

6 March, 2018

Statement by the European Fiscal Board

on the relocation of the Danish Economic Council away from the Copenhagen area.

Over the past several years the Danish government has been implementing a programme aimed at relocating government offices away from Copenhagen. The objective of the programme is to promote a more decentralised distribution of economic activity across the country. The most recent step involves several thousand government jobs and also affects the Danish Economic Council which is formally part of the Economics Ministry.

The decision to relocate the Economic Council to Horsens, a town in Western Denmark, has triggered reactions and concerns first by the representatives of the Council itself and subsequently by the [Network of EU Independent Fiscal Institutions](#). The relocation is considered to seriously affect the Council's capacity to meet its mandate as an independent assessor of Danish budgetary policies.

Denmark is a signatory of the so-called [Fiscal Compact](#), an intergovernmental agreement which requires participating member states to comply with fiscal rules aimed at ensuring sound and sustainable public finances. As part of this agreement, a high degree of functional autonomy is crucial for the independent bodies monitoring compliance. Before the relocation of the Danish Economic Council was decided, Denmark was assessed to be compliant with the provisions of the Fiscal Compact.

While the government's decentralisation programme is much wider in scope and its most recent phase does not specifically target the Economic Council, the relocation is likely to produce unintended and important consequences for the independent monitoring of fiscal policy in Denmark. This is regrettable as evidence shows that effective independent scrutiny improves the fiscal performance of a country.

The role of the Danish Economic Council as an effective assessor crucially depends on its ability to recruit high quality specialised staff. This ability is affected by the relocation. We understand that very few of the currently close to 40 staff members of the Council will effectively relocate to Horsens. As a result, the Council will face very important challenges in the short term and may not be able to attract qualified staff to ensure effectiveness in the medium to longer term. The distance to decision makers and key stakeholders in Copenhagen adds to the predicament by greatly complicating interactions.

Overall, the European Fiscal Board shares the concerns expressed by the Danish Economic Council and the Network of EU Independent Fiscal Institutions. It calls on the Danish government to explore options to keep the Danish Economic Council in the Copenhagen area.

The European Fiscal Board

<https://ec.europa.eu/european-fiscal-board>