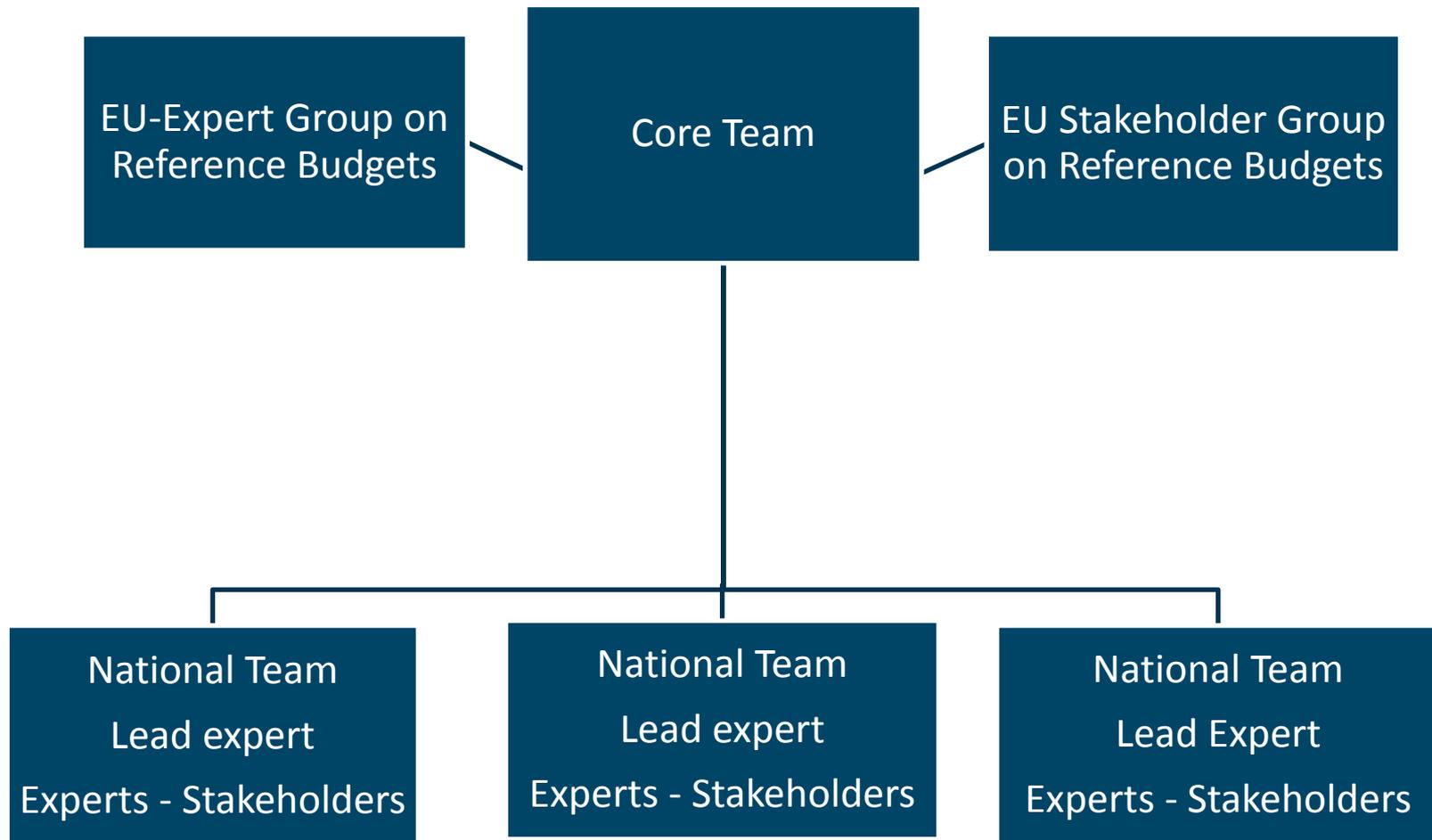
Pitfalls:

- No standard minimum threshold
- Hypothetical cases: not for prescriptive use!
- Arbitrary judgements unavoidable, robustness sometimes limited
- Difficult and time-consuming to construct
- Currently not comparable across countries

Who?

- The EU Reference Budgets Network project (2014-2015)
 - University of Antwerp + Applica
 - Key EU experts
 - EU representative stakeholders
 - 28 national networks of experts on reference budgets and societal stakeholders
- Requested by Council, Parliament, Commission; financed by Commission

Who?



How?

Review of existing methods

- Validity & acceptability
- Robustness
- Responsiveness
- Comparability
- Feasibility

=> None of the existing methods performs best in all regards, existing methods not designed for cross-country comparative purposes

How?

First draft method in June 2014

- Round table with network
- Stakeholder meeting
- ISG meeting

Revised version in September – December

- Lessons ImPRovE project
 - Consultation with many leading experts
 - ISG meeting
 - Presentation EMIN Conference
- = > broad consultation, but no consensus

Starting point:

- Reference budgets are *instrument to build consensus* in society about what is an adequate income
- Show *private (out-of-pocket) minimum costs* of adequate baskets of goods and services (disposable income)
- Therefore show also effects of goods and services provided or subsidized by the government (e.g. health, education, transport)
- Mixed-methods approach: drawing on all relevant information + aiming at maximising comparability
- Normative and illustrative
- Feasible
- European countries

Comparability

Procedural comparability: same procedures in all countries

Substantive comparability: procedural comparability, with procedures that guarantee the same phenomenon is captured similarly in different social contexts

-> needs for social participation fulfilled at a similar level

Procedural comparability = minimum

Substantive comparability: should be maximised

But: robustness;

lack of data;

learning process;

vast cross-national differences in living standards

How?

We aim at maximum comparability, by:

- Common theoretical starting point
- Common procedures
 - E.g. as regards recruitment, running and analysing focus groups
- Common handbook, containing:
 - a summary of the international literature, focusing on what is common to all EU Member States
 - cross-country comparable evidence regarding accessibility, adequacy and use of public goods and services
- Feedback between coordinating team and country teams

How?

Targeted living standard:

Minimum resources required to adequately participate in society

To participate adequately ≈ Being able to adequately take the various social roles one should be able to take as a member of a particular society

How?

Minimum resources depend on individual circumstances:

Hypothetical 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 well-informed, self-reliant, in good health, in capital city
- => Focus is on minimum necessary resources

How?

Minimum resources depend on local context:

- Institutional context
- Climatological and geographical context
- Cultural context
- Economic context (availability, quality and price)

Documenting local context:

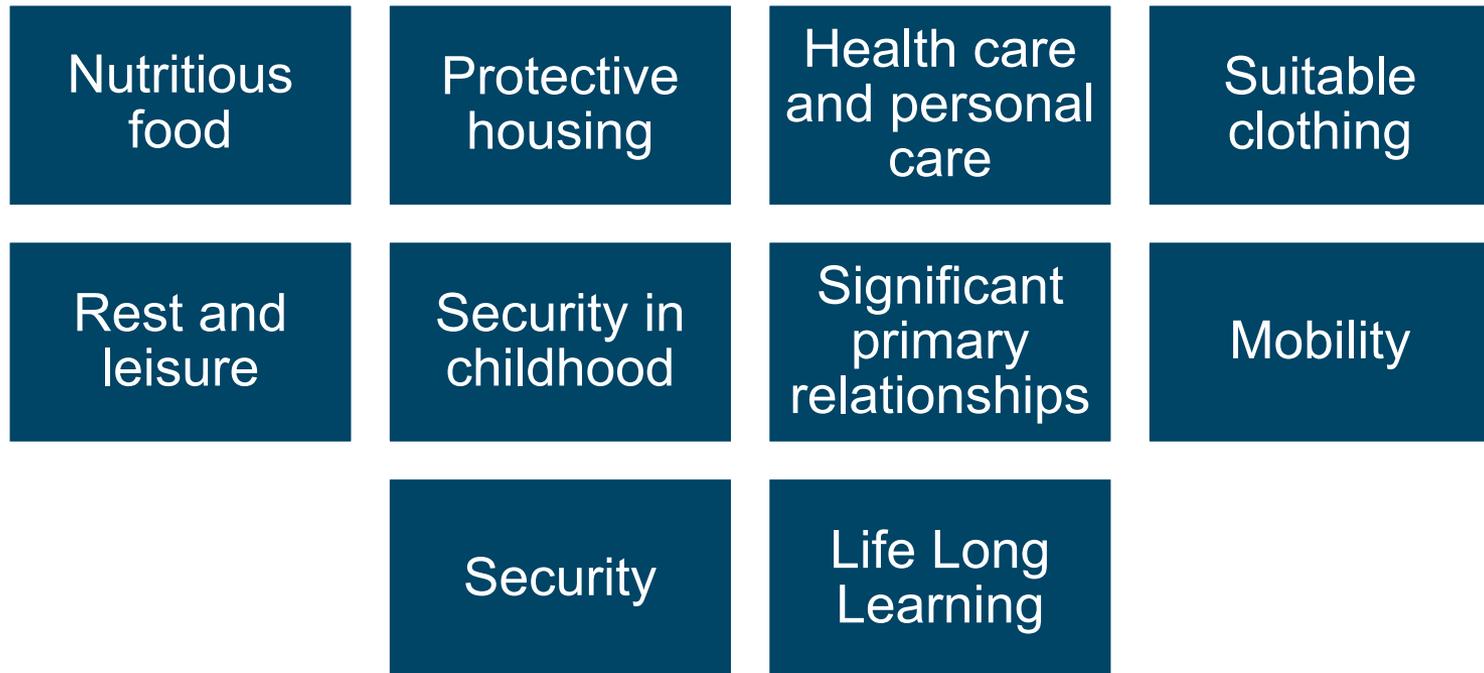
- Using national guidelines and regulations
- Using national information on access to and costs of government-provided goods and services
- Using national information on institutional and cultural differences

- Consultation of focus groups
 - Three 'independent', 'mixed' groups
 - Discuss theoretical framework & food basket in depth
 - Crucial input, especially for acceptability & social functions of food

How?

EU countries and people have much in common:

Participating and contributing to society requires health and autonomy



How?

Phase 1: Preparation - coordinating team + national teams

Phase 2: Orientation- national teams

Phase 3: Argumentation - national teams

Phase 4: Deliberation & Pricing - coordinating team + national teams

Phase 5: Arbitration - national teams

Phase 6: Dissemination & Discussion - national teams and coordinating team

3. Common methodology

Phase 1: Preparation - coordinating team + national teams

- Network of researchers and stakeholders
- Handbook
- Data files

3. Common methodology

Phase 2: Orientation- national teams

Data collection regarding local context:

- * factual living patterns & institutions
- * normative position (health & autonomy + official guidelines + 3 focus group discussions)

Questions:

- Social roles and related activities
- List of intermediate needs
- Publicly provided goods and services
- Second hand goods; informal exchanges; production for own consumption
- Choice of providers and focus on cheapest products

3. Common methodology

Phase 3: Argumentation - national teams

- Completing harmonised data file with complete list of goods and services
- Country report with careful argumentation
- Alternative options where relevant (cf. orientation phase)

3. Common methodology

Phase 4: Deliberation & Pricing - coordinating team + national teams

- Check of inconsistencies (data files & report)
- Check of compliance with common method
- Check of sufficiently careful argumentation
- Check whether cross-country differences can be explained

- National team carries out price survey

3. Common methodology

Phase 5: Arbitration - national teams

- Resolving outstanding issues
- Final reference budgets in excel files & final national report
- Comparative chapters + update handbook

3. Common methodology

Phase 6: Dissemination & discussion - national teams and coordinating team

- Informing stakeholder network through national and international workshops
- Dissemination to policy makers and wider public
- Publicly available reference budgets in national and comparative reports and database

How?

Phase 1: Preparation - coordinating team + national teams

Phase 2: Orientation- national teams

Phase 3: Argumentation - national teams

Phase 4: Deliberation & Pricing - coordinating team + national teams

Phase 5: Arbitration - national teams

Phase 6: Dissemination & Discussion - national teams and coordinating team

How?

Necessary additions:

- Broader consultation of citizens (preferably in representative framework)
- Stronger involvement of stakeholders (especially at the local level)

=> Too limited resources (time and financial) to do this properly in this pilot project.

Food basket:

- Description and review of national food-based dietary guidelines
- Description of model of health promotion
- Description of results of latest food consumption survey

- Now: development of healthy food basket in cooperation with nutritionist
- First results of focus group discussions look promising

Lessons

(Also from the ImPRovE project running parallel)

- Pricing the items in a comparable way in all countries is more problematic than expected
 - Limited price transparency for many goods and services in several countries
- In some countries (e.g. BE) wider price range for some goods than in other countries

Lessons

(Also from the ImPRovE project running parallel)

- Preliminary findings:
 - Important differences across countries in the supply of free or subsidized goods and services by the government, e.g. in health care and education
 - And their effect on e.g. out-of-pocket health expenses within the context of the total household budget.

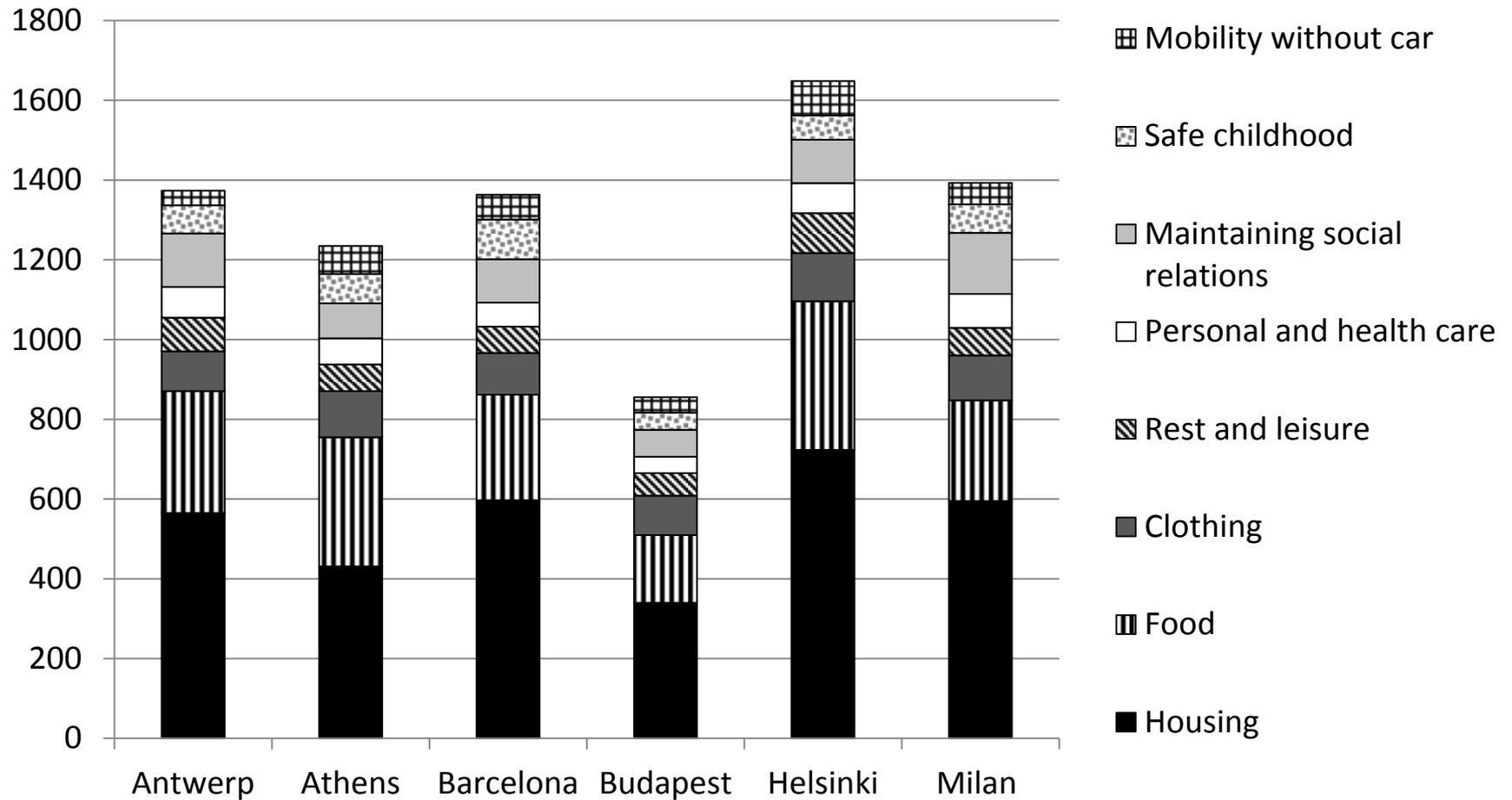
Lessons

(Also from the ImPRovE project running parallel)

- In some countries, in particular those with a relatively low standard of living, reference budgets can be much closer to the median income than in richer countries.
- Using reference budgets as benchmarks for assessing minimum incomes is not straightforward, and can only be done with important qualifications
- Reference budgets point both to income measures and measures that reduce the cost of essential goods and services

Lessons

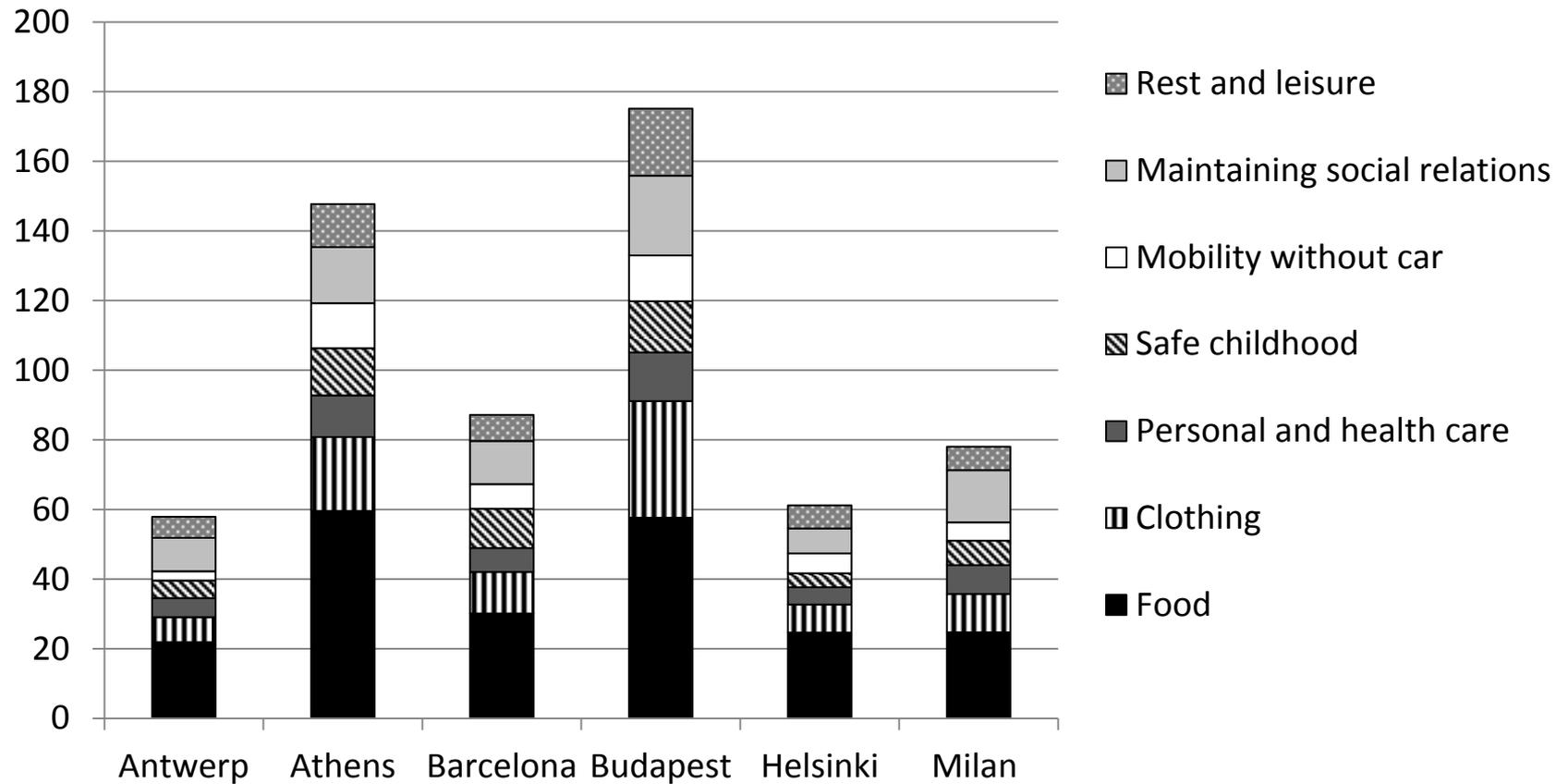
Cost of adequate social participation, single parent with one child, EUR/month, 2014 (ImPRovE)



Goedemé, T., Storms, B., Stockman, S., Penne, T., and Van den Bosch, K. (2015), 'Towards Cross-country Comparable Reference Budgets in Europe: First Results of a Concerted Effort' in *European Journal of Social Security (EJSS)*, 17(1): 3-31.

Lessons

Cost of adequate social participation without housing, single parent with one child, percentage of 60% threshold, 2014 (ImPRovE)



Goedemé, T., Storms, B., Stockman, S., Penne, T., and Van den Bosch, K. (2015), 'Towards Cross-country Comparable Reference Budgets in Europe: First Results of a Concerted Effort' in *European Journal of Social Security (EJSS)*, 17(1): 3-31.

More on ImPRovE results:

Goedemé, T., Storms, B., Stockman, S., Penne, T., and Van den Bosch, K. (2015), 'Towards Cross-country Comparable Reference Budgets in Europe: First Results of a Concerted Effort' in *European Journal of Social Security (EJSS)*, 17(1): 3-31.

<http://improve-research.eu>

Next steps

- This is a pilot project, exploring possibilities, which should be seen as a step in a longer process
- Reference budgets bring a new perspective to existing indicators of social inclusion, with new policy insights
- They are not meant to replace current common indicators of social inclusion, but they can contextualize those indicators
 - Possibly in different ways in different countries

Next steps

June 2015: Results presented during final conference,
probably 2 June

June 2015: Publication of database on DG EMPL website

Later: Publication of handbook, with detailed
argumentation and background information on 10
intermediate needs + comparative chapters

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For further information, contact the project leaders:

Bérénice Storms bereniceml.storms@uantwerp.be

Tim Goedemé tim.goedeme@uantwerp.be