



Extract from the report to the  
Public Accounts Committee on  
the establishment of Udbetaling  
Danmark

January  
2013

revision  
revision  
revision

## I. Introduction and conclusion

1. This report concerns the recently established independent institution *Udbetaling Danmark*, which is now responsible for the administrative processing of various tasks that were previously handled at local authority level.

2. In connection with the agreement on the municipalities' economy in 2011, the then liberal-conservative government and Local Government Denmark (interest group of Danish municipalities) decided to transfer the administrative processing of a number of social benefits claims from the municipalities to a new authority, *Udbetaling Danmark*. Subsequently, the liberal-conservative government and the Danish People's Party decided that *Udbetaling Danmark*'s tasks should be executed in five administrative centres. In the period 1 October 2012 - 1 March 2013, the centres will gradually become responsible for the administrative processing of the following benefits:

- family benefits
- maternity/paternity benefits
- old-age pension
- disability pension (disbursement and calculation)
- housing benefits.

The transfer of the responsibility from the 98 municipalities to *Udbetaling Danmark* requires implementation of extensive changes to the way in which disbursement of social benefits within the above-mentioned five service areas is currently organised and administered.

The consolidation of the service areas is intended to reduce costs for administration and after a phasing-in period of two years, the government and Local Government Denmark expect the new organisation to produce savings of just under DKK 300 million annually.

3. Rigsrevisionen has, since spring 2012, followed the establishment of *Udbetaling Danmark*, which is considered a high-risk project; it involves many stakeholders and disbursement of approximately DKK 180 billion annually to around 2 million citizens receiving benefits within the five service areas. Rigsrevisionen initiated the study in August 2012 to cover also the initial phase of the establishment.

4. This report to the Danish Public Accounts Committee addresses the transfer of family benefits and maternity/paternity benefits to *Udbetaling Danmark*, which took place towards the end of 2012. It should be noted that the transfer of all the service areas to *Udbetaling Danmark* was not fully completed when Rigsrevisionen performed its study which is reflected in the contents and conclusions of the report. All five service areas are expected to have been transferred to *Udbetaling Danmark* by 1 March 2013.

5. Rigsrevisionen has kept representatives of the steering group of *Udbetaling Danmark* updated on observations made during the study on an ongoing basis and has highlighted activities that could contribute to a satisfactory establishment of *Udbetaling Danmark*.

**Administrative case processing** involves decisions made primarily on the basis of objective criteria like, for instance the citizen's income or age.

**Family benefits** include child and spousal support, child benefits and child and youth allowances.

6. The objective of the study was to map and assess whether the Ministry of Social Affairs and Integration and Udbetaling Danmark contribute to ensuring that both the administration of the benefits and the service provided to the citizens are satisfactory.

The report answers the following questions:

- What administrative changes followed from the establishment of Udbetaling Danmark, and how is the funding of Udbetaling Danmark organised?
- Has the board of Udbetaling Danmark established a satisfactory framework for the co-operation between Udbetaling Danmark and ATP (Danish labour market supplementary pension fund), and has the Ministry of Social Affairs and Integration defined a satisfactory level of supervision of Udbetaling Danmark?
- Have the Ministry of Social Affairs and Integration and Udbetaling Danmark defined a satisfactory framework to safeguard the citizens' legal rights and to follow up on the level of service provided to the citizens?

7. The study includes the Ministry of Social Affairs and Integration and Udbetaling Danmark.

#### MAIN CONCLUSION

**Udbetaling Danmark was established as a new authority on 1 October 2012 and its responsibilities include administration of family benefits and old-age pension. When fully implemented, Udbetaling Danmark will disburse payments of social benefits from the municipalities totalling approximately DKK 180 billion annually.**

**Rigsrevisionen is of the opinion that the establishment of Udbetaling Danmark was preceded by extensive, preparatory work, which included adoption of new legislation, distribution of responsibilities between Udbetaling Danmark and the municipalities, and establishment and staffing of the five service centres.**

**The distribution of tasks between Udbetaling Danmark and the municipalities requires close cooperation and is considered challenging and risky by Rigsrevisionen.**

**Ensuring that the service provided to the citizens is perceived as satisfactory, and as a minimum on the same level as before the establishment of Udbetaling Danmark, is essential. Moreover, Udbetaling Danmark should also be able to provide face-to-face or telephone support to citizens who need this type of service.**

**Rigsrevisionen recommends that the Ministry of Social Affairs and Integration's supervision of Udbetaling Danmark should include activities to follow up on the level of satisfaction among the citizens that are affected by changes in the five service areas.**

The main conclusion is based on the following sub-conclusions:

*What administrative changes followed from the establishment of Udbetaling Danmark, and how is the funding of Udbetaling Danmark organised?*

With the establishment of Udbetaling Danmark, the service areas were divided between the municipalities and Udbetaling Danmark. The citizens may still show up at their local municipal service centre and request guidance, including assistance to contact Udbetaling Danmark. The staff of the local municipal service centres should thus be able to assess whether the citizen will be able to use the digital self-service solutions or will need assistance to contact Udbetaling Danmark.

Rigsrevisionen recommends that the board of Udbetaling Danmark and the Ministry of Social Affairs and Integration follow up on the effectiveness of the cooperation between the municipalities and Udbetaling Danmark.

ATP organises and implements the tasks on behalf of Udbetaling Danmark both during the initial phase of establishment and when all five services are fully operational under the auspices of ATP. The municipalities are funding the majority of the operational costs of Udbetaling Danmark. The government is funding the costs relating to disbursement of child and youth allowances, which Udbetaling Danmark takes over from SKAT (the Danish tax authorities). Total contributions from the municipalities to administration and running of Udbetaling Danmark are estimated at DKK 773 million in 2013.

*Has the board of Udbetaling Danmark established a satisfactory framework for the co-operation between Udbetaling Danmark and ATP (Danish labour market supplementary pension fund), and has the Ministry of Social Affairs and Integration defined a satisfactory level of supervision of Udbetaling Danmark?*

Rigsrevisionen finds it satisfactory that the framework of the cooperation between Udbetaling Danmark and ATP is defined in an administrative agreement. The administrative agreement includes requirements concerning the nature of information that should be provided to the members of the board to ensure that they can follow the implementation of the planned efficiency savings of just under DKK 300 million.

Udbetaling Danmark will be held financially accountable for errors committed during its administration of disbursements. The municipalities will cover any additional costs resulting from errors relating to their contributions to the administration. If a municipality is responsible for an incorrect payment, the municipality must cover the additional costs.

The Ministry of Social Affairs and Integration will primarily be informed of the activities of Udbetaling Danmark through the board's annual report and an annual report prepared by the Social Appeals' Board on Udbetaling Danmark's administrative case processing.

The Ministry of Social Affairs and Integration's plan for the supervisory function was not finished when the 1st and 2nd phase of the transfer of services was completed in October and December 2012, respectively. Rigsrevisionen is of the opinion that the ministry's plan for supervision should be finalized as soon as possible and no later than 1 March 2013 when the responsibility for the remaining services is transferred to Udbetaling Danmark.

ATP (Danish labour market supplementary pension) is Denmark's largest pension and insurance company. ATP is the administrator of various schemes that are typically determined by law, like for instance, the Employees' Guarantee Fund and Feriekonto (administration of employer paid holiday allowance).

The **Hotline** is open to local authority staff seeking support on specific service areas. The long-term purpose of the hotline is to eliminate the need, at local authority level, to maintain expert knowledge on services that have been transferred to Udbetaling Danmark.

The hotline is also open to interest organisations like, for instance, disabled people's organizations.

With the **Fast track**, the local authorities are offered faster processing of cases when called for, ie when a citizen has been awarded disability pension and is therefore no longer entitled to receiving other benefits, or when the amount of housing benefit awarded to a citizen needs to be determined and made payable quickly.

*Have the Ministry of Social Affairs and Integration and Udbetaling Danmark defined a satisfactory framework to safeguard the citizens' legal rights and to follow up on the level of service provided to the citizens?*

Udbetaling Danmark and the municipalities have established a Hotline and a so-called Fast track to ensure the provision of high level services to the citizens and fast processing of, for instance, applications.

Rigsrevisionen recommends that Udbetaling Danmark should monitor the use of these two options regularly and assess whether they suffice to support the citizens' right to immediate assistance and holistic guidance.

The citizens may file complaints with the Social Appeals Board relating to decisions concerning the awarding of benefits. All other types of complaints are considered by Udbetaling Danmark. Rigsrevisionen recommends that the supervision performed by the Ministry of Social Affairs and Integration should include also the number of complaints that are considered only by Udbetaling Danmark.

The service provided to the citizens must as a minimum be on the same level as the service that was provided by the municipalities before the responsibility for disbursements was transferred to Udbetaling Danmark. Comparable data on the service level in the municipalities before the establishment of Udbetaling Danmark is, however, not available. It is therefore not possible to perform a pre- and post-test.

Rigsrevisionen considers it satisfactory that Udbetaling Danmark has gauged the citizens' satisfaction with the telephone service. Yet, Rigsrevisionen considers it more relevant to follow up on the citizens' general satisfaction with the level of service provided by the municipalities and Udbetaling Danmark. This follow-up could, for instance, include measurements of the citizens' perception of the personal service provided by the municipalities and Udbetaling Danmark, and the citizens' access to information on the services that are administered by Udbetaling Danmark.

The establishment of Udbetaling Danmark did not comprise such initiatives, and Rigsrevisionen therefore recommends that the ministry and Udbetaling Danmark should – in general – follow up on the citizens' satisfaction with the service level provided, and draw on the experience gained by other public organisations. The board of Udbetaling Danmark has, during the consultation period, informed Rigsrevisionen, that ATP in 2013 intends to gauge the citizens' satisfaction. Rigsrevisionen will follow up on Udbetaling Danmark's activities in this area.