

Local Autonomy in the Nordic Countries

**A report for the Norwegian Association of Local and
Regional Authorities**

by

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Sammendrag

Hvordan måles lokalt selvstyre (autonomi)?

Rapporten presenterer resultater fra en sammenlignende undersøkelse av kommunalt selvstyre i de fem nordiske land. Undersøkelsen har tatt utgangspunkt i en metode utviklet for å sammenligne det lokale selvstyret i 39 europeiske land, herunder også de nordiske landene. Den europeiske undersøkelsen dekket perioden 1990 – 2014. Denne oppfølgende rapporten dekker de nordiske landene fra 2015 til 2019.

Målemetoden består av elleve indikatorer som bl.a. bygger på *Det europeiske charter for lokalt selvstyre*:

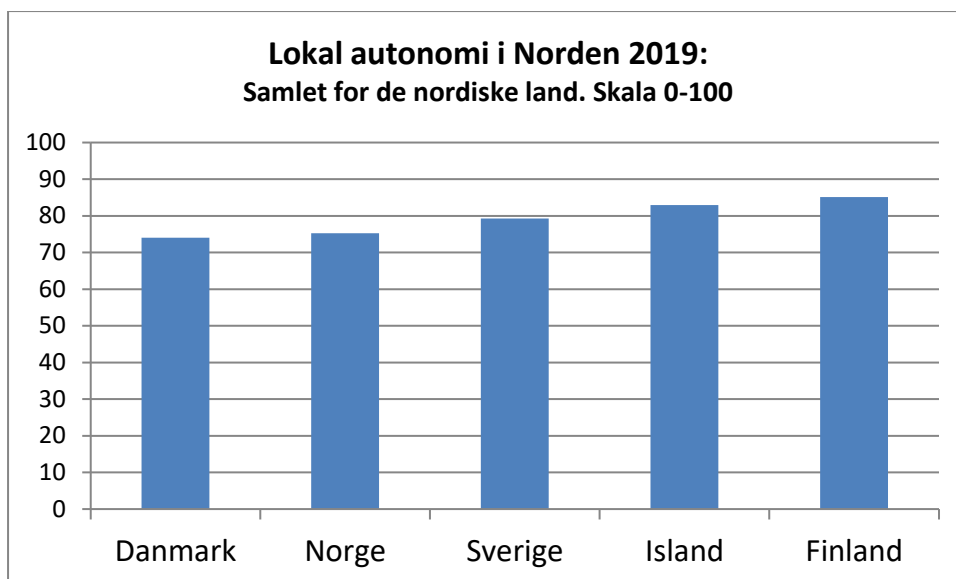
1. Oppgavefrihet: Kan kommunene selv velge oppgaver?
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Detaljene bak den enkelte indikator framgår av kodeboken som er lagt ved rapporten.

Fortsatt høyt nivå på lokal autonomi i Norden; Norge høyere opp

Denne rapporten bekrefter hovedinntrykket fra den tidligere studien: At selvstyret (autonomien) er omfattende og høyt utviklet i de nordiske land. De nordiske land befinner seg fortsatt i en tetgruppe av land når det gjelder lokalt selvstyre. I den europeiske sammenligningen utmerket de nordiske land seg med et bredt spekter av oppgaver og stor organisatorisk frihet. Men samtidig har det rettslige vernet for selvstyret vært svakere i Norden enn mange andre steder i Europa. På det siste punktet har det imidlertid vært framgang, bl.a. har Norge innført reformer på dette området.

Figuren nedenfor viser hvordan de nordiske landene skårer når det gjelder samlet kommunal autonomi i 2019.



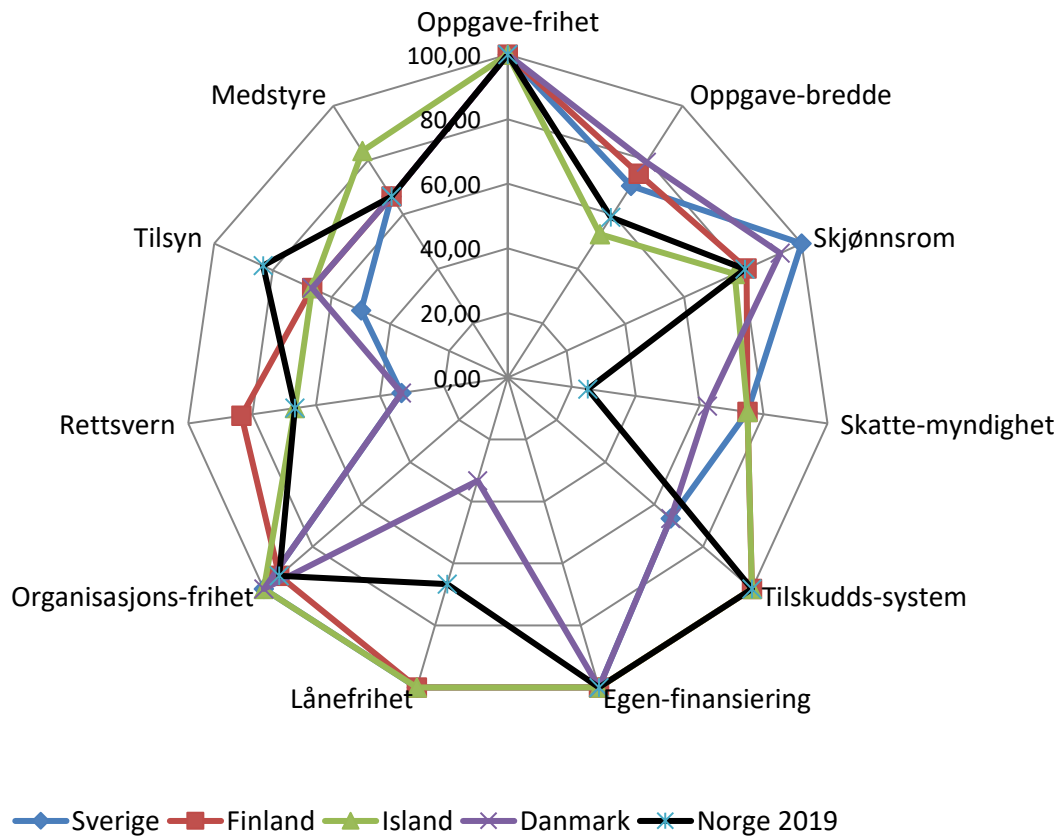
Høyest poengsum får Finland, med Island på andreplass og Sverige som nummer tre. Norge kommer på fjerdeplass og Danmark er nummer fem. Disse forskjellene må likevel ikke overskygge at alle land får en høy poengsum sett i den større europeiske sammenhengen.

Neste figur viser hvordan de nordiske kommunene skårer på de enkelte indikatorene. Skalaen går fra 0 til 100 poeng. Verdiene i figuren viser i hvilken utstrekning kommunene i et land oppfyller kriteriene som ligger til grunn for de forskjellige indikatorene. 100 poeng vil si at kriteriene er oppfylt fullt ut. Se tabell i vedlegget for detaljer.

Det framgår av figuren at kommunene i alle de nordiske land har stor oppgavefrihet, altså frihet til å ta på seg nye oppgaver; det kommunale selvstyret er såkalt «negativt avgrenset». I en del andre land må kommunenes oppgaver være hjemlet i lov eller kan være avgrenset på andre måter. Som nevnt er oppgavebredden blant Nordens kommuner også ganske stor. Det samme gjelder frihet til å organisere det kommunale apparatet etter lokale ønsker. Graden av egenfinansiering er også høy, dvs. andelen av inntektene som kommer fra lokale kilder. Den høyeste poengsummen innebærer at minst femti prosent av inntektene for kommunene samlet kommer fra lokale kilder slik som skatter og avgifter betalt av egne innbyggere.

Lokal autonomi 2019 etter tema og land.

Skala 0-100



Rapporten avdekker imidlertid at det også er forskjeller mellom de nordiske land. Det rettslige vernet for selvstyret er i Norge styrket i senere år gjennom tillegg til Grunnloven samt at kommunene er tilkjent søksmålskompetanse overfor statlige myndigheter i tvister om lovforklaringer angående kommunale vedtak. Norge er dermed kommet på nivå med Finland og Island når det gjelder rettsvern, mens Danmark og Sverige ligger noe etter på dette punktet.

Derimot har norske kommuner mindre finansiell frihet enn kommuner i de andre landene, og særlig når det gjelder beskatningsmyndighet, der finske og islandske kommuner nyter størst frihet. Også når det gjelder frihet til å ta opp lån, er det forskjeller; lånefriheten er mest innskrenket i Danmark. Når det gjelder tilskuddssystemet eller overføringsordningene til kommunene, styres poengtildelingen av hvor stor andel av tilskuddene som er øremerket. For å få den høyeste poengsummen kreves det at øremerkede tilskudd utgjør mindre enn 20 prosent av samlede overføringer. Dette kriteriet tilfredsstilles av Norge, Finland og Island.

Den kommunale autonomien slik den måles her, påvirkes av bredden av oppgaver som kommunene ivaretar, jo bredere oppgavespekter, jo høyere blir poengsummen. I temaene «oppgavebredde» og

«skjønnsrom» inngår det underliggende analyser av sytten forskjellige funksjonsområder, fra barnehager til arealplanlegging. Det er forskjeller mellom de nordiske land når det gjelder oppgavene som ivaretas av kommunene. Finske kommuner har det bredeste spekter av oppgaver og islandske det snevreste. For eksempel er de finske kommunene ansvarlig for så vel videregående skoler som sykehus. Sykehus er ikke kommunalt ansvar i noen av de andre landene, mens det bare er Sverige som i tillegg til Finland har gitt kommunene ansvar for videregående utdanning. Derimot har kommunene ansvar for barnehager i alle fem land. Det samme gjelder sosialhjelp.

Kommunenes rolle som førstelinje i håndteringen av nye samfunnsproblemer demonstreres gjennom ansvaret for integrasjon av flyktninger. På dette området er kommunene tildelt et omfattende ansvar i Danmark, Sverige og Norge, mens det er mer begrenset i Finland og Island.

De nordiske kommunene får høye verdier på temaet «medstyre», som innebærer at de har god tilgang til beslutningstaker på statlig nivå gjennom de veletablerte konsultasjonsordningene som finnes. Island får litt høyere verdi enn de andre på bakgrunn av at statens konsultasjonsplikt overfor kommunene er lovfestet. Figurene til slutt i sammendraget viser de forskjellige lands profiler i forhold til gjennomsnittsverdiene for Norden.

Lokal autonomi bestemmer rommet for lokalt demokrati

Meningsfullt lokalt demokrati forutsetter et visst nivå av lokalt selvstyre. Lokale folkevalgte må kunne ta selvstendige avgjørelser for at lokale valg skal være meningsfulle. Lokale valg dreier seg ikke bare om å velge representanter til styrende organer; gjennom valg holdes representantene ansvarlig for avgjørelser om og resultater av kommunal innsats. Skal representantene kunne ansvarliggjøres på en meningsfull måte, må de ha innflytelse over sakene som er tillagt kommunene. I de nordiske kommunene, som er delegert ansvar for en rekke tunge saksområder og i tillegg i stor grad finansieres gjennom overføringer, kan innflytelses- og ansvarsforholdene bli utydelige.

Rommet for lokalt demokrati består av lokal folkevalgt kontroll over mål og midler for lokal oppgaveløsning. Kontrollen over *mål* anskueliggjøres gjennom innflytelse over oppgavene. Kontrollen over *midler* måles gjennom innflytelse over kommunale finanser. Gjennom en slik analyse framstår rommet for lokalt demokrati som videst i Sverige og Finland og snevrest i Norge. De to andre landene kommer i en mellomposisjon. Det smalere demokratirommet i Norge er i særlig grad resultatet av sterkt innsnevret beskatningsfrihet. De norske kommunestyrerepresentantene kan altså i liten grad påvirke den kommunale inntektssiden utenom nivået for eiendomsskatten, som er av sekundær betydning for finansieringen av kommunene. Dermed tas kanskje et viktig tema ut av den lokale politiske debatten, med risiko for at lokaldemokratiet blir mindre interessant og relevant for velgerne.

Lokal autonom og samspillet med staten – motmakt, medmakt og myndling

I målesystemet er det tre indikatorer som i særlig grad måler kommunenes stilling i samspillet med staten: Rettsvern, tilsyn og medstyre. I sum omtaler rapporten disse indikatorene som uttrykk for *interaktivt* styre. Har kommunene en lav status på alle tre indikatorer (lavt rettsvern, inngripende og overprøvende tilsyn og liten tilgang til nasjonale arenaer), blir kommunene kun *myndlinger* i forhold til staten, dvs. passive mottakere av styringssignaler ovenfra. Med middels verdier på disse områdene åpnes det for et samspill av mer lærende art, og kommunene blir en *medmakt* som bidrar positivt til utvikling av ny politikk. Med svært høye verdier kan kommunene bli en *motmakt* i nasjonal politikk med nærmest vetomakt overfor statlige initiativ. Kommunesektorens stilling i Frankrike kan være et nærliggende eksempel i den retningen.

De nordiske kommunene ligger for det meste innenfor de mer balanserte verdiene som tilsier status som *medmakt* i forhold til staten. De høyeste verdiene har Norge, Finland og Island, noe lavere verdier for Danmark og Sverige.

De nordiske kommunene fungerer altså som korrektiv i nasjonal politikk. Gjennom konsultasjonsordningene er det åpenbart at kommunene har en kanal til å formidle egne erfaringer og forventninger til nasjonal politikk. Men også rettsvernet og tilsynet kan sees på denne måten. Rettsvernet via rettsapparatet er ikke bare en kanal for avgjørelser om hvem som *har rett*. Det kan også være en kanal som bidrar til endringer i politikk, på kort sikt i den saken som et tvistemål gjelder, på lengre sikt på basis av akkumulerte erfaringer. Slik er det også med statens tilsyn med kommunene. Det bidrar til læring i den enkelte kommune som utsettes for tilsynet, men tjener også til å formidle erfaringer på ulike politikkområder oppover i systemet.

Er kommunene over-regulert?

Dette spørsmålet kan ikke denne rapporten svare entydig på. Den konstaterer at på mange områder er reguleringen av kommunene blitt stadig mer finmasket og kompleks og kan vise til andre rapporter som synes å dokumentere dette. Noen reguleringer dreier seg om å styre *innsatsfaktorene* i den kommunale tjenesteytingen (øremerking, personellnormer, m v.), andre spesifiserer i detalj hva slags *ytelser* brukere har krav på (f. eks. enerom på eldreinstitusjoner eller ernæringsstandard i barnehager). Videre finnes det mye regulering av *prosedyrer*, f. eks. beslutningsprosedyrer. Endelig er det en stor gruppe av halvformelle reguleringer som kan klassifiseres under merkelappen «*nudging*» (små dytt i en bestemt retning), slik som velmente råd og vink gjennom håndbøker, kompetansesentre, konferanser og seminarer. Eller det gis relativt håndfaste vink gjennom prestasjonsmålinger som publiseres gjennom nettportaler for å gi kommunene insentiver til ekstra innsats på bestemte områder, for ingen kommuner liker å framstå som «dårligst i klassen. Slik «*nudging*» fra statlige myndigheters side ser ut til å være en tiltakende måte å styre på, og er vel verdt en nærmere undersøkelse.

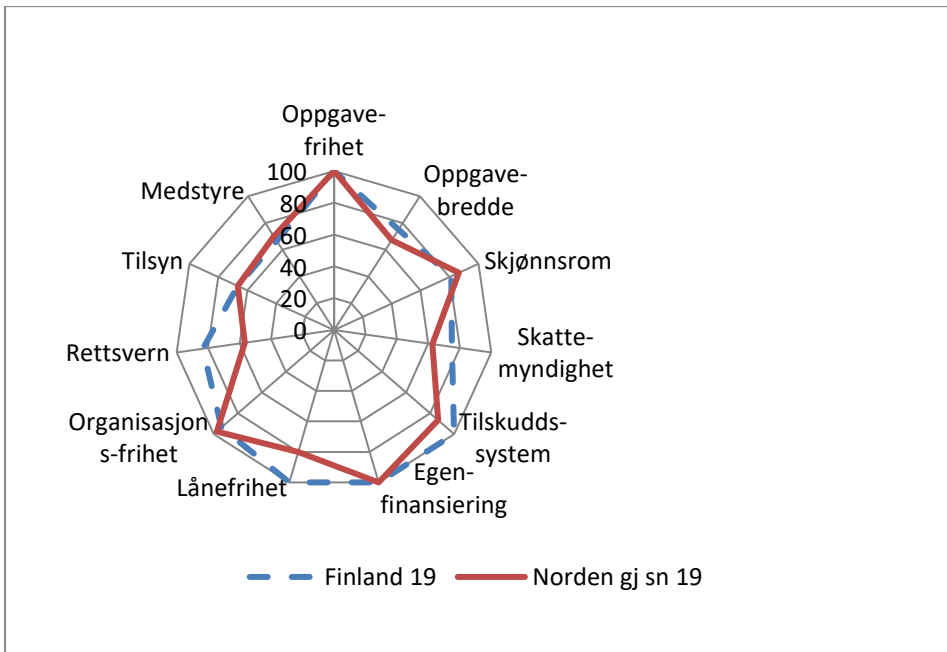
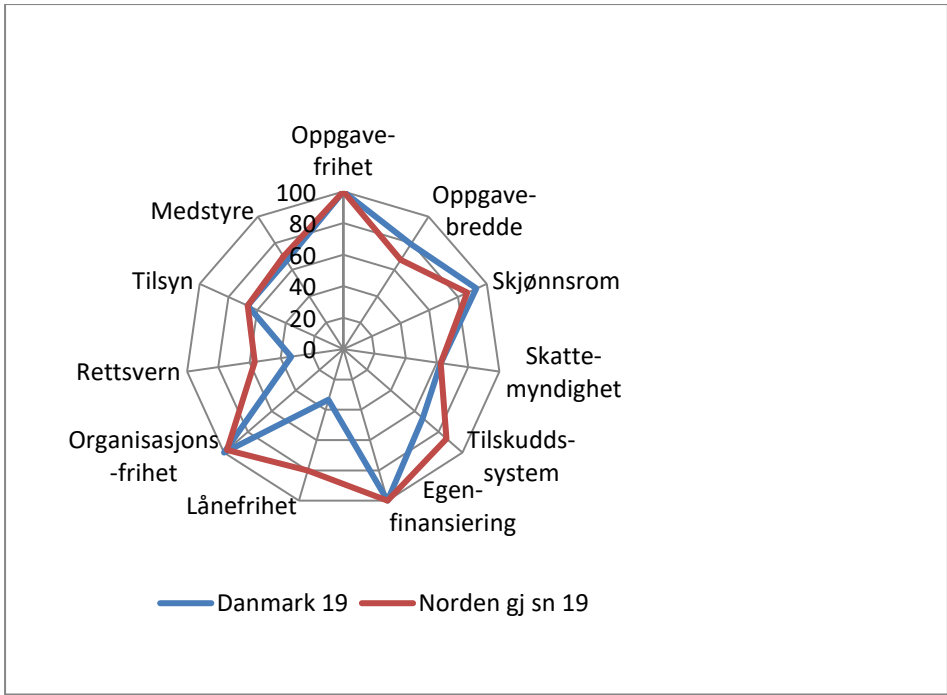
Tre veier til utdypning av lokal autonomi

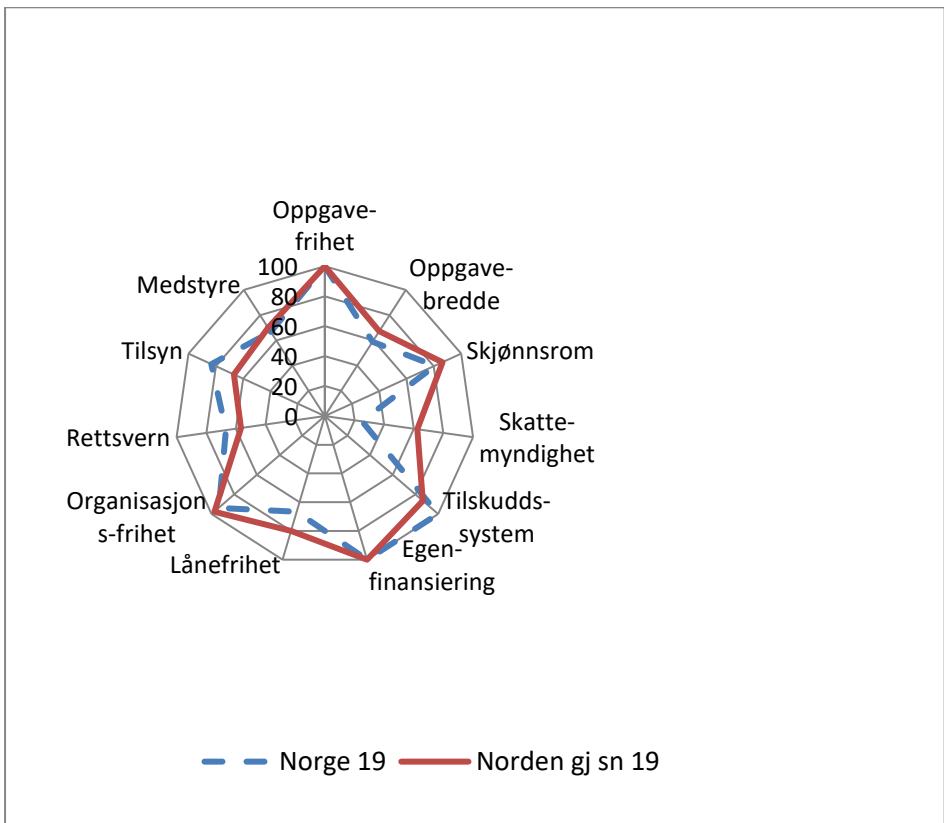
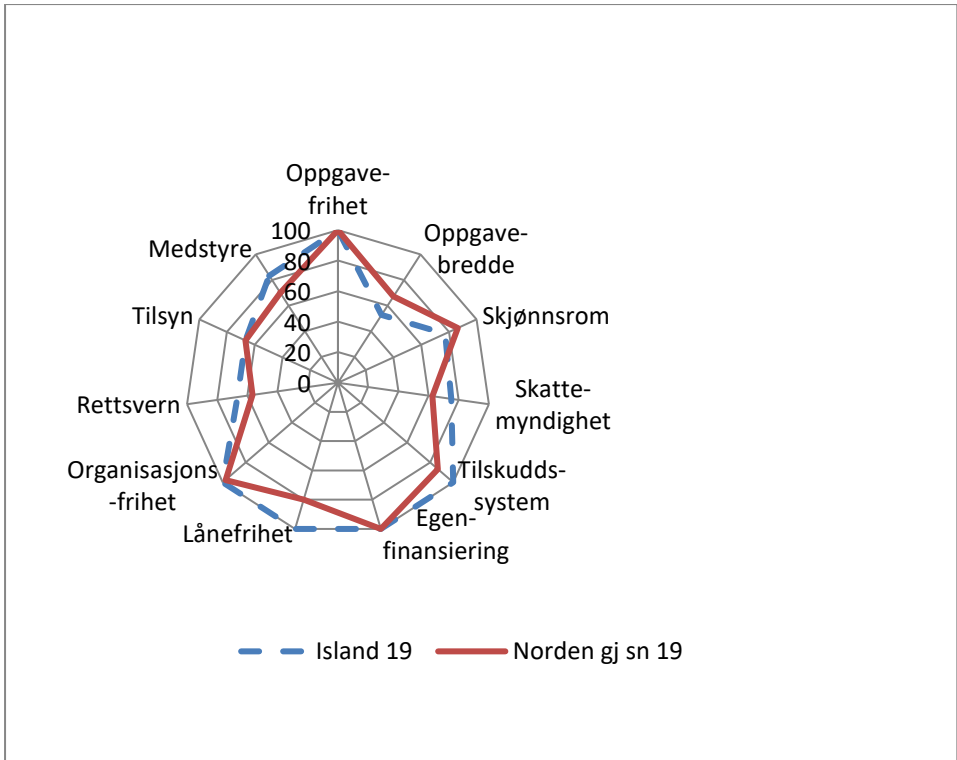
Basert på observasjoner fra denne rapporten samt det videre europeiske utsyn som det er redegjort for tidligere, avtegner det seg tre spor for vern om og utdypning av lokal autonomi. Det første sporet er *vektermodellen*, med institusjoner som passer på at staten så vel som kommunene overholder myndighetsfordelingen mellom stat og kommune. Den overordnede institusjonen i denne sammenhengen er *Charter for lokalt-selvstyre* som foreskriver prinsipper for godt selvstyre. I tilknytning til nasjonalforsamlingene kan det finnes komiteer som vurderer lovforslag m.h.t. konstitusjonalitet ut fra prinsipper nedfelt i landets grunnlov. Eller det kan være departementer som har ansvar for å vurdere om forskrifter utformet av andre myndigheter bryter med prinsipper i kommunelovgivningen (slik praksis er i Norge). Man kunne også innenfor en slik vektertankegang forestille seg en *ombudsmann* for kommunene, som klageinstans for kommuner som mener at statlige myndigheter har trådt det lokale selvstyre for nær. På mange måter fungerer også de nasjonale kommuneforbundene som slike vektere.

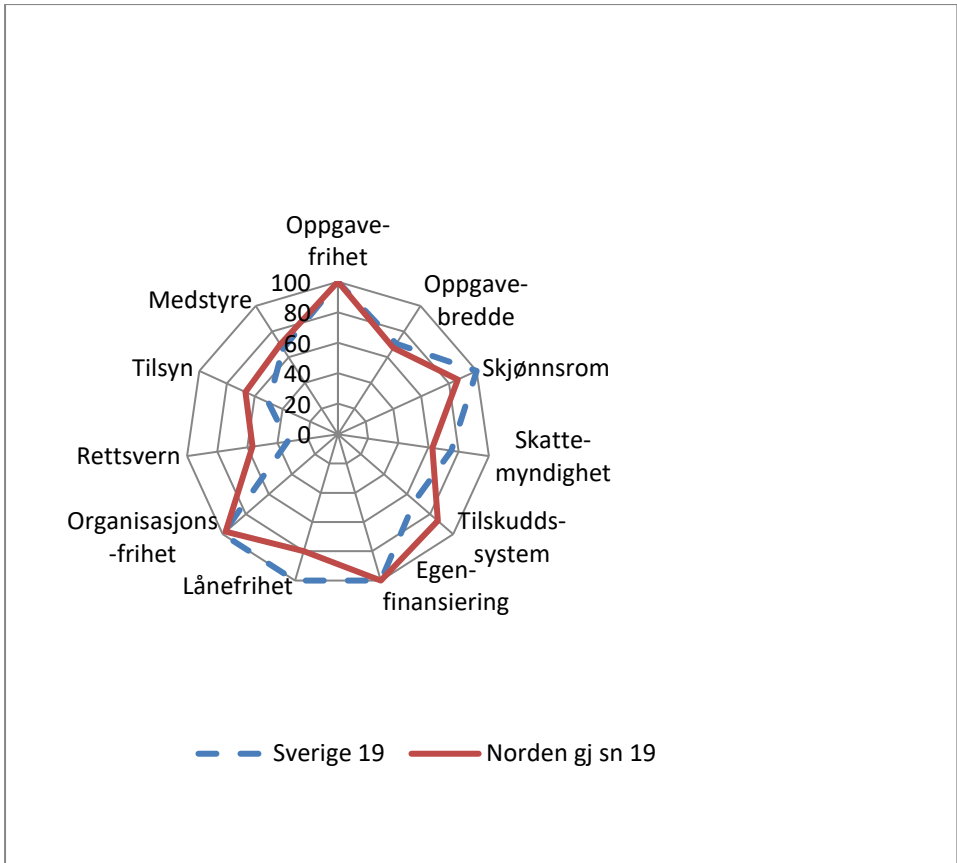
Vekterne er reaktive mekanismer som skal sikre kommunene *frihet fra* statlig innblanding. I et dynamisk samfunn der kommunene stilles overfor stadig nye utfordringer, kan det også være behov for mer proaktive mekanismer som legger grunnlag for *frihet til* å gå inn på nye områder selv om nye tiltak kan bryte med etablert arbeidsdeling mellom styringsnivåene eller kreve revisjon av lovverk. Én modell for en slik vei mot utdypet autonomi er godt kjent i de nordiske land, nemlig *forsøksmodellen*. Denne modellen ble tatt i bruk i stor skala i de nordiske land i perioden med frikommuneforsøk, som foregikk noenlunde parallelt i Norge, Sverige og Danmark på 1980- og 1990-

tallet. Forsøkene gikk i mange tilfeller ut på at kommunene overtok statlige oppgaver for en periode og kunne også føre til mer permanente endringer i statlig regulering av kommunene. En varig frukt av forsøksperioden var lovgivning for forsøksvirksomhet i offentlig forvaltning. Disse lovverkene kan utnyttes mer systematiske med sikte på utdyping av kommunal autonomi og gir kommunene selv mulighet for enkeltvis eller samlet å ta initiativ til utvikling av den kommunale selvbestemmelsen.

Et tredje spor for utviklingen av lokal autonomi kan ligge i en mer differensiert oppgave- og myndighetsfordeling enn den som generalistkommunetanken legger opp til. Innenfor rammen av generalistprinsippet vil gjerne nivået på lokale autonomi bli bestemt av kapasiteten hos de minste eller svakeste kommunene. I en modell med asymmetrisk myndighetsfordeling vil noen kommuner kunne få flere oppgaver eller mer myndighet enn andre kommuner for å svare på særskilte problemer som kanskje ikke alle kommuner står overfor. Slike tanker har vært framme tilknytning til drøftinger av kommunestrukturer i de nordiske land i de senere år uten at tankene har fått gjennomslag. Slike modeller er likevel ganske utbredt i europeiske land, for eksempel i Sveits, Tyskland eller Polen og hører med i et overblikk over strategier for selvstyretutvikling







Introduction

Purpose of the project

The purpose of this project is to update the analysis of the autonomy of local government in the five Nordic countries 2015 – 2019¹. The project is a follow-up of a co-operative endeavor that have measured local autonomy in 39 European countries 1990-2014 (see Ladner et al. 2016, and 2019). These projects are responses to concerns expressed by local government in many European countries over increasing pressures on the autonomy of local government driven by a variety of trends, including insensitivity among national authorities to the need for a local room of manoeuvre for local government to do its job effectively.

The issues addressed by this project include

- 1) How to fine-tune measures of local autonomy to capture the role of local government in the Nordic countries?
- 2) What is the level of local autonomy in the Nordic countries compared to that of other European countries?
- 3) How has local autonomy developed in the Nordic countries in the period of 2015-2019?
- 4) What are the strengths and weaknesses of local autonomy in the Nordic countries?
- 5) How does local autonomy contribute to local democracy and fruitful central-local relations?
- 6) What are the sources of pressure on local autonomy?
- 7) What measures may be taken to protect and enhance local autonomy while stimulating local democracy and fruitful central-local relations?

What is local autonomy?

Theoretically, the concept of local autonomy reflects several schools of political thought: that of liberal democracy in the tradition from John Locke to John Stuart Mill, which emphasises citizens' capacity for self-rule; that of subsidiarity, which in a Christian tradition highlights citizens' obligations for caring for each other; and that of (economic) welfare theory, which focuses on the instrumental value of local self-government for maximizing the efficient use of resources (e.g. the decentralization theorem formulated by Oates (1972)).

There has been growing scholarly interest in local autonomy in recent years. A classical approach to local autonomy has been concerned with local government's *freedom from state intervention* (e.g. Clark 1984). Another approach has emphasised local authorities' ability *to influence higher levels* of

¹ For a general overview of local government in the Nordic countries, see Baldersheim et al. 2017; For a comparative presentation of European local government, see Loughlin et al. 2011.

government and especially national policy-making of concern to local government (Page 1991, Goldsmith and Page 2010). Other scholars have seen the *capacity to act* as a vital component of local autonomy (Sellers and Lidström 2007), be it through organisational development or financial muscles.

Today, local autonomy is a feature of the political-constitutional order of most European countries. In institutional-practical terms, local autonomy is expressed through the structures of local government, with long historical traditions in some nation-states while being of more recent origin in other states. The basic principles of local autonomy have been accepted by all European countries through their ratification of *the European Charter of Local Self-Government* as formulated by the Council of Europe in 1987.

To fulfil their obligations under the Charter², states should

- Provide constitutional guarantees for local self-government and ensure local authorities have access to channels of adjudication in dealings with state authorities
- Allocate a significant body of functions to local government and provide space for local decision-making
- Ensure that local government has sufficient funding to carry out those functions, including access to own means
- Organise administrative supervision of local government in ways that do not unduly limit local discretion
- Consult the local authorities involved before redrawing their borders.

Thus, the concept of local autonomy highlights the opportunities of properly elected local decision-makers to make choices and set priorities for their respective communities in affairs allocated to local government. Local autonomy is, therefore, an institutional pre-condition for local democracy as well as local efficiency.

Despite the Council of Europe's efforts to promote the value of self-government the level and format of autonomy of local government vary considerably from country to country. However, the five Nordic countries tend to come out as quite similar in most respects as regards local autonomy, and, as a group, they are among the six or seven top-scoring countries in Europe. Nevertheless, there may also be interesting contrasts among the Nordic countries in this regard. Bringing out such contrasts may be helpful for cross-country learning in terms of further development of local self-government.

² Cf. Stokstad 2011 for a discussion of the Charter and its application.

How to measure local autonomy?

Over the last decade, a series of indicators have been proposed for the purpose of comparing local autonomy across countries with different systems of local government. (See Harguindéguy et al. 2019 for a recent review of decentralisation indices).

For the purpose of this project, the Local Autonomy Index is used (Ladner and Keuffer 2018). As already mentioned the LAI has been applied to 39 European countries, including the Nordic countries. The LAI reflects the basic concerns of the European Charter while also drawing on other sources of inspiration, especially the Regional Authority Index³.

The LAI consists of eleven indicators that highlight institutional features of central-local relations that facilitate or bolster the local council's capacity to set its own priorities regarding the production and distribution of collective goods for the community, be it positively in terms of extensive delegation of functions and powers, or negatively in terms of legal restraints on the state's intervention in local affairs.

Briefly, the indicators⁴ of the LAI 1990- 2014 cover,

Institutional Depth: The core of local government is the possession of freedoms that allow local decision-makers to respond to the collective preferences of local citizens, including the opportunity to take on new tasks in response to new citizen preferences, according to how local needs and political conditions might change over time. Consequently, the freedom to take on new tasks is a central aspect of local autonomy (A3, A4.1 and 4.2*).

Policy Scope: This variable measures the range of functions for which local government is responsible. The idea is, generally, that the more tasks allocated to local government, the greater is local government autonomy (A3, A4).

Effective Political Discretion: Effective political discretion denotes the space for independent local decision-making on various aspects of tasks that have been allocated to local government. Since the space for local decision-making may vary considerably from task to task also inside countries, the scoring of local government on this variable had to proceed task by task (A4.5).

Fiscal Autonomy: This indicator refers to the taxation powers of local government. To what extent do municipalities have the power to impose taxes on their citizens? In some countries, local government can only set base and rate of minor taxes or does not have the powers to decide on tax matters at all, whereas in other countries local government sets the base and rate of several major taxes (A9.3).

Financial Transfer System: In all countries, central government provides financial support to local government in one way or another. The precise features of the transfer system make a great deal of difference to local autonomy, however. Unconditional transfers or grants are generally seen as more conducive to autonomy than conditional or earmarked grants (A9.7).

³ On the Regional Authority Index, see Hooghe, L., Marks, G., Schakel, A. H., Chapman Osterkatz, S., Niedzwiecki, S., Shair-Rosenfield, S. (2016). *Measuring Regional Authority: A Postfunctionalist Theory of Governance, Vol. I*, Liesbet Hooghe, Gary Marks, and Walter Mattli, eds.. Oxford: Oxford University Press.

⁴ See Appendix for details of the code book.

Financial Self-reliance: This is an indicator that gauges the extent to which the sources of revenue are of a local nature rather than coming from the central government or through redistribution mechanisms. The more locally financed local government is, the more financially self-reliant it is and the greater its autonomy since access to local sources to finance the local budget reduces dependence on other levels of government (A9.3).

Borrowing Autonomy: Local authorities often borrow money to realize investment projects decided by local councils. However, for reasons of national policy, central governments normally impose restrictions of a more or less stringent nature on local government borrowing. The more stringent these restrictions, the more constrained local autonomy is (A9.8).

Organizational Autonomy: The indicator measures the extent to which local authorities may decide certain features of their own political and administrative systems or hire staff on conditions framed locally (A6.1).

Legal Protection: Legal protection refers to remedies of a legal nature open to local authorities in case of conflicts with other branches of government, such as for example constitutional clauses or recourse to administrative courts (A11).

Administrative Supervision: In order to ensure compliance with national policies or to ensure the rights of citizens, in all countries, decisions and service provisions of local government are supervised by agents of the central government. The formats and intensity of supervision vary a great deal, however, from detailed scrutiny of the merits of local operations to reviews of the legality of decisions, and local autonomy is circumscribed accordingly (A8.2).

Access to higher-level governments: The measurement of local autonomy also takes into account the access of local government to higher levels of decision-making. This may include channels of formal access of local authorities to national arenas of legislation as well as less formal procedures of consultation, provided they are of a fairly regular nature.

*refers to Articles of the European Charter of Local Self-Government.

It should also be noted that the LAI focuses on the institutional features of the local government *system* of specific countries, not on the position of individual local authorities inside the respective systems. In other words, the units of observation are the local government systems of Europe (we are aware, however, that a number of countries have several or asymmetrical local government systems, especially federal countries; this is taken into account in the European-wide comparisons).

Background: Local autonomy in the Nordic countries 1990 – 2014 as recorded in the project on *Patterns of Local Autonomy in Europe*

The project on local autonomy in Europe 1990-2014 (Ladner et al. 2016; Ladner et al. 2019) identified a number of distinctive features of the Nordic countries as well as variations across countries. The Nordic countries are distinguished by high overall levels of local autonomy as demonstrated by figure 1; they are in the top-scoring upper quarter of European countries when measured on the LAI.

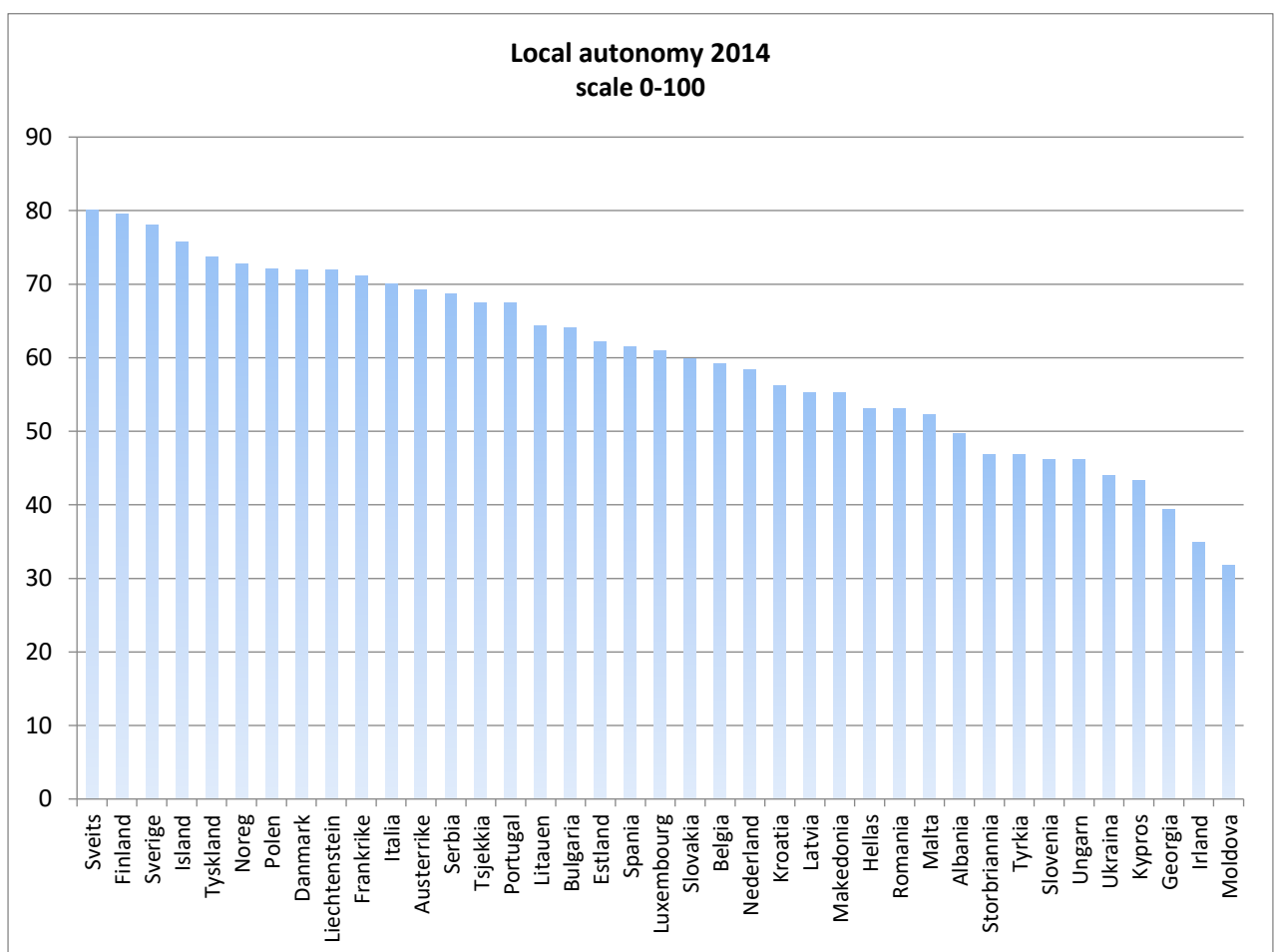


Figure 1: Local autonomy in Europe – total scores by country 2014. Scale 0-100

Source: Ladner et al. 2016.

Figure 2 below shows how the Nordic countries as a group scored on the eleven indicators that make up the LAI compared to the rest of Europe. The Nordics as a group stood out in particular in terms of institutional depth and financial and organisational autonomy. Nordic local authorities were also characterised by an extensive range of functional responsibilities. This again meant that municipalities

accounted for a significant share of overall public expenditure. They were also granted fairly high levels of *effective political discretion*, although some reservations were noted in this regard. However, the *legal protection* of local autonomy (constitutional clauses, access to courts, etc.) was less developed in the Nordic countries than in many countries of continental Europe, perhaps reflecting different state traditions (Loughlin et al. 2011).

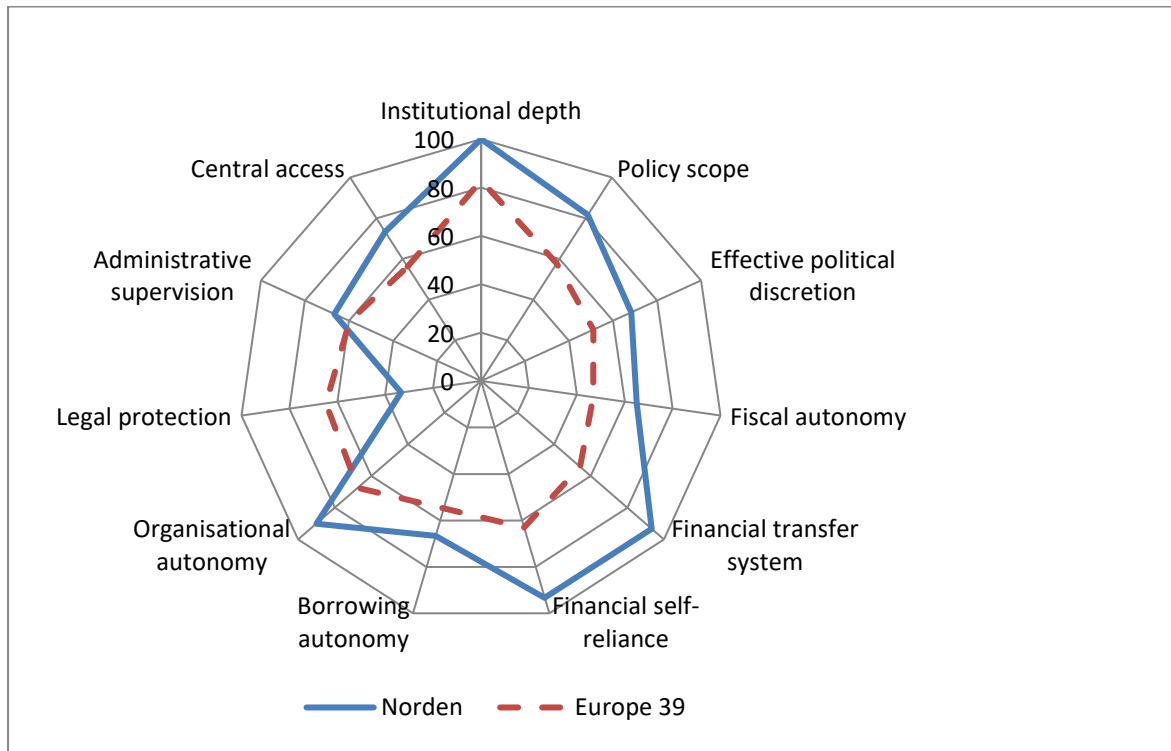


Figure 2: Norden versus Europe in terms of LAI 2014 – scores by country and indicator.

Scale 0-100

Nevertheless, there were also a series of contrasts among the Nordics, as shown in figure 3 below. For example, local government in Norway enjoyed considerably less financial autonomy than local government in the other four countries, particularly as regards *fiscal* autonomy, since levels of local taxation were largely set by Parliament.

In terms of *legal protection* there was a contrast between Finland and the other four countries. Local government in the former had access to adjudication through administrative courts regarding rulings of state agencies (e.g. reversals of complaints); no similar institutions existed in the other countries, which could leave local government more vulnerable to unilateral state interventions. Norway was unique in lacking constitutional clauses regarding local government. The constitutions of the four other countries varied as to the details of the specifications of rights and powers of local government, Sweden and Finland having the most elaborate clauses and Denmark a briefer formulation. Whether

the details of constitutional clauses actually are of any consequence for local autonomy is a matter of debate.

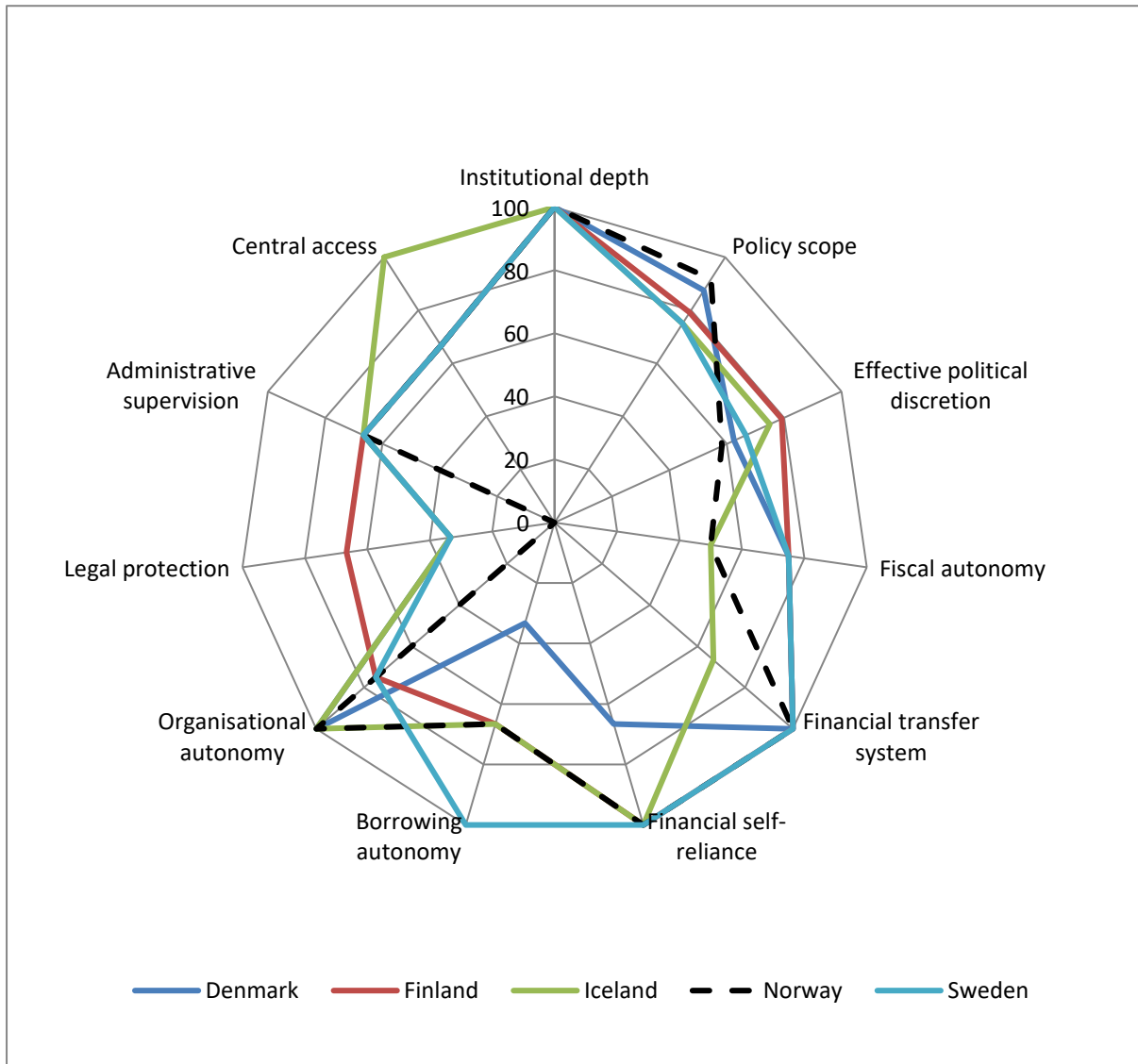


Figure 3: LAI Nordic countries 2014 – LAI scores by indicators and country. Scale 0 – 100.

Why does local autonomy vary, and does it matter?

As demonstrated above, local autonomy varies considerably across European countries. What are the drivers of variation? And, moreover, does the level of local autonomy really matter for political and economic development? These issues were also addressed in the European project of 39 countries reported above.

As to drivers of or reasons for varying levels of local autonomy, four main hypotheses were analysed (Baldersheim et al. 2017, Ladner et al. 2019): 1) local autonomy is a strategy for handling diversity of local communities across the territory of a state; consequently, the more diversity, the more local autonomy. 2) high levels of autonomy require a certain size of municipalities in order for municipalities to possess the capacities needed to manage an extensive range of tasks entailed by high autonomy; consequently, the larger the average size of municipalities of a given country, the more autonomy those municipalities are granted. 3) local autonomy (or the lack of it) is an expression of a deep-rooted political culture that maintains autonomy at a stable level over long periods of time, and, furthermore, that reflects the level of trust between local and central government and between citizens and local government (high trust where local autonomy is high, and low trust where autonomy is low). 4) local autonomy is the outcome of competitive games between levels of government (municipalities and regions); the existence of strong, autonomous regions reduces the space available for autonomous municipalities.

The cultural hypothesis was the one most consistently supported: although local autonomy increased somewhat overall over the 25 years studied in the project, the ranking of countries was remarkably stable: those at the lower and upper ends of the scale were much the same groups of countries at the beginning and end of the period. And, furthermore, levels of local autonomy were clearly associated with levels of trust, as expected.

Surprisingly, however, there were no connections between country diversity (measured as country size) and local autonomy, and no connection with average municipal size found in a country. In other words, there was no difference in terms of local autonomy between large and small countries. Even more surprisingly, perhaps, no difference could be observed between countries with on average large municipalities compared to countries with small municipalities. Countries with large municipalities did not grant more local autonomy than did countries with small municipalities. Finally, the competitive games hypothesis was not supported; rather the opposite was found to be the case: strong regions and autonomous municipalities go together. The latter finding could also be taken as a further expression of the cultural foundation of local autonomy: political traditions that value local autonomy also value regional autonomy and provide space for high levels of overall political decentralisation. The Nordic countries appear to be the torchbearers of such a tradition.

What about social and political consequences of local autonomy? This issue turned out to be much harder to analyse, and preliminary findings can only point to certain correlations that are striking but cannot claim to have pinpointed any causal connections. Nevertheless, countries with high levels of local autonomy are characterised by higher levels of GDP and more socio-economic satisfaction among citizens, etc. More work needs to be done in this field, but the research so far demonstrates interesting relationships that should be of great interest to designers of public sector reforms.

Local autonomy in the Nordic countries 2015 – 2019: Results from the Nordic project

As in the preceding European project the development of Nordic local government in the period of 2015 – 2019 has been recorded and coded by experts from the respective countries. The reports of the experts are attached as appendices to this summary report.

The overall impression of the results for the period 2015 – 2019 is that there have been few substantial changes. The basic features of the Nordic models of local government remain in place, including high levels of local autonomy. The highest overall scores as of 2019 are recorded for Finland and Iceland with above 80 points, with Sweden at 79, Norway at 75 and Denmark at 74 points of the total score theoretically possible. The relative positions inside the group of five countries are almost the same as at the end of the preceding period, except that Iceland and Sweden have changed places. The most conspicuous changes have taken place in Norway with a rise of 5 points from 2015 to 2019. The Norwegian changes are mostly due to changes in legal protection of local self-government. See below for further comments.

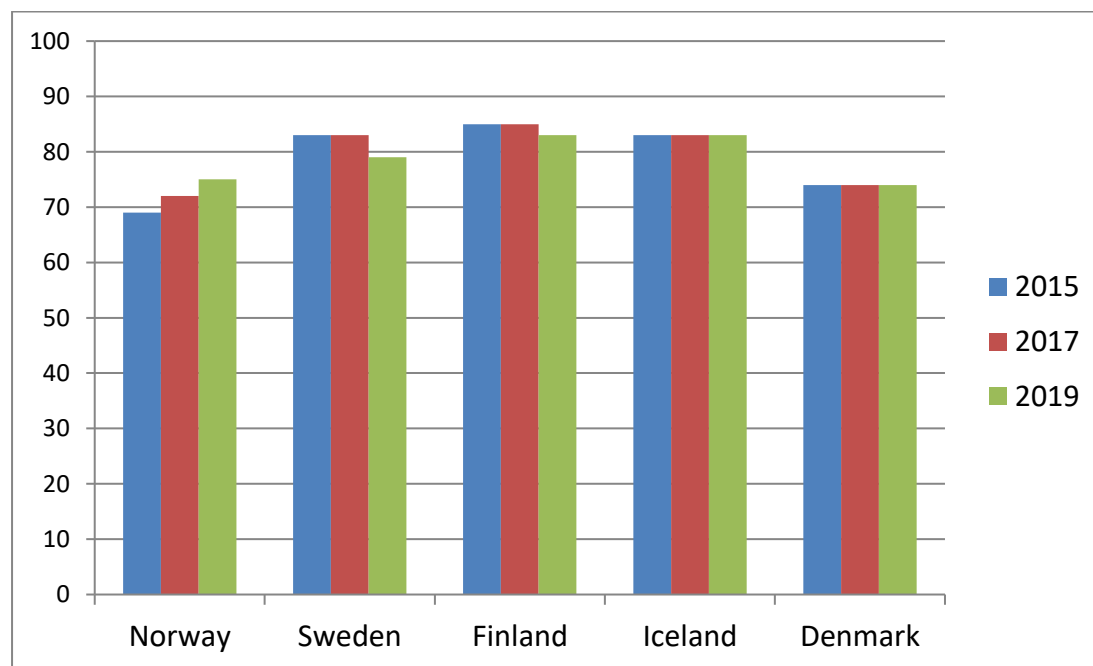


Figure 4. The Local Autonomy Index for Nordic municipalities 2015- 2019 by country and year. Scale 0-100

As already mentioned, the scoring system has been somewhat modified in order to capture aspects of Nordic local government that were underreported in previous reports. The deviations from the previous coding system primarily affect the indicators Policy Scope and Effective Political Discretion.

A broader set of local functions have been included to better cover the welfare services of local government, including responsibilities for the integration of refugees. The inclusion of the latter function also reflects how local government in the Nordic countries is mobilised to attend to new challenges that arise in constantly evolving societies; it also reflects how such challenges may put local autonomy under pressure. We also point out that Effective Political Discretion is given a more precise definition than in the previous round of coding (see codebook). Any comparisons with the results from the preceding period (1990 – 2014) must take account of these modifications.

For example, the higher score for Finland compared to that of 2014 is due to more functions being included in the index of local autonomy compared to the measurements of the previous period, which may favour Finnish municipalities that cover functions through inter-municipal cooperation that may be allocated to regional or state authorities in the other countries. In contrast, the Norwegian increase is chiefly the result of constitutional and legal reforms.

Below, the results are presented and commented upon indicator-by-indicator with reference to figure 5. See the tables in the Appendices for more details.

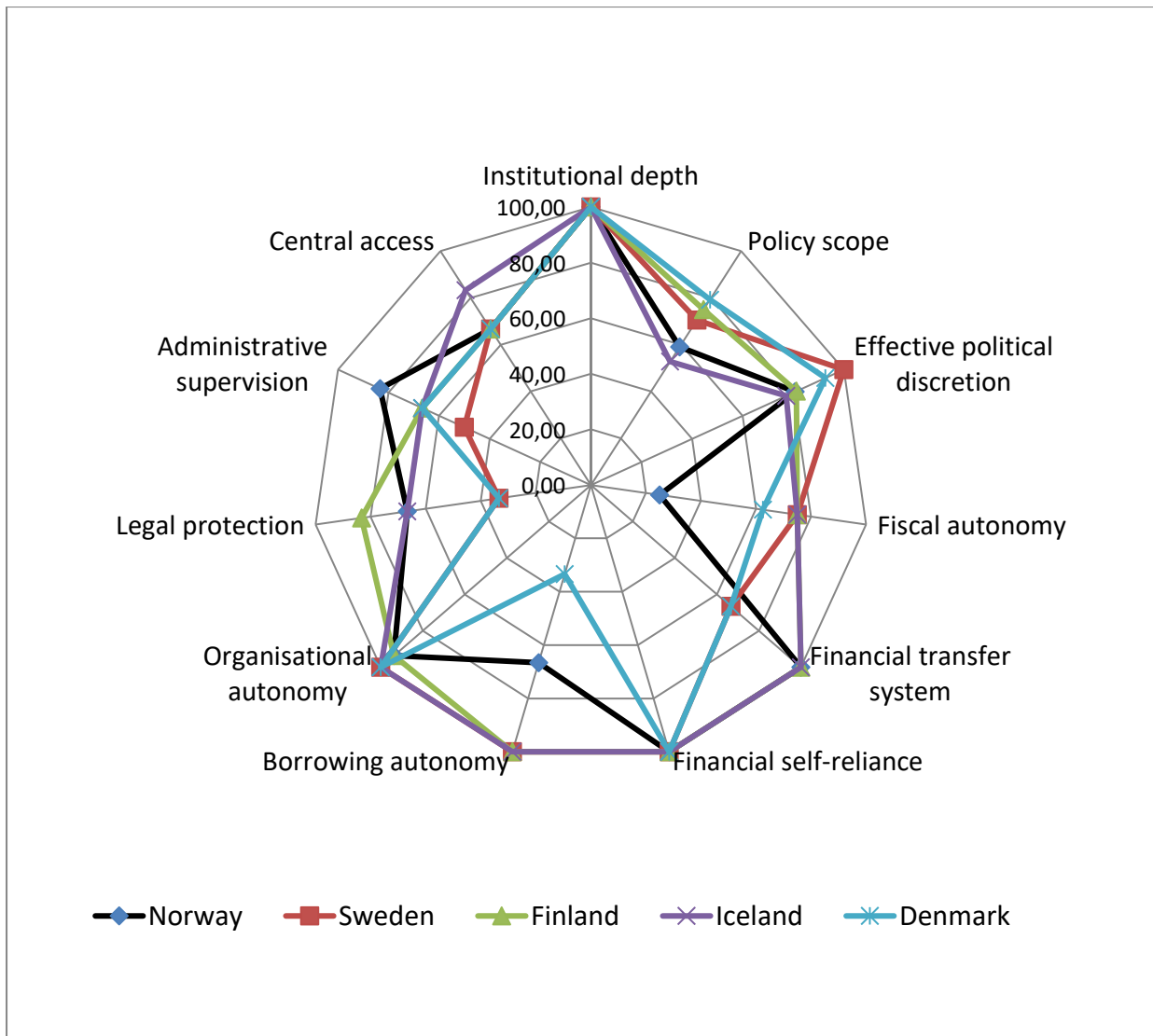


Figure 5. LAI-N scores by indicator and country 2019. Scales 0-100-

Institutional depth

- 0 local authorities can only perform mandated tasks
- 1 local authorities can choose from a very narrow, predefined scope of tasks
- 2 local authorities are explicitly autonomous and can choose from a wide scope of predefined tasks
- 3 local authorities are free to take on any new tasks (residual competencies) not assigned to other levels of government

How free are municipalities to choose their own tasks? There is no variation on this indicator. Local authorities are in all five countries free to take on any tasks they deem to be in the interest of the local community as long as tasks are not already allocated to other public bodies. Nevertheless, there is substantial variation as to the details of guarantees of local autonomy found in the constitutions of the respective countries. The practical implications of such variation is hard to assess, however.

Policy scope

Range of functions (tasks) where local government is responsible for availability of services (whether it is provided by municipal personnel or through other arrangements); see codebook for details

How many, and how significant functions are allocated to local government? The wider the policy scope, i.e. the more function allocated to local government, the higher the level of local autonomy, since local responsibility for a wide array of functions means that locally elected representatives may directly regulate a correspondingly wide array of community affairs according to the wishes of their electorate. The results on policy scope are based on detailed analyses of 17 different municipal functions that are summarized in the scores presented in figure 5. The detailed scores are found in table A2 (appendix).

Since the 1960s, municipalities in the Nordic countries have been charged with an ever-expanding number of important tasks as agents of the welfare states (with a somewhat later start for municipal welfare expansion in Iceland (Hlynsdottir 2018)). Nevertheless, there is quite a bit of variation regarding allocation of tasks among levels of government in the Nordic countries. For example, in the field of education, in all countries pre-schools and primary schools are municipal functions while secondary schools are a state function in Denmark and Iceland, a municipal function in Sweden and Finland and a task for county councils in Norway. Municipalities are responsible for primary health functions in Denmark, Sweden, Norway and Finland but not in Iceland. In contrast, Finnish municipalities are responsible for hospitals, organized through inter-municipal arrangements, while hospitals are responsibilities of the state or the regions in the other countries. In some cases, responsibility for a given function is shared with other levels of government, sometimes in rather non-transparent ways. An example is the integration of state and municipal bodies regarding some social security functions in Norway; the coordination between state hospitals and municipal primary health services is another example, also from Norway.

The variation on the policy scope indicator is from 53 in Iceland to nearly 80 in Denmark, with Finland and Norway at 59 and Sweden at 75.

Effective Political discretion

In the policy fields included above, to what extent are municipal decision-makers required by law to consult with, seek the permission, consent or cooperation of national agencies before final decisions can be made in the respective fields of municipal responsibility?

How free are municipalities to set their own priorities across functions, and to decide on aspects of service delivery in their fields of responsibility? The critical question here is whether municipalities have to seek permission from or consult with or co-ordinate their actions with national authorities before a final decision can be made at the local level. In the Nordic countries, municipalities have fairly extensive discretion over most of the functions for which they have formal responsibility

although they are, of course, within the confines set by the legal stipulations that apply in the respective fields.

Nevertheless, many instances of creeping state control through back door arrangements can be observed, e.g. through disguised earmarking, directives on staffing levels, etc. Such arrangements are treated more fully in a later section of the text.

The results on this indicator are also summaries of detailed analyses of the same 17 local government functions that form the basis of policy scope. In this case, the scores range from 100 in Sweden to 77 in Iceland, with 81 for Norway and Finland, and 93 for Denmark.

Fiscal autonomy

0 local authorities do not set base and rate of any tax

1 local authorities set base or rate of minor taxes

2 local authorities set rate of one major tax (personal income, corporate, value added, property or sales tax) under restrictions stipulated by higher levels of government

3 local authorities set rate of one major tax (personal income, corporate, value added, property or sales tax) with few or no restrictions

4 local authorities set base and rate of more than one major tax (personal income, corporate, value added, property or sales tax)

How free are municipalities to levy local taxes? To what extent are they allowed to set the rate of the taxes to be collected as well as decide on the base of local taxes? How much can be decided locally, and how much is fixed nationally regarding rates and base? The most conspicuous contrasts among the five countries are found on this indicator. Norway obtains a score of just 25 while Sweden, Finland and Iceland score 75 and Denmark 63.

The personal income tax is the most important source of local revenue in all five countries. Norwegian municipalities have extremely limited control over their main source of income, the personal income tax, the top rate of which is stipulated by Parliament. Municipalities are nominally free to set a lower rate but transfers are calculated in a way that ensures that all municipalities have to use the maximum rate in order to meet their obligations regarding mandatory functions. Norwegian municipalities may supplement their revenues by levying a property tax (around 80 per cent do so); however, in the latest state budget the government has reduced the upper level at which municipalities may set the rate of this tax and has announced an intention of further reducing the tax ceiling, thus effectively reducing the scope of local autonomy in this field. The local taxation powers are also circumscribed in various ways in the other countries: in Denmark, for example, the Association of Local Authorities and the government work out annual agreements regarding the total amount of taxes to be levied by the municipalities; the agreements are binding also for individual municipalities. However, we regard this procedure as less of a restriction on local autonomy than the Norwegian practice since the Danish procedure allows a certain influence from local government. In Sweden, legislation has been put in place that may allow the introduction of a similar procedure regarding the

income tax, but so far, it has not been activated. However, Swedish municipalities are restricted in their choice of tax base since they cannot levy a property tax.

Financial transfer system

- 0 conditional transfers are dominant (unconditional = 0-40% of total transfers)
- 1 there is largely a balance between conditional and unconditional financial transfers (unconditional = 40-60%)
- 2 unconditional financial transfers are dominant (unconditional = 60-80%)
- 3 nearly all transfers are unconditional (unconditional = 80-100%)

How free are local authorities to decide on spending priorities? The use of earmarked grants means a restriction on the opportunity of local government to prioritise freely among spending purposes. In all five countries a mixture of general transfers and earmarked transfers are found, while the general transfers dominate, which give them all high marks in this field, although a trend towards more earmarking can be observed in Denmark and Sweden.

Financial self-reliance

- 0 own sources yield less than 10% of total revenues
- 1 own sources yield 10-25%
- 2 own sources yield 25-50%
- 3 own sources yield more than 50%

How independently financed is local government? Revenues that originate from local sources (i. d. that are not transfers from other levels of government) give local government more control over income and thus entail an enhancement of local autonomy. In all five countries revenues from own sources yield 50 per cent or more of total revenue. Consequently, they all receive the top score on this indicator.

Borrowing autonomy

- 0 local authorities cannot borrow
- 1 local authorities may borrow under prior authorization by higher-level governments and with one or more of the following restrictions:
 - a. golden rule (e. g. no borrowing to cover current account deficits)
 - b. no foreign borrowing or borrowing from the regional or central bank only
 - c. no borrowing above a ceiling, absolute level of subnational indebtedness, maximum debt-service ratio for new borrowing or debt brake mechanism
 - d. borrowing is limited to specific purposes
- 2 local authorities may borrow without prior authorization and under one or more of a), b), c) or d)
- 3 local authorities may borrow without restriction imposed by higher-level authorities

Are local authorities free to borrow money? Opportunity to borrow is regarded as an extension of local financial autonomy, and the fewer the restrictions, the higher the autonomy. The dividing lines are between a) systems where municipalities are prohibited from borrowing at all, b) where they may

borrow but need prior approval from higher levels of government, and c) where they do not need approval but may borrow on certain conditions. In Finland, Sweden and Iceland it seems that municipalities may borrow almost with no restrictions imposed while borrowing needs prior approval in Denmark and Norwegian local borrowing is also subject to certain restrictions but no prior authorization.

Organisational autonomy

Local Executive and election system:

0 local executives are appointed by higher-level authorities and local authorities cannot determine core elements of their political systems (electoral districts, number of seats, electoral system)

1 executives are elected by the municipal council or directly by citizens

2 executives are elected by the citizens or the council and the municipality may decide some elements of the electoral system

Staff and local structures:

Local authorities:

Hire their own staff
(0-0.5)

Fix the salary of their
employees (0-0.5)

Choose their organizational
structure and level of staffing*

Establish legal entities and
municipal enterprises (0-0.5)

(0-0.5) *if level is largely
determined by national norms a max
score of .25 is obtainable

To what extent may municipalities regulate aspects of their electoral-political system, elect their own executive bodies and set up organizational structures? Local authorities in all five countries enjoy extensive freedom in these matters, although there are variations as to what they may regulate more precisely. They all elect their own executives and are free to organize their administrative machinery as they see fit and can also hire and remunerate their own personnel freely. Nevertheless, creeping regulations can be observed as regards organizational structures and personnel, especially in Norway and Finland (see separate section).

Legal protection

0 no legal remedy for the protection of local autonomy exists

1 constitutional clauses or other statutory regulations protect local self-government

2 local authorities have recourse to the judicial system to settle disputes with higher authorities (e.g. through constitutional courts, administrative courts or tribunals, or ordinary courts) in addition to constitutional clauses

3 remedies of types 1 and 2 above, plus other means that protect local autonomy such as e.g. listing of all municipalities in the constitution or the impossibility to force them to merge

Are there judicial remedies to protect local autonomy? Such as constitutionally guaranteed rights or recourse to adjudication over interpretation of legal texts if divergences emerge between local government and state agencies? E.g. regarding reversals of municipal decisions by state supervisory or review bodies? The constitutional specification of local government rights vary substantially across

the five countries, with fairly detailed enumeration in Sweden and Finland and rather more sparsely worded texts in Norway and Denmark, and especially so in Norway, where only one sentence is spent on local government. However, in terms of scoring we have not distinguished between countries in this regard, since the practical-legal significance of the respective constitutional clauses is rather open at present; a constitutional reference to local government is awarded one point no matter how short or detailed the reference.

The access to adjudication/arbitration in case of disputes over rulings of state agencies results in more varied scores. Norway receives extra points because of legislative changes in 2018 that grant rights of appeal through courts to local government. Denmark and Sweden have not instituted similar rights and remain at a low score here. Finland appears to be in full compliance with the relevant article (No. 11) of the European Charter of Local Self-Government⁵.

Administrative supervision

- 0 administrative supervision reviews legality as well as merits/expediency of municipal decisions
- 1 administrative supervision covers details of accounts and spending priorities
- 2 administrative supervision only aims at ensuring compliance with law (legality of local decisions)
- 3 decisions/instructions of supervisory authorities may be subject to adjudication at the request of municipalities.

How intrusive is administrative supervision, and does it infringe on local autonomy? Almost all European countries operate some kind of supervision or oversight system over their local governments to ensure citizen rights and the rule of law in local government affairs. The Charter stipulates that oversight should be limited to the legality of local decisions and not cover the expediency of decisions; the latter is a matter for local discretion. All the Nordic countries adhere, in theory, to the legality principle in the procedures of oversight. A full score requires, in addition, that procedures of adjudication are available to local government in cases of disputes over legal interpretation of local obligations. This is the case in Norway, Iceland and Finland as of 2019.

However, local authorities claim, and research seems to corroborate this, that supervision is becoming increasingly detailed, and may extend beyond legality⁶ since legal specification of services and

⁵ *Comparative Analysis of the Implementation of the European Charter of Local Self-Government in 47 Member States*. Congress of Local and Regional Authorities, 28 March 2017.

⁶ For example, a Norwegian report (Difi 2015) records that, "Innretningen på arbeidet før og etter tilsyn er også lagt om de senere årene. Statlige myndigheter legger inn en betydelig innsats på å veilede kommuner og skoleledere i regelverk i forkant av nasjonale tilsyn. Begrepet læringsbaserte tilsyn benyttes. Læringsbaserte tilsyn vil si at Fylkesmannen gir alle kommunene i fylket, eller et utvalg kommuner, opplæring i regelverket på området det skal føres tilsyn med..... Dette er aktiviteter som går ut over hovedhensikten med tilsyn som er lovlighetskontroll. Selve tilsynet er altså fortsatt ren lovlighetskontroll i tråd med definisjonen av tilsyn, men aktivitetene i forkant og etterkant bringer inn elementer av opplæring og veiledning». P 32

«I 2003 fikk kommunene større frihet til selv å definere egnet størrelse på undervisningsgruppene så lenge forsvarlighetsstandarder i loven var oppfylt. I 2009 kom det en lovendring som gjeninnførte klassebegrepet, og

procedures allocate authority to the experts of supervisory bodies to determine whether municipalities are in compliance with the law or not. Thus, compliance may become an issue of professional expertise and dispute. This is a trend observed in all countries. They have therefore received less than full scores on the indicator of administrative supervision (see next section for further discussion).

Central access

0 local authorities are never consulted by higher level governments and there are no formal mechanisms of representation

1 local authorities are consulted and/or have access to higher-level decision-making through formal representation but influence is limited

2 local authorities are regularly consulted through permanent consultation channels and have substantial influence

3 local authorities are either consulted or have access to higher-level decision-making through formal representation; and substantial influence

Are there channels that enable local government as whole to make itself heard at the national level of government in ways that give local government some influence over issues of their concern on the national political agenda? Channels of this nature may be institutions of permanent representation (e.g. a “senate”) or regular forums for deliberation and negotiation between representatives of national and local government. There are no bodies for permanent representation of local government in the national institutions in the Nordic countries; however, over the last couple of decades regular consultation arrangements have been built up in all five countries, which provide fairly effective access for local government to national decision-makers. Therefore, scores between 75 and 83 are obtained in this field.

Autonomy and local democracy

In this section, the analysis of local autonomy is expanded into a discussion of implications of levels of autonomy for the workings of local democracy, including interactions with the central government.

Space for local democracy: who controls *ends* and *means* in local government?

The level of autonomy granted to local government defines the space available for local democracy to unfold. For local democracy to be meaningful, a space for local choice and decision-making must be open to local politicians. If no, or very little decision-making space is available local government becomes just another series of outposts of national administration. The options and choices open to local decision-makers set the stage for local debates and define political cleavages that may mobilise

som fastslo at eleven skal ha tilhørighet i en basisgruppe eller klasse. Det er fortsatt opp til kommunen å vurdere størrelse på gruppen/klassen, så lenge den er «pedagogisk og tryggleiksmessig forsvarleg». P 34

the electorate, clarify policy choices, launch political careers and enliven local democracy. The larger the local policy space, the livelier local democracy becomes.

The local democratic space can be defined along two dimensions – control over ends and means: 1) the range of choices between *ends* that decision-makers may pursue or among which they must prioritise, and 2) the range of *means* open to local decision-makers to implement the chosen ends and priorities.

Two sets of indicators of the LAI focus in particular on ends and means respectively: the indicators of functional and financial freedom of local government. Functional freedom is summarised by the indicators of policy space and effective political discretion (with their 17+17 sub-indicators) while financial freedom is operationalised through four indicators (fiscal autonomy, financial transfer system, financial self-reliance, and borrowing autonomy). Functional freedom focuses on the ends that local government is meant to pursue, while financial freedom opens up choices regarding the means to realise chosen ends and priorities.

		Functional autonomy (control over ends)	
Financial autonomy (control over means)		<i>Low*</i>	<i>High</i>
	<i>Low*</i>	“Guided democracy” (Norway 73,70)	“Distributional democracy” (Denmark 66, 86)
	<i>High</i>	“Community governance” (Iceland 94, 65)	“Broad democracy” (Sweden 85, 85, Finland 94, 78)

*low = <75% of possible top score

Figure 6. Space for local democracy in the Nordic countries (2019). Countries and scores on the two indicators given in parentheses

The combination of the two dichotomous variables yield four ‘types’ of local democratic space classified according to the range of choices open to local decision-makers⁷.

⁷ The four types represent an adaptation of a typology in Ladner et al. (2019), chapter 10, pp. 270-273.

- 1) The combination of high functional and financial freedom means that local decision-makers have extensive freedom to make choices regarding the various objectives of local government and also regarding the means for their realisation, operationalised as extensive financial freedom, be it in the field of taxation, borrowing or the use of central government transfers. We name this type “broad democracy”. Local authorities in Finland and Sweden exemplify this situation.
- 2) The opposite type is characterised by low degrees of freedom both regarding control over functions and finances. We think that such a situation could appropriately be labeled one of “guided democracy” in which the central government make use of extensive powers of guidance and intervention regarding local decision-making. Norway can be placed in this category.
- 3) A situation that combines relatively low autonomy in the realm of local finances and extensive freedom over functions means that municipalities have freedom in their roles as managers of local services and may freely set priorities among functions but have limited control over the means needed to realise those objectives. We term such a situation a “distributional democracy” in which local authorities are used primarily as channels of distributions of public services which they are free to adapt to local circumstances within severe limitations on means imposed by central government. This is where we place Denmark.
- 4) When local government has extensive responsibility for and influence over finances but discharges relatively few functions and/or has little control over functions, then the role of municipalities may be characterised as “community governance”. Municipal tasks are of a somewhat limited nature while the more demanding functions are taken care of at higher levels of government; at the same time, the local community is largely responsible for financing its local tasks. Iceland largely corresponds to this type.

From a democratic point of view, the ideal situation is obviously that of “broad democracy” in which local government is responsible for and has discretion over a range of important functions, while such responsibilities are balanced by financial powers. In a wider European perspective local government in all of the Nordic countries could be placed in the category of broad democracy, given the high scores on most dimensions recorded for the Nordics in the previous study (Ladner et al. 2019). However, for the sake of discussion and learning, we have chosen to calibrate the indicators in a way that highlights *variations* among the Nordics as they actually score as of 2019 and also, by implication, what they may learn from each other.

Below, the discussion on autonomy and local democracy is narrowed down and sharpened into one on political accountability.

Local autonomy – the foundation for political accountability

A certain degree of autonomy is necessary for local decision-makers to be held accountable by the electorate. If decision-makers cannot make choices, they cannot reasonably be held answerable for their actions. In extreme cases, if regulations leave no options, no room for discretion, their actions would be robot-like and any mistakes or mishaps would have to be sought in circumstances beyond their control. In such cases, there would not be much point in organizing competitive elections, except perhaps for reasons of prestige if elected offices carried some esteemed symbolic function.

How can the room for political accountability be determined with indicators of autonomy⁸? Of course, speaking broadly of accountability the overall measure of autonomy, LAI, can be said to indicate also the extent of local accountability. However, two sets of indicators measure the room for accountability more directly, i.e. Effective political discretion (EPD), and Fiscal autonomy (FA). Effective political discretion tap the *output* side of local government, the functions and services as citizens experience them. The level of Effective political discretion in a particular country indicates the extent to which citizens can reasonably praise or blame local decision-makers for what citizens experience in terms of services and problem-solving from local government.

Taxes represent the *input* side of local government. Local government taxes are the most immediate of burdens imposed on local citizens. Taxes are often also the most controversial aspect of local politics, and political parties differ substantially in their attitudes to taxes. It is the primary of the dividing lines along the left-right axes of politics. Some taxes are very visible, for example the property tax, while other taxes are less conspicuous, for example sales taxes or tourist charges or income taxes deducted at source. Local governments rely to a varying extent on local taxes to finance their operations, and the taxation powers allocated to local government also vary a lot. The more local government is endowed with taxation powers and is allowed to make choices within those powers, the more financially accountable they are to the local citizens, whereas revenues from other sources reduce local accountability. Reducing the taxation powers of local authorities means taking a lot of politics out of local government and relegating local democracy to secondary status.

In classical welfare theory, local taxes serve a double purpose, as a source for financing local services, and also a source of fiscal and budgetary discipline since local decision-makers are answerable to the electorate for the tax burden as well as for the quality of services.

When local councils have little responsibility for financing local services local voters are likely to suffer from what has been termed “fiscal illusions”, i.e. little awareness of the costs of local services or how they are financed, or thinking that the bill may be passed on to the state.

By combined analysis of the two sets of indicators, Effective political discretion and Fiscal autonomy, we can describe different types of accountability based on the level of responsibility for and influence over taxes and services.

Figure 7 outlines the distribution of values on the two indicators.

⁸ This section expands on ideas in Ladner et al. 2019, chapter 11.

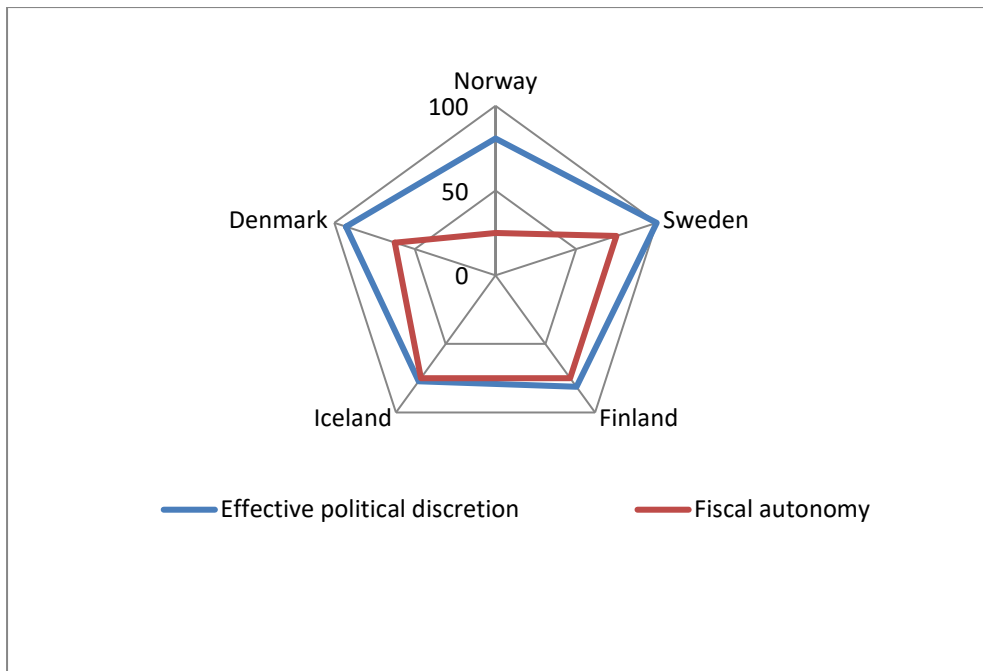


Figure 7. Patterns of local accountability in the Nordic countries. Values for Effective Political Discretion and Fiscal Autonomy. Scale: 0-100

When both indicators have high values, there is a situation of balanced local accountability and local councillors can reasonably be held to account by the voters. This is where we find the fully accountable councillor. When both indicators are low, we have a situation where the state is answerable for financial input and for the resulting services, and councillors are non-accountable. The latter situation is likely to lead to irresponsible local politics since responsibility for footing the bill for local services can be passed on to the state, and so can blame for inadequate services.

When there is a discrepancy between fiscal autonomy and effective political discretion, situations of incongruent accountability arises: councillors may have influence over service provision but not over taxes, or the other way round. Various games of blaming and shaming may ensue in interaction between levels of government.

The figure indicates a situation of conspicuous imbalance in the Norwegian case, with a high value for Effective political discretion and a very low value for Fiscal autonomy. Iceland demonstrates a case of balanced configuration with high values on both variables. Finland's situation is close to that of Iceland while Sweden and Denmark are closer to Norway, with somewhat unbalanced configurations. Interestingly, there are no cases where Fiscal autonomy is high and Effective political discretion is low.

Patterns of voter attitudes to local government found in Norwegian studies may reflect the split pattern of accountability indicated by the figure: Voters do demonstrate tendencies to fiscal illusions

(Rose 2014), and they also show an inclination towards “irresponsible voting” since local elections may be regarded as of secondary importance, i.e. in local elections voters are more willing to “betray” long-standing party commitments than they are in national elections (Reif and Schmitt 1980, Ervik 2012). Similar trends could be expected to occur also in Denmark and Sweden given their similarity to the Norwegian case. This remains to be investigated, however.

Autonomy and interactive governance – how can the state learn (more) from local government?

There are few countries where central-local relations are of a one-sided, top-down nature. In most countries, relations are characterized by mutual influence and shifting power-relations (Goldsmith 2002). Central and local government have common as well as divergent goals and interests.

Interactive governance occur in arenas where local government has opportunities to respond to central government initiatives and decisions in ways that central government must heed. Some of these arenas are formalized and institutionalized, other arenas may arise *ad hoc*.

In this study, three arenas have been included, two of a legal nature and one of political character: the legal protection of local government, administrative supervision, and channels of access to central government. The various types of legal protection give local government the means to respond to central government decisions through courts or other judicial channels, such as tribunals or arbitration bodies. Supervision also is far from one-sided, top-down, it also creates opportunities for central government to learn how national regulations work in practice and, if needed, to improve regulations based on evidence from local authorities. Also representatives from local government say they often learn from encounters with supervisory authorities; in fact, they often ask for guidance from the supervisors. The third arena, direct channels of deliberation and/or representation provides local government with direct access to political decision-makers at the national level of government and give local government opportunities to influence national policy-making on issues of concern to local government, but this arena is also one where signals from the central government is transmitted to the local level, sometimes with binding force, as in the Danish case.

The character if these three arenas combined defines the role of local government in interactive governance, metaphorically expressed as that of countervailing force, corrective force, or ward. Countervailing force means high scores on all three indicators, corrective means medium scores and ward means low scores (there will of course be many intermediate situations in addition to these three “pure” types, but those will but set aside for the time being).

Being a *countervailing* force means that local government cannot be disregarded by central government in any circumstances (local and regional government in France may be close to such a position). *Corrective* force means that local government is an important source of learning and

correction in national policy-making, while *ward*⁹ indicates a position of top-down governance, where local government is looked upon as immature and secondary.

The figure below presents the sums of values on the three indicators combined. The higher the values, the more clout local government has in central-local interactions. In presenting this index there is no presumption that the higher the values are the better. There may be good reasons to limit the reach of local government in certain countries or under certain circumstances, such as for example the debt crisis of 2008. However, we do assume that very low scores indicate a situation where central government is cutting itself off from important information and experience at the local level. The central government should at least ask itself whether that could be the case. However, it may be necessary for local government to have some clout (for example a secure legal standing) in dealings with national agency to make itself heard, to avoid being all too easily treated as a ward.

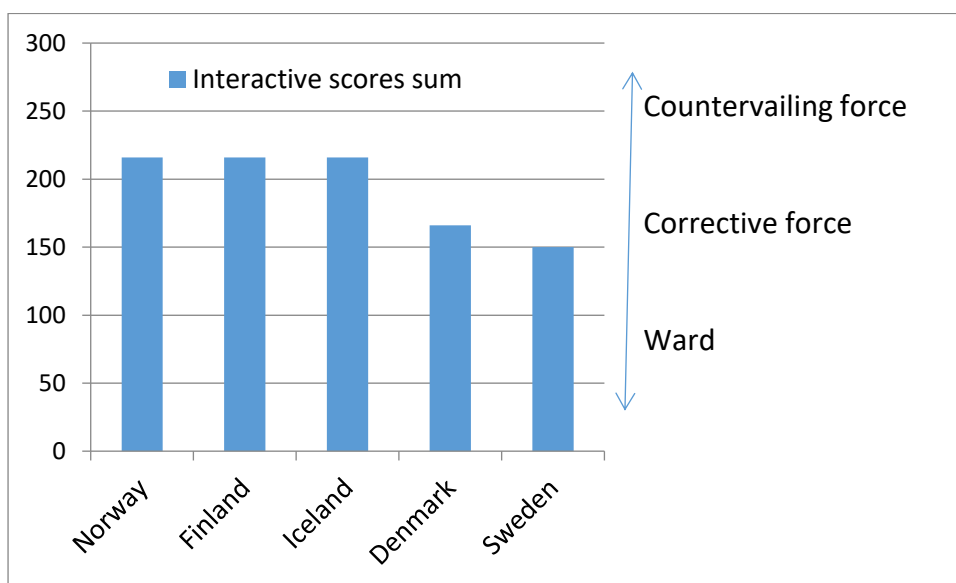


Figure 8. The standing of local authorities in Interactive governance. Sum of scores on legal protection, administrative supervision and access. Scale 0-300.

It appears from figure 8 that local government in Norway, Finland and Iceland has a stronger position in dealings with the state than local government in Denmark and Sweden has. The difference is primarily due to scores on legal protection. The position in the former three countries shades into countervailing force (*motmakt*) which lies in the area of 200-300 points. Local government in

⁹ «Ward» in the meaning used here translates in the Scandinavian languages as «myndling», i.e. a person under guardianship because of young age or disabilities of some kind, e.g. advanced age.

Denmark and Sweden reach well into the area of corrective force (*medmakt*) of 100-200 points. In none of the five countries is local government reduced to the status of ward (*myndling*) with scores below 100. In comparison, the highest scoring countries in the European survey were Switzerland, France and Poland, well into the range of countervailing force, while Moldova scored just 25 points in 2014.

In conclusion, local government in all the Nordic countries is in a position to contribute as a corrective force and partner in learning arenas for national-policy-making. How such arenas may be structured to harness the capacities of local government to contribute even more to the development of national policies is an issue worthy of further investigation. A first step is to understand the strategies of creeping state regulations, which is the subject of the next section.

Creeping centralization? Discussion points

As shown above, in the big picture, the Nordic countries share many features as regards the position of municipalities: a broad scope of responsibilities and fairly high levels of autonomy. However, growing complexity of central-local relations and ambiguous regulations are also parts of the picture. All five countries yield examples of creeping regulations, i.e. regulations that over the years accumulate in a particular branch of government to buttress concerns that most people would agree are of a noble nature but that combined amount to a stifling burden on local autonomy. Such step-by-step regulations occur in all the policy fields analysed here, but occur with varying speed and density.

It has, however, been beyond the capacity of this project to map out in detail all the regulatory instruments and their development over time across the 17 policy fields covered in this report. A recent report from the Norwegian Directorate of Public Administration (DIFI) illustrates the growing complexity of state regulation of local government. The report covers just three policy fields (education, health and caring, and environmental protection). In the three fields combined, local government operations were in 2015 regulated through 22 different acts of Parliament filled out by 102 government directives. On top of that, 29 handbooks were issued to guide local personnel in the performance of their daily duties. Furthermore, earmarked subsidies were provided through 68 different arrangements that local government needed to keep abreast of¹⁰. Similar trends are found in the other countries.

For example, a similar report was published in 2018 by the Swedish *Statskontoret*, documenting an increasing number of central government regulations regarding municipal responsibilities (Statskontoret 2018). The document states that “It may be difficult for municipalities and regions to know what to prioritise when there are so many strategies and action plans” (Statskontoret 2018: 32, transl. by present authors).

The observations below are intended as points of discussion for further reflections on the conditions of local autonomy in the Nordic countries, including a categorisation that may be of use for further research on this issue. Strategies of creeping regulation can be sorted into four categories: input-oriented, output-oriented, procedural control, and nudging.

Input-oriented strategies seek to regulate municipal operations through stipulations of various factors needed for the production of local services, such as staffing levels, financial resources or the

¹⁰ *Statlig styring av kommunene En kartlegging av virkemiddelbruk og utviklingstrekk på tre sektorer i perioden 1999–2015*, DIFI-rapport 2015-19)

qualifications of staff. Stipulations regarding staffing of particular services represent conspicuous illustrations, for example, rules for the number of pupils per class, or regarding required qualifications of the staff¹¹. Earmarking of grants for particular purposes is another well-known example¹².

Output-oriented regulations focus on the quality of services as they are delivered to users, for example specification of service standards, minimum response time for emergency services, or the quality of meals in kindergartens.

Strategies of *procedural control* are aimed at the processes of decision-making, for example the treatment of complaints from users or applicants, and lately, increasingly concerning ethical issues¹³. An especially challenging situation to local authorities is the application of professional discretion by supervisory agencies judicialised through dynamic interpretation of vague formulations of service standards, such as a requirement to provide “adequate” or “appropriate services”. The precise interpretation of those terms evolves over time in response to the development of professional standards that may in their turn be reflections of scientific developments. To local government such developments mean having to perform against constantly shifting yardstick of a rubber-like nature.

*Nudging*¹⁴ are regulatory efforts of a soft nature, which often works indirectly, through hints and encouragements to operate services in particular ways. Nudging often has the character of conscience-raising. A typical example is the spread of information about best practices through handbooks, advisory centres, or conferences¹⁵. *Seductive tendering* is another example of nudging. Ordinary competitive tendering is a well-known practice in local government, in which suppliers are invited to

¹¹ Illustration from Norway: «Det er blitt mindre detaljerte krav til pedagogisk kompetanse (sammenlignet med tiåret før). I 2008 fant det imidlertid sted en innskjerping, da det kom en forskrift som detaljerte kompetansekravene noe mer på de ulike trinnene i grunnskolen». Difi 2015.

¹² Illustration from Norway: “Samlet sett på KDs område er det 16 tilskuddsordninger rettet mot kommunesektoren i 2015. Den samlede summen er på drøyt 2 mrd. kroner. Fem av tilskuddsordningen gjelder særskilte skoler og landslinjer. Fire tilskuddsordninger gjelder spesiell opplæring (samisk, finsk, leirskoleopplæring og opplæring i kriminalomsorgen), mens to av tilskuddsordningene er rettet mot fylkesnivået, henholdsvis tilskudd til karriererådgiving og tilskudd til regionale forskingsfond». Difi 2015, p 40.

¹³ «Lærer kan bortvise elever fra undervisning i inntil to timer uten å måtte gå via rektor og uten at dette regnes som enkeltvedtak etter forvaltningsloven». Difi 2015.

«Oppdatere bestemmelse om stillingsutlysning. Trenger ikke lyse ut der en deltidsansatt er kvalifisert og har fortrinnsrett». Difi 2015.

«Som en del av Kunnskapsløfter 2010..... ble kommunen pålagt å ha et forsvarlig system for vurdering av om kravene i regelverket overholdes, og et system for å følge opp resultatene i disse vurderingene. Det er et lovfestet krav at det skal utarbeides en årlig tilstandsrapport knyttet til læringsresultat, frafall og læringsmiljø. Den årlige rapporten skal drøftes av skoleeier, det vil si kommunestyret». Difi 2015.

¹⁴ The theory of nudging has also been introduced into analysis of public policy; see Peter John (2018), *How Far to Nudge? Assessing Behavioural Public Policy*. London: Edward Elgar.

¹⁵ In Norway, national educational authorities seem to be particularly keen on such strategies. According to the report from Difi quoted above, there are 10 national advisory centres just for the field of primary education, while the Directorate for Education published 13 handbooks during the years 2010-2015 to guide municipal comprehension of regulations in its field of responsibility.

submit tenders for a specified municipal contract. Seductive tendering means that a state authority invites municipalities to tender for a particular task that the state authority would like to see in operation. This can often be the first step towards a broader reform, since for a limited period, the municipalities with the successful tender are selected for trying out some new scheme, usually fully financed by the state. A third example is *reflexive control*, i.e. the publication of comparative benchmarking or performance indicators in easily accessible data bases, for example web portals, where citizens may check the municipal performance of their interest. The naming-and-shaming impact of publicized indicators is expected to stimulate further municipal efforts in the relevant fields (which may not necessarily be those in which local decision-makers think are most in need of resources).

Conclusions

The report set out to address seven issues,

- 1) How to fine-tune indicators of local autonomy to capture the role of local government in the Nordic countries?
- 2) What is the level of local autonomy in the Nordic countries compared to that of other European countries?
- 3) How has local autonomy developed in the Nordic countries in the period of 2015-2019?
- 4) What are the strengths and weaknesses of local autonomy in the Nordic countries?
- 5) How does local autonomy contribute to local democracy and fruitful central-local relations?
- 6) What are the sources of pressure on local autonomy?
- 7) What measures may be taken to protect and enhance local autonomy while stimulating local democracy and fruitful central-local relations?

1: The study reported here has largely applied the Local Autonomy Index used for the survey of 39 European countries reported in the book on “Patterns of Local Autonomy in Europe”. The index was modified to cover functional areas where, on the one hand, Nordic municipalities had particularly heavy responsibilities, and on the other hand, there were variations among the Nordics in terms of responsibilities and freedom. The study is limited to analysis of the municipal level.

2: Compared to other European countries over the period of 1990 to 2014 Nordic local government enjoyed considerable levels of autonomy in municipal operations. The Nordic countries tended to be in the top-scoring quarter or higher on most indicators. As a group, however, the Nordics were low on legal protection of local government.

3: The level of local autonomy in the Nordic countries has not changed substantially after 2014. The well-known features of Nordic local government remain in place, including high levels of autonomy. The relative position of the respective countries is much the same, except that Sweden and Iceland have changed places in terms of scoring with Iceland receiving a marginally higher score.

4: Legal changes that were introduced in Norway during the period have resulted in higher scores for Norway on the indicator of Legal Protection, which reflects a constitutional clause on local government for the first time in the country’s history, and second, that the legal standing of local authorities was bolstered through amendments of process law (*tvistemålslova* and *forvaltningslova*). Local government in Finland and Iceland enjoys a similar standing but not those in Sweden and Denmark.

The most conspicuous contrast between the five countries are found on the indicator of Fiscal autonomy, i.e. especially the powers of taxation. Here, Norway is the country most restrained by national regulations, while local authorities in Finland and Iceland seem to enjoy substantially more freedom in this area.

A common strength of the five Nordics is freedom to take on new tasks without restrictions (the possession of so-called negatively defined autonomy). They also enjoy access to national policy-makers through several channels, the most important of which are institutionalised arenas of deliberations and consultation.

5: Local autonomy is a precondition for meaningful local democracy and also a foundation for local government effectiveness. The level of local autonomy defines the space available for local democracy to unfold. A closer analysis of the space for local democracy based on freedom to define ends for local authorities and freedom to find the means for realising the chosen ends and priorities revealed contrasts among the five countries. The practical keys to local democratic space were defined as financial freedom and functional freedom with regard to the areas of responsibility allocated to local government. The widest scope for local democracy was identified in Finland and Sweden and the narrowest in Norway, with Iceland and Denmark in-between.

The most important relationship of local democracy is the voter – representative nexus that is composed of trust and accountability. The real accountability of local decision-makers was examined by investigating the extent to which local decision-makers could influence vital components on the input and output side of local politics. The argument is that the more autonomy they enjoy in terms of taxation and service provision the more they can be held accountable for levels of taxation and quality of services. When powers of taxation is taken out of local politics, the financial input becomes invisible to most voters, who then tend to fall prey to fiscal illusions.

In Finland and Iceland, input and output accountability seem well balanced while the three other countries are characterised by imbalanced accountability, with low scores on taxation powers and fairly high scores on functional discretion. This gap was particularly glaring in the Norwegian case. Whether the remedy is more power over taxation or less influence over service provision could be a matter for discussion.

Central-local relations is an interactive game in which local government can play a variety of roles. The roles available are structured by levels of local autonomy, ranging from that of countervailing force (*motmakt*), to corrective force (*medmakt*) to ward (*myndling*). The roles of Nordic local government stay mostly in the range of corrective force, perhaps with shades of countervailing force. However, it seems that the durable role for Nordic local government is that of corrective force, with a long tradition that entails a multitude of learning arenas for local as well as central government. How

to build and maintain well-structured learning partnerships is a long-term challenge that could be the focus of another round of investigation (see also point 7 below).

6: Sources of pressure on local autonomy may spring from forces outside national control, such as the international financial crisis of 2008 or directives from supra-national organisations like the EU, or the pressure may come from many small, well-intended initiatives at national levels that in sum become a burden on local autonomy. To help analyse such pressures a categorisation of creeping regulations was suggested (input- and output-oriented, procedural control, and nudging). The most challenging of these are the quasi-regulatory strategies summarised under the label of “nudging”, which seek to change mind-sets softly through persuasion, invitation and incentives.

7: Roads to deeper local autonomy

As shown in this report, overall, Nordic local government enjoys high levels of local autonomy although there is still some way to go in some areas. The detailed country studies produced for this report demonstrate a variety of ways in which local autonomy may be protected or enhanced. The chief mechanisms follow the logic of the *watchdog* – tasked with the job of barking at infringements of the basic principles of local autonomy as set out in the European Charter of Local Self-Government. This includes, for example, parliamentary review committees that check legislative initiatives for their constitutionality regarding the rights of local government as set out in the constitution. Such a body is found in the Finnish parliament. Or the relevant ministry may carry out similar checks concerning directives from other ministries with domains that touch upon local government. This is a practice known also from Norway, and has now been enshrined in Norway’s new local government act. Courts may also act as watchdogs when local authorities are empowered to bring cases before the courts. One could even imagine an *ombudsman for local government* as a sort of permanent border patrol, reviewing cases of complaints over breaches of the principles of the Charter.

However, the watchdogs are essentially reactive mechanisms. They are mostly designed to ensure local government *freedom from* undue state interventionism. In a dynamic society in which local government is constantly facing new challenges, more proactive mechanisms may be needed to protect and develop local autonomy. Local government may require mechanisms that provide *freedom to* embark upon new ventures even when such initiatives may require legislative adjustments.

In the Nordic countries one such mechanism is near at hand – the *free commune experiments* that were undertaken in the 1980s and 1990s, the results of which raised the level of local autonomy substantially in Nordic local government¹⁶. Several of the Nordic countries have since then introduced

¹⁶ Harald Baldersheim and Krister Ståhlberg, eds (1994), *Towards the Self-Regulating Municipality: Free Communes and Administrative Modernization in Scandinavia*. Dartmouth Publishing

permanent legislation for administrative experiments, which could be applied more actively for experiments in enhancing local autonomy in various fields. The experimental approach opens up for creative local initiatives in service provision as well as a basis for political leadership. The experimental approach puts the initiative towards more autonomy in the hands of local authorities themselves.

However, if the need for further autonomy varies across municipalities, then a third road to more autonomy could be opened up by introducing *asymmetrical local government structures*. In a number of countries, this is the case, for example in Switzerland, Germany or Poland. Larger cities may have more powers and functions than rural municipalities, or the division of functions between regions and municipalities may vary across provinces in response to varying needs. Of course, accepting asymmetrical systems means relinquishing the generalist principle of local government. Some may find that too high a price to pay for more autonomy. In that case, the experimental approach may be the answer - if there is really a demand for higher levels of autonomy.

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Appendices

Revised Local Autonomy Index and Coding Scheme

General Coding Instructions

Start with the most recent year (2019) and work backward. Find out whether there have been reforms which change the score.

Please indicate the sources/reasons for your scoring

Self-rule Index

<p>Institutional depth</p>	<p><i>The extent to which local government is formally autonomous and can choose the tasks they want to perform</i></p> <p>Additional coding instructions: Whether a municipality is responsible for, the different tasks and/or has the financial resources is not the question here. Indeed, the coding has to comply with the legal framework in the respective countries. This means that the coding refers to the status of local government according to the constitution and other relevant legislation; if there are deeply contradictory regulations, this should be reflected in the coding and also mentioned in the notes.</p>	<p>0-3</p>	<p>0 local authorities can only perform mandated tasks</p> <p>1 local authorities can choose from a very narrow, predefined scope of tasks</p> <p>2 local authorities are explicitly autonomous and can choose from a wide scope of predefined tasks</p> <p>3 local authorities are free to take on any new tasks (residual competencies) not assigned to other levels of government</p>																		
<p>Policy scope*</p>	<p><i>Range of functions (tasks) where local government is responsible for availability of services (whether it is provided by municipal personnel or through other arrangements)</i></p>	<p>0-4</p>	<p>Not at all; partly; fully responsible*:</p> <table border="1" data-bbox="802 1205 1410 1420"> <tr> <td>Education</td> <td>(0-3)</td> <td>Social assistance</td> <td>(0-3)</td> <td>Health</td> <td>(0-3)</td> </tr> <tr> <td>Land-use</td> <td>(0-2)</td> <td>Public transport</td> <td>(0-1)</td> <td>Housing</td> <td>(0-1)</td> </tr> <tr> <td>Police</td> <td>(0-1)</td> <td>Caring functions</td> <td>(0-3)</td> <td></td> <td></td> </tr> </table> <p>*See details of coding instructions in appendix below</p>	Education	(0-3)	Social assistance	(0-3)	Health	(0-3)	Land-use	(0-2)	Public transport	(0-1)	Housing	(0-1)	Police	(0-1)	Caring functions	(0-3)		
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Police	(0-1)	Caring functions	(0-3)																		
<p>Effective political discretion*</p>	<p><i>The extent to which local government has real influence (can decide on service aspects) over these functions</i></p> <p>Additional coding instructions: half points (0.5) can be used if local government can only partly decide</p>	<p>0-4</p>	<p>No, some, or real authoritative decision-making in*:</p> <table border="1" data-bbox="802 1547 1410 1762"> <tr> <td>Education</td> <td>(0-3)</td> <td>Social assistance</td> <td>(0-3)</td> <td>Health</td> <td>(0-3)</td> </tr> <tr> <td>Land-use</td> <td>(0-2)</td> <td>Public transport</td> <td>(0-1)</td> <td>Housing</td> <td>(0-1)</td> </tr> <tr> <td>Police</td> <td>(0-1)</td> <td>Caring functions</td> <td>(0-3)</td> <td></td> <td></td> </tr> </table> <p>*See details of coding instructions in appendix below.</p>	Education	(0-3)	Social assistance	(0-3)	Health	(0-3)	Land-use	(0-2)	Public transport	(0-1)	Housing	(0-1)	Police	(0-1)	Caring functions	(0-3)		
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Police	(0-1)	Caring functions	(0-3)																		
<p>Fiscal autonomy</p>	<p><i>The extent to which local government can independently tax its population</i></p> <p>Additional coding instructions: For this dimension the level of contribution of the tax for local</p>	<p>0-4</p>	<p>0 local authorities do not set base and rate of any tax</p> <p>1 local authorities set base or rate of minor taxes</p> <p>2 local authorities set rate of one major tax (personal income, corporate, value added, property or sales tax)</p>																		

	authorities (how much the tax actually yields) has to be clarified in the explanations.		<p>under restrictions stipulated by higher levels of government</p> <p>3 local authorities set rate of one major tax (personal income, corporate, value added, property or sales tax) with few or no restrictions</p> <p>4 local authorities set base and rate of more than one major tax (personal income, corporate, value added, property or sales tax)</p>
Financial transfer system	<i>The proportion of unconditional financial transfers to total financial transfers received by the local government</i>	0-3	<p>0 conditional transfers are dominant (unconditional = 0-40% of total transfers)</p> <p>1 there is largely a balance between conditional and unconditional financial transfers (unconditional = 40-60%)</p> <p>2 unconditional financial transfers are dominant (unconditional = 60-80%)</p> <p>3 nearly all transfers are unconditional (unconditional = 80-100%)</p>
Financial self-reliance	<p><i>The proportion of local government revenues derived from own/local sources (taxes, fees, charges)</i></p> <p>Additional coding instructions: A shared tax collected by central government and over which local government has no influence, has to be regarded as financial transfer. Please, make a note in your country report if this is the case.</p>	0-3	<p>0 own sources yield less than 10% of total revenues</p> <p>1 own sources yield 10-25%</p> <p>2 own sources yield 25-50%</p> <p>3 own sources yield more than 50%</p>
Borrowing autonomy	<i>The extent to which local government can borrow</i>	0-3	<p>0 local authorities cannot borrow</p> <p>1 local authorities may borrow under prior authorization by higher-level governments and with one or more of the following restrictions:</p> <ul style="list-style-type: none"> a. golden rule (e. g. no borrowing to cover current account deficits) b. no foreign borrowing or borrowing from the regional or central bank only c. no borrowing above a ceiling, absolute level of subnational indebtedness, maximum debt-service ratio for new borrowing or debt brake mechanism d. borrowing is limited to specific purposes <p>2 local authorities may borrow without prior authorization and under one or more of a), b), c) or d)</p> <p>3 local authorities may borrow without restriction imposed by higher-level authorities</p>
Organizational autonomy	<i>The extent to which local government is free to decide about its own organisation and electoral system</i>	0-4	<p>Local Executive and election system:</p> <p>0 local executives are appointed by higher-level authorities and local authorities cannot determine core elements of their political systems (electoral districts, number of seats, electoral system)</p> <p>1 executives are elected by the municipal council or directly by citizens</p> <p>2 executives are elected by the citizens or the council and the municipality may decide some elements of the electoral system</p> <p>Staff and local structures:</p>

			Local authorities: Hire their own staff (0-0.5) Choose their organizational structure and level of staffing* (0-0.5) *if level is largely determined by national norms a max score of .25 is obtainable Fix the salary of their employees (0-0.5) Establish legal entities and municipal enterprises (0-0.5)
Self-rule			The overall self-rule enjoyed by local government in X country (the sum of all the indicators above)

Interactive rule index

Legal protection	<i>Existence of constitutional or legal means to assert local autonomy</i> This dimension is related to the § 4.1 and 11 in the European Charter of Local Self-Government	0-3	0 no legal remedy for the protection of local autonomy exists 1 constitutional clauses or other statutory regulations protect local self-government 2 local authorities have recourse to the judicial system to settle disputes with higher authorities (e.g. through constitutional courts, administrative courts or tribunals, or ordinary courts) in addition to constitutional clauses 3 remedies of types 1 and 2 above, plus other means that protect local autonomy such as e.g. listing of all municipalities in the constitution or the impossibility to force them to merge
Administrative supervision	<i>Unobtrusive administrative supervision of local government</i> This dimension is related to the § 8 in the European Charter of Local Self-Government	0-3	0 administrative supervision reviews legality as well as merits/expediency of municipal decisions 1 administrative supervision covers details of accounts and spending priorities 2 administrative supervision only aims at ensuring compliance with law (legality of local decisions) 3 decisions/instructions of supervisory authorities may be subject to adjudication at the request of municipalities;
Central or regional access	<i>To what extent local authorities are consulted to influence higher level governments' policy-making</i>	0-3	0 local authorities are never consulted by higher level governments and there are no formal mechanisms of representation 1 local authorities are consulted and/or have access to higher-level decision-making through formal representation but influence is limited 2 local authorities are regularly consulted through permanent consultation channels and have substantial influence 3 local authorities are either consulted or have access to higher-level decision-making through formal representation; and substantial influence
Interactive rule			The overall shared-rule enjoyed by local government in X country (the sum of all the three indicators above)
LAI-N			The combined autonomy of local authorities (the sum of all indicators)

Policy scope: Range of functions (tasks) where local government is responsible for availability of services (whether it is provided by municipal personnel or through other arrangements)

Field	Function	Codes	Scores
Education (0-3)	Pre-school (age 1-6)	For each of the services: + 0.5 point if municipalities are fully responsible for infra-structure and/or the availability of services + 0.5 point if municipalities are fully responsible for personnel, including staffing and salaries	
	Primary school (6-15)		
	Secondary school ('gymnas') (15-18)		
Social assistance 0-3	Economic assistance (distress relief)	For each of the services: +0.5 point if the municipality is fully responsible for the organisation and/or availability of services +0.5 point if municipalities are fully responsible for personnel, including staffing and salaries	
	Work training/rehabilitation		
	Integration of refugees		
Health (0-3)	Primary health	For each of the services: +0.5 point if municipalities are fully responsible for infra-structure and/or the availability of services	
	Hospitals		
	Dental services	+0.5 point if municipalities are fully responsible for personnel, including staffing and salaries	
Caring functions (0-3)	General caring services	For each of the services: +0.5 point if municipalities are fully responsible for infra-structure and/or the availability of the service	
	Services for special groups		
	Child protection (barnevern)	+0.5 point if municipalities are fully responsible for personnel, including staffing and salaries	
Land use (0-2)	Building permits and zoning	+ 1 point if municipalities are fully responsible for administering building permits + 1 point if municipalities are fully responsible for administering zoning	
Public transport (0-1)	Public transport	1 point if municipalities are fully responsible for public transport services (0.5 point if the local government is partly responsible for public transport services)	
Housing (0-1)	Housing	1 point if municipalities are fully responsible for housing (0.5 point if partly responsible for housing)	
Police (0-1)	Traffic police and/or public order	1 point if municipalities are fully responsible for police (0.5 point if partly responsible for police)	
Theoretical top score = 17		Overall score = sum/17*4	sum

Effective political discretion: *In the policy fields listed below, to what extent are municipal decision-makers required by law to consult with, seek the permission, consent or cooperation of national agencies before final decisions can be made in the respective fields of responsibilities?*

Field	Function	Codes	Scores
Education (0-3)	Pre-school	For each of the services: 1 Hardly at all 0.5 To some extent 0 Always	
	Primary school		
	Secondary school		
Social assistance (0-3)	Economic assistance (distress relief)	For each of the services: 1 Hardly at all 0.5 To some extent 0 Always	
	Work training		
	Integration of refugees		
Health (0-3)	Primary health	For each of the services: 1 Hardly at all 0.5 To some extent 0 Always	
	Hospitals		
	Dental services		
Caring functions (0-3)	General caring	For each of the services: 1 Hardly at all 0.5 To some extent 0 Always	
	Special groups		
	Child protection (barnevern)		
Land use (0-2)	Building permits	For each of the services: 1 Hardly at all 0.5 To some extent 0 Always	
	Zoning		
Public transport (0-1)	Public transport	For this service: 1 Hardly at all 0.5 To some extent 0 Always	
Housing (0-1)	Housing	For this service: 1 Hardly at all 0.5 To some extent 0 Always	
Police (0-1)	Traffic police and/or public order	For this service: 1 Hardly at all 0.5 To some extent 0 Always	
Theoret. top score depends on areas of functional responsibility (see PS)		Overall score= sum/theoret. top score*4	sum

Tables

Table A 1: LAI- N Indicator values, standardised scale 0-100.

Country	Norway	Norway	Norway	Sweden	Sweden	Sweden	Finland	Finland	Finland	Iceland	Iceland	Iceland	Denmark	Denmark	Denmark
Year	2015	2017	2019	2015	2017	2019	2015	2017	2019	2015	2017	2019	2015	2017	2019
Institutional depth	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Policy scope	59	59	59	70,5	70,5	70,5	76,5	75	75	52,75	52,75	52,75	79,25	79,25	79,25
Effective political discretion	80,75	80,75	80,75	100	100	100	81,25	81,25	81,25	77,25	77,25	77,25	92,75	92,75	92,75
Fiscal autonomy	25	25	25	75	75	75	75	75	75	75	75	75	62,5	62,5	62,5
Financial transfer system	100	100	100	100	100	66,66	100	100	100	100	100	100	66,66	66,66	66,66
Financial self-reliance	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Borrowing autonomy	66,67	66,66	66,66	100	100	100	100	100	100	66,66	66,66	100	33,33	33,33	33,33
Organisational autonomy	100	100	93,75	100	100	100	93,75	93,75	93,75	100	100	100	100	100	100
Legal protection	0	33,33	66,66	33,33	33,33	33,33	83,33	83,33	83,33	66,66	66,66	66,66	33,33	33,33	33,333
Administrative supervision	66,66	66,66	83,33	66,66	66,66	50	66,66	66,66	66,66	100	100	66,66	66,66	66,66	66,66
Central access	66,66	66,66	66,66	66,66	66,66	66,66	66,66	66,66	66,66	83,33	83,33	83,33	66,66	66,66	66,66
Total LAI_N score	69,16	71,86	75,24	83,29	83,29	79,24	85,29	85,13	85,13	82,97	82,97	82,97	74,02	74,02	74,02

Policy scope and Effective political discretion by function, 2019, coded values (scale 0-1)

Policy scope 2019	Norway	Sweden	Iceland	Finland	Denmark
Pre-school	0,5	1	1	1	1
Primary school	0,5	1	1	1	1
Secondary school	0	1	0	1	0
Economic assistance	0,5	1	1	0,25	1
Work training/rehab	0,5	0,5	0,5	0,5	1
Integration of refugees	1	1	0	0,5	1
Primary health	1	0,5	0	1	0,5
Hospitals	0	0	0	1	0
Dental services	0	0	0	0,5	1
General caring services	1	1	0,5	1	1
Services for special group	1	1	1	1	1
Child protection	0,5	1	0,5	1	1
Zoning	1	1	1	1	1
Building permits	1	1	1	1	1
Public transport	0,5	0,5	0,5	0,5	1
Housing	0,5	0,5	0,5	0,5	1
Police	0	0	0	0	0

Effective political discretion 2019					
	Norway	Sweden	Iceland	Finland	Denmark
Pre-school	1	1	1	1	1
Primary school	1	1	1	1	1
Secondary school	0	1	0	1	0
Economic assistance	0,5	1	1	0,5	1
Work training/rehab	0,5	1	0,5	0,5	1
Integration of refugees	1	1	0	0,5	1
Primary health	1	1	0	1	1
Hospitals	0	0	0	1	0
Dental services	0	0	0	1	1
General caring services	1	1	0,5	1	1
Services for special group	1	1	1	1	1
Child protection	0,5	1	0,5	1	1
Zoning	0,5	1	1	1	0,5
Building permits	1	1	0,5	0,5	0,5
Public transport	0,5	1	1	0,5	1
Housing	1	1	0,5	0,5	1
Police	0	0	0	0	0

Country reports:

Denmark

Finland

Iceland

Norway

Sweden

The Local Autonomy Index - Nordic

Explanatory Note on Denmark 2015 – 2019

By Kurt Houllberg, VISE, Copenhagen

Institutional depth: 3

According to the Danish Constitution the right of municipalities to manage their own affairs independently, under State supervision, shall be laid down by statute. The Constitution also prescribes that some of the public tasks should be allocated to the local governments and that the Danish Parliament decides how much should be allocated.

Denmark has no single local government act defining the tasks of the municipalities. In general, task obligations of municipalities are laid down by law in various acts and legal statutes. In addition, municipalities have the ability to perform certain tasks based on the so-called *municipal authority rules* (“Kommunalfuldmagtsreglerne”), which is a general term for the unwritten rules (principles) of the local non-statutory duties. The precise definition, whether a municipality within the framework of the municipal authority rules have autonomy to perform a specific task, is often complex, since the municipal authority rules compose a series of inaccurate and often overlapping unwritten rules. In practice, the municipal authority rules imply that tasks the municipality wants to perform must be of some benefit to the community, must not be tasks delegated to other levels of government, and must not be providing support for individuals or individual companies without specific legal cover. Basically, municipalities are not allowed to engage in trade or industry. A classic example of tasks that municipalities may carry out according to the municipal authority rules is public transport and initiatives in leisure, culture and sport.

The Danish municipalities are granted a wide scope of predefined tasks, and within the framework of the municipal authority rules the municipalities are essentially free to take on other (public good) tasks not assigned to other levels of government.

Policy scope (0—4)

The Danish municipalities are multi-purpose jurisdictions, which since the 1970s have been responsible for a wide range of welfare services such as the public schools, childcare, and elderly care. As part of the Local Government Reform implemented January 1st 2007, the municipalities lost the task of income tax assessment, which was transferred to the central government. At the same time, a number of responsibilities—services for the physically and mentally handicapped, children with social and behavioral problems, rehabilitation of hospital patients, health promotion policies, specialized primary education for children with special needs, environmental protection, and regional roads—were devolved from the regional level to the municipalities.

Education (0-3): 2

Pre-school: 1

Primary school: 1

Upper secondary school: 0

The municipalities have responsibility for availability of day care services to preschool children ('Dagtilbudsloven'). Though a minor part of the services is delivered by private day care institutions or by state-regulated grants to parents for 'home-care', the vast majority of the services are provided by the municipalities, and the municipalities have the overall responsibility for ensuring the statutory childcare guarantee.

The municipalities have extensive responsibility for primary and *lower* secondary education stipulated by primary education act ('Folkeskoleloven'), including responsibility for construction/maintenance of school buildings and hiring and paying of teachers. The responsibility of *upper* secondary education ('Gymnasium') lies with the central government. The responsibility of special needs education was transferred to the municipalities as part of the 2007 reform.

Social assistance (0-3): 3

Economic Assistance: 1

Work training/rehabilitation: 1

Integration of refugees: 1

The municipalities are responsible for a wide range of services providing poverty relief as well as other social security/protection services ('Serviceloven'). Including early retirement benefits, cash benefits and sickness benefits.

Responsibility for active employment efforts/work training for insured unemployed people were transferred from state level to municipal level in 2009. Responsibility for work training/rehabilitation of non-insured unemployed have been at municipal level for decades, e.g. recipients of cash benefits and sickness benefits.

The central government is responsible for *reception* of refugees. However, when refugees achieve the status of refugees, they are distributed to the individual municipalities by the central government, and the municipalities are responsible for the *integration* of refugees ('Integrationsloven'), including a three-year integration program.

Health (0-3): 1.5

Primary health: 0.5

Hospitals: 0

Dental services: 1

The municipalities are partly responsible for primary health, including responsibility for health care for small children and prevention of diseases, whereas the regions are responsible for general practitioners and hospitals. The responsibility for rehabilitation of citizens and for health promotion policies was transferred from regional to municipal level as part of the 2007 reform along with municipal co-financing of regional health costs (hospitals and general practitioners). The responsibility for hospitals and national health insurance service lie with the regions, including the responsibility for emergency services and maternity wards.

The municipalities are fully responsible for dental care for preschool, schoolchildren and elderly.

Caring functions (0-3): 3

General caring services: 1

Services for special groups: 1

Child protection: 1

The municipalities are fully responsible for all caring functions according to the service act. Including responsibilities for elderly care, home assistance, care for handicapped, children with social and behavioral problems, homeless, drug abusers etc. The responsibility for care for special groups (handicapped, children with social and behavioral problems, homeless etc.) was transferred from regional to municipal level as part of the 2007 reform, including responsibilities for child protection.

Land use (0-2): 2

Building permits: 1

Zoning: 1

Fully responsible, land use planning act. Local governments are fully responsible both for administering building permits and administering zoning.

Public transport (0-1): 1

Not mandatory, but some municipalities take on extensive functions. After the 2007 reform, regions only play a very limited role.

Housing (0-1): 1

Municipalities are fully responsible for housing.

Police (0-1): 0

Not a municipal function, but a central government function.

Effective political discretion

All municipal functions, apart from land use, are carried out without any requirements by law to consult or seek permissions from higher levels of government prior to the municipal decisions. Hence, the score is 1 for all functions where municipalities are responsible for the task (apart from land use)

Below the reason for not coding land use 1 is given and for the rest of the functions qualitative comments are given with regard to regulations that may reduce effective political discretion but where there is no requirement by law to consult with or seek permission from national agencies prior to the municipal decisions.

Land use (0-2): A total of 1 is coded for the two services as an extensive system of state interventions effectively limits local discretion in this field; a number of state agencies are empowered to protest against local land use plans, both regarding building permits and zoning.

Education: Within the legal framework of the education act, the municipalities have a large degree of fiscal autonomy to decide the level and distribution of resources as well as they are granted large autonomy to organize the school structure, number and size of classes etc. Basically this implies a score of 1 for primary school and lower secondary school. However, extensive in-depth supervision of state agencies limits effective discretion. This for instance includes national standards for the number of lessons at each form level, 'common objectives'/curriculum for each form and specification of the forms and subjects for national tests. In addition, a major school reform in 2014 in addition to setting up three main overall goals for the Danish 'Folkeskole', also set up four specific performance

indicators for all municipalities to measure. The nationally defined performance indicators thus reduces local political discretion for prioritizing school efforts and measuring the attainment of students. Local governments have full hire-and-fire discretion over teacher's employment, but due to national agreements with trade unions limited discretion on teachers' payment. The legal framework for pre-schools in the daycare act is less comprehensive and leaves more political discretion to local governments. Though the daycare act sets up some standards for documentation and assessment of the children environment, the local political discretion is limited to a much lower degree than in the education act.

Social assistance: Economic assistance and Work Training is due to extensive, in-depth supervision of state agencies, which limits effective discretion both regarding whether an individual receives financial relief or not and the level of work training a person receives. Activities for activating insured unemployed were transferred from state level to local governments in 2009 but this is not reflected in the coding as unemployment benefits in general are excluded. Integration of refugees is also quite detailed regulated with regard to the content of the 'Integration program', including which programs in Danish language refugees with which background are obliged to offered and participate in.

Health: The regions are responsible for general practitioners and hospitals. Local governments can decide on construction/maintenance of some of the health centers, namely the centers relating to health care for small children and dental care for preschool and schoolchildren. Though the municipalities' responsibility for rehabilitation of citizens leaving hospitals is guided by the hospitals, the municipalities' overall responsibility for rehabilitation of citizens and for health promotion policies opens up for a relatively high level of local political discretion. Regarding co-financing of regional health costs the municipalities have no discretion as this is essentially a bill based on the number of citizen admissions to hospitals and general practitioners (of which the municipality has no authority). Local governments cannot decide on the organization and functioning of specialized health centres and emergency services, which are the responsibilities of the regions.

Caring: Within the legal framework of the service act, the municipalities have a large degree of fiscal autonomy to decide the level and distribution of resources within care for elderly and home assistance as well as they are granted large autonomy to organize the structure and number of elder care institutions, the interface between elder care homes and home help etc. Though some supervision from national agencies is present, this is limited and the effective political discretion is relatively for both elderly care and home assistance. Regarding services for special groups (eg. handicapped), the responsibility for this task was transferred from counties to municipalities as part of the 2007 reform. However, a national agency for supervision (called VISO) was established at the same time and in 2014 was supplemented by five regional state agencies (called 'Sociale Tilsyn') responsible for supervising and monitoring the municipalities with regard to specialized social services, including services for handicapped, homeless and drug abusers - and child protection.

Public transport: Municipalities are free to organise public transport if they wish, but only larger cities do so.

Housing (1): Ditto. Local government can fully decide on housing and town development

Police (0): Not a local government function

Fiscal autonomy: 2,5

Local taxes altogether finance 60 per cent of total municipal capital and current expenditures. The by far most important source of revenue is the personal income tax, the rate of which the individual municipality according to legal statutes can decide autonomously. Within certain limits, the municipality can also set tax rates for a local tax on private property and a local tax on business/commercial property. However, the total level of taxes levied by all municipalities will have

to stay below the limits set in the annual economic agreements between the national government and Local Government Denmark (LGDK). These limits on taxes (and expenditures) are not binding for the individual municipality, but as the municipalities collectively have been running at the agreed level for the entire period, the autonomy of the individual municipality is restricted by the decisions by other municipalities. From 2001, the national government has implemented a tax stop policy, which for practical reasons means that one municipality is only able to raise the tax rate if other municipalities lower their taxes correspondingly. Though in a few cases municipalities with particularly challenging fiscal environments have been allowed – by state approbation – to raise their tax rates, since 2001 only a few changes in actual tax rates have been witnessed. From 2011, the national government has enforced the annual economic agreements with LGDK by a sanctions regime implying that the general grants for the municipalities will by statute be reduced by up to 3 billion DKK if taxes and final expenditures of the municipalities collectively exceed the level agreed in the economic agreements. With the so-called Budget Law this sanction regime was made permanent in 2012, including binding annual expenditure ceilings for central government, municipalities and regions, respectively. Significant variation in tax rates still exists across municipalities, but since the national tax stop in 2001 the tax levels to a large degree seem to be ‘frozen’ at historic levels and few changes are witnessed. As said, since 2011 the sanction regime has enforced the overall tax-stop of the municipalities, and one municipality is only able to raise the tax rate if other municipalities lower tax rates correspondingly. This is why Fiscal autonomy is not coded 3, but 2.5. The Budget Law also implemented a balanced budget rule. Since 2014, the national parliament have implemented a number of ‘earmarked grants’ for municipalities, that can only be used for specific purposes and only by application to the national government and/or by documenting that the money is spent for the designated purpose. In 2014 and 2015 these earmarked grants were labeled as a so-called ‘billon for elderly’, and in 2016 to 2019 as a ‘billon for dignity’. Though this in 2019 only amounts to 1.6 percent of the 62 billion of general grants from the national government to municipalities (and is thus not reflected in the coding), this development induces a limitation of effective local political discretion compared to earlier years.

Financial transfer system: 2

General grants amount to 20 per cent of total municipal revenues. When including income transfers to individuals, conditional grants (excluding old age pensions which are fully reimbursed by the state) finance approximately 10 per cent of total expenditures. Accordingly, conditional grants from other levels of government amount to approximately one third of total grants. Prior to the 2007 reform part of the conditional grants were transferred to municipalities from the regional level. After the 2007 reform conditional grants are only received from the state.

Over the last four decades conditional grants (reimbursements) have gradually been reduced and converted to general grants, leaving more room for local discretion, prioritizing and fiscal management. Prior to 1990 conditional grants covered a larger share of the revenues as also expenditures for day care and care for the elderly were partly reimbursed (abolished 1987) and earlier also expenditures for roads and teacher salaries (abolished in the 70s). Since 1990 conditional grants are basically restricted to expenditures for social assistance and labour market activities. These conditional grants have gradually been reduced since 1990 and converted to general grants; reducing the share of conditional grants from around 40 per cent of total grants to 27-28 per cent in 2013-2014. The latest major finance reforms of this kind was implemented in 2011 and 2016. In 2019 conditional grants amount to 24.9 per cent of total grants.

Financial self-reliance: 3

Own/local sources include personal income tax levied on local inhabitants, this is by far the most important local source of revenue; other sources include land property tax and fees and charges for specific services. In 2019, own sources yielded close to 78.9 per cent of total revenues. There is wide

variety among municipalities as to how much they are financed through local sources, ranging from 48 per cent to 146 per cent (percentages above 100 apply for municipalities paying net to the equalization scheme, i.e. municipalities receiving *negative* general grants).

Borrowing autonomy: 1

Borrowing requires approbation by the state, and requirements **a** and **d** apply. Borrowing is limited to capital expenditures and only after appropriation by the state, cf. the municipal borrowing act ("kommunal lånebekendtgørelse"). The only exception is the utility area (refuse disposal, sewers and supply of water, heating and electricity) – where expenditures are not allowed to be financed by taxes but must be financed solely by user fees– in which municipalities and municipal companies within certain limits are granted borrowing autonomy.

Organisational autonomy: 4

According to the local government act ("Kommunestyrelsesloven") political authority in the municipalities lies with the municipal board, consisting of 9 to 31 councillors. The councillors are elected for a fixed four-year term on the basis of a proportional voting system. The head of the council is the mayor, who is elected by and among the local councillors. Executives are elected by the municipal council and apart from a mandatory finance committee the municipalities are granted large autonomy regarding both political and administrative organisation. Municipalities hire own staff, decide organisational structure, fix salaries and may establish legal entities/enterprises.

Legal protection: 1

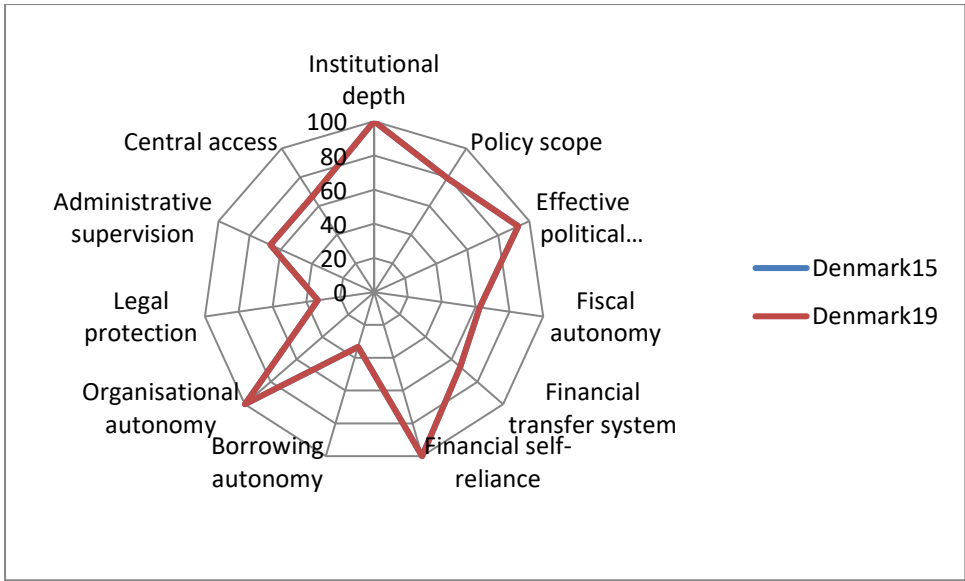
As previously mentioned, it is a constitutional right of municipalities to manage their own affairs independently under State supervision. The Constitution also prescribes that some of the public tasks should be allocated to the local governments and that the Danish Parliament decides how much should be allocated. None of the legal remedies mentioned for scores 2 and 3 exist.

Administrative supervision: 2

Formally, supervision aims at controlling only legality of municipal decisions and service provision, but in practice supervision has become more detailed and extensive over the last decade; the concept of legality has been stretched

Central access: 2

There are no formal mechanisms of municipal representation at the central level, but an institutionalized system of continuous consultations between the national government and Local Government Denmark (LGDK) has been in operation since 1979. The system allows for negotiations between local and central government and serves as the basis for calculating and negotiating economic compensations to municipalities for changes in tasks as well as the basis for the yearly economic agreements between LGDK and the central government. The system is based on multiple low and high-level meetings between LGDK and the respective ministries; sometimes involving ministers with the relevant portfolios and – in particular regarding the economic agreements – the minister of finance. This system is an important channel of influence for local government.



Denmark: Scores on indicators 2015 and 2019 (no changes).

The Local Autonomy Index – Nordic

Explanatory Note on Finland 2015-2019

By Pekka Kettunen, Åbo Academy

Institutional depth 3

The Finnish Constitution (731/1999) and the Local Government Act (410/2015) define the ground,

The constitution declares that “Finland är indelat i kommuner, vilkas förvaltning skall grunda sig på självstyrelse för kommunens invånare.” Furthermore, “Bestämmelser om de allmänna grunderna för kommunernas förvaltning och om uppgifter som åläggs kommunerna utfärdas genom lag”. (§ 121)

In the same manner the Local Government Act declares that “Kommunen sköter de uppgifter som den har åtagit sig med stöd av självstyrelsen och organiserar de uppgifter som särskilt föreskrivs för den i lag. När uppgifter ska organiseras i samarbete med andra kommuner, föreskrivs det om detta genom lag (lagstadgat samarbete). (§ 7).

In theory, the municipal tasks are divided into compulsory and voluntary (or autonomous) tasks (VM 2015), but in practice, obligations deal with some aspects of the tasks and leave other aspects up to the municipality to decide upon.

Policy scope 3

EDUCATION

Pre-school education – score 1. Local governments are responsible for the day-care services. They do it largely by themselves, but contracts with private day-care producers are used as well. According to the law, all families have the right to receive day-care, but it is up to the municipality to decide the form. (Lag om småbarnpedagogik 540/2018). Pre-school education was made compulsory in 2015 (for children in the age of six).

Primary education – score 1. Primary education is very much a local government task. there are very few private schools. The education law (628/1998)¹⁷ obliges the local governments to provide education, to provide a school lunch free of charge, to hire teachers who are formally competent, but in many ways the decisions are made by local government.

In Finland, the compulsory school is named ”comprehensive school” and is divided into elementary level of six years and higher level of three years ((lågstadium och högstadium),

Secondary education – score 1

Secondary education in Finland refers to so the called second level education which includes either upper secondary school or vocational school. In both cases the local governments are in charge. The Ministry of Education and culture issues permits to establish an upper secondary school, and most of them are run by municipalities or joint municipal organizations. Vocational education is arranged the

¹⁷ Kommunen är skyldig att för barn i läropliktsåldern som bor på kommunens område ordna grundläggande utbildning samt förskoleundervisning året innan läroplikten uppkommer. §4

same way, and municipalities have also established municipal companies and foundations for this purpose.

SOCIAL ASSISTANCE

Economic assistance – score 0,5.

The field of social assistance is divided between the national and the local government. Such allowances as rent allowance or child allowance have been administered by the The Social Insurance Institution of Finland (kela.fi), while income allowances were administered and delivered by the municipalities. There was a reform in 2016 when the income support, previously paid by the municipalities, was divided into two, the basic part was transferred to the the Social Insurance Institution of Finland, and the discretionary part remained at the municipal level (demanding more case to case consideration).

Work training – score 0,5

Basically labor market issues are dealt by the state regional agency for labor (Employment and Economic Development Offices (TE Offices)). All job-seekers have to go via this office, The role of the local government deals with rehabilitation. If a person is incapable of working, then the local government can provide work, or arrange other activities. Municipalities are also encouraged to deal with long-term unemployed.

Integration of refugees – score 0,5.

At the national level, the Ministry of Economic Affairs and Employment in Finland, and the Ministry of Education and Culture, are the main national actors. At the local level, the TE Office is responsible for the job seekers, and their integration, and the local government of children, retired, and other persons¹⁸. All refugees are entitled to an integration program (from one to three years) consisting of language and other studies, and several different types of organizations provide pieces of these programs. Local governments have to make a strategic plan of integration every fourth year, and in this defines how refugees, and other immigrants are received within the municipal services,

HEALTH

Primary health services – score 1.

Local governments are in charge of primary care. According to the reform 2006, they need to have a minimum of 20 000 inhabitants for primary health services, and hence all the smaller municipalities cooperate with other municipalities, or a larger municipality provides the service for a smaller one.

Hospitals – score 1.

Secondary care, hospitals, is already for decades being based on compulsory municipal cooperation (hospital districts), in which municipalities are members and in charge of the hospital care of their inhabitants. In some regions the municipalities have reorganized the services so that there is more

¹⁸ Den arbets- och näringsbyrå eller kommun som har ordnat den inledande kartläggningen ska vid behov hänvisa invandraren till tjänster som ordnas av någon annan myndighet eller anordnare av tjänster. Hänvisande ska ske i samarbete med den som anordnar tjänsterna. (§ 10) Lag om främjande av integration 1386/2010)

integration and coordination between the primary and secondary levels, and between social and health services (see eksote.fi).

Dental services – score 0,5

It is a municipal responsibility, but many municipalities are not capable of providing the service and hence many citizens prefer a private service. The social insurance institution of Finland supports financially the use of private services (compensation) which works as an additional factor.

CARING

General caring services - score 1. Municipalities have responsibilities for elderly people. Recently there has been a discussion on the quality of the elderly care, and the lack of quality control local governments have over the private companies. There has been a political debate whether institutional elderly care should follow a personnel quota in order to fulfil a minimum quality standard, Furthermore, as many elderly persons live at home, there has been a discussion on the quality of home services, too. In all services for the elderly also private options exist, and persons able to pay more can choose amongst these.

Special groups – score 1. Municipalities are responsible for a wide array of social services, including services for disabled persons. The services range from special forms of housing to personal assistants and taxi vouchers, and municipalities are responsible for working out an individual caring plan for each user in long-term care,

Child protection -score 1. Child protection is a local government task. In the 2006-2011 municipal reform one of the arguments against small municipalities was that they either lack the special skills in child protection, or that the costs can be so huge that it can be unbearable for small municipalities. Hence, municipalities can also cooperate with other municipalities in providing these services. When it comes to foster care, municipalities cooperate with private companies, NGOs and families to find places for the relocation of children.

LAND USE – score 2

The principles of land-use are based on multi-level governance. There is land-use planning at the national, regional and local level, and the three levels must fit together. At the regional level, the regional council is de facto a joint municipal organization, which makes it easier to coordinate the regional and local levels. Within the borders of a municipality the local government has a planning monopoly, irrespective of the ownership of land. The same applies to building permits. In practice, private companies propose building projects and the municipal government either approves, amends or rejects the plans. Municipalities also do long-term planning, for instance to consider infrastructure options, such as building a new tram system (goes on in Tampere, discussed in Turku).

Public transport – score 0,5

Local governments are not obliged to support public transport. In larger cities, there are municipal bus companies but these are predominantly financed by fees. In the recent years the main urban areas have received more state subsidies to improve collective traffic, and hence the role of municipalities has become stronger.

Housing – score 0,5

The involvement of local governments is dependent on the size, i.e. only larger municipalities play some role. A municipality can own (through various organizational formats) publicly supported rent apartments. They are financed by the national government.

Police – score 0. this is not a local government function in Finland.

Effective political discretion 3

(explanations for detailed scoring is given below when the score is less than 1)

EDUCATION

Pre-School Education

Primary Schools

Secondary Schools

SOCIAL ASSISTANCE

Economic Assistance – score 0,5: The role of municipality is rather limited compared to the state agency and this is an area of regulations which municipalities have to be aware of

Work Training – score 0,5: Work rehabilitation is under several regulations by the state agencies and there is a pressure to bring people back to working life, not necessarily supported by the social work dept of a municipality

Integration of Refugees – score 0,5: Integration is administered by the ministries, and when it comes to refugees, the regulations may change quickly. The role of local government is stronger when it is a question of their services and immigrants, but refugees is more a state policy area.

Child protection

HEALTH

Primary services

Hospitals

Dental services

CARING

General caring

Special caring

Child protection

LAMD USE

Zoning – score 0,5: land-use is a multi-governance issue so that local governments cannot just make their own plans in isolation.

Building permits

PUBLIC TRANSPORT AND HOUSING

Public Transport – score 0,5: the role of local governments is limited, and in the urban areas where reforms are found, these can be explained by state money as a step one.

Housing – score 0,5: Public housing is a state policy in the sense that there is a particular organization financing social housing (rent apartment with rent ceiling). Larger cities own such apartments, smaller ones do not. But it is very much a shared policy arena.

POLICE

Police – score 0. This is not a local government function.

Fiscal autonomy – score 3

Municipalities have three major sources of incomes. Taxes, state subsidies and fees. Taxes are the main source and are divided into personal taxation, enterprise taxation and tax on buildings.

Municipalities can decide on the rate, but the national government can affect the taxation rules in general, for example what kind of expenses the citizens are allowed to register and demand for tax deduction. Personal taxes are divided into state and local tax, and municipal tax levels vary considerably. When it comes to property tax on houses, the national government sets a range, and municipalities can choose if they have a more modest or a higher rate. Enterprise tax is based on certain principles which a municipality cannot affect.

The tax equalisation system implies a transfer of money from the wealthier municipalities to poorer ones. This system is administered by the Ministry of Finance.

Financial transfer system – score 3

State subsidies are lump sum, based on a calculation of a number of factors; for example, if there are more severe health problems the subsidy is higher. There are different sorts of more era-marked subsidies, too, but the so-called general state subsidy is by far the largest.

Financial self-reliance - score 3

Own/local sources include taxes and fees. There is wide variety among municipalities as to how much they are financed through local sources. On average, the incomes of the local and regional authorities (municipal co-operation) were in 2017 divided into tax incomes (inhabitants) 42,6%, enterprise tax 4,5% and building tax 3,9%. Furthermore the fees and sales accounted for 20,7%, state subsidies' share was 19,2, and finally borrowing was 5,4% and other incomes 4 %. (kunnat.net)

Borrowing autonomy – score 3

Borrowing does not require approval by state authorities, and hence the score 3.

Organizational autonomy – score 3,75

Organizational autonomy is one of the core elements of local self-government in Finland. However, elections are strictly controlled by the Ministry of Justice. Local councils have the right to decide on the municipal organization, only one committee is compulsory, the revision committee. Furthermore, deciding what kind of organizational structure to have is up to the municipalities themselves.

However, there are several obligations dealing with personnel; how many in different activities (say kindergarten) or what competence the personnel has to have (say teachers).

Legal protection – score 2,5

In Finland, the autonomy of local governments is particularly well protected even compared to the other Nordic countries. The parliament has a constitutional committee which controls all (relevant) government proposals to see if they are contradictory with the municipal autonomy (§ 121) or not. Since the new constitution of 2000, there have not been cases of temporary deviations from the constitution, but the committee has simply asked the government to revise the proposal and submit it again. Amalgamations against the will of municipalities have not been government policy for a long time. However, partial amalgamations have been approved by the national government if it is considered urgent for the initiative-taking municipality.

Administrative supervision – score 2.

Formally, all control should be based on legality. However, when it comes to the compulsory services, where obligation is by law, more detailed supervision is allowed. Sometimes it can be difficult to make a difference between obligation and recommendation, as national level agencies can be characterized as policy advisers.

Municipalities can appeal to administrative courts, however, they cannot if its only a remark, but if there is a sanction, fine or close-down of a unit, then they can, first, express they are not content with the decision, and if no change is done, then take it to the court. There are detailed instructions in various laws,

In practice the state regional office AVI is the main controller, and exercises control based on random checks and thematic control.

There are six Regional State Administrative Agencies in Finland. The agencies work in close collaboration with local authorities. The agencies' mission is to promote regional equality by carrying out executive, steering and supervisory tasks laid down in law.

More recently there has been discussion on the cases of lacking quality in elderly care. It has pointed out that both the municipalities themselves and the regional state authority should be active.

Central of regional access – score 2

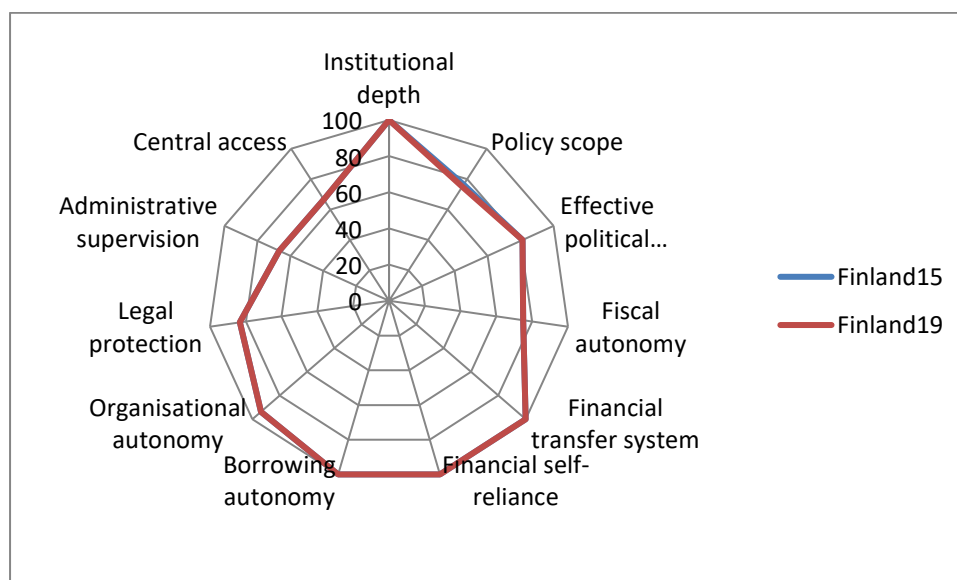
The Finnish municipalities, numbering 311, are represented by the National Organization of Finnish Local and Regional Authorities. To a certain degree the 16 municipalities of the Åland Islands are following different regulations. The municipal central organization provides information, and makes statements concerning local government issues. The local government interests are also mediated by the regional councils and by the regionally elected MPs. When it comes to local government economy and its relation to the state budget, there is a particular planning procedure focused on the welfare services.¹⁹

¹⁹ Kommunekonomiprogrammets betoning ligger på en granskning av kommunekonomins utvecklingsutsikter och statens åtgärder. Åtgärdernas verkningar har utvärderats ur hela kommunalekonomins perspektiv, med hänsyn till kommunstorleksgrupper och med tanke på förverkligandet av finansieringsprincipen. Kommunekonomiprogrammet har beretts av ett av finansministeriet utsett sekretariat som inkluderar samtliga centrala ministerier som bereder lagstiftning som gäller kommunernas uppgifter och statliga åtgärder som påverkar kommunalekonomi, samt av Finlands Kommunförbund

There are different networks of local governments, and for example the larger cities have been actively expressing their views during the ongoing social and health care and regional government reform.

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Finland: Scores indicators 2015 and 2019.

The Local Autonomy Index - Nordic

Explanatory Note on Iceland 2015 – 2019

By Eva Marín Hlynsdóttir, University of Iceland, Reykjavík

The text below records and justifies the scoring of Icelandic municipalities on the Local Autonomy Index – Nordic Version.

Overall, there is very little scientific material available on most of these issues. Thus, in most cases the available information must be retrieved from legal documents or official webpages. Also, some of the issues are up for an interpretation i.e. different people understand it differently. This is especially so in relation to the social services /caring services which are often provided through a complicated division between local government and state institutions. The service of education has been a local government task since 1996 and therefore the rules division between locality and state are in general quite clear. Furthermore, long term policy making is not very well developed at the local level and decision making is therefore often reactive or ad hoc.

Institutional depth 3

Iceland has a single tier of local government protected under Article 78 of the Constitution²⁰. The Local Government Act no 138/2011 came into force in 2012. The Act did not entail any significant changes regarding this indicator. The act confirmed the traditional position of Icelandic local government: municipalities may take on any functions not undertaken by other public or private bodies.²¹ In addition, a series of special acts makes specific functions mandatory for local government, e.g. education, disability services, land use planning, etc.

EDUCATION

Pre-school education – score 1: Municipalities are responsible for kindergarten service. The law does not explicitly state that municipalities must provide this service; hence, theoretically, it is voluntary. (No. 90/2008)²² However, in practice it is not socially accepted for a municipality NOT to provide this service. Traditionally, services were provided for age 2-5, in recent times kindergartens are increasingly taking in younger children, even below 1 year old. Also, private organizations or NGOs must seek permission from local authorities to provide these services and the municipal institutions are responsible for the surveillance of the services. A score of 1 is given since municipalities have

²⁰ www.oecd.org/regional/regional-policy/profile-Iceland.pdf

²¹ For a general overview of Icelandic Local government, see e.g. articles by Eva Marín Hlynsdóttir in *the Icelandic Review of Politics and Administration*; 2018; 2017; 2016.

²² <https://www.althingi.is/lagas/nuna/2008090.html>

voluntarily taken over the overall responsibility for availability of services in this field and are directly responsible for all personnel or buildings; the proportion of municipal to other personnel varies from one municipality to another according to the mix of municipal/private provision. The service is financed by a combination of contributions from the municipalities and parents.

Primary Education- score 1: Municipalities have full responsibility for primary education for 6-15 year old as stipulated by the primary education act (No 91/2008§ 5)²³. The responsibility includes the construction and maintenance of school buildings and hiring and paying teachers. Only a very small minority of children in this age group go to private schools.

Secondary education – Score 0: this is a responsibility for the state, not the municipalities. The Municipalities are entitled to appoint board members for schools on this level. However, they are not regarded as important partners in this instance.

SOCIAL ASSISTANCE

Economic assistance – Score 1: The Act on Social Services in municipalities (*Lög um félagsþjónustu sveitarfélaga 40/1991*)²⁴ imposes obligations on municipalities regarding economic help to persons in destitute circumstances, including access to affordable housing.

Work training – score 0.5: Municipalities also have responsibilities regarding programs for work training for persons with reduced employment capacity. This responsibility is shared with the national work agencies; therefore, a score of 0.5 is recorded.

Integration of refugees – Score of 0. The integration of refugees is in general not the responsibility of local government. However, in the case of quota -refugees (refugees invited by the state to move to Iceland), local authorities have made a contract with the state to integrate the refugees in question. These are, however, on a voluntary basis and do not include all municipalities. Therefore, the refugee issue is only relevant to a limited number of municipalities. However, this does not include the overall state of immigration.

HEALTH - MUNICIPALITIES ARE NOT RESPONSIBLE FOR THIS TASK

Primary health services – Score 0: Municipalities are not responsible for primary health services

Hospitals – Score 0: Not responsibility of municipalities

Dental services – Score 0: Nor responsibility of municipalities

CARING

General care services – Home assistance Score 0,5: The act on elderly issues (*Lög um málefni aldraðra 125/1999*)²⁵ states that municipalities are responsible for home assistance and providing possibilities for social gatherings in relation to elderly people. As their role in the elderly care is so limited the provision of home assistance (*heimþjónusta*) covered by the Act no 125/1999 a score of 0,5 is warranted. Home assistance does not include any medical assistance as that is the province of the state.

²³ <https://www.althingi.is/lagas/nuna/2008091.html>

²⁴ <https://www.althingi.is/lagas/nuna/1991040.html>

²⁵ <https://www.althingi.is/lagas/149a/1999125.html>

Special groups – Score 1: Municipalities are responsible for providing services to people with disabilities and in need of long-term support (Lög um þjónustu við fatlað fólk með langvarandi stuðningsþarfir. No 38/2018)²⁶. Individuals are entitled to private support plan. (art. 12). However, there are grey areas in relation to elderly disabled persons and there has been cases of dispute between the state and municipalities on who is responsible for a disabled old person.

Child protection – Score 0.5: Responsibility for the availability and organization of the front-line service is according to the Child Care Act allocated to municipalities, including staffing and facilities (*Barnaverndarlög 80/2002*)²⁷. However, institutions for permanent placement/custody are the responsibility of the state. Municipal staff, in cooperation with parents and the state staff from the central office of child protection make decisions regarding the placement of children in difficult circumstances. Changes in the organization of the state organization are being implemented. It is not clear if and how that will affect the local government service part. Because of the division of responsibilities between municipalities and state institutions, a score of 0.5 is recorded.

LAND USE

Zoning and building permits - Score 2: The Planning Act (*Skipulagslög 123/2010*) allocates a series of competencies to municipalities regarding local land use, including zoning and issuing building permits. The National planning agency is responsible for surveillance. Municipalities are the primary planning authorities for their respective territories. A score of 2 since municipalities have the primary responsibilities in the field of land use management and are staffed accordingly.

PUBLIC TRANSPORT AND HOUSING

Public transport – score 1: This is not a mandatory municipal function; however, in 2010 the National road agency signed a contract with Regional Associations on the organization and provision of public bus services. The Regional Associations are voluntary associations created by and the sole responsibility of the municipal level. The local level is, however, not the sole provider of public transport. In addition and based on the disability Act (see above) municipalities are obliged to provide transport services to persons with disabilities. The score is 1 since municipalities are the main service providers for the disability services and the most important service providers of bus services.

Housing – 0,5: This has not been an extensive municipal function in Iceland; although municipalities are based on law no 44/1998 on housing obliged to provide low-rent housing for people in economic distress or with disabilities. However, no one else has any responsibilities in this area and therefore even though municipalities in general are not very active in this area a score of 1 is deemed justifiable.

Police – score 0: This is not a local government function in Iceland.

²⁶ <https://www.althingi.is/altext/stjt/2018.038.html>

²⁷ <https://www.althingi.is/lagas/nuna/2002080.html>

Effective political discretion

In general municipalities have great discretion over their tasks, they are, of course, bound by the relevant law, but it is rare that they have to get permission before making decisions. In some cases, this means that in a more finely tuned scoring, a score of 1 would perhaps turn into a score of 0,75.

EDUCATION

Pre-School Education - score 1

Primary Schools – score 1

Secondary Schools – score 0: Not a municipal function

SOCIAL ASSISTANCE

Economic Assistance – score 1: The function is carried out in cooperation with the National Welfare Agency.

Work Training – score 0.5: This function is shared with the national agencies

Integration of refugees- Score of 0

HEALTH Not the responsibility of local government

Primary health services – Score 0: Municipalities are not responsible for primary health services

Hospitals – Score 0: Not responsibility of municipalities

Dental services – Score 0: Not responsibility of municipalities

CARING

General care services – score 0,5

Special groups – score 1

Child protection – score 0.5 This function is shared and coordinated with national authorities.

LAND USE

Zoning and building permits – score 1,5: A score of 1,5 is given. National agencies are only to a very limited extent able to stop municipal land use plans. This is mainly in relation to larger issues such as hydroelectric powerplants and mainly based on environmental disputes. National agencies are not able to stop municipal land use plan because it conflicts with national objectives. They may, however, suggest that a municipal land use plan should be rejected on some technical bases, in practice these would indicate that the municipality in question would need to fix the problems in the plan and submit it again. There is, however, an increase in state scrutiny and municipal land use is increasingly subjected to detailed public oversight.

PUBLIC TRANSPORT AND HOUSING

Public transport - score 1

Housing - score 0,5

POLICE

Police – score 0: This is not a local government function.

Fiscal autonomy - score 3

Municipalities are limited in their powers to set rates of taxes over which they have nominal powers; the most important source of revenue is the personal income tax, they may choose yearly between taxes between 12.44 percent -14.52 per cent of personal income of each individual in the municipality²⁸; the income tax accounts on average for around 60% of the municipalities' revenues. The second most important tax is the property tax over which they have some discretion although the upper limit of the tax is decided by the law no. 4/1995 article 3. A score of 3 is warranted as there is no choice regarding tax bases, i.e. municipalities cannot abstain from levying the property tax. Furthermore, if municipalities want to receive funding from the equalization fund they must use all possible tax funding first.

Financial transfer system 3

Since the municipalities took over the task of disability service transfers have increased. However, 80% of transfers are unconditional, and earmarked transfers are very rare.

Financial self-reliance 3

Own/local sources include personal income tax levied on local inhabitants, this is by far the most important local source of revenue; other sources include property tax and fees and charges for specific services. Smaller municipalities with a weaker tax base need transfers from the equality fund (based on state funding and transfers from wealthier municipalities), in some cases this may count for most of the municipalities revenues. Normally however, municipalities are fully funded or at least to a large quantity by their own sources of income.

Borrowing autonomy 2

Borrowing does not require approbation by the state. The new local government act no 138/2011 however states that municipalities debts may only be 150% of their regular income level

Organisational autonomy 4

Executives (*byggðaráð*) are elected by the municipal council and the municipality may, furthermore, decide elements of the electoral system (e.g. whether to have list elections or personal elections and on the number of council seats within certain limits), plus municipalities hire own staff, decide organizational structure, fix salaries, may establish legal entities/enterprises. These are within normal

²⁸ <https://www.althingi.is/lagas/nuna/1995004.html>

regulations such as a certain number of staffs with a certain level of education is needed for one class of children etc.

Legal protection 2

Iceland has a single tier of local government protected under Article 78 of the Constitution. Municipalities have access to the normal courts to settle disputes with national authorities over legal texts regarding municipal duties and decisions. The decisions of courts are binding. This right is not constitutionally protected, however. Hence, it is possible for the parliament to change the relevant laws.

Administrative supervision 3

The supervision aims at controlling only the legality of municipal decisions and service provision. If the municipality is not happy with the ministry's decision, they may take the decision to court. There are no constitutional courts or any special courts for government disputes. As municipalities are increasingly becoming big players in the provision of welfare services the supervision and scrutiny of state authorities has also been increasing. Thus, many complain about the increased workload in the local administration because of the state's demand for reports and information. However, given the high number of very small municipalities with a very low administrative capacity it must be concluded that the state supervision is not yet putting serious restraints on the capacity of local government administration.

Central or regional access 2,5

A system of consultation with local government has been in operation for some time now. A formal mechanism was included in the most recent version of the local government law; where it is stated that the central government **shall** consult with the local level. The system is based on high-level meetings between the Icelandic Association of Local Authorities and the leading administrators in the ministry of finance and ministry of local government. It has become an important channel of influence for local government. It has a specific nickname (Jónsmessunefnd). Overall, the local level has always enjoyed high level of access to the central government albeit informal. Traditionally, these channels were based on political connections often based on party connections or individual connections. Furthermore, it has been estimated that up to 40% of parliamentarians begin their career as local politicians and these channels have been actively used for the benefit of the local level (Hlynsdóttir and Önnudóttir 2018).

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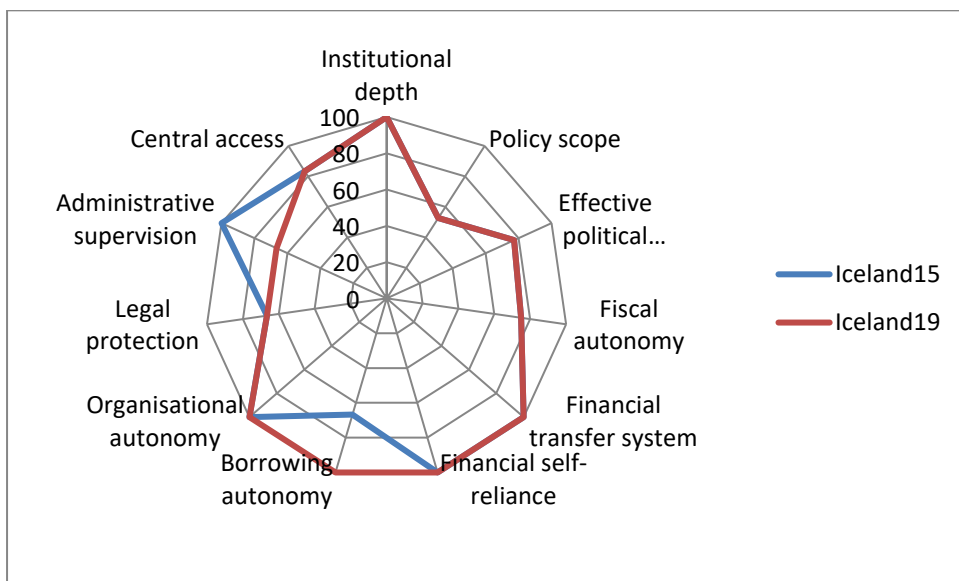
People consulted on the original and on the new LAI framework

Ásdís Hlökk Theódórsdóttir from the Icelandic Planning Agency. Consulted on the issue of planning.

Guðjón Bragason from the Local Government Association consulted on the issue of social assistance, health, housing and public transport. In addition, financial transfer system and financial self-reliance.

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Iceland: Scores on indicators 2015 and 2019.

The Local Autonomy Index - Nordic

Explanatory Note on Norway 2015 – 2019

By Harald Baldersheim, University of Oslo (professor emeritus)

The text below records and justifies the scoring of Norwegian municipalities on the Local Autonomy Index – Nordic Version. “Local autonomy” refers to the position of the lowest level of local government, often denoted as communes, municipalities, *Gemeinden*, etc. The index is composed of eleven indicators. The precise definition of the indicators are given in the appendix. The scores presented are those for the year 2019. Developments between 2015 and 2019 years are noted in the text and recorded in the accompanying scoring tables.

Institutional depth 3

A new Local Government Act was passed by Parliament in 2018. The Act did not entail any significant changes with regard to this indicator. The act confirmed the traditional position of Norwegian local government: municipalities may take on any functions not undertaken by other public bodies (in practice state bodies or county councils); this is also a long-standing historical tradition²⁹. In addition, a series of special acts makes specific functions mandatory for local government, e.g. education, kindergartens, land use planning, etc. Furthermore, a constitutional clause on local government was adopted by Parliament in 2016; this entails no change in scoring on Institutional Depth since Norway already had a top score on this indicator; implications of these change are recorded for Legal Protection, however (see below).

Policy scope 2,36

EDUCATION

Pre-school education – score 0.5: Municipalities have responsibility for the availability of services (kindergartens) to children of age 1-6 (cf. Act on Pre-School Institutions, § 8 – *Barnehageloven*); it is a service to which all children are legally entitiled; in practice, the service is in part provided by private (commercial) organisations and by voluntary associations; municipalities are responsible for overseeing the services provided by private and voluntary organisations. A score of 0.5 is given since municipalities have the overall responsibility for availability of services in this field but are not directly responsible for all personnel or buildings; the proportion of municipal to other personnel varies from one municipality to another according to the mix of municipal/private/voluntary supply. The service is financed by a combination of contributions from the state, municipalities and parents.

²⁹ For a general overview of Norwegian Local government, cf. e.g. Baldersheim, Harald and Lawrence E. Rose (2011). “Norway: The decline of subnational democracy?”, chapter 12 in J. Loughlin, F. Hendriks and A. Lidström, eds.: *Local and Regional Democracy in Europe*. Oxford: Oxford University Press.

Primary Education - score 1: Municipalities have full responsibility for primary education for 6-15 year olds as stipulated by the primary education act (*Lov om grunnskolen og den vidaregåande opplæringa- opplæringslova 1998, § 2-1 and § 13-1*). The responsibility includes the construction and maintenance of school buildings and hiring and paying teachers. Only a small minority of children in this age group go to private schools.

Secondary education – Score 0: the is a responsibility for the county councils, not the municipalities.

SOCIAL ASSISTANCE

Economic assistance – Score 0.5: The Act on Social Services and Welfare (*Lov om sosiale tjenester i arbeids- og velferdsforvaltningen - sosialtjenesteloven 2009*) imposes obligations on municipalities regarding economic help to persons in destitute circumstances* (§ 18), including access to affordable housing. Since 2001 these responsibilities are shared with the local bureaus of the National Employment Agency (NAV)³⁰; therefore, only a score of 0.5 is recorded. *according to national guidelines

Work training – score 0.5: The above Act also allocates responsibility to municipalities for programmes for work training for persons with reduced employment capacity (§ 29 - § 40). Similarly as above, since 2001 this responsibility is shared with the local bureaus of the National Employment Agency (NAV);); therefore, only a score of 0.5 is recorded.

Integration of refugees – Score 1: At the national level, the Directorate of Immigration (UDI) is responsible for the administration of immigration. The Directorate allocates refugees granted asylum (permanent or temporary) to municipalities for residence and participation in integration programmes. The number of refugees allocated to a municipality is a matter to be negotiated and agreed between the Directorate and the municipality; in theory, the acceptance of refugees is voluntary on the part of the municipality. Participation in integration programmes is mandatory for refugees thus accepted while the Act on Introduction of Immigrants specifies a series of duties of municipalities in this regard (*Lov om introduksjonsordning og norskopplæring for nyankomne innvandrere (introduksjonsloven)*, 2003, especially § 3 and 18). The programmes last for two years and include courses in Norwegian language and culture as well as work-related training. The municipal duties also cover refugees in temporary placement (mottak), cf. § 20 and § 21. The precise organisation and administration of the programmes are left to the municipalities to decide; the programmes are fully financed by the state, originally by special grants but in later years grants have been incorporated into the general transfers.

HEALTH

Primary health services – Score 1: Based on the Act on Local Health and Caring Services municipalities are responsible for the availability of primary health services and for their organisation (*Lov om kommunale helse- og omsorgstjenester m.m. - helse- og omsorgstjenesteloven 2011*). The Act covers general medical services, emergency services, midwives, home nursing, health visitors, and public health programmes (§ 3-1 and § 3-2). General services are largely carried out by private general practitioners who run independent clinics but must have a contract with the municipality (*fastlegeordning*). Furthermore, since 2012 a co-management system for specialised health services

³⁰ NAV: To styringslinjer. <https://www.nav.no/no/NAV+og+samfunn/Om+NAV/Relatert+informasjon/to-styringslinjer>. Read 7feb19.

has extended local government responsibilities for patients returning from hospitals (*samhandlingsreforma*).

Hospitals – score 0: Hospitals are the responsibilities of the state

Dental services – score 0: Dental services are the responsibility of the county councils.

CARING

General caring services – Score 1: The Act on Local Health and Caring Services assigns a general duty to municipalities for the supply of care for persons with reduced functional capabilities, including elderly persons (§ 3-1 and § 3-2); care may be provided by municipal personnel or by other organisations on contracts with the municipality (commercial or voluntary organisations). However, the bulk of services is provided by municipal personnel. Caring services cover home visitors, assisted homes (*omsorgsboliger*), nursing homes and personal assistants. Municipalities are responsible for developing regulations regarding eligibility for caring services in accordance with national guidelines, including the responsibility for keeping waiting lists for admission to nursing homes and other services.

Special groups – Score 1: Municipal responsibilities regarding the needs of special groups (e.g. various functional disabilities or children with special needs) are covered by the legislation quoted above. The municipality is required to work out an individual caring plan for each user in long-term care (§ 7-1).

Child protection – Score 0.5: Responsibility for the availability and organisation of the front line service is according to the Child Care Act allocated to municipalities, including staffing and facilities (*Lov om barneverntjenester – barnevernloven 1992, § 2-1*). However, institutions for permanent placement/custody are the responsibility of the state (§ 2-2 and § 2-3). Municipal staff, in cooperation with parents and the regional state authorities (*fylkesnemndene*) make decisions regarding the placement of children in difficult circumstances. Because of the division of responsibilities between municipalities and state institutions, a score of 0.5 is recorded.

LAND USE

Zoning and building permits - Score 2: The Planning and Building Act (*Lov om planlegging og byggesaksbehandling - plan- og bygningsloven 2008*) allocates a series of competencies to municipalities regarding local land use, including zoning and issuing building permits (i.a. § 3-3 and § 11-7; § 12-1 mv. and § 20-1). Municipalities are the primary planning authorities for their respective territories although certain reserve powers remain with national authorities while regional authorities (county councils) have certain coordinating functions for issues that concern larger districts. A score of 2 since municipalities have the primary responsibilities in both fields of land use management and are staffed accordingly.

PUBLIC TRANSPORT AND HOUSING

Public transport – score 0.5: This is not a mandatory municipal function; the primary responsibility for public transport is allocated to the county councils. In and around the largest cities the state railway company is also an important service provider in local transport. Municipalities may take on supplementary functions, such as e.g. organizing special services for persons with disabilities or elderly people, or transport along routes or at hours not covered by regular public transport). The score is 0.5 since municipalities are only supplementary service providers.

Housing – 0.5: This is not an extensive municipal function in Norway; municipalities may take on responsibility for providing low-rent housing for people in economic distress or with disabilities (cf. Act on Public Health and Caring Services); this covers only a very small proportion of housing stock and eligibility is strictly on social criteria. In the larger cities, a substantial share of housing is offered through semi-public housing co-operatives; for the rest, housing is provided on commercial market terms; overall, around 80 per cent of all dwellings are owner-occupied. Although municipalities are free to engage in public housing projects in whichever way they prefer, only a score of 0.5 is recorded since this in practice is such a marginal function for municipalities. They may also lack the legal instruments required to act more forcefully in this area.

Police – score 0: This is not a local government function in Norway.

Effective political discretion 3,23

(cf. formulation of criteria of EPD; below, only reasons for *not* recording a full score of EPD are given).

EDUCATION

Pre-School Education - score 1

Primary Schools – score 1

Secondary Schools – score 0: Not a municipal function

SOCIAL ASSISTANCE

Economic Assistance – score 0.5: The function is carried out in cooperation with the National Welfare Agency.

Work Training – score 0.5: This function is shared with the National Welfare Agency.

Integration of refugees – score 1

Child protection – score 0.5 This function is shared and coordinated with national regional authorities.

HEALTH

General/primary services – score 1

Hospitals – score 0: not a municipal function

Dental services– score 0: not a municipal function

CARING

General caring – score 1

Special groups – score 1

Child protection – score .5

LAND USE

Zoning and building permits – score 1.5: A reduced score is given owing to the extensive powers granted to national agencies and county councils to submit objections (*innsigelser*) to municipal land use plans and decisions (the Planning and Building Act § 5-4). Furthermore, municipal dispensations from existing land use plans may also be subjected to objections and complaints and may thus be submitted to the county governors for scrutiny and consent. Powers of scrutiny and objection are granted in order to ensure that national objectives are sufficiently considered in local plans. In cases of persistent conflicts a system of arbitration is in operation under the coordination of the county governors. Nevertheless, the powers of objection severely restrict the political discretion of local authorities. In recent years, ministers have issued orders to the respective national agencies to exercise restraint in the submission of objections. To what extent these orders have actually resulted in a lighter burden of national controls is still a matter of debate³¹. Since 2018, municipalities may demand adjudication through courts over the objections submitted by of national agencies (see also below under Legal Protection).

PUBLIC TRANSPORT AND HOUSING

Public transport - score 1

Housing - score 1

POLICE

Police – score 0: This is not a local government function.

Fiscal autonomy - score 1

Municipalities are severely limited in their powers to set rates of taxes over which they have nominal powers. The most important source of revenue is the personal income tax, the upper rate of which is set by Parliament annually³². Furthermore, Parliament sets the upper rate of the income tax so that the tax, collectively for local government, yields a specified proportion of total local government revenues (for 2019, this objective was stipulated at 40 percent). Municipalities have somewhat more control over the property tax (they can influence the base as well as the rate), but this is a tax

³¹ Riksrevisjonen (2019). Riksrevisjonens undersøkelse av behandling av innsigelser i plansaker. Dokument 3:7 (2018-2019). The number of annual objections from national agencies in the period of 2015 to 2017 amounted to around 1200, while the number of dispensations submitted for scrutiny was around 8.000 in 2017 (see op. cit. figures 5 and 6 and p. 79).

³² For 2018 Parliament made the following decision: “§ 3-8.*Inntektsskatt til kommunene og fylkeskommunene.* Den fylkeskommunale inntektsskattøren for personlige skattytere og dødsbo skal være maksimum 2,65 pst. Den kommunale inntektsskattøren for personlige skattytere og dødsbo skal være maksimum 11,80 pst. Maksimumssatsene skal gjelde med mindre fylkestinget eller kommunestyret vedtar lavere satser.» Stortingetsvedtak om skatt av inntekt og formue mv. for inntektsåret 2018 (Stortingets skattevedtak). The rate of local taxes is stipulated so that local taxes finance a certain proportion of local government revenues: «På vanlig måte legges det opp til at de kommunale og fylkeskommunale skattørene for 2019 fastsettes ved behandlingen av statsbudsjettet for 2019. Det legges opp til at skattøren fastsettes på grunnlag av målsettingen om at skatteinntektene skal utgjøre 40 prosent av kommunenes samlede inntekter». Prop. 88 S (2017–2018) Kommuneproposisjonen 2019, Kap 2.1.

secondary to the personal income tax. However, for 2019 Parliament has reduced the upper limit of the legal rate of the property tax, and the government has announced an intention of further reductions. A score of 1 is recorded for Norway on this indicator since all municipalities feel obliged to apply the highest rate for the income tax although, in theory, no lower limit is specified; however, municipalities claim that, given their legal duties, it would be difficult or impossible to meet obligations without applying the highest rate. A score of 1 is further justified in view of the limitations on the property tax recently introduced. Local taxes yield 42 per cent of all municipal revenues when the property tax is included although the proportion varies considerably across municipalities.

Financial transfer system 3

The proportion of *conditional* transfers amounted to around 16 % of total transfers³³ in 2018; the proportion has rarely touched 20 % after the overhaul of the local govt. financial system in 1986. However, municipalities are increasingly concerned over the practice of “signalling” spending priorities to municipalities from ministries without basis in formally binding earmarking³⁴; even so, municipalities do not necessarily take heed of such “signalling”, so this “practice” is not included in the proportion of conditional transfers recorded here.

The municipal share of total government expenditure is 29 per cent in 2019 .

Financial self-reliance 3

Own/local sources include personal income tax levied on local inhabitants, this is by far the most important local source of revenue; other sources include property tax (levied by 86 per cent of all municipalities in 2018) and fees and charges for specific services. In 2018, own sources yielded close to 60 per cent of total revenues. There is wide variety among municipalities as to how much they are financed through local sources, ranging from 80 per cent to 20 percent.

Borrowing autonomy 2

Borrowing does not require approbation by the state except in certain exceptional circumstances; furthermore, requirements **a** and **d** apply³⁵. Before 2000, borrowing needed appropriation by the central government ; therefore, a change in coding from 1 to 2 from 2000 on.

Organisational autonomy 3,75

Executives (*formannskapetene*) are elected by the municipal council and the municipality may, furthermore, decide elements of the electoral system (e.g. whether to have elections over one or two days or the number of council seats within certain limits), plus municipalities hire own staff, decide organisational structure, fix salaries, may establish legal entities/enterprises. Organisational autonomy was substantially augmented with the revision of local government legislation of 1992 and following years. Therefore, until 1993 a score of 3 was recorded, thereafter 4 until 2014. However, in later

³³ Øyremerka tilskot i prosent av samla tilskot (rammtilskot plus øyremerka tilskot).

³⁴ Håkonsen, Lars, Per Kristian Roko Kallager og Trond Erik Lunder (2017), Statlige føringer på kommunenes frie inntekter. Hvilken betydning har de for kommunene? TF-rapport nr. 392 2017.

³⁵ § 60 - 9. Vedtak om å ta opp lån sendes departementet til orientering. Kommunale og fylkeskommunale låneopptak skal godkjennes som er omhandlet i § 60.

Jf. Ot. Prp. Nr. 43 (1999 – 2000) Om lov om endringer i lov 25. September 1992. Nr. 107 om kommuner og fylkeskommuner m.m.

years, national staffing norms have increasingly been imposed on local authorities by national decrees (e.g. in pre-schools or primary education)³⁶, a development which limits organisational freedom; consequently, the score on the sub-criterion “choose their organisational structure and level of staffing” is reduced by 0.25 point.

Legal protection 2

Norway scored 0 on this indicator until 2015 because of no constitutional clauses on local government and no access for local government to adjudication or arbitration by independent bodies in cases of disputes about interpretations of legal texts regarding municipal duties. As mentioned above, a constitutional clause on local government was adopted in 2016; the formulation is brief, vague and general³⁷; whether it will have any real impacts on central-local relations is uncertain; nevertheless, the clause is now there, and augments the score from 0 to 1 on the indicator Legal Protection.

Furthermore, the new local government act of 2018 recognizes the right of local authorities to request adjudication in cases of disagreement with national authorities (*partsrettigheter*). Such cases arise in particular as a result of complaints from citizens over municipal decisions in their disfavour; the reviewing authority may review not only the legality of the municipal decision but also the exercise of discretion. Seen in connection with new regulations in the Act on Conflict Resolution (*tvistelova*) the new right to adjudication enables municipalities to bring such cases before the civil courts, and may thus result in having a stronger hand in processes against state agencies³⁸. The new right raises the score with another 1 point. From 2019, the overall score on Legal Protection is 2.

The new local government act also includes some general guidelines for the relationship between central and local government that could potentially lead to more reticence in state agencies’ supervision of local government and review of citizen complaints, i. e. the principles of subsidiarity, proportionality and financial compensation for new obligations imposed by law on local government. These guidelines had already before 2018 been acknowledged in government directives on central-local relations without having the status of law³⁹. Whether turning these guidelines into law will make any difference to actual, legislative or administrative practices remains to be seen.

Administrative supervision 2,5

Formally, since 2001 supervision aims at controlling only the legality of municipal decisions and service provision, but in practice supervision has become extremely detailed and extensive over the last decade; researchers have argued that the concept of legality had been stretched through expressions in legal texts such as “municipal duty to provide adequate/appropriate/proper...etc. services”, which leave the judgement of local services to the evolving norms of professionals⁴⁰. In

³⁶ Kjell Harvold (2018). Bemanningsnormer og kompetansekrav. Kunnskapsstatus og intervju med rådmenn/økonomisjefer. NIBR-rapport 2018:5; KS (2018). Bemanningsnormer og kompetansekrav. Faktagrunnlag fra intervju med kommuner. KS-notat.

³⁷ §49 of the Constitution, 2nd section, now states that the citizens have the right to govern local affairs through locally elected bodies, and that detailed rules in this regard will be enacted through ordinary laws.

³⁸ Kommunal- og moderniseringsdepartementet (2017). Styrker det kommunale selvstyret. Pressemelding. Dato: 10.03.2017.

³⁹ Stokstad, Sigrid og Signe Bock Seggaard (2013). Forsviner det kommunale selvstyret i statlig klagebehandling? Rapport KS 2013/Institutt for samfunnsforskning.

⁴⁰ Askim, Jostein, Harald Baldersheim Jan Erling Klausen Helge Renå Eivind Smith Hilde Zeiner (2013). Hvordan påvirker det statlige tilsynet kommunene og det lokale selvstyret? NIBR-rapport 2013:20

2014, a score of 2 was recorded. In 2019 the score could be raised to 3 since, as noted above, local authorities from 2018 have access to adjudication in cases of disagreement with supervisory agencies over the interpretation of legal duties. However, the effectiveness of the new regulations is as yet not known; therefore, the scoring is only raised to 2,5 from 2019.

Central access 2

There are no formal mechanisms of municipal representation at the central level, but a system of consultation with local government has been in operation since 2001; the system allows for deliberations between local and central government. The system is based on high-level meetings between the Norwegian Association of Local Authorities and the respective ministries; sometimes the prime minister is involved but mostly ministers with the relevant portfolios. It is an important channel of influence for local government. Code 1 before 2001, code 2 after.

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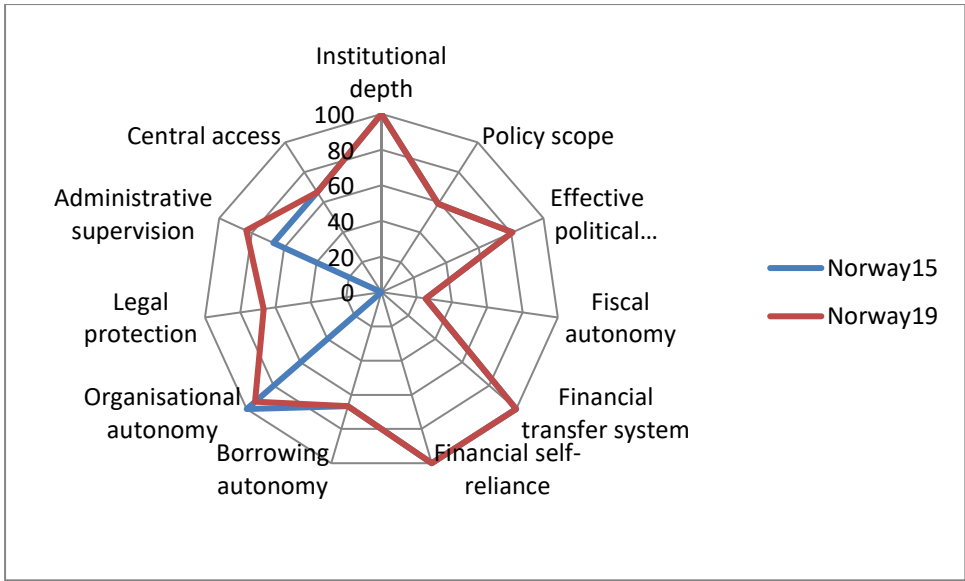
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Norway: Scores on indicators 2015 and 2019.

The Local Autonomy Index – Nordic

Explanatory note on Sweden 2015 - 2019

By Anders Lidström, Umeå University

General texts introducing the Swedish system of local self-government are Lidström (2011, 2016).

Institutional depth (0-3): 3

According to the Swedish Local Government Act, local authorities are free to take on any tasks that are not the responsibility of any other level of government.

Policy scope (0-4):

Education (0-3)

Pre-school: 1

Primary school: 1

Secondary school: 1

Schooling at all levels is a municipal responsibility in Sweden. Although about 16 % of primary school and 25 % of secondary school pupils attend independent/private schools, the municipalities provide all their resources and have to guarantee schooling when an independent school fails.

Social assistance (0-3)

Economic assistance: 1

This is a municipal responsibility, according to the Social Services Act, although the minimum level of support is regulated by central government.

Work training: 0.5

Work training is partly a municipal responsibility, in particular for the disabled.

Integration of refugees: 1

The municipalities have a key role in the reception and integration of refugees. Most measures are financed by central government.

Health (0-3)

Primary health: 0.5

Hospitals: 0

Dental services: 0

Health care is generally a responsibility for county councils/regions in Sweden. However, municipalities are in charge of health care in the homes which is indicated by the half point on primary health.

Caring functions (0-3)

General caring services: 1

Services for special groups: 1

Child protection: 1

All caring functions are the responsibility of municipalities according to the Social services act. This also include a final responsibility for preventing child abuse.

Land use (0-2)

Building permits: 1

Zoning: 1

Municipalities have a planning monopoly.

Public transport (0-1): 0.5

This function is usually shared with county/regional governments, although with variation between counties.

Housing (0-1): 0.5

Municipalities generally provide housing for people in distress. In addition, they run public housing companies which provide about 20 percent of the Swedish housing stock and half of the rental sector. Nevertheless, as the private market dominate, the score is 0.5.

Police (0-1): 0

Not a local government function

Total score: Summary of scores, divided with the total number of areas of municipal responsibilities and multiplied by 4: $10/17*4 = 2.35$

Effective political discretion (0-4):

All municipal functions are carried out without any requirements to consult or seek permissions from higher levels of government prior to the municipal decisions. Hence, the score is 1 for all functions where local government is responsible for the task.

Education (0-3)

Pre-school: 1

Primary school: 1

Secondary school: 1

Social assistance (0-3)

Economic assistance: 1

Work training: 1

Integration of refugees: 1

Health (0-3)

Primary health: 1

Hospitals: 0

Dental services: 0

Caring functions (0-3)

General caring services: 1

Services for special group: 1

Child protection: 1

Land use (0-2)

Building permits: 1

Zoning: 1

Public transport (0-1): 1**Housing (0-1): 1****Police (0-1): 0****Fiscal autonomy (0-4): 3**

Municipalities set the rate of a proportional personal income tax without any restrictions. This is protected by the constitution.

Financial transfer system (0-3): 2015-2017: 3; 2019: 2

Unconditional transfers as a share of total transfers were 77 % in 2014, but has clearly decreased during recent years. It was 71 % in 2015 and 63 % in 2017, according to data from Swedish Association of Local and Regional Authorities. No figures are available for 2019 but it is likely that the share has continued to decrease. A recent analysis from the Swedish Agency for Public Management indicates that transfers for specific projects that municipalities can apply for has continued to increase (Statskontoret 2019). Hence, the scoring for 2015 and 2017 is 3 but it is more reasonable to give Sweden the score 2 for the year 2019 on this measure, suggesting that the share of unconditional transfers may have fallen below the 60 % threshold.

Financial self-reliance (0-3): 3

On average, revenue and fees amount to around 70 percent of municipal income.

Borrowing autonomy (0-3): 3

There are no restrictions on municipal borrowing.

Organisational autonomy (0-4): 4

The local council appoints the executive in the Swedish municipalities. The municipalities are able to decide on some elements of their political systems, for example the number of councillors (within limits set by the Local Government Act) and the division of the municipality in electoral wards (2). In addition, local authorities hire their own staff (0.5), choose their organizational structure and level of staffing without having to comply with any national norm (0.5), fix the salary of their employees (0.5) and may establish legal entities and municipal enterprises (0.5). This adds up to a total score of 4.

Legal protection (0-3): 1

From 1974, Swedish municipalities have a constitutional protection. Already in the first paragraph of the main constitutional Act, the Instrument of Government, local self-government is identified as one of the fundamental principles of the Swedish system of democracy. After the last revision of the Act that came into force in 2011, all paragraphs relevant for local government were assembled in a separate chapter of the Act. This stipulates, for example, that decision-making power in local government is exercised by elected councils, and that local government has a right to taxation (Lidström & Madell 2018).

In contrast to many other countries, Sweden has no constitutional court. Neither is there any general system of redress to which the local authorities can turn in case of breaches of the principle of local self-government. However, in very limited and specific circumstances, local government may challenge central government authorities in the courts system. This may include some situations where a local government claims that it has not received the full amount of central grants that it is entitled to. However, this does not meet the requirement addressed in Article 11 of the European Charter of Local Self-government, which states that “Local authorities shall have the right of recourse to a judicial remedy in order to secure free exercise of their powers and respect for such principles of local self-government as are enshrined in the constitution or domestic legislation”. For this reason, local government in Sweden receives a score of 1 on legal protection.

Administrative supervision (0-3): 2015-2017: 2; 2019: 1.5

Overall, supervision aims at controlling only the legality of municipal decisions. There are also supervision of the actual content of the provision within the welfare sector. As there are also clear tendencies that central government supervision has increased during recent years, according to a review by the Swedish Agency for Public Management (Statskontoret 2019) a score of 2 is given for 2015 and 2017, but this is reduced to 1.5 for 2019.

Central or regional access (0-3): 2

There are no formal mechanisms of municipal representation at the central level, but local government is frequently consulted through different channels at various stages of the policy process and have considerable influence (Feltenius 2016).

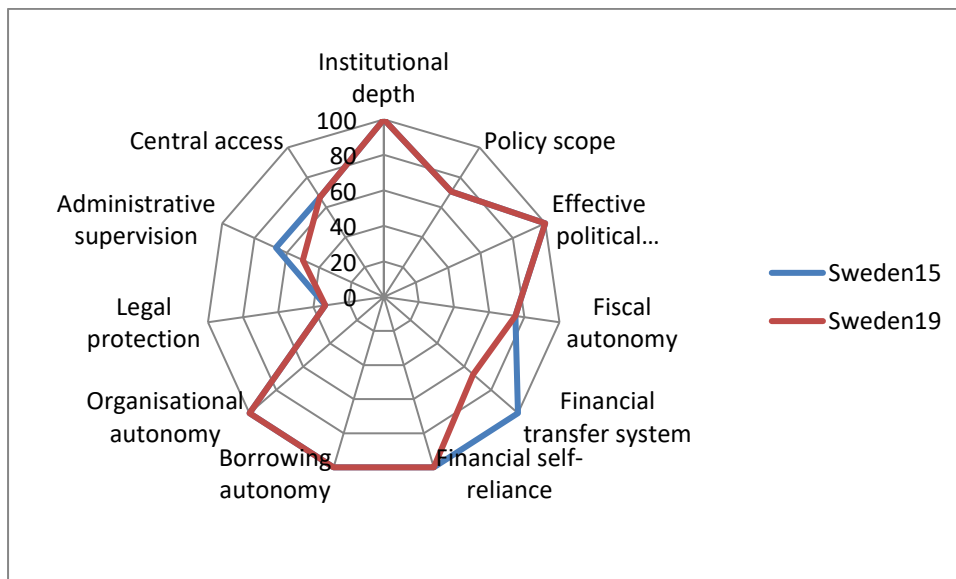
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