

Introduction to Local Government Denmark (LGDK)



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1. Historic roots

LGDK was formed as of 1. April 1970 as a result of the first comprehensive local and regional reform in Denmark in the 1960's, leading to a reduction of the number of municipalities from 1388 to 275, a reduction of countries from 25 to 14, a new legal basis for local government, a new financial system, and uniformity of all municipalities in Denmark.

LGDK was formed as a unification of the existing three national municipal associations:

- Association of Cities (founded in 1873)
- Association of Rural Municipalities (founded in 1883)
- Association of Suburban Municipalities (founded in the 1950s)

The Association of Cities was the first LG association to be formed following the adoption of the first free Danish Constitution in 1849 that introduced democracy in Denmark and democratic local government. The Association of Cities was formed in the 1873, the Association of Rural Municipalities in the 1883 and the Association of Suburban Municipalities in the 1950s.

LGDK thus has roots being more than 160 years old!

Ever since its establishment, LGDK has had all municipalities in Denmark as voluntary members. However, until 2006, local authorities having a double status as both municipality and county were not members, as for instance the capital Copenhagen.

The second, comprehensive local and regional reform 2003-2007 led to a further reduction of the number of municipalities from 271 to 98 and an abolishment of the counties (instead 5 new regions were created).

All 98 municipalities are voluntary members of LGDK, including the capital of Copenhagen.

2. Mission and tasks of LGDK

The mission of LGDK is formulated as follows:

To look after the interests of democratically managed local authorities and be the centre of collection, development and spreading of knowledge about the Danish local government system
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With this mission, LGDK has the following main tasks:

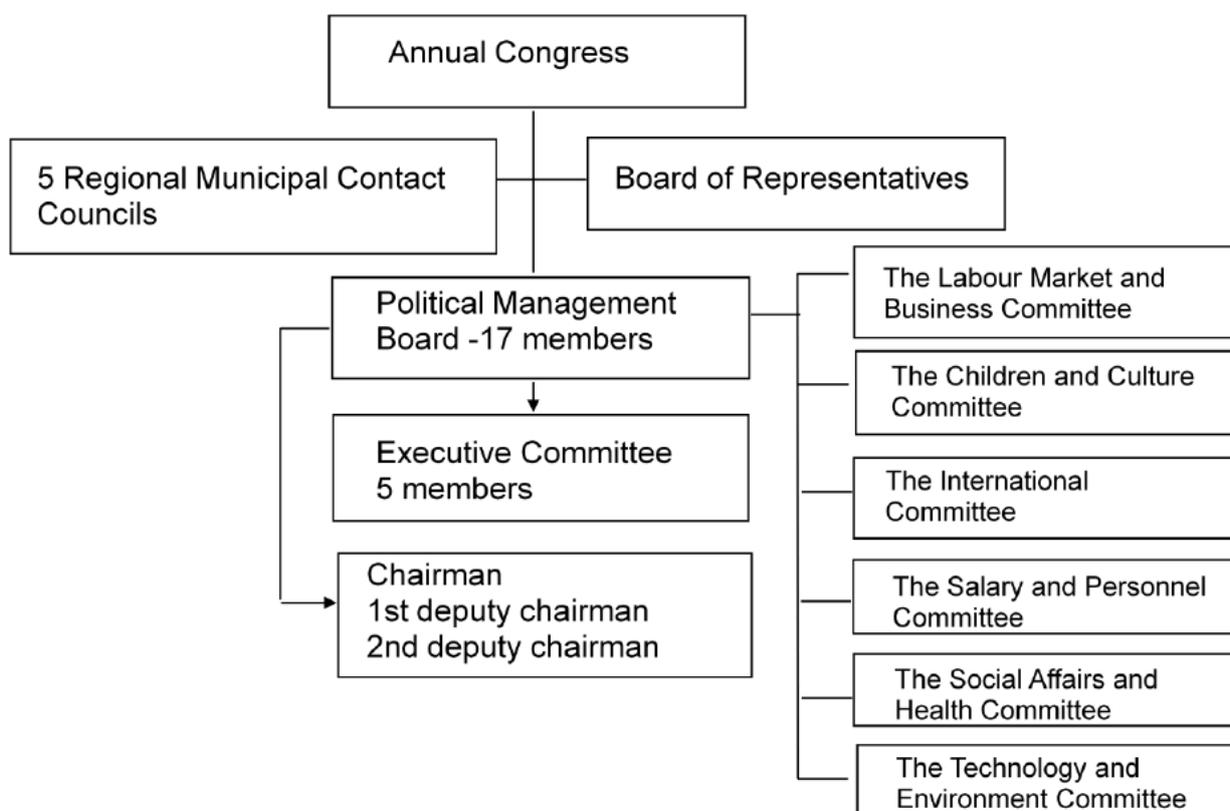
- Safeguard the common interests of municipalities
- Provide municipalities with advice and services
- Ensure that municipalities are provided with relevant and up-to-date information

Apart from fulfilling the same tasks as most other LG associations around the world, LGDK has a fairly unique task, as all municipalities have requested LGDK on their behalf to negotiate salaries

and wages and employment conditions for all municipal staff¹ – presently comprising approx. 500,000 persons, of which most are full-time and some are part-time employees. The municipal employees represent 22% of the total work force in Denmark. Negotiations between LGDK and the respective labour unions are implemented every two years. The municipal employees are organized in approximately 60 different labour organizations, so negotiations evidently are a formidable task.

3. Political and Administrative Organisation of LGDK

The overall Political Structure contain the following institutions:



Below, you will find comments to some of these institutions.

¹ Salaries and employment conditions are in Denmark negotiated between employers and employees, not stipulated by legislation. Rules for vacation, sickness, and labour safety are however fixed through national legislation.

3.1 Annual Congress

The annual congress takes place at different locations and is normally placed in the period April-June. It always takes place over two days, so there is time for social get-together the first evening.

Municipalities are represented at the congress corresponding to the number of inhabitants². As membership is paid with a sum per inhabitant, the representation in the congress broadly reflects the size of their membership contributions, with minimum and maximum representation at the congress ensured for the small and big members, respectively.

The role of the congress is of course to approve of changes in the Statutes of LGDK, to approve of the budget and financial accounts, to discuss topical themes of national interest, and facilitate a dialogue with the national government.

Every fourth year, following the regular local government election in November the previous year, the Congress has an special, important role – to elect the members of the Political Board of LGDK as well as the members of the Regional Municipal Contact Councils. The Chairman of LGDK is not elected by the Congress, but elected by and among the members of the Political Board. This follows the procedures used when electing mayors in individual municipalities.

Several ministers as well as representatives of all political parties are normally represented at the congress, reflecting the importance of municipalities in the overall economy and political landscape.

Municipalities pay for their participation in the congress, so the costs of LGDK are limited. The congress has over the last years developed into a major forum for discussion of the decentralization developments, and thematic meetings are arranged. At the congress in 2010, some 1700 participants took part in the congress but normally around 1500 people are present. Of these, 685 are delegates with voting rights. The rest are representative of Parliament, Government, Political parties, National organizations, Municipal managerial staff etc.

3.2 The Board of Representatives

The Board consists of all the 98 mayors + 33 members representing political parties and national lists³ in a way so that the composition of the Board of Representatives reflects the results of the last municipal election. Members are elected by the political parties and national lists.

Its core functions are:

- To be a consultative body for the Political Management Board of LGDK, i.e. it should provide opinions and recommendations
- To improve communication and links between the member municipalities and LGDK

The Board is an important instrument to achieve consensus among municipalities. It normally meets twice a year and is typically asked to provide opinions on the results of the annual financial negotiations between LGDK and the Ministry of Finance and about important changes in national legislation within e.g. basic and primary education, health, social services, environmental control, and utilities.

² Municipalities have one delegate per 8,000 inhabitants or parts thereof

³ Local lists can join each other to get a seat in LGDK's Political Management Board if they form a "national list"

3.3 Regional Municipal Contact Councils

These were established after the end of the second comprehensive local and regional reform in 2006. They took over after the previous "County Associations".

The Contact Councils consist of the mayors in the region. The secretariats of the councils are provided by staff in LGDK.

Their core functions are:

- To represent member municipalities in the region in negotiations and cooperation with the regional authority
- To facilitate the implementation of decisions made by the LGDK Political Management Board, regionally as well as locally
- To facilitate cooperation between municipalities in the region
- To represent LGDK in broader terms in the region and to transfer experiences and information from the regional level to the Political Management Board

3.4 The Political Management Board, the Executive committee and Topical Committees

3.4.1 Political Management Board

The Board consists of 17 members, elected at the first congress following a municipal election. Based on the municipal election results, each political party or national list is allocated a number of seats calculated by the model of Mr. D'Hont (a French policy researcher).

The individual members representing the political parties are elected by the political parties at the congress.

At the first meeting (immediately after the congress) of the Board, it elects the President and Vice-President of LGDK among the members. The President of LGDK for the period 2010-2014 is Mayor Jan Troejborg from Horsens Municipality. The President is not a full-time employee of LGDK as he continues as mayor of his municipality, but he receives remuneration for his work by LGDK.

The Board meets monthly and normally deals with 50-100 bigger or smaller cases per meeting. Each case is supplied with a recommendation by the LGDK administration, making it easier for the Board to take decisions. Meetings are spread over two days so the representatives of political parties can meet with representatives of other political parties and/or staff of the national headquarters of their respective parties.

It is of paramount importance for the Board always to achieve consensus and speak with one voice, so that Government and others can not play one wing against the other.

The Political Management Board works according to a strategy lasting four years, equal to the LG election period. For the period 2009-2013 four priorities are defined:

- Stronger cooperation leads to stronger municipalities
- Effective municipalities through improvement of the administrative quality work
- Development of a new agenda for remuneration and management of the municipal staff
- Leading LGDK and the municipalities through a period of rapid changes

The strategy plan is implemented through time bound implementation plans.

3.4.2 Executive Committee

The Board also elects an Executive Committee with five members. The role of the EC is to take decisions in-between meetings in the Board in cases that cannot await the next meeting in the Board and to deal with personnel issues in LGDK's administration – only managerial issues.

3.4.3 Topical Committees

In addition to this, a number of political committees are established to address technical issues within their respective areas. At present the following committees are established:

- Labour market and business development committee
- Children and culture committee
- Salary and personnel issues committee
- Social affairs and health committee
- Technology and environment committee
- International affairs committee

The committees have an advisory function in relation to the Political Management Board. All committees are managed by members of the Political Management Board to facilitate flow of information between the institutions. Members comprise representatives of LGDK's Political Management Board and members of municipal councils.

3.5 The Administration

The administration has been growing steadily over the years to reach around 375 staff at the turn of last century. After the local and regional reform ending in 2007, more staff was added to address the new responsibility areas municipalities were provided with as a result of the reform – health, taking care of physically and mentally handicapped people, and protection of the environment. So today approx. 400 staff are employed.

The administration is split in 4 major departments:

- Department for Management and Communication
- Department for Administration and Finances
- Department for Legal issues and Wages
- Department for Welfare and Services

The overall management rests with a Board of Directors of five top managers.

The four departments are again split into offices addressing core issues for the management of the responsibilities municipalities have been given by law and core cross-cutting issues.

LGDK has two major financial offices to ensure it can cope with the Ministry of Finance in the annual financial negotiations and the practical application of the agreed “Principle of Total Balance” (in the municipal economy).

LGDK also has several offices dealing with administration of wages and salaries of municipal staff. The municipal staff is organized in 60 different labour unions, and approximately 100 different agreements between LGDK and the labour unions govern the wages and salaries of the municipal staff. There are normally negotiations with the labour unions every second or third year.

LGDK also has an office in Brussels to facilitate its work with the EU.

3.6 Networking with members

It was a deliberate policy of the LGDK management to expand networking among the members after the reduction of municipalities from 271 to 98.

LGDK today has close cooperation with members within many thematic areas. The most important of the networks are:

- National consultation forum of municipal CEOs (“Kommunaldirektører”) and LGDK
- National advisory LG committee on budget guidance to municipalities
- National panel on LG financial management
- National network of municipal legal experts
- National network of municipal public procurement experts
- National network on issues within social affairs and labour market issues
- National network on issues related to schools and culture
- National network on issues related to technical issues, utilities and infrastructure
- National network on issues related to municipal employment and HRD
- National working group on the public quality reform
- Regional networks of municipal CEOs (“Kommunaldirektører”)
- Regional networks of municipal finance directors

These networks strengthen LGDK’s advocacy with central government and provides “open windows” for LGDK to collect experiences on the development of municipalities within different areas.

3.7 Funding

The overall turnover of LGDK in 2012 was approximately 50 mill. €.

The funding comes from several sources, of which membership fees comprise approximately half, while various consultancy and business activities comprise approximately one third. The rest comes from various services, like hosting some inter-municipal secretariats.

Most of the funding is spent on salaries of staff and housing costs, but funds are set aside for the functioning of LGDK’s political institutions and various development activities.

4. Provision of services to the members and others

LGDK provides a number of services to the members. Some of the services are free (covered over the membership contributions), but most of the services are for pay.

4.1 Free services

The most highly valued service by the mayors is the annual negotiations about municipal financing the following fiscal year. These negotiations provide LGDK with a platform for influencing the funding and pointing out which problems may arise if funding becomes insufficient.

As a subset to the financial negotiations, the Government and LGDK have agreed to abide by a rule called the “Principle of Total Balance”. This principle enforces all ministries wanting to introduce new or change existing legislation or binding guidelines to open negotiations with LGDK to discuss how much the introduction of the desired changes will cost. When new/changed draft legislation is presented to Parliament, the agreed costs of implementation are shown. These costs will have to be covered by the ministry introducing new/changed legislation!

Other services for free are legal assistance to member municipalities becoming involved in legal cases of a principal nature and of interest for all municipalities. That could e.g. be questions in relation to planning, expropriation, and utilities. In these cases, LGDK will provide legal assistance to the municipality without pay.

Some information services are also free. LGDK operates a homepage displaying much information and news, and LGDK also provides tailored information to Mayors and to Municipal Administrators, informing them about political, financial, legal, and other developments that they need to take note of in their planning and management.

4.2 Paid services

Paid services comprise a wide array of activities:

- Consultancy services
- Information services
- Training and capacity building
- Seminars and conferences

4.2.1 Consultancy services

LGDK started providing paid consultancy services in the late 1970s when new legislation enforced municipalities to make physical development plans every four years. Whenever new problem areas for municipalities have developed since then, LGDK has considered if it should establish consultancy services to assist members addressing the problems.

Some consultancy services are provided by special companies, while others are provided by staff employed in LGDK.

In company form

LGDK established a number of inter-municipal, national enterprises to assist municipalities cope with some of the most problematic areas, like IT, pension payments, insurance, collection and

treatment of chemical and hazardous wastes, training and procurement. The formation of these companies especially took place immediately after the finish of the first local and regional reform in 1970, but some have also been formed at the end of the last century.

The following enterprises were established:

- “Kommunedata” (Inter-municipal IT company) – sold in 2008
- LG Pension Insurance Enterprise
- LG Mutual Insurance Enterprise – sold in 2008
- “Kommunekemi” (Inter-municipal chemical waste company) – sold in 2010
- LG Auditing Company – sold in 2008
- LG Research Institute
- LG training centre, reorganized in 2008
- State and LG Procurement Company (established in 1994)

The purpose of the companies was to provide services at a good price. The advantage for LGDK and the municipalities consisted in the fact that a lot of information and experiences within their fields of operation were at the disposal of LGDK through the companies.

The reasons for selling out of the enterprises consisted in legislative changes (Kommunedata) or in changes in the market.

Consultancy services from LGDK staff

Approximately half of the academic staff of LGDK are involved in some forms of consultancy, but most of the hard core consultancies are provided by a specialized Consultancy Department.

Core services comprise financial analysis and financial management, public procurement according to EU rules, personnel/staff development and management, employment of managers, organizational development, provision of services to the population in the most efficient ways, integration of IT with management, and development within sectors (education, social, health, utilities, and environment).

All consultancy services to municipalities are provided through competition. Municipalities invite different companies to present offers and choose the best seen from a quality and price perspective. Frequently this is LGDK, but competition with private companies and others is tough.

LGDK also has established an International Consultancy Division, providing services to countries and development partners in East/Central/South Europe, Africa, Asia, the Arab World, and Latin America. All issues in relation to establishment and development of decentralization can be addressed.

Typical consultancy services provided to Danish municipalities and abroad are presented in Annex 1.

4.2.2 Information services

LGDK has during the years provided a number of different information services to the members. Examples of these are:

- “Danske Kommuner” (Danish Municipalities) – a local government magazine
- “Momentum” – a magazine on topical issues in the local government area

- Pamphlets collecting and presenting experiences within different activity areas
- Information services within local government finance, providing necessary information for the LG budgeting process
- Information services within social services, providing necessary legal update and other information for the proper administration of social services

Most information services are today provided in electronic form and access to these and most other information is through LGDK's website www.kl.dk or www.kl.dk/lgdk (English pages).

4.2.3 Training and capacity building

Most of LGDK's training has been provided through the Local Government Training Centre, now renamed into the COK (Centre for Competence Development within the Public Sector).

Training has been provided to both elected councilors, including Mayors, and leading staff. The administrative management has been given special attention.

In cooperation with COK, a standard course has been implemented for all newly elected municipal councilors since the 1980s. This course is extremely popular and is attended by more than 90% of all newly elected.

4.2.4 Seminars and conferences

As a national LG association, LGDK has the ability to raise topical issues for discussion and attract high-ranking speakers from central government or local authorities. This is supplemented with national conferences within sector areas, like primary education and social services and health, as well as the annual congress of LGDK, where cross-cutting issues and sector areas are being addressed at the highest possible level.

5. Core achievements

Many important successes can be recorded during the establishment of LGDK in 1970, but a few are worth mentioning:

- All municipalities have been members continuously
- Payment of membership fees are based on number of inhabitants, documented by Denmark's Statistics. This makes administration easy and LGDK immune towards territorial changes
- Danish municipalities have a diversified income structure with personal income tax, land tax and payment for municipal services as the major income sources, comprising 70-80% of the total municipal incomes. This is supplemented by different forms of state grants.
- A system has been agreed between LGDK and the Government called the "Principle of Total Balance". The principle implies that any minister proposing new or changed legislation influencing the amount of work of municipalities will have to negotiate with LGDK to estimate the costs of this legislation. The calculation is presented with the draft bill to Parliament and compensation to municipalities is provided through the annual block grants

- LGDK has ensured a system of exchange of documentation and statistics between core ministries and LGDK so that both sides can benefit from the information
- LGDK was instrumental in the preparations and implementation of the last major municipal reform during the years 2004-2007, giving LGDK a total knowledge about all problems surrounding local government reforms
- LGDK has a very active network in municipalities, both at the political level and among professional staff
- LGDK has very close links with central government and the core ministries, and high-level negotiations are vested in the Central Government – Local Government Contact Committee
- Regular negotiations between LGDK and the Ministry of Finance takes place every year to discuss financing of municipalities
- LGDK provides a broad range of consultancy services to Danish municipalities, keeping the employees of LGDK abreast of developments, providing LGDK with additional income, and ensuring supply of formation about the socio-economical situation in municipalities that LGDK can use in negotiations with central government and ministries
- LGDK in the 1970s established a number of daughter companies that during many years provided viable and important services to the Danish municipalities

Annex 1: Typical consultancy services provided by LGDK

For Danish municipalities

- Strategic development
- Financial management
- Economic planning and budgeting
- Review and development of the political and administrative organisation
- Human resource development and management
- Leadership
- Service management and quality management
- LEAN – making the municipal, administration more efficient
- Contracting out and public-private partnership
- Public procurement according to EU rules
- Recruitment of managers
- Innovation
- Analysis, evaluation, and support within all sectors of local governments, especially concerning primary education, special education (for non-normal children), taking care of the elderly, preventive health, dental care for children, environmental control of agriculture, and utilities. What is especially in focus within these areas are
 - Financial management,
 - Value for money,
 - Development of efficient administrative procedures,
 - Monitoring of the service quality,
 - Measuring of results

In Central/East Europe and Russia, Asia, Africa, the MENA Region, and South/Middle America

Development of local government systems and structures:

1. National decentralisation strategies
2. Elaboration of core legislation on decentralisation
3. Performance assessment of local authorities
4. Establishment of key institutions in the local government sector
5. Inter-municipal cooperation
6. Support to local government associations (LGAs)
7. Organisational development of local government institutions and LG ministries
8. Administrative-territorial reform of local governments
9. Training and human resource development, incl. development of Handbooks for Mayors
10. Openness and access to information in local government
11. Establishment of municipal one-stop-shops (service information centres)
12. Involvement of civil society in local governments

Local government finance:

13. Advocacy, cooperation and negotiation systems between local and central governments
14. Improvement of local government financial management systems
15. Design of overall local government finance systems
16. Calculation of costs and compensation of local government tasks
17. Local government accountability and audit
18. Public procurement

Other consultancy areas:

19. Formulation of programmes for development partners
20. Review of programmes of development partners
21. Decentralisation and protection of the environment
22. EU integration and preparation (Twinning)
23. Study tours