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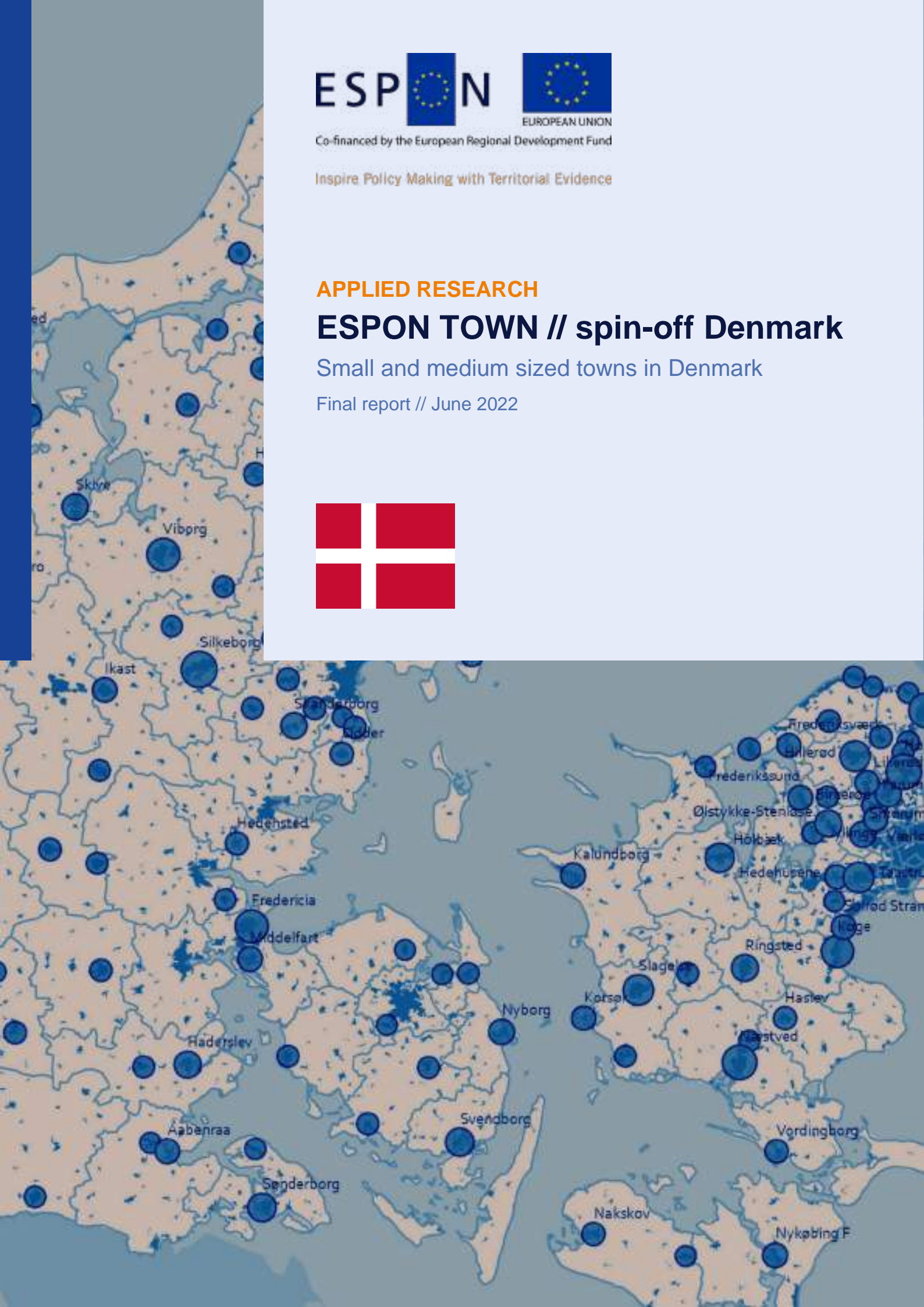
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APPLIED RESEARCH

# ESPON TOWN // spin-off Denmark

Small and medium sized towns in Denmark

Final report // June 2022



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**APPLIED RESEARCH //**

# **ESPON TOWN // spin-off Denmark**

Small and medium sized towns in Denmark

Final report // June 2022



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## Abbreviations

BBR	Bolig- og bygningsregister – Danish housing and building register
BPST	Bolig- og Planstyrelsen - Danish Housing and Planning Authority
CLLD	Community-Led Local Development funding
CVR	Central virksomhedsregister – Danish company register
DST	Danmarks statistik – Statistics Denmark
EAFRD	European Agricultural Fund for Rural Development
EMFF	European Maritime and Fisheries Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural Investment Fund
ESPON	European Territorial Observatory Network
EUI	European Urban Initiative
FTA	Full-time equivalent
GIS	Geographic Information Systems – software handling geodata
ISCED	International Standard Classification of Education
LAG	Local Action Group
LEADER	Former name for CLLD, when it included only rural areas
OSM	Open Street Map
POI	Point of interest – in GIS terms a point feature (geodata) of a facility of any kind of interest
RKR	Realkreditrådet – Finance Denmark
SMST	Small and medium-sized town (5 000 to 50 000 inhabitants)
UN	United Nations



## Foreword

Years of restructuring in the retail sector, profound changes in demography, manufacture and production, changing consumer preferences as well as the continuous growth of e-trade means that we are witnessing a great transformation of urban areas. This transformation suggests that small and medium sized cities will have to identify new activities and attractions to maintain vibrant town centres and develop appealing urban areas. In the Danish government and parliament there is broad support for promoting small and medium sized cities. These cities have an important role as regional centres for trade and services – as well as for a balanced development in the country as a whole.

The government has announced several policy initiatives and will be redirecting both national and EU funding towards cities with between 4 000 – 50 000 inhabitants. The initiatives range from supporting the improvement of organisation and strategic capacity to training and investments in physical change. In the coming years, we will be busy implementing these initiatives and promoting the development of small and medium sized cities.

However, we also need better knowledge to identify exactly what the drivers of development are and how development can be better animated and facilitated in small and medium sized cities. Recognising the highly pertinent nature of this topic, and the importance of learning from other countries to contextualise our national approach, the Danish Housing welcomes this study on the changing conditions and trends that influence development at a local level.

This report provides fresh insights and triggers new questions—all of which we look forward to exploring and deepening further in the near future.

Jeppe Høst,  
Special consultant, Danish Housing and Planning Authority

## Executive summary

Europe is highly urbanised. Over 70 % of Europeans live in cities with at least 5 000 inhabitants (ESPON TOWN, 2014). While many live in the big cities, small and medium-sized towns (SMSTs, i.e. towns with between 5 000 and 50 000 inhabitants) comprise an important part of the urban structure in Europe. The ESPON TOWN report (2014) underlined the significance of SMSTs for European territorial development. This spin-off provides supporting knowledge and evidence on the state and development of 111 SMSTs in Denmark.

### A simple typology to highlight shifts in the urban structure

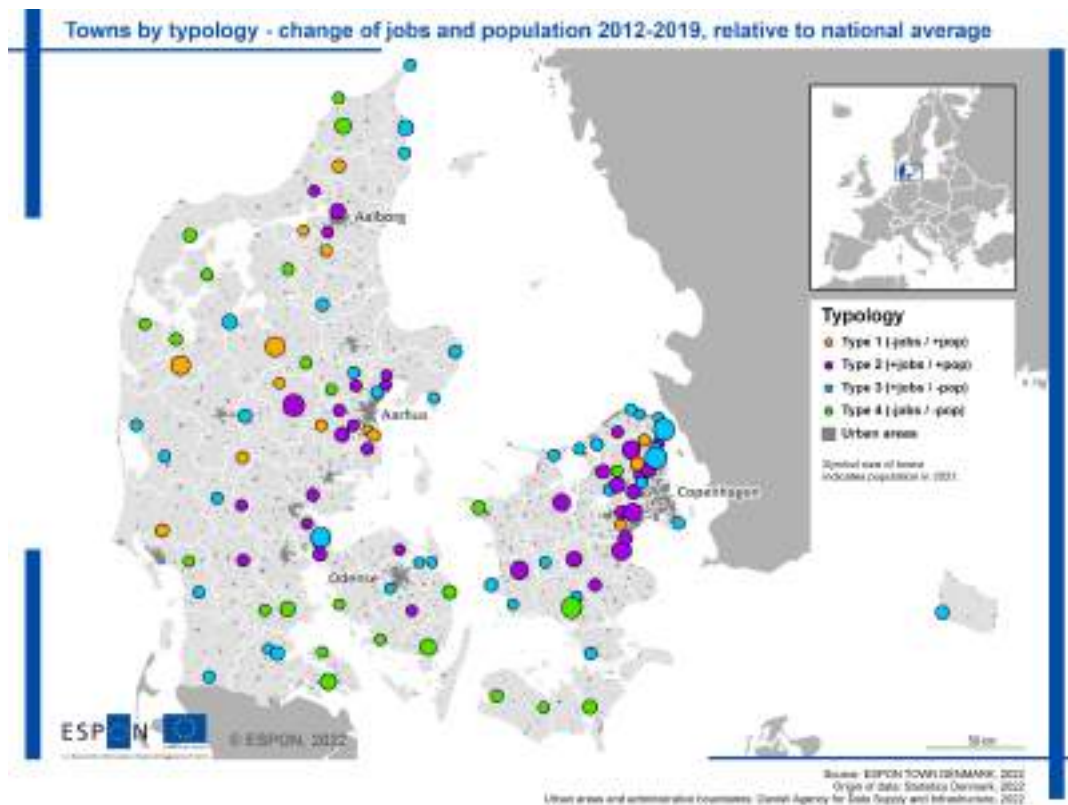
Development trajectories of SMST are diverse, depending on internal and external factors. To provide a more detailed view of different types of SMSTs we use a simple typology as analytical lens. Between 2012 (after the financial crisis) and 2019 (latest available data for employment), the population in Denmark increased by 4 % and the number of employed persons (workplaces) by 7.8 %. By plotting the 111 towns into a coordinate system based on their growth in workplaces and population relative to the Danish national average, four categories arise:

- Type 1: Relative decrease in number of jobs, relative increase in population size.
- Type 2: Relative increase in number of jobs and in population size.
- Type 3: Relative increase in number of jobs, relative decrease in population size.
- Type 4: Relative decrease in number of jobs and in population size.

By using the national average as reference, the typology highlights shifts in balance compared to other parts of the country more than the actual change. E.g. many Type 4 towns had a slight increase in population and jobs, but growth was lower than in Denmark on average, potentially increasing regional disparities.

### Map E.1

#### Small and medium-sized towns by typology, 2012–2019



### **SMSTs in Denmark – Well-known configurations and multi-layered patterns**

Type 2 and Type 4 towns represent well known configurations of SMSTs. Type 2 towns had above average population and job growth and were mainly located within metropolitan areas. Type 4 towns had below average population and job growth (or even decline). The two types often represent two extremes in the analysis, e.g., in regard to population and household structure, education, jobs or service provision. Regarding the latter, it is worth mentioning that Type 4 towns have the highest level of shops and services within the town, but regarding the supply on a regional scale (within 20 km) they are lagging far behind. The challenge for Type 4 towns is to find ways for restructuring and conversion. For Type 2 towns, the integration in the metropolitan area is a big opportunity but requires sustainable and resilient development to minimize risks related to its dependency on metropolitan growth.

Type 1 and Type 3 towns are more difficult to assign to a certain geography or specific boxes, making them all the more interesting variations. Type 1 towns had above average population growth, but below average job growth. This group was also the smallest, numbering only 14 towns of the total of 111. The towns include a few medium-sized provincial towns as well as small towns in metropolitan areas. In many variables they achieve average values but have an overrepresentation of the young population and typically also an increase in number of young adults. The latter trend might be related to the high supply of (semi) tertiary educational institutions in the towns. Future challenges here may include maintaining employment to sustain local development.

Type 3 towns had below average population growth but above average job growth. The group includes small and medium-sized towns in metropolitan areas with a high concentration of jobs that serve the big labour market. The group also includes small towns along the coast or located in other areas of interest. Furthermore, some towns might be centres of a less populated area, providing jobs for the region. These insights into Type 1 and Type 3 towns provide ample reason to take a closer look into the variations within them. Though they seem simpler in terms of their typology, Type 2 and Type 4 towns also vary, depending on their growth pattern and location.

### **Working with SMSTs – policy approaches**

Since the structural reform in Denmark in 2007, we identify three national policy approaches addressing the geographic balance of the urban system including SMSTs in Denmark. The first approach was used for the organisation of the health sector, still based on regional units. The distribution of services was therefore defined by regions functioning as service areas. The second approach addressed redistribution of public institutions, based on an anticipated dichotomy of growing and lagging areas, mainly the capital region in contrast to other areas in Denmark. The third approach targets specific urban settings (e.g. town centres, housing areas, coastal areas) by defining global criteria, without predefined regional division.

The European context points to several paths for placing towns strategically on the policy agenda and provides insights that can be sources of inspiration to Danish authorities for supporting SMSTs' development. In general, a growing trend sees the reinforcement of town networks, enabling a broad set of possible forms of cooperation between them. This may go through institutional tools, such as the CLLD approach, or through more bottom-up approaches through enabling platforms, such as the German Small Town Academy initiative.

# 1 Introduction

Europe is highly urbanised. Over 70 % of Europeans live in cities with at least 5 000 inhabitants (ESPON TOWN, 2014). While many live in the big cities, small and medium-sized towns (SMSTs) comprise an important part of the urban structure in Europe. Over 100 million people in Europe live in more than 8 000 SMSTs (i.e. towns with between 5 000 and 50 000 inhabitants) (ESPON space). Many SMSTs are the administrative centres of the local authority (municipality) and represent centres for local democracy. Despite their significant number, SMSTs do not always receive the attention they are due in research or policy. They are often simply seen as part of the wider functional urban regions or as a part of rural areas.

Within Europe, Denmark is highly urbanised, with 88 % of its population living in urban areas (UN, 2018). The UN relies on national definitions of urbanisation, which challenges comparability between countries. Eurostat's EU-wide typology, 'Degree of urbanisation', categorises Denmark as more rural and with a smaller population size in cities (Table 1.1). The method is working with municipal boundaries. This is problematic in Denmark with only few, but very big municipalities, levelling the degree of urbanisation down to a certain degree (Fertner, 2012). Regardless, according to either definition, a relative majority of the Danish population lives in SMSTs.

**Table 1.1**  
**Degree of urbanisation in Denmark and EU**

Typology	EU28 (Degree of urbanisation, 2017)	Denmark (Degree of urbanisation, 2017)	Denmark (Statistics Denmark urban areas definition, 2021)
Cities	42 %	32 %	40 % (Cities > 50 000)
Towns and suburbs	31 %	35 %	48 %
Rural areas	27 %	33 %	12 % (Settlements < 200)

The first two columns show population distribution according to Eurostat's typology "Degree of urbanisation". The last column shows data from Statistics Denmark's definition of urban areas.

Source: Eurostat, Degree of urbanisation, [https://ec.europa.eu/eurostat/cache/RCI/#?vis=degurb\\_gen](https://ec.europa.eu/eurostat/cache/RCI/#?vis=degurb_gen) and Statistics Denmark, Table BY2, <https://www.statbank.dk/by2>. Both accessed 22 June 2022.

The ESPON TOWN report (2014) underlined the significance of SMSTs for European territorial development. In TOWN DENMARK, we focus on SMSTs in Denmark. SMSTs are seen as a backbone for a geographically balanced development in Denmark. Profound knowledge on SMSTs is therefore vital for targeted policy development. This spin-off provides supporting knowledge and evidence on the state and development of SMSTs in Denmark by using detailed Danish datasets and by conducting a more in-depth analysis of the local context as compared to the analysis of 2014, where comparability and consistency across the European space was a must. Even so, TOWN DENMARK is also a test-bed for new methods and approaches for future SMST research at the European scale. The purpose of the study is to enlighten the current policy work targeting SMSTs in Denmark and to identify research questions for future investigations.

This report provides a quantitative data-driven analysis describing the main characteristics of SMSTs in Denmark, how they differ from each other and what role various aspects including tourism and services play (policy questions). Furthermore, it presents a short update of SMST research since 2015 as well as a recap of recent Danish policies related to SMSTs. Finally, it provides perspectives on Denmark's SMSTs within a European policy context.

## 2 Research on small and medium-sized towns: current areas of investigation

Despite the prevailing attention still being given to world cities, megacities and metropolitan regions, research on small and medium-sized towns has been growing remarkably during the past decade. Studies on SMSTs are undertaken across different disciplines and geographical contexts, with the majority of studies being in the fields of urban geography and urban planning, and in the European context. The main areas of inquiry are related to the economic and cultural development of SMSTs, their demographic evolution, initiatives to pursue sustainable transport and mobility patterns and new forms of governance and policies to coherently address their functional territory (Atkinson, 2019; Demazière, 2017; Mayer & Motoyama, 2020; Wagner & Growe, 2021).

While the definition of the small and medium-sized town itself is problematic, because of different national and conceptual interpretations, the ESPON TOWN project marked a milestone in addressing this subject in a comparative manner. Following OECD and DG Regio work on the degree of urbanisation (Eurostat, 2018), it defines an SMST as any urban settlement having between 5 000 and 50 000 inhabitants and a population density between 300 and 1,500 inhabitants per square kilometre. Additionally, TOWN identified three main methodological lenses that can be adopted to study SMSTs: the morphological, administrative and functional approaches, which are based on travel-to-work patterns and location of services. These appear to be recognised and recurrent in most of the subsequent literature regarding small and medium-sized towns, and they are sometimes further explored (Atkinson, 2017; Russo et al., 2017; Wagner & Growe, 2021). The classification of SMSTs into different functional typologies – (i) *networked* (ii) *agglomerated* and (iii) *autonomous* – has frequently appeared in the scientific literature from 2015 onwards. *Networked* relates to strong functional relations between several SMSTs, *agglomerated* to an SMST's location in an urban region with a bigger urban core and *autonomous* to an SMST in an isolated location.

An interesting perspective that has emerged from the literature is related to the capacity of towns to be involved in integrated initiatives. In particular, three dimensions seem to be relevant: (i) the role of cooperation between small and medium-sized towns, (ii) their regional position, and (iii) their capacity to act and build public and private partnerships (Atkinson, 2017, 2019; Hansen & Winther, 2018). These three dimensions constitute the strategic potential of SMSTs and are considered among the main components of neo-endogenous development, deemed by some authors as the main determinant of small and medium-sized towns' performance. Additional factors capable of boosting neo-endogenous development include the ability to identify and break path dependency patterns and the creation of appropriate governance structures (Atkinson, 2017; Bosworth et al., 2016; Kaufmann & Wittwer, 2019; Servillo & Paolo Russo, 2017; Wittwer, 2021).

Literature is increasingly showing a convergence in depicting the causes and mutual influences of the challenges that SMSTs face and on how to improve their economic competitiveness and residential attractiveness. Even though each SMST has unique development dynamics and features, it is possible to highlight some common characteristics. Migration patterns often cause a brain drain in SMSTs and an increase of the elderly and home-comers generation population; urban sprawl dynamics often move the retail and residential services outside the historical urban centres (Atkinson, 2017; Fertner et al., 2015; Høst & Winther, 2019). On a policy side, commonly researched topics include positive circles affecting SMSTs related to culture-led policies and cultural heritage (Doroz-Turek, 2019; Lysgård, 2016, 2019); entrepreneurial patterns (Kaufmann & Wittwer, 2019; Mayer & Motoyama, 2020); factors supporting positive political and demographic trajectories (Peters et al., 2018; Rizzo, 2016; Wittwer, 2021); and innovation technologies and the digitalisation of SMSTs (Sousa et al., 2020).

A study of articles dealing with SMSTs during the period 2015–2022 shows that much of the literature investigates the strategic capacity of SMSTs (20), their regional position (11) and their economy (10), with specific attention being given to industrial towns (8). Recurrent categories in the literature of the last years also include policies and public investment related to SMSTs (10), demography (8), territorial cohesion (7) and theoretical issues (7).

**Table 2.1**  
**Area of investigation in literature on SMSTs 2015–2021**

Area of investigation (one per article)	no. of articles (2015-2021)
Strategic capacity	20
Regional position	11
Economy	10
Policies and public investment	10
Demography	8
Economy/Industrial towns	8
Territorial cohesion	7
Theory	7
Culture	5
Industry	2
Tourism	2
Town centre	2
Digitalisation	1
Literature Review	1

The table reports on the main areas of investigation found in articles published on SMSTs since 2015.

Source: Authors' elaboration based on the review of 94 scientific articles.

Much of the SMSTs' dynamics mentioned above are influenced by social, organisational and cultural capital (the so-called 'intangible capital') and by place-based factors. However, the importance of the broader regional context needs to be considered. Recent studies confirm the importance of applying an integrated approach to SMSTs while framing policies – a position between regional determinism and territorial autonomy (Servillo & Paolo Russo, 2017) already outlined in the ESPON TOWN results. However, given the huge variety of SMSTs, the place-based approach (Barca, 2009) remains the privileged starting point for any fruitful analysis, policy recommendation and tool definition on and for SMSTs.

## 3 Small and medium-sized towns in Denmark

### 3.1 The urban structure of Denmark

Denmark's current urban structure has been shaped by various historical policies and mega trends. For example, between 1890 and 1930 the construction of railways and changes in economic regulations led to the development of several hundred new towns across the whole country (Groth & Fertner, 2013). In 1970, a structural reform reduced the number of municipalities from 1100 to below 300, centralizing functions from smaller settlements to SMSTs. These 'new' central small towns experienced over-average growth in the following decades (Illeris, 2010). The position of these towns was again altered through an administrative reform in 2007, whereby the number of municipalities was reduced to 98.

Restructuring in the retail sector and (more recently) online trade have influenced town centres of all sizes. Changing mobility patterns, economies of scale and the knowledge economy have shifted the focus away from cities and towns to the level of functional urban regions. Irrespective of this trend, towns (of all sizes) remain central to defining people's identity and to the unfolding of their everyday life.

Out of almost 1,400 towns/cities in Denmark (the terms town and city being used interchangeably here because Danish only has one term for both: 'by'), this research project considers 111 as SMSTs (i.e. having a population of between 5 000 and 50 000 inhabitants). Statistics Denmark, the central authority on Danish statistics, defines towns morphologically. A town is defined as a settlement with at least 200 inhabitants where houses are not more than 200 m from each other. The most populated is the continuous urban area of Copenhagen with 1.3 million inhabitants. Table 3.1 shows the distribution of towns by population on 1 January 2021. In the size class of 5 000 – 50 000, there are 111 towns, inhabited by 27 % of the population of Denmark.

**Table 3.1**  
**Urban areas in Denmark, 2021**

Population category	Number of towns	Total population	Population share
Above 50 000	11	2 336 827	40 %
<b>10 000 – 50 000</b>	<b>53</b>	<b>1 158 470</b>	<b>20 %</b>
<b>5 000 – 10 000</b>	<b>58</b>	<b>414 596</b>	<b>7 %</b>
1 000 – 5 000	391	842 876	14 %
200 – 1 000	884	392 808	7 %
Total urban population	1,397	5 145 577	88 %
Outside urban areas	-	694 468	12 %
Total population in Denmark	-	5 840 045	100 %

Data source: Statistics Denmark, Table BY1, <https://www.statbank.dk/by1>. Accessed 1 April 2022.

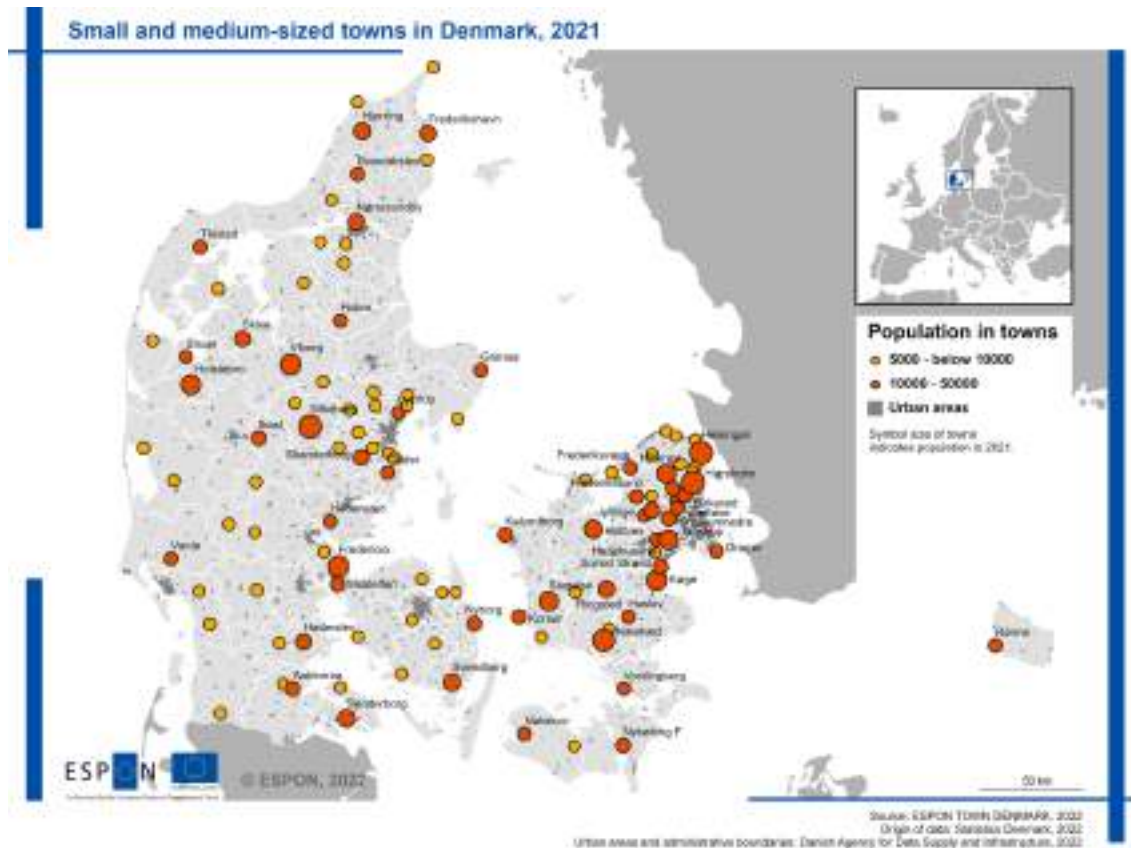


### 3.2 111 small and medium-sized towns

The 111 SMSTs represent the basic sample for this study. Map 3.1 shows the spatial distribution of the towns across Denmark. The density of SMSTs is higher in the eastern part of Denmark, especially around Copenhagen. However, SMSTs can be found in most parts of the country apart from some smaller islands with only smaller settlements.

#### Map 3.1

#### 111 Small and medium-sized towns in Denmark



Towns do not represent a specific level of administration in Denmark, but are purely statistically (morphologically) defined. Of course, most coincide with actual places that people identify with and perceive as a town.

Besides national policy, the development of and in the towns is steered from the municipal level. The municipalities are also the authorities responsible for spatial planning and urban development in all of their territory. There is a total of 98 municipalities in Denmark today. It is possible for towns to be part of several municipalities – this is especially true for the continuous urban area of Copenhagen, which reaches 18 different municipalities and a few medium-sized towns. Some municipalities consist only of the urban area of a much bigger town, having no other towns.

Other municipalities, especially in the less densely populated areas of Denmark, are very large in area and consist of several towns of different sizes. The Aalborg and Viborg municipalities have the highest number of towns (settlements with more than 200 inhabitants) with 39 each.

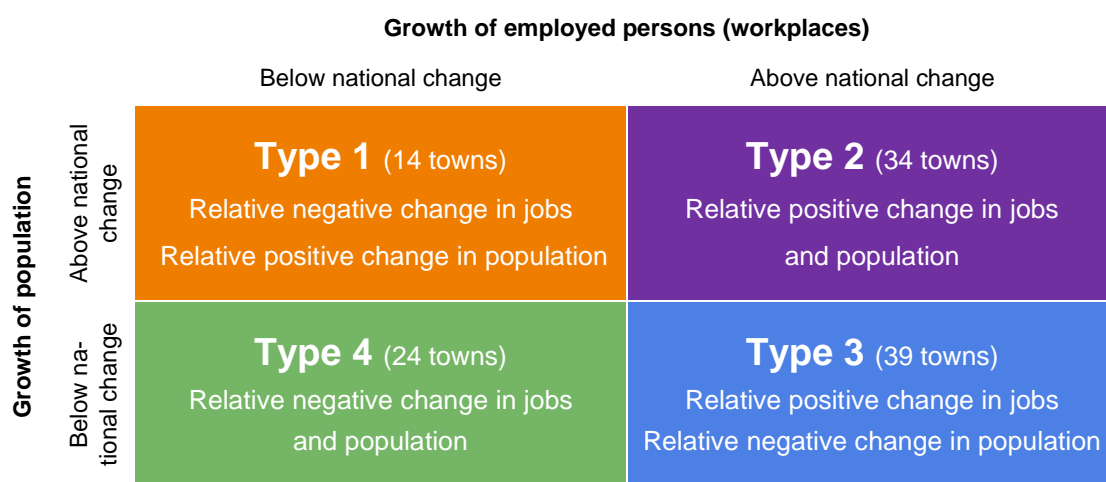
Out of the 98 municipalities in Denmark, 72 have one or more SMST.



### 3.3 Typology based on change in jobs and population

To study the development of Danish small and medium-sized towns, we categorise SMSTs according to their development in employment and population. Between 2012 (after the financial crisis) and 2019 (latest available data for employment), the population in Denmark increased by 4 % and the number of employed persons (workplaces) by 7.8 %. By plotting the 111 towns into a coordinate system based on their growth in workplaces and population relative to the Danish national average, four categories arise (Figure 3.1). In this way, the typology highlights shifts in balance compared to other parts of the country more than the actual change.

**Figure 3.1**  
Typology based on growth in employed persons and population



Growth rates are set relative to national growth in the same period: Population + 4 %, employed persons + 7.8 % (2012-2019). For example a growth in population which is lower than the national population growth, results in a relative negative change for the town. The typology therefore highlights shifts in balance compared to other parts of the country rather than the actual change.

The first category, Type 1, are towns that have had an above national average development in population (a relative increase in the number of residents of the town) but a below national average development in employment (a relative decrease in the number of work places in the town). Type 2 towns are characterised by above national average growth in both population and employment. The third category, Type 3, is characterised by below national average growth in population but an above national average growth in workplaces, and the last category, Type 4, has experienced growth (or even decline) below the national average in both population and employment. In this way, the categorisation is based on two important aspects of what are commonly understood as urban growth. It also allows for a more detailed analysis of socio-economic similarities and differences within each type of town with the other data and variables presented in Section 4.

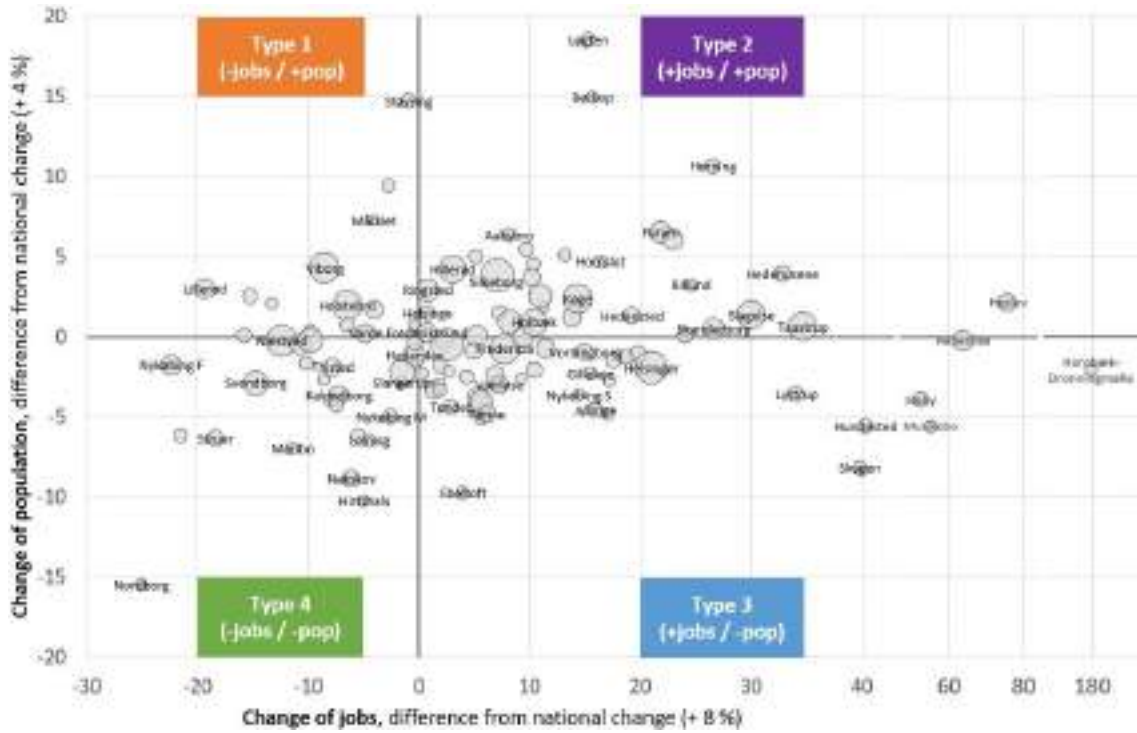
Table 3.2, Figure 3.2 and Map 3.2 illustrate the distribution of the 111 towns according to the typology coordinate system and their distribution in Denmark. The typology includes only town-based variables, whereas the map also shows some regional patterns of the urban structure. Many SMSTs experiencing relative population and job growth (Type 2) are located close to the biggest cities or the main agglomerations, while those with relative population and job decline (Type 4) are located further away, especially in the south and northwest of Denmark. Towns with a decline in jobs but a growth in population (Type 1) are also close to bigger cities or are themselves bigger provincial towns. Type 3 towns, those growing in number of jobs but declining in population, seem more diverse. Some, close to agglomerations, may profit from the “borrowing size”-effect, i.e. jobs are created because of the big labour market. Others may be touristic destinations, small towns characterised by the location of a big company, or centres for public services and institutions in a less densely populated area.

**Table 3.2**  
**List of SMSTs, by type**

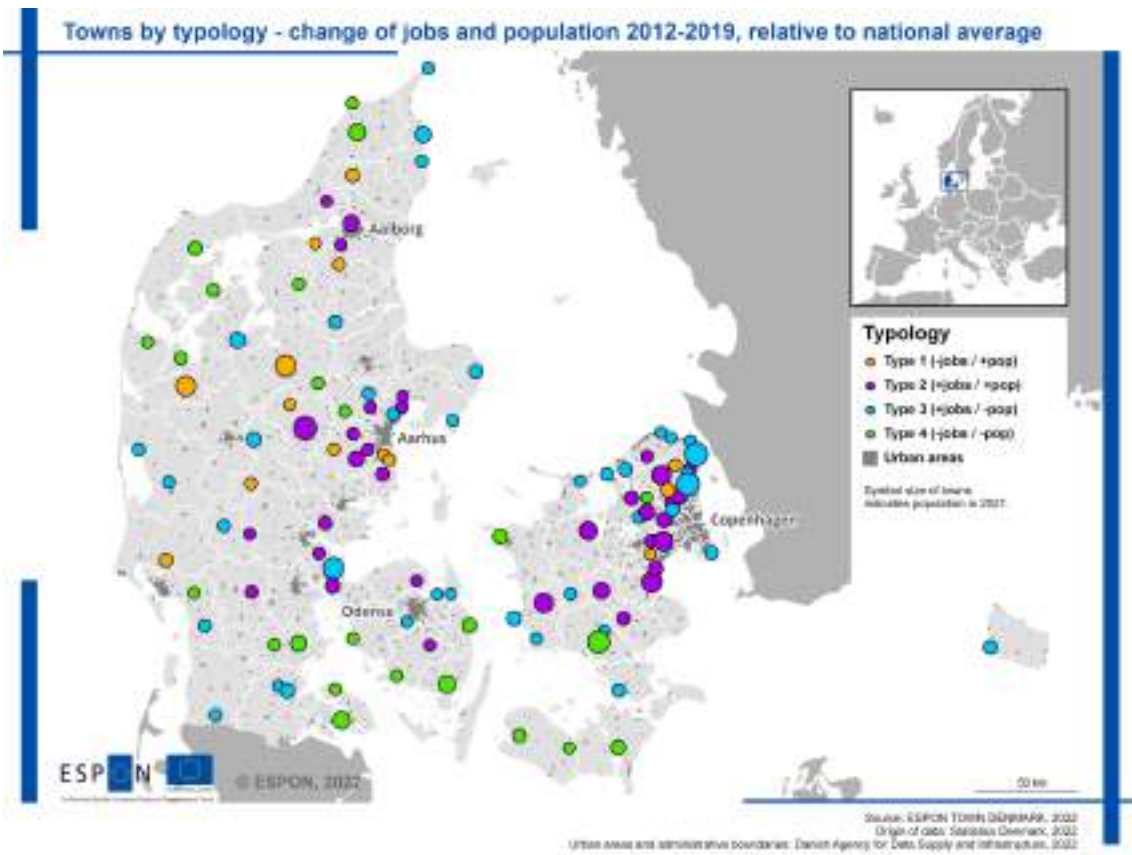
DST code	Town	Population size 2021	DST code	Town	Population size 2021
<b>Type 1 (-jobs / +pop)</b>			<b>Type 4 (-jobs / -pop)</b>		
10986	Viborg	41.079	11125	Tønder	7.491
11013	Holstebro	36.805	10298	Ebeltoft	7.220
10829	Lillerød	16.762	10753	Gilleleje	6.662
10898	Varde	14.117	10697	Skælskør	6.440
10583	Brønderslev	12.522	10674	Kerteminde	6.008
18860	Beder-Malling	9.034	10210	Rødékro	5.950
10807	Støvring	8.865	10136	Hellebæk	5.754
18410	Fredensborg	8.792	10495	Munkebo	5.536
18273	Brande	7.394	10135	Hornbæk-Dronningmølle	5.310
10435	Ry	6.886	10539	Bellinge	5.202
10761	Nibe	5.302	10110	Fensmark	5.046
10321	Tune	5.226	10482	Nykøbing S	5.041
10971	Kjellerup	5.034	<b>Type 3 (+jobs / -pop)</b>		
10156	Mårslet	5.014	10303	Hørsholm	47.869
<b>Type 2 (+jobs / +pop)</b>			10172	Helsingør	47.483
10667	Silkeborg	48.369	10108	Fredericia	40.814
10313	Køge	38.155	11090	Frederikshavn	22.862
10203	Taastrup	34.698	10791	Skive	20.401
11000	Slagelse	34.118	10213	Aabenraa	16.410
10652	Hillerød	33.703	18260	Ikast	15.783
10487	Holbæk	29.226	10002	Korsør	14.516
18442	Nørresundby	23.718	10361	Grenaa	14.194
10307	Ringsted	22.941	11152	Rønne	13.796
18767	Ølstykke-Stenløse	22.147	11048	Værløse	13.022
10241	Birkerød	20.908	10077	Frederiksværk	12.680
10223	Smørumnedre	20.253	10278	Dragør	12.349
10237	Farum	20.199	10722	Hobro	12.013
11097	Skanderborg	19.599	10228	Vordingborg	11.973
10320	Solrød Strand	17.002	10465	Lystrup	10.392
10683	Frederikssund	16.614	10185	Jyllinge	10.287
10106	Middelfart	15.986	11164	Ringkøbing	9.889
10201	Hedehusene	12.874	11212	Grindsted	9.761
10102	Odder	12.397	18324	Sæby	8.821
10088	Hedensted	12.107	10699	Hundested	8.660
10072	Haslev	12.040	11149	Ribe	8.287
18369	Vejen	9.997	10633	Hadsten	8.257
			10472	Sorø	8.035
			10008	Nivå	7.991
			10991	Skjern	7.850
			10983	Skagen	7.664

Source: Authors' based on Statistics Denmark

**Figure 3.2**  
Distribution of SMSTs according to typology, 2012–2019



**Map 3.2**  
SMSTs by typology, 2012–2019



## 4 State and development of small and medium-sized towns in Denmark

We present the current state and development of small and medium-sized towns in Denmark in seven subsections:

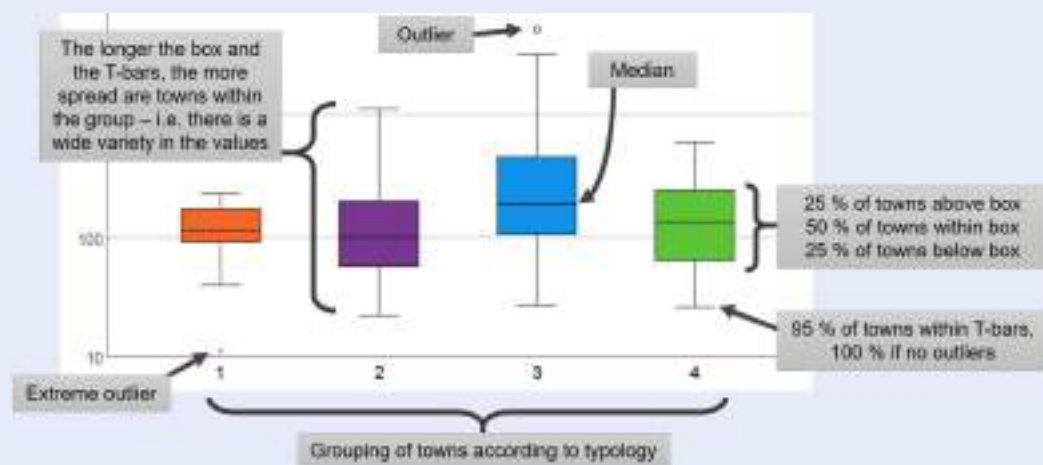
- **Population and household structure**, describing basic demographics.
- **Socio-economic development**, providing an in-depth description of a range of socio-economic characteristics including education and employment.
- **Tourism**, including overnight stays and jobs.
- **Housing**, including construction activities and prices.
- **Services** (schools, hospitals, shops).
- **Participation in elections**.
- **Commuting and accessibility** to jobs.

The subsections differ in length, depending on their relevance (in accordance with discussions held with the project's steering committee) as well as on data availability. Data is presented in maps, tables and boxplots based on the typology introduced in Section 3.

### READING HELP

#### How to read a boxplot

Structuring data such as in the four groups of our typology allows for a simple comparison across groups of data. When we can expect a wide diversity of data (like a wide diversity between towns within each characteristic), a simple column chart would hide that complexity and let us falsely assume that towns in one group all are the same. A boxplot illustrates the median and the quartiles of data and therewith the spread and skewness.



- The line in the middle of the boxes is the median. Half of the towns have a value greater than the median, and half have a value lower.
- The bottom of the box indicates the 25th percentile: 25 % of the towns have values below this. The top of the box represents the 75th percentile. 25 % of the towns have values above this. This means that 50 % of the towns lie within the box.
- The T-bars extend to 1.5 times the height of the box or the minimum or maximum values. Approximately 95% of the data is expected to lie between them.
- Outliers are marked separately, whereas outliers marked with a star are extreme outliers (value more than three times the height of the box).

Source: Shortened and edited from IBM SPSS Documentation, <https://www.ibm.com/docs/en/spss-statistics/28.0.0?topic=examples-example-boxplot>. Accessed 23 June 2022.

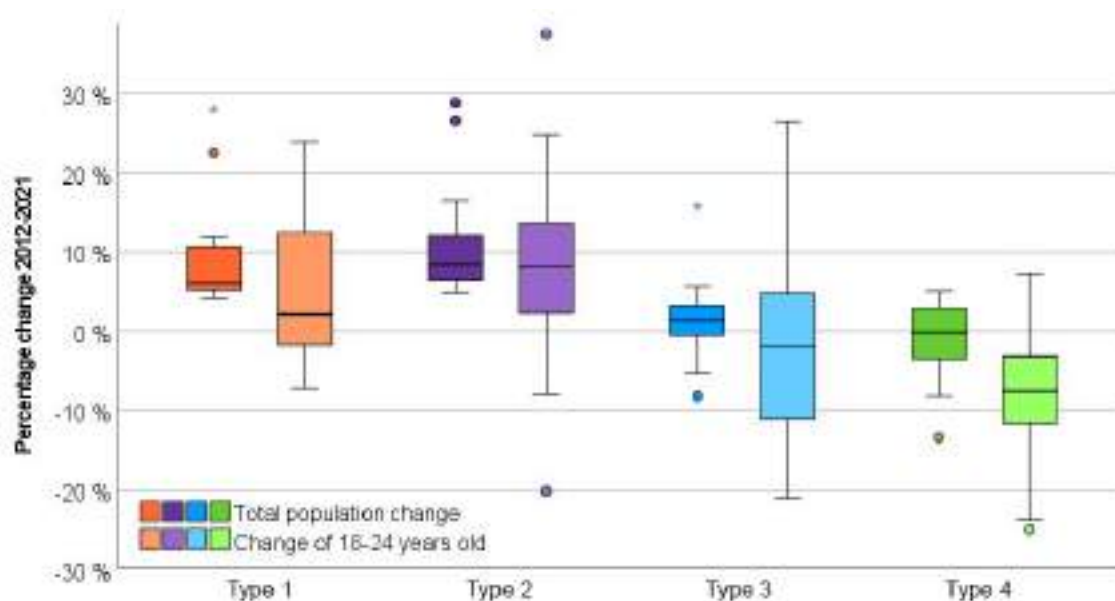
## 4.1 Population and household structure

Besides general population growth, we selected three variables that are often discussed in relation to demographic change and internal migration: the share and change of young adults (between 18 and 24 years old), of households with children and of single households.

In terms of general population growth, the majority of the 111 small and medium-sized towns experienced an increase in population between 2012 and 2021<sup>1</sup>. The top nine towns with the biggest relative increase were small towns (5 000–10 000 inhabitants). Of the medium-sized towns, Silkeborg (43 000 inhabitants) had the highest population growth with an increase of 13 %.

Twenty-five towns experienced a decline in their population size, albeit in most cases it was a rather small decline. Map 4.1 shows clearly that the towns with the biggest increase in population size are located close to the major cities in Denmark. This trend (i.e. growth in population size of towns near major cities) is even more pronounced for people 18–24 in age. In SMSTs around Copenhagen and Aarhus, the number of people aged 18–24 years increased, while in most other SMSTs this group decreased in number. 10 towns gained and 8 towns lost more than 20 % in this group.

**Figure 4.1**  
Change of total population size and of age group 18-24 (2012-2021) by typology



Source: Authors' elaboration, based on Statistics Denmark.

Figure 4.1 shows differences according to the typology. Type 2 towns had on average the highest increase in young adults between 2012 and 2021, while most Type 4 towns had a decrease. Still, there is also a big variation within the Types, especially in Type 3 towns. It also shows that the group of young adults, which is a rather small group within the total population, follows a slightly different pattern from the general develop-

<sup>1</sup> Note that here we look at the actual change in population growth, not the change relative to the national change as we did for the typology described in section 3.3. As such, only 25 towns have a real population decline, while 63 (Type 3 and Type 4) have a population decline relative to the national average. Furthermore, for this section we used the data from the most current available period, 2012–2021. For the typology, we used the time period 2012–2019, since the most updated employment data was available for the year 2019.



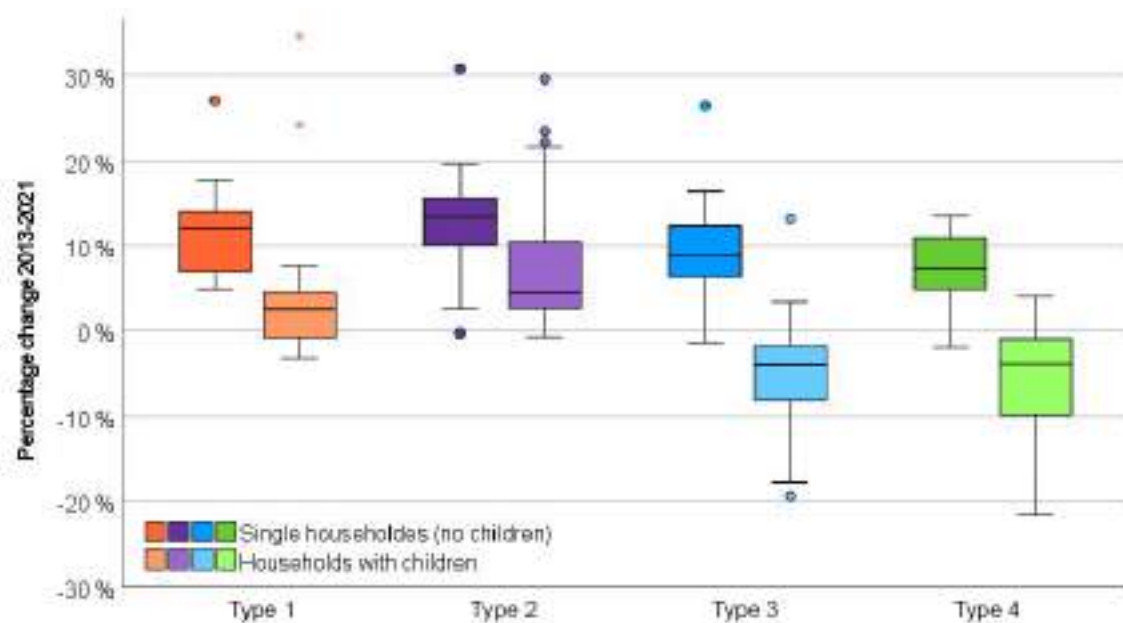
ment trends. Besides a wider spread within the types, Type 4 towns in particular experienced a large decrease of young adults. Noticeable is also that several (though not the majority) of Type 3 towns experienced a rather strong increase of young adults.

The general demographic trend towards more single households is also clearly visible in SMSTs. In all four types, the number of single households increased between 2013 and 2021. Differences between Type 1 and Type 2 towns in contrast to Type 3 and Type 4 towns are not significant (this also holds for a comparison across other variables). This can be related to a general aging of population across all geographies, where elderly make up a significant part of single households.

The number of households with children increased in Type 1 and was strongest in Type 2 towns, but mainly decreased in Type 3 and Type 4 towns (see Figure 4.2). In this respect, it is similar to the development pattern of young adults. However, the increase of the number of households with children is much more pronounced in Type 2 towns, while the increase of young adults is more similar in Type 1 and Type 2 towns. Type 1 towns are those that show a relative population increase but a decline in jobs. Therefore, the availability of jobs seems more relevant for households with children than for young adults, which are probably attracted to the opportunities in tertiary education found in Type 1 towns (see Table 4.3, Section 4.5).

Analysing Map 4.2 we can also see that the number of households with children especially increases in SMSTs around Aarhus, and less around Copenhagen. This may be related to housing prices (Section 4.4) but can also be linked to differing urban structures. Copenhagen consists of a large continuous built up area that 'hides' some dynamics in our analysis. SMSTs first appear at about 20 km from Copenhagen's city centre, while SMSTs already appear at about 10 km from Aarhus' city centre.

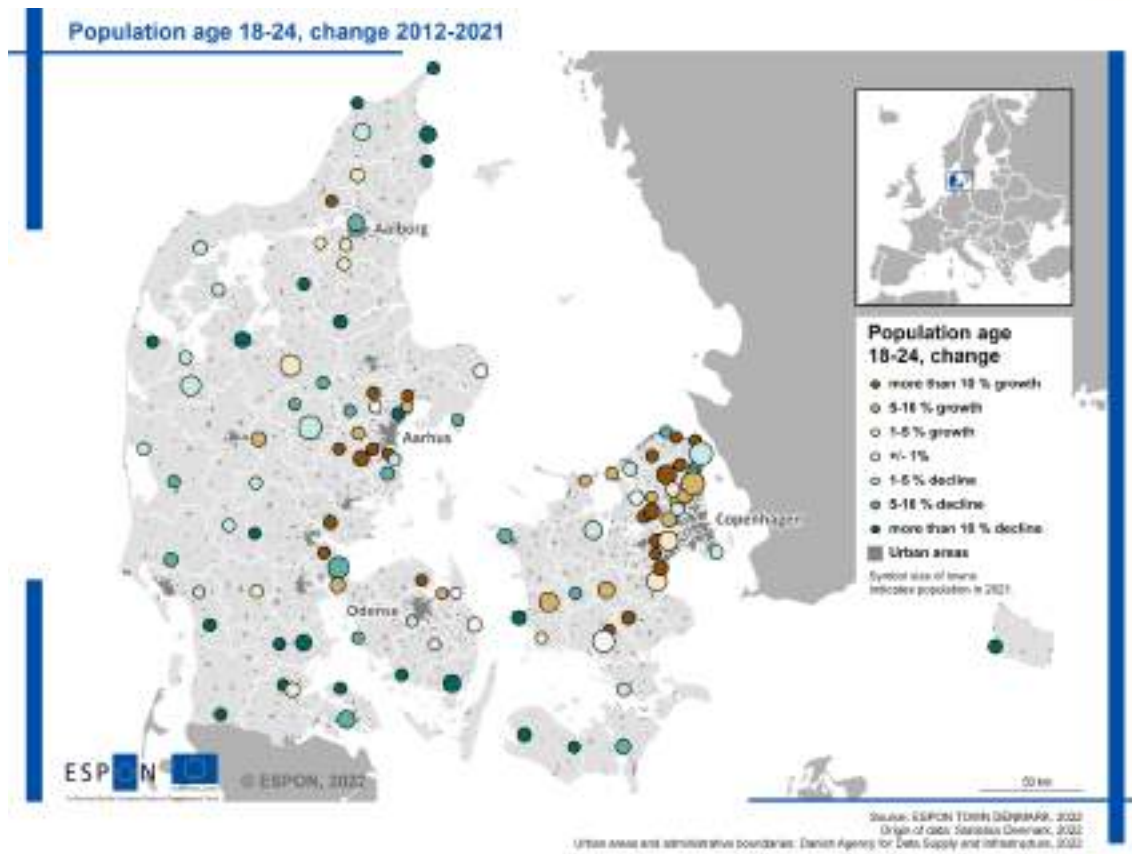
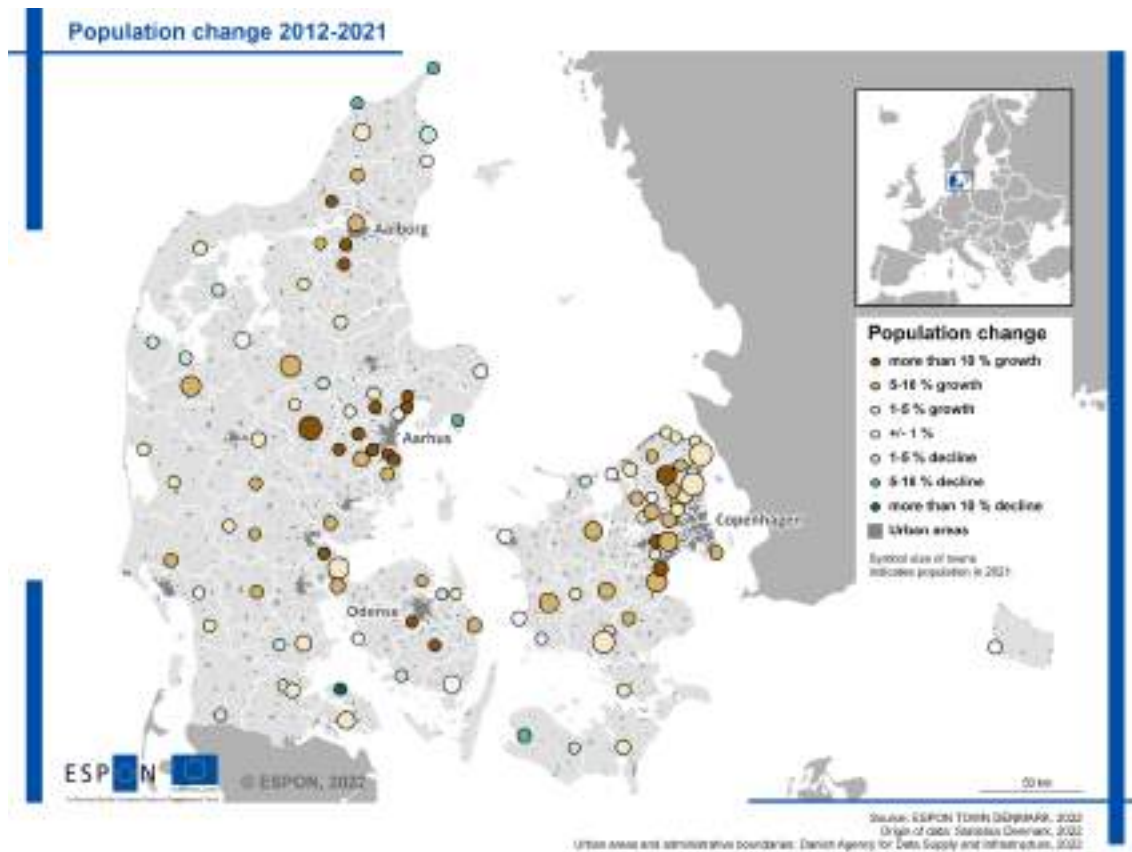
**Figure 4.2**  
**Changes in the number of households with children and in single households (2013–2021) by typology**



Source: Authors' elaboration, based on Statistics Denmark

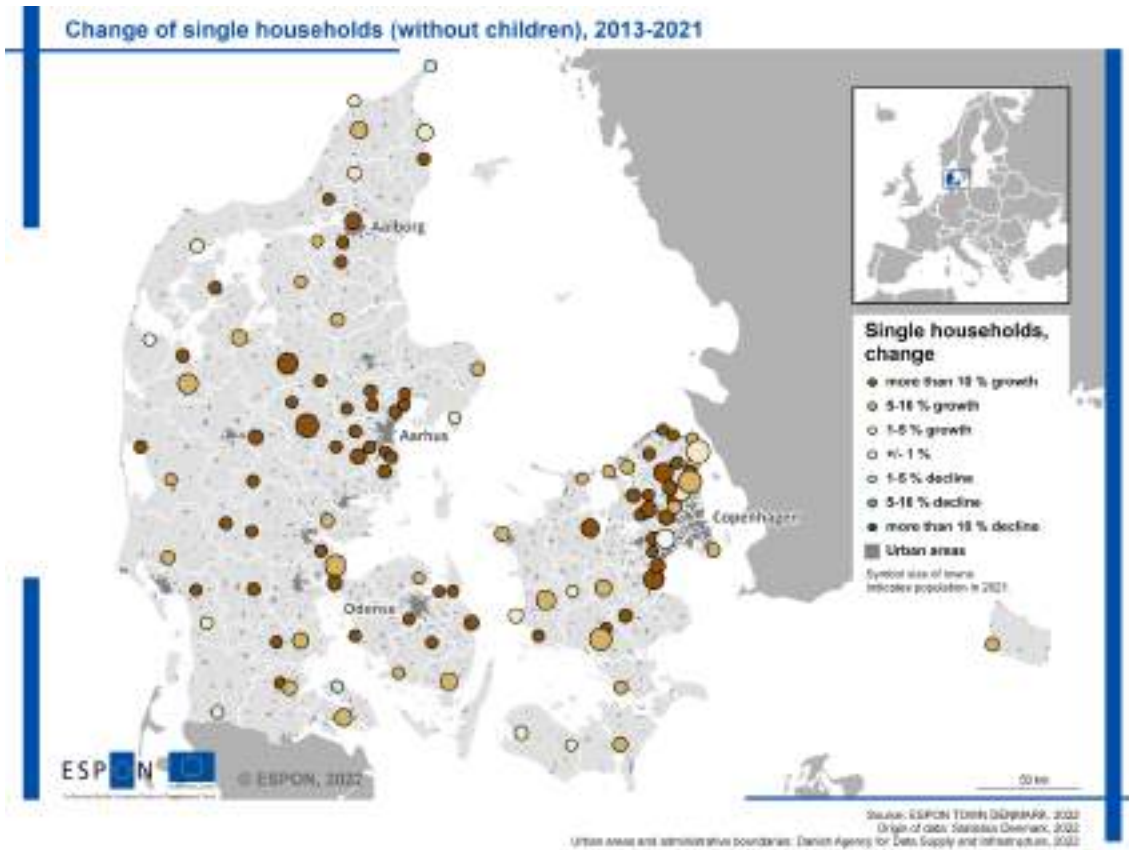
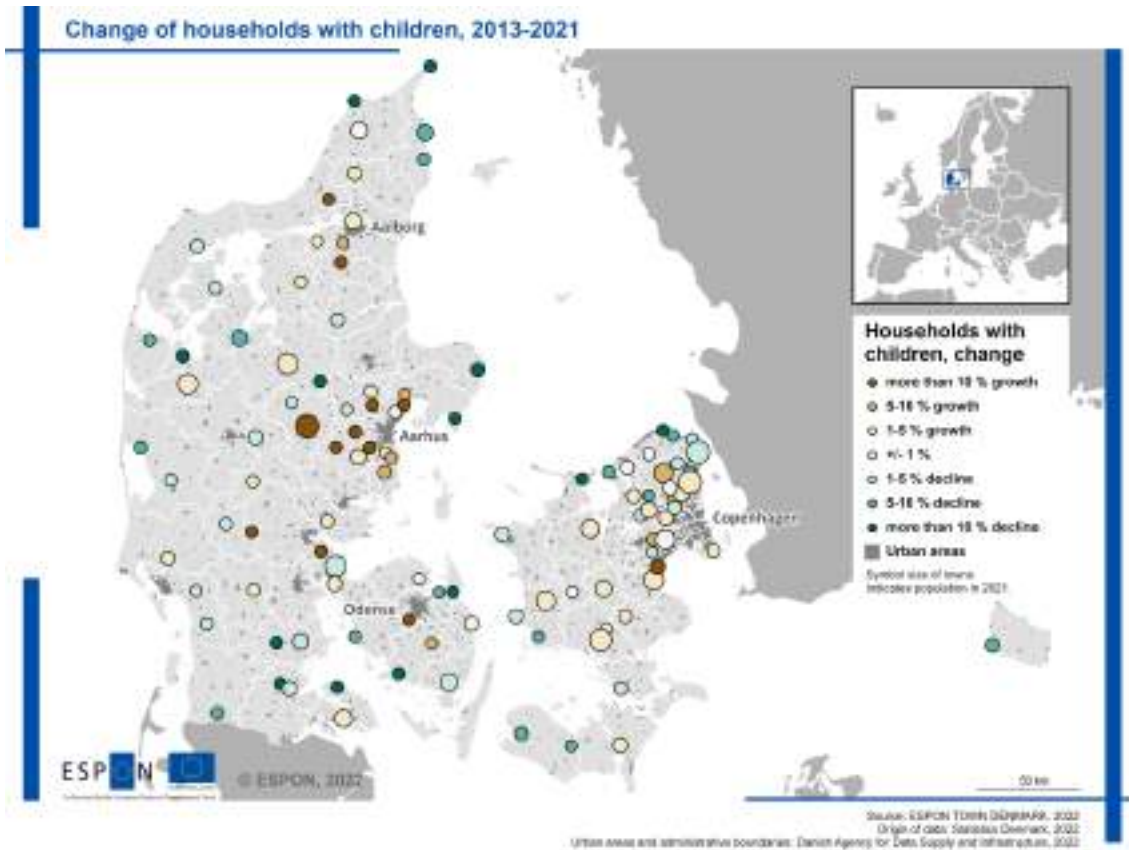
**Map 4.1**

**(a) Changes in total population size and (b) in age 18–24 group (2012–2021)**



**Map 4.2**

**(a) Growth in households with children and (b) in single households, 2013–2021**





## 4.2 Socio-economic development

Before going into a detailed analysis of the socio-economic similarities and differences between towns according to our typology, we present general trends in the following two tables. Table 4.1 shows the share of the population divided into four age groups, the share of population having received training in vocational schools (office training, social and health assistant, construction, retail etc.) and longer cycle education (theoretical education at university level) by place of residence (age 20–65) and the share of people employed in manufacturing industries, retail, hospitality service and the public sector as shares of the total number of employed in the towns (by place of work). These sectors are highlighted because they represent industries that traditionally were of importance for SMSTs, e.g. manufacturing, retail and the public sector, and industries that in recent decades have been stressed as possible future growth industries, e.g. the hospitality sector.

**Table 4.1**  
**Socio-economic variables (share of population 2019)**

Variables (share 2019)		Type 1 (-jobs / +pop)	Type 2 (+jobs / +pop)	Type 3 (+jobs / -pop)	Type 4 (-jobs / -pop)	Denmark
Age	Population age 0–19	<b>24.94</b>	24.53	22.22	21.39	22.42
	Population age 20–35	16.78	<b>17.43</b>	14.92	17.41	20.61
	Population age 36–65	38.49	38.94	<b>39.42</b>	38.08	38.55
	Population age 65+	19.79	19.10	<b>23.43</b>	23.12	18.42
Education	Vocational training by residence	35.06	34.58	36.13	<b>37.68</b>	33.10
	Longer cycle education by residence	<b>10.49</b>	10.22	8.60	5.15	10.88
	Vocational training by workplace	40.15	38.25	41.17	<b>42.36</b>	35.09
	Longer cycle education by workplace	9.06	<b>10.39</b>	8.28	7.55	12.45
Employment	Jobs in manufacturing	<b>15.66</b>	12.59	14.55	15.60	10.76
	Jobs in retail	6.14	5.80	5.91	<b>6.61</b>	5.39
	Jobs in hospitality	2.25	2.52	2.94	<b>3.11</b>	3.36
	Jobs in public sector	35.80	30.87	32.85	<b>37.39</b>	30.58

**Bold:** Maximum of four types / *Italic:* Minimum of four types

All values report percentage shares, 2019. Source: Authors' elaboration based on Statistics Denmark

Table 4.1 shows that SMSTs with a population change over the national average (Type 1 and 2) have a higher share of their population in the 0–19 age group compared to Type 3 and 4 towns and Denmark in general. All SMSTs have a lower share of their population in the 20–35 age group, which is probably related to the tendency of young people to migrate to the largest cities in Denmark to follow educational programs. The share of the age group of 36–65 is relatively equal between the four types but when looking at the group of 65+, the share is 3-4 percentage points higher in the towns experiencing a population change below national average (Type 3 and 4) compared to Type 1 and 2 towns.

Examining the educational patterns of the residential population reveals relatively equal shares of people with vocational training, although Type 2 towns are 3 percentage points below Type 4 towns. However, the shares with a long cycle education, especially the Type 4 towns, stand out for having a remarkably low share. This share is less than half of the share of Type 1 towns. This indicates significant differences in the human capital stock between towns that perform well on at least one of the two parameters (be it change in population size or change in employment rates) and the Type 4 towns that are below national average on both parameters.

Differences are relatively small when examining the education of employed persons in the four types of towns. The most notable characteristic in these SMSTs is that they all exhibit a higher share of employed with vocational training and a lower share of employed with a longer cycle educational background as compared to the national average.

Regarding the industrial structure, all SMSTs have above national average shares of employment in manufacturing. However, Type 2 towns stand out with a 2 to 3 percentage point lower than the other three types of towns.

Retail and hospitality sectors do not vary much between the four typologies but the share of employment in the public sector in Type 2 towns (characterised by an increase in population growth and in the employment rate) stand out with a marked lower share compared to the three other types of towns. A reason for this might be the relatively high number of jobs in the private sector and a low number in the public sector.

**Table 4.2**  
**General socio-economic trends (2012–2019)**

Variables (changes, 2012–2019)		Total Type 1 (-jobs / +pop)	Total Type 2 (+jobs / +pop)	Total Type 3 (+jobs / -pop)	Total Type 4 (-jobs / -pop)	Denmark
Population / age	Population	<b>7.19</b>	6.89	1.55	0.97	4.04
	Population age 0-19	<b>2.56</b>	0.48	-6.25	-5.83	-3.25
	Population age 20-35	11.87	<b>14.85</b>	7.37	5.60	11.92
	Population age 36-65	0.44	<b>0.65</b>	-5.18	-5.46	-1.61
	Population age 65+	<b>26.38</b>	25.07	21.46	18.24	20.02
Education	Vocational training by residence	<b>-6.12</b>	-6.25	-9.55	-8.70	-7.14
	Longer cycle education by residence	33.96	<b>42.25</b>	24.29	24.89	44.19
	Vocational training by workplace	-6.55	12.43	<b>14.86</b>	-6.51	-2.47
	Longer cycle education by workplace	18.23	<b>63.41</b>	49.55	22.04	42.78
Employment	Employment by workplace	-0.51	<b>22.94</b>	20.86	-1.99	7.78
	Jobs in manufacturing	-4.83	16.34	<b>24.63</b>	-8.59	4.65
	Jobs in retail	-2.14	<b>16.07</b>	12.62	-5.39	1.92
	Jobs in hospitality	41.36	<b>57.85</b>	51.90	42.16	41.84
	Jobs in public sector	-2.12	<b>21.23</b>	19.34	-0.04	5.25

**Bold:** Maximum of four types / *Italic:* Minimum of four types

All values report changes in percentage for the period 2012–2019. Source: Authors' elaboration based on Statistics Denmark

Whereas Table 4.1 displayed the shares, Table 4.2 displays the changes in the same variables in the period from 2012 to 2019. Starting with population growth, it is evident that Type 1 and Type 2 towns have experienced population growth rates higher than the national average and higher than Type 3 and Type 4 towns as this has been a criterion for the typologies. Analysing the population growth in age groups, it becomes clear that towns with population growth below the national average (Type 3 and 4) have witnessed a marked decrease in population of the group of age 0–19 and 35–65. In contrast, these groups have changed in a positive direction for the towns that experienced population growth above the national average (Type 1 and 2). Furthermore, the population of the age group 20–35 in Type 3 and 4 towns grew only by half the growth rate of Type 1 and 2 towns. However, when looking at the 65+ population growth rates, the highest can be found in Type 1 and 2 towns. This illustrates a diverse pattern among towns that cannot be reduced to the

overall trends in the development of the population, but might be linked to other socio-economic characteristics of the towns (e.g. job opportunities within commuting distance and proximity to larger cities).

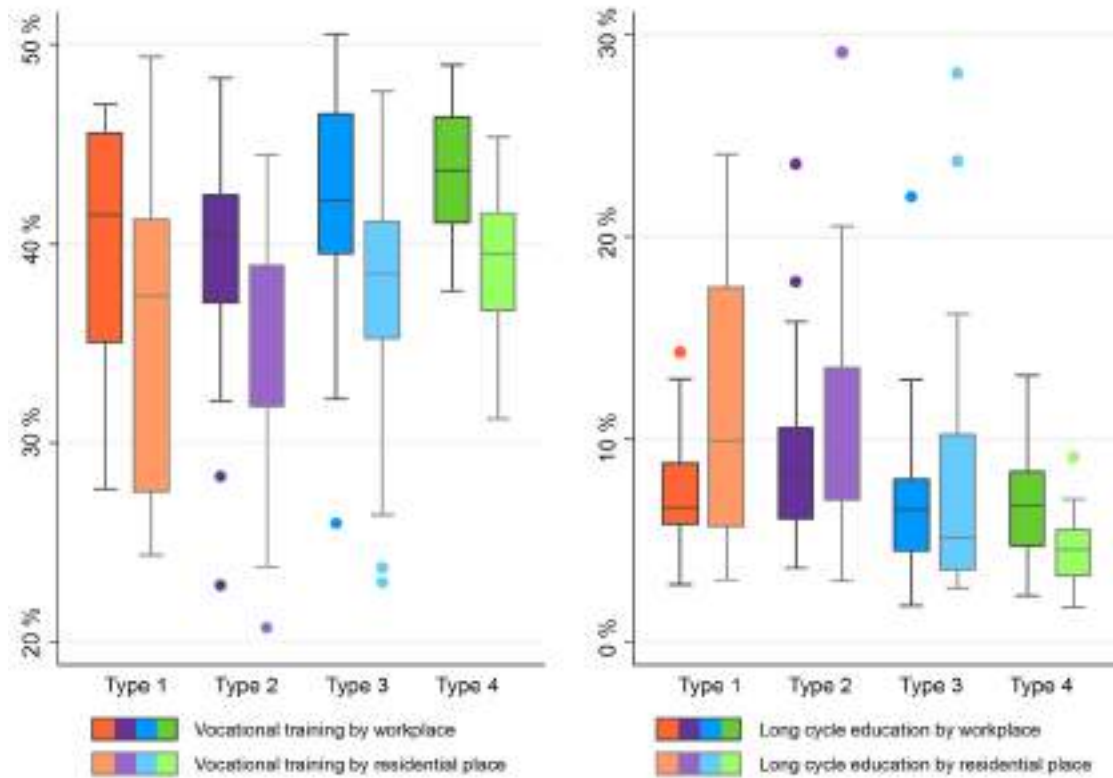
The development of the towns' residents' educational levels and of people employed in the towns shows that vocational training by residence in general is decreasing in all four types of towns whereas long cycle education is increasing. These patterns are in accordance with the general development in Denmark. What is most notable is that the long cycle education has a specific geographical pattern in the sense that it tends to increase with a significantly slower pace in towns that perform poorly in population development (Type 3 and Type 4 towns) compared to cities that perform above the national average (Type 1 and Type 2 towns).

Examining changes in education patterns of people employed in the four types of SMSTs, it is noteworthy that the SMSTs with a development in employment rates below the national average (both Type 1 and Type 4 towns) have experienced a decrease in employment with vocational training, whereas Type 2 and Type 3 towns have experienced an increase in this group. When turning to longer cycle education, Type 1 and Type 4 towns share growth rates, but rates that are significantly lower than Type 2 and Type 3 towns. This pattern is linked to the industrial structures in SMSTs.

The development of industrial structures in the 111 towns shows that employment in general has relatively high growth rates in Type 2 and 3 towns whereas a decrease has taken place in Type 1 and Type 4 towns. The structure of industries in Type 1 and Type 4 towns are characterised by only displaying growth in the hospitality sector (hotels and restaurants). Type 2 and 3 towns show noteworthy growth rates in all the highlighted subsectors. Most notable is that the decreasing values are higher in Type 4 than in Type 1 towns, while the largest difference between Type 2 and Type 3 towns are the growth rates in manufacturing.

**Figure 4.3**

**Shares of vocational training and long cycle education in age group 20–65, by residential place and workplace, 2019**



Source: Authors' elaboration based on Statistics Denmark

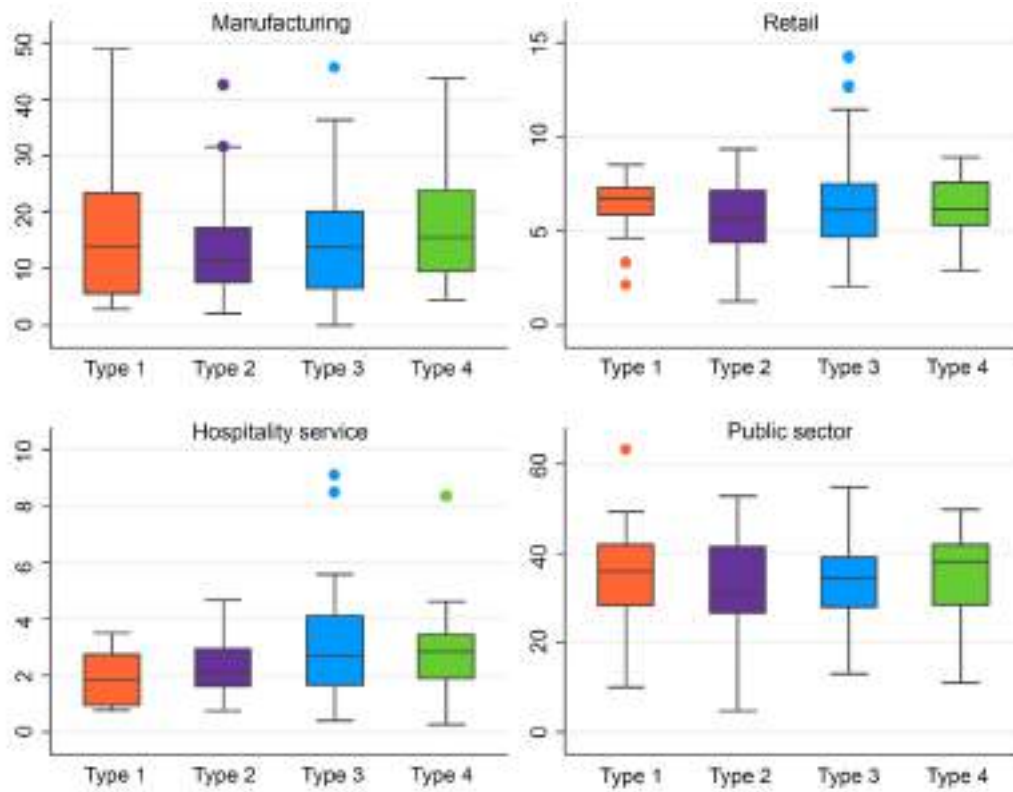
In general, many of the same trends are visible within Type 1 and Type 4 towns and between Type 2 and Type 3 towns. This can lead to the assumption that employment structures are central to understanding the state of development in, and challenges and opportunities of, Danish middle-sized towns.

The overall patterns observed, however, show a marked variation among and within the four typologies. Figure 4.3 reveals the shares of the two educational categories (vocational and long cycle education) by residence and workplace in 2019. It is evident from the box plots that there is a marked variation within groups especially in town typology 1 but the overall conclusion is that the typology averages cover marked variations among the towns both within and between typologies. Comparing Type 2 and Type 4 towns according to long cycle education levels reveals that the average is higher in Type 2 as is the variation. Type 4 towns have a very low variation especially regarding long cycle education by residence with a low average.

Figure 4.4 shows the share of each selected sector for the four typologies. First, it is evident that the shares that constitute each sector vary among the four typologies, as described above. Moreover, the box plots reveal large variation within the typologies. The case of manufacturing confirms the variation within the typology. The share of manufacturing is just over 10% in all four types, but the variation in, for instance, Type 1 shows a span from a share of 2% manufacturing to a share of almost 50%.

The variation among the four town types according to the selected industrial sectors (Figure 4.4) is not as marked as the variation in the educational level of the employment (Figure 4.3). This can indicate that differences in performance between the four typologies cannot just be reduced to the differences in the sectorial composition between types of towns but is most likely also related to the qualification structure of the labour input within the sectors across types of towns.

**Figure 4.4**  
**Share of employment (jobs) in towns by sector (2019)**



Source: Authors' elaboration based on Statistics Denmark

### 4.3 Tourism – jobs and overnight stays

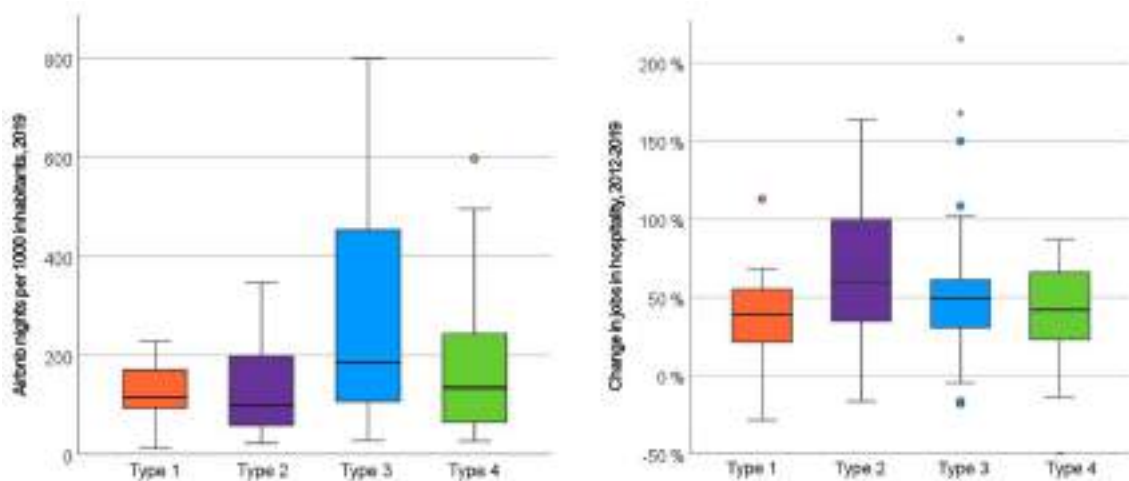
Tourism is an important economic sector for many SMSTs. Typical data such as the number of overnight stays or visits of sights are not available on a town level. One option for gaining insight is to focus on “points of interest” (POI), without information on actual activity. This translates into, for example, the number of accommodation facilities, number of museums etc. Such data is available from the Danish company register (CVR) or from OpenStreetMap (OSM). Still, data is difficult to interpret because categories typically include a wide range of diverse facilities, which would then all be treated equally (e.g. a hotel and a guesthouse, or a small local museum and a national museum). Instead, we use two datasets that mirror some tourism dynamics: (1) Number of nights booked over Airbnb, and (2) Number of jobs in the hospitality sector (hotels and restaurants).

Airbnb operates a global online marketplace for lodging, primarily through homestays for vacation rentals and tourism activities. In 2019, 1.1m guests booked an overnight stay in Denmark via Airbnb (VisitDenmark, 2020). In the same year, 14m guests stayed in hotels, hostels, campsites etc., accounting for 56m overnights (Statistics Denmark, Tables TURIST and TURIST2).

The left boxplot in Figure 4.5 shows the number of Airbnb nights in 2019 per inhabitant. A couple of towns, especially in Type 3, have very high numbers, which is related to their high number of summer houses (holiday/second homes), such as in Hornbæk-Dronningmølle (about 50 km north of Copenhagen). Jobs in the hospitality sector were already presented in Table 4.1 (Section 4.2). The highest share were found in towns of Type 3 and 4, though this was still below the national average. Regarding the change of jobs in the hospitality sector (right boxplot in Figure 4.5), Type 2 towns experienced the highest growth between 2012 and 2019. The bottom map in Map 4.3 shows the share of jobs in the hospitality sector in the SMSTs. Here we can see that towns with high shares can be found in many places in the country, but especially along the coast of Funen, North Jutland and North Zealand – some of the main touristic areas in Denmark. However, on average, jobs in hospitality are rather few compared to the total number jobs in most towns.

In general, we can see that Type 3 and 4 towns, which had a relative population decline, have relatively more touristic activity. Nevertheless, there is a big variety within the groups. It is also noticeable that on average in all four types of towns, the share of jobs in hospitality is lower than the national average (see again Table 4.1), which of course is characterised by the labour market in the big cities.

**Figure 4.5**  
Nights booked over Airbnb (2019) and changes in number of jobs in the hospitality sector (2012–2019)

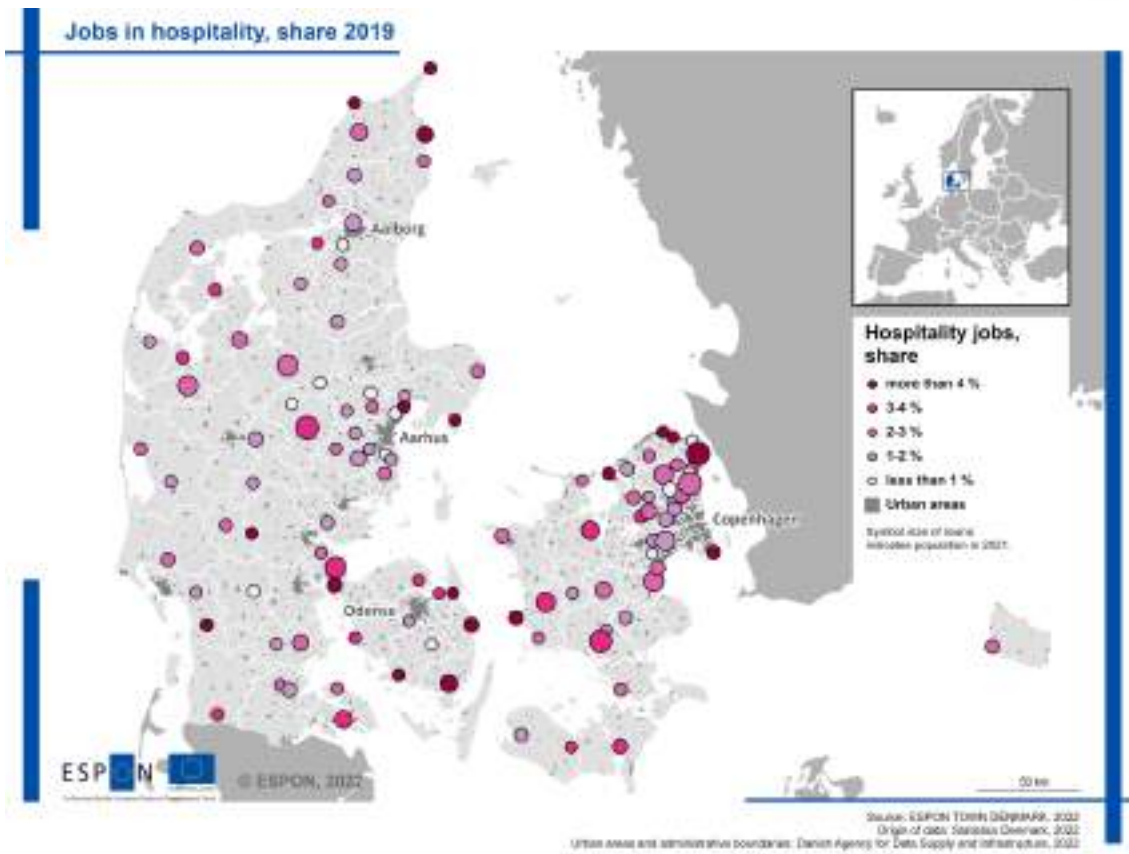
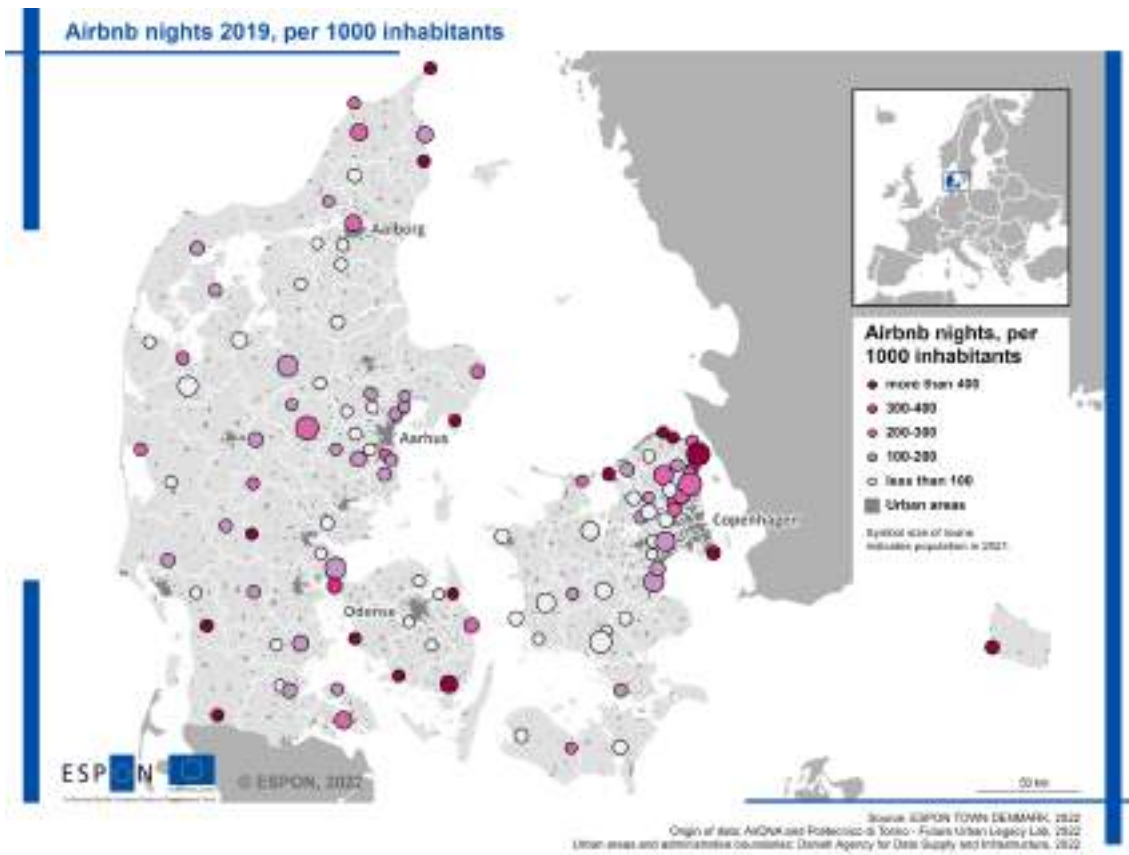


Data source (left): AirDNA / Future Urban Legacy Lab at Politecnico di Torino; (right): Statistics Denmark



**Map 4.3**

(a) Nights booked over Airbnb and (b) share of jobs in the hospitality sector (2019)



## 4.4 Housing – construction and prices

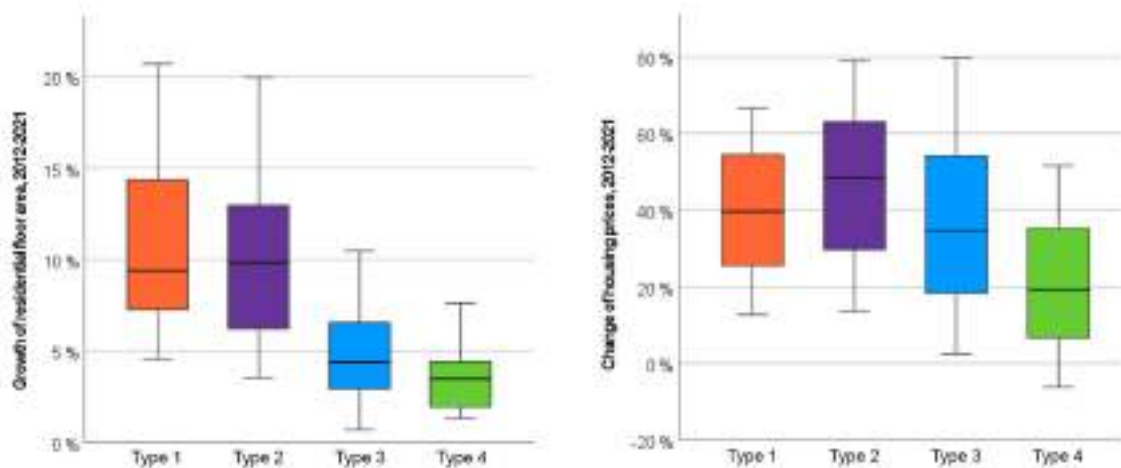
Housing is an important issue due to ongoing migration to towns and cities and the need for further housing because of demographic changes (smaller household sizes). Building activities came to a halt with the financial crises of 2008 but have been steadily recovering since 2012. Today, construction of residential buildings is back to pre-2008-crisis levels on a national level.

The left boxplot in Figure 4.6 shows the growth of residential floor area since 2012<sup>2</sup>. According to the median, residential floor area grew by 9-10% in Type 1 and Type 2 towns, which is close to the national growth of 9%. In Type 3 and Type 4 towns, growth was significantly less, at about 4%.

In terms of housing prices, the strongest growth was in Type 2 towns followed by Type 1 and Type 3 towns. Prices (nominal) also rose, but significantly less. Interestingly, Type 3 towns had relatively little new construction, while prices rose similar to those in Type 1 and Type 2 towns. The spread of housing price change within the types is relatively high, but the differences between the types is statistically significant.

Looking at Map 4.4, it is evident that housing prices clearly increased the most around the largest cities (especially Copenhagen) despite the general price level being already higher in these areas compared to other parts of Denmark. Geographically, housing price differences are therefore diverging. Remarkably, construction of new residential floor area was strongest in SMSTs around Aarhus and Aalborg, where prices increased less than around Copenhagen. However, similar to the discussion of change in the number of households with children (Section 4.1), the closest SMSTs around Copenhagen are much further away from Copenhagen's centre than the closest SMSTs are from the centre of Aarhus or Aalborg.

**Figure 4.6**  
Growth of residential floor area and change of housing prices, 2012–2021



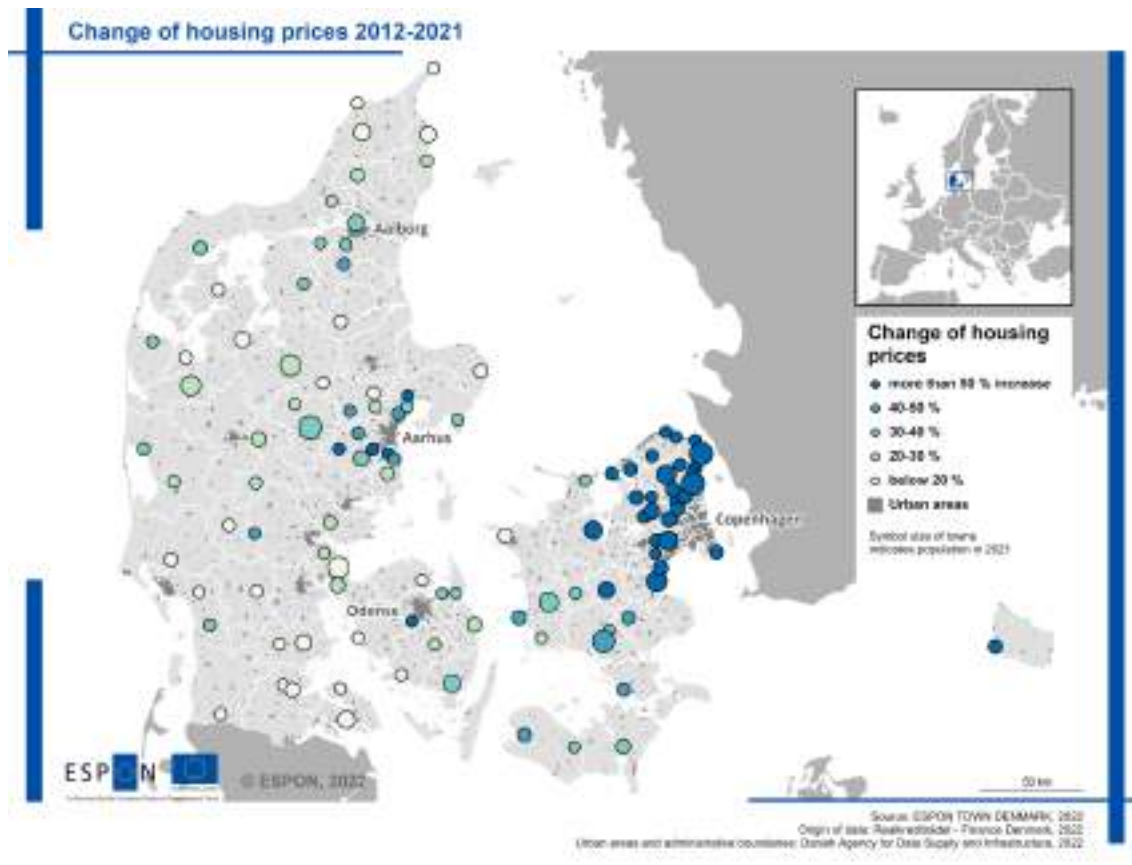
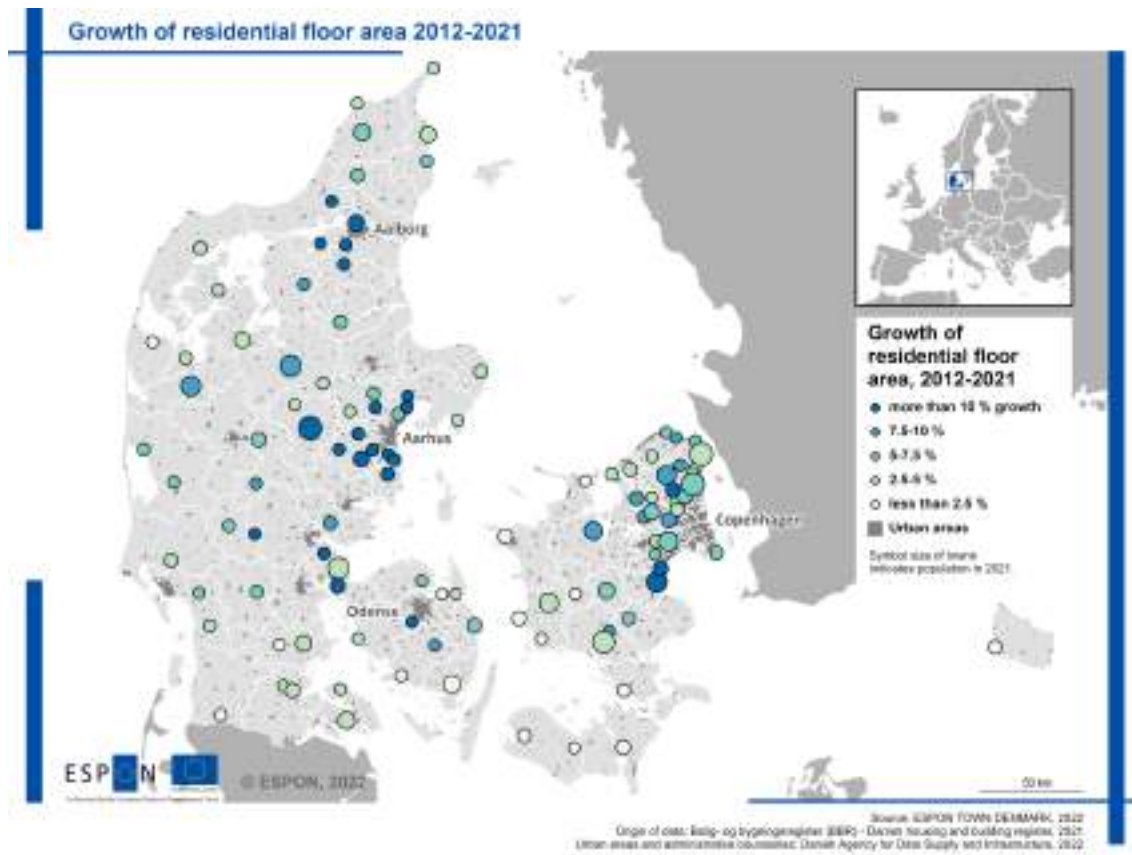
Data source (left): BBR 2021; (right): Changes in price for housing per m<sup>2</sup>, RKR 2022

<sup>2</sup> Residential floor area is calculated on the basis of building register data from 2021 and information on the age of the houses. The growth is calculated based on the residential floor area of houses built between 2012 and 2021. Houses (and their residential floor area) that were demolished between 2012 and 2021 are not included in the data.



**Map 4.4**

**(a) New residential floor area and (b) change of housing prices 2012–2021**



## 4.5 Services – shops, hospitals and schools

Shops, hospitals and schools<sup>3</sup> are important factors for a SMST's attractiveness. Besides services in towns, we also account for services accessible within 20 km from the town (excluding services in the town itself). This represents a typical commuting distance and mirrors a certain mobility and the regional context.

Cities with the highest number of shops (excluding grocery stores) within 20 km are located around Copenhagen and Aarhus. The top scorer is Værløse, north of Copenhagen, with 6 500 (!) shops per 10 000 inhabitants within 20 km. On the other end of the scale is Skagen in Northern Jutland with only 30 shops per 10 000 inhabitants at a 20 km distance from the town. In regards to shops per 10 000 inhabitants in town, Skagen leads the list with 104, while Værløse is in the lower end with only 33. This distribution is clearly related to Skagen's role as an isolated tourism hotspot and Værløse's location close to Copenhagen. Both are Type 3 towns, which illustrates the potentially big variation within our typology when it comes to services or tourism related aspects.

**Table 4.3**  
Shops, hospitals and schools per 10 000 inhabitants (2021) in town and within 20 km

Places per 10 000 inhabitants	Geography	Type 1 (-jobs / +pop)	Type 2 (+jobs / +pop)	Type 3 (+jobs / -pop)	Type 4 (-jobs / -pop)	All SMSTs
Shops (excl. grocery stores)	in town	56	<i>51</i>	61	<b>65</b>	57
	within 20 km	944	<b>1 343</b>	931	266	946
Hospitals	in town	<i>0.9</i>	1.0	1.0	<b>1.6</b>	1.1
	within 20 km	19	<b>28</b>	18	4	19
Secondary education (DA: gymnasie mfl.)	in town	2.1	<i>2.0</i>	2.9	<b>3.2</b>	2.5
	within 20 km	29	<b>37</b>	25	8	26
(Semi)Tertiary education (DA: videregående)	in town	<b>1.3</b>	<i>0.5</i>	1.1	0.9	0.9
	within 20 km	44	<b>54</b>	30	5	35

**Bold:** Maximum of four types / *Italic:* Minimum of four types

Data source: CVR, 2021.

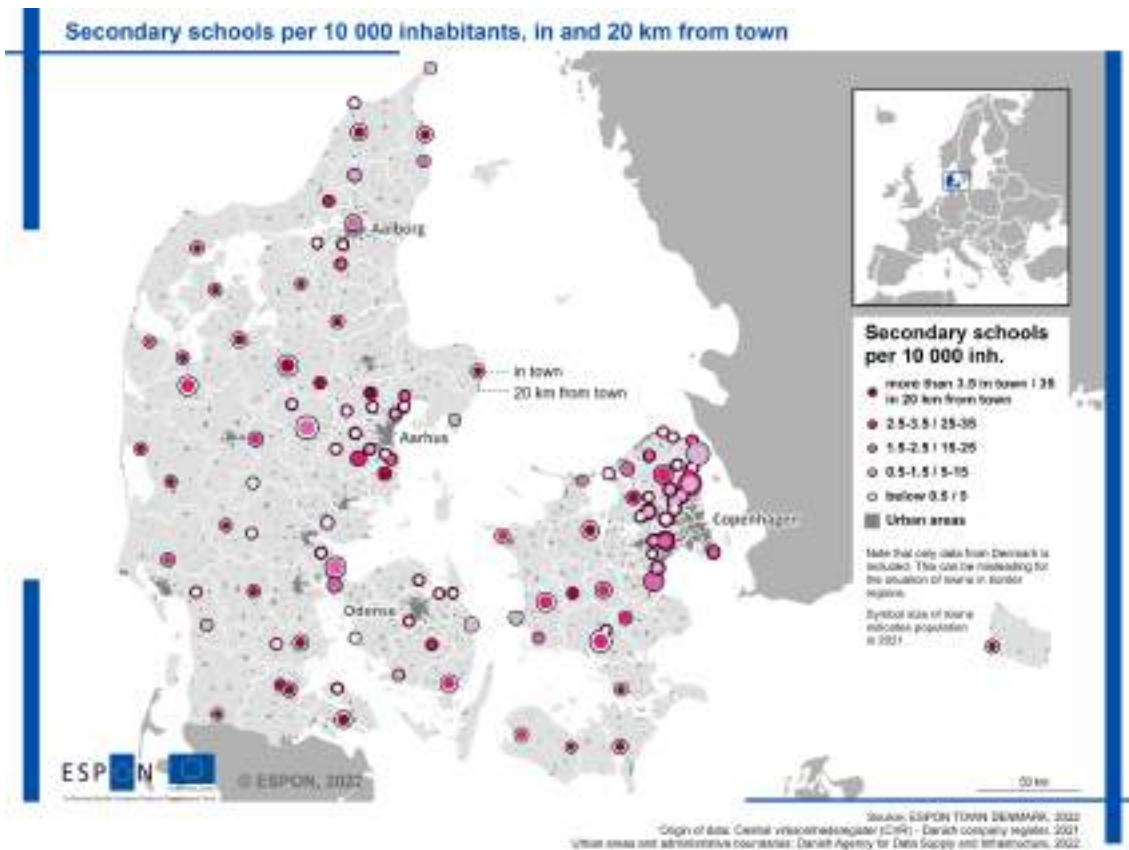
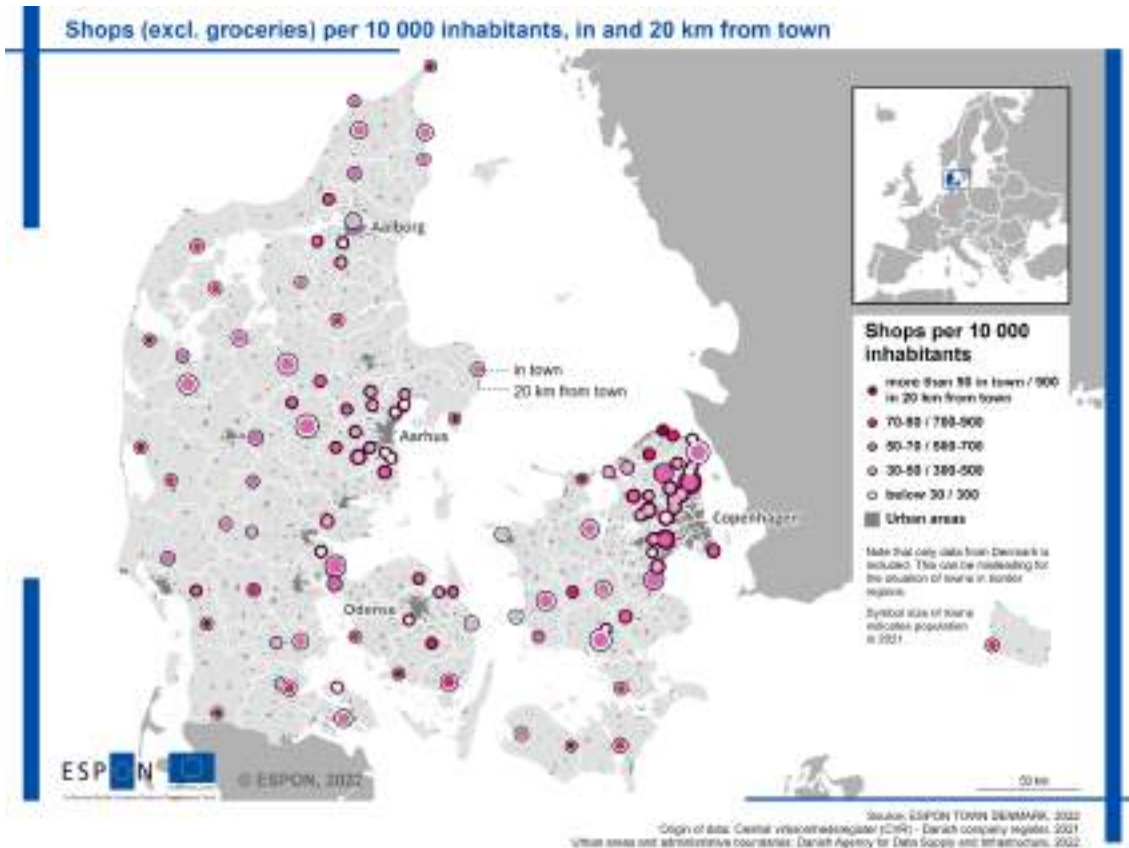
Shops/services per 10 000 inhabitants in town and within a 20 km distance from town (excl. places inside town).

For Type 2 and Type 4 towns (where growth in population size and jobs are aligned) we can see similar, opposed patterns. Type 4 towns have the best service within the town (except in tertiary education); however, they also have the least services within a 20 km distance. Type 2 towns have the best services in all four categories (shops, hospitals, secondary and tertiary education) within 20 km. Map 4.5 visualises this, showing some towns with low services within the town but high services outside the town (light core, dark ring) and vice versa, typically in more isolated towns. Type 1 towns are interesting in regards to education, where they have on average the highest number of tertiary education institutions in town, 1.3 per 10 000 inhabitants. Also, a relatively high number of institutions can be found within 20 km distance of these towns, which is one of the reasons they attract young adults (see section 4.1) – as centres of education.

<sup>3</sup> **Shops** excluding groceries (supermarket, discounter etc.), CVR codes 474100-477900 (DA: Detailhandel undtagen med motorkøretøjer og motorcykler, uden handel med fødevarer). // **Hospitals** include private and public hospitals (including psychiatric), emergency rooms and services provided by medical and paramedical staff, including laboratory services, radiology and anaesthesia. General practitioners, dentists, ambulance transport not included. CVR code 861000 (DA: Hospitaler). // **Secondary education:** International Standard Classification of Education (ISCED) 3. CVR codes 853120 & 853200 (DA: Gymnasier og erhvervsfaglige skoler). // **(Semi)Tertiary education:** ISCED 4+. CVR codes 854100 & 854200 (DA: Videregående uddannelsesinstitutioner). // Description of all industry codes: <https://erst.virk.dk/branchekode>, accessed 28 June 2022.

**Map 4.5**

**(a) Shops and (b) secondary education in towns and within 20 km (2021)**

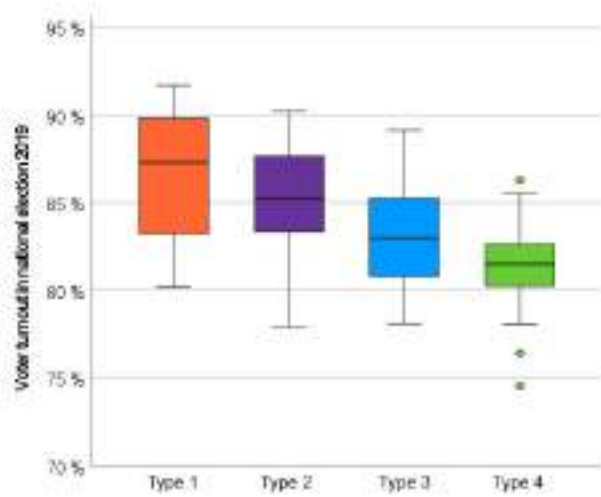


## 4.6 Participation in national elections

In recent years, democratic engagement and participation has been discussed in relation to geographic factors, i.e. to lagging regions and regional disparities (Rodríguez-Pose, 2018). One aspect representing this is the level of participation in elections. Figure 4.7 shows the voter turnout at the last national election in 2019 in towns by typology. In general, voter turnout is rather high in all types, but there are statistically significant differences between them. Type 1 towns achieved the highest turnout, followed by Type 2 (both above national average of 84 %). Type 3 and Type 4 towns had the lowest turnout.

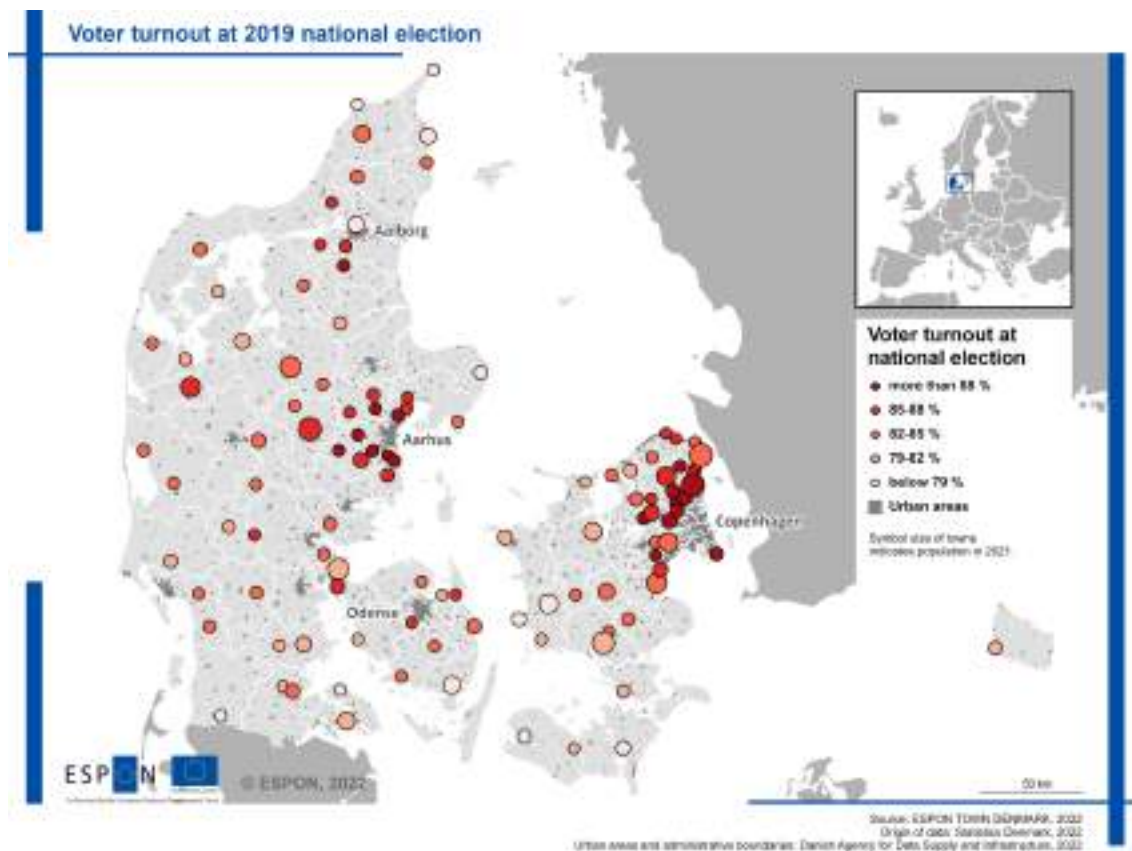
Map 4.6 shows that the highest turnout was in SMSTs close to Copenhagen and Aarhus, while the lowest turnout could be found in towns more peripheral from the big cities, as well as in Nørresundby (in practice, a northern suburb of Aalborg and only split from the city by the Limfjord).

**Figure 4.7**  
Voter turnout at 2019 national election, by typology



Data: Statistics Denmark, transformed from voting districts to towns.

**Map 4.6**  
Voter turnout at 2019 national election





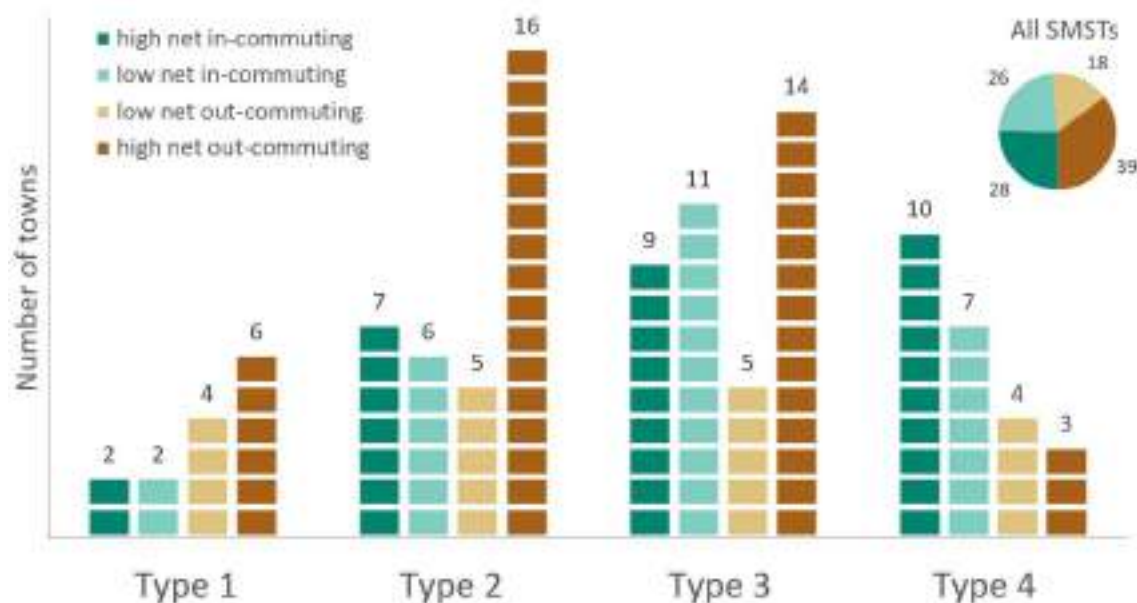
## 4.7 Commuting and jobs in catchment area

Commuting patterns are strongly related to regional urban structures and to towns' role within it. In big functional urban areas, as e.g. around Copenhagen, many small towns might mainly be places for residence and locally related employment (services, public institutions). Jobs are usually concentrated in the centres and sub-centres of the big city and in large business areas close to transport infrastructure. In less densely populated areas, small towns can be small centres for employment, where the development of single companies can have a significant impact on its labour market.

These patterns are also visible in Map 4.7, where many SMSTs close to Copenhagen and Aarhus have a high net out-commuting, meaning that there are more residents that are employees in the town (over 20%) than there are available jobs in town. The local labour market is much too small to accommodate the number of employees. This relates to net commuting. Of course, many people will also be commuting into town, but many more will be commuting out.

Figure 4.8 shows the commuting pattern of towns by typology. In general, the number of net out-commuting and net in-commuting towns is similar. In addition, in each of our four types, all commuting types can be found. More than 40 % of all towns within Type 1 and Type 2 towns are labelled as high net out-commuting. In contrast, over 40 % of Type 4 towns count with high net in-commuting. Commuting patterns within Type 3 are more even.

**Figure 4.8**  
Commuting pattern of towns, by typology



Source: Authors' elaboration based on data from Statistics Denmark.

High net out-commuting is defined as at least 20% more employees (by residence) than jobs in town.

Low net out-commuting is defined as 0–20% more employees than jobs.

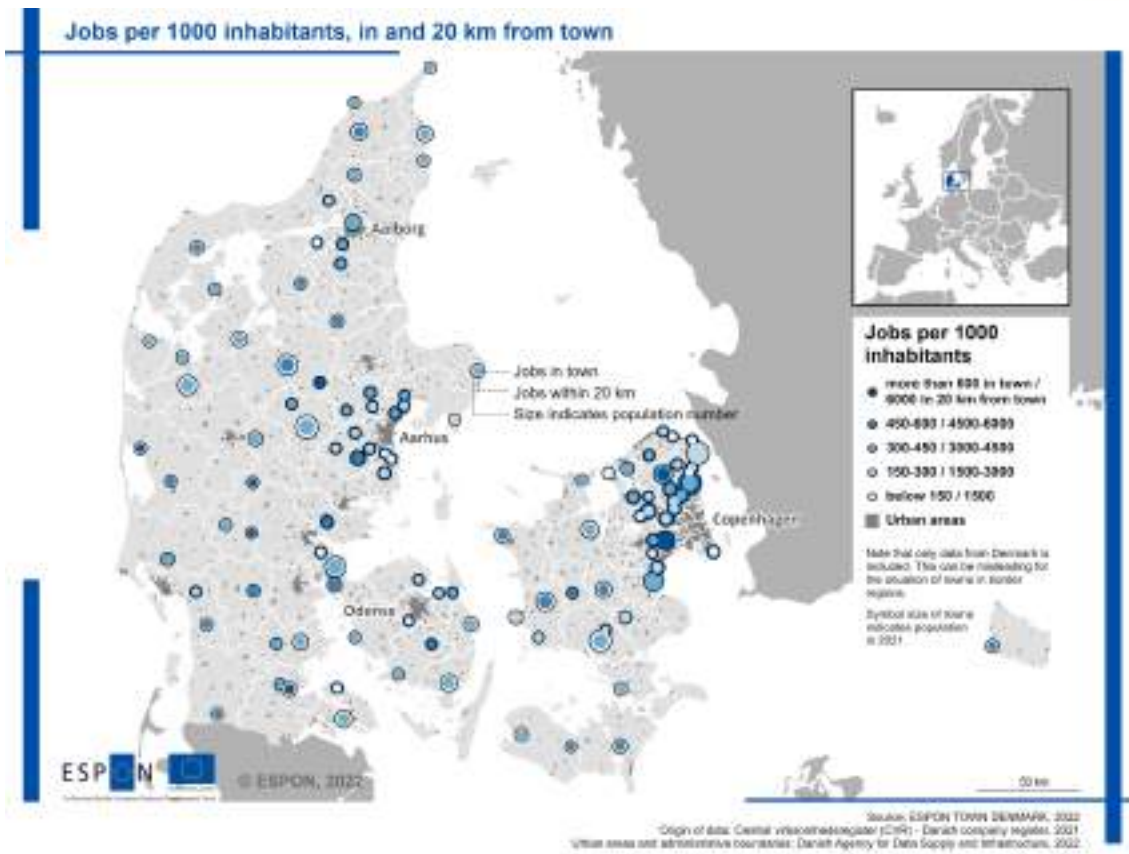
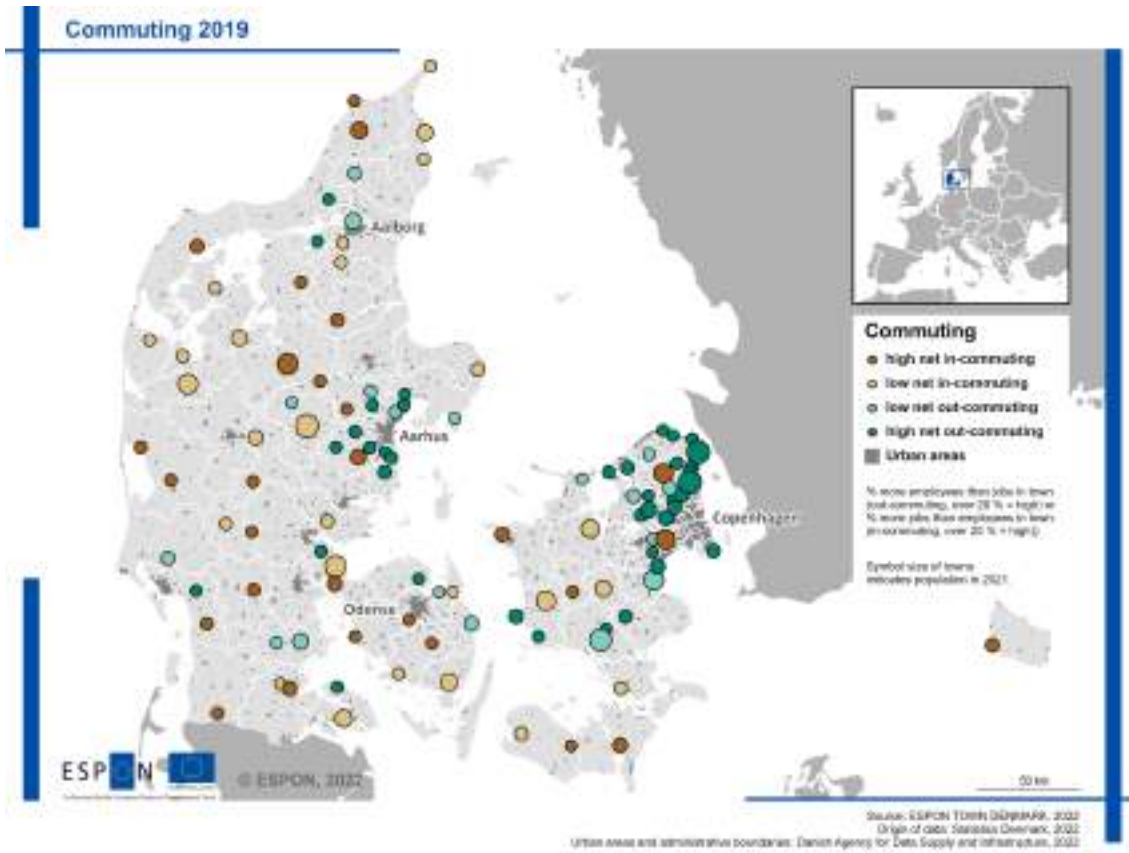
High net in-commuting is defined as at least 20% more jobs than employees.

Low net in-commuting is defined as 0–20% more jobs than employees.

Note: Commuting relates to resident persons (20-65 in age) in town, commuting out of the municipality the town is located in. The municipality is considerably bigger and can consist of bigger towns/cities as well. That means persons working in other places but within the same municipality cannot be distinguished here and are not considered as commuters.

Map 4.7

(a) Commuting (2019) and (b) jobs in catchment area (2021)



The lower map in Map 4.7 also explains the commuting pattern described above. It shows available jobs in town and jobs available within a 20 km distance (see also Table 4.4). Towns in large functional urban areas like Copenhagen or Aarhus have dark rings, indicating many jobs close by, while several have a relatively low number of jobs within the town. There are exceptions like Taastrup, Hillerød or Skanderborg, with a high concentration of jobs in town, indicating their role as regional employment centres in the functional urban area of Copenhagen or Aarhus. On the other hand, some small towns in central Jutland or along national infrastructure corridors have a relatively low number of jobs within 20 km but a high concentration within the town. Finally, several SMSTs located in the south and northwest of the country have only medium numbers of jobs in town and few within a 20 km distance.

Returning to the typology, we can see in Table 4.4 that the number of jobs available in towns is rather similar, with Type 4 towns having a bit more jobs in town compared to especially Type 3 towns. However, the big differences are visible in the regional availability of jobs, where Type 2 towns have more than 100 000 jobs (per 10 000 inhabitants) within 20 km, while Type 4 towns only come up to a fifth of this.

**Table 4.4**  
**Number of jobs per 10 000 inhabitants (2021) in town and within 20 km distance**

	Geography	Type 1 (-jobs / +pop)	Type 2 (+jobs / +pop)	Type 3 (+jobs / -pop)	Type 4 (-jobs / -pop)	All SMSTs
Jobs (FTA) per 10 000 inhabitants*	in town	3 870	4 157	3 532	<b>4 185</b>	3 933
	within 20 km	84 594	<b>118 805</b>	78 254	21 366	82 068

**Bold:** Maximum of four types / *Italic:* Minimum of four types

Source: Authors' elaboration based on CVR, 2021.

\* Job related data in the company register (CVR) is based on voluntarily registered data by the companies and is therefore less reliable than register data from Statistics Denmark (as used in the previous sections). However, we do not have any indications that this has an influence on the general distribution pattern.

## 4.8 Summary according to typology

The typology illustrates variations in the state and development of the 111 small and medium-sized towns in Denmark. Naturally, the typology elicits questions regarding SMST's development in relation to the general urban pattern; but the strength of the typology is that it does not pinpoint differences to other settlement types but differentiates within the group of SMSTs, allowing for a more nuanced understanding of SMSTs without zooming all the way in on a single town.

The main characteristics of the four types are summarised in Table 4.5. The table shows that the typologies are different in terms of population, education and industrial structure – recalling the variation within the groups. Population size is not statistically different between the four types. The location of the towns, however, is, roughly compared, different. In Type 2 towns, many of the towns are located close to larger urban areas or close to the main infrastructure in Denmark; Type 4 towns, on the other hand, tend to be more peripheral. Type 1 and Type 3 towns are more difficult to locate according to a certain geography, making them all the more interesting in terms of variations. In sum, SMSTs in Denmark face different challenges depending on their growth patterns and location.

**Table 4.5**  
Key characteristics of towns according to typology

Theme	Type 1 (-jobs / +pop)	Type 2 (+jobs / +pop)	Type 3 (+jobs / -pop)	Type 4 (-jobs / -pop)
<b>Population and employment</b>	Above average population growth and below average employment growth	Above average population growth and above average employment growth	Below average population growth and above average employment growth	Below average population growth and below average employment growth
<b>Town size*</b>	Slightly lower than town size average	Higher than town size average	Slightly lower than town size average	Slightly lower than town size average
<b>Location of towns</b>	Diverse locational pattern	Location close to urban areas and/or main infrastructure	The majority of towns have a coastal location both in urban and peripheral areas	Mainly peripheral locational pattern
<b>Population structure</b>	Overrepresentation of the 0-19 age group and growth in the two groups: 0-19 and 65+	Overrepresentation of the 0-19 age group and growth in the two groups: 0-19 and 65+	Overrepresentation of the 65+ age group	Overrepresentation of the 65+ age group
<b>Household structure</b>	Increase in single households and households with children	Increase in single households, strong increase in households with children	Increase in single households, decrease in households with children	Increase in single households, decrease in households with children
<b>Education by residence (population)</b>	Academic human capital is close to national average	Academic human capital is close to national average and close to national average growth	Vocational training dominates but with a marked decline; low growth in academic human capital	Vocational training dominates, but with a marked decline; low growth in academic human capital
<b>Industry</b>	Manufacturing, retail and the public sector dominate; only growth is in the hospitality sector	No specialisation in the selected sectors but strong growth in all sectors	Manufacturing and partly the public sector dominate; strong growth in all sectors	Manufacturing, retail and the public sector dominate; only growth is in the hospitality sector



Theme	Type 1 (-jobs / +pop)	Type 2 (+jobs / +pop)	Type 3 (+jobs / -pop)	Type 4 (-jobs / -pop)
<b>Education by workplace (employment)</b>	Vocational training strongly represented, academic human capital less important, low growth in academic human capital	Academic human capital is stronger than average. Growth in vocational training, and very high growth in academic human capital	Vocational training strongly represented, growth in vocational training and high growth in academic human capital	Vocational training strongly represented, low growth in academic human capital
<b>Commuting</b>	Around average commuting but large variation, many with high net out-commuting	Above average commuting with some variation, many with high net out-commuting	Around average commuting but with large variation	Low average commuting, many with high net in-commuting
<b>Tourism</b>	Below average in overnight stays and share of jobs in hospitality	Below average in overnight stays and share of jobs in hospitality, but highest job growth between 2012 and 2019.	A couple of towns in this category have very high numbers in overnight stays and job share (related to summerhouses or holiday resorts).	Type 3 and Type 4 towns, which had a relative population decline, have relatively more touristic activity. Big variety within the types.
<b>Housing</b>	Above average growth in housing, average increase in housing prices	Above average growth in housing, high increase in housing prices	Below average growth in housing, average increase in housing prices	Below average growth in housing, little increase in housing prices
<b>Services (Shops, hospitals, educational facilities)</b>	Below average number of services in town, average number of services within 20 km Above average in (semi)tertiary education	General below average number of services in town, best service within 20 km	Average number of services in town, but with large variation	Above average number of services in town (except tertiary education), far below average within 20 km
<b>Possible future challenges</b>	Maintaining employment to sustain local development	Dependency on the growth of the metropolitan areas	Highly diverse typology. Share challenges with Type 2 and Type 4.	Lack of growth, slow restructuring and conversion.

\* There is no significant difference among the types according to town size – as confirmed by an ANOVA test (*P-value*: 0.38)

## 5 Regional policy on SMSTs in Denmark

### 5.1 Phases of regional policy in Denmark

The development of small and medium-sized towns in Denmark has been affected by a series of policies and societal development trends. On the one hand, SMSTs have been targeted by policies driven by development goals; on the other hand, they have been affected unintentionally by policies dealing with broader societal problems. Denmark's modern history of spatial planning and regional policy is marked by the application of a diversity of principles. A timeline covering the modern planning of the welfare state, from 1949 to current day (see Figure 5.1), reveals a diversity of policy responses to ideas and problems related to urban and regional development. It also shows that changes and developments in society have called for new instruments (such as municipal mergers) as part of general administrative reforms.

**Figure 5.1**

**Timeline showing the rationales behind regional planning policy in Denmark**



Note: This policy timeline highlights periods of societal development reflected in the responses in regional planning. The period from the 1940s to the 1970s was one of monitoring growth and tracking welfare institutions by rational planning; but during this period attention was also given to regional disparities in regions lagging behind. At the threshold of the 1970s, local and regional authorities were consolidated into larger ones strong enough to handle institution building and planning of the welfare state. However, this period was quickly marked by crises, starting with the first oil crisis in 1973. In the beginning of the third period, problems linked to regional disparities were somehow turned up-side down as a result of the economic crisis of the capital, Copenhagen. Governmental support focused on initiatives for an economic comeback for Copenhagen. New trends of globalisation were followed by outsourcing of industries and urban restructuring. Policies became more centralised and a second administrative reform consolidated local and regional authorities into still fewer and larger ones. During this reform, regional planning responsibilities were redistributed, almost replacing the three-tier system of the 1970s with a two-tier system that was characterised by a few large regional authorities. These authorities were primarily responsible for implementing national policies – especially in health care – and were no longer given the authority to coordinate municipal planning.

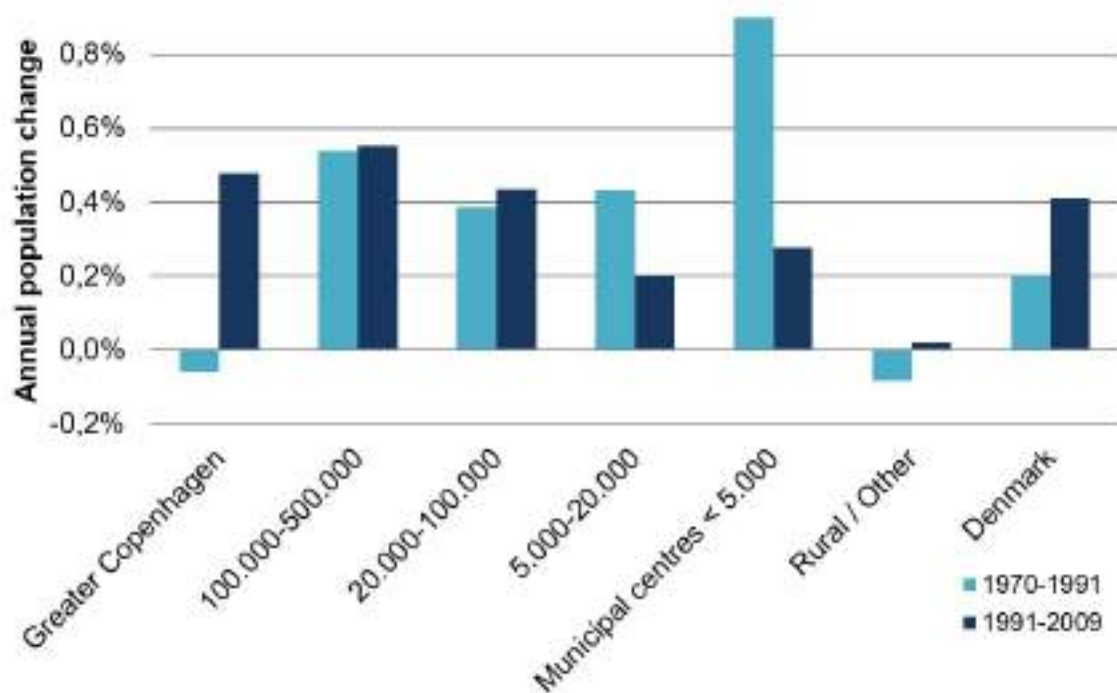
After the Second World War, town and regional planning developed as key instruments to monitor urbanisation, the protection of the countryside from urban sprawl and the development of traffic infrastructure. The overall key issue was growth. It was acknowledged, however, that some regions were lagging behind, suffering from unemployment. Thus, along with setting up new planning instruments for monitoring urban

growth, a legislation on regional policy (DA: *Lov om egnsudvikling*) was adopted in 1958 to cope with regional disparities, focusing on so-called 'islands of unemployment'.

The overall focus during the first period (1949–1970) was, thus, on the growth of towns and welfare institutions. This not only included applying new planning instruments but also conducting a municipal reform to merge small local authorities into larger ones that would be strong enough to deal with the development of local welfare institutions and planning. As such, 1098 municipalities merged into 277 larger ones and 25 regional authorities merged into 14.

Thus, at the dawn of the 1970s the scene was set for dealing with growth. However, the first oil crisis in 1973 soon changed the agenda from *monitoring* growth to the *creation* of growth. This in turn called for new policy instruments, as we shall see. In spite of the economic crises of the 1970s and 1980s, the municipal reform showed beneficial effects for the new centres (numbering about one hundred of the smallest municipalities). The population in these small municipal centres developed twice as fast as larger towns and cities (Figure 5.2). The growth of these smallest municipal centres was caused by a creation of new welfare institutions in municipal centres. Furthermore, a number of small towns showed positive development trends as a result of the remarkable de-centralisation of the manufacturing industry during the 1970s. Building on their established role in the urban pattern, positive effects for some towns were felt even after the reform of 2007, when most lost their status as formal centres (Groth & Fertner, 2013).

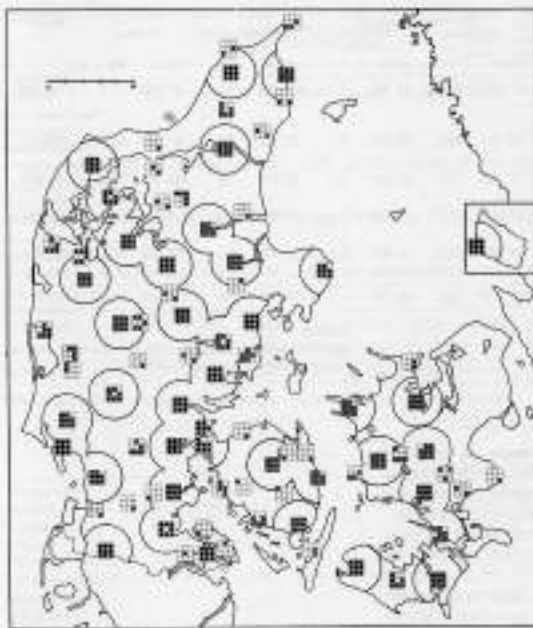
**Figure 5.2**  
Annual population change in towns 1970–1991 and 1991–2009



The administrative reform in 1970 transformed about 100 small towns into municipal centres. These small towns showed extraordinary development trends. Source: Illeris (2010)

As revealed by Figure 5.2, the capital region suffered from negative development during the 1970s and 1980s. In 1989, Copenhagen was in an economic crisis, turning regional policy upside down. A strategy for the development of Copenhagen was set up. There was no more need for transferring money from the centre to the peripheries. Hence what followed was the abolition of the 1958-act of regional assistance.

**Figure 5.3**  
National plans moving from regional policy to territorial strategies



1979: Plan for the future urban system

Regional policy is closely connected with redistributing wealth from the centres of growth to areas lagging behind. The national plan of 1979 indicates cities as service centres (DA: 'egns-centre') by circles. Cities without circles were not yet developed into mature centres, but were shown as candidates due to their geographical position  
Source: (Planstyrelsen (1979)



1992: Strong urban profiles as assets for development

After the fall of the iron curtain, the focus moved from local service centres to national and international relations and urban growth. Distributive planning was replaced by stakeholder driven territorial strategies. The idea of territorial assets was documented in the national planning report of 1992. The map indicates the 'strongest profiles' of each urban region in networking, production, creativity, international orientation, social qualities and tourism.  
Source: Miljøministeriet (1992)

As aforementioned, during the economic crises of the 1970s and 1980s the focus of national planning policy as well as regional and municipal planning agendas changed from the *monitoring* to the *creation* of growth and was accompanied by an increasing focus on local assets. The national planning report of 1992 represents the turn from common generic development towards the exploitation of local assets. The report launched ideas for taking advantage of the new links resulting from trade and cooperation following the opening of East-West borders. Throughout the national report can be found analyses of 'strong profiles' of Danish urban regions. Endorsement of local assets was seen as a starting point for establishing relations across regions, hence not restricted to the local region. Policy integration was no longer spatial but became relational and strategic (Nielsen, 2010). Planning goals were replaced by common *development perspectives* of stakeholders taking part, not least illustrated by the European Spatial Planning Perspective (ESDP) of 1999. Statutory planning was increasingly replaced by cooperative voluntary strategies. As revealed by the ESDP, the development perspective was not a plan of some single authority, but provided "a general source of reference for actions with spatial impact, taken by public and private decision makers." (ESDP, 1999, § 21). This turn of authoritative planning into communicative strategies was followed by the abolition of regional planning – as part of the second municipal reform in 2007. Fourteen counties ('amter') were merged into only 5 regions and 275 municipalities into 98 – and authoritative, legally binding, regional planning was turned into non-binding regional development plans.

## 5.2 Geographic restructuring in a two-tier system since 2007

From the early 2000s, the development disparities between central and peripheral parts of Denmark came under public scrutiny and debate. The 2007 reform weakened the role of regional planning as a measure of coordination of municipal planning. Authoritative regional planning was replaced by communicative regional development strategies. This turn was greatly favoured by planning ideas emphasising endogenous *territorial governance* as an alternative to exogenous authoritative *regional government*. However, the softening of regional planning left regional development initiatives mainly to the national state or to ad hoc cooperation between communities, organisations and municipalities under different national and international development programmes (such as Leader or Interreg).

Scattered governmental initiatives aiming at the development of Denmark's peripheries followed. In the following, we describe the most recent policies, which can be structured along three approaches addressing geographical restructuring in a two-tier system:

- Regional organisation of the health sector – to balance services based on regional units;
- Redistribution of public institutions away from the capital region – to balance a presumed dichotomy of centre and periphery;
- The targeting of national policy to specific urban settings – to favour specific types of settlements, without predefined geography.

The three policy approaches can further be differentiated between their implementation being optional (e.g. municipalities can apply or opt in or out of participation) or obligatory (i.e. policy implementation is required by law).

Figure 5.4 shows examples of how recent policy initiatives were illustrated on maps. The maps mainly consist of point features with the actual locations of the initiatives; only the background (coastline, regions or municipal boundaries) indicate some kind of geographical context.

### 5.2.1 Regional organisation of the health sector

Although with a decreasing level of involvement in regional planning since 2007, regions play an important role in the health sector, e.g. regarding the management of hospitals or ambulance transport. A major investment that reflected a regional 'rationale' was the decision in 2006 to establish 16 'super hospitals' – some of them new, some with extensions on existing hospitals. Despite some general criteria like a minimum catchment area of 200 000 inhabitants, the final location of the super hospitals was decided by the regions.

The construction of these super hospitals (yet to be finalised) facilitates the concentration of expertise and coordination of disciplines in health care, but has also implied the closure or reduction of some smaller hospitals and an increase in traveling distance for some patients. As a result, there has been an ongoing discussion on the need for a reorganisation of the health sector. In May 2022, the Danish Government and several parties in the parliament decided to set-up (or strengthen) 25 local hospitals (DA: *Nærhospitaler*) for less complicated treatments. This addition to the health care system will be positive to a few smaller towns and cities. The location of the local hospitals will be decided upon in collaboration with the regions and the association of municipalities.

### 5.2.2 Redistribution of public institutions away from the capital region

In 2012, the creation of 'Udbetaling Danmark', a new national agency responsible for social transfers, led to the establishment of regional service centres and the creation of new state jobs in all regions. In 2015 (and again in 2018), the government presented a more extensive plan regarding the relocation of jobs from several national agencies and authorities (Danish Government, 2015, 2018). The main political reason was to ensure more geographical balance in the country: "*With this plan, the government takes a major step in the direction of a more geographically balanced Denmark*" (Danish Government, 2015, p. 9, authors' translation).

The geographical premise was to move out from Copenhagen to all other parts of Denmark in order to strengthen development outside of the capital region. Recipients were not necessarily the most peripheral parts of Denmark but also included major cities like Aarhus, Aalborg and Odense, as well as several medium-sized towns.



A first study on the local effects of the relocation of national jobs (Schmidt et al., 2021) shows that it is difficult to single out the effects of specific national initiatives. In their case study on the two Danish cities of Ringkøbing and Esbjerg, however, Schmidt et al. show that the positive effects of the relocation were counteracted by a simultaneous closure of the regional agencies following the administrative reform of 2007. In addition, the study reveals that the symbolic value of decentralisation of national agencies usually is of higher importance than the noticeable effects on employment – especially when the relocated agencies are small compared with the local labour market.

More recently, plans for the relocation of public institutions of higher education have been debated (Danish Government, 2021) – the idea being that of moving or establishing new educational institutions outside the four biggest cities (Copenhagen, Aarhus, Odense, Aalborg), while gradually reducing study places in the larger cities by up to 10 %.

**Figure 5.4**  
**Examples of mapping policies on geographical restructuring**



Three examples: Left: Super hospitals (2008), Centre: Migration of state jobs (2015/2018), Right: Initiatives to strengthen localities (2021).

### 5.2.3 Targeting specific urban settings

Various national initiatives and policies have framed urban renewal in Denmark since 1939, when the first law on renovation was adopted. Since the 1990s, urban renewal has included a social perspective, next to the physical renovation of buildings, to ensure a more sustainable and inclusive redevelopment and a higher focus on the involvement of and funding by private actors. Public funding (state and municipalities) still provides a significant share of the funding.

In the urban renewal law of 2004, a shift was made from focusing primarily on housing renovation to the actual renewal of urban districts (Ærø et al., 2008). The public urban renewal database (<https://byfornyelsesdatabasen.dk>), currently managed by the Ministry of Housing, lists projects that started between 2005 and 2018. Table 5.1 lists the number of projects and national co-funding in the category of “renewal of urban districts” (DA: områdefornyelse). We can see that about 20 % of all projects as well as co-funding were located in SMSTs, with a slight increase of the share between 2005–2013 and 2014–2018. However, compared to the share of the population (27 %), SMSTs are underrepresented. Most projects take place in smaller towns and villages, which also have seen a considerable increase in national co-funding.

**Table 5.1**  
**Number of state co-funded urban renewal projects by town size**

Town size	Number of projects		National co-funding		Population
	2005-2013	2014-2018	2005-2013	2014-2018	2021
Cities over 50 000 inhabitants	31 %	16 %	60 %	39 %	40 %
Small and medium-sized towns	17 %	19 %	16 %	21 %	27 %
Smaller towns and villages	52 %	66 %	24 %	40 %	33 %
Total	106 projects	96 projects	DKK 416m	DKK 397m	5.8m

Source: Authors' elaboration based on <https://byfornyelsesdatabasen.dk/omraadefornyelse>. Accessed 21 June 2022. Year relates to the start year of the urban renewal projects, which typically run over several years.

Opposite to urban renewal, which is based on an active application and opt-in for funding by the municipality, the so-called "ghettopolitik", a policy targeting problematic housing areas, is based on predefined criteria and an automatism. The policy classifies housing areas based on five quantitative criteria (unemployment, crime, education, income, migrants) into three types. Depending on the type, the respective municipality has to act – what can even result in the demolition of houses. Most of these housing areas are in the big cities, but several are also located in medium-sized towns.

A different approach to enable development in places lagging behind was the liberalisation of the planning law in 2017. In particular, the liberalisation of building restrictions in coastal areas aimed at improving the development opportunities of smaller coastal towns. New development zones were consolidated in national planning directives. Also, the liberalisation of planning regulations of retail centres was approved. Former regulations/limitations on the size of shops were abolished, as was a former restriction of planning for new retail centres outside the town centres.

Most recently, the government forwarded a proposal aiming at new initiatives for the development of town centres in towns of 4 000 – 20 000 inhabitants, acknowledging that the town centres have to find new roles as an alternative to decay. Based on municipalities' interest, 14 pilot projects have been invited to send detailed applications. If selected, there will be a possibility to allow exemptions from planning regulations and restrictions to implement redevelopment projects. The pilots might also form the background for new legal initiatives to make the town centres attractive – socially as well as economically. As such, despite previous studies having attempted to draw attention to SMSTs (Byplanlab & DAC, 2012), the policy focus on SMSTs is rather new.

### 5.3 Lessons from changing regional policy approaches

The timeline showing changes in regional policy approaches reveals that intentional policies are often second to societal development trends or simply to other non-regional policies. One of the most influential policies from which small towns benefitted seems to be the municipal reform of 1970. The new, larger municipalities were given new responsibilities for local administration and for running local welfare institutions. The reform affected all new consolidated municipalities. For the largest municipalities, endowed with one or more former municipal centres and a city hall, these new responsibilities were added to former responsibilities. For the – approximately 100 – smallest new municipalities without a former municipal centre and city hall, the new responsibilities demanded completely new administration and welfare institutions. This, in turn, resulted in several new jobs; as these small municipal centres grew, they became the natural location for the private sector in the area. These small new municipal centres became the fastest growing towns during the 1970s and 1980s and some still benefit from their being 'upgraded' in the urban system, even after 2007. However, the administrative reform was not intentionally aimed at the stimulation of small towns. Rather, the growth of these towns was an unintended consequence of the administrative reform.

This is just an example showing that small town development often is caused by phenomena other than intentional regional or 'small-town' policies. We can outline three key periods of policies:



(1) The first decades after World War II were dominated by governmental *regional development policies* aiming at the redistribution of wealth between the prosperous centre and the peripheries. This kind of policy came into play between not only the national centre and the national peripheries. It also characterised the hierarchical urban system formed in the 1970s as a regional modelling of the welfare state.

(2) The crises of the 1970s and 1980s, as well as the increasing globalisation during the 1990s, outdated these regional models and demanded new ones based on local assets rather than ideas for the development of a future welfare society. The answer was that spatial development should form *territorial development strategies* based on local competencies and links with other territories rather than just the hinterland. New trends of globalisation encouraged linking local competencies in a cross-sectoral manner, across regional and national boundaries.

(3) The past two decades are characterised by a return to national governmental policies and initiatives ranging from hard financial or infrastructure policies to soft measures like encouraging collaboration and trying to foster development with law relaxations. Today, the regional level plays only a subordinate role. For the provision of health services however, regions could exploit their strategic role. National initiatives seem to be often aligned with indicators of development and general principles of cohesion. This third policy period may be characterised as *local compensation initiatives* aiming at handling deficiencies of economic development.

## 6 Perspectives from national and EU policies

### 6.1 Examples of national policies addressing SMSTs across Europe

In line with the trends and the rising needs of SMSTs in the Danish context, it is interesting to look at other specific policies and tools for SMSTs that have been recently developed across Europe at a national level (Gros-Balthazard & Talandier, 2020; Rauhut & da Costa, 2021). Boosted by the NEXT Generation EU Funds aimed at addressing the challenges faced by territories defined as internal, peripheral, or lagging-behind places, a series of initiatives have been implemented in several European countries. These conceptual categories are only partially overlapping, but they are all quite often related to small and medium-sized towns, given the territorial, demographic and economic patterns recurrent in Europe.

Table 6.1 summarises a few national-level initiatives addressing issues related to SMSTs. The table presents the official objectives, tools and main actions informing each initiative. Although it is drawn from a series of country reports that have in their agendas different approaches and means, several patterns can be observed. The objectives swing from a strong reference to territorial and social cohesion, territorial interconnectedness and cooperation, to an explicit reference to boosting local development, attractiveness and providing business support. A stronger local economy passes through support to crosscutting digitalisation, improvement and more capillary access to services, and enhancement of territorial capital. The percentage of the population living in SMSTs differs between countries, but each country report recognizes the importance of SMSTs in achieving broader national objectives such as those listed above.

These national policies are developed under different administrative bodies, showing also the perspectives and the themes under which they are conceived: the Ministry of Culture/Tourism (Italy), the national spatial planning body or Ministry (Germany, Portugal), the national agency for cohesion (France), and the Ministry of ecology and demography (Spain). The choice reflects the national vision regarding marginal territories, the themes that are put forward and the specific policies and tools that are meant to be developed.

Amongst these national-level initiatives, two national experimentations have been chosen to exemplify alternative models for addressing SMST needs. In the German case, a platform for interactions and an evaluation of SMST needs is conceived as an enabler tool for bottom-up processes of changes. In the Italian case, a very selective call for local development solutions with the provision of a significant amount of financial support represents a push for innovation for a limited number of towns. Both the German and Italian example focus on SMSTs in innovative/experimental ways and can be sources of inspiration for possible initiatives that aim at filling the gap between the central state and decentralised municipalities.

#### Germany: *Kleinstadt Akademie* (The Small Town Academy)

The German national policy, *Kleinstadt Akademie* (The Small Town Academy<sup>4</sup>), launched in 2019, is aimed at boosting the economic and residential attractiveness of more than 2,000 small towns (with 5,000 – 20,000 inhabitants) in Germany while providing them with a local platform for urban endogenous development, together with a network for experience and knowledge sharing. Offering them technical and financial support, the government wants to enhance the local capital for long-term development.

The initiative derives from the fundamental recognition of the lack of economic as well as human resources usually affecting SMSTs. In response to this, the national strategy seeks to facilitate small towns to autonomously develop, providing them with a physical and political space to define their specific challenges and needs, and allowing them to define a course of action to address these.

<sup>4</sup> [www.kleinstadtakademie.de](http://www.kleinstadtakademie.de) - Publication in English on the pilot phase: <https://www.bbsr.bund.de/BBSR/EN/publications/SpecialPublication/2021/german-small-town-academy-pilot-phase.html>, accessed 28 June 2022.

The focus of the policy is on the collaborative nature of the definition and implementation of any development project: the knowledge needs to be co-produced and constantly shared, the experiences need to be compared, and several stakeholders are to be included in the process (political, knowledge, special interests and common interests actors<sup>5</sup>). The policy aims to build new connections and knowledge, and to create a dynamic and flexible structure capable of enhancing mutual and integrated growth for towns.

SMSTs here are considered as a system – as crucial parts of the connections linking them to one another and to the broader regional territory. The policy tools follow this interpretation, recognizing their needs and enhancing the self-determination of towns. It is the network itself that needs to be efficient, and which is supposed to act as a model for the SMST development.

The three-year pilot phase (2019–2022) allows the government to correct possible errors and weaknesses before the final implementation of the policy. Moreover, it shows the SMSTs' stakeholders that their opinions and actions count, and that they can change the course of action of the projects depending on their involvement in the process. This has the potential to increase the participation of local actors and strengthen the legitimacy of the policy itself. The long-term funding, technical support and constant governmental monitoring further boost the idea of trust, willingness and possibility to do better, towards mutual enrichment and growth.

### Italy: *Bando Borghi* (Call for Villages)

The Italian *Bando Borghi*<sup>6</sup>, launched in December 2021, is oriented towards the cultural and social regeneration of marginalised territories (municipalities of up to 5,000 inhabitants, with exceptions of up to 10,000 inhabitants). It offers financial support to a few selected projects capable of creating self-sustainable positive circles at the economic, demographic and cultural levels. While sponsoring isolated projects, the government aims at boosting the endogenous capacities of broader territories and to increase territorial attractiveness and the local autonomy of SMSTs.

This policy recognizes the fundamental lack of support given to SMSTs and unilaterally selects a strategy to address this gap. The focus is on specific sectors of town development (historical centre buildings, cultural activities, tourism); the selected projects are developed by local actors following these predefined thematic areas. In addition, the small town is invited to define its own challenges and to suggest a suitable long-term strategy to address these (although the proposed framework is binding, and the space for action and self-determination of the SMST is limited).

The selection criteria award the most innovative local projects and those that involve several stakeholders from different sectors. A prerequisite for selection is thus the collaboration between local actors (public and private), which is meant to include the wider civil society (e.g., political actors, local entrepreneurs, local organisations and institutions, citizens). This policy feature gives greater freedom to local actors and networks, even though contexts with scarce resources (due to limited and aging population, brain drain, lack of social and economic infrastructure) could face difficulties in competing with richer and better-organised territories.

Pre-existing local networks are valued and reinforced, even though the territories competed with one another to access the funding scheme, and one town per region has been selected. SMSTs are mostly considered on an individual level rather than as part of a network connecting them to one another and to the broader regional territory.

Although the *Bando Borghi* initiative belongs to a wider set of national actions dedicated to marginalised territories, the strategy follows a model of a few 'outstanding leading examples', with single SMSTs imagined to inspire the development of other SMSTs in the broader regional territory. Only a few isolated projects and locations were selected and received a very high budget (up to twenty million Euro), with the idea of supporting strong flagship projects. The policy does not contemplate a pilot phase; once the projects are awarded, they immediately receive the funding. The strategy must be completed by 2025, reflecting the mid-term nature of the policy. Projects are created and implemented without intermediate stages and full independence and responsibility is given to the local actors and communities.

<sup>5</sup> Categories from stakeholder analysis' theories.

<sup>6</sup> See Bando Borghi at <https://cultura.gov.it/pnrr-borghi>, accessed 28 June 2022

**Table 6.1**  
**Examples of recent national policies addressing SMST needs across Europe**

Country/ year	Policy	Responsible body	Objectives	Tools / actions
France 2020	<p>Petites villes de demain - Territoires de cohésion au cœur de la relance</p> <p><a href="https://agence-cohesion-territoires.gouv.fr/petites-villes-de-demain-priorite-la-relance-430">https://agence-cohesion-territoires.gouv.fr/petites-villes-de-demain-priorite-la-relance-430</a></p>	French Government - National Agency of Territorial Cohesion	<p>a) Enhance ecology, competitiveness and cohesion.</p> <p>b) Start with the territories and their projects.</p> <p>c) Provide a tailor-made response.</p> <p>d) Mobilize more resources and seek new forms of intervention.</p> <p>e) Combine national and local approaches.</p> <p>f) Take the necessary time for implementation (6 years).</p>	<p>I) Engineering support (financial and external expertise contribution, e.g., grant for a project manager position of up to 75%).</p> <p>II) Funding for targeted thematic measures, mobilized according to the territory's project and the actions to be implemented.</p> <p>III) Access to a network: the Petites Villes de Demain Club (Small Towns of Tomorrow Club), to promote innovation, the exchange of experiences, and the sharing of good practices between actors.</p>
Germany 2021	<p>Kleinstadt Akademie (The German Small Town Academy)</p> <p><a href="https://www.kleinstadtakademie.de">https://www.kleinstadtakademie.de</a></p>	German Government - Federal Office for Building and Regional Planning - Federal Institute for Research on Building, Urban Affairs and Spatial Development	<p>a) Strengthen smaller cities as residential and business locations.</p> <p>b) Provide a purpose-built platform for urban development: to network, exchange experiences, and offer advanced training.</p> <p>c) Pool knowledge and create strong networks.</p> <p>d) Promote equal living conditions.</p> <p>e) Give small towns the opportunity to articulate, develop and find common solutions for their concerns and needs.</p> <p>f) Offer small towns space and time for exchange and innovation, flexibly adapting to future requirements.</p>	<p>I) Establishment of a Small Town Academy.</p> <p>II) Project calls and project models.</p> <p>III) Publicity-relevant media and promotion of events.</p> <p>IV) Special expert report.</p> <p>V) Advisory board &amp; Secretariat.</p>
Italy 2020	<p>Piano Nazionale di Ripresa e Resilienza - Bando Borghi (Call for Villages)</p> <p><a href="https://cultura.gov.it/pnrr-borghi">https://cultura.gov.it/pnrr-borghi</a></p>	Italian Government - Ministry of Culture	<p>a) Enhance the attractiveness, identity and resilience of small towns.</p> <p>b) Facilitate access to cultural heritage.</p> <p>c) Promote innovation and digital transition.</p> <p>d) Enhance social, economic and environmental ties between urban, periurban and rural areas.</p> <p>e) Improve the quality of life: preserve and promote cultural and natural heritage.</p> <p>f) Promote development-oriented policies: focus on economic activities, entrepreneurship, creativity, culture, tradition and local knowledge.</p>	<p>Financial support, organised in two main axes:</p> <p>I) <i>Linea A</i>, dedicated to pilot projects for the cultural, social and economic regeneration of villages at risk of abandonment/being abandoned, with a financial endowment of 420 million euros.</p> <p>II) <i>Linea B</i>, dedicated to local projects for Cultural and Social Regeneration with a total financial endowment of 580 million euros.</p> <p>III) Additionally, 20 million euros are destined for the "Roots Tourism" intervention whose implementing body is the Ministry of International Affairs and Cooperation.</p>
Portugal 2020	<p>Estratégia Portugal 2030. Documento de Enquadramento Estratégico</p> <p><a href="https://portugal2030.pt/portugal-2030">https://portugal2030.pt/portugal-2030</a></p>	Portuguese Government - Ministry of Planning	<p>a) Promote the competitiveness and cohesion of low-density territories.</p> <p>b) Promote economic growth and employment.</p> <p>c) Base the strategy on endogenous potential.</p> <p>d) Secure qualified workers attracted by the characteristics of these territories.</p> <p>e) Promote the full appreciation of endogenous resources.</p>	<p>I) Preservation, protection, promotion and development of the natural and cultural heritage.</p> <p>II) Diversification of the economic base, promoting the emergence of new value-generating and job-creating activities.</p> <p>III) Management and network provision of existing collective services (education, sport, health, culture, etc..)</p>

Country/ year	Policy	Responsible body	Objectives	Tools / actions
			f) Invest in tourism as a crucial element of the territorial strategy.	IV) Adequate levels of provision of public goods and services and access to digital networks. V) Connections between rural-urban. VI) Enhancement of social economy role in management of the network of collective services.
Spain 2020	Plan de Recuperación. 130 Medidas Frente al Reto Demográfico (2021-2023)  <i><a href="https://www.miteco.gob.es/retodemografico/temas/medidas-retodemografico">https://www.miteco.gob.es/retodemografico/temas/medidas-retodemografico</a></i>	Spanish Government - Ministry of Ecologic Transition and Demographic Challenge	a) Define a roadmap that addresses territorial cohesion. b) Fight spatial inequality (at the local and national level). c) Promote small and medium cities, as well as rural areas. d) Make transformative investments in these territories. e) Favour mobility and achieve their full connection with the global world.	I) Actions for ecological transition. II) Actions for the digital transition and full territorial connectivity. III) Actions for development and innovation in the territory IV) Actions for sustainable tourism. V) Actions for equal rights and opportunities for women and youth. VI) Actions for entrepreneurship and business activity. VII) Reinforcement of public services and actions for decentralisation. VIII) Promotion of social welfare and care economy. IX) Promotion of culture. X) Regulatory and institutional reforms to address the demographic challenge.

Source: Authors' research and elaboration.

## 6.2 EU-funded initiatives addressing SMST needs

In addition to national European level initiatives addressing SMST needs, this study takes into account EU-funded initiatives dedicated to tailored territories and urban areas, which are understood as highly relevant to the subject and context of this study.

Among the so-called Territorial Delivery Mechanisms, the Community-Led Local Development (CLLD) mechanism appears to be the most appropriate tool intended to address local development (Servillo, 2019; Servillo & Kah, 2019), in particular for areas characterised by SMSTs. CLLD enables bottom-up approaches in the definition of a Local Development Strategy tailored to the specific needs of an ad-hoc area. It fosters an integrated approach to territorial development, with the purpose of involving a large representative of local actors and providing financial support to the strategy implementation and related participatory process.

Since the previous EU programming period (2014–2020), the instrument has adopted a more encompassing approach to local development, extending its application to a broad set of European Structural Investment Funds (ESIF). Consequently, CLLD's range of actions grows along two potential lines in addition to the previous LEADER instrument. Firstly, a broader thematic scope is enabled due to the eligibility of more thematic interventions under different Funds, and thus potentially more integrated actions. Secondly, it allows for diversified areas of intervention, which can range from an urban neighbourhood to sub regions and consequently can involve a wider range of stakeholders.

The importance of this instrument is given by its application: in the 2014–2020 programming period, the overall number of Local Action Groups (LAGs) was estimated at about 3,318 in the EU territory (Servillo, 2017). Of this number, almost 2,331 (LAGs) access the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF) in different forms and maintain stronger policy support to mainly rural and maritime activities. Even if indirectly affecting activities of a SMST, they are less prone to dealing with urban issues. On the contrary, the remaining LAGs using the European Regional Development Fund (ERDF) and European Social Fund (ESF) in a plurality of financial combinations

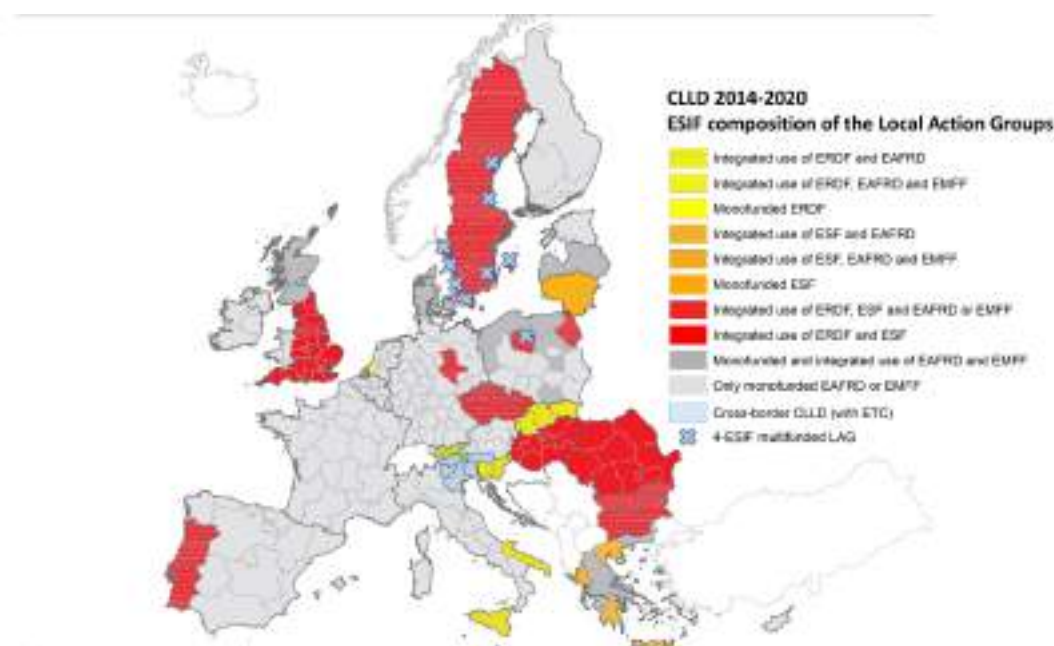
have experimented with the possibility of having an integrated approach to rural and urban issues, especially addressing SMSTs.

The overall distribution in 18 Member States using the new funding opportunities of CLLD shows the success of the initiative and its application. At the same time, it presents a diversified degree of implementation.

Map 6.1 provides a comprehensive overview of all types of ESIF combination that have been applied by LAGs. It shows a **continued prevalence of traditional models**, shown in grey, in most regions in the EU including the Danish ones. This is an effect of a compulsory minimum share of EAFRD that needs to be dedicated to CLLD. The voluntary use of other funds from ESIF, either monofunded or integrated (as in Denmark), is more scattered, with a variety of national and (in a few cases) regional approaches.

### Map 6.1

#### Overview of all types of ESI Fund combinations for CLLD



Source: Updated version of Servillo (2019)

The overall situation highlights on the one hand a general good reception of the new funding opportunity in most of the EU13 Member States, while there is a certain reluctance in the EU15 Member States, which are those who have successfully implemented the LEADER programme in the last programming periods. Seen from the SMSTs perspective, those regions that didn't explore the possibilities of integration of funds remained in the frame of a traditional tool dedicated to sectorial initiatives, in which key aspects explicitly affecting the smaller urban areas are kept aside. Countries such as the Czech Republic, Slovakia and Hungary stand out with the highest number of LAGs, followed by Slovenia, Bulgaria and Lithuania. All of these had an experimental agenda also geared towards single towns or – most often – networks of towns. Among the EU15, it is interesting to note that most countries have only a few regions implementing the CLLD approach, such as Tyrol (AT), Sicily and Apulia (IT), Sachsen-Anhalt (DE), and a few Greek regions.



### European Urban Initiative

For the 2021–2027 period, the European Commission will launch a new European Urban Initiative (EUI)<sup>7</sup> in the Q3/2022 financed by the ERDF to support cities with innovative actions, capacity and knowledge building, policy development and communication on sustainable urban development. The overall objectives of the EUI are to strengthen integrated and participatory approaches to sustainable urban development and to provide a stronger link to EU policies and to Cohesion policy and investments in urban areas. The EUI includes two strands: (a) support of innovative actions, and (b1) support of capacity building and (b2) support of knowledge building, territorial impact assessments, policy development and communication.

Interestingly, the initiative is not aimed at supporting only major urban areas, but any EU urban authority of a local administrative unit defined according to the degree of urbanisation as a city, town or suburb – or a grouping of such authorities (e.g., as a functional urban area) – and comprising at least 50,000 inhabitants. Therefore, for Danish SMSTs considered in this project, applying together will be necessary for eligibility.<sup>8</sup>

The types of urban innovations that will be targeted by the EUI are:

- **Urban innovations for/led by cities**, giving priority to cities' ownership of tested solutions and associated skills (e.g. strategic thinking, leadership and staffing, resources and funding);
- **Cross-cutting innovations** applying methods embodying the Cohesion policy objective: 'a Europe closer to citizens', meaning place-based, integrated, participatory, multi-stakeholders approaches in projects' delivery;
- **Innovations more relevant to the ERDF**, assessed according to the added value of the project proposals to targeted policy objectives and/or specific objectives, and of their scale-up/replication potential in view of the priorities set by regional, national or transnational and interregional Cohesion policy programmes;
- **Innovation capabilities linked to urban megatrends** highlighted in Article 9 of the future ERDF/CF Regulation, i.e. green and digital transitions (open data, carbon neutral public services, etc.);
- **Innovations in view of specific local contexts** (optional): since innovation sometimes has more to do with the specificities of a given geographical area within which a solution is tested (rather than with the tested solution itself) there could be some scope for targeting urban areas facing specific natural, demographic or other types of challenges, underdeveloped innovation ecosystems, or where fewer powers are devolved to the local level.

## 6.3 Prospects for Danish SMSTs

Examples of national policies in Europe and the European integrated policies presented in this section offer a solid ground for several considerations on how to support the development of SMSTs through different approaches in the Danish context.

Three main approaches can be identified as possible ways of supporting towns' development:

- i) by methods, promoting integrated place-based methods and tools;
- ii) by networks, supporting networks for mutual learning and empowerment;
- iii) by targets, funding targeted development strategies.

These approaches are not mutually exclusive, and their integration can further improve their effectiveness in addressing the challenge of SMSTs' development. Some useful insights emerge from the two cases briefly described in Section 6.1.

<sup>7</sup> <https://www.uia-initiative.eu/en/eui/european-urban-initiative>. The first call is expected in the autumn of 2022; for more details see also [https://www.uia-initiative.eu/sites/default/files/2022-03/annex\\_a\\_memo.pdf](https://www.uia-initiative.eu/sites/default/files/2022-03/annex_a_memo.pdf).

<sup>8</sup> Using the main Regional Development Fund, Denmark will also focus on urban development targeting cities from 4,000 to 20,000 (and above).



From an institutional policy design, the German case indicates an interesting model for a cooperation platform. The creation and strengthening of networks of small towns by the German Small Town Academy case has a clear strategic and collaborative scope aimed at being robust and efficient in the long term. Conversely, the Italian case shows the possibility of supporting on-spot exemplary development cases, funding targeted development strategies with a competitive approach and a consistent budget to be spent in the short term for a detailed set of initiatives (although the projects are supposed to create long-term endogenous development).

Another main difference between the two policies is the involvement of the governmental bodies in the follow-up phases of the policy. In the German case, the State proposes a pilot phase and several mid-term checks, in order to adjust the process on the way, taking into consideration the needs and challenges arising from the local context. In the Italian case, on the contrary, a call is published and a few winning SMSTs are selected. From that moment on, the State does not intervene or follow-up thematically.

This raises issues on who holds the responsibility for the results. In the Small Town Academy case, the network shares responsibilities, and each SMST is prompted to individually contribute as a part of a group defending the collective interests. In the Bando Borghi case, the small town receiving the funds appears to be the main entity responsible for the correct implementation of the awarded project, although the presence of a network of reference is crucial for obtaining the award itself, acting as a sort of cushion against possible fall-backs or failures.

The consideration of towns as networked or individual systems has fundamental implications on the tools adopted to develop them, while their positioning and consideration in the broader political arena can lead to more bottom-up or top-down policy definition and implementation. In particular, the premises adopted to define the policies influence the very results that can be reached while implementing them. An interesting element to be highlighted in the policy design of the two cases is the experimental and integrated aspects of the strategies. In order to fine-tune them, the inclusion of a pilot phase seems relevant for adjusting the local capacities.

Finally, the EU offers tools and policies that can be used by Danish authorities to support towns' development in innovative, integrated and sustainable ways. European integrated policies and tools like the CLLD and the new EUI aim and offer the possibility of producing innovation in methods, through the promotion of place-based approaches to local development that are of particular relevance to SMSTs. Considering the 2014–2020 period, Denmark followed a traditional interpretation of the EU funds by using ERDF for larger urban areas, EARDF for rural areas and leaving aside the SMSTs. Seizing the opportunities offered by integrated European tools and policies in the 2021–2027 period, also in view of the experiences of other countries (e.g. an integrated use of EU funds for CLLD, networking to access innovative funding opportunities, etc.) can contribute to support the development of a balanced and cohesive urban structure in Denmark.

## 7 Conclusions and recommendations

### Addressing the needs of small and medium-sized towns

Despite the fact that a **significant share of the population of Europe (and even more of that of Denmark) lives in small and medium-sized towns (SMSTs)**, these are often neglected as specific sites of research or as targets of policy. Reasons for this are manifold, and SMSTs embody a wide diversity of conditions. On the one hand, they are assimilated within a broader regional context. What dominates is a sort of regional deterministic approach (Servillo & Paolo Russo, 2017), in which the overall regional direction overshadows the characteristics and the potentialities of SMSTs. Within this, towns are subordinated to the dichotomy of centre vs. periphery, or growing vs. lagging regions. On the other hand, several policy approaches and research areas address towns as individual spatial subjects, whose specific characteristics can be investigated, and for which specific spatial policies can be designed. The drawback of this approach is the risk of neglecting their spatial complexity and regional path dependency.

### SMSTs in Denmark – Well-known configurations and multi-layered patterns

This study provided a town-centred perspective, whilst also analysing their regional clustering. The **111 Danish SMSTs** have been mapped, reflecting a range of different dynamics. Contextually, a **4-type classification** based on demographic and employment trends has generated a series of additional considerations, providing a more diverse picture of SMSTs and hinting at policies targeting specific towns.

Type 2 and Type 4 towns represent well known configurations of SMSTs. Type 2 towns had above average population and job growth and were mainly located within metropolitan areas. Type 4 towns had below average population and job growth (or even decline). The two types often represent two extremes in the analysis, e.g. in regards to population and household structure, education, jobs or service provision. Regarding the latter, it is worth mentioning that Type 4 towns have the highest level of shops and services within the town, but regarding the supply on a regional scale (within 20 km) they are lagging far behind. The challenge for Type 4 towns is to find ways for restructuring and conversion. For Type 2 towns, the integration in the metropolitan area is a big opportunity but requires sustainable and resilient development to minimize risks related to its dependency on metropolitan growth.

Type 1 and Type 3 towns are more difficult to assign to a certain geography or specific boxes, making them all the more interesting variations. Type 1 towns had above average population growth, but below average job growth. This group was also the smallest, numbering only 14 towns of the total of 111. The towns include a few medium-sized provincial towns as well as small towns in metropolitan areas. In many variables they achieve average values, but have an overrepresentation of the young population and typically also an increase in number of young adults. The latter trend might be related to the high supply of (semi) tertiary educational institutions in the towns. Future challenges here may include maintaining employment to sustain local development.

Type 3 towns had below average population growth but above average job growth. The group includes small and medium-sized towns in metropolitan areas with a high concentration of jobs that serve the big labour market. The group also includes small towns along the coast or located in other areas of interest tourist destinations. Furthermore, some towns might be centres of a less populated area, providing jobs for the region. These insights into Type 1 and Type 3 towns provide ample reason to take a closer look into the variations within them. Though they seem simpler in terms of their typology, Type 2 and Type 4 towns also vary, depending on their growth pattern and location.

### Working with SMSTs – policy approaches in Denmark

We identify three national policy approaches (since 2007) addressing the geographic balance of the urban system including SMSTs in Denmark. The first approach was used for the organisation of the health sector, still based on regional units. The distribution of services was therefore defined by **regions functioning as service areas**.

- During this period regional authorities turned into implementation units of national policies. In line with this, it is recommended to carefully define the role and responsibilities of the regional authority in order to avoid any uncertainties as to the role of the regional government – as a regional authority overseeing the municipalities or as a national implementation unit.

The second approach addressed redistribution of public institutions, based on an anticipated **dichotomy of growing and lagging behind areas**, mainly the capital region in contrast to other areas in Denmark. The third approach targets specific urban settings (e.g. town centres, housing areas, coastal areas) by **defining global criteria**, without predefined regional division.

- During this period, several national programmes were launched inviting local authorities to apply for governmental support. Some of these programmes were akin to a tendering process. We recommend this kind of tendering – from ‘soft’ tendering on legal support for local projects to ‘hard’ tendering on governmental financing local initiatives – to be developed further. In particular, tendering involving local networking seems to facilitate a step forward from voluntary networking having weak results to dedicated networking focused on results.

### Lessons from Europe

The European context points to several paths for placing towns strategically on the policy agenda and provides insights that can be sources of inspiration to Danish authorities for supporting SMSTs’ development. In general, a growing trend sees the reinforcement of town networks, enabling a broad set of possible forms of cooperation between them. This may go through institutional tools, such as the CLLD approach, or through more bottom-up approaches through enabling platforms, such as the German Small Town Academy initiative.

Other important directions of policy evolution can be traced in terms of the integration of policy measures. Whether through calls for strategic plans, as shown in the Italian case, or through more institutionalised actions, as in other countries, integrated approaches for towns and tailored areas of cooperation are gaining momentum. The new European Urban Initiative, among other initiatives, indicates a shift from a metropolitan focus to a broader understanding of urban configurations, offering the possibility of sparking innovation in methods through the promotion of place-based approaches to local development.

Hence, seizing the opportunities offered by integrated European tools and policies in the 2021–2027 period, e.g. integrating EU funds for CLLD, and networking to access innovative funding opportunities, could contribute to support the development of a balanced and cohesive urban structure in Denmark.

## 8 Future research

A renewed dedicated agenda to SMSTs, rooted in ESPON TOWN and this spin-off, could provide important insights to recurrent policy themes, advocating for actions that are more effective. Here below we highlight key areas and dynamics for invigorating this agenda:

- Necessity / capacity to activate SMST networks, which are key to functional area approaches between towns and regional levels, as well as for capacity building, the production of knowledge and experience sharing.
- Scope and approach of policy cooperation and agendas, apt to develop and support local development, tailoring action and tools to territorial specificities and combining bottom-up and top-down approaches in different governance and institutional settings.
- Economic, environmental and social dimensions paired with the broader narratives and goals, from the European Green Deal to the overarching goal of reducing spatial disparities.
- Legitimacy of the policy agendas, in the short and long term, favouring participation, co-creation, recognition and empowerment of local communities.
- Coordination and shared responsibility of policy development and implementation in articulated and multi-level governance settings (strong central coordination vs subsidiarity) and integration of sectorial competences.
- Strategic-collaborative vs exemplary-competitive nature of actions, to be pursued depending on the specific issues at stake, taking into account the policy and territorial environment.

These dimensions are key insights for institutional bodies willing to activate policies for SMSTs, to close the gap between policy and expected results.

In order to better understand SMST development, challenges and opportunities, it is worth focusing on the strategic capacity of towns - see also ESPON projects ACTAREA (2017) and IMAGINE (2021). This means the ability of town-based stakeholders and organisations to organise and act strategically on external developments and opportunities, e.g. in attracting investment, acquire funding, start initiatives (e.g. for the town-centre) or develop joint visions and act on them. In Denmark, this includes particular dynamics resulting from the merging of municipalities, whereby several SMSTs are no longer the seat of the local city hall. Many municipal governments now have to represent several towns in their territory while SMSTs, in contrast to smaller towns, traditionally have not that locally coherent group of non-institutional actors promoting development..

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