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SELECT COMMITTEE ON
THE EUROPEAN UNION

THE SCRUTINY OF EUROPEAN UNION
BUSINESS: THE COMMISSION'S
ANNUAL WORK PROGRAMME

WITH EVIDENCE

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TWENTY-FIFTH REPORT

2 JULY 2002

By the Select Committee appointed to consider European Union documents and other matters relating to the European Union.

ORDERED TO REPORT

THE SCRUTINY OF EUROPEAN UNION BUSINESS: THE COMMISSION'S ANNUAL WORK PROGRAMME

- Commission Communication on the Commission's Work Programme for 2002 (15373/01).
- Commission Communication: Annual Policy Strategy for 2003 (SEC (2002) 217/7).

Executive Summary

- The Commission's Annual Work Programme is a significant element of the annual planning cycle of the European Commission.
- Scrutiny of the Programme and related documents by national parliaments is therefore an important element of scrutiny of European Union activity.
- This short Report examines how a national parliamentary scrutiny committee such as ours might examine the Programme and concludes that there should be an annual examination on the basis of a draft presented in September.
- We propose changes to the Programme to assist scrutiny, including better regulatory impact assessments.
- We take into account the other principal sources of priority and direction for the European Union, in particular the European Council and the Presidency of the Council of Ministers.
- We make this Report as a contribution to the work of the Convention on the Future of Europe.
- This Report does not examine this year's Programme in any policy detail.

Introduction: purpose of this report

1. The Commission's Annual Work Programme is one of the main elements of the annual planning cycle in the European Commission. As such, it is a key document contributing to the forward planning of the European Union. Scrutiny of the Work Programme is therefore an important element in the scrutiny of European policy and legislation by national parliaments. Indeed, our own Government has recently argued that the need for such scrutiny was one reason why there should be a second chamber of the European Parliament. In rejecting that recommendation, we proposed instead that there was a need for thorough scrutiny of the Work Programme by national parliaments, combined with similar action on the part of the European Parliament¹.

2. This Report follows up that recommendation by making practical suggestions for how such scrutiny can be carried out. We make these recommendations not just with a view to improving our own scrutiny but also, with an eye on the current Convention on the Future of Europe, as a contribution to scrutiny by other national parliaments. Although this Report uses the current Work Programme as a starting point, we do not attempt here to examine individual policy areas. That work will be carried out as part of our ongoing scrutiny work.

¹ 7th Report, A Second Parliamentary Chamber for Europe – an unreal solution to some real problems, HL48, 13 December 2001, paras 46–47.

The place of the Work Programme in the annual planning cycle; and its purpose

3. The Commission's Annual Work Programme is part of an annual planning cycle. The processes involved have recently been reformed and the cycle now includes:

- the Annual Policy Strategy issued in February;
- an inter-institutional dialogue with the Council and the Parliament;
- publication of the Work Programme itself around November in the year before
- that to which it relates;
- annual activity reports, reporting back on implementation.

4. Mr Walter Deffaa, a Director in the Secretariat General of the Commission with responsibility for strategic programming and planning, explained that the cycle started with defining priorities and allocating resources to those priorities. The Commission's aim was to develop a more strategic and political planning tool and to improve co-ordination with the other institutions. The purpose of the Programme was "to show the main legislative and non-legislative initiatives that the Commission intends to make for the coming year. It sets out these initiatives according to the main priorities of the Commission for the year to come. It is intended for the European citizens, for the Member States and of course for the other institutions, in particular the European Parliament and the Council. It provides those institutions with a basis for political dialogue with the Commission and is of course a tool for programming their own work"(Q1).

5. Mr Deffaa also noted that the cycle was based on the principles of activity-based management involving better planning, setting clear objectives, and allocating resources to clearly defined activities to achieve the objectives, as well as defining negative priorities. There was a cascade from a macro level down to management plans of the individual Directorates-General, and then even down to the individual officials with a job description for the year² (Q12).

6. The Government supports the purposes of the Annual Work Programme as being:

- to make the Commission approach its tasks more strategically;
- to set priorities and then associate the legislative or non-legislative proposals which it wishes to issue with those priorities;
- to link resources into those priorities;
- to provide a means of judging implementation of those proposals; and
- to provide an opportunity for dialogue with the European Parliament and with the Council to allow elected politicians to assess the priorities being set by the Commission against their own wishes (Q37).

7. Mr Nick Baird, Head of the European Union Department (Internal) at the Foreign and Commonwealth Office, thought that there were signs that the process was successful: there was "clear evidence of a much closer programming of proposals to an agreed set of priorities...and... a much stronger sense of a set of strategic priorities". He also stressed the value of the Work Programme in managing resources. The Work Programme and the planning process had on occasion led to the movement of resources within the Commission to match priorities. In particular the Justice and Home Affairs Directorate General had taken on a number of extra staff because it represented the biggest legislative programme in the EU (Q37). In the Government's view, it was very important that the European Council was involved heavily in this programming approach, to produce an agenda set by elected politicians to which the resources and proposals are seen to be clearly linked. The budgetary mechanisms for restricting endless expansion of resources included the financial perspective ceilings; the ceilings on each category of expenditure; and the overall own resources ceiling agreed unanimously by governments and ratified by their parliaments (Q49).

The significance of the Annual Work Programme

8. To give a flavour of why the Annual Work Programme is significant, we asked Mr Deffaa to outline some of the highlights of the 2002 Programme. Giving a selective rather than a representative account, he drew attention to seven priorities, six of which were already in the Annual Policy Strategy adopted in February 2001. Safety and security had been added after the events of 11 September, to cover proposals to fight terrorism and the financing of terrorist activities and a major communication

² More details of activity-based management can be found in Commission Communication SEC (2001) 1197/6+7, 25 July 2001.

on the EU's external borders. A second priority was an economic priority covering the introduction of the euro as well as further economic and financial integration and the implementation of the Lisbon Strategy. The third priority was sustainable development. The Commission had already prepared the Spring Report for the Barcelona Council, and for the first time introduced the environmental pillar. The Commission had presented a communication on the external dimensions of sustainable development in preparation for the Johannesburg World Summit on Sustainable Development. Other priorities included reform of the Common Fisheries Policies and the mid-term review of the Common Agricultural Policy. Another was new European governance, with proposals on better regulation and a series of contributions to the Convention. A major priority for 2002 was Enlargement and the main task there to complete negotiations by the end of the year. The last two priorities concerned external relations: the Mediterranean objective, to revive the partnership with Mediterranean neighbours; and development where the Commission would make particular proposals within the overall framework of poverty reduction, particularly proposals concerning health and education (QQ34-35).

The Commission's Programme and the Council

9. The Commission is not, however, the only source of initiative in the European Union. The Presidency of the Council of Ministers is an important source of direction for the European Union. The European Council also has a key role to play. Under Title IV of the EC Treaty (Visas, Asylum, Immigration and other policies related to free movement of persons), Member States can – and frequently do – take the initiative in putting forward proposals. Hence in examining the Commission's Annual Work Programme it is necessary also to be aware that Member States too, acting through their political representatives in the Council, have an important role to play. We accordingly sought to determine how far the Presidency is involved in preparation of the Work Programme so that last minute surprises in the Council are avoided. We also considered whether such involvement should focus on strategic priorities or on legislative proposals.

10. Mr Deffaa told us that the Annual Policy Strategy for 2003 had been presented to the General Affairs Council twice for discussion this year. There was also contact with the Member States who would assume the Presidency in 2003: accordingly, "there is a very active involvement on the Council side..... It has been a long-standing tradition that the Commission has always kept, and will continue to keep, very close contact with the presidencies in order to help them to prepare their Work Programme so that they can take into account any proposals that the Commission has the intention to table during their presidencies"(Q14).

11. Mr Deffaa noted that Member States' initiatives had an impact on the Commission's planning and on occasion there would be a need to indicate the effect initiatives originating outside the Commission might have on the Commission's own resources (QQ17-20). When asked about the need to ensure that the Commission's initiatives meshed with those of the Presidency, so that they were given the necessary impetus, he acknowledged "we do not exercise this right of initiative in a political vacuum, so these kind of considerations are to be taken into account" (Q20).

12. Looking at this issue from the perspective of a Member State, Mr Baird stressed the need for agenda-setting and programming in the Union to be inter-institutional. There would be little point in the Commission producing a strategy which did not reflect what the Member States and the Parliament wanted to be agreed, so there had to be proper co-ordination. The agenda needed to be set by the politicians the people elected, and if the Presidency and the Council formed part of the process there would be fewer examples of a Presidency moving away from a commonly agreed Work Programme (Q48). Ownership came from the sense that it was the elected politicians who decided things (Q57). It was the Government's view that a key element in reintroducing a sense that what Europe did actually responded to what people wanted it to do was to have their elected heads of government setting a much clearer strategic agenda in the European Council, which the institutions beneath would implement in their distinctive roles. It was also important to set such a strategy on the basis of clear principles of subsidiarity and proportionality: that the Union only acted where it added value or where it could do things better than could be done nationally (Q51).

13. More negatively, Mr Baird recognised that the current system of six-monthly Presidencies could have an effect on consistency in planning. It was difficult for a Presidency to pursue an issue that was completely outside the framework of the Work Programme but there was evidence of some elements being stressed while others were neglected. The Government was particularly interested in addressing, as part of the Council reform, whether it was "the best way of taking forward a programme to have these constant changes of Presidency every six months". The Government would look at "a more permanent and longer term Presidency approach to deal with the strategic agenda in future" (QQ39-40). The Seville European Council would be examining whether the Council and Parliament themselves were sufficiently pro-actively involved in the programming strategy (Q37).

14. We note that the Conclusions of Seville³ record agreement that a “multiannual strategic programme” is to be drawn up for three years ahead, starting in December 2003, along with an “annual operating programme of Council activities”, the first to be drawn up in December 2002. We note that the Seville Conclusions only make a tangential reference to the Commission’s Work Programme in connection with this initiative. We recommend that the Council satisfies itself that there is a proper relationship between the two planning processes, and that our Government sets out in detail how they will mesh together.

At what stage can national parliaments best scrutinise the Programme?

15. There are several opportunities for scrutiny of the Work Programme by national parliaments. The current formal position is that the Work Programme and the Annual Policy Strategy are deposited for scrutiny each year. Hence the Work Programme itself can be scrutinised each year when published and sent to the European Parliament for consideration; and the Annual Policy Strategy can be examined when it is published the year before.

16. Mr Deffaa for the Commission suggested that national parliaments could make the most effective contribution to scrutiny during the preparation of the Annual Policy Strategy (which informs the next year’s Work Programme), following its adoption in February and discussions in the Council in March to May. Such timing was appropriate because the Annual Policy Strategy sets out the main priorities for the year to come, the main actions and also resource issues and is accordingly a precursor of the Work Programme (Q2). Mr Deffaa confirmed that the Annual Policy Strategy foreshadows what is then to become more concrete in the Work Programme. For instance, almost all of the 2002 Work Programme was reflected, at least in embryonic form, in the Annual Policy Strategy, with one exception, the priority for safety and security added after 11 September. There was continuity between the Annual Policy Strategy and the Work Programme, and most of the actions to be presented in the Work Programme are already in the Annual Policy Strategy. An additional element is that in the inter-institutional dialogue on the Annual Policy Strategy individual Commissioners discuss it with European Parliament committees. He also drew attention, however, to a “stock-taking exercise” around September - an intermediate phase “where things are getting more concrete in the preparatory phase for the Work Programme” (Q5).

17. Mr Baird, on the other hand, noted that while there could be input into the Annual Policy Strategy on the basis of quite broad policy priorities and quite broad issues, it was very difficult to get a real, detailed legislative discussion at that point. He saw merit in having some form of draft legislative programme available before the Commission produced its final Work Programme, and sensed that the Commission, under pressure from the European Parliament, was moving towards that approach. He too noted the proposal for a “stock-taking document” at the beginning of September to review the legislative programme for the forthcoming year in the light of the dialogue held with the Parliament and the Council. So between September and November, when the Commission would adopt its final Work Programme, there would be a short window to look at the Programme, as it were in draft (Q41).

18. It is clear from the evidence that we have taken that timing of scrutiny of the Work Programme is critical. There are arguments for and against scrutiny at both the stage of the Annual Policy Strategy and the Work Programme. The initial procedures which go into the Annual Policy Strategy are described by the Commission as political priorities and priority activities⁴. They are accordingly very broad, as is to be expected at the beginning of the process when there is more work to be done and when discussions are not very far advanced. We doubt that national parliaments, and in particular a scrutiny committee, can make a meaningful impact at that point, given the enormous range of policies covered in one document and given that detail will be lacking. This stage could however, provide an opportunity to tackle any broad issues – in particular those raising questions of subsidiarity. On the other hand, while the Work Programme itself is considerably more detailed⁵ the Commission is by then committed, or very largely committed, to it as it will have already been presented by the Commission to the European Parliament. This weakens the possibility of any meaningful impact of scrutiny at this late stage, by when it might be too late to change things. We have accordingly considered the options for examining the Work Programme in the course of preparation. This could include the stage at which the first action informs the Annual Policy Strategy at the beginning of the year, and the annual management plans of the Directorates General thereafter or consideration of a draft legislative programme once the broad direction of the Annual Policy Strategy has been agreed. We have also considered continuous scrutiny work over the whole of a year.

³ Presidency Conclusions, Seville European Council 21 and 22 June 2002 (SN 200/02 Annex II (C) 4–6).

⁴ Op. Cit. n2 above paragraph 1.2.1.

⁵ E.G. the Commission’s Work Programme for the current year, COM 620.

19. As far as a national parliament is concerned, the point when the more detailed programme is being built up and before it is quite set in concrete seems to be the crucial moment to scrutinise the programme. We recognise that it would be more complex, and even difficult for the Commission, but such a course has advantages in terms of scrutiny of European policy. **We accordingly recommend that scrutiny by national parliaments of the Work Programme continues on the basis of the documents currently deposited for scrutiny. In addition we recommend that the major focus of scrutiny is of the final draft (the “stock-taking document”) prepared in September to November each year.** This would where necessary include examination of the Treaty base for the legislative proposals. **We further recommend that National Parliaments’ concerns, whether about subsidiarity or any other matter, arising at that point and if not accepted by the Commission be annexed to the final Programme submitted to the European Parliament and the Council.**

20. We have also considered whether the need to examine legislative proposals for subsidiarity would have an effect on the timing of examination of the Annual Work Programme. Mr Deffaa told us that subsidiarity was a very horizontal and cross-cutting issue and, under the terms of the Amsterdam Protocol⁶, the Commission checked proposals in terms of subsidiarity and proportionality and justifying them (Q4). Our conclusion is that issues of subsidiarity are not particularly time-sensitive, provided they are considered in good time to prevent inappropriate proposals going forward. We will consider again in a forthcoming review of our work how best national parliaments can examine issues of subsidiarity.

To whom should representations be made?

21. We have considered whether national parliaments can most effectively feed in their scrutiny of the Work Programme through national governments; through the European Parliament; or direct to the Commission. Passing views to national governments would allow those to be taken into account when Member States form positions in the Council of Ministers. Mr Baird noted that national governments were becoming increasingly involved and discussion of the cycle was a much more thorough discussion of strategy. Hence this was “certainly an important channel” (Q42).

22. As for direct contact with the Commission, Mr Deffaa thought that this would be rather complex if many or all Member States and national parliaments followed this example (Q2). Mr Baird, on the other hand, noted that the direct contact (i.e. with the Commission) would be the most effective, since the points of view were made direct and not in any sense diluted by the prism or channel through which they were put. He thought direct contact with the Commission would be “a very good idea, provided that it can be done in a structured way” by which he meant that it would be quite difficult for the Commission to assess the weight of views if all 15 separate national parliaments offered views which might be different. He suggested that direct input from national parliaments might well be best done in some form of collective way, if possible (Q42).

23. Mr Deffaa suggested that the European Parliament itself was very much in favour of national parliaments giving their views via the European Parliament, and in the recently adopted Malmström Report the European Parliament envisaged that there would be an involvement of national parliaments in their internal process (Q2). Mr Baird, however, recognised that the European Parliament undertook a serious and rigorous assessment of the Work Programme between the Policy Strategy and the Work Programme stages but thought that input to them would probably be the least appropriate option. “They are not, as it were, accountable to you so you cannot be sure that they are going to put across your points of view in the way that you would necessarily want them to” (Q42).

24. We conclude that the most effective way for national parliaments to make a contribution to scrutiny of the Work Programme is to do so direct to the Commission. We propose to do so first by hearing evidence once a year from the Commission. We note Mr Deffaa’s helpful suggestion that, although no one official can be expected to know about all the policies across the board, if there was enough early warning of questions that might be raised, “the colleagues responsible for the co-ordination of policies within the Commission” could well be in a position to answer them (Q3).

25. We accordingly propose to hold an annual examination of the Commission on the stock-taking document for its Annual Work Programme for the following year. We also hope to develop collective action by national parliaments, on which we say more below, but, in the short term, we will begin the process at home.

26. We also note that our sister Committee in the Commons has reported that they intend to make scrutiny of the Work Programme an important part of their own programme⁷. They have also called

⁶ Protocol (No 30) on the application of the principles of subsidiarity and proportionality.

⁷ 30th Report, European Scrutiny Committee, HC152-xxx, June 2002, para.58.

for a joint meeting of national parliamentarians and MEPs⁸. **This idea would take some time to put into effect. In the meantime we propose to invite our colleagues in the Commons to an annual joint meeting of the UK national parliament's two scrutiny Committees at which the Commission can be invited to give evidence on the Programme at the late draft stage in its preparation.**

How can national parliaments co-operate?

27. Two questions arise concerning co-operation by national parliaments. First, is there a need for us to operate collectively, both to avoid the possible logjam of the submission of 15 or more points of view and to strengthen arguments by giving them a collective voice? Secondly, if all national parliaments are to scrutinise the Work Programme, how can best practice be exchanged?

28. In the Annual Work Programme for 2002, the Commission set itself the goal of better informing national parliaments: listed as a "Key Action" in the section on "New European Governance" is:

"In relation to the Convention, the Commission will make proposals aiming to inform national parliaments better about Community legislative proposals, so that they can perform their function of political guidance and control at the national level".

29. Mr Deffaa told us that the background to this was the Amsterdam Protocol on relations with national parliaments, under which national governments have to inform their national parliaments on legislative proposals and the Commission has to inform national parliaments on consultative documents. Such documents were accessible to the public, on the website of the Commission, but the Commission was searching for an effective way to inform national parliaments better and quicker. He expected the issue to be discussed in COSAC in May, although it transpired that no such formal debate was held (QQ6-7). He noted that COSAC had a lot of European experience and was free to set its own agenda: if COSAC were to put the Work Programme on its agenda the Commission would be prepared to come to meetings and discuss the Work Programme (QQ 8-10).

30. Mr Baird thought that input would have much more force if it was collective and that it would be more convenient for Commissioners to appear before national parliaments acting collectively (QQ 43, 47). He noted, however, that COSAC did not have the prominence and support to operate very well in its current form. There was a case for either a strengthened COSAC or some other form of collective body such as a committee with representatives from all national parliamentary scrutiny committees, perhaps following the *Conseil Constitutionnel* model in France; it could be a group of wise men who were appointed by and responsible to national parliamentarians. Such proposals were very much a possible outcome of the Convention (Q44).

31. How to scrutinise the Work Programme is just the kind of initiative COSAC should be examining so that national parliaments across the Union, and from the applicant countries, can work together on scrutiny; exchange best practice on holding the Commission and their Governments to account; and learn from each other's experience. As the Work Programme focuses on Community competencies, COSAC is the appropriate forum for collective discussion between national parliaments and the Commission rather than other bodies which concentrate on specific policy areas such as foreign affairs and defence. **We ask the Convention to examine this proposal; and we will ourselves aim to discuss it at the next COSAC, where it has been agreed that reforms to the working of that body will be considered.**

The role of the European Parliament

32. The European Parliament plays a formal role in examining the Annual Work programme. Mr Baird outlined the process under the Malmström Accord⁹, which is a fairly detailed set of procedural steps. Essentially, it begins with the presentation of the Annual Policy Strategy by the Commission President in February/March and then consideration by the sectoral committees one-by-one on their aspects of the programme. Just before the summer, the chairs of the committees get together with the relevant Vice-President of the Commission to look at legislative priorities. This feeds into the stock-taking document which will come to both the Parliament and the Council in September. There is then the opportunity for a quite detailed look at the individual legislative proposals proposed for the Work Programme. The process finishes with the Work Programme itself being presented in November and the Parliament accepting it – or not – in December. He concluded that the process represented "a

⁸ 33rd Report, European Scrutiny Committee, HC152-xxxiii, June 2002, para. 140.

⁹ So called after the report from Mrs Malmström which set the new procedures in train. (Report from the Committee on Constitutional Affairs, 21 February 2002 A5-0046/2002).

pretty thorough and rigorous scrutiny....far more thorough and more systematic than it has been able to be in previous years” (Q45).

33. We are encouraged by Mr Baird’s suggestion that there was “a genuine acceptance among many European parliamentarians and the Council, and it is reflected in the Convention, that it is absolutely essential that national parliaments have a distinct role and have a sense of ownership of this process, and that if they do not that will create alienation that should not be there” (Q46).

34. We conclude (see paragraph 19 above) that scrutiny by national parliaments at the time of the September stock-taking document, which the European Parliament will also consider, will provide an appropriate balance of scrutiny.

The Work Programme itself: proposals to aid scrutiny

35. The Government has welcomed the “more strategic approach” shown by the Commission in drawing up this year’s Work Programme, and has noted that the Commission aims to publish quarterly legislative programmes as a flexible means of supplementing the Programme. We asked our witnesses how successful the publication of such programmes has been so far. Mr Deffaa told us that there was a rolling programme that every month will give a preview of what is going to happen in the next three months, available to the public on the website and transmitted to the other institutions. A short description was given for every action, along with a link, where possible, to the annual priorities and, if appropriate, indications on budgetary implications. All in all this formed “a very useful programming instrument”. He noted that the reactions from the institutions had been very positive (Q13).

36. Mr Baird noted that the quarterly programmes provided “a useful addition to the overall programming, although certainly in no sense a substitute for it”. The quarterly issue of programmes would allow an analysis of whether the legislation was coming forward in accordance with the programme set out at the beginning of the year, and with the rhythm that it should (Q49).

37. We are concerned that the Annual Work Programme gives sufficient emphasis to the follow-up of proposals that have been taken forward, and those that have not. The Programme is very ambitious and contains a large number of measures carried over from previous years, and up to 50 per cent of these are recycled from the previous year. We asked our witnesses how far the development of Annual Activity Reports by the Commission will help to remove dead wood. Mr Deffaa accepted that this had been a problem, although in addition to about 50% of planned initiatives not being fulfilled a similar number of “unplanned” initiatives were taken forward. In December 2001, 108 proposals that were no longer topical had been closed but planning a year ahead remained a difficult task (QQ21-26).

38. Mr Baird thought that follow-up had been “the weakest element of the programming cycle” but the Annual Activity Reports should help in being quite detailed and looking individually at each proposal, whether it went forward in the way that was expected, if not, why not, and so on. There was also no really systematic way of getting rid of dead wood, and there was a strong case for a much more regular examination of proposals that clearly were not of interest to the Parliament and Council. This would come up in the Convention (QQ52-53).

39. We welcome the Commission’s intention to remove projects that are going nowhere. This is the kind of discipline that programmes are subject to nationally and should be applied more rigorously in the Union. It would be unfortunate, to say the least, if there were nothing to prevent unending expansion of the Work Programme except the availability of resources. There is a need for a restraining influence to ensure that resources are not wasted on initiatives that are dead. **We accordingly recommend that the Commission formalises a systematic approach for removing spent initiatives from the Programme, and clearly set out the results each year.**

Regulatory Impact Assessment

40. We have considered the extent to which the Commission performs any kind of regulatory impact assessment on the proposals in the Work Programme and whether in particular the Commission should do more work on the impact of proposals on e-commerce or financial services. Given the sense that once an item is included in the Programme it is a foregone conclusion, it is important that there should be a vetting process at an early stage to decide on the impact or burden on business and whether they are proportionate or not to the benefits. We asked Mr Deffaa whether the Commission had any plans to improve the way the business impact assessment works. He said there were: the Commission was preparing an action plan for better Regulation after the European Council of Laeken and there would be two communications, one being concerned with the impact assessment. The aim would be to integrate existing assessments – business impact assessments, environmental impact assessments etc – and to make them more systematic in order to improve the quality and the

coherence of proposals. The Commission would also address the link between the planning process and the impact assessment process (QQ27-29)¹⁰.

41. Mr Baird did not believe that the Commission carried out a satisfactory regulatory assessment on the costs in the Annual Work Programme: even the Commission would accept that their approach to impact assessments had not been as systematic as it should be. The *fiche d'impacte* approach was fairly haphazard about which proposals actually received a *fiche d'impacte* and which did not. The Commission did not conduct proper cost/benefit analyses and there was a requirement for proper impact assessments in areas such as e-commerce, financial services and the environment. There was also a need to be aware that that major changes made during the legislative process either by Parliament or by the Council, can have an impact on the cost of the proposals, and should be properly costed and properly assessed (QQ 55–56).

42. We support the Government's view (Q54) that there is a need for improved regulatory impact assessment right the way through the process, including better consultation with business and with other end users of legislation. Such improvements should lessen the risk that there will be surprises or uncertainty when legislation is implemented. **We recommend that the Commission formalises its procedures for regulatory impact assessments on proposals in the Work Programme, and that the Government reports to Parliament on developments.**

Recommendation

43. The conclusion of this short Report is that there should be annual parliamentary scrutiny of the Work Programme on the basis of a draft produced by the Commission in September. In the meantime, we make this Report to the House for information, and will present our conclusions to the Convention on the Future of Europe.

¹⁰ The Commission's proposals have since come forward in the Action Plan for simplifying and improving the regulatory environment (COM (2002) 278; 9809/02 ADD1), which will be subject to parliamentary scrutiny in due course.

APPENDIX

European Union Select Committee

The members of the Committee that conducted this inquiry are:

Baroness Billingham

Viscount Bledisloe

Lord Brabazon of Tara (Chairman)

Lord Brennan

Lord Brooke of Alverthorpe

Viscount Brookeborough

Lord Cavendish of Furness

Lord Grenfell

Baroness Harris of Richmond

Lord Jopling

Lord Lamont of Lerwick

Baroness Maddock

Baroness Park of Monmouth

Lord Scott of Foscote

Earl of Selborne

Baroness Stern

Lord Tomlinson

Lord Williams of Elvel

Lord Williamson of Horton