

More for Less

Ib Oestergaard Rasmussen
CM / International Committee ICMA
Conference Presenter



Director of Finance, HR, IT & Digitalization

- 30 years of service, public management, Denmark.
- 15 years of service as a city manager

- I'll run through the services delivered by Danish municipalities and provide you with reflections on how to get *more for less*
 - Why merge municipalities ?
 - How to provide citizens with *more* services for *less*? • • •
 - Merge municipalities or enhance municipal cooperation?



Denmark

Denmark is small in population and size, but great in democratic tradition and strong in local political and administrative power. With 5.5 million inhabitants and a size of 43,000 square kilometres.

A relatively high level of taxation on income, property, companies and consumption is the financial basis of a public sector second to none. The public sector redistributes wealth, stretches out a social safety net for those in need, and runs or subsidises a range of activities from education to employment, from cultural to environmental matters and from infrastructure to research and development.

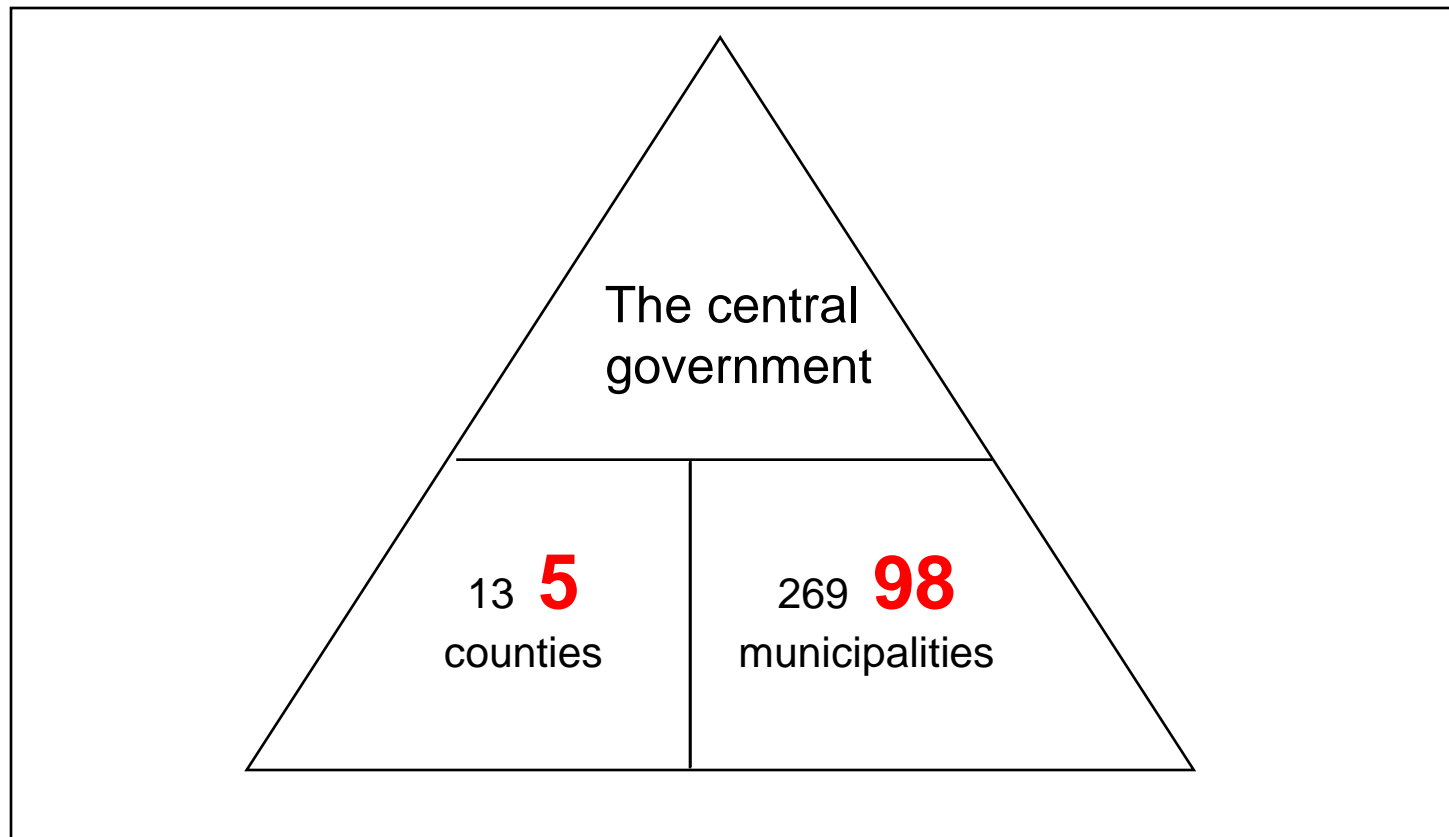
The expenditure of municipalities amounts to almost 50% of the total public expenditure.

Municipal tasks and services

The municipalities handle tasks that can best be dealt with locally thanks to the close contact with the daily life of the citizens.

- Health Care
- Social services and nursery homes
- Education (schools, kindergartens, special need services)
- Employment and employer issues
- Integration of refugees and immigrants
- Infrastructures and road maintenance
- Industrial and economical development
- Administration and digitalization of services
- Environment and technologies

Danish local government system before and after the reform



Tough challenge to Danish municipalities

- Taking part in a process of merging two or more municipalities into one – and, at the same time, taking over new responsibilities from other parts of the public sector – is a once in a life time experience.
- 1/3 of the managers stayed in their positions and laid off old friends and colleagues

Structural Reform -Objectives

- A simple and more efficient public sector
- More services for less
- Improved services with unchanged taxes
- “A world class health service”
- Less bureaucracy and fewer counters
- More influence for the citizens
- Solving more tasks close to the citizens
- More transparency in local government
- Strengthen participatory democracy

Result: An improved municipal sustainability with larger units, more specialization, greater professionalism and expanded digitalization.

The reform was a success

- Economy and financial crises. More services and 0% growth in the economy
- More services and better quality
- More efficient administration
- Digitalization
- More savings through professional tender
- Less number of schools and a world class education
- More intense and liable cooperation between city managers and municipalities
- Environment benefit from the reform
- Waste and sewage are under better control
- Education for citizens with special needs reaches new standards
- Innovation and services for new businesses in focus
- Immigration handled better
- More professional management. Jobs are more attractive and better paid.

American Journal of Political Science

- Cuts and savings: 9-10 % on administration

Size, Democracy, and the Economic Costs of Running the Political System

Jens Blom-Hansen Aarhus University
Kurt Houlberg KORA, Danish Institute for Local and Regional Government Research
Søren Serritzlew Aarhus University

The search for the optimal size of political systems is one of the most enduring in political thought. Given the validity of arguments for and against small units, one might expect variation in rearrangements of unit sizes. However, the reform trend is uniform: units, often at the local level, are amalgamated to harvest scale effects. The purpose of this article is to evaluate the argument on economies of scale in the economic costs of running political systems. Our testing ground is a recent Danish reform. It allows us to avoid endogeneity problems often facing researchers of size reforms. The reform was directed by the central government and constitutes an exogenous shock to 239 municipalities, whereas 32 municipalities were left untouched. We thus have a quasi-experiment with pre- and posttreatment observations for both an experiment and a control group. Our findings show that scale effects, measured as administrative costs per inhabitant, are considerable.

Is there an optimal size for political systems? This is one of the most enduring questions in political thought, and many thinkers have pointed to the dilemma that there may be a trade-off between democratic and economic concerns. In classical Greece, Plato and Aristotle stressed the desirability of small, autonomous entities where all citizens, for democratic pur-

greater system capacity and can supply a greater range of public services. They are less vulnerable to the influence of local business and have more serious media coverage of local politics. They also have more organizational activity and thus more community groups, interest organizations, and political parties (Dahl 1967; Dahl and Tufte 1973, 4–16; Lassen and Serritzlew 2011; Lewis 2011; Newton

Scale effects measured

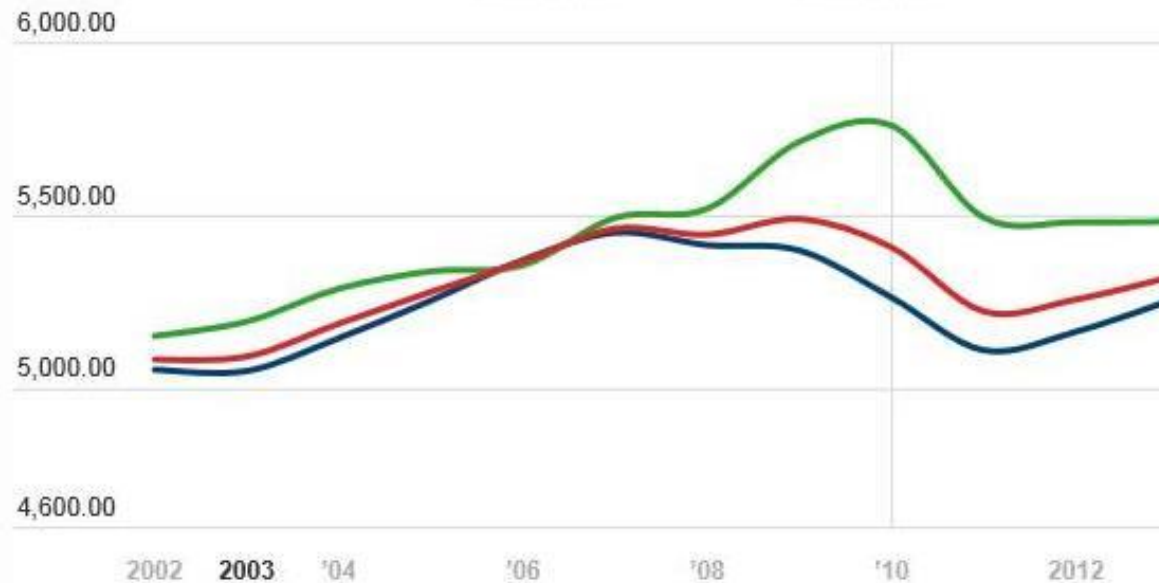
Administrationsudgifter pr. indbygger 2002-2013

(2013-priser, 2013-opgaveniveau). Vægtede gennemsnit.

■ Fortsættende kommuner.

■ Alle kommuner.

■ Sammenlagte kommuner.



[Get the data](#)

The search for the optimal size?

- This reflection is one of the most enduring in political thoughts.
- In classical Greece Plato stressed the desirability of small, autonomous entries where all citizens, for democratic purposes, could know each other. He stressed however, that entries should also, for economic reasons, be large enough to support themselves.
- There are arguments against small entries. The reform trend in Denmark is uniform; units, often at the local level, are amalgamated to harvest scale effects.
- Researches agree: approx.. 25,000 inhabitants are the optimal number
- Findings shows, that scale effects, measured as administrative costs per inhabitant, are considerable.

Questions/Comments?





2015 SEPT 27-30
seattle
ICMA ANNUAL CONFERENCE KING COUNTY

