Chapter 5

The management and rationalisation of existing regulations

This chapter covers two areas of regulatory policy. The first is simplification of regulations. The large stock of regulations and administrative formalities accumulated over time needs regular review and updating to remove obsolete or inefficient material. Approaches vary from consolidation, codification, recasting, repeal, *ad hoc* reviews of the regulations covering specific sectors, and sun setting mechanisms for the automatic review or cancellation of regulations past a certain date.

The second area concerns the reduction of administrative burdens and has gained considerable momentum over the last few years. Government formalities are important tools to support public policies, and can help businesses by setting a level playing field for commercial activity. But they may also represent an administrative burden as well as an irritation factor for business and citizens, and one which tends to grow over time. Difficult areas include employment regulations, environmental standards, tax regulations, and planning regulations. Permits and licences can also be a major potential burden on businesses, especially SMEs. A lack of clear information about the sources of and extent of administrative burdens is the first issue for most countries. Burden measurement has been improved with the application by a growing number of countries of variants on the standard cost model (SCM) analysis to information obligations imposed by laws, which also helps to sustain political momentum for regulatory reform by quantifying the burden.

A number of governments have started to consider the issue of administrative burdens inside government, with the aim of improving the quality and efficiency of internal regulation in order to reduce costs and free up resources for improved public service delivery. Regulation inside government refers to the regulations imposed by the state on its own administrators and public service providers (for example, government agencies or local government service providers). Fiscal restraints may preclude the allocation of increased resources to the bureaucracy, and a better approach is to improve the efficiency and effectiveness of the regulations imposed on administrators and public service providers.

The effective deployment of e-Government is of increasing importance as a tool for reducing the costs and burdens of regulation on businesses and citizens, as well as inside government.

Assessment and recommendations

Simplification of regulations

Policies to simplify the stock of existing regulations need more systematic attention. This issue was already picked up in the 2000 OECD report (Box 5.1). Denmark has some initiatives in place to promote simplification of the regulatory stock. These include, in

particular, *ex post* implementation reviews of specific regulations, as well as *ad hoc* codifications of amendments to specific laws. The approach, however, is not systematic.

Box 5.1. Recommendations and comments from the 2000 OECD report: The management of existing legislation

Implement a targeted programme of review of existing laws and lower-level regulations, including regulation at municipal levels.

Danish reform efforts have also been directed more at improving the quality of the "flow" of regulations, rather than the quality of the "stock" of regulations, that is, the quality of new laws rather the quality of existing laws. New policy challenges such as ageing will require that laws and other regulations cutting across ministerial jurisdictions be reviewed and updated within a framework of consistent quality criteria. This will require more co-ordination and government-wide application of quality standards.

Concepts of "regulatory quality" should be embedded throughout various levels of Danish regulatory regimes by systematically assessing and upgrading the quality of legislation and other regulations already in place. This can best be done by designing a programme to regularly revisit and revise existing regulatory policies, based on clear objectives and results orientation, on identification of priority areas for reform, and on establishment of central oversight and co-ordination responsibilities. In Denmark's decentralised administrative structure, it will be particularly important to co-ordinate between central and local reforms, and among local reforms

Source: OECD (2000), *Regulatory Reform in Denmark,* "Government Capacity to Assure High-Quality Regulation", OECD, Paris, *www.oecd.org/dataoecd/31/55/2510615.pdf.*

Recommendation 5.1. Consider the establishment of a more systematic codification policy over time, targeting selected areas that other Better Regulation policies such as the administrative burden reduction programmes have identified as problematic.

Administrative burden reduction for businesses

The action plan to reduce administrative burdens on business is a substantial, well-run policy that has already delivered results. The Danish government is one of the front runners in the area of administrative burden reduction for business. It has used the Standard Cost Model (SCM) to measure administrative burdens, and has committed to a reduction of 25% within a timeframe of eight years, between 2001 and 2010. A reduction of 15% was achieved by mid-2008. The reduction is net (it takes account of expected burdens from new regulations as well as existing regulations). The DCCA attached to the Ministry of Economic and Business Affairs is well organised to carry forward the practical aspects (delivery of the business action plan, burden measurement supported by consultants, advising and chasing ministries). Setting an ambitious target and regular monitoring has helped create momentum and sustain pressure for progress.

The project has had positive external effects and has been an efficient and necessary motor for developing Better Regulation policy in Denmark. It has demonstrated that significant change can be made both in regulation and in the interface between the civil service and businesses. It has promoted co-operation across the government, brought forward initiatives from within the administration, and stimulated knowledge-sharing between the Ministry of Economic and Business Affairs and line ministries. It has also

paved the way for new Better Regulation policies such as the De-bureaucratisation Programme.

Further progress in meeting the target does raise challenges which need to be addressed. While an important reduction was achieved by mid-2008, the government now needs to deliver the remaining 10% reduction by 2010. Interviews revealed some doubts among stakeholders as to the capacity of the government to reach this target. Meeting the actual target may matter less than the process and specific outcomes. Nevertheless, making progress needs to take account of a number of factors. These include a negative perception by business of achievements so far (which may, at least in part, signal that substantive issues that matter to them are not yet effectively addressed, as well as a relative failure of communication on achievements); the fact that the process faces an ongoing flow of new regulations; and the need at this stage to tackle substantive changes to regulations as the "low-hanging fruits" no longer exist. These issues are considered in more detail below.

Business perceptions of achievements are negative, and the recent initiatives to further strengthen the programme are to be welcomed in this regard. Interviews showed that while businesses support the burden reduction policy, they do not have a positive perception of its actual impact on their activity (a situation that is not unique to Denmark). This may have part of its roots in reality, in that some issues have not yet been effectively tackled, despite the significant efforts so far to involve the business community through interviews and the consultative committees (the "burden committees"). A number of stakeholders expressed some disappointment with the consultation process for the development of the programme so far. The government has recently developed two new projects (the "*Burden Hunters*" project to address irritants, and the "*Ten Business Flows*" project) to match its administrative burden reduction policy more closely to real business needs. Denmark has also developed new initiatives on communication since the OECD review took place, in particular with the release of a De-bureaucratisation Plan for Business Regulation, which explains how the government intends to meet the 25% reduction target. An assessment of the concrete impact of these initiatives is premature, and will need to address how effectively the information gathered is integrated into ministry action plans for burden reduction. There is scope to share ideas and experiences with other countries that are also testing new approaches, including for communication.

Recommendation 5.2. Ensure that the new projects are evaluated for their effectiveness, by seeking feedback from stakeholders on how they have affected the relevance and quality of ministry action plans for burden reduction. Consider whether any of the initiatives being taken by other countries to respond more closely to real business needs might provide useful insights for the development of the Danish approach.

The process faces the ongoing flow of new regulations. There can be serious tensions arising from contradictory trends. On the one hand ministries have to reach the target of a net 25% reduction. On the other hand, new regulations are being adopted, partly stemming from EU requirements, but also from requests at the national level for high security and safety standards. Part of the answer to this challenge lies in ensuring that *ex ante* impact assessment of new regulations is further strengthened with a more rigorous approach to assessing overall costs and benefits (see Chapter 4).

Some ministries are struggling to deliver further results, because these increasingly involve changes in the substance of legislation. If substantive changes are involved, for example the level of protection, this is inevitably controversial, not least because they need

to be approved by the parliament. Hence it is important that the parliament has a clear understanding of the programme as a whole, rather than a "case by case" perception of burden reduction initiatives. The annual report by the Minister of Economic and Business Affairs on developments in ministries' efforts to simplify business related regulations (presented to the parliament since 1996) is a helpful starting point. The publication of the Plan for De-bureaucratisation for Business, which was sent to the parliament, is a further positive step towards improved communication towards the parliament.

Recommendation 5.3. Consider whether further action is needed to ensure that the parliament has a full understanding of the government's objectives.

Administrative burden reduction inside the administration

The De-bureaucratisation Programme is an ambitious and promising initiative. Denmark appears to have successfully used the experience of its business administrative burden reduction programme to launch a new initiative aimed at reducing burdens on frontline public sector workers (the De-bureaucratisation Action Plan). A particularly positive feature of this programme is that it links central and local governments in a shared effort, in a way that is not found in many other OECD countries. It is also an important programme for sending a signal to public sector workers that their needs are being considered, and for encouraging new entrants into public sector work.

Effective monitoring is needed to secure progress and ensure that policy objectives are matched with practical outcomes. The action plans being developed are binding, but what this means in practice is not yet clear. There are currently no obvious burden reduction targets because a bottom-up approach, based on identifying needs in specific situations, is favoured. Challenges are considerable, not least because of the scope of the project. Municipalities, which are in charge of delivering public services, have their own organisation and processes. It can be difficult to isolate tasks related to the delivery of specific services, as these tasks are often part of the core tasks of civil servants. Beyond the need to report to the Co-ordination Committee on progress, there is a need to improve structures to secure effective monitoring and quality control.

Recommendation 5.4. Clarify the targets and requirements on ministries and others involved in the programme. Establish a strong monitoring framework, based on what has been put in place for the programme to reduce administrative burdens on business. Provide support and guidance to municipalities for their role in the programme's implementation.

Background

Simplification of regulations

The Danish government tackles simplification of regulations mainly through the programme for the reduction of administrative burdens on businesses, and has no centralised or systematic process underway to consolidate and codify the stock of regulations. In the 1980s, the deregulation programme launched by the new liberal-conservative government, promoted under the slogan "It shall be easier to be a Dane" entailed the removal of regulations harmful to the competitiveness of the business sector. It was generally agreed that the campaign had a major impact on the consolidation of existing legislation and removal of outdated and redundant laws. According to a 1985 report to the *Folketing*, the number of regulations was reduced by 2 000. However, the programme was

less successful in achieving fundamental change to business regulation, and by the mid-1980s the government's effort shifted towards the quality of regulations. Current policies to reduce administrative burdens can result in the consolidation of regulations in specific areas, but only as a secondary effect. Codification of amendments to specific laws happens in a number of cases (such as the yearly consolidation of the Administration of Justice Act). In 2008, 92 consolidated acts were issued. In the first quarter of 2009, 32 consolidated acts were issued. There is a requirement in the Ministry of Justice guidance on law quality that ministries regularly codify their regulations.

Post implementation reviews

The Danish government has established a law surveillance procedure to scrutinise *ex post* the economic and administrative consequences of existing laws, and also to find out whether they fulfil the goals they are meant to serve. The initiative dates back to 2000, with the first reports issued in 2002-03. Law monitoring applies to a number of laws which are selected every year as part of the preparation of the law programme. The process can also be undertaken for laws that have already been promulgated. Priority is given to laws which regulate in a new area, laws for which there are uncertainties about the consequences or about the management and resources needed to achieve their goals. The report is prepared by the relevant ministry, and sent to the relevant parliamentary committee. The process involves consultation with external stakeholders and relevant authorities.

Administrative burden reduction for businesses

Policy on administrative burden reduction for businesses

The Danish government has pursued action plans for the reduction of administrative burdens since 2002, and gradually focused them on businesses. The first action plan consisted of close to 200 initiatives. The instruments for simplification included removing obligations for citizens, companies or local governments, reducing the number of authorities that citizens or companies need to interact with by changing administrative procedures, reducing burdens by using the Internet (for example, online reporting and applications, information sharing between authorities and re-use of data, single access points for citizens and companies). Following an overall evaluation of the programme in 2005, after three annual action plans, the government focused its new action plan on the reduction of administrative burdens on businesses.

Denmark's action plans for burden reduction have been based on a quantitative target. In 2002, the government announced that administrative burdens on business should be reduced by 25% by 2010, compared to a baseline set in 2001. The formulation of the target is flexible, but it is quantified and the impact of new regulations has been included (this is a net target). The target is similar to that of other EU countries, but Danish officials estimate that the administrative costs for businesses are a lower share of GDP in Denmark. The baseline includes EU-origin regulations, which Danish officials estimate to account for 40% of administrative costs borne by businesses.

The administrative burden reduction project is a government programme, and has not been subject to endorsement by the *Folketing*. However the parliament is part of the process as the government sends it regular monitoring reports. Furthermore many reduction initiatives require changing the law, and thereby involve the parliament.

Institutional framework, guidance and support

The Ministry of Finance and the Ministry of Economic and Business Affairs co-operate closely in the development, implementation and monitoring of the programme. The Ministry of Economic and Business Affairs plays the lead role, overseeing the work of the DCCA (which is one of nine agencies attached to the ministry, the other most important ones cover competition and innovation, and SMEs), and providing progress reports to the Prime Minister. A small unit within the Ministry supports the work, and meets at least once a week with the DCCA.

The DCCA (which has considerably more staff on the project than the ministry) is at the frontline of the project and appears to have considerable autonomy in its practical management and development. This includes the development of measurement methods and performing measurements, as well as the identification and testing of new methods of consultation. The DCCA acts as a co-ordinator of the government's action through a network of contacts in ministries, which are tracked by dedicated teams. It provides support to ministries (such as guidelines on application of the SCM), and monitors progress in implementation. The DCCA reports twice a year to the Co-ordination Committee chaired by the Prime Minister, and once a year to the parliament, on progress with the simplification programme (including ICT and initiatives at EU level).[1]

The DCCA has no capacity of direct action on ministries, but the Prime Minister's commitment to simplification appears to have put pressure on ministries. The OECD team was told that regular reporting provides incentives to show progress, and engages ministries in competition with each other. The Ministry of Economic and Business Affairs sends six monthly progress reports to the Prime Minister. The OECD team was told that these reports have a "name and shame" effect, and that the 25% target is really stretching for ministries. Incentives also come from the performance appraisal of permanent secretaries, which takes account of their ministries' progress on Better Regulation, with a bonus for good performance.

Methodology and process

The Danish administration has developed a methodology for measuring administrative burdens, on the basis of the Dutch Standard Cost Model (SCM). The Division for Better Business Regulation in the DCCA, which has overall responsibility for the measurement, appointed a consultancy firm to carry out the actual measurements, including mapping the regulations and business interviews. The methodology focused on the nature of the specific details which businesses are required to report by law, and on the related administrative costs. The results of the measurement were validated through consultation with both ministries and business organisations. The measurement was completed in 2004-05, on the basis of regulations applying in 2001.

The purpose of the measurement was to assess the aggregate cost of administrative procedures and to identify the "heavy" sectors, and thereby the ministries which should be the main contributors to the programme. Seven ministries were identified as responsible for 96% of the burdens, and required to draw up action plans for their ten most burdensome areas of regulations. They set up working groups to help prepare these action plans ("burden committees"). Other ministries were not required to prepare action plans, but were requested to reduce the administrative costs of their most burdensome obligation(s). The 25% target is divided across ministries (they each have their own target). The SCM methodology is also used to anticipate burdens from new regulations (though the DCCA told the OECD peer review team that this was a difficult exercise).

Public consultation and communication

The government has involved external stakeholders in the development of the business burden reduction programme. In 2004, it established ten working groups in relevant ministries (*e.g.* "*burden committees*"), which included representatives from business organisations. The purpose of these committees was to identify the suggestions of the business community for simplification. During the interviews held by the OECD team, various stakeholders expressed disappointment with this consultation process, and in particular showed frustration at the lack of feedback. The issue was not with the organisation of the committees themselves and their work, but with the lack of transparency as regards the result and the ultimate usefulness of the exercise. The outcome of the consultation, as reflected in the action plans, varied across committees, with some of them integrating inputs from the committees, while others did not.

Progress is monitored on a regular basis and given publicity. The Ministry of Economic and Business Affairs prepares an annual public report, which is sent to the parliament. It has also tried to strengthen communication on specific tools and measures, as studies showed that many businesses, especially SMEs, are not aware of new arrangements, for example, new digital solutions. According to Danish officials, the experience from the recent *Burden Hunter Project* (Box 5.2) has provided new insights about the irritation factors. The government plans to extend it and make it more systematic.

The government provides detailed information on the administrative environment, in particular through its business portal "*virk.dk*". The DCCA publishes general information on the programme on its website.[2] It has also set up a dedicated website on burden measurement,[3] which displays a barometer of burdens, showing progress both at an aggregate level and ministry by ministry. Studies have however shown that many businesses, especially SMEs, are often not aware of possibilities brought by simplification initiatives, such as new digital solutions. Communication on new initiatives has relied on the individual initiatives of ministries, which tends to give a piecemeal view of the programme and its results.

Achievements so far

Danish officials have announced that the programme has led to a 15.3% reduction of administrative burdens so far, and estimate that the cost of administrative procedures on business has decreased from 2.3% of GDP in 2001 to 1.9% in 2008. The figure is based on the latest SCM measurement to be published in May 2009 (which includes regulation adopted until July 2008).[4] Interviews with Danish officials and external stakeholders highlighted a number of difficulties which had to be tackled in implementing the programme:

- The action plans have not only tackled "low-hanging fruits", but also addressed areas in which there is an underlying complexity of regulations (for example, accounting regulations).

- Some of the actions relied on digitalisation, which has proved more demanding than anticipated. Re-use of data has been difficult to implement. There are few barriers within the business community, as there is a general trust between government and the private sector. The difficulty is to harmonise information and systems across ministries, both for cultural and technical reasons.

- New regulations tend to catch up with efforts to prune back existing regulations. There is an ongoing flow of new regulations with significant administrative costs and a high level of complexity.5 This can reflect the emergence of new policy areas, a shift in policies or EU requirements, which entail changes in regulation. It can also reflect a request by society for regulations (for example, in the field of safety, security and the environment).

- Another area of difficulty lies in the time entailed when initiatives require changing the legislation, especially when it comes to health, safety and environment.

As in other countries which set a quantitative target, Denmark has faced a widening perception gap between the reduction of administrative burdens as measured by the administration, and the reduction as perceived by businesses. There are difficulties inherent with measuring perception (including the fact that there is a general dislike for any forms of administrative procedures, making any evaluation difficult to do). Apart from these difficulties, interviews highlighted that a number of factors combine to explain the gap. First of all, progress can be significant when measured at the level of the country, but not significant at the level of an individual company. Secondly some initiatives focus on a small group of businesses. Thirdly procedures are not isolated items but usually part of processes, which need to be addressed as a whole. In addition some changes take time to be translated in the daily routine of businesses, and conversely once changes are made, the memory of past difficulties quickly fades away. Fourthly, businesses are sometimes not aware of the initiatives. The DCCA also suggested that businesses sometimes push the negative agenda too far, and are unwilling to acknowledge progress.

New initiatives

Denmark has launched new initiatives to improve its programme by drawing it closer to business, partly in response to the perception gap felt by businesses.[6]

In 2007 the government initiated the *Burden Hunters Project*, which supplements the work initiated within the "burden committees". This was the first step in the development of a more systematic approach towards the reduction of irritation burdens. DCCA staff and representatives from the line ministries visit businesses to get concrete and specific knowledge about how they experience the interaction with government authorities and the service provided. The project has relied on user-centric innovation methodologies. It has allowed the identification of nine major causes of irritation for business and a number of problems for 28 areas. This has led to identifying a number of new initiatives which could be taken to cut red tape (Box 5.2).

Box 5.2. The Burden Hunters Project

The *Burden Hunters Project* is a component of the Danish government's efforts to reduce the administrative burden affecting Danish business. It supplements existing red tape reduction efforts by placing particular emphasis on the burdens experienced by enterprises, and on how other factors besides the expenditure of time can cause enterprises to regard business regulation as being a burden.

The *Burden Hunters* initiative was organised as a cross-ministerial project consisting of a project team of 15 officials plus a steering committee comprising decision-makers from the ministries of Economic and Business Affairs, Employment, Taxation, and Finance. The project was implemented in co-operation with *Mindlab* (a development entity owned by the Ministry of Economic and Business Affairs, Ministry of Taxation and Ministry of Employment, whose purpose is to involve citizens and enterprises in the development projects undertaken by these three ministries) plus external consultants.

The project conducted in 2007-08 consisted of the following phases:

Definition of project focus. The target audience was defined as small and medium enterprises. The project also focused on the total quantity of administrative burdens that these enterprises experienced. The enterprises' business sector, size and growth ambitions were chosen as the selection criteria. A total of six business sectors were chosen: finance, construction, service, restaurants, hotels and cafes, industry and trade. Enterprises with increasing sales were selected within these six sectors that ranged in size from 5 to around 100 employees.

Learning about the users. One or two officials in the project team plus a consultant with expertise in qualitative ethnographic methodologies visited 24 enterprises and remained there for half a day. Their focus was on understanding the practices of the enterprises, their relationship with the public authorities and the challenges and experiences connected with business regulations that they were experiencing. The visits consisted of a mix of interviews and observations. The first three visits were used as a pilot test. This phase showed that the recruitment of enterprises is a major challenge in terms of the logistics of finding relevant enterprises and in terms of persuading them to participate. One difficulty was also to reconcile the comprehensive perspective with the need to dig deeply into precisely how the enterprises are dealing with various requirements imposed by business regulations. The answer to this challenge was the selection of eight requirements which were then analysed further in a set of flow analysis.

Analysis. The analysis of data was based on a model for the user-centric innovation of public services. The analysis focused on giving an overview of the problems faced by the enterprises in the individual areas of regulation, and on understanding which of the enterprises' experience in dealing with the authorities cause the enterprises to regard business regulations as an annoyance. The large quantity of data collected in visits was processed using qualitative analysis software. Metadata was systematically added to all the data collected (*i.e.* pictures, notes and video clips). Results identified 28 burden areas and 9 experiences that generate irritation. All the analysis results were compiled in matrix, which brought together all the challenges for the enterprises for each of the major burden areas and indicated which of the nine experiences the particular burden was associated with.

Idea and concept development – new initiatives aimed at reducing bureaucracy. Innovation possibilities were identified through a systematic review of all the data in the burden matrix. The burden matrix was used to have an overview of all the challenges in an individual regulatory area and an overview of the actual situations for each of the nine "irritation" experiences. The result was the identification of 100 possibilities for reducing bureaucracy with varying levels of detail.

Examples:

- Possibility in the area of regulation concerned with statistics: match reporting deadlines to the daily activities of the enterprises (such as summer holidays).
- Possibility in the experience area concerned with lack of flexibility: failure to differentiate rules and requirements in accordance with the differing sizes of enterprises.

Further work was done to integrate the 100 possibilities into a smaller number of possibilities and to describe how the possibility could turn into a specific initiative relating to one three groups: 1) solutions relating to individual authorities 2) projects that cut across the authorities, 3) concepts that cut across the public sector.

Source: MindLab (2008), *The Burden-HunterTechnique – A User-centric Approach to Cutting Red Tape*", Beskæftigelses Ministeriet, Skatteministeriet, Økonomi- og Erhvervsministeriet, Copenhagen.

Another recently launched project is Ten Business Flows. This is a cross-governmental project as part of Denmark's e-Government strategy. The objective is to simplify and improve ten "difficult" flows of processes, where businesses interact with government, using digital solutions (Box 5.3).

Box 5.3. Ten Business Flows

Ten Business Flows is a cross governmental project initiated by the Steering Group for Cross Governmental Initiatives (STS).

The project has identified ten flows and mapped the process and challenges that businesses and government authorities face when carrying out specific tasks.

The purpose of the project is to:

- Identify ten flows / processes where businesses interact with government in a way that is ineffective and where this contact / interaction / process can be simplified / optimised to the benefit of business as well as authorities.
- Develop new concepts with a focus on service, digitalisation, simplification, reuse of data etc., and strengthening of communication channels between the public sector and businesses in order to promote the digital solutions.

The starting point of the project has been a user oriented approach with focus on the user experience of the given process. Since users do not distinguish between different government agencies (but sees the public sector as a whole) a lot of the identified solutions are cross-ministerial. Mapping of the work-flow in detail has proven very useful to identify new and better solutions with less administrative costs for businesses as well as government agencies.

The ten flows have been mapped and conceptual solutions / visions have been prepared. These solutions need to be further developed by the relevant institutions in order to possibly be implemented.

STS expects to discuss the visions for the ten business flows early 2009 with decision on how to proceed.

Source: Note of the Danish Commerce and Companies Agency, 17 December 2008.

In March 2009, the Danish government released the De-bureaucratisation Plan for Business Regulation" (Danish government, 2009). The plan presents 33 selected initiatives grouped into four areas (better conditions for start-up and running businesses, easy access to regulatory authorities, less and simplified reporting, and efficient and focused inspections). This plan is part of the government's new communication strategy unveiled in summer 2008, which includes initiatives aimed at informing companies of specific regulatory, ICT and other changes that are intended to make their life easier. As part of this strategy, the government has also launched a "LET Administration" ("EASY Administration") label to improve the visibility of its initiatives.

Administrative burden reduction for the administration

The De-bureaucratisation Programme

In 2007-08, the Danish government broadened further the scope of its programme on burden reduction by launching an initiative on regulation inside government. The initiative was part of the broader Quality Reform, which was launched in August 2007 and confirmed by the budget agreement for the financial year 2008 (political agreement of March 2008). Earlier a tripartite agreement of 17 June 2007 had concluded on the need for further simplification effort. The agreement associated the government, the Association of Municipalities (LGDK), the Association of Regions (Danish Regions), the Danish Confederation of Trade Unions (LO) and the Danish Confederation of Professional Associations (AC).

The De-bureaucratisation Programme generally aims at improving regulatory management within government. It relates not only to the need to make the public sector more efficient, but also to make the civil service a more attractive workplace, given the implications of an ageing population for the labour market. The specific objectives of the programme are: *i)* to reduce the time spent by public servants on administrative tasks; *ii)* to confer increased managerial autonomy on municipalities and local managers; and *iii)* to give public servants a better perception of the meaningfulness of their work. The programme will run from 2008 to 2011 with a budget of EUR 6.7 million.

Box 5.4. The De-bureaucratisation Programme

The De-bureaucratisation Programme includes four initiatives:

1. Broad screenings of local and national rules on the critical service areas:
   - The goal is to identify problems and find possible solutions by engaging local managers and employees.
   - The method consists of target group interviews, works shops where the employees exchange ideas and national conferences where the ideas are discussed and prioritised.
   - The screenings are followed by thorough analyses of the most complex areas/rules.
2. Mapping and measurement of administrative burdens of selected professionals:
   - The goal is to map and measure the administrative tasks of selected professionals in order to identify areas with need and potential for simplification, and to set up binding targets for the reduction of the administrative tasks, such as quantitative targets.
   - A new method to measure the administrative tasks has been developed in the programme,

using *Personas* to map how much time the selected professionals spend on administrative tasks.

- The focus is not only on how much time is spent, but also on the perception by the professionals of the tasks.

3. Challenge of existing local and national rules by institutions:

- The government will give some institutions (primary and lower secondary schools, nursing homes, kindergartens etc.) the right to be exempted from burdensome national rules for one or two years, following applications for this from the boards of the relevant municipalities. Likewise municipalities will give institutions the right to be exempted from burdensome local rules.
- These institutions will get the possibility to try alternatives to regulation.
- The results of the experiments will contribute to the overall solutions of the De-bureaucratisation Programme.

4. Better Regulation at local and regional levels:

- The goal is to improve the overall national regulation of local and regional governments.
- The methods include education of "law-writers" in the ministries, the use of impact assessments such as VAKKS and involvement of the users of regulation.

The initiative aims at creating more freedom to local service providers, but better documentation of results and effects.

Scope of the De-bureaucratisation Programme

The government has designed the programme to include four different initiatives (Box 5.5), taking a very wide approach:

- The programme covers local as well as central governments, and focuses not only on laws but also on secondary regulations such as executive orders. The programme also tackles issues of poor working procedures in the municipalities and regions, lack of communication and insufficient use of ICT-support of procedures.

- Given the time-consuming nature of the process and the size of the public sector, the government has decided not to include all policy areas, but to select a number of critical public services. However, the selection amounts to a broad range of services as it includes elderly care, public primary and lower secondary schools, hospitals, support for disabled people, support for exposed children and young people, the integration of immigrants, day care, and employment agencies.

- The programme not only focuses on simplifying the existing system, but also aims at promoting Better Regulation in a more general sense, *e.g.* through implementation of impact assessment (see the VAKKS procedure in Chapter 4).

- The programme promotes a more efficient system of multi-level governance. Its objective is to establish a more clear-cut distribution of responsibility between the different levels of government. In the governance of regulations at the local level, the central government is to shift from issuing detailed regulations and processes towards a performance-based approach. Governance of the local level is based on objectives and results, leaving municipalities autonomy in the implementation of regulations and

delivery of public services. Conversely municipalities are to provide documentation on their achievements and results.

- The programme introduces a new tool by giving specific institutions the right to be exempted from burdensome national rules for one or two years and to use alternatives to regulations (Box 5.5).

Box 5.5. Exemptions from regulation

The Danish government has established a new right for municipal and regional public institutions to "challenge" existing rules. The goal is to give a number of well-functioning institutions an opportunity to try new ways and methods to achieve the purpose of the regulation. This can contribute to identifying and spreading examples of the best solutions that will serve as inspiration for others and give inputs to possible simplifications or adjustments in existing rules.

The right will include both state and regional/municipal rules and requirements. A working party with participation from the relevant ministries, LGDK and Danish Regions will discuss the applications for challenging rules, award exemptions and monitor the results. At the local level, municipalities and regions will consider challenges to local level regulation.

The Ministry of Welfare is co-ordinating the initiative and has circulated information on the project in December 2008. The goal is to launch the first experiments by mid-2009. Examples of applications from the institutions could be:

Municipal rules

- A reduction in the frequency of budget follow-ups in the beginning of the year.

Regional rules

- Exemption from the rules that applies for the management of processes and documentation.

State rules

- Experiments on the day-care area with local solutions to existing documentation and reporting tasks which come from the day-care law.
- Experiments on the elderly area with local solutions concerning the Danish councils of users and relatives.

Monitoring and co-ordination at central government level

Ministries have an extensive right to decide autonomously on how to implement the programme within their policy area. They are however accountable to the Cabinet's Co-ordination Committee, which the Prime Minister chairs. A unit in the Ministry of Finance is co-ordinating the programme.

Each of the seven ministries currently involved in the project[7] is to define an action plan, which describes its effort, goals, methods, and key performance indicators. Once defined, the action plan is "binding", which means that the ministry is politically accountable for the target that has been agreed. Ministries will report regularly to the Co-

ordination Committee on progress. Conversely, ministries will also take credit for results, so as to promote ownership of the programme.

Given the high degree of autonomy of local governments in Denmark, there will be some challenges concerning the simplification of regulations created by the municipalities and regions themselves. The approach from the central government is to make voluntary but binding agreements with the local and regional level, under which the municipalities and regions commit themselves to look into their own regulations.

Co-ordination with local governments

The central government has closely associated local governments in the preparation of the De-bureaucratisation Programme. First of all, municipalities and regions were part of the initial agreement to launch the project in 2007, through the Association of Municipalities (LGDK) and the Association of Regions (Danish Regions). Secondly the government has selected policy areas to be included in the programme after consultation with ministries, LGDK and Danish Regions. Consultation and co-ordination with subnational bodies will continue as the programme is being implemented, through the Steering Group for Cross-National Initiatives (STS, see Chapter 2). Through this steering committee, municipalities and regions have access to the process and have the opportunity to discuss the results and methods with the government. LGDK and Danish Regions have been involved in the development of the methodology and in working groups.

Methodology

As for the programme on burden reduction for businesses, the De-bureaucratisation Programme includes a quantitative target. In their action plans ministries will have to set up goals of how much they will reduce the administrative burdens in their area. Contrary to the programme for businesses, however, the De-bureaucratisation Programme does not have an overall reduction target of *e.g.* 25%. The reduction target for each ministry will depend on the complexity of the area in question, and will be decided after mapping and measuring administrative burdens of professionals and civil servants. While the decision has not been firmly taken, the Danish government foresees that reduction targets should be set for each service area individually. This would entail that a ministry can be responsible for reaching more than one reduction target.

The government has developed a specific methodology to map and measure administrative burdens inside government and will set the reduction target for each ministry, which is different from the SCM methodology used for the business administrative burden reduction programme. Specific services are to be singled out (such as public primary and lower secondary schools, elderly care, employment agencies). For each service ministries will map the tasks of typical employees. Mapping consists not only of measuring the time spent on the tasks but also grasping employees' perception of their tasks. Ministries will use the information to prepare "*Personas*", which describe the standard workday of different types of public servants. *Personas* will enable the measurement of how much time civil servants spend on administration and how much time they spend providing services to the citizens. They will be used to set up quantitative targets on how much the administrative burdens should be reduced, to monitor progress, and communicate to the public.

Consultation and communication

Consultation has mainly focused on central and local governments, but the preparation of the programme has also included consultation of external stakeholders (in particular

trade unions, business representatives). The government has given frontline public sector workers in central and local governments an opportunity to make simplification proposals. Projects include the organisation of target group interviews and workshops to identify issues and possible solutions. The government will combine this bottom-up approach with a top-down approach, as ministries will define the overall strategy. As for external communication the government envisages publishing the action plans on the Internet,[8] but has not yet finalised its communication strategy.

Notes

1. The title of the report is "The business sector and regulation".
2. *www.eogs.dk.*
3. *www.amvab.dk.*
4. The experience shows that progress has gone through periods of acceleration and deceleration. In the period 2001 to 2005, the reduction amounted to 5%. By 2006 it amounted to 9.5%. While the reduction over 2006-08 stood at only 0.6%, the programme gathered speed over the past year. The reduction reached 5.2% between mid-2007 and mid-2008.
5. The 2007 report of the NAOD (*Rigsrevision*, 2007) to the Public Accounts Committee on the impact of Better Regulation and simplification gives the example of the Ministry of Social Affairs: "The Ministry of social Affairs has informed the NAOD that the Act on Social Housing, etc. is still very extensive and complicated as the area has been subject to political priorities. The NAOD agrees with the ministry's evaluation of the rules and finds that the impact of the ministry's better regulation and simplification activities has so far been limited".
6. These initiatives have been taken since the OECD conducted its study mission in spring 2008. Consequently they could not be evaluated for this report.
7. Seven ministries are currently participating in the project: Ministry of Education, Ministry of Employment, Ministry of Refugees, Immigrants and Integration, Ministry of Health, Ministry of Welfare and Ministry of Finance.
8. The De-bureaucratisation Programme is presented at: *www.fm.dk/afbureaukratisering.*

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