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COVER NOTE

From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

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To: Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

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Subject: *REGULATORY SCRUTINY BOARD OPINION*
Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on European Union labour market statistics on businesses, repealing Council Regulation (EC) No 530/1999 and Regulations (EC) No 450/2003 and (EC) No 453/2008 of the European Parliament and of the Council

Delegations will find attached document SEC(2023) 295 final.

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EUROPEAN COMMISSION

Brussels, 31.3.2023
SEC(2023) 295 final

REGULATORY SCRUTINY BOARD OPINION

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on European Union labour market statistics on businesses, repealing Council Regulation (EC) No 530/1999 and Regulations (EC) No 450/2003 and (EC) No 453/2008 of the European Parliament and of the Council

{SWD(2023) 265 final}
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EUROPEAN COMMISSION
Regulatory Scrutiny Board

Brussels,
RSB/

Opinion

Title: Impact assessment / European Labour Market statistics on Businesses

Overall opinion: POSITIVE WITH RESERVATIONS

(A) Policy context

European labour market statistics on businesses (LMB) are official statistics collected at EU level on the functioning of businesses in relation to labour markets. The areas covered by LMB mostly relate to level and composition of labour costs, distribution and structure of earnings, labour cost index and job vacancy statistics. They also contribute to estimates the proportion of low-wage earners and the coverage of collective agreements, and the assessment of the adequacy of minimum wages in a harmonised manner. Businesses also use LMB statistics in the indexation clauses of long-term contracts for large infrastructure or equipment.

The evaluation showed that the fast-changing social and policy landscape demands further improvements in terms of flexibility to address new needs of users and compilers, better data timeliness, comparability, consistency and quality reporting. In addition, the current legal framework does not cover new and emerging users' needs nor does it capture important actors or phenomena of the EU economy.

This impact assessment looks at how the existing EU legal framework on LMB statistics can be more coherent, reliable, timely and comparable data based on harmonised concepts.

(B) Summary of findings

The Board notes the additional information provided and commitments to make changes to the draft report.

However, the report still contains significant shortcomings. The Board gives a positive opinion with reservations because it expects the DG to rectify the following aspects:

- (1) The report does not clearly analyse the scale of the problem as well as its consequences for policy making. It does not adequately explain the rationale for intervention.**
- (2) The report does not sufficiently address the simplification potential of the preferred policy option.**

This opinion concerns a draft impact assessment which may differ from the final version.

(C) What to improve

(1) The report should clarify the size of the problem. It should better explain the rationale for intervention, given that the evidence shows that most of the contacted stakeholders in the public consultation seem to be satisfied with the current situation. It should bring out more clearly any public interest case for new and more frequent data for EU policy areas.

(2) The simplification potential of the preferred policy option should be better explained and elaborated. The report should explain how the replacement of the three existing Regulations with a single framework will foster simplification. It should identify and analyse any additional simplification aspects such as reducing the data requirements to the strict minimum and using data sources other than surveys.

(3) The report should discuss potential problems with compliance and enforcement, where relevant. It should provide further information on the possible implementing or delegated acts of key importance for the impact or the success of the initiative.

(4) The report should better explain the scale of provision of statistics on a voluntary basis by Member States and its consequences. In addition, it should provide further detail on how the sub-objectives on quality reporting, the use of administrative data and innovative sources by Member States and the response to emergent needs will be achieved.

(5) The report should improve the presentation of stakeholder views. The consultation activities findings should be provided with the necessary granularity and should not be presented as aggregate percentages. The report should clarify to which consultation activities the results are referring to. The reader should also be able to understand what stakeholder category expressed a certain concern or opinion and to what extent this evidence is significant and robust.

(6) The report should better explain the problems with the evidence-base and data availability, its methodological choices as well as the limitations and the uncertainties of the consultation activities. It should explain how limited use of the public consultation results to assess possible impacts, in particular on respondents to the LMB statistics (enterprises), has been mitigated.

The Board notes the estimated costs and benefits of the preferred option in this initiative, as summarised in the attached quantification tables.

Some more technical comments have been sent directly to the author DG.

(D) Conclusion

The DG may proceed with the initiative.

The DG must revise the report in accordance with the Board's findings before launching the interservice consultation.

If there are any changes in the choice or design of the preferred option in the final version of the report, the DG may need to further adjust the attached quantification tables to reflect this.

Full title	Proposal for a Regulation of the European Parliament and of the Council on European Labour Market statistics on Businesses
Reference number	PLAN/2021/12024
Submitted to RSB on	13/12/2022
Date of RSB meeting	Written procedure

ANNEX: Quantification tables extracted from the draft impact assessment report

The following tables contain information on the costs and benefits of the initiative on which the Board has given its opinion, as presented above.

If the draft report has been revised in line with the Board's recommendations, the content of these tables may be different from those in the final version of the impact assessment report, as published by the Commission.

I. Overview of Benefits (total for all provisions) – Preferred Option		
<i>Description</i>	<i>Amount</i>	<i>Comments</i>
<i>Direct benefits</i>		
Better EU level timeliness and completeness of statistics across all Member States	Not quantified	EU level institutional users
Better EU level comparability and coherence of statistics across all Member States	Not quantified	
Underlying data on earnings and related indicators not biased	Not quantified	
Better data evidence for monitoring and policy making	Not quantified	
Better EU level timeliness and completeness of statistics across all Member States	Not quantified	Other institutional users (national and sub-national levels)
Improved comparability of statistics with other Member States	Not quantified	
Underlying data on earnings and related indicators not biased	Not quantified	
Improved comparability of statistics with other Member States	Not quantified	Statistics producers (NSIs)
Underlying data on earnings and related indicators not biased	Not quantified	
Reduced administrative burden (through improved use of administrative and/or other data sources)	Not quantified	
Reduced administrative burden (through limitation of the LCS data collection on apprentices to all EU Member States except Germany, Denmark, France, Italy and Austria)	Not quantified	
Reduced administrative burden (relating to regulatory changes to adapt to evolving policy needs)	Not quantified	
Better EU level timeliness and completeness of statistics across all Member States	Not quantified	General public
Better EU level comparability and coherence of statistics across all Member States	Not quantified	
Underlying data on earnings and related indicators not biased	Not quantified	
Reduced administrative burden (relating to regulatory changes to adapt to evolving policy needs)	Not quantified	Eurostat
Reduced administrative burden (related to quality assurance)	Not quantified	
<i>Indirect benefits</i>		
Reputational gains from improved policy-making and EU decision-making in general Not quantified EU level institutional users	Not quantified	EU level institutional users
Reputational gains from improved visibility and transparency in a European context	Not quantified	Other institutional users (national and sub-national levels)
Increased ability to meet legal requirements	Not quantified	Statistics producers (NSIs)
Increased staff skills	Not quantified	
Benefits from improved policy-making	Not quantified	General public

Advancement of Eurostat mission 'to provide high quality statistics and data on Europe'	Not quantified	Eurostat
Improved collaboration with EU level policy users	Not quantified	
Reputational gains from enhanced international standing of European statistics free for all	Not quantified	
<i>Administrative cost savings related to the 'one in, one out' approach*</i>		
The simplification of the LCS data collection on apprentices will lead to reduction of the total time spent by the sampled enterprises in filling LCS questionnaires.	Not quantified	The time spent by the enterprises will be reduced by 27% (6/22) for all EU Member States except Germany, Denmark, France, Italy and Austria.

II. Overview of costs – Preferred option							
		Citizens/Consumers		Businesses		Administrations	
		One-off	Recurrent	One-off	Recurrent	One-off	Recurrent
Action (a)	Direct adjustment costs	N/A	N/A	N/A	N/A	234,391	N/A
	Direct administrative costs	N/A	N/A	N/A	N/A	91,075	N/A
	Direct regulatory fees and charges	N/A	N/A	N/A	N/A	N/A	N/A
	Direct enforcement costs	N/A	N/A	N/A	4,618,254	N/A	3,282,045
	Indirect costs	N/A	N/A	N/A	N/A	N/A	N/A
<i>Costs related to the 'one in, one out' approach</i>							
Total	Direct adjustment costs						
	Indirect adjustment costs						
	Administrative costs (for offsetting)						

