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Processing times and efficiency at the Danish National Social Appeals Board

1. Introduction and conclusion

1.1. Purpose and conclusion

1. This report concerns case processing times and efficiency at the National Social Appeals Board. The Social Appeals Board is an independent authority under the Ministry for Economic Affairs and the Interior and the final appeals body for cases concerning social and employment-related legislation and industrial injury cases. The Social Appeals Board is required to make correct decisions in appeals in the shortest possible time and based on professional legal assessment, cf. section 10.11.22 of the Finance Act.

The report also follows up on Rigsrevisionen's report no. 19 from 2013 concerning changes in case processing times following the reorganisation of the Danish State Administrations. This report was focused on progress made against the target of general average appeals processing times of 13 weeks for social and employment appeal cases. Both past and present ministers with responsibility for the Social Appeals Board have been determined to achieve this target and have promised the Public Accounts Committee to do so for several years. In February 2017, Rigsrevisionen submitted a memorandum to the Danish Public Accounts Committee from which it appeared that this target still had not been achieved.

2. In the Finance Act 2019, the Social Appeals Board was granted additional funding of DKK 35 million for reducing case-processing times. Additionally, the Social Appeals Board is currently subjected to a budget analysis whose purpose it is to qualify the permanent level of funding to the board as from 2020. The budget analysis is expected to be finished in 2019. On the basis hereof, the Ministry for Economic Affairs and the Interior expects to achieve the target of general average processing times of 13 weeks for social or employment appeal cases, at the latest in 2022.

3. In 2018, the Social Appeals Board received approximately 58,000 appeals and heard approximately 54,000 cases. Long case-processing times can have financial as well as personal consequences for the affected citizens and companies who have, in many cases, already waited for a long time for a decision by the authority of first instance. Waiting for a decision by the Social Appeals board in an employment appeal case can delay the citizens' return to the labour market and thus increase the government's expenditure for social welfare payments. While waiting for the board's decision, the citizen may also suffer financial hardship.

Efficiency

Efficiency is the relationship between goods or services produced and the resources used to produce them when taking into consideration quantity, quality and time. The efficiency of the Social Appeals Board is the relationship between hours or money spent and the number of cases decided on by the board.

Appeals heard

The four outcomes of appeals are: affirmation, remission, abolition or change. Cases that are not heard have either been rejected by the Social Appeals Board, been revoked, for instance, because a citizen has decided to withdraw his/her appeal, or the Social Appeals Board has turned out not to be the appropriate authority to consider the appeal.

Case flow

The progress of a case through the Social Appeals Board's system, from receipt of the appeal to the case is closed. The case flow shows how the processing of appeals is organised.

4. The purpose of the study is to assess whether the Ministry for Economic Affairs and the Interior ensures that processing times and efficiency at the Social Appeals Board regarding social, employment and industrial injury appeal cases are at a satisfactory level. The report answers the following questions:

- Has the Social Appeals Board ensured satisfactory case-processing times?
- Has the Social Appeals Board ensured a satisfactory case flow and level of efficiency?

Rigsrevisionen initiated the study in August 2018.

**Conclusion**

Rigsrevisionen finds it very unsatisfactory that the Ministry for Economic Affairs and the Interior, for a number of years, has failed to ensure satisfactory processing times for appeals concerning social benefits, employment and industrial injury cases. Since 2002, when Rigsrevisionen first submitted a report to the Danish Public Affairs Committee on the processing times for appeals, various ministers with responsibility for the area have failed to achieve the target of an average processing time of 13 weeks for cases concerning social benefits or employment issues. Moreover, Rigsrevisionen's study indicates that the case flow and efficiency of the Social Appeals Board can be improved.

The Ministry of Economic Affairs and the Interior shares Rigsrevisionen's assessment of the Social Appeals Board's case processing as being excessively long. The Social Appeals Board was granted additional funding of DKK 35 million in the Finance Act 2019 for reducing case processing times. By comparison, total funding allocated to the Social Appeals Board in 2018 was DKK 409 million. The permanent level of funding to the board as from 2020 will be determined based on an ongoing budget analysis.

In 2018, the average case-processing time for social and employment cases was 21.3 weeks. Approximately 70% of the cases took more than 13 weeks to resolve and 3.1% of these took longer than 12 months. The average processing time for industrial injury cases, to which the 13 week target does not apply, was, on average, 31.6 weeks in 2018 with 8.7% of the cases taking longer than 12 months to resolve. The long case-processing time resulting from the fact that processing time at the Social Appeals Board should be added to the processing of the case at the first instance, can have financial as well as personal consequences for the affected citizens.

In addition to this, the Social Appeals Board is not complying with current legislation. In 2018, the legally determined case-processing time was exceeded in 23% of the appeals concerning insured unemployed that were heard by the Social Appeals Boards. All cases must be fully examined, before the Social Appeals Board can make its decision. The board's practice of registration has so far made it impossible to determine whether a case has been fully examined, and this has made it difficult for the board to document whether agreements concerning processing times have been fulfilled.

Rigsrevisionen's study of the Social Appeals Board's efficiency in 2018 shows that in the area of industrial injury cases, which are randomly distributed among the case-managing units, payroll costs were DKK 1,630 per case for the most productive unit against DKK 2,099 per case for the least productive unit. The variances between the units indicate that less productive units could increase their efficiency and settle more cases with the same resources without jeopardizing the quality or prolonging case-processing times. The study shows that if the less productive units working with industrial injury cases had processed as many cases as the most productive units handling the same type of appeals, approximately 1,700 more industrial injury cases would have been settled in 2018, corresponding to an increase of approximately 14%.

In agreement with the Social Appeals Board's own statements, Rigsrevisionen's study shows that the efficiency of the case-managing units generally varies a great deal. However, the Social Appeals Board is not including payroll costs in its statements. Rigsrevisionen's calculation of efficiency in 2018 shows that the efficiency of the individual units varies depending on whether payroll costs are included or not. The Social Appeals Board should therefore include payroll costs in its analyses to provide a basis for increasing the efficiency by lifting the less productive units to the level of comparable high-performing units.

Rigsrevisionen's study of the case flow at the Social Appeals Board shows that one of the causes of the long processing time is the period of inactivity from the administrative office receives a case and until it is passed on to the relevant case-managing unit. On average, this period of inactivity lasts 9.3 weeks, which is approximately twice as long as it generally takes the case-managing unit to process a case subsequently. In the opinion of Rigsrevisionen, this process is long, inefficient and not to the benefit of the claimant. However, Rigsrevisionen recognises that it will not be possible for the Social Appeals Board to eliminate the waiting time, because the administrative office needs time to prepare the cases for processing by the case managers. The Ministry of Economic Affairs and the Interior has informed Rigsrevisionen that the waiting time reflects a build-up of unresolved cases at the Social Appeals Board resulting from an imbalance between the number of incoming cases and the current efficiency of the Social Appeals Board. According to the Ministry of Economic Affairs and the Interior, the additional funding for the board is expected to reduce waiting times.

The fact that the administrative office and the case-managing units are required to obtain information from third parties and relevant powers of attorney also contributes to the long processing time. It is Rigsrevisionen's assessment that the delay occurring between the administrative office and the case-managing units can be reduced, if the Social Appeals Board, through targeted and coordinated communication with the parties concerned, strive to have the cases fully examined as early as possible in the process.

Over the years, the Social Appeals Board has taken various steps to reduce processing times. The study shows that the initiatives have been targeted at the efficiency of the board, yet they have not improved the processing time to a satisfactory level. The study also shows that the impact of the initiatives on the processing time is only evaluated occasionally.