



STRUCTURE AND OPERATION OF LOCAL AND REGIONAL DEMOCRACY

Denmark

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Denmark

Situation in 2008

*Report prepared in co-operation with the Ministry of Social Welfare,
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TABLE OF CONTENTS

	Page
1. LEGAL BASIS.....	1
1.1. Constitutional provisions.....	1
1.2. Main legislative texts concerning local/regional authorities	1
2. STRUCTURE OF LOCAL AND REGIONAL AUTHORITIES	1
2.1. Main subdivisions	2
2.2. Statistical data	2
2.3. Special structures for particular areas.....	4
2.4. Regulations governing changes in structures.....	4
2.5. General units of state administration at local/regional level.....	4
3. ORGANISATION OF LOCAL AND REGIONAL AUTHORITIES.....	5
3.1. Organisation of municipalities	5
3.2. Organisation of the regions.....	8
4. DIRECT CITIZEN PARTICIPATION IN DECISION-MAKING	10
4.1. Referendums	10
4.2. Other forms of direct participation	10
5. STATUS OF LOCAL ELECTED REPRESENTATIVES	10
5.1. Conditions and terms of office.....	10
5.2. Duties and responsibilities	11
5.3. Working conditions	12
5.4. Remuneration	12
6. DISTRIBUTION OF POWERS BETWEEN LOCAL AND REGIONAL AUTHORITIES	12
6.1. Principles governing the distribution of powers	12
6.2. Participation of local/regional authorities in national economic and spatial planning	13
7. CO-OPERATION AND OTHER TYPES OF LINKAGE BETWEEN LOCAL AND REGIONAL AUTHORITIES	18
7.1. Co-operation for the performance of tasks of common interest	18
7.2. Associations of local authorities at national or regional level	18
7.3. International co-operation between local/regional authorities	18
8. FINANCE.....	19
8.1. The financial structure of local authorities	19
8.2. The financial structure of regions	24
9. CONTROL OVER LOCAL AND REGIONAL ADMINISTRATION	25
9.1. Legality control.....	25
9.2. Financial control.....	27
10. REMEDIES FOR INDIVIDUALS AGAINST DECISIONS OF LOCAL/REGIONAL AUTHORITIES.....	27
11. LOCAL/REGIONAL ADMINISTRATIVE PERSONNEL.....	28
12. REFORMS ENVISAGED OR IN PROGRESS	29

1. LEGAL BASIS

1.1. Constitutional provisions

The Danish Constitution makes provision for local self-government, as Article 82 acknowledges: "The right of municipalities to manage their own affairs independently, under State supervision, shall be laid down by statute."

1.2. Main legislative texts concerning local/regional authorities

The rules concerning local government are laid down in the Local Government Act. The main act was passed on 31 May 1968 and amended most recently by three acts of 24 June 2005, an act of 6 June 2007 (see 9.2.) and an act of 8 April 2008. The latest consolidated act is the Consolidated Act on Local Government no. 696 of 27 June 2008.

The Local Government Act contains the same rules for all municipalities.

The rules concerning regional government are laid down in the Regional Government Act. The latest consolidated act is Consolidated Act no. 1055 of 30 October 2008 on Regions and Abolition of Counties, the Greater Copenhagen Authority and the Copenhagen Hospital Corporation.

2. STRUCTURE OF LOCAL AND REGIONAL AUTHORITIES (after the local government reform 2007)

The information given in this report reflects the situation after 1 January 2007, when a local government reform came into effect.

The local government reform includes the creation of a new public structure, as well as a comprehensive reorganisation of tasks in the public sector.

Three main purposes of the reform can be pointed out.

The principal purpose of the reform is to create an efficient public sector which is able to deliver better public services without increasing current taxation levels. In order to pursue that goal, each public task is placed at the level of authority best designed for delivering such services. Each authority is given the resources to deliver the tasks assigned.

Many public tasks are redistributed between the central, regional and local levels of authority. The structure of authorities (including the geographic scope of each authority) is reshaped, in order to make the best platform for producing welfare tasks of a high quality.

Secondly, an important goal pursued by the reform is to strengthen local democracy in Denmark. The common thread of the reform is to place welfare tasks at the level of authority as close to the citizen as possible.

Thirdly, another main objective of the reform is to establish clear responsibilities for each authority and to eliminate overlapping responsibilities. Each level of administration has its own set of tasks specially designed for that level.

On the basis of these principles, the reform defines a new public sector where three levels of authority each have their own identity, based on their different tasks.

The *state* is responsible for tasks which should be performed by an authority with a national perspective, or tasks which cannot appropriately be placed at local or regional level.

The *municipalities* are the primary access point to the public sector for citizens. Consequently, they have taken over responsibility for many of the services which were formerly provided by the counties. This process of decentralisation is made possible by the creation of larger and more sustainable municipalities.

As an integral part of the reform, the smaller municipalities have therefore been encouraged to enter into mergers. The merger process has been a success. The result is a new municipal map where the existing 271 municipalities have been reduced to 98. An average of less than 20 000 inhabitants per municipality has increased to more than 55 000 inhabitants following the reform.

The 14 *counties* have been dissolved. A completely new level of authority has been established – the five *regions*, each headed by a directly elected regional council.

The five regions are not successors of the counties. They are a new kind of public authority different from the counties. The regions are not only significantly larger than the existing counties, their role is also different.

The five regions are primarily responsible for the health care system. They are better equipped, both professionally and financially, to take on the responsibility for health care. Fewer entities also provide a better basis for concentrating medical specialties.

The regions are also responsible for a variety of specifically defined tasks, which are most appropriately solved at the regional level. These include tasks related to regional development and growth, and tasks related to specialised educational and social institutions.

The regions have no right to impose taxes. Instead, a special financing system has been established.

2.1. Main subdivisions

Denmark is divided into 98 municipalities (*kommuner*) and five regions (*regioner*), each covering several municipalities. Only the municipalities are considered local authorities.

2.2. Statistical data

Number of units*

Units	1950	1996	2007
Counties	25	14	0
Municipalities	1387	275	98
Regions	0	0	5

(*) the structure of local government underwent radical changes in 1970 and 2007

Municipality surface and population

	Surface* (sq. km)	Population*
Largest	1 489 ⁽¹⁾	503 699 ⁽³⁾
Smallest	9 ⁽²⁾	2 058 ⁽⁴⁾
Average	440	55 582

(*) 1 January 2007

¹ Ringkøbing-Skjern

² Frederiksberg

³ Copenhagen

⁴ Læsø

Municipalities by number of inhabitants

Number of inhabitants*	Number of municipalities*	%
0-10 000	4	4.1
10 001-20 000	3	3.1
20 001-30 000	18	18.4
30 001-50 000	39	39.8
50 001-100 000	28	28.6
More than 100 000	6	6.1
Total	98	100.0

(*) 1 January 2007

Surface and population of regions

	Surface* (km ²)	Population*
Region Hovedstaden	2 561	1 631 537
Region Sjælland	7 273	805 954
Region Syddanmark	11 685	1 183 823
Region Midtjylland	13 053	1 212 988
Region Nordjylland	7 875	577 005

(*) 1 January 2007

2.3. Special structures for particular areas

A) The Faeroe Islands and Greenland are two autonomous regions belonging to the Kingdom of Denmark. Both areas have their own legislative assemblies. Greenland has an area of 2 175 600 sq. km and 56 345 inhabitants (December 2007), while the Faeroe Islands have an area of 1 399 sq. km and 48 346 inhabitants (October 2007).

B) As a part of the local government reform, a few municipalities with less than 20 000 inhabitants which were not interested in merging with other municipalities to increase the population to approximately 20 000 inhabitants have had to enter into a binding partnership with another, geographically adjacent, municipality in order to ensure professional sustainability in their task performance. This applies to two municipalities on the main land and five island municipalities. A binding partnership involves the delegation of the performance of specific tasks set out in a specific law on binding partnerships. A local government delegating specific tasks to another local government retains financial and overall responsibility for the tasks, since the assignment only applies to the practical performance.

This report will not examine the special issues related to binding partnerships, since they only concern a small number of municipalities.

2.4. Regulations governing changes in structures

Rules for changes in local and regional boundaries are set out in "Act no. 382 of 3 May 2006 on Changes of the Local and Regional Boundaries and on the Dissolution and Establishment of Binding Local Partnerships".

According to this act, the Minister for Welfare may decide boundary changes. While significant boundary changes may only be made with the approval of the local councils in the municipalities affected, smaller changes concerning areas of 100 hectares at the most, with no more than 50 inhabitants may be made as long as the local councils of the municipalities affected approve.

2.5. General units of state administration at local/regional level

Under the reform of the administrative structure, the 14 State Counties and the County Governor's Office in Copenhagen were replaced by state administrative bodies in each of the five regions. These bodies are called regional state administrations (*statsforvaltninger*). The five regional state administrations cover the municipalities and the regions.

The regional state administration's main responsibility lies within the field of family law. The regional state administration also takes care of complaints made to the Social Complaints Board, matters of citizenship and supervises the municipalities and regions.

3. ORGANISATION OF LOCAL AND REGIONAL AUTHORITIES

3.1. Organisation of municipalities

3.1.1. Deliberative body

Every municipality has one decision-making assembly, i.e. a local council. For the present term of office (2005-2009), the number of members of local councils in municipalities included in a merger must be uneven, at least 25 and not more than 31. The number for those not included in a merger must also be uneven, at least nine and not more than 31 (not more than 55 in Copenhagen).

According to the Local Government Act, from the local elections of 2009 onwards, a municipality's local council must have an uneven number of members. Local councils in municipalities of more than 20 000 inhabitants must have at least 19 and no more than 31 members (no more than 55 in Copenhagen). Those in municipalities of less than 20 000 inhabitants must have at least nine members and no more than 31. Within these limits, the councils may decide themselves the number of members.

All local councillors are elected for a four-year period in local government elections. Elections take place on the same day throughout the country and are held on the first Tuesday of the second half of November. The newly elected members take up their duties on 1 January of the following year.

The rules governing election procedure are set out in the Local and Regional Government Election Act (Consolidated Act No. 585 of 23 June 2008). All citizens over the age of 18 who are residents of a municipality have the right to vote, and are eligible to stand for election to local and regional councils. Citizens from other European Union countries or other Nordic countries enjoy the same voting rights and the right to stand for election as Danish citizens. Citizens from other countries are subject to a three-year residence requirement.

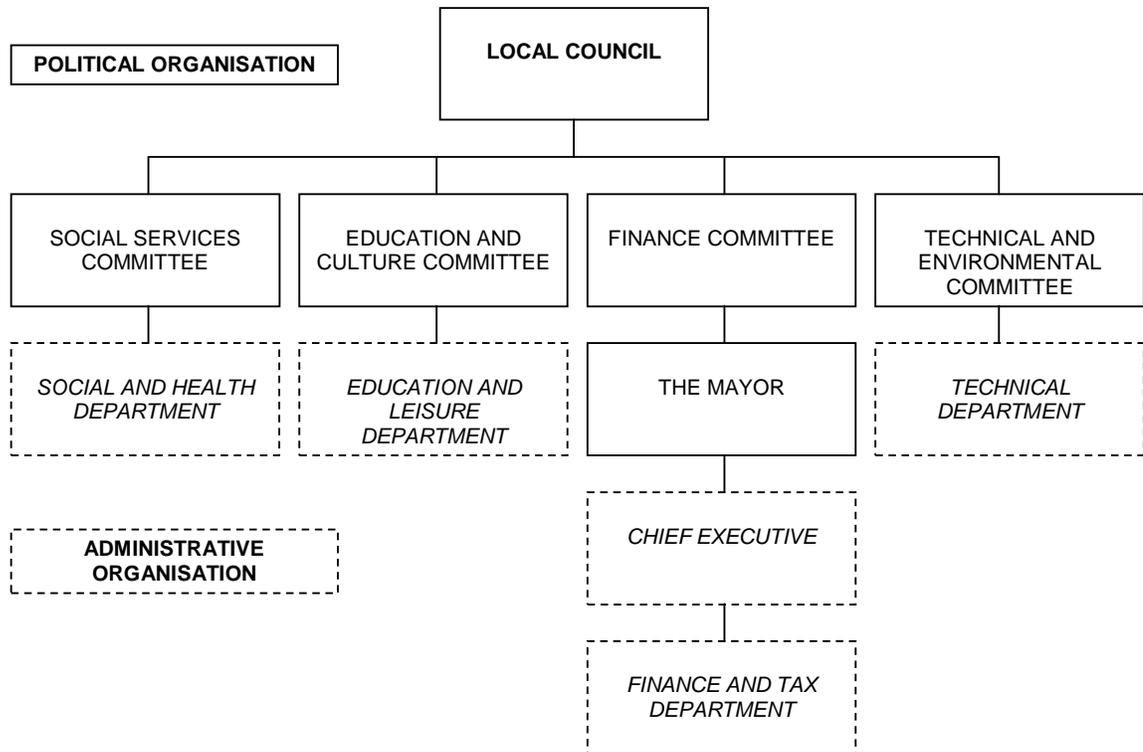
Elections are conducted on a system of proportional representation by party lists, often carrying the same name as the national political parties. The voter may vote either for a party as such, or for an individual candidate.

3.1.2. Executive body

All municipalities are required by law to appoint a Finance Committee, which is chaired by the mayor, and one or more standing committees. However, by a special provision in the Local Government Act, a council may decide not to set up any executive body apart from a standing committee dealing with social benefits for the citizens. Such a decision requires the consent of the Minister for Welfare. For the time being, no municipalities have made such a decision.

Each committee must have an uneven number of members, not exceeding half of the number of members of the local council. The members are also members of the local council. The seats on the committee are distributed among the parties in proportion to councillors' seat allocation.

Example of political and administrative organisation of a local authority



Committees are responsible for the preparation and implementation of the council decisions, and for the administration of local authority functions. They also make decisions on behalf of the council.

Among the various committees, it is worth mentioning the Finance Committee, which has extensive powers, including the preparation of the draft budget and the administration of the municipalities' economy and staff. It also functions as a planning committee and, as such, coordinates both the economic and physical planning of the authority.

Different systems are in use in the largest municipalities (Copenhagen, Århus, Aalborg and Odense). In the Municipality of Århus administration is managed by a corporate body, (magistracy), consisting of the mayor and six aldermen (mayors), proportionally elected by the council. This body performs the functions which, in other municipalities, are the responsibility of the Finance Committee. Each of the members of the magistracy also carries out functions which, in other municipalities, are carried out by standing committees. In the Municipalities of Copenhagen, Aalborg and Odense government is by committee with shared administrative management. The committee chairpersons work full-time and each have their particular administrative area.

3.1.3. Political head

The head of the local authority is the mayor, who chairs both the council and the Finance Committee.

The mayor has the ultimate responsibility for day-to-day management of the council's administration and certain state functions, namely civil marriages.

The mayor is elected by the council from amongst its members for a term of four years. At the same time one or two vice-chairpersons (deputy mayors) are elected. As a rule, the mayor cannot be removed during his or her term of office.

3.1.4. Division of powers and responsibilities between the different organs of the municipalities

Overall management of and responsibility for the entire local organisation is vested in the local council. The council may make decisions on any municipal matter. However, in practice it only makes decisions on important issues, or on issues defined by law, namely: annual budget and taxation, annual accounts, organisation and powers of the committees, election of members of committees and auditors, spatial planning, and agreements between local authorities for joint action in some local authority activity.

The Finance Committee's powers are expressly stated in the Local Government Act. They refer to finance, staff and planning. The powers of the standing committees are set out in standing orders which state the committees' areas of responsibility. They may be delegated additional powers since although power for all municipal matters is allocated to the council, under Danish law, there are only a few limitations to the delegation of powers. For instance it may be prescribed in the legislation that a decision has to be made by the local council in a meeting. This is counterbalanced by any member of a committee being entitled to request that matters delegated to the committee be put before the council.

3.1.5. Legal provisions concerning the internal structure

Provisions governing the internal structure of local authorities are contained in the Local Government Act. Local authorities have considerable freedom to decide their internal structure. The act contains the main provisions regulating the activities and duties of the council, the committees (the Finance Committee, the standing committees and the advisory committees, if any) and the mayor.

The act contains no provisions regarding local government administration. The council is free to adapt its administration to the circumstances and can therefore decide what kind of management structure is preferred, which functions should be allocated to the individual departments, and how individual units should be organised.

The act also defines the decisions that politicians must make (budget, planning, economic matters, etc.), but not those that are to be made by local government officials since, under the law, administrative staff do not have independent powers. Local authority politicians decide themselves what functions they are prepared to delegate to the local administration.

In practice, however, the great majority of decisions are made by the staff. In the daily work there is generally a close relationship between the chairpersons of committees and the administrative departments, particularly the heads of departments, who normally act as committee secretaries.

In compliance with other legislation, local authorities set up commissions and boards with specific powers.

3.2. Organisation of the regions

3.2.1. Deliberative Body

The affairs of the five regions are governed by five regional councils. Each council has 41 members.

The councils are elected for a four year period in general regional elections, which are held on the same day as the local government elections. The newly-elected members take up their duties on 1 January of the following year.

The rules governing the election procedure are set out in the Local and Regional Government Election Act (Consolidated Act no. 585 of 23 June 2008). See 3.1.1.

3.2.2. Executive Body

The regions are required by law to establish a business committee. The members of the business committee are elected by and among the members of the regional council. The number of members must be uneven and between eleven and 19. The seats are distributed among the parties in proportion to councillors' seat allocation. The chairperson of the regional council is the chairperson of the business committee.

The business committee is by law, *inter alia*, responsible for preparing the draft of the budget, administration of the regions' economy and staff and must give a statement regarding any matter which is submitted to the regional council. The regional council may decide that the business committee is to be responsible for the performance of the immediate management of other regional affairs.

The regional council must also establish a contact committee consisting of the chairperson of the regional council and the mayors of the municipalities in the region. The chairperson of the regional council is chairperson of the contact committee.

The contact committee convenes twice a year to discuss and develop co-operation between the region and the municipalities.

The regional councils may also establish select committees, if the regional councils deem it necessary.

3.2.3. Political Head

The head of the regional council is called the chairperson of the regional council. The chairperson is elected by the regional council, during its constituent meeting, from the council membership, using a majority vote. The chairperson is elected for four years. The chairperson of the regional council, amongst other responsibilities, is in charge of the management of the regional administration and also prepares and convenes the meetings of the regional council.

3.2.4. Division of powers and responsibilities between the different organs of the region

The overall management of and responsibility for the entire regional organisation is vested in the regional council.

The powers and responsibilities of the regions, i.e. the regional councils, are exhaustively set out in chapter 2 of the Regional Government Act.

The powers of the business committee are identical to the powers of the Finance Committee, as the Regional Government Act makes reference to the rules applying to the Finance Committees. The regional council may delegate further competence or the immediate management of other regional affairs to the business committee. Such further delegation must be stipulated in the regional government bylaws.

The contact committee discusses and develops co-operation between the region and the municipalities.

The regional council determines the composition and activities of the select committees, if the regional council chooses to establish such committees. The select committees may perform specific tasks or discharge preparatory or advisory functions for either the regional council or the business committee.

3.2.5. Legal provisions concerning the internal structure

The regional council is required by law to establish a contact committee and a business committee. The regional council is not bound to establish one or more select committees, but may choose to do so.

The act contains some rules for decision-making, which the regional council must take into account, e.g. for the budget, a strategy for the regional service. It does not specify, however, which decisions the regional official may take. The regional council decides – as long as it is not prohibited by law – what functions they are prepared to delegate to the regional administration.

The act contains no provisions regarding the organisation of the regional administration. The regional council is thus free to set up an administration which it feels is best suited to handle the circumstances.

4. DIRECT CITIZEN PARTICIPATION IN DECISION-MAKING

4.1. Referendums

The council is free to call local referendums on any matter within its competence. These referendums can only be advisory, even if the council's decision is based on the result of the referendum. There are no provisions regarding the procedure for local referendums.

4.2. Other forms of direct participation

The councils can hold open meetings at which local authority affairs are explained. Citizens may ask questions and make proposals or criticisms.

Planning legislation requires that the council inform the population about the main issues and options involved in future planning activities. The council must also inform the citizens in various other ways, in order to foster public debate on proposed local or regional authority plans before final decisions are made.

User participation is very common and special legislation contains provisions concerning the election of special committees or boards of users. Each school has a school supervisory board made up of five or seven parents, two teachers and other school employees and two pupils. For each municipal day-care centre for children, a parent board with a majority of elected parents is set up. The board includes two representatives elected by and among the people working in the institution. The municipal council decides whether or not representatives of the institution are entitled to have a vote.

In October 2005 the government gave the parliament a review of its work to strengthen local democracy. The background to the review was the agreement between the government (the Liberal Party and the Conservative Party) and the Danish People's Party on structural reform.

The review states, that in the new larger municipalities democracy will be strengthened as more political decisions are made locally. Furthermore it states, that the municipalities of the future should find new ways to involve citizens and users in local decisions. The government will leave it up to the local authorities to find ways for strengthening local democracy most suitable for their municipality and will not, therefore, introduce a bill making it mandatory for the local authorities to provide a strategy for local democracy. In the spring of 2008, however, the government will investigate how the local authorities have handled the issue.

5. STATUS OF LOCAL ELECTED REPRESENTATIVES

5.1. Conditions and terms of office

All Danish citizens, citizens of other countries in the European Union and citizens of other Nordic countries over the age of 18, are eligible for election. Citizens of other countries must have resided in Denmark for at least three years prior to election day. The term of office is four years.

A council member may be disqualified from membership on the council if he or she has been convicted of an offence which is generally regarded as unworthy of a councillor. A special Eligibility Board, chaired by a High Court judge or a judge from the Supreme Court, and made up of three members appointed by "Local Government Denmark" and one appointed by the regions, decides on these cases.

The chief executive cannot be a member of the council, as he or she is adviser to the council and often the secretary of the council. The mayor, for his or her part, is the political leader of the entire administration and may not concurrently hold a position as employee in the administration.

Neither the mayor nor the aldermen may concurrently be chairperson of a regional council. A member of a local council may, however, concurrently hold other elective offices, e.g. membership on a regional council and membership in parliament.

There are no regulations governing the financing of candidates' election campaigns. The parties who run for local and/or regional council seats are paid a subsidy, so that they can finance their own secretarial services if they receive more than 100 votes (local council) or more than 500 votes (regional council).

According to the Local Government Act and the Regional Government Act, a local elected representative, who is an employee, normally has the right to leave of absence to carry out his or her duties as a member.

A council member is legally protected from being dismissed from his or her job due to his or her duties as a council member.

However, this protection does not apply to the situation in which a council member of a local authority is elected mayor or elected member of the magistracy or is elected chairperson of the regional council.

5.2. Duties and responsibilities

Membership on the council is a task which eligible electors have the duty to accept, if elected. The Local and Regional Election Act, however, contains certain provisions enabling a member to be relieved from duty on grounds of ill health, business commitments, or other public duties.

Council members have the duty to attend the council's meetings, including meetings of the committees to which they have been elected.

Council members are not obliged to declare their financial or personal interests. They are obliged to refrain from participating in any matter in which they have a personal or economic interest. Except in exceptional circumstances, council members are not personally liable.

Elected representatives are not entitled to leave from membership, unless they have a just cause, e.g. illness, pregnancy, maternity (or paternity), performance of other public offices or duties, private business interests, etc. When a justified absence lasts more than one month, a substitute will be convened.

5.3. Working conditions

An elected representative (apart from the office of the mayor and the chairpersons of committees) works an average of more than fifteen hours a week. Meetings must be held at times which interfere as little as possible with members' regular employment. The elected representatives receive agendas and copies of the necessary files of the agenda items. They are entitled, upon request, to free copies of all documents in the files of the administration.

Local Government Training and Development Denmark, an inter-municipal institution, runs training courses for newly elected representatives

There are no restrictions on activities that elected representatives may exercise after the end of their term of office.

Female representation on the municipal councils is 27.3% and 33.7% on regional councils (figures taken from the last election, held on 15 November 2005).

5.4. Remuneration

Mayors, aldermen, and chairpersons of regional councils receive a fee corresponding to full-time employment. The chairpersons of standing committees may receive a fee corresponding to a part-time employment. The remaining members of local and regional councils receive a regular fee according to the size of the authority, and may receive a committee fee according to the scope of the members' committee work. Chairpersons of committees in regional councils may be granted up to twice the fee paid to an ordinary member of the committee.

Subject to deduction of the fee, members may also receive compensation for documented loss of earnings.

Members with children under the age of ten receive a fixed additional fee covering expenses for child-minding. The legislation also contains provisions concerning allowances for travel expenses, expenses related to physical disability, etc. The fees are subject to tax but not to deduction of contributions for health insurance or retirement pension schemes.

Mayors, aldermen and chairpersons of regional councils are entitled to a private pension, after a term of office lasting at least one year. Mayors, aldermen and chairpersons of regional councils and chairpersons of committees in local councils are entitled to a fee for a number of months after the end of their term of office, depending on the length of their term of office.

6. DISTRIBUTION OF POWERS BETWEEN LOCAL AND REGIONAL AUTHORITIES

6.1. Principles governing the distribution of powers

As mentioned earlier, the local government reform includes a comprehensive reorganisation of tasks in the public sector. The tasks of the former counties have been distributed between regions, municipalities and the state. Furthermore, some tasks have been transferred between the state and the municipalities.

The *state* is responsible for tasks which should be performed by an authority with a national perspective, or tasks which cannot appropriately be placed at local or regional level.

The *municipalities* are the primary access point to the public sector for citizens. Consequently, the municipalities have the responsibility for most of the citizen-related tasks.

The five *regions* are primarily responsible for the health care system, but they are also responsible for a variety of tasks most appropriately solved at the regional level. These include tasks related to regional development and growth, and tasks related to specialised educational and social institutions.

The tasks which the municipalities and regions are to handle are specified in acts for each individual sector, such as school legislation, social legislation, etc. This legislation gives the local and regional authorities freedom, to a greater or lesser extent, to determine the level and extent of the benefits.

Some laws are framework laws, and enable a wide scope for implementation. Other laws assign specific tasks to municipalities or regions, and therefore grant them only a narrow room for manoeuvre in the individual authority carrying them out.

Finally, municipalities carry out a number of tasks which are not determined by law and others which are delegated by the state (i.e. the civil register).

The table at the end of this chapter gives an overview of the competencies allocated to local and regional authorities.

6.2. Participation of local/regional authorities in national economic and spatial planning

Economic co-operation between central government and local and regional authorities is carried out by means of voluntary agreements between the associations "Local Government Denmark" and "Danish Regions" on the one hand, and the Government on the other. According to these agreements, the associations resume a joint responsibility for the public economy on behalf of their members.

The central government, represented by the Ministry of the Environment, is responsible for national planning, including the general orientations for the Capital Region of Denmark. The regional councils submit regional development plans, describing the vision for development of the region. For each municipality, a comprehensive municipality plan must be submitted by the local council. The municipality plan may not be contrary to national planning or the regional development plan. The municipality plan provides the framework for local plans, which is the only type of spatial plan directly binding on land owners.

Function	Competent authority			Type of competence				Exercise of the competence				Remarks*
	State	Intermediate	Municipality	Exclusive	Shared	Compulsory	Discretionary	Direct	Indirect	In own right	For another authority	
General administration												
Security, police	•			•		•		•		•		
Fire protection			•	•		•		•		•		(1)
Civil protection	•	•	•	•	•	•		•		•		(2)
Justice	•			•		•		•		•		
Civil status register	•		•		•	•		•	•	•	•	
Statistical office	•	•	•	•	•	•	•	•	•	•	•	
Electoral registert			•	•		•		•		•		
Education**												
Pre-school education			•	•		•		•		•		(3)
Primary education			•	•		•		•		•		(3)
Secondary education	•			•		•		•		•		(3)
Vocational and technical	•			•		•			•	•		
Higher education	•			•		•		•		•		
Adult education	•			•		•		•		•		
Other												
Public Health												
Hospitals		•		•		•		•		•		
Health protection	•	•	•	•		•	•	•		•		

(*) for any remarks see last page in this country's table
 (**) the competence refers to both infrastructures and staff

Function	Competent authority			Type of competence				Exercise of the competence				Remarks*
	State	Intermediate	Municipality	Exclusive	Shared	Compulsory	Discretionary	Direct	Indirect	In own right	For another authority	
Social Welfare												
Kindergarten and nursery			•	•		•		•		•		
Family welfare services			•	•		•		•		•		
Welfare homes		•	•	•		•	•	•		•		
Social security			•	•		•		•		•		
Other			•	•		•		•		•		
Housing and town planning												
Housing	•		•	•	•	•	•	•	•	•		
Town planning			•	•		•		•		•		
Regional/spatial planning		•	•	•		•		•		•		
Environment, public sanitation												
Water & sewage			•	•		•		•		•		
Refuse collection & disposal			•	•		•		•		•		
Cemeteries & crematoria			•		•		•	•		•		(4)
Slaughterhouses												
Environmental protection	•	•	•	•		•		•		•		
Consumer protection	•		•	•		•		•		•		
Culture, leisure & sports												
Theatres & concerts	•		•	•		•			•	•		
Museums & libraries	•		•	•	•	•	•	•		•		
Parks & open spaces	•		•	•			•	•		•		
Sports & leisure			•	•		•	•	•	•	•		

(*) for any remarks see last page in this country's table
 (**) the competence refers to both infrastructures and staff

Function	Competent authority			Type of competence				Exercise of the competence				Remarks*
	State	Intermediate	Municipality	Exclusive	Shared	Compulsory	Discretionary	Direct	Indirect	In own right	For another authority	
Religious facilities												(5)
Other cultural facilities			•	•			•	•	•	•		
Traffic, transport**												
Roads	•		•	•		•		•		•		
Transport	•	•	•	•	•	•		•	•	•		
Urban road transport		•	•	•	•	•		•	•	•		
Urban rail transport	•			•			•	•		•		
Ports	•		•	•		•	•	•		•		
Airports	•		•	•		•	•	•		•		
Other traffic & transport	•		•	•		•	•	•		•		
Economic services												
Gas			•	•			•	•		•		
District heating			•	•		•		•	•	•		(6)
Water supply			•	•		•		•	•	•		(6)
Agriculture, forests, fishing	•		•	•		•		•		•		
Electricity			•	•		•		•	•	•		(6)
Economic promotion	•	•	•	•			•	•		•		
Trade & industry												(7)
Tourism	•	•	•	•	•		•	•		•		
Other economic services												(7)
Other functions												
Employment	•		•	•	•	•		•		•		

(*) for any remarks see last page in this country's table

(**) the competence refers to both infrastructures and the management

Remarks:

- (1) Most municipalities have concluded agreements with Falcks Redningskorps, a private salvage corps.
- (2) The responsibility for civil protection is divided between the central government and the local level, the municipalities having the main responsibilities.
- (3) There are also private schools.
- (4) Also provided by the National Church. See (5) below.
- (5) The National Church is an independent authority self-financed by the church tax.
- (6) Municipalities are responsible for water, electricity supply and district heating. Even though they may not provide the services themselves, they must ensure that the supplier is put under an obligation to supply all citizens where technically possible, authorise the laying down of pipes and cables in public roads, and demand guarantees of satisfactory maintenance of production.
- (7) A local authority is not normally allowed to engage in trade and industry except for its own purposes. Nevertheless, they provide conditions for local trading, by buying and developing land for trade and industry uses, and providing good access roads. Most towns have also established or subsidised industrial development centres, for the promotion of local trade and industry.

7. CO-OPERATION AND OTHER TYPES OF LINKAGE BETWEEN LOCAL AND REGIONAL AUTHORITIES

7.1. Co-operation for the performance of tasks of common interest

In conformity with the Local Government Act, agreements between local authorities to carry out jointly a local authority's competencies must be approved by the supervisory authority if a special body is set up to act on behalf of the participating local authorities. The responsibility for decisions affecting the annual expenditure lies with the joint body, and participating local authorities are correspondingly restricted in the decisions they can take.

Inter-municipal co-operations with a special governing body are public authorities, even though they are independent, and even when they are established as private companies through partnerships.

Conversely, co-operations between local authorities which do not restrict the powers of the respective councils are not subject to approval.

Inter-municipal activities and institutions are fairly common. There are various organisational structures: self-governing institutions, partnerships, limited companies and other private organisational forms. Moreover, in certain areas, local authorities may co-operate with private enterprises in the form of limited companies and – more seldom – in partnerships.

In principle, inter-municipal activities are carried out on a voluntary basis, but in a few cases and for some purposes, co-operation may be a compulsory requirement, i.e. under special circumstances: public transport, refuse collection and disposal.

The most common areas of co-operation are economic services (natural gas, electricity, etc.) refuse collection and disposal, food hygiene laboratories, and public transport.

7.2. Associations of local authorities at national or regional level

“Local Government Denmark” and “Danish Regions” are umbrella associations for all municipalities and regions, and are governed by private law. They do not form part of the local administrative system.

These associations act on behalf of local/regional authorities, in negotiations with central government and local staff trade unions. They conclude, or participate in concluding, agreements on salaries which bind local authorities.

7.3. International co-operation between local/regional authorities

Since Denmark's accession to the Council of Europe Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities in 1981, local authorities can freely co-operate, on an individual basis, with their counterparts in other states. However, local authorities cannot set up a joint body which can make financially binding resolutions without approval from the municipal supervisory body. Local and regional authorities are not subject to any restrictions on membership in international associations.

8. FINANCE

8.1. The financial structure of local authorities

The revenue of local authorities (municipalities) includes the categories shown in the following table.

The financial structure of local authorities in 2007 in %

	Total
Taxes	55.3
Specific grants	11.2
General grants	15.2
Fees and charges	16.4
Other income	1.9
Total	100.0

8.1.1. Taxes

The following table contains the various tax sources for local authorities.

Local authority financing by type of taxation in 2007 in %

	Total
Income tax	87.7
Land tax	7.8
Corporate tax	2.8
Other taxes and duties	1.7
Total	100.0

The income tax and land tax are own local taxes. Income tax is collected by the state, together with the state income tax, while the land tax is collected by the municipalities.

Municipalities are free to set income tax rates or tax levy percentages. Municipal authorities levy land tax on the basis of the value of land. In municipalities, the councils decide on the land tax percentage that is to be levied. The land tax percentage in municipalities must be between 1.6 and 3.4% for estates other than agricultural holdings. For agricultural holdings, the land tax percentage must be 0.9% lower than for other estates and not above 1.3%.

The municipal council can exempt certain properties from land tax, e.g. private schools, non-profit institutions, sports grounds and museums. Other properties are exempt by law, i.e. protected buildings.

Municipalities are not entitled to introduce new types of taxes. Concerning shared taxes, the municipalities receive a fixed share of some taxes, mainly corporate tax, tax on estates of deceased persons and pension schemes tax.

8.1.2. Grants

All main aspects of the grant and equalisation system are regulated by law. Only the regulation of some technical matters has been delegated.

Two types of grants are allocated to the municipalities: specific grants and general grants. Specific grants are allocated to finance specific expenditures, while the general grants have no specific purpose. Furthermore, municipalities may benefit from financial equalisation grants as referred to in 8.3. below.

The main specific grants are:

- 35% or 65% refund for social security expenditure (cash benefits);
- 50% refund for housing supplement expenditure;
- 75% refund for housing supplement expenditure to old-age pensioners;
- 100% refund for expenditure on sickness benefits in the first 13 weeks and 50% thereafter;
- 100% refund for child allowance expenditure;
- 100% refund for national old-age pensions;
- 35%, 50% or 100% refund for early retirement pensions to pensioners under the age of 60.

The following table provides an overview of the importance of specific and general grants as a percentage of total grants to municipalities.

Grants in 2007 in %

	Total
Specific grants*	43
General grants	57
Total	100

(*) Expenditure with 100% reimbursement excluded.

8.1.3. Financial equalisation

One of the purposes of the Danish grant and equalisation system is to reduce differences in the "tax price" from one municipality to another. The tax price or tax/service ratio is the relation between the level of service and the tax.

Differences in tax/service relations can be due to different costs of service per inhabitant in different municipalities. Expenditure needs are measured taking into account several factors, for example the number of children below or of school age, the number of elderly people, etc.

Another reason for differences in taxation is due to the difference in the tax base which expresses income and land value in the municipality.

Without equalisation there would be major differences in the tax/service relation between municipalities – that is considerable differences in the level of service, the tax burden or both.

Thus, a municipality with a high tax base or low expenditure needs would be able to set a low tax rate and still provide a high level of service. On the other hand, a municipality with a low tax base or high expenditure needs would have to set a high tax rate to be able to provide an acceptable level of service.

The purpose of the equalisation system is to ensure that the municipalities have the fiscal potential to deliver an average level of service at a near-to-average local tax rate.

A new net equalisation system has been implemented since 2007. In the new system, equalisation is based on the size of the structural surplus/deficit of the municipalities – that is the difference between the tax revenue calculated with an average tax level and the expenditure needs of the municipalities.

In order to calculate the structural surplus/deficit, it is necessary to measure the expenditure needs of each individual municipality. They are calculated on the basis of so-called objective criteria, which are supposed to reflect the circumstances that give rise to expenditure needs in the municipalities.

Full equalisation is not available. The current level is set at 58% for all municipalities. A specific equalisation scheme has been set up for the municipalities in the metropolitan area. Under this scheme an additional 27% of the differences between these municipalities is equalised, so that the total level of equalisation is 85% for these municipalities. A specific equalisation scheme has also been set up for municipalities in economic difficulty, which are outside the metropolitan area, making the total level of equalisation 90% for these municipalities.

In addition to the equalisation and grant systems already mentioned, there are a number of special schemes, namely:

- municipalities in the metropolitan area with special economic difficulties receive a grant. This scheme is financed by a 0.1% of the tax base contribution of all municipalities in the metropolitan area;
- municipalities outside the metropolitan area with special economic difficulties also receive a grant;
- subsidies to municipalities on islands;
- a special equalisation scheme for expenditures relating to immigrants and their descendants. The purpose is to equalise the average additional costs imposed on municipalities in connection with integration, language instruction and social expenses, etc. for immigrants. The scheme is financed by municipalities according to the number of inhabitants;
- a special equalisation scheme for municipal income from corporate tax.

8.1.4. Other sources of income

Other sources of income consist primarily of fees and charges.

The most significant ones are:

- Public utilities - municipalities set up public utilities (sewage works, refuse collection, gas, electricity, heating and water supply) through self-financing non-profit companies. The companies can have a surplus or a deficit in a given year, but over a period of time must show a balance between the income and expenditure of the individual company.
- Public and private day-care institutions - parents' payments of public and private day care institutions are regulated by legislation.
- Care for the elderly - elderly people in municipal housing have to pay rent, electricity and heating. They can also choose to buy so-called "service packages", including meals, laundry services and transport services, for example.

Other income consists of capital and investment income, primarily sale of property, or net revenue from interests.

8.1.5. Borrowing

Permission for municipalities to raise loans is automatically granted for certain investments in public utilities (water/sewerage, heating, etc.) and areas which have a high political priority (e.g. sheltered accommodation for the elderly, acquisition of property to promote integration of immigrants and purchase of land for planning/development purposes).

However, the municipalities can apply to the Ministry of the Interior and Health for discretionary permission to raise loans for other investments, e.g. school investments, investments in sheltered accommodation for the disabled and investments made by public-private partnerships. The discretionary permission will generally be limited to a certain percentage of the total investment cost – possibly with a ceiling over the aggregate value.

Loan guarantees, renting and leasing are generally considered to be parallel to borrowing by the municipality. The rate of interest is free, but the municipality is committed to raising loans on the best terms on the market. The loan term cannot exceed 25 years, except for loans raised to finance housing for the elderly. The term for bullet loans or loans with a repayment-free period cannot exceed 15 years and their average life should not exceed ten years. There are no restrictions concerning the sources of borrowing. Central government, however, does not normally grant loans.

Because of frequent fluctuations in the need for liquidity, municipalities are allowed to incur bank overdrafts.

The average day-to-day balances of overdrafts and building loans over the last twelve months must not exceed the average day-to-day balances of cash funds, postal giro, cheque and current accounts over the same period. Thus, if the day-to-day balances of overdrafts and building loans over the last 12 months exceeds the average day-to-day balances of cash funds, postal giro, cheque and current accounts over the same period, the municipality will be placed "under administration" by the central government.

Bank overdrafts for joint local authority corporations, partnerships, co-operative societies and similar entities, in which local authorities have a controlling interest, cannot exceed an amount of 50 DKK per capita. The rate of interest is unrestricted, but the authority/body is committed to negotiate bank overdraft rates on favourable terms.

8.1.6. Exercise of economic control by central authorities - budget co-operation

The significant importance of local authorities in the national economy has made it necessary to involve local authorities increasingly in economic policy. This has been achieved by continuous dialogue between central government and local authorities on local authority economy. It is based on the assumption that it is the responsibility of parliament and the central government to establish economic and political goals, but that the details of local authority integration into national economic policies should depend on voluntary agreements between the local authority organisations and the government.

At the beginning of the 1980s, budget co-operation between the state and local authorities was based on government recommendations to local authorities to observe certain limits in expenditure growth and development of local taxation.

In 1983, the government started to combine recommendations on expenditure with cuts in general grants, in order to recover the surplus created as the income base grew faster than local authority prices and wages, as a result of upward market trends.

Between 1986 and 1988, local authorities not complying with expenditure limits were sanctioned in various ways, and counties were set a "tax ceiling" for 1988.

Since 1989, the budget co-operation has been based on voluntary agreements with the local government organisations. The state very rarely dictates conditions for the local authority economy. Instead, the government, together with local authorities' organisations, negotiates the guidelines for the local government economy for the coming year. This system should not necessarily be seen as an alternative to legislation, given that an agreement may often involve new legislative measures. Moreover, it facilitates management, as local authorities are normally willing to honour agreements to which they were party, and which grant them greater freedom.

Agreements between the government and local authority organisations are not legally binding for the individual local authority, as local authority organisations cannot legally commit their members. The agreements thereby allow individual authorities a certain margin for making adjustments to local conditions. According to the agreement, however, such adjustments must balance out among the local authorities.

8.2. The financial structure of regions

The Danish regions are responsible for three areas of public sector activity:

- Health Care
- Social Services and Special Education
- Regional Development

These three areas are financed separately, and income related to one area may be used to finance activities within that particular area only. The income structure is shown below.

Health care – income structure 2007 in %

	Total
General grants from central government	78
General contribution from municipalities	7
Specific grants from central government	3
Specific contribution from municipalities	12

The general grant from central government consists of a base grant and a grant distributed on the basis of a calculated expenditure need of each region. The base grant is the same for each region and constitutes a very small part.

The expenditure needs of the regions are calculated as the sum of age-related expenditure needs and socio-economic expenditure needs.

The estimated age-related expenditure needs are based on the age distribution of each region. The regions' number of inhabitants in each of the 17 five-year age intervals is obtained and multiplied by an amount per person, specific to each age interval.

As for the socio-economic expenditure needs, these are found on the basis of nine socio-economic indicators for each region, such as the number of families receiving social benefits or the number of children living in a single-parent family. Depending on a region's position within each of these nine indicators, in relation to the other regions, as well as on the weight attributed to each indicator, a socio-economic index is calculated for each region. The higher the index for a given region, the higher the estimated socio-economic expenditure need of that region, in comparison to other regions.

Of the total expenditure needs, 77.5% are attributed to age-related expenditure, while 22.5% are attributed to socio-economic expenditure.

The general contribution from municipalities is a fixed payment per inhabitant of the municipality.

The specific grants from central government and specific contributions from municipalities are based on the level of activity in a region's health care system. In terms of specific grants from central government, the activity-based focus is used to give the regions incentives to increase production. The specific contributions from a municipality are based, among other things, on the number of visits to the doctor by its inhabitants. The focus is on giving municipalities incentives to do well in terms of promoting the general health of its population, thus preventing health problems.

Regional Development – income structure 2007 in %

	Total
General grants from central government	72
General contribution from local authorities	28

The general grant from central government is distributed on the basis of an estimated demographic expenditure need, which is simply the number of inhabitants in the region multiplied by a fixed amount and an estimated structural expenditure need for each region. The structural expenditure need is estimated using eight indicators, primarily measuring infrastructural and socio-economic issues, where the former is to be seen in relation to the regions' responsibility for providing public transport.

Twenty per cent of the total expenditure needs is attributed to demographic expenditure, while 80% is attributed to structural expenditure.

The general contribution from municipalities to the region consists of a fixed payment per inhabitant of the municipality.

Social Services and Special Education – income structure 2007 in %

	Total
Charges paid by local authorities	100

Municipalities can send citizens in need of special care and/or special education to specialised facilities, which are run by regions. Municipalities pay a price per stay, which is set to cover the objective cost of the stay.

9. CONTROL OVER LOCAL AND REGIONAL ADMINISTRATION

9.1. Legality control

According to the Constitution, the state supervises local authorities' self-government. Today, however, general supervision is of a limited nature.

The supervision of municipalities and regions in Denmark is performed by five regional state administrations.

The Minister for Welfare monitors the five regional state administrations. Cases in which the regional state administrations have applied sanctions may be brought for appeal before the Ministry of Social Welfare. In other instances, the Ministry can initiate a supervision procedure on its own decision, if it finds that the case deals with a matter of principle or involves a serious breach.

The supervision of local government is performed from a legal point of view. The supervisory authorities do not consider whether the transactions made by the local or regional council are reasonable or expedient, nor do they consider issues concerning discretionary actions, as long as the actions comply with the law. The supervision does not extend to issues of compliance with the principles of good administrative practice.

The supervision only addresses whether legislation and principles of public law have been set aside. This concerns only legislation particularly aimed at public authorities, and not legislation applying to local government and private enterprises or individuals. The cases dealt with by the supervisory authorities may relate to legislation of ministries other than the Ministry of Social Welfare.

The supervisory authorities are only obliged to respond to applications when the information available gives reason to believe that an unlawful act, which is not minor, has been committed. A complaint from a citizen is neither necessary nor sufficient grounds for a supervisory authority to consider the case.

Pursuant to the legislation, special supervisory or appeal boards have been set up in many subject areas to supervise or deal with complaints concerning local authority decisions and the performance of their tasks. Usually such appeal boards take all aspects of a given case into account, including compliance with rules on case processing. The general supervisory authorities do not hear aspects of a given case which a special appeal or supervisory board can consider.

A case dealt with by the supervisory authority is normally concluded by an advisory statement, containing the supervisory authority's legal opinion. The statement advises the local council as to its duties under current law.

The supervisory authorities may also apply sanctions against decisions made by a local council or against council members who have participated in an unlawful municipal act. The sanctions that may be imposed are annulment, suspension, default fines and action in damages. Sanctions are only very rarely used.

The supervisory authorities may annul a local or regional council decision, if the decision is against legislation. During the processing of a case on annulment, the supervisory authority may temporarily suspend the decision in question. If the unlawful decision made by a local or regional council has already been effected, annulment and suspension can only take place under certain conditions.

Annulment sanctions and default fines may only be imposed where the requisite clarity has been provided, and there is no reasonable doubt as to whether the legislation has been set aside. The requirement of clarity is a condition for imposing sanctions separate from the requirement of a breach of law. The objective of this "rule of clarity" is to ensure that the governmental supervisory authorities can only overrule a local or regional council when both the factual and the legal matters are clear.

If a local or regional council omits to execute an act, which it is under a duty to perform under the law, the supervisory authority may impose a default fine upon the members of the council responsible for the omission. The default fines are imposed upon the members until the act has been performed.

Default fines are sometimes imposed to force a local or regional council to comply with a binding decision made by an instance of appeal or a sector authority. To the extent that the instance of appeal or sector authority does not have sufficient means of its own, the supervisory authority may, in certain cases, be requested to assist in making the local or regional council comply with the decision.

The supervisory authority may bring an action for damages against members of the local or regional council responsible for a loss suffered by the municipality or region, due to an unlawful act or decision. The supervisory authority may decide that such action is withdrawn, if the member in question pays a fine to the municipality or region within a specified time limit.

A member cannot avoid responsibility by abstaining from voting.

Disagreement between a local or regional council and the Ministry of Social Welfare, concerning a question with a legal basis, may be brought before the civil court for final determination.

9.2. Financial control

Professional auditing of all local and regional authorities' accounts is a statutory requirement. This function is performed by the Local Government Auditing Department, an intermunicipal institution set up by the local government association, or by a private company.

Municipalities and regions are obliged to send their revised accounts to the supervisory committee, *statsforvaltingerne*, to ensure that the municipal and regional activities are carried out in accordance with present legislation.

There are legal restrictions on investments, loans, taxes and staff, as well as restrictions established on the basis of voluntary agreements between the central government and the associations "Local Government Denmark" and "Danish Regions".

In June 2007, the parliament passed a bill amending the rules on auditing local and regional authorities' accounts. The bill aims at securing a higher level of independence and subject knowledge for the auditors. The Local Government Auditing Department is owned by "Local Government Denmark", and for that reason the company will not meet the new requirement of independence unless "Local Government Denmark" fully disposes of its ownership. The amendments will come into force on 1 January 2012.

10. REMEDIES FOR INDIVIDUALS AGAINST DECISIONS OF LOCAL/REGIONAL AUTHORITIES

Appeal against decisions taken by local and regional authorities lies with higher authorities, under specific legislation, i.e. the Social Welfare Act, the Environmental Protection Act and the Planning Act. The appeal system is sometimes limited to legality, and does not extend to expediency. These appeals can only be made by an interested party if the decision goes against him.

Nevertheless, the supervisory authority may cancel illegal decisions at the request of citizens.

Final review of the legality of local or regional authorities' decisions and decisions or appeals made by the supervisory authorities lies with the ordinary courts.

If it is not possible to appeal against the decision to a higher authority, the decision may be brought to the attention of the relevant regional state administration and/or the Ministry of Social Welfare (see 9.1.).

Furthermore, a complaint may be lodged with the Parliamentary Commissioner for Civil and Military Administration in Denmark (The Ombudsman Act no. 473 of 12 June 1996). A complaint against a decision which may be appealed to another administrative authority cannot be lodged with the Ombudsman until that authority has made a decision on the matter. The Ombudsman oversees the whole of the public administration, except the courts of justice, and determines whether a complaint offers sufficient grounds for investigation. The Ombudsman is particularly involved in questions concerning the principles of good administrative practice, as neither the regional state administrations nor the Ministry of Social Welfare have the competence to examine such questions.

It is also possible to bring an action against the authority in question.

11. LOCAL/REGIONAL ADMINISTRATIVE PERSONNEL

Local and regional councils have full responsibility for the government and administration of the municipalities and regions, and are entirely free to determine the structure of their administration and their staff.

The mayor or the chairperson of the regional council is also the day-to-day leader of the administration.

All local governments have authorised their respective organisations to conclude binding agreements with the staff organisation on local government employees' wages. Wages and other employment conditions follow centrally fixed standards, which are approved by the Local Government Salary Board. This board consists of eight councillors, appointed by the Minister for Welfare on recommendation of "Local Government Denmark", and the Minister of Finance.

The Regional Salary and Tariff Board negotiate or lay down standards for wages and other conditions of employment for the employees of the five regions. This board consists of nine members appointed by the Minister of Finance.

The local and regional council and the councils' Finance Committees are responsible for the staff of the authorities. Staff are not appointed politically and are not replaced after an election.

Administrative and total personnel of local authorities¹

	Regions	Municipalities	Total
Administrative staff ²	9 749	58 547	68 296
Other	101 390	363 514	464 904
TOTAL	111 139	422 061 ³	533 200

¹ 1 April 2007

² Estimated on the basis of collective agreements' areas

³ Including 4 262 people working for inter municipal co-operations

12. REFORMS ENVISAGED OR IN PROGRESS

Reform and improvement of public services is an ongoing central issue. The structural reform of the municipal and regional structures, and the distribution of tasks between the various administrative levels in Denmark came into effect on 1 January 2007. The purpose of the reform is to improve efficiency in the municipalities and the regions, in order to make further services available for citizens. In continuation of the reform of the municipal and regional structures, and the distribution of tasks between the various administrative levels the government has presented a Strategy On High Quality In The Public Sector (The Quality Reform).

The core initiatives in The Quality Reform are:

- Marked investments in better welfare – a 50 billion DKK Quality Fund and a 10 billion DKK Quality Pool;
- Quality standards aimed at securing high quality in essential elements of care for the elderly, childcare and healthcare;
- A coherent set of reforms within eight priority areas containing 180 initiatives, aimed at enhancing the quality of the welfare system and the attractiveness of working in the public sector.