

PRIVATE PROVISION OF PUBLIC SERVICES IN DENMARK: THE CASE OF FALCK.

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1 DENMARK: THE ROLE OF PRIVATE PROVISION OF PUBLIC SERVICES IN A WELFARE STATE.

Private provision of public services has been subject to debate in all European countries in the past decade. The debate on contracting-out and privatisation has often had ideological undertones. However, if you look at the extent of private participation in the provision of public services, you seldom see political or ideological motives behind the choice of private provision.

Economic considerations and human resources i.e. that fact that the public sector has not been able to recruit personnel with the proper qualifications to certain tasks, has been more important factors behind this development.

In Denmark there is a long tradition for private provision of services such as the firefighting and ambulance services. The firefighting services are a unique example, as they originated from existence of a national private rescue corps, Falck.

Falck was founded in 1906 by Sophus Falck, since then, together with the subsequently founded Zonen, it has been the major provider of fire fighting and ambulance services in Denmark. The two services were merged in the 1960's.

In 1988 Falck, which up to then had been a family business, was taken over by an insurance company, which later sold Falck on to other insurance companies. By 1994 Falck had about 30 shareholders, among them the main part of the Danish insurance companies, The Employees' Capital Pension Fund, the ISS company and the Danish Pharmacists' Association. In 1995, Falck was successfully introduced on the Copenhagen Stock Exchange and the number of shareholders today is over 10,000.

Falck has also expanded into other fields such as home care, safety and security, and also internationally in Sweden, Norway, Finland, Germany, Poland and Hungary. Rescue services are still the dominant sector within Falck, involving about 65 % of the 15,000 employees. The mix of services offers for public customers, private households and firms is essential to the business philosophy of Falck: the joint operation concept. This concept means that personnel are trained in, and perform a range of different tasks either during the day or night, for example: ambulance, car break down or security services.

The intention of better service for the population has often been put forward by politicians, as an argument for contracting out. In Denmark, the Danish Fire Act of 1926, perhaps, was the first "contracting-out" legislation in the world. This Act made it possible for municipalities to engage private firms to provide firefighting services. The Fire Act was passed by the first Socialdemocratic government in Denmark and the argument was, in fact, to create the possibility for small municipalities to improve their fire fighting services. Many municipalities were not manage to run adequate fire services themselves, but Falck, which at that time already had run different rescue services for about 20 years, was able to develop further and to offer new services to both the public and private sectors. Both the joint operations concept and the economies of scale contributed to this development, while at the same time it enabled cheaper and better public services.

Falck's services are delivered from 132 Falck stations. These cover all of Denmark for the above mentioned services. There are 16 control centres, which co-ordinate the emergency calls and the sending of appropriate resources to assist at incidents. Besides despatching resources, the control centres also administer other services such as surveillance etc.

Below it we then looks further into the effects of private provision for both the firefighting and ambulance services. This paper begins with an introduction into the political and administrative system in Denmark.

2 THE POLITICAL AND ADMINISTRATIVE SYSTEM IN DENMARK

In Denmark, local government is divided into counties and municipalities. Both levels are based on a political leadership elected by general elections and both levels have autonomy to act within their geographical boundaries. Counties and municipalities both have the right to impose taxes on incomes and property. A minor part of local government finance in Denmark stem from state grants.

The division of function between state, counties and municipalities can be described as follows:

The state is responsible for matters of general nature such as foreign affairs, police, defence, higher education etc. The state sets up the general framework for the functions, which are carried out by counties and municipalities. For the ambulance service, 3 ministries are involved: The Ministry of Health, which is responsible for the legislation relating to hospitals and ambulance services etc.; The Ministry of Justice, which is responsible for the 1-1-2 alarm-centres; The Ministry of the Interior, which is responsible for matters of civil defence and firefighting.

The counties are responsible for the provision of hospitals, health services, post-16 secondary education, welfare of disabled, highways, public transport, regional planning, and environmental protection.

The municipalities are responsible for the local service functions such as primary and secondary schools, care of children, care of elderly people, local roads, water supply, waste treatment/disposal, firefighting etc.

There are 14 counties and 275 municipalities. The 2 municipalities in central Copenhagen area are also responsible for county functions. The Copenhagen Hospitals, though, are organised in a sort of trust. A reform of the political and administrative system in the Copenhagen area is currently under review.

The County Councils are responsible for the hospital system and, therefore, also for the ambulance services. The ambulance service is an integral part of the hospital system. County councils have statutory obligations to provide ambulance transport in cases where it is deemed necessary in the interests of the patient.

General responsibility for ensuring that the ambulance service fulfils the needs of the public, and that it is of the required standard, lies with the County Council. The ambulance service is a public service, financed by general income and property taxes. There are no patient charges on emergency and urgent services or treatment.

The 275 municipalities are responsible for firefighting services. In 173 municipalities these services are provided by Falck. The rest is provided by municipal or voluntary fire brigades.

3. FIRE FIGHTING SERVICES.

Falck's provision of firefighting for the Danish municipalities is based on an agreement between Falck and The Association of Local Authorities. Within the framework of this agreement, the single municipality and Falck can make a contract comprising fire fighting and related services.

For several decades Denmark has had the lowest expenses onward firefighting in the western world.

TABLE 1 Costs of fire fighting in Denmark and other countries

	Fire fighting costs in % of GDP
Denmark	0,09
Norway	0,12
Holland	0,16
Finland	0,18
Sweden	0,21
UK	0,27
USA	0,29

* Source: World Fire Statistics Centre, UN, Geneva, June 1996

This result could of course stem from low charges for municipal fire fighting. The Swedish National Rescue Board (Räddningsverket) has, in co-operation with a Swedish Research Institute, made an analysis, which compares fire fighting costs in different municipalities in Europe. Four Danish municipalities are represented in this analysis along with municipalities from several other countries, where the firefighting is carried out by public agencies. In the table below, Falck are the only private brigades.

TABLE 2 Comparison of the costs of fire fighting in municipalities in different countries.

Municipalities	Costs per inhabitant (SEK-1992)
Randers(DK) Falck	93
Hinnerup(DK) Falck	137
Århus(DK) Municipal and Falck	156
Fredericia(DK) Municipal	220
Bergen(N)	413
Drammen (N)	356
Odda (N)	347
Lund(S)	446
Svalöv(S)	395
Kronoby (FIN)	342
Deventer (NL)	307
Highland & Islands (GB)	362

Source: "Kostnads- nyttoanalys och jämförelser mellan länder", Räddningverket, Karlstad, 1994.

The results show that Danish municipal fire brigades costs are lower than those of the other countries in the comparison.

But may there be differences in the quality of the services between Falck and municipal fire brigades ? The Danish fire legislation is the most detailed in Europe, with a very specific regulation of the size of fire brigades, the training, the equipment, response times etc. In addition, there is very comprehensive control by public authorities which is more rigorous for Falck fire brigades, because they have a specified contract, which must be approved by both the municipal and state authorities.

The yearly turn-over of all the firefighting contracts for Falck is just over 200 mill. DKR. However the fire fighting contracts among other things, enable Falck to be in the market for the manufacture and sale of firefighting equipment and vehicles. Without these contracts there would be no such Danish production in this field.

4 AMBULANCE SERVICE

Although the ambulance service is a responsibility of the counties, no county runs its own service. Ambulance services all over Denmark are run by private or public entrepreneurs on a contract from the County Council.

Falck is the predominant supplier of ambulance services and provide about 85% of all ambulance activity in Denmark. Falck provides ambulance service for all 14 county councils. The associated rescue services are provided on the basis of negotiated agreement between the Association of County Councils in Denmark and Falck. The concept is similar to the contract concept for fire fighting services.

A distinctive feature of the Danish ambulance service is that it has a rescue service (extrication) attached to it. In other countries, this service is delivered by another organisation, typically the fire brigades.

Furthermore, in Denmark the ambulance service provided by Falck is run as a joint operation with it's other activities, such as the subscription-based patient transport service and the car breakdown service. This joint operation is of significance both for the training of personnel and for the cost of the statutory service to County Councils. This organisational concept is unique to the Danish ambulance service and its organisational structure has attracted a lot of interest from abroad.

All of Falck 's ambulances have radio contact with an operations control centre. Operations control centres are an integral part of the ambulance and fire services and are run by the services themselves. Emergency calls received by operations control centres include calls from police alarm-centres (1-1-2).

At present, there is a political debate of moving the responsibility for 1-1-2 alarms from the police to the County Councils. If this service becomes possible one county has already announced its interest in transferring the emergency calls to Falck's control centre.

Falck's operations control centres are equipped with a computerised system (the EVA-system) for the receipt and further relay of requests for assistance. After only having been in operation for a few years, a new generation of the system is being introduced in the control centres. The "new generation" facilities can for example dispatch ambulances via a digital address base, which facilitates the rational use of personnel and vehicle resources.

Personnel in the ambulance service consist mainly of "rescuers" with ambulance training and experience. The duties of the ambulance-personnel are described in the Circular of Ambulances from the Ministry of Health (1992, revised 1994). The duties of the ambulance-personnel, defined as "ambulance help", include:

- * preliminary examination of the patient in and outside the ambulance
- * resuscitation inside and outside the ambulance
- * stabilising treatment of the patient in order to transport the patient to the (nearest) place of treatment.

* basic extrication and basic firefighting

The Ambulance Circular has enlarged the training of ambulance personnel. The ambulance personnel is divided into 2 groups on different levels of medical competence, namely ambulance assistant (technician) and ambulance medical assistant. Besides that a number of ambulance supervisors ("local teachers") are trained for teaching practice in ambulances etc.

For ambulance assistants, new education will consist of the elements from the previous education combined with a one day's introduction to the new elements of the ambulance training requirements. The ambulance medical assistants learn basic medical treatment and specific treatments for example, giving different drugs against pains, asthmatic diseases, heart cramps and fever cramps etc. and defibrillation. Besides the theoretical education, a practitioner period has to be completed in hospital and the ambulances. Apart from the required new training, ambulance personnel in some areas are trained in other specialised treatments, for example infusion, adrenaline etc. Intubation training has also been introduced in a couple of counties.

The combination in Falck of ambulance, and other services means that ambulance personnel have both theoretical training and practical experience in ambulance work and in other skills, which could be needed at the scene of an accident e.g. the extrication of entrapped persons. It is regarded as a positive factor that rescue personnel carrying out extrication tasks have a knowledge of the mechanisms of injury and illness and so can support the patient during and after rescue operations. Furthermore, rescue service and ambulance service personnel are able to co-operate efficiently as a result of their common training and work experience.

Falck's Redningskorps employs 3,800 "rescuers" (trained in ambulance service, fire-fighting, other rescue-tasks).

Falck has its own medical unit, which has the responsibility of supervision and control of the quality of personnel and equipment in the ambulance services. The Chief Medical Officer is responsible for medical delegation to the ambulance personnel. Guidelines for medical training etc. are developed by Falck but approved by the National Health Board.

Falck has about 450 ambulances at its disposal, of these about 410 first-response ambulances and 40 hospital-bed ambulances.

In 1995, Falck undertook 295,000 emergency/urgent ambulance-transports for the county councils (including 48,000 non-emergency patient transports between 18.00 hours and 6.00 hours, which are regarded as urgent, outside hospitals' "opening times")

The contracts between Falck and the counties state that the payment for the ambulance service is dependent on response-times and activity. If a county decides on a higher service level, i.e. shorter response-times, the payment will increase. If Falck is unable to reach the level that the County Council has decided on, Falck must "pay back".

According to the Circular of Ambulances, the counties now have to make a County Ambulance Plan, which shall be a part of the County Health Plan. This plan must include the aims of the ambulance services, the organisation of ambulance services and the role of the ambulance services in pre-hospital services.

Falck's emergency service obligations are laid down in the standard agreement on the ambulance service and patient transport between The Association of County Councils and Falck (last negotiated in 1995). This agreement lays down general conditions for contracts between Falck and the single county. It states that Falck "has an obligation to have personnel available at all times throughout the year for the provision of ambulance transport and ambulance rescue obligations". In practice, this obligation means that Falck must always be able to dispatch an ambulance. The emergency service obligation is not bound to individual ambulance stations as the emergency service capacity may be used up, when the number of ambulances corresponding to a station's obligation are all out on the road.

The despatch main-principle is that the closest available ambulance is despatched to the scene of an incident, irrespective of where it is stationed. In emergency situations in an ambulance station's area, it will often be possible to dispatch far more ambulances than the agreed number of emergency call-out obligations. This is possible because, in such cases, Falck diverts ambulances which are engaged on non-emergency, bed-ridden duties for county councils, local authorities and subscribers.

Joint operation of different types of transport thus makes it possible to maintain a "reserve emergency facility" which can be mobilised when the need arises.

Comparisons with other ambulance services have often been made on the basis of specific studies in limited geographical areas.

In these comparisons, features which are unique to the Danish ambulance have often not been taken in account. The joint operation of the ambulance service with other emergency/rescue services and the ensuing financial and operational gains should be mentioned in this context.

Another feature of the Danish ambulance service is that of the physical resources, such as vehicles, equipment and personnel resources are of a uniformly high-standard, which ensures the same standard of service throughout the country. This uniform standard of service is underpinned by the geographical coverage of the Danish ambulance service. This coverage makes it possible to reach the scene of an incident very quickly. Faster than in most other countries, as response time statistics in the review indicate.

In a recent German study the Danish ambulance services has been evaluated together with other European ambulance services on criteria's of efficiency, price/quantity and economy. The results were as follows:

TABLE 3 Efficiency, price/quantity and economy in different European ambulance services, year 1992.

-1992-	Efficiency	Price/Quantity	Evaluation of economy
Holland	neutral	minus	minus
Belgium	minus	plus	neutral
Germany*	neutral	neutral/minus	neutral
Switzerland	neutral/minus	minus	minus
Denmark	plus	neutral	plus
France	neutral	plus	plus
Austria	plus	neutral	plus
Sweden	neutral	minus	minus

* Alte Bundesländer.

Source: Wirtschaftlichkeitsreserven des Rettungs- und Krankentransportdienstes in Deutschland (Gutachten im Auftrag des Bundesministers für Gesundheit), Augsburg, 1995.

From the study, it can be seen that the Danish ambulance service is very efficient measured by cases per ambulance and the costs are relatively low, measured both per case and per kilometres. This result should be seen in the light of Danish geography. As the single transport cases are relatively short, one might expect higher costs per kilometre. Also measured in costs per inhabitant the Danish ambulance service costs are relatively low. The table above summonses these results.

5. Concluding remarks.

The success of private provision of fire fighting and ambulance services in Denmark is due, not only to history and tradition, but also to the fact that the private provider is a firm with credibility and a good image with the public. Contracting-out in many countries has been connected with deterioration of working conditions and lower wages. This is not the case with Falck solutions. Falck is a firm which has good relations with trade unions and has a well educated work force, with a "corps spirit". This spirit does not come out of nowhere, it is due to a company policy, where information and involvement of personnel in the decision-making process is essential.

Falck is able to provide public services cheaper than the public sector itself, not at the cost of the quality of the services nor through bad working conditions or lowering wages, but because of the "joint operation" -concept and "corps spirit", which allows flexibility and creates "synergy" in production of services.