Standard Cost Model for citizens

User’s guide for measuring administrative burdens for citizens
# Contents

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Introduction</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Foreword</td>
<td>6</td>
</tr>
<tr>
<td>Chapter 1</td>
<td>Basics</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Costs of Regulation</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Administrative Burden</td>
<td>9</td>
</tr>
<tr>
<td>Chapter 2</td>
<td>Standard Cost Model</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Structure</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Components</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Example calculation</td>
<td>13</td>
</tr>
<tr>
<td>Chapter 3</td>
<td>Reducing AB</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Reduction measures</td>
<td></td>
</tr>
<tr>
<td>Chapter 4</td>
<td>Step-by-Step approach</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Before Starting</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Working Principles</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>Stepwise</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Case study</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>Start-up</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>Consult government employees</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>Gather data</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>Calculate and Report</td>
<td></td>
</tr>
<tr>
<td>Chapter 5</td>
<td>Advanced SCM Use</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>Using a Spreadsheet</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>SCM spreadsheet at a glance</td>
<td>31</td>
</tr>
<tr>
<td>Chapter 6</td>
<td>SCM in practice</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>SCM for citizens in practice</td>
<td></td>
</tr>
<tr>
<td>Appendix</td>
<td>Other resources</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>Glossary</td>
<td>36</td>
</tr>
</tbody>
</table>
PART ONE
AN INTRODUCTION OF KEY CONCEPTS
A growing number of European countries is working on the reduction of administrative burdens and creating better services for citizens. In order to strengthen this process it is important to exchange experience, best practices and methodologies.

In January 2008 a Learning Team on administrative burden reduction for citizens has been set up within the framework of the European Public Administration Network (EUPAN). Within this Learning Team, countries are working together to learn from each other’s experiences. During these meetings a number of methodologies to measure administrative burdens for citizens were discussed. This manual on the Standard Cost Model for Citizens (SCM Citizens) is one of the results of the work of the Learning Team.

The SCM for Citizens was originally developed in the Netherlands by the Ministry of the Interior and Kingdom Relations. The method can be used to quantify the administrative burdens of citizens and to monitor administrative burden reduction programmes.

As a growing number of European countries are interested in using the model, there is a need for a common European manual. A joint effort of members of the Learning Team resulted in this European manual of the Standard Cost Model for Citizens.
Better Regulation

This is a User’s Guide of the Standard Cost Model (SCM) for citizens. The SCM for citizens is an instrument of great utility for policy makers. With it one can measure and quantify the (often hidden) administrative costs of laws and regulations. An insight into these costs can aid policy makers in their effort to arrive at Better Regulation. Better Regulation means improving the quality of laws and regulations while reducing unnecessary bureaucracy and heavy-handed administrative procedures. Better Regulation aims to establish a good balance between necessary regulation and minimal compliance costs.

Complying with information obligations laid out in laws and regulations costs citizens time and money. We call these costs a burden, to be precise an Administrative Burden. With the SCM for citizens these costs, this administrative burden can be measured and quantified. Once (previously hidden) costs are out in the open it becomes possible to identify and prioritize cost-effective measures to reduce the administrative burden on citizens.

With the SCM one can obtain objective information on administrative burdens for citizens. It brings facts into politics. It makes it possible to (1) set a quantitative target on reducing administrative burdens for citizens, (2) measure effects of new regulation and (3) monitor the results of implemented reduction proposals. It is important to note however that the SCM is developed to give an indication of administrative burdens, it is not intended to give detailed or exhaustive information.

The SCM provides quantitative information. However, one should always keep qualitative aspects in mind. With this we refer to the feeling of citizens towards legislation. To make reduction measures noticeable for citizens, one should emphasise better service delivery, i.e. use of ICT, one-stop-shops, simple language in forms, etc.

Implementing measures to reduce administrative burdens positively affect the satisfaction ratings governmental agencies receive. An administrative burden reduction program will be perceived by citizens as a sincere effort to create a more responsive government. A government that listens to its subjects, treats them with respect and addresses their needs. In other words, reducing the administrative burden on citizens strengthens the legitimacy of the body politic, which is vital to bridge the gap between citizens and politics.
Costs of regulation

The figure below illustrates the different types of costs that regulation can impose on citizens.

- **Direct financial costs** are the result of a concrete and direct obligation to transfer a sum of money to the Government or the competent authority. These costs are therefore not related to a need for information on the part of the Government. Examples are taxes, contributions, and fines.

- **Compliance costs** are all the costs of complying with regulation, with the exception of direct financial costs and long term structural consequences. These can be divided into ‘indirect (financial) costs’ and ‘administrative burden’. Examples of indirect (financial) costs are the obligations of citizens who make use of social security, to look for work, or to participate in schooling.

- **‘Administrative Burden’** are the costs incurred by citizens in order to comply with information obligations. To put it differently. In order to comply with information obligations, certain administrative activities are required of citizens. In the process of carrying out these administrative activities citizens incur costs. We call these ‘administrative burdens’, and they include the filling in of a form, keeping records or responding to information requests.

- **Structural changes** are the long term effects of governmental rules and legislation on the life and living/working environment of citizens. Examples are changes in childcare or elder care provisions.
1 Basics

Administrative Burden

In order to safeguard public interests, the Government imposes various measures on citizens obliging them to carry out or avoid certain activities or behaviour (content obligations). It also imposes obligations to provide information about activities and behaviour (information obligations).

These obligations can involve costs. Only the costs ensuing from information obligations can result in administrative burden:

Administrative burdens are the costs incurred by citizens in complying with information obligations ensuing from government regulations. This includes both compliance with obligations and exercise of rights.

The basic premise for determining whether an information obligation causes administrative burdens, is the presence of government-imposed legislation and regulations. A voluntary agreement between the government and a citizen, or a group of citizens, will not result in administrative burden.

Note that complying with information obligations can also be exercising rights. For example applying for a government grant is no obligation, but the application has to be done according to the regulations. Therefore it also causes administrative burdens.

It is important to note that all layers of government can impose information obligations on citizens.
Examples of relevant laws and regulations

Many laws and regulations contain information obligations.

Here are some examples:

Examples of information obligations

To comply with information obligations a citizen must give information about his or her conduct.

Here are some examples that include compliance with obligations as well as the exercise of rights:
Reporting, Applying for a permit, benefit or subsidy, Voting, Applying for recognition, Applying for permission or exemption, Keeping abreast of new legislation, Objections and appeals procedures, and so on.

Examples of administrative activities

In order to be able to give information a citizen must carry out various administrative activities.

Here are some examples:
Receiving information, gathering information, filling in or entering the information into a form or application, carrying out calculations or evaluating, copying, printing the results of the calculations, sending data, filing data, posting documents, and so on.
Laws and regulations should never be an objective in themselves, but always a means of safeguarding a public interest or achieving a public goal. In the last few decades, the legislation in a lot of countries has become increasingly complex and therefore difficult to understand. Sometimes several interpretations are possible and it can be hard to discover the logic behind regulations. This hampers compliance and is unnecessarily time-consuming, expensive and irritating.

Several European countries and the EU Commission have recognized these problems and have established Reduction programmes. A key aspect in these programmes is the measurement of administrative burdens with the Standard Cost Model (SCM).

The SCM is a quantitative method for measuring the administrative burdens for citizens and businesses. The SCM is used to measure a single law, selected areas of legislation or to perform a baseline measurement of all legislation in a country.

The Standard Cost Model intends to provide:

- An understanding of the administrative burdens resulting from regulation on an indicative (rather than statistically robust) basis.
- The means to identify proposals for administrative burden reduction and a way of monitoring future progress in reducing the administrative burdens.
- Mechanisms to integrate better regulation practices into policy making.

The SCM provides:

1. an understanding of administrative burdens on an indicative basis

2. a means to identify cost-effective measures to reduce administrative burdens

3. a mechanism to integrate Better Regulation practice into policy making
The Standard Cost Model (SCM) is a model designed to present the administrative burdens caused by legislation and regulations in a way that provides insight and allows for comparison of the outcomes.

The SCM can be used for (baseline) measurements of administrative burdens for:
- A complete domain of regulations.
- A specific law.
- A specific information obligation.

The model makes it possible to:
- Obtain detailed insight into the administrative burden per law.
- Obtain insight into the starting points and basic data, thereby enabling the (effects of) reduction proposals to be properly quantified.
- Calculate the costs of alternatives to intended legislation and regulations, and their effects.
- Draw up reliable reports (at law level) on the development of administrative burdens during the course of a Cabinet period.

The basic structure of the SCM is represented in the figure below:

![Diagram of Standard Cost Model]

The SCM breaks legislation down into measurable components
The SCM does not dwell on policy objectives: it is policy neutral
Components

AB are calculated in the following manner:

- The total administrative burdens of a law is equal to the sum of the Time (T) and the Costs (C) per information obligation.
- The Time (T) and Cost (C) per information obligation is equal to the sum of the Time (T) and Costs (C) per administrative activity.
- The time per administrative activity is equal to \( T \times Q \) expressed in (hours) and the costs per activity are equal to \( C \times Q \) expressed in (€).

The administrative burdens are calculated by multiplying \( T \times Q \) and \( C \times Q \) and adding up the results. We define \( T \) and \( C \) as the costs of an administrative activity and \( Q \) as the number of times the administrative activity is performed.

\( T \) and \( C \) stand for Time and Costs.

**Time (T)**

The variable time should be taken to mean the time (in hours) that it takes a citizen to perform a certain administrative activity.

**Costs (C)**

The variable costs should be taken to mean the Out-of-Pocket (OOP) costs which are costs a citizen incurs after contracting services required to satisfy information obligations. Examples are postal or travel fees. Please note that direct financial costs such as taxes or fees are excluded from the definition of OOP costs.

**Variable Q**

\( Q \) is calculated on the basis of two variables:

- Number of citizens
- Frequency

**Number of citizens**

This refers to the number of citizens to which the information obligation applies. It is important to distinguish the target group clearly.

**Frequency**

The frequency is the number of times that a citizen has to carry out an administrative activity per year.

The basic formula used by the SCM is

\[
\text{Administrative burdens} = T \times Q \text{ (in hours)} + C \times Q \text{ (in €)}
\]
Administrative burden calculations give insight into time spend and out of pocket costs.

Example calculation

Suppose a citizen spends 5 hours (Time) in order to apply for a building permit. His postal duties (Out of pocket) are € 2. Then $T = 5$ hours and $C = € 2$.

1,000,000 citizens apply for a building permit per year (Number of activities) therefore $Q = \text{number of activities} = 1,000,000$

The total annual administrative burden to apply for a building permit are $T \times Q (1,000,000) = 5,000,000$ hours and $C (€ 2) \times Q (1,000,000) = € 2,000,000$.

The calculation above immediately provides an insight into effective ways to reduce administrative burdens.

For example:

- One can reduce the number of building activities that require a building permit. This can be done by removing the obligation for a permit for minor building activities with a low risk. As a consequence of this new policy the number of citizens that need to apply for a building permit per year will decrease by 25% (which will result in $Q = 750,000$). The total administrative burden will be reduced to 3,750,000 hours and € 1,500,000.

- One can reduce the time a citizen spends on applying for the permit. This can be done by limiting the amount of information required or by redesigning the form. As a consequence of this new policy the time citizens spend in order to apply for a permit will be reduced by 2 hours (which will result in $T = 3$ hours). The total administrative burden will be reduced to 3,000,000 hours and € 2,000,000.
3 Reducing AB

Reduction measures

The SCM is key to locate the most efficient way to reduce administrative burdens. It utilises hard data and enables scrutiny of the effects of changes.

1. Law or Regulation

2. Information Obligations

3. Administrative activities

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<thead>
<tr>
<th>Layer</th>
<th>What is possible</th>
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<tbody>
<tr>
<td>1. Law</td>
<td>One can amend or withdraw existing legislation.</td>
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<tr>
<td>2. Information obligations</td>
<td>One can repeal information obligations.</td>
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</table>
| 3. Administrative activities | One can simplify certain administrative activities:  
  • Reduce the target group.  
  • Reduce the frequency.  
  • Reduce the time involved.  
  • Reduce the out-of-pocket costs.  
  • Reduce the time of appeal. |

The feasibility of achieving a reduction depends in all cases on the purpose of the legislation, the risks involved, and the relation between possible costs and benefits.
PART TWO

A CLOSER LOOK AT THE METHODOLOGY
Before starting

It is necessary to make choices before one can commence with an administrative burden measurement.

The table below lists these choices:

- Choose whether to express administrative burdens in time (hours), money (€), or time and out-of-pocket costs.

- Choose whether or not to measure information obligations to third parties in addition to information obligations to the public sector.

- Choose whether or not to set a threshold limit. A threshold limit implies that laws which involve less than a certain number of administrative burden expressed in hours or euro's (for all citizens concerned in a country) are not measured.

- Choose to measure the administrative burdens for specific target groups such as the disabled or chronically ill, the elderly, benefits claimants, the unemployed, volunteers and so on, or to measure clusters of activities, like life (cycle) events.
4 Step-by-Step approach

Operating principles

One-off-costs Significant one-off-costs that citizens incur to satisfy information obligations should be quantified.

Full compliance Unless there is concrete information available to state otherwise, the administrative burdens are estimated on the assumption that legislation is complied with 100% (despite the fact that in practice not all citizens comply fully with all legislation).

Benefits Any benefit that citizens may generate through the information obligation should be disregarded.

Reimbursement A statutory information obligation for which the citizen concerned receives cost-effective reimbursement from a Government body (C=0) does not count as an administrative burden.

Keeping abreast Costs resulting from trying to keep up with the frequently changing legislation and regulation are considered to be an administrative burden.

Concurrence If there is an overlap between two areas of legislation (the same information is used by two different parties), the costs of the reporting are shared unless the two parties arrive at another solution.

Variable Q If an activity has to be carried out on a fixed frequency, Q is determined by the number of citizens in the target group. For instance: all citizens have to fill in their tax declarations once per year.

When an administrative activity has a variable frequency, then the number of activities per year is used to determine Q. For example: the number of building permits applied for each year.
Stepwise

In order to conduct an administrative burdens measurement in a controlled manner the investigation has to be carried out step-by-step. There are four distinct phases. Each phase is concluded with a concrete result. These results are yardsticks which provide information on the progress of a measurement study. They are useful tools for policy makers to evaluate and manage work in progress.

Step 1 – Start-up

An administrative burdens measurement begins with an identification of the information obligations ensuing from rules and regulations issued by the government. These obligations are then fed into a SCM.

Step 2 – Consult government employees

In interviews with government employees the information obligations that have been entered in the SCM are reviewed. The focus here is on:

• Verifying and supplementing the information obligations and actions ensuing from the regulations.
• Identifying the target groups of the information obligations.
• Classifying the information obligations by national or international origin.

Step 3 – Gather data

Following the above interviews a practical study is carried out during which the required information is gathered in a number of interviews or panels with citizens.

Step 4 – Calculate and report

Based on the fully populated SCM both the quantitative and qualitative results of the study are summarised. It is important that these results are coordinated with government employees and that results are also discussed with key stakeholders.
Every car on the road must have a certificate of roadworthiness. If the vehicle is 3 years or older the vehicle must be tested once a year on road safety performance. The owner of the vehicle must therefore make an appointment with a certified garage to undergo testing. Before the test the owner of the vehicle must hand over Part I and II of the vehicle registration. The actual testing takes 90 minutes. The time of the test is not part of the administrative burden because the owner of the car is not obliged to stay with the car during that time.

**Time (T) and Costs (C)**

**Activities:**
- Make an appointment: 5 minutes
- Drive the car to a certified garage and pick it up again: 45 minutes.

**Out-of-pocket costs:**
- The price of the test: € 50,-

**Variable Q**

Because not all cars have to be tested, only the vehicles of 3 years and older, Q does not depend on the total number of cars. It depends on the number of cars that are tested every year; say 7.500.000 cars.

**Administrative burden = T x Q (in hours) + C x Q (in €)**

The administrative burden of this information obligation is:
- **Time:**
  \[
  \frac{5}{60} + \frac{45}{60} = \frac{50}{60} \text{ hours} \times 7.500.000 = 6.2 \text{ million hours.}
  \]
- **Costs:**
  \[
  € 50 \times 7.500.000 = € 375 \text{ million.}
  \]
## 4 Step-by-Step approach

### Start-up

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<tr>
<td><strong>1</strong></td>
<td>Start-up</td>
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<tr>
<td><strong>2</strong></td>
<td>Consult Government employees</td>
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<td><strong>3</strong></td>
<td>Collecting T, C and Q-parameters</td>
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<td><strong>4</strong></td>
<td>Report about the AB</td>
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**Goal:**
Identify all information obligations that cause administrative burdens and develop a SCM.

**Activities:**
- Analyze the investigated regulation and identify all information obligations.
- Gather forms and documentation.
- Process data in a SCM.
- Prepare the interviews to be conducted with government employees.

**Result:**
An overview of all information obligations and a first draft of the SCM.

### Points of Interest

- The measurement can be carried out by civil servants, which has the advantage that results are well internalized. Alternatively specialised consultants can be tasked with the measurement, which has the advantage that departments will not exceed their available capacity.
- One should collect all texts of the law including all lower regulations.
- One should first identify all information obligations from the lower regulation, then proceed to the law. Merely investigating the law is not enough.
- One should process all available information in the SCM.
4 Step-by-Step approach

Upon completion of phase 1 one can fill in the SCM spreadsheet basic information, such as:
- Name of the domain
- Name of the law
- Name of the constituent
- Name of the project
- Information obligations

Use of the SCM spreadsheet

- On page 20 we introduced a case study. Here we will use the same case study to show how the SCM spreadsheet should be used.
- Case study: Road Safety Performance Test (RSPT). Every car on the road must have a certificate of road-worthiness. If the vehicle is 3 years or older the vehicle must be tested once a year on road safety performance. The owner of the vehicle must therefore make an appointment with a certified garage to undergo testing. Staff of the Ministry of Transport prepare to investigate the administrative burdens imposed on citizens by the Road Safety Performance test.
Consult Government employees

1. Start-up
2. Consult Government employees
3. Collecting T, C and Q-parameters
4. Report about the AB

Goal: Determine the background of the information obligations and assess size and scope.

Activities:
- Conduct interviews with government employees to determine:
  1. The origin and purpose of the information obligations.
  2. The target groups.
  3. How the obligation officially needs to be carried out.
- Describe the information obligations in administrative activities.
- Make an administrative burden estimation based on Expert Judgment.
- Analyze the indicative results and determine the further procedure.

Result:
An estimation of the administrative burden based on expert judgment.

Points of Interest

- One should identify all possible groups of citizens of the target group.
- One should use a structured method for interviewing government employees and make sure that they have the opportunity to give feedback on the interview report.
- One should ask government employees about the origin of legislation. The origin can be Category A (International), Category B (International with some domestic discretion), or Category C (Domestic).
- One should identify possibilities for reduction of administrative burdens from the government’s point of view.
Upon completion of phase 2 one can fill in the SCM spreadsheet information about the origin of information obligations and the required administrative activities.

Use of the SCM spreadsheet

- Information obligations are described as administrative activities.
- The origin of the legislation is traced to its source. ‘Category A’ requirements are international in origin with no domestic discretion in how they are implemented. ‘Category B’ requirements are international in origin with some domestic discretion in how they are implemented. ‘Category C’ requirements are domestic in origin. In the country of the case study the Road Safety Performance Test (RSPT) has to be conducted once a year. European legislation, however, only demands that vehicles are submitted to a Road Safety Performance Test (RSPT) once every two years. The country in the case study chooses to exercise domestic discretion in the implementation of European legislation.
### Gather data

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<td>4</td>
<td>Report about the AB</td>
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</table>

**Goal:**
Measure and calculate the costs of required administrative activities.

**Activities:**
- Plan and conduct interviews with citizens boards to determine:
  1. How the obligations are met in practice.
  2. The time and costs.
  3. Possible improvements.
- Collect data with reliable sources.
- Verify interview- / panel records.
- Report on the interview results.
- Align interview results with ministry specialists.

**Result:**
A calculation of the administrative burdens based on field research.

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### Points of Interest

- One should always verify the reliability of the sources of information that are used to gather the data.
- One should analyze the variety within the target group to determine the number of interviews.
- One should use a structured method of interviewing citizen panels and give special attention to questions regarding information obligations and their corresponding administrative activities. Always ask additional questions in order to test the representativity of the received answers on (T) and (£).
- One can use the interviews as an opportunity to identify how information obligations are experienced, that is, how citizens feel about having to meet their obligations.
Upon completion of phase 3 one can fill in the SCM spreadsheet the quantitative data that was obtained in interviews with citizens (re-traceable sources). The SCM will calculate automatically the administrative burdens and will express these in:
- Time (T) x Q in hours
- Costs (C) x Q in €
- Sources are listed in the reference column

For each administrative activity the variables Time (T) x Q in hours, and Costs (C) x Q in € are entered into the SCM spreadsheet. Sources are listed in the reference column.

It is possible to increase the efficiency of a measurement, and thus reduce the workload, by using standard administrative activities. Standard administrative activities recur often and it is possible to use the data collected in other investigations. The SCM spreadsheet contains a database with standard activities and their corresponding average expenditures in Time (hours) and Costs (€). Examples of standard activities are collecting one’s birth-certificate or submitting an application by post.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Law</th>
<th>Administrative activities</th>
<th>Total Administrative Burden</th>
<th>Reference</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Time</td>
<td>€</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>T x Q</td>
<td>C x Q</td>
</tr>
<tr>
<td>Road Safety Performance Test</td>
<td></td>
<td>Make an appointment</td>
<td>5/60</td>
<td>50€</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Drive car to and from garage</td>
<td>45/60</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>6,250,000 hours</td>
<td>375,000,000</td>
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4 Step-by-Step approach

Calculate and Report

1 Start-up
2 Consult Government employees
3 Collecting T, C and Q-parameters
4 Report about the AB

Goal:
Identify reduction proposals and build support for the findings.

Activities:
• Analyze results and reduction proposals.
• Organize a meeting with specialists and citizens (key stakeholders), to:
  1. Clarify the survey.
  2. Align the administrative burden calculations with expectations.
  3. Discuss administrative burden reduction proposals.
  4. Establish priorities.
• Summarize results in a final report.

Result:
Final report with reduction proposals and a filled-in Standard Cost Model.

Points of Interest

• One should make sure that all data entered into the SCM is retraceable to its source.
• When reporting on administrative burdens, one should keep in mind that its results are an approximation and not an exact number.
• One should always involve key stakeholders when formulating reduction proposals.
Upon completion of phase 4 one can report the findings using pregenerated tables and figures. There are various ways to represent findings, for example:
- Sorted by domains
- Sorted by life events
- Sorted by target groups

**Reduction measures**
The administrative burdens for citizens could be reduced by decreasing the frequency of the test to once every two years. This would mean that the amount of cars which need to be tested every year will be halved.
This measure would result in the following administrative burden:
- Time: 50/60 hours x 3,750,000 = 3.1 million hours
- Costs: € 50 x 3,750,000 = € 188 million.

**Result**
A reduction of the administrative burden of 50%.

---

**Use of the SCM spreadsheet**

- The findings of the investigation can be reported in various formats. One can report per domain which is useful for legislators. One can also report per life-event which is useful from the perspective of ordinary citizens. Finally one report per target-group which is useful when developing targeted administrative burden alleviation programs, for example for the elderly or the disabled.
Using a spreadsheet

The SCM translates into a spreadsheet and breaks down into three components:

Data fields.
These fields are populated with the hard data that forms the basis for the calculation of administrative burdens. They include:
• Fields to register Time (T) and money (€).
• Fields to register the frequency of administrative activities.
• Fields to register the number of citizens in the target groups.

Identification fields.
These fields are populated with the information necessary to identify and classify. They include:
• Fields to identify laws and information obligations they contain.
• Fields to identify standard and specific administrative activities associated with information obligations. Standard activities include posting a form or keeping abreast of legislation.
• Fields to classify laws by origin (Category A - International, B - International with some domestic discretion, or C - Domestic).
• Fields to label target groups or life cycle events.

Report fields.
In these fields the various calculations of the administrative burdens are merged into reports. The reports provide an insight into the administrative burdens from a variety of perspectives.
The SCM spreadsheet comprises an ‘open structure’. It provides insight into: which article from the law is being investigated, which information obligation is being investigated, the administrative actions required to satisfy an information obligation, and how the costs are calculated.

The open structure of the SCM guarantees that it is always clear how costs are calculated and makes it easy to continue calculations even if regulations change.
This chapter gives two short descriptions of the SCM in practice. Although both Belgium and the Netherlands use the SCM to reduce administrative burdens of citizens, there are some differences in the approach.

SCM for citizens in Belgium

The Belgian version of the Standard Cost Model was developed to measure administrative burdens for both citizens and businesses. For this reason the model differs somewhat from the model described in this manual.

First of all, the Belgian Model uses a standard tariff for citizens, which is calculated as €19.85 per hour. This is calculated by the following formula: GDP marketprices / Belgian population / total of hours spent on labour per year. In this way the methodology which is being used for businesses did not have to be modified to measure administrative burdens for citizens.

A positive aspect of this approach is that there is a single indicator (€) for the administrative burdens for both citizens and businesses. However, it is sometimes more difficult to communicate results of the administrative burden reduction. Although the administrative burdens (expressed in €) are being reduced, the citizen will not notice an increase in their disposable income.

Another difference is that in Belgium the choice was made to also measure information obligations to third parties, as far as they are obliged by law. The point of view is that, since the government imposes such information obligations, the related administrative burdens come on the account of the government.

For reasons of effective and efficient use of public means, the Belgian government uses a threshold limit to determine whether or not to carry out a full measurement: every measurement project starts with a quick scan and if the quick scan shows that the estimated administrative burdens will be less than €5,000, it is decided not to carry out the measurement.
SCM for citizens in the Netherlands

The Standard Cost Model can be used to execute a full baseline measurement of all laws and regulations, but this can be a very expensive and time-consuming effort. One could choose to only measure individual laws or regulations or laws and regulations that relate to certain life-events, such as birth, marriage or buying a house.

However, in the Netherlands, the government decided to set a quantitative target of 25% reduction of administrative burdens for citizens. For this reason a baseline measurement was needed. To avoid a full baseline measurement the government choose different baseline measurement that was based on the Pareto-principle: 20% of the laws and regulations cause 80% of the administrative burdens.

Another characteristic of the Dutch approach is the use of specific target groups. During the measuring procedure, it became clear that some groups of people are relatively confronted with more administrative burdens than others; i.e. the disabled and chronically ill, elderly people, benefit claimants and organised citizens (volunteers).

To come up with the 20% of most burdensome laws and regulations, a list with all governments services to citizens was presented to a panel of citizens. The citizens were asked how many times they used the services mentioned on the list and how they perceive them.

The perception study lead to the following results:
- The 20% of regulations that cause 80% of the burdens;
- The most irritating information obligations;
- The most important information obligations for specific targetgroups.
Appendix

Further Reading

The following table describes where to get more SCM related information.

<table>
<thead>
<tr>
<th>To find out more</th>
<th>Go to</th>
</tr>
</thead>
<tbody>
<tr>
<td>International network on better service delivery with less administrative burdens for citizens</td>
<td><a href="http://www.whatarelief.eu">www.whatarelief.eu</a></td>
</tr>
<tr>
<td>Standard Cost Model Network</td>
<td><a href="http://www.administrative-burdens.com">www.administrative-burdens.com</a></td>
</tr>
<tr>
<td>Better Regulation EC</td>
<td><a href="http://www.ec.europa/enterprise/regulation/better-regulation">www.ec.europa/enterprise/regulation/better-regulation</a></td>
</tr>
<tr>
<td>Better Regulation OECD</td>
<td><a href="http://www.oecd.org">www.oecd.org</a></td>
</tr>
</tbody>
</table>

Explanation of Symbols

The following table gives an explanation of the symbols used in this guide.

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>🧠</td>
<td>Background information about the origin and purpose of key concepts.</td>
</tr>
<tr>
<td>📘</td>
<td>Introduction of an important idea, concept, or formula.</td>
</tr>
<tr>
<td>🔍</td>
<td>A closer look at some examples.</td>
</tr>
<tr>
<td>🔧</td>
<td>Explanation of methodology.</td>
</tr>
<tr>
<td>🟢</td>
<td>Start-up button (phase 1).</td>
</tr>
<tr>
<td>🟡</td>
<td>One on one interviews (phase 2).</td>
</tr>
<tr>
<td>🟢</td>
<td>Group interviews with citizen panels (phase 3).</td>
</tr>
<tr>
<td>🟢</td>
<td>Reports and summaries (phase 4).</td>
</tr>
</tbody>
</table>
The table below lists a collection of specialized terms and their meaning.

**Administrative burden**
In order to comply with information obligations, certain administrative activities are required of citizens. In the process of carrying out these administrative activities citizens incur costs. We call these ‘administrative burdens’, and they include the filling in of a form, keeping records or responding to information requests.

**Cost by Origin**
‘Cost by Origin’ is a measure of how the administrative burden of the regulation is split between different categories according to the origin of the requirements of the regulation.

**‘Category A’**
‘Category A’ requirements are international in origin with no domestic discretion in how they are implemented.

**‘Category B’**
‘Category B’ requirements are international in origin with some domestic discretion in how they are implemented.

**‘Category C’**
‘Category C’ requirements are domestic in origin.

**Citizen**
A ‘Citizen’ is a person who is entitled to enjoy all the legal rights and privileges granted by a state to the people comprising its constituency. A citizen is obligated to obey its laws and to fulfil his or her duties as called upon.
| **Data** | ‘Data’ is factual information (such as measurements or statistics) used as a basis for reasoning, discussion, or calculation. |
| **Information Obligation** | An ‘information obligation’ is a specific requirement that must be fulfilled in order to comply with a regulation. Regulations often consist of a number of separate information obligations. |
| **Non Third Party Costs** | ‘Non third party costs’ are costs relating to obligations to provide information to a public authority. |
| **Out of Pocket Costs** | ‘Out of pocket costs’ are direct financial costs (€) that a citizen incurs in order to comply with information obligations often as a result of being required to make use of third-party services. The abbreviation of out of pocket costs is OOP. As a rule of thumb, out of pocket expenses are costs that are not normally incurred by citizens, but which are incurred specifically in order to meet an information obligation. This means that telephone costs are out of pocket expenses, but the costs of an internet connection are not. Examples include postal or travel fees, the costs of translations or legal assistance, the costs of duplicating building plans and so on. |
| **Qualitative Burden** | The term qualitative burden is used when citizens are asked to describe how they feel about having to meet information obligations. In response one will not receive “hard” quantitative data on Time (T) and money (€), but “soft” qualitative data about factors such as the level of understanding, irritation, support, approval or disapproval. This information can be crucial to determine priorities. It is possible to use the SCM spreadsheet to handle qualitative data. |
| **Red Tape** | ‘Red Tape’ refers to the collection or sequence of forms and procedures required to gain bureaucratic approval for something, especially when it is oppressively complex and time-consuming. |
| **Regulation** | ‘Regulation’ can be considered as legal restrictions promulgated by government authority. One can consider at least two levels in democracies -- legislative acts, and implementing specifications of conduct imposed by administrative agencies through rulemaking supported by a threat of sanction or a fine. Regulation mandated by government attempts to produce outcomes which might not otherwise occur, produce or prevent outcomes in different places to what might otherwise occur, or produce or prevent outcomes in different timescales than would otherwise occur. Common examples of regulation include attempts to control pollution effects, to safeguard employment for certain people in certain industries, and to set safety standards of production for certain goods and services. |
| **Service** | Providing a ‘Service’ means the performance of labour for the benefit of another. |
| **Spreadsheet** | A ‘Spreadsheet’ is a document which organizes data in rows and columns of cells. |
| **Standard activities** | Some administrative activities recur often. We call these standard activities. The SCM spreadsheet contains a database with standard activities and their corresponding average expenditures in Time (hours) and Costs (€). Examples of standard activities are collecting one’s birth-certificate or submitting an application by post. |
| **Standard Cost Model** | The ‘Standard Cost Model’ is a pragmatic methodology that provides systematic measurement of the administrative costs of regulation. The abbreviation of Standard Cost Model is SCM. |
| **Target group** | A ‘Target group’ is a set of individuals with particular characteristics who serve as the focal point for a particular regulatory effort, program, or service. |
| **Third Party Costs** | ‘Third party costs’ are the costs of providing information to any person or organisation that is not a public sector body, for example one’s neighbours. |
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Introduction   Methodology   SCM spreadsheet