Europe can do better

Best practices for reducing administrative burdens

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High Level Group of Independent Stakeholders on Administrative Burdens

The High Level Group of Independent Stakeholders on Administrative Burdens (HLG)

The High Level Group of Independent Stakeholders on Administrative Burdens (HLG) was set up in 2007 to advise the European Commission on the implementation of the Action Programme for Reducing Administrative Burdens in the European Union. It is an independent advisory group.

The group is chaired by Dr. Edmund Stoiber, former Prime Minister of Bavaria, and consists of 15 members selected on the basis of their expertise in smart regulation and/or the policy areas covered by the Action Programme. They include the leaders of bodies responsible for fighting red tape at the national level, representatives from industry, small and medium sized enterprises (SMEs), social partners, and environmental and consumer organisations.

The main task of the group is to provide advice on appropriate administrative burden reduction measures. To date the HLG has adopted more than 30 opinions covering more than 300 suggestions on how to reduce administrative burdens for businesses. Their yearly savings potential is estimated to exceed EUR 41 billion.

The most prominent feature of the extended mandate of August 2010 is the report on best practice in Member States on implementing EU legislation in the least burdensome way.

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A message from
Dr. Edmund Stoiber, HLG Chair

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"Europe has to give priority to ideas and innovation without bureaucratic stop signs."

One of the easiest and most immediate ways to boost the competitiveness of European enterprises is by reducing administrative burdens for businesses, and this in turn entails substantial cost savings for businesses.

Moreover, it is relatively easy to realise some of these savings. Governments need only to implement EU legislation appropriately. This does not require the development of any major new capacities. Nor does it entail convincing a broad spectrum of society of such a need. Member States can also easily learn from each other, and hence from these best practice examples. Europe has to give priority to ideas and innovation without bureaucratic stop signs.

Note: this brochure is a summary of Europe can do better: Report on best practice in Member States to implement EU legislation in the least burdensome way.

Introduction

The EU comprises the largest single economic area in the world, and its continued success depends to a large extent on maintaining a stable, high-quality legal framework that is easily applied in all Member States. Reviewing and improving its legal framework is essential in order to ensure Europe's continued global competitiveness in a rapidly changing world economy. This includes removing unnecessary administrative burdens on businesses.

What is an administrative burden?

An administrative burden is the "extra" administrative costs linked to collecting and providing information that businesses would not normally have to do in the absence of a legal obligation. While regulation is important and necessary, these additional costs represent a burden on businesses.

The EU and administrative burdens

Between one-third and one-half of the total administrative burden on businesses in Europe is said to derive from EU regulation. In order to reduce these burdens, the EU launched an Action Programme for Reducing Administrative Burdens (the Action Programme) in early 2007. The objective of the Action Programme is to reduce these burdens by 25 % by 2012. According to the Commission, this could add EUR 150 billion to the EU's GDP in the medium term.

Why share best practices?

According to the Commission, nearly a third of the administrative burdens deriving from EU legislation are not caused by the requirements of the legislation itself, but rather by inefficient implementation. In other words, implementing EU legislation efficiently in all Member States could reduce administrative burdens by up to EUR 40 billion. Moreover, with reduced administrative burdens companies can spend more time on core business activities, thereby improving productivity and overall competitiveness in line with Europe 2020, the EU's strategy for smart, sustainable and inclusive growth.

Ample scope for improvement: the public procurement example

A recent evaluation showed that average procurement procedures last between 77 and 241 days among the Member States, and average costs are between 22 and 93 person-days. These differences show that there is ample scope for improvement in some Member States.

The HLG report on best practice

The HLG adopted *Europe can do better: Report on best practice in Member States to implement EU legislation in the least burdensome way* in November 2011. The report provides concrete examples of best practice proposed primarily by Member States themselves. The examples were selected based on their potential impact and attributes, such as being innovative (e.g. digital solutions), not on geographical representation. This brochure is a summary of the full report and provides a selection of the examples, all of which can be consulted in the full report.

Based on the many best practice examples received, the HLG has also approved the following recommendations and produced a checklist for good implementation of EU legislation.

"…implementing EU legislation efficiently in all Member States could reduce administrative burdens by up to EUR 40 billion."

Recommendations

1. **Exchange of best practice:** a framework should be developed for the regular and structured exchange of best practice between Member States.

2. **Common focus from all EU Institutions:** all EU institutions must act together to promote and apply smart regulation and the Commission should set up a follow-up to the Action Programme to maintain the momentum.

3. **The National Smart Regulation set-up:** Member States should encourage a 'Smart Regulation Agenda' to promote the least burdensome implementation of regulation.

4. **Change of culture:** the culture within government authorities should continue to change to support implementation of legislation in the least burdensome way.

5. **Institutional set-up:** the national smart regulation agenda should be placed at the highest level of government for stronger coordination across government authorities.

6. **A structured approach to impact assessments:** proposals for transposing EU legislation that are potentially burdensome to businesses should be subject to an impact assessment.

7. **Take perceived burdens seriously:** Member States should address the question of perceived burdens when transposing EU legislation.

8. **Specific focus on SMEs or micro enterprises:** the implications of new legislation on the daily lives of SMEs and micro enterprises should always be considered, in accordance with the 'Think Small First' principle.

9. **Set new targets:** Member States should set new quantitative targets for reducing administrative burdens to replace the old ones.

10. **Gold-plating:** unnecessary administrative requirements and burdens for companies should be avoided.

11. **Use of existing exemptions, derogations or lighter regimes in EU legislation:** existing exemptions, derogations or lighter regimes alleviating burdens – e.g. for SMEs or micro enterprises – should be applied. If not, Member States need to explain why they have decided otherwise.

12. **eGovernment and digital solutions:** new technologies make it easier for companies to fulfil information requirements and facilitate the re-use of existing data.

13. **Risk-based approaches:** risk-based approaches should be promoted as they reward businesses that have a track record of complying with regulations.

14. **Develop good guidance for businesses:** regulators should monitor the actual behaviour of those affected by legislation and devise adjustments and guidance that ease administrative burdens.

15. **Application of the *Checklist for good implementation:*** authorities should use the *Checklist for good implementation* – available at the end of this brochure – in order to implement legislation in the least burdensome way possible.

Best Practice Examples

The best practice examples presented below are just a selection of the 74 examples mentioned in the report. These examples offer some 'shortcuts' to the national implementation of EU legislation that help to reduce administrative burdens for businesses. An added benefit is that they may simplify the life of public authorities. The examples presented cover a range of areas and Member States.

"The road to learning by precept is long, but by example short and effective."

Seneca the Younger, Epistula Moralium ad Lucilium

Cross-cutting approaches on good implementation of EU legislation

Cross-cutting approaches (pp. 4-5) address good implementation of EU legislation in general; they are not specific to a particular piece of legislation.

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Transposition of EU legislation

Legal requirements can be burdensome for businesses, especially when competitors in other Member States are not subject to them. Therefore, some Member States provide concrete guidance for transposing EU legislation, sometimes with a particular focus on avoiding so-called gold-plating. Gold-plating refers to obligations that go beyond EU requirements.

Example 1

The United Kingdom's new transposition framework

The government recently published 'guiding principles' that all its departments must abide by when transposing EU legislation. When transposing directives, departments are, for instance, required to explain any gold-plating in their impact assessment and this must in turn be considered by the Regulatory Policy Committee and cleared by the Reducing Regulation Committee. This procedure includes checking whether pre-existing British standards are retained which are higher than those required by the EU directive.

Name: Transposition framework
Country: United Kingdom
Government service: government-wide
Measure taken: set up of a framework to transpose EU legislation in the least burdensome way
Actual or expected result: effective implementation; reduce or eliminate gold-plating

SME-focus

In general, information obligations impose a proportionately higher burden on SMEs and especially on the smallest ones. Due to their size, for instance, most SMEs do not have in-house staff with specialised knowledge on all regulatory matters. This deficiency forces them to rely on (potentially expensive) external resources.

"…most SMEs do not have in-house staff with specialised knowledge on all regulatory matters."

Example 2

The German SME-monitor

The SME-monitor provides SMEs with a tool to get information on planned initiatives early on in the process and to get involved in activities and consultations. In co-operation with SME organisations, the Ministry reviews the initiatives of the EU Commission and marks them according to their relevance to SMEs using a traffic light system.

The government forwards remarks by SMEs on how their concerns can be addressed to the ministries responsible for further proceedings. The list can be used as the basis for discussions with policymakers and stakeholders.

Name: SME-monitor
Country: Germany
Government service: Federal Ministry of Economics and Technology
Measure taken: providing SMEs with an overview of the initiatives of the EU Commission marked according to a traffic light system on their relevance for SMEs
Actual or expected result: reduced information burden on SMEs, greater awareness of SME-related issues

Better or smart regulation

Better or smart regulation programmes are well established in many Member States, and in some cases in regions or local authorities. Smart regulation programmes foster good implementation of EU legislation since officials are expected to strive for the least burdensome transposition and implementation. Yet achieving this aim is a continuous process that calls for a cultural change.

Example 3

The Dutch 'Mark of Good Services'

The 'Mark of Good Services' certificate issued by the Regulatory Reform Group helps municipalities to determine the quality of services they provide to businesses and to identify aspects for improvement.

With the 'Mark of Good Services', companies know what to expect from municipalities and municipalities know where they have to improve services based on standard metrics. 88 out of 418 Dutch municipalities had fully implemented the certificate as of November 2011, and the government aims to increase the number to 200 municipalities covering about 70 % of the population by early 2012.

Name: Mark of Good Services
Country: Netherlands
Government service: municipalities
Measure taken: certification based on quality of service reference framework
Actual or expected result: improved service level, greater transparency

eGovernment

eGovernment refers to governments' use of information technology in their relations with businesses, citizens or for internal government management. The aim is to deliver better government services, ensure better interaction with citizens and businesses, and streamline administrative processes.

Initiatives range from purely informative websites to advanced portals where administrative procedures and reporting can be completed digitally. The re-use of data among public authorities is also a common theme.

"The re-use of data among public authorities is also a common theme."

Burden hunter

JUST KEEP STILL!!

Example 4

Estonian prohibition on the collection of duplicate data

Previously, companies had to provide the same data in various reports, and data was presented on paper or in a format that did not allow automatic data processing.

In 2010, a system for submitting annual reports electronically was introduced and a statutory prohibition was imposed on the collection of duplicate data. The new system enables the automatic transfer of data to the Estonian Structural Business Survey (EKOMAR) so that statistical reports can be produced automatically.

Name: Prohibition on collection of duplicate data
Country: Estonia
Government service: Ministry of Economic Affairs and Communications, Ministry of Finance, Statistics Estonia, government-wide
Measure taken: electronic submission of annual reports, prohibition on the collection of duplicate data
Actual or expected result: reduced administrative burden on businesses, greater automation and efficiency within government services

Example 5

Mandatory digital communication, Denmark

Some Member States are going beyond the mere encouragement of digital procedures by making digitalisation mandatory. According to the Danish eGovernment strategy, for example, as of 2013, all letters to businesses will be sent digitally and selected digital reporting systems will be made mandatory by 2015.

All business reporting to the Danish authorities will be centralised on one website (www.virk.dk).

Name: Mandatory digital communication
Country: Denmark
Government service: government-wide
Measure taken: mandatory digitalisation of communication and reporting
Actual or expected result: reduced administrative burden, improved level of public service, greater automation and efficiency within government services, better communication

Average costs of EU public procurement procedures in Member States (in person-days for authorities and firms)

	Best performer	Worst performer	Difference
Authorities	11	68	57
Firms	10	43	33
Authorities + winning firms combined	22	93	71

"The electronic public procurement rate in Portugal is 75 % (2010), whereas the EU average is estimated to be less than 5 %."

Example 6

Digitalised public procurement in Portugal

Since 2009, tender procedures in Portugal must be performed through an electronic platform (www.ancp.gov.pt). The electronic public procurement rate in Portugal is 75 % (2010), whereas the EU average is estimated to be less than 5 %.

Name: Public procurement
Country: Portugal
Government service: government-wide
Measure taken: electronic tender procedure
Actual or expected result: reduced bureaucracy and administrative costs, increased transparency and competition

Example 7

Claimless application system for the beef sector in Spain

Previously, to receive agricultural payments, farmers had to manually complete individual applications with the ID numbers of their animals; this led to a significant number of errors. Now, farmers just apply for aid with respect to all the animals that, at a certain date, qualify for aid on the basis of the data contained in the computerised database for bovine animals.

A similar system covering more important payment schemes could provide savings at EU level for the agricultural sector alone of several hundred million euros per year.

Name: Claimless application system
Country: Spain
Government service: Ministry of Environment, Rural and Maritime Environment
Measure taken: claimless application system
Actual or expected result: saving of EUR 50 per farmer per year

Intergovernmental/cross-border cooperation

One of the main objectives of the EU is to ensure the functioning of the internal market. To this end, measures have been adopted which harmonise requirements across the EU to reduce administrative obstacles for companies active in more than one Member State.

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Example 8

'Grenzoffensive' – cross-border initiative for SMEs in Austria, Czech Republic, Germany

'Grenzoffensive' works to minimise or eliminate administrative obstacles that local SMEs face when they wish to expand their activities to the other side of the border in the neighbouring regions of Upper Austria, South Bohemia and Bavaria. Work has focused on facilitating the provision of cross-border services, and in particular on procedures regarding the posting of workers. A website (www.grenzoffensive.org) presents the relevant legislation, explains the procedures and provides all the necessary forms electronically. Some procedures between the three regions were also eliminated, while others were clarified. 'Grenzoffensive' has also provided training seminars and counselling to SMEs.

Name: 'Grenzoffensive'
Countries: Austria, Czech Republic, Germany
Government service: initiative by regional chambers of commerce
Measure taken: minimise or eliminate obstacles to cross-border business faced by SMEs
Actual or expected result: elimination or clarification of procedures, training and counselling to over 2 500 SMEs

Use of options or lighter regimes

EU legislation often provides options or lighter regimes that are less onerous for business. In the area of cohesion funds, for instance, amendments allow for the simplification of cost calculations in order to lighten the administrative burden on beneficiaries and management bodies and contribute to a more efficient and correct use of the funds.

Example 9

Operational programme 'Flanders', Belgium

The operational programme for cohesion funds makes use of the simplified cost options provided for in the regulations rather than real costs. Simplified cost options are easy to communicate and control and less time consuming to administer. This leaves more time to develop, monitor and support content and the results of projects and programmes.

Name: Operational programme 'Flanders'
Country: Belgium
Government service: regional government
Measure taken: use of simplified cost options
Actual or expected result: more effective management of projects and programmes

Direct stakeholder and end-user involvement

Direct stakeholder and end-user involvement is important in developing legislation and in achieving better or smart regulation. Stakeholder involvement ensures that all the different angles of a legislative initiative have been taken into account, while end-user involvement targets those who will be subject to the practical application of the legislation.

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Example 10

Programme for business data collection, Finland

To reduce the reporting burden on enterprises, improve the level of service to them and receive higher data quality, Statistics Finland launched a programme for business data collection.

Part of the programme is to develop better relations with global and large companies. Thus, in 2009 a working group dedicated to large enterprises was set up. Coordinators among Statistics Finland's staff work closely with the data providers of large enterprises. Statistics Finland and representatives of Finnish enterprises also operate a permanent liaison group where draft legislation is discussed.

Name: Business data collection
Country: Finland
Government service: Statistics Finland
Measure taken: involvement of business in the collection of data and the formulation of legislation
Actual or expected result: streamline reporting

Examples for good guidance or model training solutions

It is essential that those affected by legislation understand what is expected of them in order to be in a position to comply with the legislation. In some cases, this may even require having guidance available in different languages. The HLG has repeatedly pointed to the importance of accessible and understandable guidance, ideally including practical examples, to reduce administrative burdens for companies. Among other benefits, good guidance can help companies to carry out certain tasks themselves, without the need to outsource the work to (costly) external experts.

Example 11

The Irish 'BeSMART!' initiative

Complying with EU legislation on risk assessment and safety cost Irish businesses nearly EUR 235 million in 2009. Moreover, many companies relied on external experts when trying to comply with the regulations, and many smaller companies were not fully compliant.

To address these issues, the Irish authorities produced simplified guidance for small businesses. An online risk assessment and safety statement tool called 'BeSMART!' was developed. This tool empowers small businesses to manage safety in-house while complying fully with the law.

Name: BeSMART!
Country: Ireland
Government service: Irish government
Measure taken: online risk assessment and safety statement tool
Actual or expected result: empower small businesses to manage safety in-house rather than outsource it to (expensive) consultants

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Checklist for good implementation of EU legislation

The HLG has used the preparation of this report to produce a checklist for good implementation of EU legislation. The group recommends that authorities use the checklist in order to avoid burdensome administrative requirements to the widest extent possible. The checklist contains 9 points.

✔ **1. The objective of the EU legislation**

Has the objective of EU legislation been clearly established and communicated to businesses and relevant stakeholders?

Apart from the text of the legislation, could the Commission's impact assessment be used to clarify the objectives?

✔ **2. Exchange of best practice implementation – looking beyond borders**

Has the EU legislation already been implemented in other Member States – and can lessons be learned from their implementation? Is there scope for future improvements via a regular exchange of best practices?

✔ **3. The use of impact assessments and evaluations at the national level**

Was an impact assessment conducted before implementing the proposed regulation? Did the impact assessment show the level of administrative burden of the proposed regulation against possible alternatives?

Can the experience of previous evaluations conducted after implementing regulations be fed into the transposition process? Is proper evaluation of the effect of the regulation once it has entered into force explicitly planned?

✔ **4. The extent of leeway for implementation**

How much discretion is left to national authorities by the EU legislation with respect to its implementation?

Depending on the extent of discretion for the implementation:

• Is national legislation already in place that can or must be replaced by the EU legislation?

• Can the requirements be integrated into existing national legislation? Is there scope for aligning or refining existing national requirements in the same or other areas?

• How can end-users be actively involved in preparing the national legislation? More specifically, can end-users be actively involved in clarifying scope and terminology to ensure that the transposition 'makes sense' to them?

✔ **5. The use of derogations or 'lighter regimes'**

Can derogations provided for in EU legislation be used in order to make the implementation less burdensome?

Should special provisions be made for newly established enterprises, micro enterprises or other stakeholder groups exempting them from obligations or providing them with a less burdensome alternative?

✔ 6. 'Active' and 'passive' gold-plating

If national authorities have decided to implement EU legislation in a way that goes beyond copying the substance of that legislation – either procedurally or by subject matter – thus introducing some measure of 'active' gold-plating, was this explicitly communicated when the legal act was tabled? Were end-users and other stakeholders invited to comment on this during a public consultation?

If EU legislation has replaced existing national legislation, have the authorities checked whether there are excessive or unnecessary national requirements that could be eliminated at the same time in order to avoid 'passive' gold-plating? Ultimately, if the decision is made to keep the additional requirements, has this been explicitly communicated, and have stakeholders and end-users been consulted?

✔ 7. The use of risk-based approaches

Whenever appropriate, can a risk-based approach be introduced?

✔ 8. Implementation with an end-user focus

Is there a least burdensome way to implement the EU legislation vis-à-vis end-users? For example, could implementation allow sufficient time to adapt procedures and paperwork or take into account sector-specific calendars and peak periods?

Have 'common commencement dates' been considered to ensure that businesses only need to change reporting procedures at specific dates?

Are any of the other recommendations from the Commission's 'Small Business Act' such as applying the SME test or setting up a 'one stop shop' relevant to this implementation?

Can associations representing the concerned end-users play an active role in informing and involving their members on how best to comply with the new regulation?

Can specific incentives be created to ensure a high degree of compliance by end-users? This could entail rewarding early compliance, providing extra guidance to businesses participating in pilot projects, or other measures.

✔ 9. Digital solutions and the re-use of data

Does a digital application exist through which businesses can fulfil their reporting obligations? Is it possible to develop a cost efficient application as part of a general portal already in place to make it easy for businesses to find and use the application?

Is there scope for re-use of data from existing sources?

Are there any obstacles in the legal text, such as requiring handwritten signatures or physical presence that would prevent the application of digital tools?

Links

The High Level Group of Independent Stakeholders on Administrative Burdens (HLG):
http://ec.europa.eu/dgs/secretariat_general/admin_burden/ind_stakeholders/ind_stakeholders_en.htm

Europe can do better: Report on best practice in Member States to implement EU legislation in the least burdensome way:
http://ec.europa.eu/dgs/secretariat_general/admin_burden/best_practice_report/best_practice_report_en.htm

Better Regulation:
http://ec.europa.eu/governance/better_regulation/index_en.htm

Administrative burden reduction:
http://ec.europa.eu/dgs/secretariat_general/admin_burden/index_en.htm

Evaluation:
http://ec.europa.eu/dgs/secretariat_general/evaluation/index_en.htm

Fitness checks:
http://ec.europa.eu/dgs/secretariat_general/evaluation/docs/fitness_check_en.pdf

Impact Assessment:
http://ec.europa.eu/governance/impact/index_en.htm

Minimising the regulatory burden for SMEs:
http://ec.europa.eu/governance/better_regulation/documents/minimizing_burden_sme_EN.pdf

Better Regulation key documents:
http://ec.europa.eu/governance/better_regulation/key_docs_en.htm

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