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Marieke Frederickx is onderzoeker bij het Centrum
voor budgetadvies en -onderzoek (CEBUD) van de
Thomas More Hogeschool. Haar onderzoek richt zich
op het ontwikkelen van wetenschappelijk gevalideerde
instrumenten op basis van referentiebudgetten.
E-mail: marieke.frederickx@thomasmore.be

Bérénice Storms is coördinator onderzoek van het
Centrum voor budgetadvies en -onderzoek (CEBUD)
van de Thomas More Hogeschool. Haar onderzoek richt
zich op de ontwikkeling en de wetenschappelijke en
maatschappelijke valorisatie van referentiebudgetten.
Email: berenice.storms@thomasmore.be

Ilse Cornelis is onderzoeker bij het Centrum voor
budgetadvies en -onderzoek (CEBUD) van de Thomas
More Hogeschool. Zij werkt mee aan de ontwikkeling
van instrumenten gebaseerd op de referentiebudgetten
en tools om financieel welzijn te bevorderen.
Email: i.cornelis@thomasmore.be

Correspondence to: Bérénice Storms

E-mail: berenice.storms@thomasmore.be

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IMPLEMENTING THE RIGHT TO A DECENT LIVING STANDARD IN BELGIUM: THE USE OF THE REDI TOOL

IMPLEMENTATIE VAN HET RECHT OP EEN MENSWAARDIG INKOMEN IN BELGIË: HET GEBRUIK VAN DE REMI-TOOL

MARIEKE
FREDERICKX,
BÉRÉNICE STORMS,
ILSE CORNELIS

ABSTRACT

To help local administrations in Belgium to put the right to a decent income into practice, the Belgian federal government will financially support the use of the REDI tool by Public Centers for Social Welfare (PCSWs) from 2023 onwards. REDI (REference budgets for a Decent Income) is a reference budget-based tool tailored to each client situation. It is used to assess financial deprivation and to allocate additional financial support (AFS) to needy families with the aim of enabling them to lead a life in dignity (Law on PCSW, 1976, art. 1). As the tool also generates new data that give insight into the characteristics of the group of aid seeking citizens and into their budgetary barriers, it is a very promising instrument to implement the right to a decent living standard in Belgium. Furthermore, the tool can be valuable for the implementation of Principles 6 and 14 of the European Pillar of Social Rights (EPSR), that respectively recognise the right to a minimum wage and the right to a minimum income that provide for a decent standard of living (European Commission, 2017).

KEYWORDS

Poverty, reference budgets, decent income, additional financial support (AFS), public centres for social welfare (PCSWs), substantive equality, needs diagnosis, income adequacy, affordability

SAMENVATTING

De Belgische federale overheid heeft de intentie om het gebruik van de REMI tool door Openbare Centra voor Maatschappelijk Welzijn (OCMW) vanaf 2023 financieel te steunen, om zo lokale overheden in staat te stellen het recht op een menswaardig inkomen te waarborgen. REMI (REferentiebudgetten voor een Menswaardig Inkomen) is een op referentiebudgetten-gebaseerde tool die op maat van elke cliënt een minimaal menswaardig inkomen vaststelt. De tool wordt gebruikt om financiële deprivatie vast te stellen en aanvullende financiële steun (AFS) toe te wijzen aan gezinnen, zodat zij een waardig leven kunnen leiden (OCMW-wet 1976, art. 1). De tool is veelbelovend voor de implementatie van het recht op een menswaardig leven in België. Grote verschillen in AFS tussen, en binnen lokale overheden kunnen met de tool worden verkleind. Daarnaast genereert de tool data die inzicht geven in de kenmerken van burgers die financiële steun nodig hebben en in de mate van financiële deprivatie die zij ervaren. Tot slot kan de tool een

belangrijke bijdrage leveren aan het implementeren van Principe 6 en Principe 14 van de Europese Pijler van Sociale Rechten welke respectievelijk het recht op een minimumloon en het recht op een minimuminkomen erkennen (European Commission, 2017).

TREFWOORDEN

Armoede, referentiebudgetten, menswaardig inkomen, aanvullende financiële steun (AFS), Openbare Centra voor Maatschappelijk Welzijn (OCMW), substantiële gelijkheid, diagnose van behoeftigheid, inkomensadequaatheid, betaalbaarheid

INTRODUCTION

The inclusion of Principle 14 in the European Pillar of Social Rights (EPSR) proclaimed by the European Parliament, the European Council and the European Commission on 17 November 2017 is an important milestone towards more binding agreements on adequate minimum income protection in the EU. According to this principle, “everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services...” (European Commission, 2017, p. 20). However, Principle 14 does not make explicit what is meant by ‘adequate minimum income benefits’. In the European Parliament’s discussions on this subject, reference is made to benefits that enable families to meet their needs (Rodrigues, 2016). Need satisfaction is also central to Principle 6 of the EPSR on the right to adequate minimum wages “that provide for the satisfaction of the needs of the worker and his / her family in the light of national economic and social conditions” (European Commission, 2017, p. 15). Current social indicators do not contain sufficient information to translate these principles into policy and to monitor these objectives (Van Lancker, Aranguiz & Verschueren, 2020). Therefore, additional alternative indicators should be looked for. In our opinion, reference budgets are very helpful in illuminating the elusive concept of ‘a decent living standard’. Based on a sound methodological and theoretical framework, they illustrate the minimum out-of-pocket costs of goods and services that families should have at their disposal to adequately participate in society, while taking into account the differences in socio-economic living conditions between and across Member States (Goedemé, Storms, Penne & Van den Bosch, 2015, Goedemé *et al.*, 2018). Many European countries are experienced in developing reference budgets for different purposes such as poverty measurement, the assessment of income adequacy or the evaluation of affordability of

water and energy (Deeming, 2020; Storms *et al.*, 2014). In Belgium, reference budgets have been developed since 2008 and have had a major policy impact since then (Storms, 2020). In this article, we focus on the use of reference budgets by the Belgian authorities for assessing the financial needs of families with a view to providing tailor-made financial support to enable full participation in society. We aim to show how indicators based on reference budgets, alongside other poverty indicators, can be used to implement the right to a decent income in a substantive way.

International scientific research demonstrates that a chronic lack of money has substantive psychological consequences, such as higher levels of stress, shame and anxiety. These in turn lead to economic behaviour that causes social exclusion (Duflo & Banerjee, 2011; Haushofer, 2019; Haushofer & Fehr, 2014; Mani, Mullainathan, Shafir & Zhao, 2013; Mullainathan & Shafir, 2013; Schwabe & Wolf, 2009; Shah, Mullainathan & Shafir, 2012; Walker & Bantebya-Kyomuhendo, 2014). Belgian governmental authorities have clear obligations to create the conditions necessary to guarantee every citizen the -constitutionally warranted- right to a decent living standard. The jurisdiction regarding income adequacy in Belgium is shared between the federal, regional and local governments. The federal government is responsible for minimum income protection, regarding both incomes from work (statutory minimum wages) and incomes from social security and social assistance. Income adequacy does not only depend on the level of income, but also on the cost of necessary goods and services. The competences regarding the affordability of these public goods and services, such as social housing, education and public transport, are mainly situated at the regional level. Over the years, federal and regional authorities have taken measures to enhance the affordability of these costs for low-income families. Research shows, however, that minimum incomes in Belgium are often insufficient to allow families to participate fully in society, especially when they have to rent their homes on the private housing market (Frederickx, Storms, Delange & Penne, 2021; Penne, Cornelis & Storms, 2020). At the local level the Public Centres of Social Welfare (PCSWs) in Belgium act as the last safety net to provide needy families with tailor-made (financial) support in order to remove the barriers to escape the poverty trap. Each municipality in Belgium has a PCSW. Their core task is "to enable everyone to lead a life that respects human dignity" (Law on Public Centres for Social Welfare, 1976, art. 1). To pursue this objective, a local PCSW has two important legislative contexts in which they can provide assistance. First, they can provide financial aid in the context of the right to social integration, better known as the Living Wage Act (Law on Social Integration, 2002) and secondly, they can give material and immaterial support such as, additional financial support, legal counsel, debt mediation, psychosocial help in the context of the right to social care (Organic Law on Public Centres for Social Welfare of 8 July 1976, known as the Law on PCSW).

The Living Wage Act stipulates the provision of a social assistance benefit to vulnerable citizens with the objective of enhancing their integration in society and/or the provision of suitable employment (Law on Social Integration, 2002, art. 2). This law gives only very limited decision power to local authorities: as a decentralised service, the PCSW applies the federal legislation. The PCSW is therefore an example of co-management in a 'principal-agent' relationship with the federal government, which determines the policy and rules and controls the implementation. Research shows that with regard to the provision of social assistance benefits, hardly any differences can be observed between local PCSW (De Wilde, 2018).

Compared to the Living Wage Act, the law on PCSW does grant much decision power and policy space to PCSWs. It allows them to determine at the local level what curative and preventive actions they implement in order to promote the social participation of vulnerable clients (Law on Public Centres for Social Welfare, 1976, art. 57 § 1). In administrative law terms, this is not about co-management, but rather about autonomy. PCSWs decide autonomously the nature and scope of the aid and support that is provided, the eligibility criteria and the method to assess financial need. Not surprisingly, this results in large differences between local PCSWs with regard to the type of aid and the level of benefits and aid provided. PCSWs can provide AFS when the social investigation points out that the client has insufficient financial means to lead a dignified life. In that case, the social worker formulates an advice on the nature, the amount and the duration of the additional (financial) support (Law on Public Centres for Social Welfare, 1976, art. 60). The advice must then be confirmed by the Special committee of the Social Service (SCSS). As the executive body of a PCSW, the SCSS decides on individual aid requests proposed by social workers and gives advice to the PCSW council on how to effectively combat poverty in the local community.

Most PCSWs grant additional financial support (AFS) in the form of a rent allowance, energy allowance and contributions for medical and school expenses. Many (especially Flemish) PCSWs also give vulnerable households a lump sum of AFS not directly linked to specific expenses. The amount of AFS can vary in similar situations by several hundred euros per month from one PCSW to another (Beyns, Bruyndonckx, Schildermans, Van Beurden, Van Braeckel & Van Deun, 2008; Cornelis, Peeters & Storms, 2013; Dehaes, Pauwels, Lambrechts & Wuyns, 2001; Luyten, 1993; Malcorps, 2009; Mertens & Storms, 2014; Van Mechelen & Bogaerts, 2008). Because of these large differences between PCSWs, the fulfillment of the right to a dignified life for the growing group of vulnerable aid-seeking citizens is highly and increasingly dependent on the place of residence (Storms & Van Mechelen, 2016; Van Mechelen, Zamora & Cantillon, 2016).

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The decentralised structure of the Belgian social assistance system also has clear advantages. It allows for a more cost-efficient implementation of federal and regional policy goals and gives local councils the freedom to adapt policy guidelines to fit local needs and possibilities (De Rynck, 2016; Vandenbroucke, Luigjes & Lievens, 2016). However, these local adaptations are only acceptable insofar as citizens are guaranteed an equal outcome with regard to the right to a dignified life (Storms *et al.*, 2013; Vandenbroucke *et al.*, 2016). This is currently not the case for the benefits and services covered under the Law on PSCW. The major reason appears to be that local PCSWs lack both the resources and the necessary know-how to apply the federal and regional policies at the local level in an equivalent manner. Given that the implementation of the right to social care starts with an assessment of individual household financial needs, it is important that social workers and local policy makers have access to a shared assessment framework that allows them to better justify their decisions (Storms & Van Mechelen, 2016).

In the absence of such a shared assessment framework, most local PCSWs have over time developed their own internal guidelines, which are sometimes shared with neighbouring PCSWs. These local guidelines are often limited to the use of rather arbitrary financial benchmarks to determine whether families are financially deprived and/or eligible for AFS. In most cases they are not grounded in a well-considered or scientific methodology to diagnose financial deprivation. As the currently used financial benchmarks cannot be sufficiently tailored to fit individual situations and needs, many PCSWs recognise that their guidelines are primarily aimed at achieving procedural equality, rather than substantive equality considering the different living conditions of disadvantaged people (Storms & Van Mechelen, 2016).

Consequently, PCSWs were demanding to have a new benchmark at their disposal based on a sound scientific framework and which reflects the minimum income that a family needs to be able to adequately participate in society including both the local context and individual household needs. Reference budgets and the tools based on these reference budgets aim to provide an answer to this request. Their use in social assistance “to enable everyone to lead a life that respects human dignity” is encouraged by the current federal and regional governments (Regeerakkoord, 30 September 2020; Vlaamse regering 2019–2024, 2019). To help local administrations in Belgium to put the right to a decent income into practice, CEBUD researchers developed the REDI tool, a reference budget-based tool tailored to each client situation, which can be used to assess financial deprivation (Law on Public Centres for Social Welfare, 1976, art. 1).

A REFERENCE BUDGET-BASED ASSESSMENT OF FINANCIAL NEEDS

In this paragraph, we argue that reference budgets and the reference budgets-based REDI tool (REference budgets for a Decent Income) provide a suitable alternative to the currently used multiplicity of financial benchmarks to assess financial needs. First, we discuss how reference budgets are developed and which living standard they represent. Furthermore, we discuss how the REDI tool uses them to diagnose financial need. Then we discuss how the REDI tool and the collected REDI data can improve the performance of PCSWs and more broadly, the Belgian system of minimum income protection.

Reference budgets: scientific and methodological framework

Reference budgets provide an answer to the question what constitutes a minimum household income needed for participation in society. This question cannot be answered in absolute terms because the financial resources that people need at the minimum in order to reach a decent living standard vary due to differences in individual needs. Additionally, certain characteristics of the institutional environment, such as the degree to which public services (e.g., education and healthcare) are accessible and affordable also impact financial needs (Penne, 2020; Storms, 2012). This does not mean, however, that within certain framework conditions no answer can be given to the aforementioned question. Reference budgets define a theoretical financial lower bound under which it is no longer possible to adequately participate in society. For this purpose, hypothetical households are defined for which several assumptions are made, regarding their individual and societal living conditions. Household members are assumed to be healthy, to live in decent housing conditions (access to running water, no mould, etc.) and to have sufficient access to necessary goods and services.

Belgian reference budgets of social participation (Storms, 2012; Storms & Van den Bosch, 2009) are calculated using a theoretical and methodical framework based on the Theory of Human Need (Doyal & Gough, 1991) (see Figure 1). Social participation is defined as the ability of people to fulfil the various social roles that one should be able to perform as a member of a given society, given the dominant social expectations as well as the ability to help shape these expectations (Goedemé, Penne, Van den Bosch, & Storms, 2019; Storms, 2012). Doyal & Gough (1991) put forward two universal needs that must be met for people to participate fully in society: people must have good health and must have the personal autonomy to make choices about what to do and how to do it. The satisfiers needed to fulfil these needs depend on the time and society in which people live. Nevertheless, these satisfiers can be grouped into several intermediate needs.

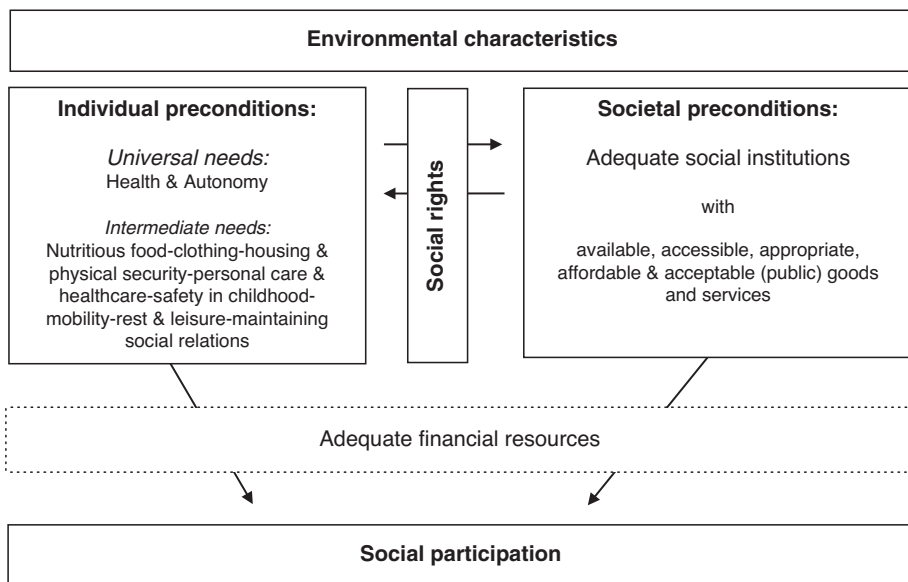


Figure 1: Theoretical framework of the Belgian reference budgets (Storms, 2012, p. 50).

Based on the framework of Doyal & Gough (1991), 11 intermediate needs were defined. To participate fully in society people must at least have access to food, clothing, housing, healthcare, personal care, rest and relaxation. In addition, children must be able to grow up safely and citizens must be able to maintain their social relationships, feel safe and be sufficiently mobile. Reference budgets calculate the minimum cost of goods and services which are needed to adequately meet these intermediate needs. As much as possible, normative and scientifically based standards are used. For example, existing guidelines on a healthy diet are used to determine what is minimally necessary to live healthy and autonomously. For this minimum 'basket' of goods and services, cheap prices are quoted that still allow a certain freedom of choice for households in order to make it feasible to make ends meet with a reference budget. Additionally, focus groups of citizens from different socio-economic backgrounds discuss the feasibility and acceptability of the goods and services included, the pricing strategy, as well as the stores where the prices are quoted from. Every year, reference budgets are re-priced so that households' purchasing power is guaranteed (updating). Every five years, the contents of the goods and services included in the reference budget 'baskets' are adapted (rebasings) to reflect changes in social expectations and structures (Storms & Van den Bosch, 2009; Storms, 2012).

Table 1 (below) presents the reference budgets for 2022 for a few hypothetical households, for which the assumptions mentioned earlier apply. Because the housing situation has a major impact on the minimum necessary income, the reference budgets are calculated separately for families renting in the private and social market. The results in Table 1 demonstrate that the net disposable income from a social assistance benefit (taking into account the gross income, social security contributions, personal taxes, child allowance, educational grants and child alimony for single parents) is mostly insufficient to allow these families to fully participate in society, especially when families cannot rent in the social market.

Table 1: Reference budgets for four hypothetical households (no working adults, all family members are in a good health and are sufficiently mobile without a car) compared with the level of the disposable income from a social assistance benefit (euros/month, June 2022) Source: own calculations.

	Single (<65 years)	Single + two children (8, 15 y)	Couple + two children (8, 15 y)	Couple (>65 years)
RB 2022 – private rent	1.495	2.809	3.256	1.982
RB 2022 – social rent	1.134	2.285	2.845	1.804
Social assistance benefit	1.113	2.476	2.129	1.788

The REDI tool

Particularly for vulnerable households the assumptions of good health, decent housing and having sufficient access to necessary goods and services are not always met (Cambois, Brønnum-Hansen, Hayward & Nusselder, 2020; Fouweather *et al.*, 2015; Tunstall *et al.*, 2013). In those cases, ‘standard’ reference budgets are not suitable for assessing the financial needs. At the request of the PCSW, the REDI tool has been developed to help social workers calculate the level of an adequate income in those real-life situations. At the moment, they lack good tools to diagnose the needs of vulnerable families seeking support.

The REDI tool takes into account individual needs and expenses of households and compares the calculated reference budget with the total net disposable household income to indicate whether a household has sufficient financial resources to live in dignity. It does so by allowing users to first construct a household data file, in which household composition, all sources of net income (e.g. wage, unemployment benefit, social assistance benefit, child allowances) and all necessary expenses are specified. To calculate the necessary expenses the application differentiates between two categories:

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required and optional expenses. Required expenses are the real costs of housing (renting or paying a mortgage), because these substantial costs vary greatly from region to region. Also required are personal expenses due to specific needs, such as medical expenses for sick family members, since those are not included in the reference budgets. Filling in other expenses such as utilities, education, transport and insurances is optional. For those costs a social worker determines in dialogue with the client which of these costs are necessary (and which are preferential or not minimal). If no optional expenses are entered into the datafile, the REDI tool will use the amount of the standard reference budgets. Based on the data entered in the file, the REDI tool is able to calculate the minimal financial resources needed to fully participate in society, tailored to a particular household. This budget is subsequently compared to the actual net household income. The balance of both indicates the extent to which the household has sufficient disposable income to be able to live in dignity.

The structured overview of a household's income and necessary expenses provides social workers and their clients possible directions for (financial) support and potential routes to (structurally) improve the financially precarious situation of clients with negative balances. The overview might reveal opportunities to increase the household income by claiming allowances that a household is entitled to or it may prompt a pathway to explore employment possibilities. If certain actual expenditures are revealed to be much higher than the reference amounts, the social worker and the client can discuss whether and how these might be reduced. Real expenditures that are considerably lower than the minimum reference amounts also provide important information. This might suggest that households use survival strategies and that certain basic needs are therefore not met (Van Thielen & Storms, 2013).

To evaluate the REDI tool, an exploratory survey was conducted among REDI users. With 24 questionnaires, completed by the same number of PCSWs, a response rate of 80% was realised (Storms & Geboers, 2020). Nearly 62% of the PCSWs surveyed indicate that they use the REDI tool to screen all eligible clients proactively for financial need. This is in accordance with their mandate to provide not only curative, but also preventive comprehensive aid to promote social participation of clients (Law on Public Centres for Social Welfare, 1976, art. 58). The PCSWs indicated that the REDI tool enables an objective assessment of a client's financial needs. This results in a uniform allocation of AFS between social workers within a PCSW, which is the most frequently mentioned advantage of the REDI tool among the surveyed PCSWs. Moreover, the PCSWs report that thanks to the REDI tool, well founded decisions on individual (financial) support are taken by the members of the Special Committee for Social Services (SCSS), striving for a substantive interpretation of the human right to a decent living standard.

Future opportunities for local, regional and federal policy makers

As explained above, the use of the REDI tool increases legal certainty when making decisions relating to the provision of social services. Moreover, this framework in conjuncture with data available from the REDI tool might offer local policy makers a unique opportunity to evaluate and increase the impact of their anti-poverty policies and adapt it more closely to the needs of the local community.

The REDI database currently contains data on the socio-economic and demographic situation of the aid applicant and his household, on the amount and composition of household income, and on the expenses necessary to live in dignity. These data can give local policy makers insight into the extent to which basic services such as housing or childcare are affordable for vulnerable households in their municipality. When, in the future, these data are linked to the decisions of the SCSS on the amount of allocated AFS, it will be possible to measure the impact of the aid package on poverty and self-sufficiency, thus enabling effective and efficient policy monitoring.

At the regional and federal level, REDI data can also be used to develop more targeted anti-poverty policies, both in terms of income protection and in terms of accessibility (especially affordability) of necessary consumer goods and services, provided that a sufficiently large number of PCSWs use the REDI tool in a relatively standardised manner. At the federal level, improved effectiveness of minimum income protection will help to reverse the increasing flow of individual households seeking additional aid from local PCSWs.

The use of the REDI tool combined with locally set guidelines and agreements might largely eliminate differences in AFS between social workers in a local PCSW, as is supported by the results of the conducted survey. Moreover, when all PCSWs would start from the same scientific assessment framework which the REDI tool offers, the differences in support between PCSWs will also decrease. This is one of the main reasons why the federal government will financially support the use of the REDI tool by Belgian PCSWs from 2023 onwards (Regeerakkoord, 30 September 2020). If regional and federal authorities want to monitor and better coordinate the performances of local PCSWs to ensure equal access to a decent income, they need data on who receives AFS, the nature of the support, its scope and assessment criteria used by PCSWs. A more standardised use of the REDI tool for granting AFS could generate such data. Whereas local authorities value the autonomy and decision space in the context of local aid support, 79% of the PCSWs surveyed

are in favour of federal or regional guidelines to align both the eligibility criteria for AFS and the amount of support. Most agree that, at this moment, the large differences between PCSWs violates core principles of justice and equality (Storms & Geboers, 2020).

DISCUSSION

Reference budgets are well suited instruments to implement the right to a decent income, as contained in the EPSR. Given the large differences in living conditions in and across countries, they can serve well, in addition to the existing indicators to monitor anti-poverty policies. Social indicators that are purely based on income, as for example the At-Risk-of-Poverty-Threshold (AROPT), which identifies households with a net disposable income below 60% of the median equivalised income as 'poor', do not take into account the costs of necessary goods and services. Consequently, cross-national research has shown that the AROPT does not represent the same standard of living across Europe (Goedemé *et al.*, 2018). By making specific what the minimum required income is for social participation, reference budgets help to clarify the actual meaning of being at-risk-of-poverty.

The REDI tool systematically maps out the disposable income and necessary expenses of households, taking into account their needs and the local living context. The REDI tool shows the extent to which a family has a sufficient (positive balance) or insufficient (negative balance) budget to live in dignity. The transparent and structured REDI output can be used as a guide to determine and decide on the type and amount of support that is most appropriate to improve difficult living conditions. However, the support granted by PCSWs depends not only on the level of the identified need, but also on the budget that the local government has or makes available for this purpose. Therefore, the differences between PCSWs in the granting of AFS will remain, but to a lesser extent. To implement the right to a decent income independent of place of residence, a more standardised use of the REDI tool is recommended.

The federal government will financially promote the systematic use of the REDI tool by all Belgian PCSWs from 2023 onwards (Regeerakkoord, 30 September 2020). From then on, (supra) local governments can rely on the data entered in the tool to gain insight into the characteristics of the group of citizens who request support from the PCSWs and into the budgetary barriers that vulnerable families encounter. The federal support might increase the use of the REDI tool and therefore the collected data. This will provide new research opportunities, for example on the extent to which people seeking support from a PCSW are financially deprived and on the

affordability of necessary goods and services for these group of vulnerable citizens. It also offers the federal government the opportunity to streamline the allocation of AFS and hence diminish the differences between PSCW.

PCSWs indicate that they have insufficient financial resources to provide the necessary support to fill the poverty gap of all needy households, due to inadequate minimum social benefits and inadequate minimum wages (Storms & Van Mechelen, 2016). So, in order to guarantee equal access to a decent income for all citizens, there is a need for supra-local policy measures such as increasing all minimum incomes, reducing the costs of necessary goods and services, and guaranteeing equal access to public goods and services, such as education or the labour market. As is shown for the Belgian case in this article, reference budgets are useful instruments for federal and regional governments of EU countries to implement the right to a decent living standard. If national policies are well conducted, they can reduce the inflow of financially vulnerable households into the local social welfare agencies, giving them room to fully realise their mission of ultimate aid organisation. Even if all minimum incomes are raised to an adequate level, local social welfare agencies will continue to grant AFS in order to allow households with specific needs to live a life that respects human dignity. In Belgium, the REDI tool supports PCSWs in carrying out this task based on a scientific framework, taking into account personal needs, so that AFS is allocated based on substantive equality. As far as we know, Belgium is the first country to use such a tool for granting AFS. Other Member States might experience the same difficulties in granting supplementary financial assistance based on substantive equality and are looking for suitable instruments. At the moment, the knowledge and experience gained with the REDI tool are being exchanged with other Member States and the development of similar instruments could be a next step in achieving the objectives of the EPSR, especially the right to fair wages and the right to adequate minimum income benefits (principle 6 and 14 of the EPSR).

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