

Status for the Implementation of the Local Government Reform – 2009



DANSKE
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INDENRIGS- OG SOCIALMINISTERIET

Status for the Implementation of the Local Government Reform – 2009

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PREFACE

On 1 January 2007, the Danish Local Government Reform came into force.

It was preceded by a major effort in the municipalities, the former counties, and the state to ensure a safe and successful transition to the new structure.

In December 2006, the then Ministry of the Interior and Health and Local Government Denmark (LGDK) published “Implementation of the Local Government Reform – a Status Report” with descriptions of preparations prior to the effective date.

With this publication we will present the status just over two years after the reform came into force.

The Local Government Reform 2007 – even from an international point of view – is a large and very comprehensive reform. A new local and regional map of Denmark was established, distribution of tasks between the public authorities was changed, and a financing and equalisation reform was implemented.

The preparations up to 1 January 2007 have involved the largest relocation in the history of Denmark.

So even if it has been said before, there is every reason to repeat that thousands of employees in the public sector deserve a lot of recognition for ensuring a flexible and successful transition to the new structure.

The current status report confirms the overall picture of a successful transition to the new structure. It also shows that there have been and still are various challenges in a number of areas as a result of the reform. These challenges have given rise to a number of initiatives that are described here.

Moving forward, the report shows that based on the new framework that the Local Government Reform created there are still unused potentials to improve the quality of public service and increase efficiency. A new survey conducted among mayors, regional council presidents, and local and regional chief executives show that they agree.

Consequently, there is every reason to emphasise that it is relatively early to try to make an appraisal of the Local Government Reform. The story is by no means over. And

the development is continuously monitored. The report includes a list of ongoing analyses, evaluations etc. that in the years to come will contribute with more knowledge on the various elements of the Local Government Reform and the subsequent development.

The report has been prepared jointly by LGDK, Danish Regions, and a wide range of ministries.



Local Government
Denmark (LGDK)



Danish Regions



The Ministry of
the Interior and
Social Affairs

April 2009

Chapter 1

AFTER THE NEW STRUCTURE

On 1 January 2007, the Local Government Reform came into force. The aim of the reform was to create a new Denmark where a strong and forward-looking public sector solves tasks efficiently and as close to the citizens as possible. In this chapter we will outline the elements of the reform, the political goals, and the transition to the new structure. Finally, we will describe a number of initiatives that in various ways follow up on the reform.

The Local Government Reform in brief

The Local Government Reform 2007 consists of three main elements:

- A task reform
- A territorial reform
- A financing reform

The task reform entailed that responsibility for a wide range of tasks was transferred among the state, the municipalities, and the new regions.

This new distribution of tasks creates a new public sector where central government lays down the overall framework, the municipalities undertake most of the citizen-related tasks, and the regions have the main responsibility for healthcare and a few additional tasks. See Appendix 1.

The result of the territorial reform is that Denmark now has 98 municipalities instead of previously 271. 65 of the municipalities are a merger of two or more municipalities and 33 municipalities remain unchanged. The county authorities were abolished and five new regions were created. See Appendix 2.

The financing reform included a number of changes in financing of the municipalities and the taxation system as a result of the abolition of the counties.

The general equalisation level was increased from 45% to 58%. County taxes were replaced by a state health contribution of 8% of the basis for income taxation and an average increase of municipal taxes in 2007 of 3.93%.

Political agreements on the Local Government Reform

The overall Local Government Reform is laid down in four political agreements and translates into comprehensive legislation.

On 24 June 2004, the basic decision to implement a Local Government Reform was made by the Government (Denmark's Liberal Party and the Conservative People's Party) and the Danish People's Party entering into the "Agreement on a Structural Reform".

On 24 September 2004, the overall agreement – between the same parties - supplemented by the "Implementation plan" that included a new map of the regions with the new territories and a list of the location of local public workplaces in connection with the reform.

On 3 March 2005, the Government (Denmark's Liberal Party and the Conservative People's Party), the Social Democrats, the Danish People's Party and the Social Liberal Party made the "Territorial Agreement" regarding the size of the municipalities. The new municipal map of Denmark was largely established in accordance with the proposals that the municipalities had prepared prior to the agreement.

On 27 February 2006, the Government (Denmark's Liberal Party and the Conservative People's Party), the Social Democrats, the Danish People's Party and the Social Liberal Party entered into the "Agreement on a Local Government Financing Reform".

All these agreements have been published by the then Ministry of the Interior and Health. The publication – in Danish – is available on the website of the Ministry of the Interior and Social Affairs:

<http://www.ism.dk/Publikationer/Sider/VisPublikation.aspx?Publication=202>

An English translation of "Agreement on a Structural Reform" is also available on the website:

<http://www.ism.dk/Publikationer/Sider/VisPublikation.aspx?Publication=292>

Overall political goals

The Agreement on the Structural Reform includes the following overall goals:

"The purpose of the reform is to maintain and develop a democratically governed public sector with a solid foundation for continued development of the Danish welfare society.

Denmark has a long-standing tradition of taking care of the most vulnerable in the society and of investing in people and the future. The public sector should be even better equipped to do this in future.

Therefore, we must ensure that the decentralised public sector can meet future requirements by creating sustainable units with a clear responsibility to provide high

quality welfare services to the Danish population.”

Immediately before the reform came into effect, the then Minister for the Interior and Health formulated the basic goal behind the reform in a statement to the Parliament:

”Basically, the Government wants the reform to consolidate and strengthen the decentralised Danish model.”

In the context of the central and overall goals of the Local Government Reform we would like to emphasise a couple of underlying lateral goals.

In connection with the detailed preparation of the reform, one of the important lateral goals was to create more professionally and financially sustainable municipalities and regions.

One of the conclusions in the preceding recommendation from the Commission on Administrative Structure was that many of the administration units were too small to handle the tasks required by law.

With a view to ensuring more sustainable municipalities, the Structural Agreement stipulated that municipalities with a minimum of 30,000 inhabitants would be an appropriate basis for the establishment of new municipalities, not least based on the fact that the reform resulted in transfer of further responsibility/tasks to the municipalities. The result was that the average population in the municipalities today is 55,000 inhabitants.

Likewise, when creating the new regions, it was essential to create new and larger units that would have a better professional and financial basis to manage hospitals so that patients are offered prevention, examination, treatment and care at a professionally high level. The population in the new regions ranges from just under half a million to just over one and a half million inhabitants.

In the Structural Agreement strengthening of professional and financial sustainability has also been put in a more democratic perspective:

”With more tasks placed locally, democracy needs to be strengthened as more political decisions are made locally.”

Another important lateral goal behind the new distribution of tasks was to make the municipalities the main access point to the public sector for citizens and businesses. This goal is reflected in the concentration of the majority of the citizen-related tasks in

the municipalities where increased access to local service centres will serve citizens on behalf of other authorities.

Finally, it should be underlined that the aim was a simpler and more transparent distribution of tasks and responsibility between the public authorities. The Commission on Administrative Structure had pointed out that the responsibility for certain tasks was divided between various administration units and in some cases parallel functions were assigned to several administration units. Therefore, it was a lateral goal to concentrate responsibility for specified tasks in one authority.

In addition, a number of more sectoral goals were included in the formulation of the Local Government Reform within the individual sectors. You can read more about this in Chapter 4.

The largest relocation in the history of Denmark

Many and often complicated tasks were involved in the abolition of the counties, the merger of municipalities, and the establishment of the regions. Many public sector employees had to relocate or were assigned new tasks. IT systems had to be converted and a large number of case files had to be moved. In other words, it was a major relocation process including packing, new environments and for some employees even new business areas. The preparations for the new structure took place concurrently with normal business. The goal was that the reorganisation should be efficient and fast so that citizens and businesses experienced as few failures or delays in the public sector as possible. Generally, the conclusion is that the transition was flexible and satisfactory.

Transition to the new structure

As a result of the transition to the new structure, new local and regional councils were elected. In addition, a transfer of employees and assets and liabilities had to be made as a result of the new territories and the changed distribution of tasks.

The new local and regional councils

The first election to the new local and regional councils took place in 2005. As a result of the merger of the municipalities and the creation of five new regions, a number of changes were made in the democratically elected bodies in the municipalities and regions. Fewer municipalities entailed fewer local councils, but the merged municipalities needed larger local councils than the old municipalities. In total, the number of local politicians was reduced from 4597 to 2520. Compared to the total number of county council members the number of members of the regional councils was reduced from 357 to 205.

The politicians elected in 2005 were already experienced local politicians.¹ 69.7% of the elected politicians were already members of a local council. Consequently, seven out of ten have been re-elected and three are new members. This is an increase compared to the local election in 2001 where 60.7% of those elected were experienced politicians.

In terms of gender distribution there is a minor change. At the local election in 2001, 27% of the politicians elected were women. At the election in 2005, women accounted for 27.3%. Consequently, just over a fourth of the seats in the local council are occupied by women. There is also a difference between the merged municipalities where the proportion of women is 24.9%, and the municipalities that have remained unchanged where the proportion of women is 34.2%.

In the public debate prior to the election, the merged municipalities placed a lot of focus on which of the old municipalities the candidates came from. In 53% of the merged municipalities the majority of the voters came from the largest municipality. In the remaining 47% of the municipalities the majority came from the smaller municipalities. Some people were afraid that the largest of the municipalities would take a disproportionate number of seats in the local councils in the new merged municipalities. However, the result of the election was that fewer politicians were elected from the large municipalities than would be justified based on the amount of voters. Consequently, the politicians from the smaller municipalities were overrepresented in 79% of the merged municipalities whereas the largest municipalities were only overrepresented in 21% of the merged municipalities.

Transfer of employees as well as assets and liabilities

Status on the transfer of employees

The Local Government Reform implied that a large number of employees in the public sector had to change employer. The total was approx. 455,000 employees of whom approx. 30,000 had to relocate physically.

Employees in the former counties got new employers in the regions, the municipalities and the state, respectively. The majority of the employees in the counties were moved to the regions and to the extent possible they brought their tasks with them. This resulted in the fulfilment of the requests of the former county employees regarding their future workplace. A total of 159,108 FTEs were transferred from the former counties.

In the municipalities, approx. 295,000 employees changed employer mainly as a result of their municipality being merged with another municipality.

In the area of taxation 5,220 employees were relocated from the municipalities to the state already on 1 November 2005. In the area of employment approx. 250 employees were relocated from the municipalities to the state. As the municipalities take over responsibility for the insured unemployed as per 1 August 2009, a further number of employees will be transferred, but the exact figure is not yet known.

In addition, a large number of employees have been affected by the transfer of tasks even though they changed employer. A number of employees in the state have had to relocate physically and were also assigned new tasks. These are employees in the state counties/regional state administrations and SKAT (tax authorities).

The final result of the abolition of the counties.

The Local Government Reform entailed abolition of the former counties and the assets and liabilities of these counties had to be distributed between the relevant authorities.

In 2006, agreements were made based on the financial accounts for 2004. The net property of the counties consisted of a number of assets (e.g. tangible fixed assets such as land, building, machines, vehicles and furniture and equipment) and liabilities (e.g. debt in terms of public service pensions, etc.). The net property was distributed so that the state took over 11%, the regions 74%, and the municipalities 15%.²

For distribution of the tasks of the Copenhagen Hospital Corporation, the Copenhagen Development Council, and the county tasks that had been undertaken by the City of Copenhagen, the City of Frederiksberg, and the municipality of Bornholm, special distribution scales were provided.

In the autumn of 2007, the net property for distribution between the state, the regions, the municipalities, and the transport companies were finally computed on the basis of the financial accounts for 2006 in the so-called post-regulation process. The net property was assessed at approx. DKK 25.7 billion, cf. Table 1.

Based on the distribution scale, the municipalities should take over 15% of the net property from the counties, etc. equivalent to a total net asset share of approx. DKK 3.9 billion. The regions should take over 74% equivalent to a net asset share of approx. DKK 19.6 billion. Finally, the state should take over 11% equivalent to a total net asset share of approx. DKK 2.3 billion.

¹ The figures in the section are from Ulrik Kjær (2007): "Kommunalpolitikere", in: Roger Buch and Jørgen Elkjær (eds.): *Nye kommunalvalg? Kontinuitet og forandring ved valget i 2005*, University Press of Southern Denmark.

² Cf. Recommendation no. 877 of 16 September 2005 regarding distribution of assets and liabilities, rights and obligations and employees as a result of the transfer of tasks on 1 January 2007 when the Local Government Reform came into force.

Table 1: Net property of the counties, the Copenhagen Hospital Corporation, and the Copenhagen Development Council (billion DKK) to be distributed between the state, the regions, the municipalities, and the transport companies.

Authority taking over	Net property for distribution (billion DKK)
State	2.3
Regions	19.6
Municipalities	3.9
Transport companies	-0.1
Total	25.7

Source: Ministry of Finance

In accordance with the distribution agreements the state has taken over assets from the counties that exceed the share of the net property that the state is entitled to (11%). This is partly due to the fact that the state has received a lot of real estate as upper secondary schools have been transferred to the state. Consequently, the state has taken over assets of an amount of DKK 10 billion and liabilities (including debt and obligations related to public service pensions) of DKK 2.4 billion. The actual net asset share is therefore DKK 7.6 billion. As a result the state has paid a compensation of approx. DKK 5.3 billion to the other authorities as it is shown in Table 2.

Table 2: Distribution of the compensation between the authorities, net

	Authority	Billion DKK
Net recipients of compensation	Regions	4.3
	Municipalities	0.9
	Transport companies	0.1
Net payer of compensation	State	-5.3

Note and source: Ditto

Follow-up on the Local Government Reform

Follow-up on the Local Government Reform

Within employment it was agreed to establish a one-string local employment system strongly controlled by central government which came into force on 1 August 2009. The agreement stipulates that the municipalities are responsible for both the insured and the non-insured unemployed.

In a number of areas there have been – and still are – various challenges as a result of the reform. These challenges have given rise to a number of initiatives that are described in Chapter 4.

Follow-up on the territorial reform

No subsequent changes have been made in the territorial reform.

Follow-up on the financing reform

The financing reform included a proviso that the parties behind the reform in some areas would assess the need for possible changes during the sessional year 2008-09 of the Parliament. These are the socio-economic criteria where the Finance Committee of the Ministry of the Interior and Social Affairs has made an analysis of the socio-economic expenditure needs regarding the specialised social services. In the agreement it was a condition that criteria and weights in the statement on socio-economic expenditure needs should be reviewed before the reimbursement scheme regarding the specialised social services is fully implemented in 2010. The Finance Committee has also assessed various other elements and effects in the new grant and equalisation system.

Based on the work of the Finance Committee of the Ministry of the Interior and Social Affairs, the Government submitted a bill on 31 March 2009 regarding regulation of the equalisation system. The bill includes the following elements:

- An adjustment of the socio-economic criteria so that they reflect the expenditure required in the municipalities regarding the specialised social services.
- A correction of the definition of municipalities with a high structural deficit.
- A regulation of contributions to the pool for municipalities in Greater Copenhagen with particularly grave financial difficulties.

The Finance Committee will embark on another task regarding assessment of the expenditure need of the municipalities in terms of equalisation to find new ways to improve the system.

Quality reform

The Local Government Reform has created a new and forward-looking framework for the municipalities and regions. The new framework makes it much easier to provide coherent and high quality service, but it must be ensured that public services continue to be of the best quality and adapted to the needs and wishes of citizens in a modern welfare society. The public sector is also facing a challenge regarding the need of recruiting staff for citizen-related service and care. Therefore, the Government has initiated a quality reform.

According to the Financial Agreement for 2009 the Government and Local Government Denmark (LGDK) have agreed to carry out a number of initiatives to support quality development in the municipalities within citizen-related services and contribute to more coherent public services. In the health sector, a number of significant initiatives have been decided on which will be implemented jointly by the regions, the municipalities, and central government during the coming years. The initiatives support coherence in the ongoing quality development in health services and will be implemented and consolidated during the coming years.

Concurrently with the Government's quality reform the municipalities have initiated the Joint Municipal Quality Project to support the efforts to improve quality in municipal services in the coming years.

Local democracy

The Local Government Reform has given rise to several analyses of local democracy in the municipalities. A number of initiatives have been made both locally and on the national level to ensure that local democracy is strengthened as stipulated in the Structural Agreement.

A strong local democracy is a very distinct feature of Denmark. Denmark is one of the countries in Europe that has transferred the most tasks from central government to the municipalities. Most of the welfare tasks are undertaken at the administrative level closest to the citizens: the municipalities.

According to the Agreement on a Structural Reform, the Local Government Reform forms the basis for strengthening local democracy. The agreement includes two elements:

Firstly, that larger and more sustainable municipalities allow centralised government initiatives to be based on specification of goals, framework, and performance rather than on detailed management of the municipalities.

Secondly, that the Structural Reform can form the basis for strengthening of local democracy through increased citizen involvement.

"10 principles for decentralised government"

With "10 principles for decentralised government" the Government and LGDK in 2007 agreed on the framework for a clearer cooperation model between central government and the municipalities based on performance and framework management. The principles stipulate that the Parliament is responsible for laying down the overall goals and framework. The local councils are responsible for establishing goals and the framework for the municipalities' concrete task performance and define the management scope of the institutions. The principles should ensure transparency so that it is obvious to the citizens where the responsibility for the service level and prioritisation is placed.

Many local councils are involved in the Joint Municipal Quality Project inventing management models to clarify distribution of tasks between the local council, the municipal administration, and the decentralised institutions.

Participatory democracy

At the beginning of 2005, the then Ministry of the Interior and Health established a

Think Tank regarding participatory democracy with the participation of a number of organisations including LGDK. In August 2005, the Think Tank submitted a statement regarding participatory democracy to the then Minister for the Interior and Health with its considerations and recommendations.

In October 2005, the Government submitted an account on participatory democracy to the Parliament. In the account, the Government described its principles and initiatives in the area and considered the future framework for participatory democracy and the recommendations from the Think Tank regarding participatory democracy.

In 2008, the Government started collating the first experiences that the new municipalities have gained in the field.

As a result of this follow-up, the Government and LGDK have published a paper with 10 good examples of participatory democracy in the municipalities. The examples illustrate some of the activities that have been initiated in the municipalities since the reform. They range from overall activities such as voluntary policies for cooperation with voluntary social associations, strategies for citizen involvement and local democracy, development of citizen involvement through citizen meetings, and usage of local committees to more concrete examples such as training of development agents, electronic citizen panels and broadcasting of city council meetings on the internet, formulation of a codex for the citizens in the municipality, and preparation and use of a manual for citizen involvement.

The selected examples hardly cover all the activities taking place in the municipalities, but they do show the diversity and commitment to participatory democracy. They also confirm that participatory democracy is placed high on the agenda in many municipalities and that the municipalities have taken up the challenge and are focusing on development of participatory democracy.

The Ministry of the Interior and Social Affairs has also prepared a status report based on the municipalities' responses to a questionnaire distributed to all the 98 municipalities with questions regarding user committees, hearing processes, democracy strategies and communication with the citizens.

The overall result of the status report is that all the municipalities are committed to participatory democracy.

Not surprisingly, the status report also shows that the municipalities have chosen different ways to approach activities regarding participatory democracy. Some methods are used by almost all the municipalities and others have been less popular.

The report shows that the municipalities are using many different approaches and that some of the municipalities have taken up the proposals and ideas of the Government and the Think Tank and adapted them to their own municipality.

Local council activities

In 2008, the Executive Committee of LGDK initiated "The Municipalities' Democracy Programme". The programme supports the debates in the local councils regarding the influence of the Local Government Reform on local political activities.

In September 2008, LGDK distributed a proposal regarding "Challenges in the Work of the Local Councils" to all the members of the local councils. It is based on interviews with mayors, local politicians, and executive public officials in the municipalities. The interviews show that the challenges that the local council face in their every day work coincide. But there are also significant differences in the challenges and the solutions. The differences are related to variations in size, geographic structure, population, culture, and political traditions.

Therefore, there are no universal solutions. Each local council has its own challenges and must find the solutions that best match local needs, traditions and options.

Initially, the democracy programme runs until the summer of 2009. During the first six months LGDK follows up with a number of inspiration catalogues with examples from the municipalities to inspire the debate in the local councils.

Role and working conditions of local politicians

The Local Government Reform has resulted in large and fundamental structural changes in the roles and conditions of local politicians. In connection with the Financial Agreement for 2009 the Government and LGDK agreed that this area needed further clarification.

Consequently, a working group was established in the autumn of 2008 regarding the role and working conditions of local politicians. The working group consists of representatives from the Ministry of the Interior and Social Affairs, LGDK, the Ministry of Finance, and the Ministry of Economic and Business Affairs.

The working group shall discuss themes such as local council representation (gender, age, occupation), working conditions and possible needs to expand the scope of opportunities in the provisions of the Local Government Act regarding local government systems. In this connection, the special conditions that apply to the largest municipalities shall be discussed. The working group shall also discuss initiatives regarding knowledge production in the local councils. The various briefs from the working group will be discussed by the Government and LGDK and must be finalised on 1 May 2010.

Chapter 2

PROFESSIONAL AND FINANCIAL SUSTAINABILITY OF MUNICIPALITIES AND REGIONS

One of the important lateral goals of the Local Government Reform was to create more professionally and financially sustainable municipalities and regions. Based on a new questionnaire survey, this chapter gives a preliminary status on the development of professional and financial sustainability, including expectations regarding enhancement of efficiency in administration and service. In addition, the municipalities make an assessment of the elements in the Local Government Reform that have been most important to the citizens.

In February 2009, i.e. two years after the commencement of the Local Government Reform, the Ministry of the Interior and Social Affairs, LGDK, and Danish Regions carried out a questionnaire survey in the municipalities and regions. A total of 84 of the 98 municipalities and 4 of the 5 regions participated in the survey.¹ The response rate of the survey is consequently 86% for the municipalities and 80% for the regions.

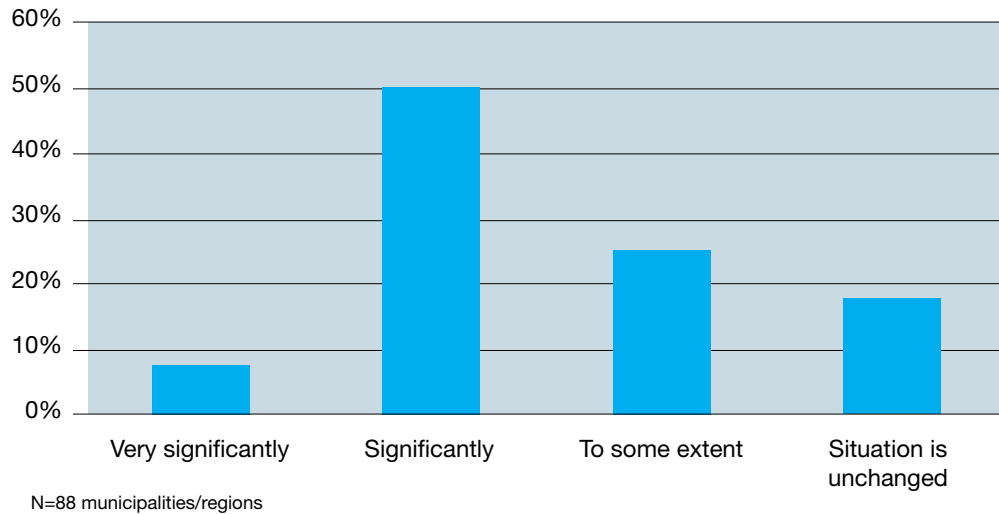
The survey included a question regarding development of sustainability in task performance, but the intention is not to make comparisons between the counties and the regions that vary in size, type of government and task portfolio.

Professional sustainability

A cornerstone in the Local Government Reform was to increase professional sustainability. Two years after the reform, 82% of the municipalities and regions say that the Local Government Reform has contributed to increased professional sustainability in task performance, cf. Fig. 1.

¹ Telephone interviews with 137 mayors, regional council presidents, and local and regional chief executives out of 206 possible respondents equivalent to a response rate of 66.5%. However, all the respondents have not answered all the questions. In some municipalities two people have completed the questionnaire and in others only one. A number of statistical tests show that the difference in the number of respondents per municipality does not affect the result of the survey. Likewise, tests show that mayors and chief executives do not systematically give different responses. This might have had an effect on the results of the survey. In reporting of the survey, municipalities with two completed questionnaires have been weighted with half. In order to ensure anonymity, data for the regions have not been reported separately. The most frequently used responses in the survey are the categories "not at all", "to some extent", "the situation is unchanged", "significantly" and "very significantly". In the reporting, the responses "situation is unchanged" and "not at all" have been pooled.

Fig. 1. Has the Local Government Reform contributed to increased professional sustainability in the task performance of the municipality/region?



If you only look at the municipalities, merged municipalities and unchanged municipalities respond very differently. Almost all the merged municipalities (98%) find that the Local Government Reform has contributed to increased professional sustainability. 76% find that it has increased significantly or very significantly. In the unchanged municipalities, only 50% find that professional sustainability has increased.

The municipalities that confirmed that professional sustainability has increased as a result of the Local Government Reform were also asked to indicate in which three areas it has increased the most. Table 3 shows that 41% mention nature, environment, and spatial planning as the areas where professional sustainability has increased the most, followed by health (22%) and the social services (18%).

Table 3. If professional sustainability has increased to some extent. Mention the three areas where professional sustainability has increased the most:

Sector area	1 st priority
Nature, environment and spatial planning	41 %
Health	22 %
Social services	18 %
Schools	7 %
Employment	6 %
Business service	4 %

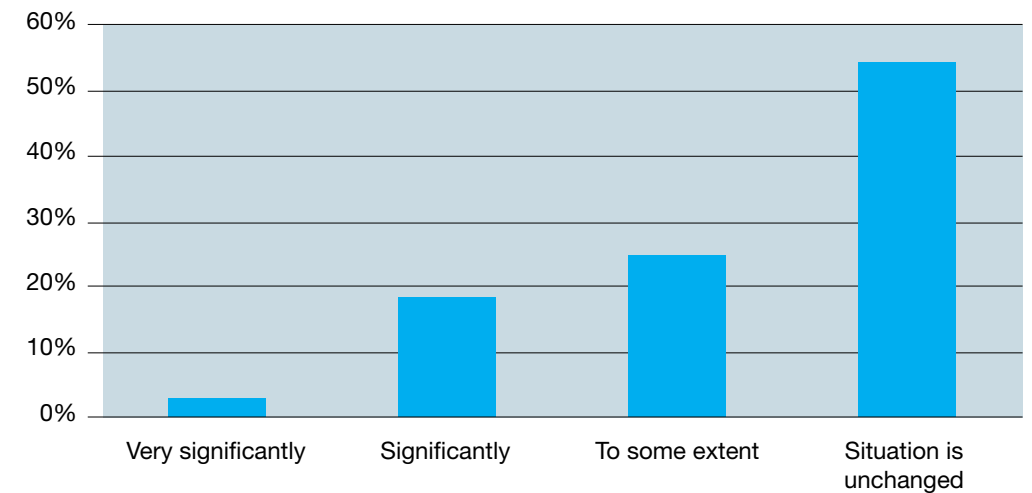
Culture	2 %
Child care	1 %
Utility and roads	1 %
Eldercare	0 %
	100 %*

N=106 mayors/chief executives *Sum not 100 due to rounding off

Recruitment

Increased professional sustainability is also about strengthening of recruitment. The survey shows that less than half of the municipalities and regions (46%) think that the Local Government Reform has contributed to increased possibilities of attracting qualified employees, cf. Fig. 2. Conversely, 54% finds that the situation is unchanged and that there are no effects of the Local Government Reform when it comes to recruitment.

Fig. 2. Has the Local Government Reform contributed to improving the possibilities of attracting qualified employees?



Here, there is also a significant difference between the responses of the unchanged and the merged municipalities. 58% of the merged municipalities report that they have experienced an improvement in the possibilities of recruiting qualified employees whereas this only applies to 28% of the unchanged municipalities. For the municipalities that have experienced an improvement in the possibilities to attract qualified employees there was an additional question as to whether this applies to three overall staff categories, cf. Table 4.

Table 4. If the possibilities of attracting qualified employees has increased, does this apply to the following three areas:

	Yes	No	Don't know
Managers	60	4	2
Professional staff	55	8	3
Administrative staff	47	18	1

N=66 mayors/chief executives

The responses show that the improvement in the possibilities to attract qualified employees applies to all three staff categories: Managers, professional staff, and administrative staff – however with a slightly weaker score for recruitment of administrative staff.

Financial sustainability

In addition to an increase of professional sustainability, it was an important goal in the Local Government Reform to increase financial sustainability. The merger of municipalities, creation of five new regions to replace 14 counties, and the altered task distribution have raised expectations that both administration and service could become more efficient. The questionnaire survey also attempts to clarify these questions.

Local and regional administration

The Recommendation of the Commission on Administrative Structure pointed at administration as the area with the most evident potential for improvement of efficiency in connection with the reform as a result of the mergers and the change of task distribution. A preliminary study conducted by KREVI (Danish Evaluation Institute for Local Governments) in 2007 showed that both unchanged and merged municipalities expected to obtain efficiency gains within administration amounting to almost DKK 900 million in 2007 and increasing to almost DKK 1.6 billion by 2010². The study also showed that the merged municipalities had the highest expectations regarding the possibilities of obtaining efficiency gains. According to the calculations of the study, the merged municipalities accounted for approx. DKK 1.3 billion of the expected efficiency gains in 2010. The areas where the municipalities expected to obtain efficiency gains included remuneration for politicians and secretariat service, procurement contracts, joint telephony, reduction in the number of administrative managers, digitalisation, and optimisation of work procedures.

Analysis of obtained efficiency gains

In the merged municipalities and the regions, the reform created an immediate financial gain through reduced remuneration to members of local and regional councils. A

2 KREVI (2007): Forventede effektiviseringsgevinster på administrationsområdet (Expected efficiency gains within administration)

new analysis made by KREVI in 2009 showed that the obtained gains match the pre-calculated savings of approx. DKK 365 million a year³.

In the new analysis, KREVI has focused on the administrative expenditure in the municipalities based on the accounting figures for 2007. This analysis shows that the merged municipalities have not obtained the efficiency potentials within administration to a larger extent than the unchanged municipalities. Consequently, expectations in the merged municipalities to be able to obtain more efficiency gains than the unchanged municipalities in 2007 have not yet been fulfilled.

KREVI's analysis points at four overall explanations related to the challenges of the merged municipalities regarding obtainment of the efficiency gains in 2007:

- Costs involved in merging
- Consideration for staff and local politics
- Upgrading of new administrative skills
- Structural issues related to the number of old town halls and a more widespread population than in the unchanged municipalities.

The analysis indicates that those municipalities that formulate ambitious goals regarding improvement of efficiency and follow-up continuously are most successful in achieving efficiency gains.

KREVI points out that 2007 has been a break-in year for the municipalities after the reform, and it is therefore too early to make any final conclusions.

On the basis of KREVI's analysis, the Ministry of the Interior and Social Affairs has calculated total administrative savings in the 95 municipalities⁴ at DKK 180 million in 2007 taking into consideration the change of task distribution. The calculation has been made on the basis of the total average savings of DKK 64 per inhabitant in the 95 municipalities and covers a considerable variation in the development of the administrative expenditure when comparing the accounting figures for 2005 and 2007.

However, it is possible that the municipalities have had further rationalisation gains that have been used to strengthen professional sustainability. An indication of this is an analysis of the development in the number of administrative employees and managers in the period from 2006 to 2008 that Deloitte presented in 2008. The analysis shows that the municipalities had 1,262 more academics and 301 more managers in March 2008 than in February 2006 which corresponds to an additional expenditure of almost DKK 840 million a year compared to the level in 2006. The analysis concludes

3 KREVI (forthcoming): Kommunernes økonomi efter kommunalreformen. Budgetoverholdelse og administrative udgifter. (The municipalities' economy after the Local Government Reform. Budget observance and administrative expenditure).

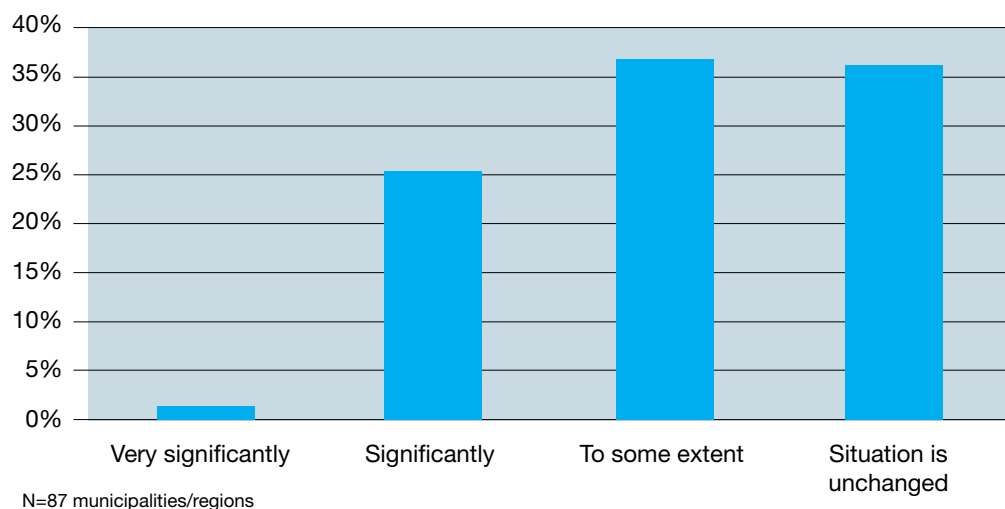
4 The City of Copenhagen, the City of Frederiksberg, and the municipality of Bornholm are not included in the analysis.

that there are indications that the Local Government Reform has had a positive effect on the extent of administration without the municipalities in general having obtained the gains of the mergers. This is explained by the fact that merged municipalities tend to reduce their share of administrative employees and managers more than the unchanged municipalities. The unchanged municipalities have increased the number of employees and managers more significantly than the merged municipalities.⁵

Assessment of the enhancement of administrative efficiency as per February 2009

In the recently completed questionnaire survey, municipalities and regions were asked to consider whether the Local Government Reform has contributed to making administration more efficient as per February 2009. The survey shows that 64% of the municipalities and regions find that administration has become more efficient. 36% finds that the situation is unchanged, cf. Fig. 3.

Fig. 3. Do you find that the local/regional administration has become more efficient as a result of the Local Government Reform?



Unchanged and merged municipalities give very different responses to this question. In the merged municipalities, 71% finds that administration has become more efficient. In the unchanged municipalities less than half (45%) finds that administration has become more efficient.

The survey shows that the municipalities and regions that indicate that administration has become more efficient have launched initiatives such as:

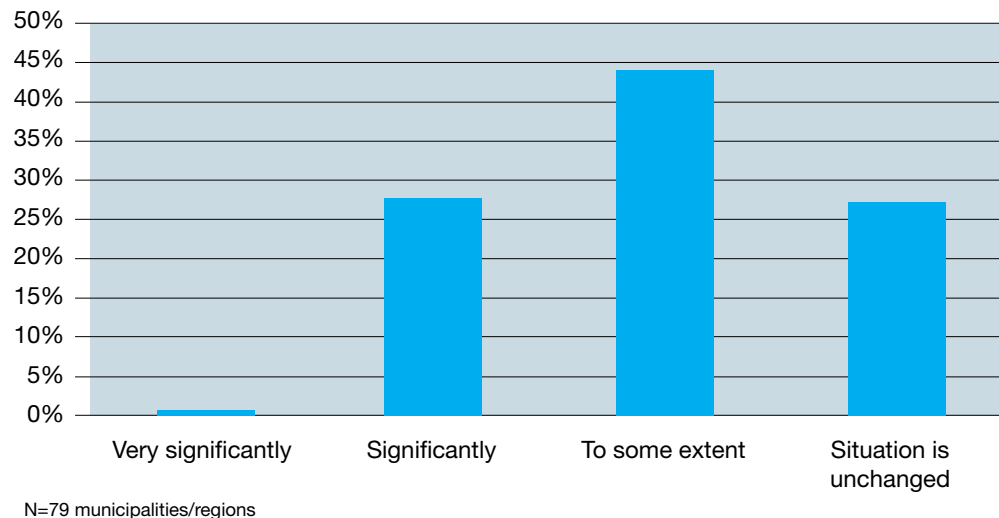
- Integration of administrative units (89%)
- Improved organisation and coordination of sector areas (93%)
- Joint administrative systems (84%)
- Fewer managers and middle managers etc. (75%)
- Employee training (87%).

Future expectations regarding efficiency improvements

As only two years have passed since the implementation of the Local Government Reform, it is too early to evaluate the full efficiency effects of the reform. Therefore, the municipalities and the regions were asked to consider whether local/regional administration can become more efficient during the next couple of years as a result of the Local Government Reform.

Here, approx. three thirds (73%) find that local and regional administration can become more efficient during the next couple of years as a result of the Local Government Reform, cf. Fig. 4. Consequently, expectations regarding future efficiency improvements are higher than the assessment of the extent of completed improvements so far (64%).

Fig. 4. Do you assume that the local/regional administration can become more efficient during the next couple of years as a result of the Local Government Reform?



Merged municipalities are significantly more optimistic in their assessment of future improvements of administrative efficiency than the unchanged municipalities. 81% of the merged municipalities find that administration in their municipality during the next couple of years can become more efficient as a result of the reform. Only 50% of the unchanged municipalities agree.

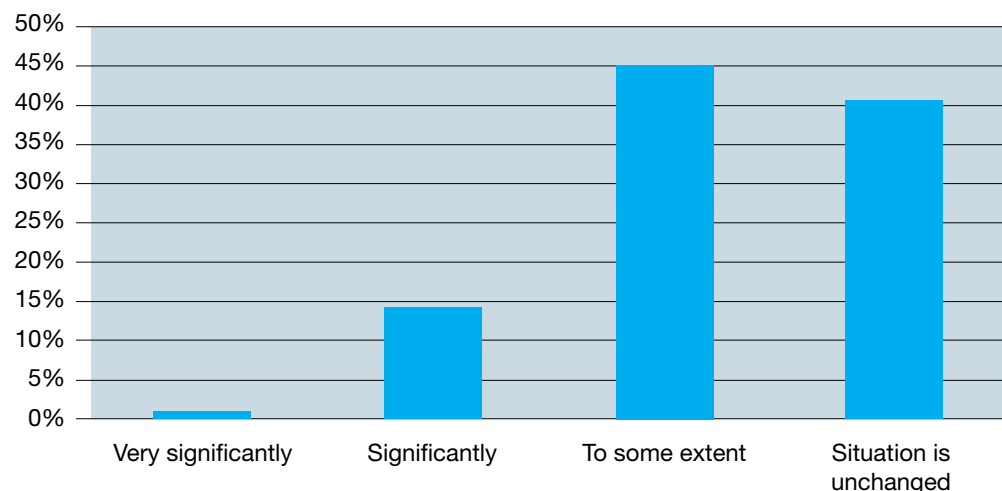
⁵ Deloitte (2008): "Kommunalreformens effekter".

The realistic element in future efficiency gains is supported by experiences from the merged municipality of Bornholm. Here, possible efficiency gains seemed to show three to four years from the merging.

Local and regional service

Regional and local service is another area where efficiency gains are expected. The survey shows that as per February 2009, 60% of the municipalities and regions find that service is provided more efficiently as a result of the Local Government Reform, cf. Fig. 5.

Fig. 5. Do you find that the local/regional service has become more efficient as a result of the Local Government Reform (e.g. due to economies of scale)?



N=86 municipalities/regions

The assessment of improvement of local and regional service efficiency is lower than the assessment of improvement of administrative efficiency (75%). Also in this area merged municipalities are more optimistic. 74% of the merged municipalities find that local service is provided more efficiently as a result of the Local Government Reform whereas this is only the case in 28% of the unchanged municipalities.

A number of the municipalities, that find that local service is provided more efficiently, say that initiatives such as integration of units and joint procurement and production have contributed to this result. Furthermore, other contributing factors that have improved local service efficiency are mentioned. See Box 1.

Box 1. Open comments regarding initiatives that have contributed to increasing efficiency in provision of local service.

- "Training of staff and a larger professional community"
- "Economies of scale, competition, and LEAN processes"
- "Tasks taken over from the former counties provide more scope and more competences in the organisation which is a benefit"
- "Joint efficiency projects, lean processes, best practice"
- "More people on the individual tasks have strengthened the organisation"
- "Larger professional environments make the difference"
- "IT investments have been brought forward"
- "We have acquired more tasks. Inter-disciplinary cooperation has been strengthened. Coherence between the health services and social services has been established"
- "Much more professionalism and dialogue/interaction in the organisation"
- "The newly established professional environments create more efficiency"
- "Digitalisation and more targeted employee training"

Source: The questionnaire survey conducted by the Ministry of the Interior and Social Affairs, LGDK, and Danish Regions in February 2009.

Interregional cooperation regarding public contracts/procurement

The regions have also focused on improvement of procurement efficiency. The new large regions provide a good basis for efficient procurement and the regions have formulated an overall procurement strategy. The strategy includes a wide range of initiatives within nine action areas to support holistic thinking and cooperation between the regions.

As part of the strategy, the regions issued invitations to tender for public contracts regarding oncology scanners. It is the first time such a large tender for public contracts has been issued in the health sector. The public contracts were concluded in the autumn of 2008. As a result of the four public contracts, a total of 43 scanners were bought at a price of approx. DKK 290 million with options to buy another 66 scanners. If all these options are used, it will cost another approx. DKK 440 billion.

The administrative tender process has been coordinated centrally by Danish Regions and a joint secretariat located in the Capital Region of Denmark (Region Hovedstaden). Each public contract has been completed in each region utilising the expertise already available in the regions. One region has been responsible for completing the public contract on behalf of all the regions regarding each type of scanner. In the invitation to tender for public contracts the regions has focused on quality and favourable agreement terms as well as the total costs of the purchase and operation of the scanners.

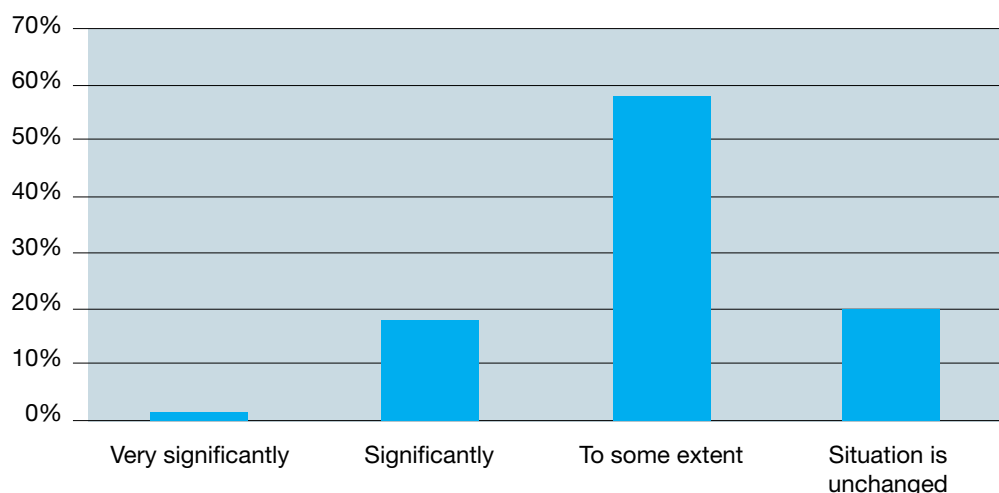
Stricter legal and commercial requirements have been imposed on the suppliers, and Danish Regions estimate that approx. DKK 100 million have been saved in connection with the national public contract. In addition, the regions have in general obtained better terms and not least better operation warranties for the equipment.

Future expectations regarding efficiency improvements

Also in relation to efficiency improvements of local and regional service it is too early to evaluate the full effects of the reform. Therefore, the municipalities and the regions were asked to assess whether local/regional service can still become more efficient.

More than three thirds of the municipalities and the regions (77%) believe that local and regional service can still become more efficient during the next couple of years as a result of the Local Government Reform, cf. Fig 6. Consequently, expectations regarding future efficiency gains are also here higher than the assessment of the extent of already completed improvements (60%).

Fig. 6. Do you assume that the local/regional service can become more efficient during the next couple of years as a result of the Local Government Reform?



N=79 municipalities/regions

Here, there is also a significant difference between the merged and the unchanged municipalities. 86% of the merged municipalities find that local and regional service will become more efficient in coming years as a result of the Local Government Reform. This corresponds to 52% of the unchanged municipalities.

LGDK and the Government agree that the municipalities should continue to utilise the potential for release of resources for citizen-related services. In the Financial Agreement for 2009, the parties agreed that the municipalities should re-arrange activities corresponding to a scope of DKK 1 billion in 2009 increasing to DKK 5 billion in 2013 through re-prioritisation and better utilisation of resources. These resources should be used in the municipalities for citizen service. With a view to realising this potential, it has been agreed to prepare a proposal for government initiatives to contribute to releasing resources in the municipalities corresponding to DKK 500 million in 2010 going up to DKK 2.5 billion in 2013.

The Local Government Reform's influence on citizens

Finally, the municipalities were asked to indicate the three sectors where the Local Government Reform in their opinion has had the most influence on the citizens. According to Table 5 the following sectors were mentioned: Health care (38%), nature, environment, and spatial planning (17%) and employment (16%) are the areas where the Local Government Reform has had the most influence on the individual citizen.

Table 5. Within which three sectors do you think that the Local Government Reform has had the most influence on the individual citizen?

Sector	1 st priority
Health care	38 %
Nature, environment and spatial planning	17 %
Employment	16 %
Social services	9 %
Schools	6 %
Child care	5 %
Eldercare	5 %
Culture	3 %
Business service	2 %
Utility and roads	0 %
	100 %*

N=115 mayors/chief executives *Sum not 100 due to rounding off

Chapter 3

NEW WORKING RELATIONSHIPS BETWEEN MUNICIPALITIES AND REGIONS

The Local Government Reform led to a number of new working relationships between municipalities and regions. This chapter gives an account of the first experiences from the cooperation. The formal framework for the working relationships is described as well as assessments from the questionnaire survey mentioned earlier regarding experiences gained by the municipalities and regions as per February 2009. In addition, there is special focus on the cooperation in connection with preparation of the regional development plan and health services.

The Local Government Reform resulted in a significant change of responsibility, tasks, and roles in the public sector. The purpose was a clearer task distribution between the public authorities. But in a wide range of areas cooperation is still required to ensure coherent citizen service. Therefore, the Local Government Reform has also resulted in establishment of a number of new working relationships/cooperation fora. The following two boxes provide a brief overview of the new working relationships.

Box 2. Formalised cooperation between municipalities, regions and other regional actors.

Cooperation between the region and the municipalities is formalised in the Liaison Committee. Here, the chairman of the regional council and the mayors from the municipalities in the region meet to discuss relationships and cooperation in general. The Liaison Committee cannot make decisions as this responsibility lies in the regional council and the local councils, respectively. The Liaison Committee meets at least twice a year. One of its responsibilities is every year no later than 1 September to discuss the region's proposal regarding the municipalities' basic contribution and development contribution for the region for the coming year.

In addition to the Liaison Committee, political cooperation between the municipalities and the region takes place in many joint bodies such as the Health Coordination Committee, the Growth Forum, consultation committees within health care/general practice, steering committees within important areas, etc.

Some of the important regional/local areas of cooperation are:

- The annual framework agreement within the social services and special education
- The health services, including Health Agreements and interfaces in task solution

- The regional development plan regarding the shared vision for development in the region
- The business development strategy which forms the basis for activities in the regional growth forum
- Dimensioning of the number of students to attend health care and educational training

Within all the joint regional task areas there is extensive administrative cooperation through working groups where both the region and the municipalities are represented. The responsibility of the working groups is to analyse the area, prepare briefs for political discussions and ensure implementation of any political decisions.

Political coordination between the municipalities, including appointment of local representatives for regional fora, takes place through LGDK's municipal liaison council (KKR).

Box 3. Other regional cooperative bodies

Regional cooperation is also organised around a number of "independent" bodies:

- Transport companies
- The regional employment councils
- The regional development councils
- The Social Complaints Board and the Employment Appeals Board
- State environment and traffic centres

In addition to the cooperation between regions and municipalities, there are working relationships between the regions and the municipalities, respectively.

As there are only five regions, many types of informal cooperation takes place between the regions both through Danish Regions and bilaterally. But the regions have also established formal cooperation regarding political issues. An example is the interregional meetings regarding health care where knowledge and opinions on health political issues within the somatic hospital service and general practitioners are exchanged. Two-three representatives from each region normally participate in the meetings, i.e. the Health Committee of Danish Regions and the chairman of the Region's Board for Wages and Tariffs. It is possible to expand the group of participants for discussions on special themes.

Local political cooperation is organised in LGDK's five municipal liaison committees (KKR). In KKR the municipalities meet to discuss and coordinate regional political efforts, including any joint views prior to discussions with the region, meetings in regional fora, etc. In addition to the political coordination, KKR can also initiate and/or mediate in connection with the establishment and operation of inter-municipal activities within specific task areas.

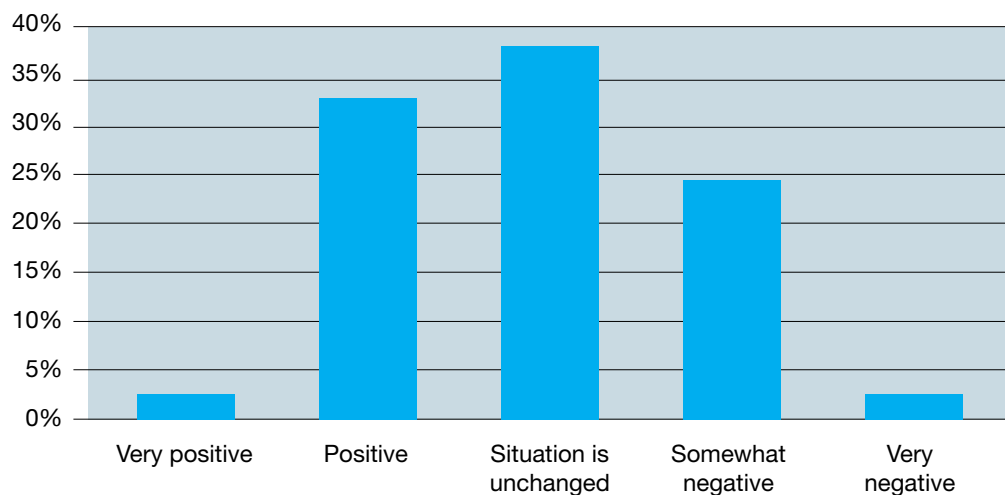
Political activities in KKR are supported administratively through inter-municipal working groups and the administration units in the individual municipalities. Examples of major concrete inter-municipal activities are the growth fora, cooperation agreements within social services and special education, culture, water and nature, windmills, and the distribution of refugees in the various municipalities.

The municipalities and the regions' assessment of the new relationships

In connection with the questionnaire survey reported in Chapter 2, municipalities and regions were also asked to assess their working relationships following the implementation of the Local Government Reform. Furthermore, the municipalities were asked to assess their mutual working relationships.

As to working relationships between region and municipality, 39% of the municipalities and regions state that cooperation between municipalities and regions/former counties is unchanged after the Local Government Reform. 34% says that cooperation is positive or very positive after implementation of the reform and 27% find that cooperation is negative, cf. Fig. 7.

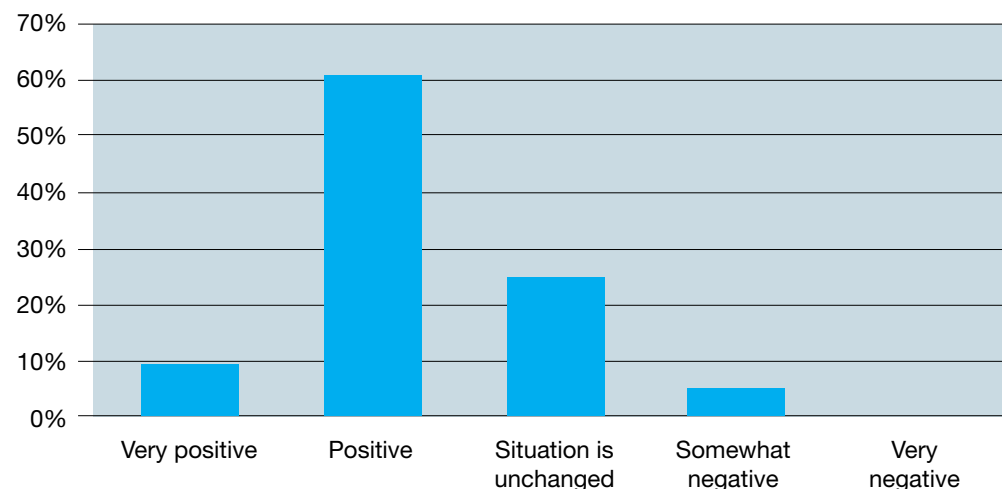
Fig. 7. How do you find working relationships between region and municipality(ies), including growth fora, after implementation of the Local Government Reform?



N=82 municipalities/regions

As to working relationships between the municipalities, Fig. 8 shows that 70% of the municipalities find that cooperation between the municipalities subsequent to the Local Government Reform is positive or very positive. 25% find the situation unchanged. And, finally, 5% of the municipalities say that cooperation between the municipalities is somewhat negative.

Fig. 8. How do you experience working relationships between the municipalities after implementation of the Local Government Reform?



N=83 municipalities

The regional development plan

The Local Government Reform introduced a new type of plan – the regional development plan thereby establishing a new strategic cooperation regarding regional development.

The regional development plan is a joint vision for development of the region. It is a cross-sectoral strategy document which is one of several means to support the municipalities' regional tasks – however without area regulation.

The Spatial Planning Act

The Spatial Planning Act is the legal framework for the regional development plan. On the basis of an overall assessment, the development plan describes a desirable future development of the region's towns, rural districts, and fringe areas as well as nature and environment, including recreational areas, business and trade including tourism, employment, education, and culture.

The development plan gives an account of the relation between future development and national and local planning of the infrastructure, the region's cooperation with the authorities of neighbouring countries, and the actions that the regional council will carry out based on the development plan.

The regional council is required to publish a proposal for a regional development plan during the first half of the election period.

Process and cooperation

Each region has a cooperation model that includes dialogues between the municipalities and the region regarding preparation and specification of the regional development plan. The formal part of the work is prepared in political and administrative steering committees with the participation of the region and the municipalities. The business sector, educational institutions, and citizens are also involved at an early stage and the region visits and organises information meetings with the municipalities.

On the basis of the dialogue, visions, strategies, and topics for the desired regional development have been formulated. In many municipalities, development of the local planning strategy takes place concurrently with preparation of the regional development plan to ensure alignment.

Contents of the regional development plan

The regional development plan contributes to branding the unique elements in the region through coordinated and coherent efforts across the institutions. The development plan is based on analyses of the challenges that the region is faced with. And as the development plan is not an authoritative plan, but a plan of visions, it provides a different view of the region's challenges than a plan describing challenges based on concrete authority tasks.

What will we subsist on in the future? What should we develop and produce? Which types of education and training are required? How do we transport people and goods? How do we improve life in the small societies – and in the large ones? How do we develop business and trade without a negative impact on nature?

The municipalities have taken part in the preparation of the regional development plan and, therefore, it supports local wishes.

The regional development plan is also based on other regional strategies, including the regional employment strategies of the employment councils, the regional business development strategies of the growth fora, and the local and regional Agenda-21 strategies.

Infrastructure

The regional development plan is an important tool as it describes the relation between the desired future development and the national and local infrastructure planning. Consequently, the regional development plan includes a section on infrastructure.

In each region, the municipalities and the region jointly prepare a concrete proposal for the Infrastructure Commission on Traffic and Infrastructure Development. The region and municipalities work closely together and agree on a joint proposal.

Cooperating health services

An important element in the Local Government Reform is to strengthen cooperation between municipalities and regions so that each patient experiences high quality and coherence in the treatment process across hospitals, general practitioners, and local health services.

Cooperation between regions/counties and municipalities in the health sector is not new. The former counties and municipalities also entered into cooperation agreements regarding for example patient admission to and discharge from hospitals.

But how this cooperation worked varied considerably. There are examples of well established cooperation fora, of agreements on complicated cases being made across sectors, and of no agreements being made.

Furthermore, the municipalities' strengthened role in the health sector also increases the need for lateral cooperation and coordination.

With the provisions of the Local Government Reform and the Health Act regarding cooperation and planning, cooperation has been intensified, systematised, and formalised to create a clearer distribution of tasks and to strengthen coordination of patient processes across sectors.

Health Coordination Committees and Health Agreements

The reform stipulated that regional councils and local councils were obliged by law to establish a Health Coordination Committee and enter into Health Agreements regarding task performance in the health sector.

Therefore, all the regions have established a Health Coordination Committee with representatives from the region, the municipalities in the region, and the practice sector. With the Health Coordination Committee as the focal point, the individual regions have established an organisation to support cooperation regarding Health Agree-

ments. Administrative steering committees etc. have been established as well as a number of joint regional-local working groups.

By 1 April 2007 at the latest, the regional councils have entered into a Health Agreement with each of the local councils in the region.

The Health Agreements, which in most places consist of a general agreement covering the entire region and a bilateral agreement between the region and each municipality, include as a minimum the following six mandatory action areas:

- Discharge process for disabled elderly patients
- Admission process
- Rehabilitation
- Handicap aids
- Prevention and promotion of health
- Activities for people with mental disorders

The Health Agreements should be submitted to the National Board of Health for approval. All the agreements were finally approved in November 2008.

In addition to the project groups, steering committees etc. that are a result of the interaction regarding Health Agreements, a number of additional fora have been established. These are working groups to support preparation of supplementary voluntary agreements and fora in connection with the individual hospitals. The responsibility of these fora is to implement and follow up on the Health Agreement, and they typically consist of representatives from the hospital, the region, general practitioners, and the municipalities attached to the hospital.

Municipalities and regions have also begun to develop regional process programmes for patients with chronic diseases. These activities, which also involve general practitioners, are a continuation of the National Board of Health's generic model for treatment process programmes.

The first experiences

Municipalities and regions have made a major effort to implement these new initiatives with involvement of the relevant parties. A large and complex framework has been established to create a more coherent effort in the health sector.

Implementation of the Health Agreements has already started and is ongoing in the municipalities and regions. However, the challenge of converting the large part of the Health Agreements that involve distribution of tasks, procedures etc. into daily practice at hospitals, with general practitioners, and in the municipalities still remains. This

also applies to rehabilitation, prevention, and transfer of patients whose treatment is completed.

As implementation of the Health Agreements is ongoing, it is not possible at the present time to give a comprehensive evaluation of whether they have contributed to create a more coherent patient process and improved interaction between the various sectors.

But there is no doubt that preparation of the agreements have created increased insight and knowledge about the skills and services provided and a significantly better inter-disciplinary dialogue than before. Cooperation has in particular been developed and systematised between the municipalities and the hospital sector.

However, cooperation so far has also proved that a more flexible framework is required for the preparation of Health Agreements in future in order for them to function on a daily basis, as a political tool, and as information for the citizens.

On the basis of experiences with the first Health Agreements, the National Board of Health has therefore – in dialogue with the regions and the municipalities – prepared a revised guide on Health Coordination Committees and Health Agreements. This guide is expected to be completed in the summer of 2009.

Likewise, the Ministry of Health and Prevention expects to amend the Executive Order on Health Coordination Committees and Health Agreements as a result of a change in the patient safety scheme.

The Health Agreements are an important tool that already in its first generation has strengthened and put focus on cooperation between hospitals, general practitioners and local health care, but they require continuous monitoring and maintenance.

Next generation of the Health Agreements should be prepared during the first year of the next election period, i.e. in 2010.

Chapter 4

STATUS BY SECTOR

The Local Government Reform had a number of sectoral goals that we will take a closer look at in this chapter. For each sector there is a description of the new distribution of tasks and the political goals involved, subsequent changes, and an assessment of the implementation until now.

Employment

Within the employment sector the Local Government Reform resulted in establishment of 91 job centres on 1 January 2007 where the entire employment effort, both the local and the central, was gathered under one roof. The aim was to ensure one access point to the public employment effort for both citizens and businesses and a local effort close to the individual citizen and business.

Another important aspect in connection with the establishment of the job centres is that the active job-related effort for the unemployed is separated from payment of benefits. The purpose is to bring the employment effort in focus in the dialogue with the citizen. Consequently, benefits for the local target groups are not paid out in the job centres, but somewhere else in the municipal administration. As before the reform, the unemployment funds still pay benefits to the unemployed.

In order to ensure coherence between the national employment policy and the local effort, establishment of the 91 job centres has introduced new elements in central government and monitoring of the employment effort. Every year, the Minister for Employment presents a number of employment goals in areas where a strengthened effort is required to improve results. These employment goals are indicative for the job centres. The goals should be included in the annual employment plan and they play an important role when the job centres plan the employment effort for the coming year.

As part of the reform, four new central employment regions have been established in order to monitor the efforts and the results obtained at the job centres in each region. The monitoring is based on an annual performance audit, data from Jobindsats.dk, which is a new national measuring system including data on the employment efforts, the results of the job centres, and other independent analyses.

The employment regions have regular meetings with the job centres regarding their efforts. If there are no results at local level, the Minister for Employment can, upon recommendation from the regional executive director, order a job centre to use other ac-

tors in the employment effort. The goals of the Minister for Employment are central elements in the contract that the Minister enters into every year with the regional employment councils/employment regions.

As part of the Local Government Reform, four national special functions have been established. They advise and inform the job centres and other actors and ensure development and follow-up within the areas of disability, equality, ethnic employment and EURES (European Employment Services). These special functions support the employment effort made in all the job centres in Denmark and by other actors.

After the reform, labour and management are represented at all levels. The central level in the Employment Council (BER), at regional level in the four Regional Employment Councils (RBR) and at local level in the Local Employment Councils (LBR).

Subsequent changes

As part of the Budget Agreement for 2009 between the Government, the Danish People's Party, and Liberal Alliance, it has been agreed to establish a one-string local employment system with a strong central management. The reorganisation becomes effective on 1 August 2009. However, financing models, financial management, and other administrative support systems will come into force at a later stage due to administrative considerations for the municipalities.

A one-string employment system will allow focus on the effort and more efficient utilisation of resources. It will also create a clearer and unambiguous management focus and eliminate double administration.

The agreement implies that the municipalities in future will be responsible both for the insured and for the non-insured unemployed. The municipalities will take over financing of unemployment benefits and the state funds for an active employment policy which will give them a stronger motivation to find jobs for the unemployed.

The most important items in the agreement are:

- A national level with a central authority and four regional units that undertake monitoring and management of the local level.
- A local level with local job centres that citizens and businesses in need of assistance can contact
- The municipalities take over the expenditure for unemployment benefits, activation subsidies, and activation of the unemployed with insurance.
- The unemployed maintain their current rights and obligations.
- Labour and management are as always involved in the employment effort through the Employment Council and the regional and local employment councils.

- The unemployment funds maintain their current responsibilities, i.e. conducting interviews with the insured unemployed, payment of benefits, and assessment of the availability of insured unemployed, etc.

A stronger central government of the local system will be established with the five current management principles:

1. Statutory minimum requirements regarding an active effort.
2. Financial incentives for the municipalities to find jobs for the unemployed and make an active effort.
3. Dialogue between the employment regions and the job centres regarding performance and results.
4. Management tools that ensure transparency and focus on results in the job centres.
5. Central IT tools.

The employment regions will be strengthened to improve results in the employment effort in all the municipalities in Denmark. This is to ensure that the job centres focus on achieving the employment goals and that the rights of the unemployed are observed. A balance between local choice of methodology and central government directions should also be established. The number of employees in the regions will be expanded enabling them to follow up on each job centre more frequently and more intensively. Furthermore, a counselling function will be established in each of the four regions and development of methodology will be increased.

Finally, the aim is that the Ministry of Employment implements framework services targeted at the areas where the municipalities still face major challenges. Framework services could be both mandatory and voluntary services for the municipalities. The existing mandatory framework for services directed at the unemployed academics should for example remain. In addition, the Ministry of Employment can prescribe requirements regarding local employment offers in order to ensure lateral considerations.

The municipalities basically have the responsibility for IT support of case handling in the employment effort and central government has the responsibility for central IT tools, e.g. the websites Jobnet and Jobindsats.

The employment complaint system will be aligned and streamlined. Settlement of employment complaints will be concentrated in a complaints board in the National Social Appeals Board. This is accomplished by integrating the Labour Market Appeals Board with the Employment Council of the National Social Appeals Board. This means that all final decisions regarding employment complaints will be made by the same authority.

The current funding for the central government's share of the job centres and activa-

tion of insured unemployed will be transferred to the municipalities together with the national subsidies.

How has it all turned out?

From 2007 to 2010, the Ministry of Employment evaluates the Local Government Reform in terms of employment. The evaluation consists of a number of sub-evaluations focusing on selected parts of the reform or specific activities after the reform. The sub-evaluations are initiated on an ongoing basis during the four-year evaluation period.

Generally, the job centres have experienced a positive development since January 2007. This applies both to the efforts made by the job centres and the results obtained so far. Recipients of unemployment benefits generally receive what they are entitled to. Development of the activities for recipients of cash benefits and initial welfare benefits has also been positive.

The number of people on full time cash benefits or initial welfare benefits of whom most have other problems besides unemployment has fallen from 100,898 in the first quarter 2007 to 88,246 in the third quarter 2008, i.e. a reduction of just under 13%. The number of full time recipients of unemployment benefits has gone down by 55% from 100,925 in the first quarter 2007 to 45,189 in the third quarter 2008. However, the results should be seen in the light of the general, positive economic development during the period.

The development in the Minister for Employment's three goals for the period 2007-2008 has been positive:

- There has been a significant reduction (almost 60%) in the number of people who is out of work for more than three consecutive months (workforce reserve) from January to October 2008.
- The number of full time unemployed young people under 30 years of age (especially recipients of unemployment benefits) has decreased significantly (16%) from January to October 2008.
- The results after two years (July 2006 – June 2008) with the project NEW CHANCE FOR EVERYONE show a positive development within the three goals set for the project. 20% of the target group¹ has a job or has started an education, and the goal was 25%. The target group has also been self-sufficient 14% of the time with a goal of 15%. As to the degree of activation the goal was that the target group should be in activation during 40% of the New Chance period. The result is that the target group has been activated 25% of the time.

¹ More specifically, the target group (people who receive cash benefits or initial welfare benefits and have received passive public benefits for 65 out of 69 weeks". The target group consisted of people who met the criteria when the project started or who joined the target group during the period of the initiative.

In the period up to June 2008, there has been an increase in the number of people receiving sickness benefits for more than 26 weeks. In order to change this negative trend, the Government, the Danish People's Party, the Social Liberal Party and Liberal Alliance decided in November 2008 to implement the three part agreement regarding reduction of absence due to sickness that the Government made with labour and management in September 2008. 39 new initiatives amounting to a total of DKK 170 million will be implemented, and it is estimated that the agreement will result in jobs for 4,000 people. Since August 2008 there has been a slight decrease in the number of people receiving sickness benefits for more than 26 consecutive week. In 2009, a special goal has been set to reduce the number of cases of sickness benefits for more than 26 weeks. This means that all the job centres in their employment plan should describe what they plan to do about it.

An evaluation of the special function for the ethnic employment effort was published in June 2008. The evaluation generally shows that the services of the special function are successful measured up to the evaluation criteria:

- Generally, there is adequate coherence between the services of the special function and the job centres' need for counselling, information, and development.
- Most of the job centres find that the special function is a benefit for the ethnic employment effort.
- The majority of the key employees find that the special function is a positive supplement to other institutions and websites.

Evaluations of the special function for job & disability and the special function for equality will be prepared in 2009. The special function for EURES was transferred to the new Workindenmark centre on 1 October 2008 and is therefore not evaluated.

An evaluation of two framework services (service and LVU (further education)) regarding the job centres' use of other actors has been made. The evaluations which were published in December 2008 follow up on the goals in the Minister's action plan for involvement of other actors in the employment effort that was presented in July 2005. The evaluation report shows that both actors and job centres are satisfied with the new framework for the effort. The job centres are much in favour of the joint payment model that has been introduced. The report concludes that national services have intensified competition and put extra pressure on prices from third party actors that have gone down significantly. The evaluations will be followed up by a phase two report in 2009 including supplementary data analyses.

Business development

The Local Government Reform created a new structure for the regional and the local effort within growth and business development. The aim of the new structure was to

create excellent regional and local frameworks for business development and conversion to global competition through close cooperation between public authorities, trade and business, and knowledge institutions.

Adoption of the Business Promotion Act in 2005 led to changes in terms of administration and content compared to the local and regional business policy applied up til then. Before the Local Government Reform, responsibility for business development was not precise, but it was a voluntary task that both counties and municipalities could undertake. With the Business Promotion Act, responsibility for the regional business efforts was embedded in the regions through growth fora and the responsibility for local business service was assigned to the municipalities. Municipalities and regions can initiate business development activities within innovation, use of new technology, entrepreneurship, education, tourism, and development in the fringe areas. Central government is still responsible for the overall growth policy.

Local business service

For local promotion of business the Local Government Reform meant that responsibility for business service was transferred to the municipalities. The municipalities can implement and finance activities within business service for entrepreneurs and businesses. The local business service consists of information and guidance regarding start-up, operation, and development of companies as well as transfer of a business. In addition, the municipalities can organise network meetings, courses, and similar collective events.

A transition scheme was established after the Local Government Reform to ensure a national business service of the same quality and scope as the one that had been provided in the 15 business service centres. During a transition period, central government would administer the subsidies that central government and the counties had previously spent on business service.

In April 2006, the Ministry of Economic and Business Affairs made an agreement with LGDK regarding business service and establishment of entrepreneur houses/growth fora. The purpose was to increase the quality of specialised entrepreneur counselling creating a one-string counselling system within business service. On 1 January 2007, five growth fora were established in Aalborg, Aarhus, Odense, Vordingborg and Copenhagen, respectively. These fora were established as business foundations with executive committees, articles of association, and a performance contract. The municipalities are the founders of the business foundations and they have majority in the executive committees.

In order to improve quality and skills in the counselling effort aimed at new and small enterprises, another DKK 42 million were allocated in 2007 and DKK 60 million will be

allocated every following year as a result of the Globalisation Agreement to develop new services and activities in the growth fora during the period 2008-2010. Development of the growth fora is made jointly by the growth fora, the Danish Enterprise and Construction Authority, and the municipalities. The development activities have created a uniform infrastructure in the growth fora with a joint website, customer handling system, intranet, user evaluation, and performance measurement. The local business service and other partners of the growth fora have been invited to use parts of the joint infrastructure to support the establishment of a coherent counselling system.

The growth fora deal with both national and regional initiatives and are responsible for the national initiative Early Warning which helps businesses in trouble. Furthermore, the growth fora make referrals to private counsellors and a number of specialised consulting services within various areas such as GTS – Advanced Technology Group, Vaekstfonden, the Danish Export Council, and the Secretariat for eco-efficient technology.

Regional growth fora

On the basis of the Local Government Reform, six regional growth fora were established, one in each region and one on Bornholm. The regional growth fora are composed of representatives from the regions, municipalities, the business sector, knowledge and educational institutions, and labour and management.

The regional growth fora are the focal point of the regional efforts within growth and business development. Therefore, the growth fora have prepared regional business development strategies that address regional challenges and build on regional strengths. Furthermore, the regional growth fora should monitor regional and local growth conditions and ensure adjustment of regional action plans to the actual growth conditions. The regional growth fora have been assigned the task of recommending co-financing of regional business development activities, use of EU's structural funding in relation to central government, and use of regional development funds for business purposes in relation to the regional councils. The structural funds in the period 2007-2012 amount to approx. DKK 492 million per year (excl. technical assistance, 2007 prices) and are co-financed equally by national funds from regions, municipalities, central government, and private institutions. DKK 50 million of these funds have been allocated to a so-called competition pool to co-finance projects with a particular perspective within themes defined by the Danish Growth Council.

In 2007, the strategic focus for EU's regional and social funds was targeted at regional growth and business development. Targeting of funds opened up new perspectives to use the funds to support regional business development strategies and contribute to embedding the Government's globalisation strategy regionally and locally.

The Danish Growth Council

The Danish Growth Council was established in order to create a more efficient and coherent effort within growth and business development. The Danish Growth Council is a link between the national growth policy, the EU effort, and the regional business development effort. The council advises the Minister for Economic and Business Affairs on planning and development of the industrial policy in Denmark.

The Danish Growth Council consists of representatives from companies, business organisations, knowledge institutions, regional growth fora, municipalities, and labour and management.

Subsequent changes

In June 2007, the Government entered into partnership agreements, with the regional growth fora on growth and business development from 2007-2009. The partnership agreements contribute to bridging the globalisation strategy and the regional effort within growth and business development. The agreements create the framework for an annual dialogue on how the Government and the growth fora can support the regional business development strategy and ensure regional embedding of the globalisation strategy and other national initiatives.

In these partnership agreements the Government and the regional growth fora have laid down a number of goals and pointed at a number of joint initiatives to reach the goals that the partners have agreed on. The goals and initiatives concern education and workforce, improved growth conditions for new and smaller companies, innovation, dissemination of knowledge, marketing of Denmark, attracting investments as well as tourism, energy, rural districts and fringe areas, cross-border cooperation, and corporate social responsibility.

The parties discuss progress in relation to the agreements and the need for adjustments every year.

How has it all turned out?

Local business service

In 2008, there were 91 local business service units in Denmark. The units are often attached to the local business councils as secretariats. The local business service units typically have between three and ten employees. In addition to guidance for new and existing companies, they often assist in providing business facilities, attracting companies and so on. All the local business service units have entered into cooperation agreements with the regional growth fora.

In 2008, the five regional growth fora had a total of 2242 counselling sessions for new and

smaller companies with a growth potential. The performance contracts of the growth fora for 2008 indicate that 83% of the users of the fora are satisfied or very satisfied with the counselling they have received. In the spring of 2009, an overall evaluation was made of the growth fora and the activities initiated for the globalisation funds for entrepreneurship. The evaluation shows how the growth fora contribute to create coherence between the various offerings for entrepreneurs locally, regionally, and nationally.

Regional growth fora

All the regional growth fora have prepared regional business development strategies and the regional action plans are implemented and financed by EU structural funds and regional business development funds. According to a report prepared by Danish Regions, regional growth fora have started more than 280 initiatives in 2007 based on the business development strategies. The initiatives cover a wide spectrum and should ensure the basis for product development and innovation in companies, implementation of new technology, and development of skills. As part of the monitoring, the regional growth fora have set goals for the activities enabling them to monitor progress on an ongoing basis.

As per November 2008, a total of 27% of the funds have been allocated to the regional funds programme and approx. 20% of the funds to the social funds programme. The Structural Funds Programme is evaluated on an ongoing basis. In 2009, an evaluation of the effort will be made as part of the evaluation of the Structural Funds Programme.

Regional partnership agreements

In May/June 2008, the Minister for Economic and Business Affairs and the chairmen of the regional growth fora discussed the progress of the partnership agreements and new initiatives within all the areas of the partnership agreements. Special focus was on strengthening of the cooperation within climate and energy. New supplementary agreements are made in the early summer of 2009.

The partnership agreements have contributed to making the agenda of growth wider focusing on joint goals and on the effect of the initiated activities. The regional growth fora have also used the partnership agreements to take on a number of regional challenges where a stronger cooperation with central government was required, e.g. to improve the growth conditions of the windmill industry or utilise the growth potential in cross-border cooperation.

The partnership agreements have contributed to strengthening the dialogue between the growth fora and the Danish Council for Technology and Innovation (RTI). The dialogue between the parties has led to a cooperation agreement focusing on joint efforts and co-financing of concrete projects, e.g. in relation to regional clusters. Furthermore,

there are plans to create a more coherent counselling system for entrepreneurs and smaller enterprises, and the regional growth fora have been involved in the preparation of a joint strategy for tourism.

Collective transport and roads

The goal of the Local Government Reform within transport was establishment of a clear and simple distribution of responsibility where the relevant authorities are encouraged to create the best possible transport solutions for the citizens.

The Local Government Reform has led to the establishment of five new transport companies – Sydtrafik, Midttrafik, Nordjyllands Trafikselskab, Fynbus and Movia. BAT was maintained on the island of Bornholm.

Before the Local Government Reform there were different models for organisation of bus transport in Denmark. Some counties had a transport company with the full responsibility for any kind of bus transport. In other counties, the municipalities were responsible for local transport, and the counties were responsible for regional busses. In Greater Copenhagen, the Copenhagen Development Council (HUR) was responsible for bus transport, and the three counties and the City of Frederiksberg and the City of Copenhagen, which had the status of counties, made all the decisions regarding service and economy.

As a result of the Local Government Reform, the transport companies have become bigger and have received new competences. Now, municipalities and regions order and pay for bus transport, and the role of the transport companies is to assist municipalities and regions in implementing these services and to coordinate the services across the region.

The reform in itself has not given rise to a changed level of funding for local bus transport, but it is assumed that increased efficiency and economies of scale will provide more value for money.

Regarding roads, the overall goal of the reform was to make administration of public roads more simple and clear. The new structure should ensure closeness in the administration and a coherent overall road network for traffic between the major cities, traffic junctions, and international traffic.

Responsibility for the majority of the former county roads was transferred to the municipalities. This applied to all the local roads, including county roads with a local character, i.e. roads with little traffic and many access roads. The local road network is managed by the 98 municipalities and covers almost 70,000 kilometres. In addition to the

public road network, there are approx 24,000 kilometres of private roads.

The state took over operation of approx. 2,200 roads from the counties corresponding to approx. 20% of the county road network at the time. The Road Directorate is now responsible for the overall road network, i.e. approx. 3,800 kilometres where approx. 45% of total traffic is concentrated.

Concurrently with the expansion of the state road network in 2008, the Road Directorate implemented a new and more decentralised organisation structure with six road centres located in Aalborg, Herning, Skanderborg, Middelfart, Næstved and Fløng. The main responsibilities of these road centres are the following:

- Minor building and operational tasks
- Cooperation with the municipalities
- Local contact
- Local traffic safety

How has it all turned out?

Fare limit and economy

A fare limit has been implemented effective for fares in 2008. The fare limit is based on the expected price and wage development in the transport companies and will be regulated two years after the actual change. Any difference between the estimated and the actual development of costs and fares will as a result of the deferred adjustment be equalized with a two-year delay. Over time, the fare limit will therefore correspond to the actual cost development in the transport companies. The limit for 2008 was 3% which was upheld by all the transport companies.

The development of oil prices in 2008, in particular, was not as expected. Oil prices increased to over 140\$ per barrel in July 2008. The transport companies pointed out that costs for bus transport in 2009 were expected to increase significantly more than the fare limit of 3.1% would allow for.

As a result, a political debate took place in the second half of 2008 as to whether bus transport should have allocated additional funds to avoid cutbacks. The massive reduction of oil prices of approx. 70% from July to December 2008, where oil prices were just over 40\$ a barrel, meant that the transport companies readjusted expectations regarding an increase of costs to purchase bus transport.

The deferred regulation of the fare limit entails that the larger increase in the costs of the transport companies in 2008 is only a problem of liquidity as the transport companies in 2010 will have a fare limit that takes into consideration the difference between the estimated and the actual development in 2008.

The budget figures of the transport companies for 2009 show an almost unchanged amount of transport required in 2009 compared to 2008.

New distribution of competence

It has been a major task to integrate planning of local and regional collective transport in a new organisation while the purchaser role has been taken over by the municipalities and the regions. The municipalities, the regions and the transport companies have all had to adjust to the new distribution of authority.

The law allows room for local solutions between the regions and the municipalities. According to law, a region cannot be obliged to contribute more than the expenditure for private railways and bus transport in the region in question. Furthermore, the comments in the law indicate that it is expected that transport companies will choose a model where the region becomes responsible for an overall regional bus network connecting city centres without a train service in the municipalities. The reason was the wish for cooperation between municipalities and regions based on decentralised decisions as local decisions tend to be more legitimate and committed.

The Act on Transport Companies has moved decisions regarding bus transport closer to the citizens and the individual local councils and the municipalities are better equipped to determine the service level of bus transport.

The process of determining the distribution of responsibility between the regions and the municipalities is ongoing. In several local areas west of the Great Belt (Storebælt) there has been a debate on the definition of the local and regional service. The transport companies contribute to ensuring planning and coordination between the regions and the municipalities.

Distribution of costs in Movia

In two cases there has been disagreement regarding the distribution of costs in Movia.

One case is about specification of which costs to be included as joint administration costs, which according to law should be paid by the regions, and which costs can be ascribed to the service and therefore payable by the municipalities and regions, respectively, according to the amount of transport.

The case has not yet been settled. It should be noted that legislation in this respect is not the same throughout the country as one provision applies where Movia operates and another in the rest of the country.

The other case is about financing of bus services that cross several municipalities where the law prescribes objective allocation criteria for the municipalities' contribu-

tion. As a result of this case, a bill has been adopted to specify the provision in the Road Traffic Act so that the financing model is included in the text of the law.

Fares in collective transport

According to the political agreement on a “Framework for future transport fare systems” of 30 May 2007, more uniformity is required in terms of for example passenger type definitions and discounts which will make the fares clearer and easier for the passengers to understand.

In the autumn of 2008, a bill was presented to define distribution of fare authority between the transport companies and the railway companies. Pursuant to this bill the railway companies should enter into agreements with the transport companies on distribution of fare authority so that the railway companies has the fare authority for longer journeys exceeding one fare area – typically 35-40 kilometres.

The bill, which also includes the above mentioned definition of the financing model on Zealand, was adopted in February 2009.

Several transport companies are currently involved in a fare harmonisation process where the fares for the individual fare areas within the scope of the companies are gradually aligned. On Fünen where most of the smaller municipalities had their own fare system, a new joint fare system was implemented in 2008.

Compensation for additional expenditure as a result of new EU rules

In 2008, Denmark’s exemption from EU’s energy taxation directive expired. Consequently, a diesel charge was imposed on any collective transport carried out by transport companies.

The municipalities and the regions and thus indirectly the transport companies will be compensated for the additional expenditure through block grants. The compensation amounts to approx. DKK 500 million a year.

The compensation does not cover the additional expenditure of the municipalities and regions fairly. The municipalities and regions with the most transport will be under-compensated whereas the municipalities and regions with relatively less transport will be overcompensated.

A transition scheme has been agreed on for the regions so that the individual region in 2009 is compensated for 50% of the estimated loss or the calculated profit.

Operation of the road network

The Road Directorate is organised as a purchaser organisation which means that execution of the work on the road network is undertaken by external suppliers. Previously, a number of the counties had their own contractors and the Road Directorate therefore took over employees from the counties with operational and supervisory functions on the road network in connection with the Local Government Reform. As part of the distribution agreement the Road Directorate also took over equipment and equipment facilities from the former counties.

The equipment – except the winter equipment – has been sold and an investigation is ongoing as to which equipment facilities should be sold. The operational employees have been transferred to the contractors responsible for operational tasks on the road network.

The Road Directorate has maintained the supervisory function internally, including supervision of contractors, acknowledging the importance of being able to check the condition of the road network and to attend to authority tasks. In terms of operation and planning, it is a financial benefit that the state has a rather finely meshed road network. Hence, the individual stretch of road will not be divided based on different road authorities and it will be easier for the contractors to plan and execute work in a larger area at a time.

Winter service: The winter of transition 2006/2007

A challenge in connection with the takeover of the county roads was the time of takeover on 1 January 2007, i.e. in the middle of winter with the risk of snow and icy roads. The counties had until then had the responsibility for winter maintenance on their own roads, and on behalf of the Road Directorate they undertook winter maintenance on the state roads.

Already in January 2005, the existing winter committee with representatives from the municipalities, the counties, and the Road Directorate was asked to prepare a proposal for a possible organisation of winter warning and winter service in connection with the implementation of the Local Government Reform.

In order to ensure a functionally intact winter organisation by 1 January 2007, it was agreed with the municipalities that winter maintenance should basically be carried out by the staff of the former counties. The Road Directorate undertook the administrative and the practical management of the winter service on the entire former county road network from 1 January to 30 April 2007 using the transferred county employees made available by the municipalities. Monitoring and warnings were to be undertaken by the six new road centres with the counties’ winter staff.

Overall, there were no problems during the winter of transition. The Road Directorate and the municipalities still join forces when it comes to winter maintenance and the Road Directorate's internet-based warning system in case of icy roads called Vevejejr.

Data and systems

The counties' data on roads were to be transferred to the new municipalities and to the Road Directorate. In addition, the data of the old municipalities should be integrated to cover the needs of the new municipalities. The first process has been completed and is in place. The second process is still ongoing. Furthermore, there are still some outstanding tasks involving collection and standardisation of data.

Traffic safety

In connection with the implementation of the Local Government Reform, it was considered most appropriate that the tasks involved in coordination and information and promotion should be solved in regional units. Therefore, six new regional traffic safety committees were established with representatives from the Road Directorate, the Danish Road Safety Council, the municipalities, the local police, Danish Regions, and organisations/associations such as 3F (United Federation of Danish Workers), DTL (Danish Transport and Logistics), Falck etc.

Today, the six regional traffic safety committees undertake the following tasks:

- Coordination of regional traffic safety
- Preparation of action plans
- Analysis of regional accident development
- Preparation and execution of regional promotion and information activities
- Coordination in connection with national and local promotion and information
- Evaluation of promotion and information efforts.

Already before the Local Government Reform, the Road Directorate was responsible for these activities, but focus on coordination, especially cooperation with the municipalities, has now been increased.

Cooperation between both former and new actors within traffic safety has therefore been strengthened, especially cooperation with the municipalities. In terms of road technology, a professional network across road centres and municipalities has been established that collates and communicates both national and international knowledge.

In order to continue development of national promotion, a coordination group has been established with participants from the Danish Road Safety Council, LGDK, Danish Regions, the Road Directorate, the police, and three municipalities which has resulted

in four national campaigns a year compared with one or two before.

The municipalities and the Road Directorate jointly make evaluations of local traffic safety activities.

Central government's takeover of building projects from the counties

On 26 October 2006, the Government, the Danish People's Party, and the Social Liberal Party made an agreement on traffic for 2007. The traffic agreement includes commencement of a number of projects on the road network transferred from the counties to the state on 1 January 2007.

The Road Directorate and the municipalities jointly decided which information that should be transferred. The information covered everything from authority permits to extract data from project systems and reviews of project economy.

After the takeover, the projects have been consolidated in terms of time, economy and quality. They have also been re-budgeted according to the guidelines on new investment budgeting. Based on documentation dated 19 February 2009, the projects were allocated more funds due to the fact that a number of budget items regarding acquisition of land, planning, other contracts, etc. were not included in the counties' investment estimate.

Culture

The goal of the Local Government Reform within culture was to create a simplified support structure that was based both on an active local involvement and on consideration for the national culture policies. According to the reform, responsibility for culture should be divided between the state and the municipalities. Based on the overall plans for the regions, the new regions were allowed to initiate singular cultural events or new cultural services to be continued by others, but they were not allowed to take charge of or provide financial support to the operation of cultural institutions or to cultural events.

Music

The municipalities and central government now share responsibility for music. The counties' involvement in music and related institutions has been taken over by central government. This applies to music courses, school concerts, regional orchestras, basic ensembles, and rhythmic music scenes.

It has become mandatory for the municipalities to run music schools which was voluntary before the Local Government Reform.

The former voluntary county music councils have been discontinued, but it is up to the municipalities to establish local music committees either alone or together with other municipalities.

Theatre

Generally, the central government has taken over the main responsibility for theatres of a national character (e.g. regional theatres), whereas the main responsibility for local theatres lie with the municipalities. Financing of local theatres is, however, shared by central government and the municipality as the state reimburses part of the municipality's costs. Furthermore, central government took over the counties' share of expenditure for local theatres.

The theatre subscription scheme that was administered by the counties has been discontinued. Instead a support scheme has been established that grants subsidies to the activities of theatres and theatre associations and contributes to reducing the price of tickets.

The RBOT scheme (Travelling children and investigative theatre) was an independent support scheme for children's theatres until the Local Government Reform. The scheme was discontinued on 1 January 2007 in connection with the Local Government Reform, but the funding was transferred to the Danish Arts Council's Committee for the Performing Arts that has taken over responsibility for allocation of subsidies to children's theatres on tour.

Preservation of culture

Central government has taken over the main responsibility for the funding of museums of a national character (paragraph 16 museums). The counties' responsibility for historic monuments has been divided between central government and the municipalities. In addition, two four-year transition schemes have been created for county funding of local museums recognised by the state (paragraph 15 museums) and for conservation centres, respectively. Basically, the municipalities take over responsibility for the former county funding of the two transition schemes when they expire.

A scheme has also been established so that funding from several former municipalities of a number of museums is maintained until the end of 2010 even though the municipalities providing the funds have been merged as a result of the Local Government Reform. Some museums will also be covered by the scheme after 2010.

Archives

The reform has meant relocation of many tasks and responsibilities from one authority to another. The counties' archives (records, journals and ESDH systems) have been dis-

tributed to other authorities. An agreement has been made regarding a joint solution of management of records to make it more uniform regardless of whether the municipalities or central government take over the task. Those records that are not directly related to individual tasks, e.g. case files regarding the general management and administration of counties, have been taken over by the regions.

Libraries

The merger of municipalities has resulted in a merger of the municipal libraries.

The Danish Agency for Libraries and Media has in connection with the reform prepared a guide regarding the integration of IT systems. A more general publication with advice and tips for public libraries that need to merge has been prepared together with LGDK. The Agency has also made establishment of libraries in the new municipalities and co-operation across municipalities an action area for the Development Pool for Public and School Libraries.

Culture agreements

Previously, counties and municipalities could make voluntary culture agreements with central government. After the Local Government Reform, the municipalities can jointly make culture agreements with the Ministry of Culture.

However, the regions can participate in the agreements with a group of municipalities based on the authority they have been assigned.

Zoological gardens

Several of the zoological gardens recognised by the state received subsidies of varying size from the counties and the Copenhagen Development Council. With the reform, these subsidies were transferred to central government and will become part of the existing state funding for zoological gardens. The state grants for zoological gardens are distributed according to professional criteria prepared by the Council for Zoological Gardens and Aquaria.

Subsequent changes

Theatre

From 1 January 2008, a new scheme for local theatres was implemented including a new consulting scheme to ensure quality of the performance in local theatres through evaluations. In addition, an overall framework has been implemented so that the reimbursement rate is no longer automatically 50%, but varies.

Libraries

In continuation of the Local Government Reform it has been decided to reform the

Danish central library, which ranks higher than the public libraries. The Minister for Culture announced the decision on a new model in December 2007. The new structure that reduces the number of local libraries that also function as central libraries from 18 to 6 will enter into force from 2010, and 2009 will be a year of transition. The reform releases more resources for development of new electronic library services.

The Danish Agency for Libraries and Media has prepared a report on the development of public libraries after the Local Government Reform. The report, which was published in November 2008, documents the situation on the basis of statistics from 2007 supplemented by a questionnaire survey in the spring of 2008.

On the basis of the report, the Minister for Culture has recently established a committee to look into the role of the public libraries in the knowledge society. The committee is expected to present its recommendations at the beginning of 2010.

Other

According to LGDK, harmonisation of fees at for example music schools and sports facilities has been a major task for the municipalities.

How has it all turned out?

In general, the Local Government Reform has had a positive effect on culture. The adopted legislation and the subsequent regulations and transfers have generally been implemented satisfactorily.

The Local Government Reform has instigated a positive development process in a number of cultural areas. This applies to museums recognised by the state merge and thereby increasing both professionalism and robustness and resulting in fewer but larger museums. This means that the transferred county subsidies for the so-called paragraph 15 museums will be reduced to fewer (and larger) subsidies during the four-year transition period. This makes it easier for the museums to attend to their basic tasks and to develop their activities.

The number of local theatres has increased since the Local Government Reform – supposedly because many of the larger municipalities want to have a local theatre as a cultural flagship and focus area.

The communication network of children's theatres in the old municipalities, which consisted of librarians, teachers, and employees in the municipalities, has to some extent fallen apart. It also seems that purchase of children's theatre performances has decreased in the schools and other institutions. However, it is too early to say whether this is a temporary phenomenon or a permanent one.

Libraries have been through a process of reorganisation as is the case in many other parts of the society. Now, many people use the internet (bibliotek.dk) and while some libraries close, others are expanded and upgraded. Libraries are also trying to fulfil new user requests and needs and are targeting their services at the individual user groups.

The Minister for Culture has recently established a committee to look into how libraries may contribute to carry out the Government's globalisation strategy. The reason is that education, research, production of knowledge, and communication are key areas in the Government's globalisation strategy, and here libraries are important.

The Local Government Reform has also induced the municipalities to enter into voluntary cultural agreements with the state. This strengthens the inter-municipal cooperation within culture and increases the quality of cultural life.

As to music schools, the Local Government Reform has resulted in a wide range of school mergers so that each municipality now has one music school. Before the reform there were approx. 230 music schools. The mergers have resulted in a general increase of quality and educational services from the schools.

Nature, environment and planning

Responsibility for nature, environment and planning was previously divided between the counties and the municipalities, and central government had a few tasks. With the Local Government Reform, responsibility for most tasks was concentrated in the municipalities. National and technically complex tasks were assigned to central government and the majority in seven decentralised environment centres under the Ministry of the Environment. Responsibility for raw material planning, soil pollution, and the new regional development plans was assigned to the regions.

New legislation was adopted regarding environmental approval of animal husbandry that entered into force concurrently with the reform. At the same time three EU directives on water and nature were implemented.

Subsequent changes

After the Local Government Reform there are no major changes in the distribution of tasks between the municipalities, the regions, and central government.

Central government has made an organisational adjustment as the framework for state environment centres has been improved from October 2007 by the establishment of Agency for Spatial and Environmental Planning. Efforts are being made to strengthen the professional environment and ensure planning, utilisation of capacity, and resource allocation.

How has it all turned out?

Task performance in the areas transferred to the municipalities, the regions, and the state has been satisfactory. Due to the current scope and concentration of most of the tasks and the expertise at the municipal level, the municipalities have become much stronger than before both professionally and administratively. The transfer of tasks from the counties to central government has improved synergy and efficiency in task solution. This has created more coordination and uniformity in case handling across Denmark while the seven environment centres ensure local embeddedness.

Following the Local Government Reform, and especially in 2007, it has, however, been necessary to use resources to establish new local and central administrations and for central government and the municipalities to take over a number of unfinished tasks from the counties. Therefore, the municipalities and central government have had to prioritise tasks and to some extent postpone case handling if it was considered feasible from an environmental and social point of view and if it did not affect citizens and businesses unduly. In 2009, a number of initiatives have been taken to reduce the number of unfinished cases.

Concurrently with the reform, central government, the regions, and the municipalities have jointly initiated the establishment of the Danish Nature and Environment Portal that first and foremost include environmental and administrative information that was previously the responsibility of the counties. The portal is a valuable basis for the activities of the municipalities, the regions, and the environment centres.

Furthermore, central government and the municipalities have through FOTdanmark (common public geographical administration data) started establishing a public geographical basis of administration. The vision is that the FOT data in the long term will be used by all the local and central authorities as their geographical administration data.

Spatial planning

The new local plans will in future be the fundamental and essential overall plan. Local plans should in addition to the previous local plans also specify goals and guidelines for the topics included in the regional plans and specify coherence with sector planning.

The first local plans according to the new rules will be prepared in 2009, and it is therefore too early to evaluate them. However, until now the municipalities have prepared strategies for local planning that are currently being evaluated.

The five regions and the regional municipality of Bornholm have prepared the new regional development plans according to the provisions of the Spatial Planning Act in

cooperation with the municipalities. The work related to regional development is described in further detail in Chapter 2, page 31.

As a result of the Local Government Reform, the environment centres are required to raise objections to proposals for local plans and regional development plans that are not in accordance with overall national interests. The environment centres are also required to raise objections against proposals to local plans that conflict with the coastal provisions of the Spatial Planning Act. Finally, the environment centres may raise objections based on special considerations that the authority undertakes and against regional raw material plans. Since 1 January 2007, this has resulted in 89 objections of which most have been revoked as a result of a dialogue between the municipalities and the regions and subsequent adjustment of the projects.

A region can also object if a local plan conflicts with the regional development plan.

For Greater Copenhagen the Minister for the Environment has prepared the national spatial planning directive "Finger Plan 2007". In addition, national spatial planning directives have been prepared for the retail trade in Greater Copenhagen and the City of Aarhus.

The environment centres continuously communicate with the municipalities regarding the new local plans and concrete planning proposals. Furthermore, the Ministry has prepared extensive instructions in this field, and networks and pilot projects are being established through project Plan09.

Coastal protection line

Contrary to the other tasks under the Nature Protection Act that are undertaken by the municipalities, central government has taken over the counties' administration of cases pursuant to the dune preservation and coastal protection provisions to ensure preservation of the open coastline. The coastal protection line is still administered very restrictively and dispensation is only granted as an exception.

Water and nature plans

EU's Water Framework Directive and smaller parts of the EU's Nature Protection Directive have been included in Danish legislation through the Environmental Goals Act of 2003. With the Local Government Reform, responsibility for the preparation of water and nature plans pursuant to the Environmental Goals Act was transferred from the counties to central government and the municipalities. Central government prepares the overall plans and through preparation of local action plans, the municipalities ensures actual implementation of the plans.

Pursuant to the Environmental Goals Act, the overall water and nature plans will be finally adopted by the Minister for the Environment by 22 December 2009 at the latest. The local action plans will be finally adopted one year later.

The exact distribution of tasks/interface between central government and the local tasks is described in the Environmental Goals Act and will be specified conclusively in an Executive Order.

Monitoring of nature and the environment and groundwater mapping

Monitoring of nature and the environment and groundwater mapping for drinking water were transferred from the counties to the state environment centres. This ensures coherence with water and nature planning and thus alignment.

The tasks are characterised by the need for special knowledge and equipment in terms of cars, ships and measuring equipment. Task solution in the environment centres has facilitated utilisation of skills and equipment, enhancement of IT and data efficiency and professionally and administratively coordinated data management and reporting.

As to groundwater mapping an amendment to the act has been made after a thorough analysis so that the funds for groundwater mapping in future will be charged as a tax, and a deadline has been specified for completion of the task.

An adjustment has been made to the current national needs and obligations regarding monitoring. The current monitoring programme for nature and the environment will expire in 2009 and is being revised to ensure that the need for monitoring in connection with the implementation of EU's Water Framework Directive and the Natura 2000 directives as well as other international and national monitoring obligations will be included.

After the Local Government Reform the environment centres are in charge of the overall groundwater mapping and the municipalities, as the groundwater authority, are responsible for administering the groundwater resource. It has not yet been decided who should maintain the mapping when the environment centres have completed the initial mapping in 2015.

Connection of nature protection and nature utilisation

As a result of the Local Government Reform, the municipalities and central government are able to connect nature protection and nature utilisation as the municipalities, which are responsible for spatial planning in the open country, are now able to plan for recreative use of for example rural areas near a town while ensuring protection of nature and valuable landscapes in connection with urban planning. Evaluation of the re-

sults is expected to take place when the municipalities have adopted the new local plans in 2009.

Restoration of nature, outdoor life and forestation

Together with the Danish Forest and Nature Agency, the municipalities contribute to the implementation of projects to restore nature, outdoor life and forestation near towns. Better access to green areas and scenic beauty is an important criterion for people's choice of a place to live and to do business. The possibility of recreation is also important to general health.

Regional path systems

Path systems are a major asset for tourism, traffic safety and transport to and from school/work, reduction of the CO₂ emission, etc. The municipalities took over a network of regional pathways of which the extent and quality varied considerably. This variation has been reinforced by the fact that some municipalities have focused heavily on pathways as they were already involved in this before the Local Government Reform such as Odense, whereas others have not yet started. Therefore, the Danish Forest and Nature Agency is actively involved in ensuring regional/national pathways such as Fjordstien around Roskilde Fjord and contribute to creating regional pathways in for example the south of Zealand. The Agency also makes its website available for relevant information.

Environmental approval and supervision

Before the Local Government Reform, environmental approvals and supervision of companies and plants were the responsibility of the counties (approx. 2,400) or the municipalities (approx. 4,200). As a result of the reform, approval authority and supervision regarding most of the companies and plants were transferred to the municipalities. However, approx. 250 technically and professionally complex companies with a major pollution potential were transferred to three of the environment centres (Aarhus, Odense and Roskilde) under the Ministry of the Environment. The option for companies to apply for transfer to central government supervision was also introduced. In addition, central government took over supervision of approx. 125 waste disposal plants with the largest pollution potential.

Industrial plants

In recent years, the number of applications for supplementary approval of industrial plants has increased significantly. As these approvals are often crucial for the continuance and/or expansion of companies, these activities have had a high priority both in the municipalities and in the environment centres.

Supervision by the municipalities and the environment centres has not been satisfac-

tory. The local supervision reports from 2006 and 2007 submitted to the Danish Environmental Protection Agency indicate that more municipalities than before fail to perform the agreed minimum number of supervisory visits. LGDK and the Ministry of the Environment have therefore agreed to make a joint effort to strengthen the performance. Special efforts are made both in the municipalities and in the environment centres to settle all the outstanding approvals and re-evaluations according to the IPPC Directive during 2009.

Animal husbandry

The Act on Approval etc. of Animal Husbandry entered into force at the same time as the Local Government Reform and the rules for environmental impact assessment (EIA), environmental approval, and rural zone approval are now combined in one application and one approval. These tasks were previously divided between the counties and the municipalities, but are now brought together in the municipalities. The environment centres of the Ministry of the Environment make random checks of the municipalities' approval of animal husbandry. The scheme will be evaluated in 2009.

A number of start-up difficulties have led to increased case handling times in the municipalities. As a result the Ministry of the Environment, LGDK, and Danish Agriculture and Food Council (the agricultural and food industry) started a number of initiatives to solve the problem. During the first six months of 2008, some municipalities have allocated considerable resources to solve the problem.

In addition, the Government and LGDK have in February 2009 entered into an agreement that will speed up case handling and result in more decisions being made. The agreement includes max. decision making times and extensive national initiatives in terms of a mobile team and skills development, standardised technology requirements, improved IT systems, improved administrative services, and an activity-dependent pool to ensure expansion of capacity, if required. Finally, the municipalities will establish a municipal knowledge center.

Fish farming

With the Local Government Reform the municipalities took over a number of unfinished cases from the counties regarding environmental approval of fish farming facilities. The rules involve different laws and authorities and it is therefore rather complicated. The coming water plans should also be included in the basis for decisions. Case handling times and the number of unfinished cases have increased, and initiatives to remedy the problem, possibly through simpler rules, are being considered.

Soil pollution

As a result of the Local Government Reform, most of the counties' responsibilities in-

involved in mapping and public investigation and clearing up have been transferred to the regions.

Since the Local Government Reform, the regions have had to prepare new joint strategies with goals for their soil pollution activities.

Generally, the regions have prioritised soil pollution activities based on the action areas in the legislation as regards special drinking water interests and use of polluted land where it will be most effective environmentally and healthwise.

Quality Control Act

In connection with the Local Government Reform, the Parliament adopted an act on a quality control system for local case handling regarding nature and the environment as a tool to ensure professional and sound administration. The system is based on internationally recognised quality control systems, but it is customised to the Danish nature and environment administration.

The quality control system will be completed by the end of 2009 at which time the municipalities should be certified.

The Ministry of the Environment has decided to implement the same system at the environment centres to ensure the required uniformity in the seven centres.

It is the opinion of LGDK and the Ministry of the Environment that the quality control system is and especially will be a valuable tool both for the municipalities and the environment centres.

Taxes

The purpose of the establishment of SKAT was to create a simple, efficient and service-minded tax administration in one organisation under the Ministry of Taxation. The goal was to create a one-string tax administration by merging ToldSkat, the local tax administrations, and local collection to meet future requirements through the establishment of professionally sustainable units with a high quality and consistent task performance.

The establishment of SKAT resulted in changes both in the internal organisation and management structure and in task solution. As a new initiative, nationwide payment and customer centres were established.

Subsequent changes

Establishment of SAC (the administrative centre of the Ministry of Taxation)

A goal of the merger between local and central taxation was to enhance efficiency of internal administrative tasks through economies of scale. In order to ensure focus on efficiency and safe operation of the internal administration in SKAT, it was decided in February 2007 to establish a nationwide administrative cooperation where internal administrative tasks could be solved in one organisational unit.

On 1 June 2008, the Danish National Tax Tribunal and the department of the Ministry of Taxation merged into the administrative centre, which was then renamed SAC.

On 1 January 2009, SAC's portfolio of tasks was expanded to include internal operation, buildings, and the security and safety organisation in SKAT. Today, SAC is an organisation with approx. 450 employees throughout Denmark.

In order to optimise SAC's work and to obtain the expected improvement of efficiency, targeted efforts are made to standardise SAC's services and self-service has been introduced for as many sub-processes as possible. In addition, processes are being optimised through more extensive IT support.

Car registration

On 1 January 2008, SKAT took over the responsibility for vehicle registration and collection of tax on motor vehicles based on weight, green owner tax, and road use tax from the police. This was based on the decision to digitalise the area. Development of Digital Motor Registration (the DMR-system) is delayed and will commence in a couple of years.

New organisation and management structure in SKAT as per 1 January 2009

In connection with the merger, it was decided to evaluate SKAT's organisation and management structure in order to see whether adjustment of SKAT's organisation after the merger was required. With effect from 1 January 2009, it was decided to implement a number of changes in order to obtain improvement of efficiency and economies of scale in task solution.

With the new structure, SKAT moves from a location-based to a function-based organisation with regional and nationwide functions and tasks. This means that the managerial responsibility for solution of tasks where synergy and economies of scale can be used, are concentrated in one unit. The broad efforts remain in a regional structure together with the tasks requiring direct customer contact. In addition, a nationwide Legal Centre has been established to ensure correct and consistent application of rules across all the functions in SKAT.

As part of the implementation of the new structure, concentration of tasks in SKAT is still ongoing facilitating solution of a larger proportion of SKAT's tasks in national units.

The national units have divisions throughout the country and as such they are virtual units. The virtual organisation will be supported by new technology and increased use of project tools.

How has it all turned out?

The National Auditors have presented Report 4/2007 regarding the merger between the state and the local tax and collection administration. The overall conclusion is that the preparation and the very extensive merger process have been satisfactory, including the general planning and preparation of localisation and the physical framework.

The inherent expectations regarding the merger were extensive use of economies of scale and synergy so that tasks could be solved using less FTEs.

Since the merger on 1 November 2005, the total number of employees at SKAT has been reduced by approx. 1000 FTEs.

Performance strategy

An important development of the activities at SKAT is the introduction of a performance strategy. The performance strategy is based on customer behaviour and looks into what leads to errors and failing tax payments (the tax gap) in the individual customer processes.

A change of instructions and control procedures results in increased focus on the preventive effort and more intense follow-up on those who deliberately fail to follow the rules. Maximisation of voluntary observance of rules will release resources in SKAT for collection and other activities whereby the tax gap will be minimised more effectively.

After concentration of the activities in SKAT, prioritisation of instructions and control is based on a systematic risk analysis across all the areas of taxation. SKAT has also changed procedures so that there is no longer focus on goal achievement regarding adjustments etc. A number of new impact measuring methods have been developed to ensure that the performance strategy has the desired effect.

Development of tools for systematic risk analysis and a number of new impact measuring methods is ongoing.

During 2006-2008, SKAT has also focused on implementing performance measurement internally in the organisation and internal measurements of implementation of the strategy are being followed up. These activities will continue in 2009 and 2010 and gradually be expanded to include support functions so that the performance concept becomes the fundamental business philosophy in SKAT.

Collection

The new structure focuses on collection. Collection of outstanding payments from citizens, including outstanding payments from municipalities, is concentrated in a national collection centre and will be automated to the extent possible in the future. Performance and collection of tax in arrears from businesses will be coordinated with the intention of enhancing efficiency.

As part of the Financial Agreement for 2009, the Government and LGDK have initiated a joint analysis of the reasons for the increase in outstanding payments from municipalities.

The agreement states that "the Government and LGDK agree on the importance of efficient task performance within joint collection. In order to ensuring an expedient performance and organisation in future, the parties agree to carry out a joint analysis of the reasons for the increase in outstanding municipal payments. The analysis should uncover whether collection is conducted consistently throughout the country and clarify the particular challenges and considerations associated with collection from low income groups."

The activities involved in the analysis have been initiated and according to the terms of reference a final report is available at the end of April 2009.

Digitalisation

For a number of years, SKAT has had major focus on digitalisation processes. The merger and the establishment of one organisation have created further basis for this focus.

SKAT's focus on the general development in digital reporting and automation of the preliminary income assessment and income tax return process has resulted in considerably improved percentages in automation and electronic reporting.

SKAT's programme for system modernisation facilitates a new IT architecture and improved possibilities for SKAT as a unit organisation to gather the tasks to improve the service to the customers, improve efficiency, and facilitate inter-public task solution.

The system modernisation has resulted in eIndkomst (information on income on the internet) that makes SKAT's information available to other authorities such as social authorities. This has led to improved wage retention and the possibility of tax assessment at an earlier date. In addition, a further digitalisation of preliminary income assessment and income tax return processes including fully digitalised tax forms will make it significantly easier both for citizens and businesses. The digital tax return form has been improved based on the principle of tax assessment at an earlier date which

enables citizens to check themselves before SKAT does it. Finally, tax assessment of businesses has been improved so that SKAT spends less time selecting companies for tax inspection. SKAT will continue to utilise possibilities in the organisation enabled by the system modernisation.

Customer satisfaction

In continuation of the merger, continuous customer satisfaction surveys are being carried out in SKAT based on a number of success criteria. The average customer satisfaction rate in 2007 was 3.8 on a scale from 1-5. The customer satisfaction rate for 2008 was also 3.8 which is considered satisfactory.

In the spring of 2008, customer satisfaction within vehicle registration was measured among citizens and companies in the customer service environment. Total satisfaction rate was approx. 4.3 on a scale from 1 to 5. In the autumn of 2008, a similar survey of customer satisfaction was made indicating a total satisfaction rate of approx. 4.5. The goal is to maintain a very high customer satisfaction rate.

Customer service

As a result of eIndkomst, new principles for preliminary income assessment forms have been implemented starting from assessments for 2009. This means that tax forms are now fully digitalised and preliminary income assessment forms will no longer be distributed in paper form.

The overall effect of digitalisation of citizen contact will be evaluated in the established cooperation bodies regarding citizen service.

Relocation of workplaces

Relocation of workplaces has been considerable within the tax sector in connection with the establishment of a Payment Centre and a Customer Centre as a result of the Local Government Reform.

There is still focus on expansion and relocation of workplaces. One of the means is establishment of national units in SKAT in the regional structure. The goal is that future recruitment will be made outside the large urban areas. With the new virtual organisation and the new virtual work methods and communication tools that SKAT started using on 1 January 2009, it will be possible for employees in the same unit to be geographically placed throughout the country and thus enhance SKAT's utilisation of professional skills.

Employee satisfaction

SKAT systematically conducts measurements of employee satisfaction at the work-

places involved. The employees' assessment of SKAT as a workplace is very positive. The measurement in 2008 shows improved results everywhere compared to the measurement in 2007 of an average of 0.28 points equivalent to an increase of 7.8%.

Since the merger, managers and employees have been seriously involved in the theme Attractive Workplace and the senior management of SKAT has prioritised the attractive workplace highly as an important means to ensure the remaining business visions.

Overall, the assessment is that SKAT is a good and well-organised workplace, but there is still a potential for further development for SKAT to reach the goals of being one of the best and most attractive workplaces in Denmark.

Social sector

The goal of the Local Government Reform within social services was to create a social sector with focus on the citizen based on completeness, coherence, and transparency, and one access point for the citizen, namely the municipality.

Therefore, a one-string authority and financing responsibility was implemented in social services. The local council is responsible for counselling of the citizen and for making decisions and financing services according to the Social Services Act. The local council also has the service responsibility in relation to the citizen which may be fulfilled through own services or by making agreements on use of services from other municipalities as well as regional or private services.

According to the Social Services Act, the regions have been assigned a supplier obligation for a number of specialised social services that the counties were responsible for before the Local Government Reform. The scope of this obligation is specified in the annual framework agreement between the municipalities in the region and the region itself.

The framework agreements for one calendar year are made between the regional council and the local councils in the regions no later than 15 October the previous year. The agreements are the basis for the regional council's establishment, adjustment, and development of services and are prepared by the regional councils based on the local councils' accounts on needs and expected use of services. The framework agreement includes the social services that the regional council is obliged to provide to the municipalities, if required, as well as general housing for the elderly. The agreement should also include the services that the local councils take over from the regional council so that the municipality taking over the responsibility also takes over the supply obligation in relation to the other municipalities in the region.

The regional services are financed through rate payment which is part of the framework agreement between the region and the municipalities in the region. In order to ensure optimal transparency and comparability between regional, local and private services, the local councils were, as a result of the Local Government Reform, obliged to specify a rate for local social services based on a cost-related calculation principle.

In order to protect municipal finances, a central reimbursement scheme was implemented that limits the expenditure of the municipalities when very expensive individual cases are involved. The scheme applies to all services from the very specialised to the non-specialised.

VISO, a national knowledge and special counselling organisation, was established as part of the Local Government Reform. The purpose of VISO is to maintain and develop very special knowledge and expertise and to assist the municipalities with difficult individual cases in the social sector and in special education. Together with Tilbudspor-talen (internet portal on social services) that provides an overall view of services in the social sector etc. and is a means for the municipal case worker to find relevant services to meet the needs of the citizens, two new tools have been created to support municipal activities in the social sector.

Part of the Local Government Reform in the social sector was establishment of a disability council in all the municipalities. These councils, which became statutory as per 1 April 2006, should advise the local council in political questions regarding the disabled and communicate views between the citizens and the local council on local policies concerning disabled people.

Finally, a development council was established in each region which for a four-year transition period ending in 2010 should monitor and discuss the development in the social sector and within special education.

The development council includes representatives from the local councils in the region and the regional council, and it is a legal requirement that the development council also includes users in the region.

An important role for the regional development councils is to make annual reports to the Minister for Welfare – now the Minister for the Interior and Social Affairs – and the Minister for Education on the development after the Local Government Reform in the social sector and within special education, respectively. The reports are made on the basis of reports from the municipalities and regions submitted to the development councils. The reports of the development councils form the basis for the reports presented by the two ministers to the Parliament regarding the development in these

fields after the Local Government Reform. The then Minister for Welfare's first report for the Parliament was presented on 10 June 2008.

Subsequent changes

The municipalities' takeover of specialised social services

Basically, the regions should take over operation of all the social institutions and services in the region from the former counties, whereas institutions for children and young people with social and behavioural problems, except secured wards, should be taken over by the municipality in which they are located.

As it is a clear goal in the Local Government Reform to continue a gradual decentralisation to the municipalities, the municipalities were granted a statutory right to take over regional services on a number of specified terms to ensure that the services taken over continue to form part of the overall services and as such are available to other municipalities as well.

Already when the Local Government Reform entered into force, the municipalities took over 80% of the county services. The regions kept the very specialised 24-hour services for disabled people.

The municipalities can take over the remaining regional services as they feel ready to do so. The framework agreements indicate that municipal takeover is still taking place.

How has it all turned out?

The overall assessment in the report that the then Minister for Welfare presented to the Social Services Committee of the Parliament in June 2008, which was primarily based on reports from the regional development councils, was that development in the social sector was generally satisfactory in the areas affected by the Local Government Reform. Both the report by the then Minister for Welfare and the reports of the development councils covered the first year after the implementation of the Local Government Reform. The sector is still characterised by major restructuring and the fact that both municipalities and regions need to adjust to their new roles and tasks.

The debate on despecialisation, closeness, and inclusion

It was an explicit goal in the Local Government Reform to create the basis for increased inclusion and use of services in the close environment. Both before and after the Local Government Reform, especially user organisations have, however, expressed concern that specialised social services would become despecialised.

Therefore, in 2007, the development councils were asked – as a special theme – to focus on describing and evaluating to which extent the Local Government Reform has re-

sulted in changes in the service patterns for children, young people, and adults with diminished physical or mental capacities and which effect such changes have on the activities directed at the target groups involved.

As it is stated in the then Minister of Welfare's report to the Parliament in June 2008, the development councils concluded that nothing indicates any immediate despecialisation of the services that the municipalities have taken over from the previous county authorities and from the regions in relation to the target groups, visitation, or professionalism in the services.

In the framework agreements for 2009 there is a declining demand for a number of specific services. These include, in particular, temporary services within brain damage, abuse, handicap aids, and services from communication centres whose main responsibility is special education. However, the framework agreements do not reflect the activities that the municipalities have introduced instead.

The development is being monitored closely with a view to documenting management of the specialised social services effort. In 2008, "Services for people with acquired brain injury" was the theme that the regional development councils should focus on in their reports for 2008. The reason for this theme is that special concern has been expressed regarding the development in the area of brain injury as there are examples of former county authority services for brain injury patients having been discontinued and replaced by other activities, cf. the expanded municipal responsibility for rehabilitation. The reports of the development councils may contribute to clarifying what the municipalities have implemented instead and the implications for the services to the citizens and for the development in the area in general. The report for 2008 to the Parliament is expected to be available at the beginning of June 2009.

The Ministry of the Interior and Social Affairs and the Ministry of Education will also initiate an investigation of specialised handicap aids and communication in 2009.

Framework agreements

The framework agreements have proved to be a good tool that the regional councils and the local councils work on jointly and openly to ensure development of both the local and the regional services. This is apparent from the regional development councils' reports to the then Minister for Welfare.

However, it may be necessary to continue to look into the concept of the framework agreements to ensure that it is in alignment with the development in the area in general both in terms of process and contents. This is the result of an investigation and mapping made by KREVI on the experiences gained from the social framework agree-

ments for 2007 and 2008.²

Evaluation of VISO

The number of contacts with VISO is still increasing. In 2008, a total of 2,764 contacts were registered corresponding to an increase of 54% compared to 2007. Contacts to VISO are mainly about counselling.

Based on criticism of VISO mainly from the user organisations for the disabled, the then Ministry of Welfare started a number of initiatives in the summer of 2008 to improve counselling from VISO. The initiatives should ensure:

- A faster and more flexible visitation process and the right counselling of the citizen or the municipality as quickly as possible.
- Flexibility and agility in VISO's counselling to match the needs of the various user groups.
- Counselling of municipalities on current and more general issues in relation to specific target groups where the municipality is involved in upgrading special counselling, performance, and services for the target group.
- Improved possibilities for the municipal case workers to seek special counselling from VISO.

In addition, an external evaluation of VISO was made in the autumn of 2008. The main conclusion of the evaluation is that VISO generally lives up to its purpose and that the users are generally satisfied with VISO's services.

More than 80% of the municipal employees who have used VISO are very satisfied with the help they have had and find that case solution has been improved through VISO's assistance. In addition, one third indicates that VISO's counselling to some extent or significantly have led to changed practice in other cases. This indicates that VISO's counselling make an impact in spite of the fact that it is counselling in special and individual cases.

More than 80% of the citizens find that VISO has been helpful to them.

The main conclusions correspond to the reports that the Ministry of the Interior and Social Affairs receive regarding VISO from others, including user organisations.

Survey of local disability councils

Almost three years ago in connection with the Local Government Reform, the disability councils became compulsory. In 2008, the then Ministry of Welfare carried out a survey of the impact of the disability councils. The survey shows that the disability councils in

the municipalities are a success and that they play an important role in local policy decisions. The disability councils are heard and have influence on the initiatives and decisions the local councils make. The politicians in the councils also find that their activities here make them better equipped to make decisions.

One of their major tasks is preparation of local disability policies. 75 of the 77 municipalities that participated in the survey have already established a disability policy or expect to adopt one shortly.

There are still committees and areas in the individual municipalities that forget to submit initiatives for a hearing in the disability councils and some disability councils need to organise their procedures properly. But the survey strongly indicates that the disability councils are a success. They strengthen the dialogue between the local council, the municipal administration units, and the disabled people.

Regional state administrations

In connection with the Local Government Reform, five regional state administrations were established to take over the role of the state counties as the state regional authority.

The regional state administrations have taken over the tasks and the employees of the former state counties and have been assigned tasks regarding adoption and the secretariat service of the agricultural commissions from the county authorities. In addition, the regional state administrations have been assigned new tasks as a result of the Local Government Reform such as secretariat service for the regional development councils.

Concurrently with the establishment of the state administrations, the family rights reform "one access to family law" came into force. The reform has since been followed up by amendments to the Parental Responsibility Act. The amendments entail that all cases on separation, divorce, custody, residence, and transport now start in the regional state administrations and only proceed to the law courts if the parties are unable to agree. Efforts to obtain a settlement are therefore very important in case management. The cases are based on involving the citizens in obtaining sound solutions by participating in meetings if the parties disagree.

How has it all turned out?

The regional state administrations have been through an extensive relocation and establishment process and new tasks and work methods have been implemented. They are now in a consolidation phase where focus is on ensuring sound working procedures and adjusting the organisation to the many different tasks.

² KREVI (2009): Cooperation based on a formular. An analysis of the social framework agreements.

The five regional state administrations are geographically distributed on ten units (five main offices and five department offices). They employ a total of 800 FTEs.

Health sector

The Local Government Reform also included a reform of health services. The abolition of the counties and the establishment of regions and larger and stronger municipalities provided a historic opportunity to make health services future-oriented and create better conditions for the patients.

New and larger regions provided the basis for concentration of more treatments, better utilisation of the benefits of specialisation and the best possible utilisation of resources. The five regions provide a good basis for planning in the health sector and for improving quality significantly. The larger municipalities also have a stronger role in the health sector.

Legislation for the reform of health services was established by the adoption of the Health Act (Act No. 546 of 24 June 2005).

On 1 January 2007, the regions took over the responsibility for the hospitals (including psychiatric treatment), general practitioners, and other health insurance from the former counties. The municipalities also took over a number of the former counties' health tasks. These are rehabilitation after hospitalisation, prevention and promotion of health (the patient-directed prevention in cooperation with the regions), special dental care, and treatment of alcohol and drug abuse. These tasks have a number of interfaces with the municipalities' activities within eldercare, social services, children and youth to ensure that the prevention is carried out as close to the citizens as possible.

As part of the changed financing system, the municipalities also became co-financers in the health sector. The municipal co-financing consists partly of a basis contribution per inhabitant and partly by an activity-related contribution.

Many patient treatment processes involve the hospital sector, general practice, and the local health services. In order to strengthen cooperation and coordination across the sectors, the Health Act prescribes that the regional council in cooperation with the local councils in the region should establish a Health Coordination Committee. It is also prescribed that the regional council and the local councils in the region in each election period should enter into agreements regarding tasks in the health sector, the so-called Health Agreements, to be submitted to the National Board of Health for approval. The Health Coordination Committees and the Health Agreements are described in further detail in the section on cooperating health services on page 33.

In order to improve quality, efficiency and professional development in the health services, the central health authorities were also strengthened. The Health Act gave the National Board of Health increased authority in relation to specialty planning, especially regarding specialised functions. In future, the National Board of Health will define requirements and approve the location of specialty functions (national and regional functions) at regional and private hospitals. The part of the Health Act that concerns the increased authority of the National Board of Health came into force on 1 January 2006.

How has it all turned out?

Development the first years – on the way to a new hospital structure in Denmark

In continuation of the Local Government Reform a thorough reform of the Danish health services is taking place. A new hospital structure where treatment is concentrated in fewer units is being established to ensure quality treatment for each patient and efficient utilisation of the staff. Prevention, general practice, and the local health services are also being developed on an ongoing basis.

The regions have planned and are currently in the process of planning and implementing the new and more modern hospital structure. In 2007, all the regions prepared and adopted hospital plans that describe the regions' future activities and structure both within the somatic and the psychiatric field. The regional hospital plans should be seen in the context of strengthened specialty planning at central level and investments in a new hospital structure.

Strengthened specialty planning

As part of the reform in the health sector, specialty planning has been strengthened. New and larger regions make planning easier and the National Board of Health has been given increased authority in the field, including definition of requirements and approval of the location of specialty functions at regional and private hospitals.

The basis for specialty planning is increased documentation of the correlation between volume and quality – "practice makes perfect". An important prerequisite for increasing quality of treatment is that treatments are concentrated in fewer places.

In 2006, an Advisory Committee for Specialty Planning was established consisting of representatives from medical organisations, nursing organisations, the regions, the National Board of Health, and the Ministry of Health and Prevention.

In 2007-2008, the National Board of Health reviewed all the 36 medical specialties and prepared a specialty guide for each of the specialties. The specialty guides have been prepared together with the regions and the relevant medical and nursing organisa-

tions and have also been submitted to the Advisory Committee for Specialty Planning. Acute medical care was the first area to be reviewed, partly because the changes in this field will have consequences for the review of most other specialties.

Based on the specialty guides, the National Board of Health has specified recommendations and requirements regarding the individual functions and the specialty as a whole. At the end of 2008, the National Board of Health started the application process regarding responsibility for the various specialty functions. The deadline for application was 1 June 2009.

The National Board of Health announces the location of the individual specialty functions by 1 October 2009.

Investments in the hospital service of the future

The extensive restructuring that is ongoing in the hospital service will be supported and strengthened by significant investments in the building of new hospitals during the coming years.

In connection with discussions on the finances of the regions for 2008, the Government and Danish Regions agreed that there is a need for structural changes in the hospital service and subsequent investments in physical adjustments, new technology and equipment to achieve the goal of an up-to-date hospital service.

Furthermore, it was agreed to establish an expert panel to assess concrete major building projects from the regions. The expert panel was established in October 2007 with adjunct professor Erik Juhl M.D. as Chairman.

As part of the quality reform, the Government subsequently set aside DKK 25 billion in a quality fund for investments in a new and better hospital structure in the period 2009-2018. In connection with the Financial Agreement for 2009, it was agreed that payment of the DKK 25 billion should be divided into two phases with DKK 15 billion being spent in the first phase.

In November 2008, the expert panel submitted its recommendation to the Government ("The Region's investment and hospital plans – screening and assessment"). The recommendation includes the panel's assessment of the regions' hospital plans and concrete investment projects. On this basis it is the assessment of the expert panel that an appropriate future structure within acute medical care would be 18 acute hospitals (plus Rigshospitalet) and three hospitals with a modified acute medical care function (Bornholms Hospital, Sygehus Thy-Mors Thisted and Nykøbing F Sygehus).

On 26 January 2009, the Government announced that the first DKK 15 billion of the DKK 25 billion in the quality fund would be spent on a new hospital structure based on the recommendations from the expert panel. With this announcement the Government agreed to 11 investment projects throughout the country with a total investment framework of DKK 25 billion including financing from the regions. These are 9 somatic projects and 2 psychiatric projects of which the largest is a new university hospital in Aarhus amounting to DKK 6.35 billion and a new university hospital in Odense amounting to DKK 6.3 billion. The announcement is in line with the recommendations of the expert panel.

Use of the remaining funds for hospital investments from the quality fund will be based on a new recommendation from the expert panel to be submitted in 2010 as specified in the Budget Agreement 2009. There is also a possibility of a preliminary "pre-screening" in 2009.

The investments support establishment of a modern hospital structure where focus is on superior professionalism at specialised hospitals and security in the local environment.

Strengthening of the pre-hospital effort, general practice, and local health services

Along with a continued concentration of specialised treatments and reduction of the number of hospitals with an acute reception and emergency service it is important that the pre-hospital effort is developed together with local health services, including general practice. There has been a major development in recent years. The pre-hospital effort, which was previously only transport of people who were ill or injured, now also includes treatment.

A report from November 2007 states that the Government will improve acute medical care so that aid under normal circumstances arrives within 15 minutes from receipt of the call at the alarm centre. Committee work that is expected to be completed in the autumn of 2009 should clarify how this is feasible.

As part of the Budget Agreement 2009, DKK 100 million have been set aside from the quality fund in 2011 for the establishment of a medical helicopter scheme in order to increase service for the population on islands and in fringe areas.

In addition to expansion of the pre-hospital effort, local health services are continuously being developed with the involvement of for example general practitioners, specialists with a private practice, health centres and clinics able to handle acute problems etc.

In connection with the Finance Act of 2009, DKK 250 million have been set aside for the

facilitation of solutions in the fringe areas involving major distances, including organisation of local services.

In continuation of the government report from November 2007 and the Financial Agreements for 2008, the Government, Danish Regions, and LGDK jointly established a committee with a broad range of representatives to look into the role of general practice in the health services of the future. The committee presented its report “The role of general practice in the health services of the future” in November 2008. The report points at a wide range of possibilities to strengthen development within general practice and change the framework to create consistent high quality service, improved coherence, and efficient use of resources.

Psychiatry

With the Local Government Reform, the new regions took over responsibility for psychiatric treatment, i.e. hospital and district psychiatry, from the counties. As is the case in somatic treatment this concentration of responsibility on fewer and more sustainable units has created the framework for specialisation and improvement of quality in psychiatric treatment. An efficient and coherent effort for psychiatric patients is based on high quality treatment together with preventive and subsequent services as well as an acute service that is readily available.

The Local Government Reform also resulted in the municipalities taking over responsibility for social services for psychiatric patients from the counties. This requires cooperation and coordination between the municipalities and regions and between social psychiatry and the psychiatric treatment system. The need for inter-cooperation is emphasized by the fact that treatment of psychiatric patients today is characterised by short intensive treatment processes where patients have not finished treatment when they are discharged, but still need treatment as outpatients, in district psychiatry, or from their own doctor. Therefore, treatment of people with mental disorders is a mandatory item in the Health Agreements.

Prevention and promotion of health

With the Local Government Reform, responsibility for promotion of health and prevention was embedded in the municipalities. Section 19 in the Health Act assigned responsibility for creating the framework for a healthy lifestyle to the municipalities.

According to the provisions in the Health Act, the municipalities undertake a number of specific tasks within prevention and promotion of health. In addition, local health and prevention is characterised by integration of most of the preventive activities in the general task solution in the municipalities.

Two analyses of the municipalities’ performance in relation to prevention and promotion of health have been made, the report of the National Board of Health “Mapping of the municipalities’ performance within prevention of promotion of health 2008” and LGDK’s report “Prevention activities in the municipalities – a national quantitative analysis from August-September 2008”.

The analyses show that the municipalities have initiated many prevention activities mainly concerning nutrition, smoking, alcohol, exercise, and overweight (the so-called KRAM factors) and chronic diseases. More than 90% of the municipalities have started activities within these areas, cf. the report from the National Board of Health.

The municipal prevention efforts are directed at either all the citizens in the municipality or specifically at children and young people. The most important areas of the municipalities’ prevention effort are therefore day care institutions, schools and health centres. In 2008, 80% of the municipalities in Denmark had prepared a health policy.

But the degree of implementation in the municipalities varies considerably. Some municipalities – typically the smaller ones – are still establishing services and policies within health promotion and prevention. Other municipalities – often the larger ones – already have policies and action plans and are more focused on quality assurance of the services that have been available for several years.

LGDK’s mapping shows that half of all the municipal plans are fully implemented which means that they are in operation and financed by the municipalities. The others are dependent on external financing or are being planned or tested. Tobacco is the area where the municipalities have achieved the most in terms of services and a healthy framework for the citizens.

The Local Government Reform assigned the regions responsibility for patient-directed prevention. This means that the regions according to the Health Act should provide prevention in relation to people with chronic and long term diseases in cooperation with the municipalities in relation to whom the regions also have an advisory obligation. Several regions have prepared regional health profiles and health profiles for the municipalities in their regions.

The regions and the municipalities have jointly started initiatives within patient education and development and implementation of programmes for the chronically ill. All five regions are preparing programmes for different patient groups adjusted to regional and local conditions, and the regions expect to be able to make concrete agreements on implementation of the programmes in the health agreement they make with each municipality. This cooperation is described in further detail in Chapter 3, page 33.

Another part of the patient-directed prevention provided by the regions is screening of various types of cancer and vaccinations. Prevention activities are made in general practice as prevention consultations, services for patients with diabetes, examinations of children, instructions in use of contraceptives, and preventive examinations of pregnant women by doctors and midwives.

Rehabilitation

As part of the Local Government Reform the municipalities were assigned overall responsibility for rehabilitation that does not take place during hospitalisation or rehabilitation that should take place at a hospital for safety reasons. The purpose was to create coherent and effective rehabilitation services close to the citizens. The municipalities already had responsibility for rehabilitation pursuant to the Social Services Act, e.g. maintenance training and rehabilitation that is not provided in continuation of hospitalisation.

In spite of the redistribution of tasks, the hospitals are still obliged to prepare rehabilitation plans.

The municipalities can either provide the service themselves or make supplier agreements regarding rehabilitation with other municipalities, the regional health services, or private institutions.

The Government has also granted funds to rehabilitation to enable the municipalities to strengthen the effort. In addition to the DKK 500 million that the municipalities were granted as financial compensation for the task in the Financial Agreement for 2005, another DKK 300 million were granted in the Financial Agreement for 2008.

In the financial agreements regarding the local and the regional economy for 2009, the Government, LGDK, and Danish Regions have decided to continue monitoring of rehabilitation for 2008. On the basis of a report from a working group in 2008 they have prepared a number of recommendations to improve management and the incentive structure within rehabilitation through the statutory Health Agreements between the regions and the municipalities. In the Financial Agreement for 2009 it has been agreed that the monitoring group in the spring of 2009 will assess the recommended initiatives.

Municipal co-financing

As a result of the Local Government Reform the municipalities became co-financers in the health sector. As a follow-up on the Financial Agreement between the Government and LGDK for 2008, "Report on a better basis for the municipalities' prevention effort" prepared by the Ministry of Health and Prevention, the Ministry of Finance, Danish Regions, and LGDK was issued in May 2008.

The report includes the first mapping and analysis of the level and variation of the municipal co-financing expenditure. The report shows that the municipalities' expenditure in connection with co-financing and the composition of use of health services vary considerably. This variation also applies to the municipalities that are comparable in terms of social composition and age distribution of the population. There are also variations across regions and hospitals. These variations indicate that there is a potential to reduce the number of re-admissions and inappropriate admissions through a more targeted local prevention effort and a strengthened cooperation with regions and hospitals to create more coherence between the different actors in the health sector.

The report also includes a data set for the 98 municipalities that facilitates a comparison of the expenditure of co-financing between the municipalities.

As part of the Financial Agreements for 2009 between the Government, LGDK, and Danish Regions, a committee was established to assess the possibilities of strengthening the general municipal incentive regarding prevention through changes in the current model for municipal co-financing in the health sector. The committee will focus on an analysis of the efforts of the municipalities and regions in relation to elderly patients on medication.

Education

The purpose of the Local Government Reform within education was as far as possible to concentrate responsibility for educational institutions in one place in order to create more coherence in educations, to make administration of education more efficient by establishing uniform management and framework conditions, to improve cooperation between the institutions, and to make it easier for the citizens to find out who is responsible for the education and who to contact.

Educational institutions that had been embedded in the counties, special education, and a number of minor activities that the counties had subsidised were primarily affected by the Local Government Reform.

County educational institutions become private

The Local Government Reform had two main purposes regarding institutions: Firstly, to create more coherence in educations and secondly, to facilitate a more uniform management and framework, and a more extensive cooperation between the different educational institutions.

Already before the Local Government Reform, a number of educational institutions under the Ministry of Education were private, including business schools and technical schools, colleges of education, continuation schools, folk high schools, etc.

The main purpose of the Local Government Reform within institutions was primarily achieved through privatisation of the county institutions – upper secondary schools, schools of social and health studies, VUC (adult education centres), schools of nursing and radiography, and centres for teaching aids.

In this way responsibility for management, financing and definition of the framework for educational institutions above primary school level was clearly placed with the Parliament and central government. Educational institutions would have the same possibilities of providing education at for example upper secondary level and it would be possible to cooperate more closely across schools in terms of the types of education and the operation of institutions.

Special education in primary and lower secondary school and special education for adults

In connection with the Local Government Reform, the overall authority and financing responsibility for special education was concentrated in the local council. The goal was to ensure that decisions regarding special education are made as close to the citizens as possible and to strengthen correlation between special education and general education.

In addition to the concentration of authority, the Local Government Reform resulted in the following:

- Complaint access was expanded to include children in special classes and at special schools and students who receive special education during most of the teaching sessions.
- Establishment of a national knowledge and special counselling organisation, VISO. (Described in further detail in the section regarding social services)
- Establishment of regional development councils that monitor and discuss the development in social services and special education the first years after the Local Government Reform. From 2008 until and including 2010, the development councils submit an annual report to the Minister for Welfare – now the Minister for the Interior and Social Affairs – and the Minister for Education. (Described in further detail in the section regarding social services)
- A framework agreement system was established to ensure cooperation regarding special services between the municipalities and the region. This means that within special education – as is the case within social services – framework agreements are made every year for the municipality's use of regional schools and institutions. (Described in further detail in the section regarding social services)

On 1 August 2007, an educational programme for young people with special needs was established. The youth education replaces or supplements services previously provid-

ed according to the Act on Special Education for Adults. In this way, young people, who had been unable to complete a youth education, are now entitled to a three-year individually planned youth education.

The responsibility for the Act on Special Education for Adults was transferred from the counties to the municipalities in connection with the Local Government Reform. The Act was also amended so that education for the dyslectic was transferred to VUCs based on rate financing. Education at hospitals became part of the Health Act, and it was specified that special education for adults will only be provided if no other legislation can offer a similar service. The communication centres were basically transferred to the regions, but provided that they could be taken over by the municipality in which they were located.

Preparatory education for adults (FVU) and dyslexia education for adults

In order to create more coherence in the educational offers for adults with reading, writing and calculation difficulties, dyslexia education for adults was taken out of the Act on Special Education for Adults and included in the Act on Preparatory Education for Adults. By merging preparatory education for adults (FVU) and dyslexia education for adults a common framework for further education was created that aims at improving the basic skills of adults.

The responsibility for FVU and dyslexia education for adults is embedded in the educational centres for adults called VUC. Each VUC should provide the two services. A number of other educational institutions, including educative associations, day colleges, language centres, AMU-providers etc. may also provide these two services upon agreement with VUC. This ensures nationwide provision of these two services in terms of location and different types of educational institutions.

Institutions under the Danish Prison & Probation Service can provide both FVU and dyslexia education for adults based on own financing.

How has it all turned out?

Educational institutions

All the transferred educational institutions are now private institutions within the public administration with an executive committee and a day-to-day management. The institutions are as a general rule financed by a rate contribution depending on the number of students. In this way a uniform management and framework have been created for the educational institutions.

One example of the Local Government Reform resulting in a more extensive cooperation is that the schools of nursing and radiography and the centres for teaching aids

together with the other educational institutions with a medium term higher education merged into eight profession colleges from 1 January 2008.

Establishment of the profession colleges and the business academies has led to increased focus on regional educational coverage and on the interaction between educational institutions, companies, and the regional growth fora in the region. The profession colleges and the business academies should cover the need for these educations in the region. They should also contribute to regional development and growth of businesses and professions.

The uniform management and framework strengthen cooperation across institutions in terms of educational services and operation of institutions. After the Local Government Reform the towns Ishøj and Struer have merged youth educational institutions that were previously under a county and a state authority, respectively. Furthermore, establishment of administrative cooperation are ongoing to enhance efficiency of the institutions' administrative task solution and to strengthen professional sustainability in the performance of administrative functions at institutions with youth educations.

In addition, the uniform management system has facilitated comparability of financial conditions for the upper secondary general education (stx) and the corresponding mercantile education (hhx). The result of the comparison showed a difference in rate subsidies with no immediate justification. On this basis, the rate for the hhx education was increased in the Budget Agreement 2008 and the unjustified difference in the educational subsidy for the hhx and the stx education has been removed.

The overall assessment is that the transition from county embeddedness to a new management and financial framework in the areas mentioned has been satisfactory. This also applies to the privatisation and the rate financing.

Outstanding issues

The buildings of the transferred educational institutions are still owned by the state and administered centrally by the Danish University and Property Agency on behalf of the Ministry of Education. The other private educational institutions under the Ministry of Education own and run their own facilities. Consequently, a completely uniform management and framework for all institutions are not yet in place. During the spring of 2009 documentation will be submitted to the Finance Committee of the Parliament including the future model for operation and administration of the property of the former county educational institutions in order to giving these institutions the same conditions as the other private institutions with rate management and ownership of the property.

Special education in primary and lower secondary school and special education for adults

The transition from county to municipal operation and responsibility has been relatively flawless. In general, the municipalities have decided to continue the previous county practice within special education and there are no remarkable changes in the service structure and composition, etc.

More specifically the assessment is that:

- On the basis of reports for 2007 from the development councils, the number of students and participants is stable but tends to increase slightly within specialised services, including in particular the municipalities' own services.
- The service pattern is so far unaffected by the Local Government Reform. The municipalities use the existing educational services and express intentions to increase quality and capacity in local services and to ensure more coherence and closeness. The existing specialisation of educational services has been maintained.
- There is no indication of a decline in the expenditure or service level in these areas in the municipalities' budgets or in the reports from the development councils. The municipal (preliminary) budget figures for 2009 show a general increase in the expenditure level and the budget for municipal special education is higher than in previous years. The latter indicates more focus on increased quality and capacity in local services, including more coherence and closeness.
- The overall cooperation between the local councils and the regional councils is satisfactory both in terms of the framework agreements and the existing network within special education. However, there are limitations in flexibility and planning opportunities for services covered by the framework agreements.
- The mandatory inter-municipal enterprises established for island municipalities function well.
- The number of complaints submitted to the Complaints Board for Extensive Special Education in 2007 has not given rise to concern. There has been an increase in the number of cases in 2008, but this cannot be ascribed to the Local Government Reform alone.
- There have been fewer referrals to VISO within special education than expected.
- In terms of special education for adults, the overall assessment is that the service patterns has not been affected by the Local Government Reform in 2007. The majority of the municipalities provide services in cooperation with other municipalities and regions.
- In terms of operation, the communication centres have been split up on municipalities and regions which has resulted in certain challenges. This is one of the reasons why special education for adults is a particular focus area for the regional development councils in 2008 and VISO's planned analysis of the area. Finally, the Ministry of Education will issue new guidelines on special education for adults in 2009.

Preparatory education for adults (FVU) and dyslexia education for adults

2007-2008 has been a transition period where operational agreements made with the counties as per 31. December 2006 were continued on unchanged terms until 31 December 2008 at which time new terms apply to all the operational agreements. All the approved providers can now contact the individual VUCs in their area and ask for an operational agreement. The decision to make operational agreements is made by the executive committee at the relevant VUC upon a prior hearing in the associated educational committee and the regional council.

The process of entering into new operational agreements for the areas has been monitored closely by the Ministry of Education. There has been an ongoing dialogue with the Ministry of Education, VUC, and representatives from the various participants in the operational agreements. The process has generally been according to plan.

The assessment is that the services are currently adequate in terms of geographical coverage. Along the way, the Ministry of Education has been contacted regarding a number of individual cases involving irregularities in the basis for the decisions of the executive committees in connection with rejection of an application for an operational agreement or special rules for some participants in the operational agreements. These issues have been solved through a dialogue with the parties and in most cases satisfactorily. The Ministry of Education will monitor this area closely, and a status meeting at the end of 2009 is planned.

Before the Local Government Reform, most VUCs provided FVU, but dyslexia education for adults is a new area for this type of institution. Special emphasis has been on information and communication about dyslexia education. Dyslexia education for adults has been made visible and with the new state subsidy together with the admission test, the waiting lists for admission to dyslexia education have almost been eliminated.

The activity in FVU has increased by almost 18% from 22,297 participants in 2004/2005 to 26,340 participants in 2006/2007 which is considered satisfactory considering the high employment rate, which normally has a negative effect on further education, and tightening of the admission requirements to FVU in connection with the amendment of the act. The goal is 40,000 participants at FVU over a number of years.

Outstanding issues

Takeover of the task from the county authorities has made it difficult to obtain reliable and timely statistics in both areas, but they are expected to be available as planned in 2009.

Appendix 1

DISTRIBUTION OF TASKS

This is a list of the tasks of the municipalities, the regions, and the state after the Local Government Reform in 2007 including subsequent changes made up until March 2009.

Tasks of the municipalities

- Social sector: Overall responsibility for financing, supply, and authority
- Child care
- Primary and lower secondary school, including special education and special educational assistance for small children
- Eldercare
- Health sector: Prevention, care, and rehabilitation that does not take place during hospitalisation, treatment of alcohol and drug abuse, home care, municipal dental care, special dental care, and social psychiatry
- The active employment effort to the unemployed without insurance. From 1 August 2009 also for the unemployed with insurance.
- Integration and language courses for immigrants
- Citizen service within taxes and collection together with the state tax centres
- Utility services and rescue
- Nature, environment and spatial planning: Such as concrete authority tasks and citizen-related tasks, preparation of local plans, waste water plans, waste plans, and water supply plans
- Local business service and promotion of tourism
- Participation in regional transport companies
- The local road network
- Libraries, music schools, local sports facilities, and other types of culture

Tasks of the regions

- Hospital service, including hospitals, psychiatry and health insurance, including general practitioners and specialists
- Regional development regarding nature and environment, business, tourism, employment, education and culture, and development in the regions' fringe area and rural districts. Secretariat service for the regional growth fora
- Soil pollution
- Raw material mapping and planning
- Operation of a number of institutions for exposed groups and groups with special needs for social services and special education
- Establishment of transport companies throughout Denmark

Tasks of the state

- Police, defence, and the legal system
- Foreign service and development aid
- Overall planning in the health sector
- Education and research except primary and lower secondary schools and special education
- Unemployment insurance, working environment, and the overall employment policy and until 1 August 2009 the active employment effort for the unemployed with insurance
- Tax collection etc. and collection of debt to the public authorities
- Social sector: National knowledge and special counselling organisation (VISO)
- The overall road network and the state railways
- Overall nature, environment, and spatial planning
- Certain cultural measures
- Subsidies for business
- Reception of asylum seekers

Appendix 2

THE NEW MAP OF DENMARK



Appendix 3

RESEARCH AND MAJOR ANALYSES

This is a list of a number of publications issued on the basis of research and major analyses regarding the Local Government Reform. Please note that the list is not exhaustive. During the research programme on the structural reform, a number of ongoing projects are mentioned that will result in various publications during the next couple of years.

Research programme on the structural reform

During a period of six years, a research programme is carried out with a view to mapping the process and the consequences of the structural reform. The programme consists of a number of projects that are linked in terms of theme and to some extent chronology. The research programme started in 2004. The participants are researchers from the University of Southern Denmark, Aarhus University, Aalborg University, University of Copenhagen and the Danish School of Media and Journalism.

Preliminary publications

Anders Brøndum (2005): "Fokus på faglig bæredygtighed i den kommunale opgaveløsning". *Kommunalpolitiske Studier*, no. 21.

Anders Brøndum (2008): *Ville faglig bæredygtighed have været et centralt tema i den kommunale modernisering, hvis strukturreformen ikke var blevet til virkelighed?* PhD dissertation. Department of Political Science and Public Management, University of Southern Denmark.

Roger Buch and Jørgen Elklit (eds.) (2007): *Nye kommunalvalg? Kontinuitet og forandring ved valget i 2005*, University Press of Southern Denmark.

Peter Munk Christiansen and Michael Baggesen Klitgaard (2008): "Den utænkelige reform". *Gränsbrytning*, no. 7 2008.

Peter Munk Christiansen and Michael Baggesen Klitgaard (2008): *Den utænkelige reform – Strukturreformens tilblivelse 2002-2005*, University Press of Southern Denmark.

Peter Munk Christiansen and Michael Baggesen Klitgaard (2008): "Institutionel kontrol med arbejdsmarkedsforvaltningen. Jobcentrenes tilblivelse". *Tidsskrift for Arbejdsliv*, vol. 10, no. 3, pp. 24-38

Jørgen Elklit and Ulrik Kjær (2006): "Split-ticket Voting in Times of Sub-national Government Reorganization". *The symposium Democracy, Divided Government and Split-Ticket Voting*, Harvard University, May 26-27, 2006.

Jørgen Elklit and Mogens N. Pedersen (2006): *Kampen om den nye kommune – Syv fortællinger fra den kommunale valgkamp 2005*, University Press of Southern Denmark.

Morten Balle Hansen (2007): "Explaining Variation and Change in Managerial Perceptions of the Public Sector". *European Group of Public Administration (EGPA) conference, Madrid 19. - 22. September, 2007. Study Group of Personnel Policies.*

Morten Balle Hansen and Jeppe Eriksen (2006): "Kommunernes administrative lederskab: På tærsklen til en nyt Danmarkskort". *Kommunalpolitiske Studier*, no. 23.

Morten Balle Hansen and James Svara (2007): "The Diffusion of New Public Management Practices: Managers in the Process of Innovation". *SCANCOR seminars at Stanford University. Stanford, California.*

Ulrik Kjær (2007): "The Decreasing Number of Candidates at Danish Local Elections: Local Democracy in Crisis?" *Local Government Studies*, vol. 33, no. 2, pp. 195-213.

Simon Krogh and Jakob Pall Skött (2007): *Fra udvalgsstyre til rådsmodel: Første rapport fra en evaluering af regionernes styreform*. Department of Political Science and Public Management, University of Southern Denmark

Poul Erik Mouritzen (eds.) (2006): *Stort er godt – Otte fortællinger om tilblivelsen af de nye kommuner*, University Press of Southern Denmark.

Poul Erik Mouritzen (2007): "Reforming local government in Denmark. How and why?" *Local World Collection.*

Coming publications

Citizen involvement in the new municipalities and regions

The project collects experiences regarding citizen involvement in the new municipalities and regions so that more municipalities can benefit from the experiences. The experiences will also be discussed in relation to the challenges that citizen involvement create in relation to representative democracy. As a result of the structural reform, the number of citizens per elected local politician has increased considerably. In return, the reform has created larger units which implies that there are more and new opportunities for citizen involvement between the elections such as citizen meetings, future workshops, and public hearings. The aim of the project is to map the many different

forms of citizen involvement with a view to developing ways of citizen involvement. Publication is expected during 2009.

Political responsibility, control and management (regional project)

The project looks into the consequences of a change of government forms for political responsibility, control, and management. With the structural reform the committee government of the counties was replaced by the social council model in the regions. The evaluation clarifies three areas, namely 1) Implementation of the council model, 2) Political government, management, and control under the council model, and 3) Democracy and responsibility under the council model. The evaluation should first and foremost be seen in the light of the needs of the five regions to gain experience and share knowledge on the effect of the political and administrative structures. At the same time it should provide more general social interest by generating knowledge on the organisation and function of the new regions in the local democracy. A report is expected in 2010 and a PhD dissertation in 2011.

Institutional changes and social capital – consequences of the structural reform on associations

The aim of the project is to register and investigate changes in the prevalence and composition of associations. Associations in Denmark are generally regarded as historically rooted in local traditions and cultures. Nevertheless, associations are continuously replaced which to some extent is explained by changes in the environment of the associations. The ambition of this project is to look into the following questions: What is the effect of formal changes in local political orientation on associations? Which consequences does the local structural reform have for citizen participation in local associations? A PhD dissertation is expected in 2010. A book is expected in 2011.

Administrative organisation in the new municipalities and regions

The project follows the creation of administrative organisation in a selected number of municipalities and regions – from the strategic considerations made in the existing municipal units, after the new units were announced and, a couple of years ahead. The aim is to compare the selected transformation strategies and processes, the different management models and the way they function. Focus of the investigation is partly the strategies and process considerations that the respective negotiation parties in the political government/coalition make and the effect on the different organisation forms after the establishment. A book is expected to be published in the spring of 2009.

Administrative leadership

The project analyses the careers, roles, and organisational perception of the municipal top executives – on the threshold of a new local government reform and after the Local Government Reform. In a number of areas it will be possible to analyse the develop-

ment from the start of the 1980es until 2008. The project looks into the influence of the Local Government Reform on the career stability and change, roles, and organisational perception of administrative top executives. The project is expected to result in a book publication in the summer of 2009.

Resource allocation and service adjustment in connection with the Local Government Reform

The project looks into the financial effect of the merger of municipalities. The investigation is divided into two parts. The first part is about the financial transactions of the municipalities during the years up to the implementation of the Local Government Reform (1995-2006). The other part looks at the financial transactions of the municipalities during the years immediately after the implementation (2007-2009). Focus is on the effects on expenditure as a result of the merger of municipalities both in relation to resource allocation and service adjustment. Presentation of a PhD dissertation is expected in the spring of 2009.

Market solutions in the municipal service provision

According to plan, the project will start 2-3 years after the Local Government Reform. The project will look into the development of the interaction between the new municipalities and private service providers. More specifically whether larger municipalities means increased use of different market solutions and whether private providers see more potential in providing service to new and larger municipalities. In addition, it will be investigated whether a market of private providers will be established in areas where municipalities traditionally have had the monopoly and whether new types of market solutions will emerge as a result of the new municipal structures. The plan is to expand the project with a comparative element where the consequences of the Danish reform are compared with experiences from the local government reform in Victoria State in Australia.

Merger of municipalities on Bornholm

The five municipalities and the county authority on Bornholm were merged to one municipal unit from the beginning of 2003, the regional municipality of Bornholm. AKF Danish Institute of Governmental Research has in a three-year project monitored the development on Bornholm to define the consequences of the structural reform. Nine reports have been published as a result of the project.

Henrik Christoffersen, Kurt Klaudi Klausen and Svend Lundtorp (2003): *Central styring – decentral ledelse. En undersøgelse af den administrative organisering i Bornholms Regionskommune*. AKF Forlaget.

Bjarne Madsen (2003): *Kommunaløkonomi og kommunesammenlægning. En under-*

søgelse af den kommunale udgiftsudvikling på Bornholm og i landets øvrige regioner. AKF Forlaget.

Bjarne Madsen (2003): *Dokumentation af den kommunaløkonomiske budgetmodel*. AKF Forlaget.

Henrik Christoffersen (2004): *Regional udvikling og kommunesammenlægning. En undersøgelse af den regionale udvikling op Bornholm og i landets øvrige dele*. AKF Forlaget.

Ulrik Kjær and Leif Olsen (2004): *Kommunesammenlægningens første år bedømt af borgerne på Bornholm*. AKF Forlaget.

Ulrik Kjær (2004): *Én ø – Én kommune. Politisk reorganisering på Bornholm*. AKF Forlaget.

Henrik Christoffersen, Kurt Klaudi Klausen and Svend Lundtorp (2005): *Kommunesammenlægning – Professionalisering af politik og administration. En undersøgelse i Bornholms Regionskommune*. AKF Forlaget.

Ulrik Kjær (2006): *Bornholmere og demokratiet efter kommunesammenlægningen*. AKF Forlaget.

Leif Olsen and Signe Hald Andersen (2006): *Bornholmerne, kommunesammenlægningen og den kommunale service*, AKF forlaget.

Other published reserach and major analyses

Bente Bjørnholt, Karin Hansen, Peter Kragh Jespersen, Jeppe Agger Nielsen and Heidi Salomonsen (2008): *Nye kommuner i støbeskeen – om organisering og styring i de nye kommuner*, Copenhagen Business School Press.

Jens Blom-Hansen, Jørgen Elklit and Søren Serritzlev (eds.) (2006): *Kommunalreformens konsekvenser*, Academica

Oddbjørn Bukve, Henrik Halkier and Peter de Souza (eds.) (2008): *Towards New Nordic Regions. Politics, administration and regional development*. Aalborg University Press.

Ulrik Bundgaard and Karsten Vrangbæk (2007): "Reform by Coincidence? Explaining the policy process of structural reform in Denmark". *Scandinavian Political Studies*, vol. 30, no. 4, pp. 491-520.

Martin Bækgaard (2008): "Politisk og administrativ organisering i danske kommuner: Strukturreformens betydning". *Politica*, vol 40, no. 3, pp. 349-368.

Center for Regional- og Turismeforskning (2008): *Organisering af landdistriktsindsatsen efter kommunalreformen*.

Jesper Lindgaard Christensen, Thomas Nielsen, Lisbeth Tved Linde (eds.) (2008): *Hvad skal Nordjylland leve af?* Aalborg University Press.

Henrik Christoffersen a.o. (2007): *Forbruget af uddannet arbejdskraft i kommuner og regioner i lyset af vidensamfund og kommunalreform*. AKF Forlaget.

Henrik Christoffersen and Kurt Klaudi Klausen (2007): *Kampen om det regionale niveau – en kamp om velfærdsstaten? Fulgt gennem opbygningen af Region Midtjylland i løbet af 2006*. AKF Forlaget.

Deloitte (2008): *Kommunalreformens effekter*.

Henrik Halkier and Susanne Bendtsen (2008): *Rammer under forandring. Regional erhvervsudviklingspolitik i Region Nordjylland i et europæisk perspektiv*, Aalborg University Press

Carsten Jahn Hansen (2008): *Regional Udviklingsplanlægning i Nordjylland*

KREVI (forthcoming): *Kommunernes økonomi efter kommunalreformen – Budgetoverholdelse og administrative udgifter*

KREVI (2008): *Mere lige end før. Kommunernes økonomiske grundvilkår 2007*

KREVI (2008): *Erfaringer med Tilbudsportalen – et eksplorativt studie af erfaringerne efter det første år*.

KREVI (2007): *Forventede effektiviseringsgevinster på administrationsområdet*

OECD (2009): *OECD Territorial Reviews: Copenhagen Denmark*.

Ongoing research projects

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EVA’s evaluation of special education and other special educational assistance (published in 2007)

Effect analysis of special education (expected completion at the end of 2009)

Analysis of special education in primary and lower secondary schools (expected completion at the beginning of 2010)

Analysis of the educational pattern of disabled young people (expected completion in the middle of 2009)

AKF - ”Hvad betyder kommunalreformen for borgere med handicap, der har behov for specialiserede tilbud og rådgivning” (How does the Local Government Reform affect citizens with a disability who need specialised services and counselling) conducted for a five-year period from 2006-2010. The evaluation is financed by Danish Regions and conducted by AKF Institute of Danish Governmental Research.

The Ministry of Education’s continuous evaluation of youth education for young people with special needs (ongoing)

