

## 47th SESSION

Report  
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# Monitoring of the application of the European Charter of Local Self-Government in Finland

Committee on the Monitoring of the implementation of the European Charter of Local Self-Government and on the respect of Human Rights and the Rule of Law at local and regional levels (Monitoring Committee)

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### Summary

This report follows the fourth monitoring visit to Finland since the country ratified the European Charter of Local Self-Government in 1991.

It notes with satisfaction the overall positive application of the Charter's principles in Finland, the establishment of a second tier of local government at regional level ("wellbeing services counties"), the extensive responsibilities of local authorities, and the effective collaboration between central and local governments.

At the same time, the rapporteurs express concern about the weak constitutional foundation for the new tier of local self-government, unclear consultation procedures for mandatory municipal mergers or boundary changes of municipalities, limited financial autonomy of wellbeing services counties, and the lack of a special status for Helsinki as the capital city.

The national authorities of Finland are therefore invited to reinforce the constitutional basis for the wellbeing services counties, enhance their financial autonomy, establish clear consultation procedures for municipalities facing compulsory boundary changes, and grant Helsinki a special status reflecting its role as the capital city.

1. L: Chamber of Local Authorities / R: Chamber of Regions.  
EPP/CCE: European People's Party Group in the Congress.  
SOC/G/PD: Group of Socialists, Greens and Progressive Democrats.  
ILDG: Independent Liberal and Democratic Group.  
ECR: European Conservatives and Reformists Group.  
NR: Members not belonging to a political group of the Congress.

## RECOMMENDATION 516 (2024)<sup>2</sup>

1. The Congress of Local and Regional Authorities of the Council of Europe (“the Congress”) refers to:

a. Article 2, paragraph 1.b, of the Charter of the Congress of Local and Regional Authorities appended to Statutory Resolution CM/Res(2020)1 relating to the Congress, stipulating that one of the aims of the Congress is “to submit proposals to the Committee of Ministers in order to promote local and regional democracy”;

b. Article 1, paragraph 3, of the Charter of the Congress of Local and Regional Authorities appended to Statutory Resolution CM/Res(2020)1 relating to the Congress, stipulating that “The Congress shall prepare on a regular basis country-by-country reports on the situation of local and regional democracy in all member States and in States which have applied to join the Council of Europe, and shall ensure the effective implementation of the principles of the European Charter of Local Self-Government”;

c. Chapter XVIII of the Rules and Procedures of the Congress on the organisation of monitoring procedures;

d. the Sustainable Development Goals (SDG) of the United Nations 2030 Agenda for Sustainable Development, in particular Goals 11 on sustainable cities and communities and 16 on peace, justice and strong institutions;

e. the Guidelines for civil participation in political decision making, adopted by the Committee of Ministers on 27 September 2017;

f. Recommendation CM/Rec(2018)4 of the Committee of Ministers to member States on the participation of citizens in local public life, adopted on 21 March 2018;

g. Recommendation CM/Rec(2019)3 of the Committee of Ministers to member States on supervision of local authorities’ activities, adopted on 4 April 2019;

h. the previous Congress Recommendation on the monitoring of the European Charter of Local Self-Government in Finland [[Congress Recommendation 396 \(2017\)](#)];

i. the Contemporary commentary by the Congress on the explanatory report to the European Charter of Local Self-Government adopted by the Statutory Forum on 7 December 2020.

2. The Congress points out that:

a. Finland joined the Council of Europe on 5 May 1989, signed the European Charter of Local Self-Government (ETS No. 122, “the Charter”) on 14 June 1990 and ratified it without reservations on 3 June 1991. The Charter entered into force in Finland on 1 October 1991. On 21 July 2021, because of the subsequent changes in the administrative structure in Finland that have taken place after the ratification of the Charter, the Government of the Republic of Finland made a declaration according to which the provisions of the Charter apply to the local authorities, i.e. municipalities (“*kunnat*”) of Finland. As regards autonomous regions larger than municipalities, i.e. the “wellbeing services counties” of continental Finland (“*Manner-Suomen hyvinvointialueet*”), Finland considers itself bound by all the provisions, except Articles 4.2, 9.3 and 9.8. Because the above-mentioned changes in the administrative structure do not concern the autonomous region of the Åland Islands, the Charter applies on the Åland Islands to local authorities, i.e. municipalities (“*kommuner*”);

b. the Committee on the Monitoring of the implementation of the European Charter of Local Self-Government and on the respect of Human Rights and the Rule of Law at local and regional levels (“the Monitoring Committee”) decided to examine the situation of local and regional democracy in Finland in the light of the Charter. It instructed Konstantinos Koukas, Greece (L, EPP/CCE) and Rachel Bailey, United Kingdom (R, ECR), with the task of preparing and submitting to the Congress a report on local and regional democracy in Finland. The delegation was assisted by Professor Tania

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2. Debated and adopted by the Congress on 15 October 2024 (see document CG(2024)47-13, explanatory memorandum, co-rapporteurs Konstantinos KOUKAS, Greece (L, EPP/CCE) and Rachel BAILEY, United Kingdom (R, ECR).

Groppi, vice-chair of the Group of Independent Experts on the European Charter of Local Self-Government, and by the Congress Secretariat;

c. The monitoring visit took place from 16 to 18 April 2024. During the visit, the Congress delegation met the representatives of various institutions at all levels of government. The detailed programme of the visit is appended to the explanatory memorandum;

d. The co-rapporteurs wish to thank the Permanent Representation of Finland to the Council of Europe and all those whom they met during the visit.

3. The Congress notes with satisfaction:

a. the overall positive implementation in Finland of the principles enshrined in the Charter;

b. the creation of a second tier of local government at regional level (“wellbeing services counties”);

c. the wide range of responsibilities of the local authorities and the role played by municipalities and well-being services counties in the Finnish welfare system;

d. the culture of consultation and loyal collaboration between central government and local authorities in Finland.

4. The Congress expresses its concerns on the following issues:

a. the weakness of the constitutional basis for the new tier of local self-government at regional level;

b. the unclear procedure of consultation of local communities in the event of obligatory merger or compulsory boundaries change of municipalities in a particularly difficult financial situation;

c. the limited financial autonomy of the new tier of local self-government, due to the lack of resources of a sufficiently diversified and buoyant nature;

d. the lack of special status for the City of Helsinki as regards its specificities as the capital city.

5. In light of the foregoing, the Congress requests that the Committee of Ministers invite the authorities of Finland to:

a. further strengthen the constitutional basis for the wellbeing services counties;

b. establish a consultation procedure of local communities in the event of obligatory merger or compulsory boundaries change of municipalities in a particularly difficult financial situation;

c. give the wellbeing services counties more freedom of action with regard to their own financial resources;

d. grant the City of Helsinki a special status as regards its specificities as the capital city.

6. The Congress calls on the Committee of Ministers and the Parliamentary Assembly of the Council of Europe to take account of this recommendation on the monitoring of the European Charter of Local Self-Government in Finland and the accompanying explanatory memorandum in their activities relating to this member State.

**EXPLANATORY MEMORANDUM**

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## 1. INTRODUCTION: AIM AND SCOPE OF THE VISIT, TERMS OF REFERENCE

1. Pursuant to Article 1, paragraph 2, of the Charter of the Congress of Local and Regional Authorities ("the Congress") appended to Statutory Resolution CM/Res (2020)1, the Congress of Local and Regional Authorities regularly prepares reports on the State of local and regional democracy in all Council of Europe member States.

2. Finland joined the Council of Europe on 5 May 1989, signed the European Charter of Local Self-Government (ETS No. 122, "the Charter") on 14 June 1990 and ratified it without reservations on 3 June 1991. The Charter entered into force in Finland on 1 October 1991. On 21 July 2021, because of the subsequent changes in the administrative structure in Finland that had taken place after the ratification of the Charter, the Government of the Republic of Finland made a declaration according to which the provisions of the Charter apply to the local authorities, i.e. municipalities ("kunnat") of Finland. As regards autonomous regions larger than municipalities, i.e. the "wellbeing services counties" of continental Finland ("*Manner-Suomen hyvinvointialueet*"), Finland considers itself bound by all the provisions, except Articles 4.2, 9.3 and 9.8. The declaration also stated that because the above-mentioned changes in the administrative structure do not concern the autonomous region of the Åland Islands, the Charter applies on the Åland Islands to local authorities, i.e. municipalities ("*kommuner*"). Finland signed and ratified the Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority (CETS No. 207), with entry into force on 1 June 2012.

3. The Committee on the Monitoring of the implementation of the European Charter of Local Self-Government and on the respect of Human Rights and the Rule of Law at local and regional levels ("the Monitoring Committee") decided to examine the situation of local and regional democracy in Finland in the light of the Charter. It instructed Rachel Bailey, United Kingdom (R, ECR) and Konstantinos Koukas, Greece (L, EPP/CCE), with the task of preparing and submitting to the Congress a report on local and regional democracy in Finland. The delegation was assisted by Professor Tania Groppi, vice-chair of the Group of Independent Experts on the European Charter of Local Self-Government, and by the Congress Secretariat. The rapporteurs wish to express their thanks to the expert for her assistance in the preparation of this report. This group of persons will be hereinafter referred to as "the delegation".

4. The monitoring visit took place from 16 to 18 April 2024. The Congress delegation, as a regular practice, met the representatives of various institutions at all levels of government. The detailed programme of the monitoring visit is appended to the explanatory memorandum.

5. The co-rapporteurs wish to thank the Permanent Representation of Finland to the Council of Europe and all those who they had exchanges with during these meetings.

## 2. INTERNAL AND INTERNATIONAL NORMATIVE FRAMEWORK

### 2.1 Local government system (constitutional and legislative framework, reforms)

#### 2.1.1 Constitutional and legislative bases of local government in Finland

6. Finland is a bilingual (Finnish and Swedish) republic, covering an area of 338,145 km<sup>2</sup>, with a population of 5,604,558.<sup>3</sup> Local self-government and local democracy have a long tradition in Finland, which goes back to the late Middle Ages. General legislation on local government was first adopted in the 19<sup>th</sup> century when separate laws on rural and urban municipalities ("*kunnat*") were enacted (1865 and 1873). The new laws made it possible to arrange the first municipal elections. Finland gained independence from Russia in 1917. An express provision on municipal self-government was firstly included in the 1919 Constitution (section 50), which provided a written constitutional basis for municipal administration. At the same time, new comprehensive municipal laws were adopted for rural and urban areas. In all municipalities, the council must be elected in free and democratic elections.<sup>4</sup>

<sup>3</sup> <https://www.sng-wofi.org/country-profiles/>

<sup>4</sup> O. Mäenpää, *Local government in Finland*, in A. M. Moreno (ed), *Local Government in the member states of the European Union: a comparative legal perspective*, Madrid, INAP, 2012, p.185.; J. Husa, *The Constitution of Finland. A contextual Analysis*, Oxford, Hart Publishing, 2011, p.121 ss.

7. The current Constitution (which entered into force on March 1, 2000) provides for a constitutional guarantee of local self-government in section 121, on “Municipal and other regional self-government”. According to this article, “Finland is divided into municipalities, whose administration shall be based on the self-government of their residents. Provisions on the general principles governing municipal administration and the duties of the municipalities are laid down by an Act. The municipalities have the right to levy municipal tax. Provisions on the general principles governing tax liability and the grounds for the tax as well as on the legal remedies available to the persons or entities liable to taxation are laid down by an Act. Provisions on self-government in administrative areas larger than a municipality are laid down by an Act. In their native region, the Sami have linguistic and cultural self-government, as provided by an Act”.

8. The Municipal Act (*Kuntalaki*)<sup>5</sup> is the most important legislation governing the municipalities. It contains the rules on how the municipalities are to be organised, meeting and voting procedures, the election and powers of mayors, financial administration, supervision. It has been amended several times. Municipal functions are set out in a range of sectoral legislation. The Municipal Boundaries Act (*Kuntarakennelaki*)<sup>6</sup> establishes the procedure for changing the municipal boundaries. Provisions on holding local elections are laid down in the Election Act (*Vaalilaki*).<sup>7</sup>

9. The Wellbeing Services Counties Act (*Laki hyvinvointialueesta*)<sup>8</sup> contains the rules on the organisation of the recently established second tier of local government, the wellbeing services counties (“*Manner-Suomen hyvinvointialueet*”, WSCs), their financial administration and supervision. It does list counties responsibilities.

10. Scholars consider that Finland is a decentralised unitary State<sup>9</sup> and primarily a consensus democracy,<sup>10</sup> characterised by a combination of strong central powers, extensive local autonomy, and consensual processes of decision-making.<sup>11</sup> As in other Nordic countries, the expansion of social welfare policies, in which implementation and realization local government is assigned a central role, created a sort of “local welfare State”<sup>12</sup>. With the evolution of the welfare society (1950-1980), most public services (health care, social benefits, basic education) were assigned or transferred to the municipalities. Consequently, they become a local extension of the State under ministerial tutelage. The expression “service municipalities” captures the fact that local governments became the administrative machinery that performed delegated administrative functions and welfare policies determined by the State.<sup>13</sup>

11. To counteract this development, an experiment was initiated in 1989 to re-empower municipal autonomy. State regulation and control of the municipalities were significantly reduced, and the State subsidy system was reformed, which included the introduction of non-earmarked block grants. The 1995 Municipal Act continued this decentralisation trend by allowing more municipal diversity and conferring wider powers to the municipalities to manage their functions and administrative structures independently. Maintaining the financial basis of municipal services and meeting the challenges to the municipal economy have been two important issues for the last decades.

12. At the turn of the millennium, attempts were made to combat the fragmentation and co-ordination problems of governmental activities. This included many measures to strengthen networks and co-operation between municipalities and to use various soft steering mechanisms. As the financial situation of municipalities deteriorated and future scenarios began to look worse with the ageing population, attention was increasingly focused on structural questions. From the mid-2000s onwards, the Finnish government started to introduce structural reforms, mostly in order to increase the size of municipalities and to create a broader basis for the organisation of social and healthcare services. This policy was quite effective in the beginning. Between 2005 and 2013, the number of municipalities decreased from

5 10.4.2015/410 *Kuntalaki* (available in English translation on Finlex with the title of “Local Government Act”).

6 29.12.2009/1698 *Kuntarakennelaki*.

7 2.10.1998/714 *Vaalilaki*.

8 29.6.2021/611 *Laki hyvinvointialueesta*.

9 J. Loughlin, *Regional autonomy and state paradigm shifts in Western Europe*, in *Regional and Federal Studies*, 2000, 10/2, pp. 10-34; M. Suksi, *Common Roots of Nordic Constitutional Law? Some observation on Legal-Historical Development and Relations between the Constitutional Systems of Five Nordic Countries*, in H. Krunke, B. Thorarensen (eds), *The Nordic Constitutions: A Comparative and Contextual Study*, 2018, Oxford: Hart Publishing, pp.33-35.

10 A. Lijphart, *Patterns of Democracy: Government Forms and Performance in Thirty-Six Countries*. New Haven, Yale University Press, 1999.

11 S. Sjöblom, *Finland. The Limits of the Unitary Decentralized Model*, in J. Loughlin, F. Hendriks, A. Lidström (eds), *The Oxford Handbook of Local and Regional Democracy in Europe*, Oxford, Oxford University Press, 2011, p 243.

12 J. Husa, *The Constitution of Finland. A contextual Analysis*, cit., 123.

13 K. Sahamies, A. Haveri, A.-V. Anttiroiko, *Local Government: Contours of the Past, Present and Future*, in E. Pekkola, J-E. Johanson, & M. Mykkänen (eds), *Finnish Public Administration: Nordic Public Space and Agency*, London, Palgrave Macmillan, 2023, pp. 93-108.

432 to 320, but later, this development congealed, and the number of municipalities stabilised at just over 300.

13. Between 2014 and 2018, the Finnish government presented several plans to remove social and healthcare services from municipalities and transfer them to autonomous regions.<sup>14</sup> Finally, in 2021, the reform that shifted social and healthcare services to established welfare areas was passed. The reform became fully effective on 1 January 2023. Taking into account that the welfare service functions covered more than 50% of local government budgets, this meant a totally new situation for municipalities and actually implied a systemic change in the entire public administration.<sup>15</sup>

### **Recent legal developments: the establishment of a second tier of local self-government, the Wellbeing Services Counties**

14. On 23 June 2021, the Finnish Parliament approved the Act on the establishment of wellbeing services counties responsible for social and healthcare services as well as rescue services (referred to as the “Sote” reform).<sup>16</sup> This long-awaited reform is the biggest administrative reform in the history of independent Finland, and of special quality even in European comparison. The WSCs were elected on 23 January 2022. On 28 June 2022, the parliament approved the legislation on the financial model of the reform. In the beginning of 2023, healthcare services, social and rescue services were transferred from municipalities and joint municipal authorities to newly established 21 WSCs. Approximately 50% of services, personnel and income was transferred from municipalities to WSCs.

15. The Ministry of Social Affairs and Health is responsible for monitoring social and healthcare services, whereas the rescue services will be under the Ministry of the Interior. The Ministry of Finance supervises and monitor the finances of the counties. Funding of the activities of the counties are based mainly on revenues from the central government and to a smaller extent on fees collected from the service users. The amount transferred from the central government to the individual county depends on simulated costs of service needs, the circumstances of the welfare areas, and on the tasks of the rescue services. The simulations are based on the demographic and health characteristics of the population residing in the county, such as the size of the population, needs for health and social services, language composition of the population, as well as the health and wellbeing performance of the county.

16. The planning of the reform started already in 2005, and five consecutive governments have attempted to complete the reform. All of them failed. There have been political debates and disagreements on the proper number of counties, financing of the counties and the role of private sector service providers. One of the main goals of the reform was to transfer responsibilities from municipalities, which were regarded as overly small risk pools, to bigger self-sustaining entities. The reform was implemented mainly to increase the equality of services and keep costs under control.

17. There are remarkable differences in the self-government of municipalities and of WSCs, as the self-government of WSCs is rather limited. They do not have the right to levy taxes; their financial resources are based on central government funding; their right to take loans is restricted and supervised by the ministry of Finance; they do not have a general mandate regarding tasks; they have a relatively narrow margins for decision-making. There is no hierarchical relation between these two self-governing tiers, they are expected to co-operate as equal and interdependent partners for the benefit of common residents.

18. The reform has had a significant impact on the operations and economy of municipalities. Through the transfer of the responsibility to organise services, municipalities were relieved of a significant proportion of their very meticulously regulated statutory duties, and the rapidly increasing expense pressures related to the ageing population were transferred to the WSCs. At the same time, 70%, i.e. approximately EUR 5.4 billion, of the central government transfers to local government for basic services, as well as 70%, i.e. approximately EUR 1.9 billion, of the compensation for loss of tax revenue, were reallocated to the funding of the WSCs. Some tax revenue was also reallocated. In local government finances as a whole, this change was implemented in a neutral way in the relationship between municipalities and central government. Although revenue was correspondingly reallocated at the national level, there may be significant differences between individual municipalities with regard to the revenue reallocated and expenses. The implementation of the reform also included significant asset arrangements. Furthermore, the reform saw the transfer of approximately 180,000 employees from the

<sup>14</sup> CG32(2017)08final Local and Regional Democracy in Finland, para. 24-30.

<sup>15</sup> K. Sahamies, A. Haveri, A.-V. Anttiroiko, *Local Government: Contours of the Past, Present and Future*, cit.

<sup>16</sup> O. Kangas, L. Kalliomaa-Puha, *Finland finalises its largest-ever social and healthcare reform (2022)*, in <https://ec.europa.eu/social/BlobServlet?docId=25947&langId=en>

municipal sector to a new employer (wellbeing services counties). WSCs are now the most important partner of municipalities, and the welfare of the residents is dependent on how this cooperation works.



Source: Kuntaliito

19. All the interlocutors met by the delegation agreed that the implementation of the reform is still in process, and that it is too early to evaluate its performance. However, there are debates on whether there are too many counties, whether the county division is a viable solution, what level of subsidies will be needed from the central government and what the final costs of the reform will be. The Government Programme of Prime Minister Orpo includes broad sections related to the wellbeing services counties as well as municipalities and cities. At this stage of the government term, most of the legislative and other projects are under preparation by the ministries. Parliament is considering a legislative proposal for an Act Amending the Act on Wellbeing Services Counties and related laws for the purpose of clarifying regulation and specifying the Ministry of Finance's duties related to oversight of the WSCs (government proposal HE 2/2024 vp).

20. Another recent reform touches on the responsibility for employment and economic development services (TE services),<sup>17</sup> which will be transferred from the State to municipalities on 1 January 2025.<sup>18</sup> There are 45 employment areas in the making, most of which are based on host cities (39). The reform aims to create a service structure that will contribute to rapid employment of jobseekers and increase the productivity, availability, effectiveness and diversity of employment and business services. The Reform of the Act on the Promotion of Immigrant Integration (KOTO24) will enter into force at the same time as the TE services reform.

### 2.1.2 Administrative territorial structure

21. Until the end of 2021, municipalities formed Finland's single tier-subnational government, plus the special autonomous region of the Åland Islands. Since 2022, the two-tiered subnational system of Finland comprises 21 counties and 1 autonomous region (Åland Islands) at the regional level, and 309 municipalities at the local level.

22. The basic unit of local government is the municipality (*kunta*, *kommun*). There are presently 309 municipalities (among them 16 are in the Åland Islands). The average population of a municipality is 18,784. The median size is 6,415 inhabitants. About 45% of municipalities have fewer than 5,000 inhabitants and 15% have fewer than 2,000 inhabitants. There are 9 cities exceeding 100 000 inhabitants, including Helsinki (the most populous city, with 674,963 inhabitants), Espoo (the second most populous city with 314 150 inhabitants) and Vantaa (the fourth most populous city with the population of 247 447) in the Helsinki metropolitan area, as well as other cities such as Tampere, Turku and Oulu. The municipalities are uniform in that they enjoy the same legal status, bear the same responsibilities, exercise equal authority, and have the same kind of democratic and executive bodies.

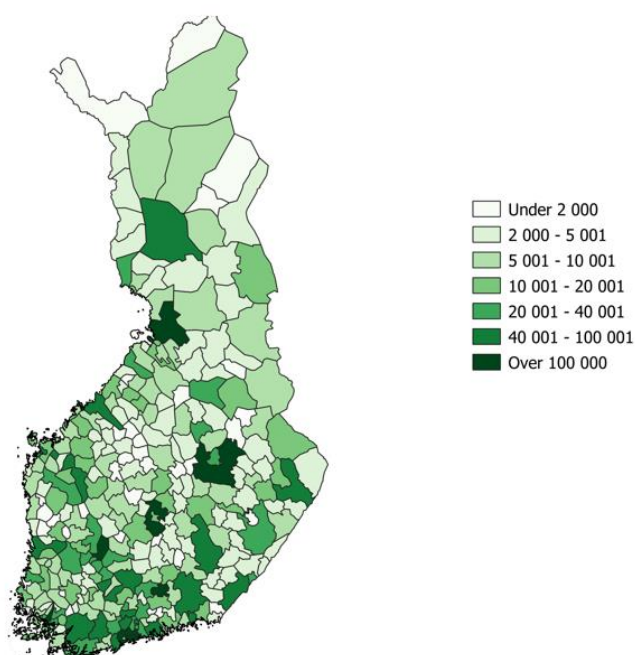
<sup>17</sup> <https://toimistot.te-palvelut.fi/>

<sup>18</sup> 23.03.2023/380 Laki työvoimapalveluiden järjestämisestä.



TERRITORIAL ORGANISATION			
MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL LEVEL	TOTAL NUMBER OF SNGs (2022)
309 municipalities (Kuntaa)		21 wellbeing services counties + the autonomous county of Åland  (Hyvinvointialuetta) (Maakunta)	
Average municipal size: 17 851			
309		22	331

Source: OECD, <https://www.sng-wofi.org/country-profiles>



Source: Ministry of Finance

23. The number of municipalities has progressively reduced over time. Despite the small size of the municipalities there have been no comprehensive amalgamation reforms, although quite a large number of individual mergers over time have reduced the number of municipalities from 548 in 1960 to 415 in 2008.<sup>19</sup> However, in 2005, the government launched a restructuring project encouraging voluntary mergers, thus the number was reduced to 348 in the turn of 2008. Yet, as we already said, more than half of the municipalities have fewer than 6,000 inhabitants, which means that the Finnish municipalities are still comparatively small.<sup>20</sup>

24. Regions in Finland are part of the intermunicipal cooperation. Finland is divided into 19 regions (*maakunta*). 18 in mainland Finland and the autonomous region of Åland (that will be presented below). The 18 regions in mainland Finland are governed by regional councils (*maakuntaliitto*), which serve as forums of cooperation for the municipalities of each region. The councils are composed of delegates from the municipal councils. The main tasks of regional councils are regional planning, the development of enterprises, and education. The regional councils are primarily funded by member municipalities, with additional funding from the Finnish government and the European Union in the form of technical assistance. Between 2004 and 2012, the regional council of Kainuu was elected via popular elections as part of an experimental regional administration.<sup>21</sup>

<sup>19</sup> <https://www.kuntaliitto.fi/kuntaliitto/tietotuotteet-ja-palvelut/kaupunkien-ja-kuntien-lukumaarat-ja-vaestotiedot>

<sup>20</sup> S. Sjöblom, *Finland. The Limits of the Unitary Decentralized Model*, cit., p. 246.

<sup>21</sup> 9.05.2003/343 *Laki Kainuun hallintokokeilusta (määräaikainen)* (Act on the Regional Self-Government Experiment in Kainuu).

25. The 2021 reform created 21 “wellbeing services counties” that are directly based on representative democracy, with the ultimate authority vested in a county council appointed through a direct election. The residents of the WSCs have universal and equal voting rights in county elections. The reform meant that direct representative democracy was implemented for the first time in regional government based on permanent legislation. The City of Helsinki (the capital city) is not part of any county, and the City of Helsinki continues to organise its own health, social and rescue services. The first county elections took place on 23 January 2022. Starting in 2025, the county elections will be held in conjunction with the municipal elections.

26. The deconcentrated central government administration comprises six Regional State Administrative Agencies (AVI) and fifteen Centres for Economic Development, Transport, and the Environment (ELY). The AVI’s act as governmental enforcement authorities in regions, and they monitor the delivery of healthcare, social services, and schools, among others. AVI’s also handle complaints from citizens. The ELY’s are responsible for promoting regional development with advisory, financing and development services for businesses and with EU’s structural fund projects. ELY’s also promote rural affairs, fisheries, road maintenance, labour market, immigration matters and environmental protection, among others.

### Organisation of the local authorities

27. The implementation of self-government and the arrangement of the administration, tasks and financial foundations of municipalities are regulated in the Local Government Act (LGA 410/2015). It sets a relatively loose framework for organising the administration and management of municipalities, leaving room for administrative structures that consider the diversity and local characteristics of municipalities. The municipal council (*kunnanvaltuusto*) is composed of members elected via a proportional representation system for a period of four years. Latest municipal elections were held in continental Finland in June 2021 and in the autonomous region of Åland Islands in October 2023.

Population	Councillor
at most 5 000	13
5 001 - 20 000	27
20 0001- 50 000	43
50 001 - 100 000	51
100 001 - 250 000	59
250 001 - 500 000	67
over 500 000	79

Number of councillors elected  
depending on the population

Source: Ministry of Finance

28. This deliberative body appoints the municipal board and elects the mayor (*kunnanjohtaja*). According to the LGA (arts 41 and 44), there are two alternative systems. In most of the municipalities, a municipal manager (or chief executive) is elected by the municipal council. Municipality managers hold their position either for a fixed term or the positions are permanent. The council can fire the municipal manager or transfer her/him to other positions if he/she has lost the council’s confidence. The municipal manager is a civil servant who works under the municipal board as the head of municipal administration, financial management and other functions. The choices of municipal managers do not necessarily take place close to local elections.

29. The situation is, however, slightly different for larger cities. Cities can be managed either by municipal managers as in other municipalities, or they can appoint mayors. The mayors in larger cities are often *de facto* politicians who have risen the ranks from city councils or national politics to this position elected by local councils.<sup>22</sup> There are currently 7 municipalities with a mayor instead of a chief executive: Helsinki, Tampere, Turku, Tuusula, Pirkkala, Kärkölä and Puolanka.

<sup>22</sup> <https://www.sng-wofi.org/country-profiles/>

30. The municipal board (*kunnanhallitus*) is made up of members appointed by the municipal council. It is responsible for running the municipal administration and managing its finances. The municipal board is assisted in its work by sector-specific committees. Municipal boards hold a powerful administrative position, because the most important matters prepared for the council are politically agreed in advance by the board.

31. In the WSCs, the county council is directly elected by the voters. The number of members of the council is established by each county, up until the limit set by legislation based on population. The council elects an executive board, that can be dismissed by the council if it loses its confidence, and a manager, according to the same model of the municipalities opting for a city manager.

32. The next local and county elections have been scheduled for 13 April 2025. The rapporteurs were informed about some concerns that holding both elections on the same day might shift attention from local to county issues and lead to disengagement of candidates at the local level.

Population	Authorized at least
up to 200,000	59
200,001–400,000	69
400,001–600,000	79
more than 600,000	89

Source: <https://stm.fi/en/wellbeing-services-counties>

## Competences

33. Municipalities remain key public administration bodies following the reform, with their self-government secured in the Constitution. Municipalities have important statutory duties and the right to take on the responsibilities they want by virtue of their self-governing status. Municipalities' range of duties remains broad by European standards. They are responsible for things such as early childhood education; pre-primary, primary and lower secondary education; cultural, sports, youth and leisure services; city planning and land use (land use planning); water resources and waste management; and environmental services, among other things.

34. Municipalities' industrial policy measures play a key role in promoting municipal vitality (e.g. the provision of business advisory services, business development projects, construction and rental of premises for business use, the supply of plots for enterprises and the marketing of the region). They are not statutory functions of local authorities but ones that the local authority may take upon itself by its own decision.

35. In the health and social services sector, municipalities retain their responsibility to promote the population's wellbeing and health at the local level. Municipalities have also been assigned new duties: for example, the reform coming into force at the beginning of 2025 will transfer employment services to the municipalities from the Employment and Economic Development Offices operating under the Centres for Economic Development, Transport and the Environment, which are part of State. As a result, the same service provider (municipality) will be responsible for employment services, the municipality's education services and economic development services.

MAIN RESPONSIBILITY SECTORS AND SUB-SECTORS

SECTORS AND SUB-SECTORS	REGIONAL LEVEL	MUNICIPAL LEVEL	ÅLAND ISLANDS
1. General public services (administration)	General administration	General municipal administration; Public buildings and facilities	Åland civil service; Taxation; Statistics; Internal administration
2. Public order and safety	Fire and rescue services		Public order and security; Civil protection; Some aspects of criminal law
3. Economic affairs / transports		Public transportation; Economic development and employment	Agriculture; Fisheries; Communications (postal services, broadcast); Transport networks; Trade; Promotion of employment
4. Environment protection		Environmental protection; Waste management; Sewerage	Environment; Prevention of cruelty to animals and veterinary care
5. Housing and community amenities		Land use planning; Local infrastructure including streets; Energy; Water management; Harbours	Land use planning
6. Health	Primary and specialised healthcare; Dental services	Promotion of health and wellbeing	Public health
7. Culture & Recreation		Culture; Sports; Library services	Culture; Sports
8. Education		Pre-school; primary and secondary education; vocational training; Adult education; Child day-care	Education; Apprenticeships
9. Social Welfare	Social welfare; Services for the elderly; Services for disabled		Social welfare; Youth work

Source: OECD, <https://www.sng-wofi.org/country-profiles>

36. At the beginning of 2023, the service tasks of municipalities were reduced by almost half as the health and social services reform determined the transfer of these tasks to 21 self-governing WSCs. Thus far, the effects of the reform are only partially visible. On the one hand, it is possible to reason that municipalities have lost about half of their importance and power with budget cuts and a diminishing influence over people's health and wellbeing. On the other hand, financing difficulties, particularly for smaller municipalities, are expected to decrease, and municipalities can now pay attention to economic and community vitality.<sup>23</sup>

37. The main principle of the division of responsibilities in welfare is that WSCs take care of services, whereas municipalities bear main responsibility of preventive work. Therefore, cooperation is essential in promotion of health and wellbeing. Joint objectives, jointly agreed procedures and a good flow of information (e.g. student welfare in schools, housing for the elderly) are necessary. There are no mandatory structures for cooperation (except negotiations once in a year), but the various WSCs are expected to develop their own practices.

### Co-operation

38. In Finland, consultation between the national institutions and the Association of Finnish Local and Regional Authorities (hereinafter AFLRA, *Kuntaliitto*) is the pillar of the local self-government system. These consultations provide a forum to discuss the overall framework for both financing and regulation as well as specific issues regarding the municipalities.

39. The LGA explicitly states that "The negotiation process between central and local government shall consider the legislation on local government, central government measures that are far-reaching and important in principle concerning the activities, finances and administration of local government, and the coordination of central and local government finances, as laid down in sections 12 and 13. In the negotiation process the municipalities shall be represented by the Association of Finnish Local and Regional Authorities" (section 11 LGA; see also sections 12-13).

40. In Parliament, hearings of experts are a fixed part of the processing of matters in the work of committees when they consider topics such as government proposals, the budget proposal or the General Government Fiscal Plan. For example, the Administration Committee regularly provides the Finance Committee with a statement on the budget proposal and the General Government Fiscal Plan,

<sup>23</sup> K. Sahamies, A. Haveri, A.-V. Anttiroiko, *Local Government: Contours of the Past, Present and Future*, cit.

giving its view on local government finances and the funding of the wellbeing services counties, among other things. For this purpose, the Committee holds expert hearings with representatives of the Ministry of Finance and the Ministry of Education and Culture as well as AFLRA and individual municipalities.

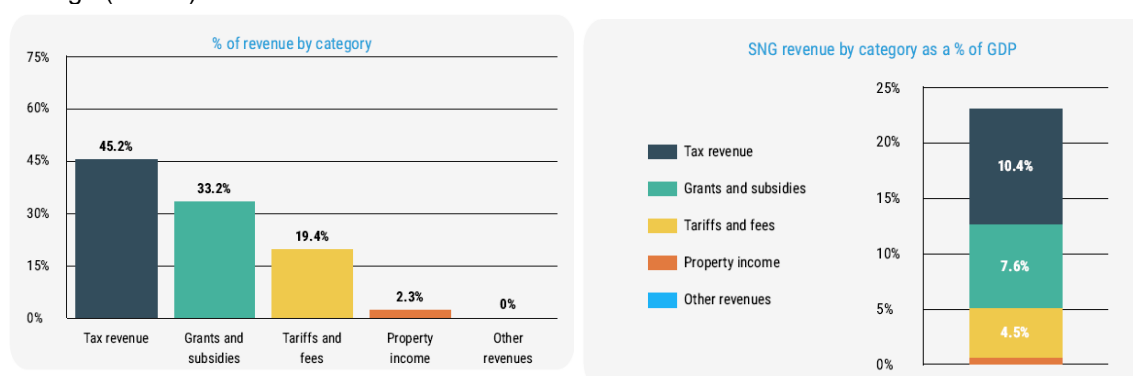
41. With regard to the funding of the WSCs, the Committee similarly holds hearings not only with the Ministry of Finance and the Ministry of Social Affairs and Health but also with *Hyvinvointialueyhtiö Hyvii Oy*, which represents the WBSs counties, and with various counties. The Administration Committee adopts the same approach when considering government proposals pertaining to the municipalities and wellbeing services counties. The committees also conduct visits to areas and meetings with local government representatives.

42. Additionally, it is a decades-long tradition of the Administration Committee to meet with the management and experts of the Association of Finnish Local and Regional Authorities in the autumn to discuss current matters. Committee members also often hold elected positions at the local and/or regional level, which serves as another channel through which information about local and regional issues makes its way to the committees.

43. A special Advisory Board for Local Government Finances and Administration (*Kuthanek*) is in charge of local government participation to the government decision-making.<sup>24</sup> The Board operates in connection with the Ministry of Finance. In addition to the Ministry of Finance, the Ministry of Education and Culture, the Ministry of Social Affairs and Health and the Federation of Municipalities of Finland are represented in the Board. The task of the Board is discussing legislation concerning municipalities, matters of principled importance and far-reaching municipal administration and finances, and the coordination of central and local government. The procedure is laid down in a decree (596/2015). Among the acts examined by the Board, there are development plans and legislative projects concerning municipal finances and administration, which are submitted to the Board in the preparatory phase; the central government budget proposal concerning local government finances; government proposals concerning the finances and administration of municipalities before they are discussed by the State Council (cabinet); •distribution of costs between central and local government; other important matters concerning the finances and administration of municipalities.

## Finances

44. In Finland, according to OECD data,<sup>25</sup> own-source revenues (taxes, tariffs and fees, property income) of municipalities account for nearly 70% of subnational revenue, and 15% of GDP, giving municipalities considerable autonomy over their revenue. The share of taxes in subnational revenue is at the same level of the OECD on average (42.4% in 2020). However, as a share of GDP, it is above the OECD average (7.2%). Tariffs and fees represent almost a fifth of subnational revenue, which is also above the OECD average (13.3%) while the share of grants and subsidies is below the OECD average (41.2%).



Source: OECD, <https://www.sng-wofi.org/country-profiles>

<sup>24</sup> <https://vm.fi/kuntatalouden-ja-hallinnon-neuvottelukunta>

<sup>25</sup> <https://www.sng-wofi.org/country-profiles>

Municipality income statement	Current system, mill. €	Reform 2023, mill. €	Change, mill. €
Operating margin + depreciation	-36 322	-15 088	21 234
Municipal income tax % (12,64 %-unit cut)*	21 284	8 114	-13 170
Share of business tax	2 451	1 634	-817
Real estate tax	2 089	2 089	0
State grant (MoF)	7 947	2 609	-5 338
State grant change limit	0	-4	-4
Compensation of tax losses	2 777	833	-1 944
State grant (MoEd)	2	2	0
Finance items, net	343	343	0
Tax cost drop (municipalities)	0	62	62
Compensation of state grant system change	0	0	0
Annual margin – depreciation (balance position)	571	595	23

	2020	2021	2022	2023
Municipal income tax	20 222	20 696	21 668	9 931
Share of business tax	1 967	2 846	2 715	2 112
Real estate tax	1 747	1 965	2 093	2 109
<b>Total</b>	<b>23 936</b>	<b>25 507</b>	<b>26 476</b>	<b>14 152</b>
Average municipal income tax %	19,97	20,02	20,01	7,37
Municipalities share of business tax, %	42,13	44,34	33,76	23,90

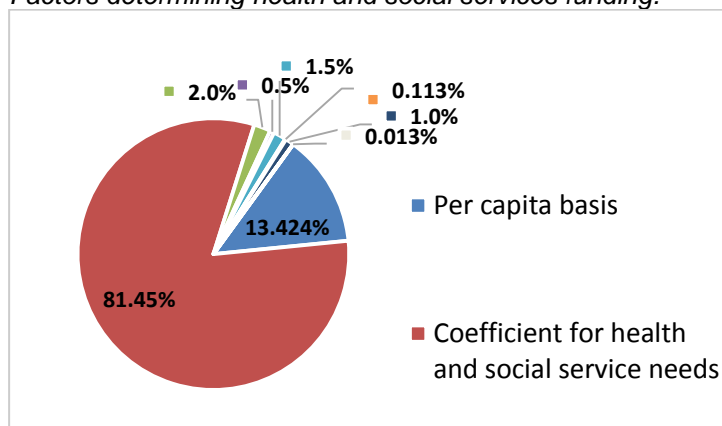
\* Reform tax cut from municipalities is 13,17 BN €. This includes municipal taxation cost cutting 62 mill.€ deducted. Tax transferred to Wellbeing Services Counties is 13,11 BN €.

19

Source: Ministry of Finance

45. As for WSCs, in the first phase, the counties do not have the right to levy taxes. The funding of the WSCs is based on imputed universal central government funding (90%) and revenue from fees and sales. The level of funding for the whole country takes into account the following factors in advance each year: estimated increase in service needs; change in cost level and change in duties. The funding has been adjusted retrospectively to correspond to the costs at national level.

*Factors determining health and social services funding.*



Source <https://valtioneuvosto.fi/-/10623/sote-uudistus-voimaan-mita-tapahtuu-kesan-aikana->

**Supervision**

46. Supervision of the legality of municipal activities is mainly exercised by the administrative courts in individual cases. Any municipal resident has standing in cases concerning the exercise of the general competence of the municipality. Appeals against the decisions of a municipal body (often as the result of an application for a revised decision) are made by submitting an appeal against a municipal authority decision to the (Regional) Administrative Court (of municipal appeal). Such an appeal may be made on the grounds that: 1) the decision was not taken in accordance with proper procedure; 2) the body exceeded its powers; or 3) the decision was otherwise unlawful. All natural and legal persons resident in the municipality are entitled to appeal (*actio popularis*), together with any individually affected parties. In most cases Administrative Courts may uphold the decision or repeal it, but not directly amend it. Further appeals may be lodged with the Supreme Administrative Court.

47. Ministry of Finance monitors the activities and finances of municipalities in general and ensures that self-government is taken into account in legislative matters (section 10 LGA). In exceptionally critical circumstances the State may take a municipality into economic and administrative “guardianship”, under specific legislation. Such extreme situations may also result in the compulsory merger of municipalities.



48. The Parliamentary Ombudsman and the Chancellor of Justice oversee the functions of municipalities both based on complaints and independent investigations. The Chancellor of Justice is an independent institution, which independence is guaranteed by his/her constitutional position and long history (since 1809). Municipalities can file complaints with the Chancellor of Justice. The Chancellor of Justice receives a considerable number of complaints from citizens concerning municipal administration. Most often they are related to maladministration or social, health care and educational services.

49. The tasks of the Parliamentary Ombudsman are defined in the Constitution (sections 110 and 111) and in the Parliamentary Ombudsman Act. The Ombudsman has the task of exercising oversight to ensure that authorities and officials observe the law and discharge their duties. In addition to authorities and officials, the scope of the Ombudsman's oversight extends to other parties performing tasks of a public nature. The Ombudsman mainly supervises lawfulness by examining the complaints he/she receives. He/she can also intervene to address perceived shortcomings on his/her own initiative. The Ombudsman also inspects offices and institutions, especially prisons, military garrisons and other closed institutions like hospitals and homes for the elderly. The Ombudsman also receives a large number of complaints from citizens concerning municipal administration, mostly related to maladministration or social, health care and educational services.

50. Another important independent national institution is the National Audit Office of Finland (NAO), which has the duty of "auditing central government finances and compliance with the central government budget" (section 90 of the Constitution). In its activities, the NAO also happens to audit local authorities (section 2 of the NAO Act).<sup>26</sup> As pointed out by a recent audit that was illustrated to the delegation during the monitoring visit, "the purpose of the assessment procedure is to support local government finances and to safeguard the provision of statutory services even for the residents of municipalities in a particularly difficult financial situation".<sup>27</sup>

51. The Regional Administration Agencies<sup>28</sup> are the supervising State authority. They have various supervisory tasks related to legal protection, fundamental rights and a safe environment. They supervise social and health care, early childhood education and teaching, rescue operations, alcohol sales and serving, occupational safety, accessibility of official digital services, environmental health care and the operations of several businesses. The subjects of the supervision are, among others, municipalities, municipal associations and WSCs. The main goal of the Agencies is to guide the subjects to act in accordance with the law, by organising training and guidance events, sending guidance letters and give advice. A supervisory procedure can be initiated ex officio, or by complaint or notification.<sup>29</sup>

## Åland Islands

52. The Åland Islands form an autonomous, demilitarised, neutralised, monolingual Swedish speaking administrative region of Finland.<sup>30</sup> Åland consist of approximately 6,800 islands of which 60 are inhabited by 30,400 residents, 85 per cent of whom are Swedish speaking.<sup>31</sup> The autonomous status of the islands was armed by a decision made by the League of Nations in 1921. Those who are born on Åland have a regional citizenship, *hembygdsrätt*, which is a prerequisite for voting in regional elections, for the right to exercise a business and for purchasing land in the Åland archipelago.

53. The autonomous status of the Åland Islands is recognised in section 120 of the Finnish Constitution, which states that the self-government of the Åland Islands is specifically regulated in the Act on the Autonomy of the Åland Province. The Act is adopted by the Finnish Parliament. Any amendment requires, in addition to the procedure to pass a constitutional amendment, also the consent of the *Åland Lagting* (Åland Parliament). The Act currently in force is the Autonomy Act for Åland (*Självstyrelselag för Åland*) 1144/1991, which entered into force on 1 January 1993.<sup>32</sup> The Act establishes that Swedish is the sole official language in Åland. It also provides for the legislative competence of the Åland Parliament, in areas such as health care, education, culture, environment, promotion of industry, internal transportation, postal services, radio and television. Additionally, Åland has legislative authority over police, thus it maintains its own police force. The process of revision of the Autonomy Act has been

26 14.7.2000/676 *Laki valtioneuvoston tarkastusvirastosta* (Act on the Nation Audit Office).

27 *Tarkastuskertomus 2/2024: Arviointimenettelyn toimivuus kuntien talouden tasapainottamisessa ja palveluiden turvaamisessa* (vtv.fi). See also *kuntatalouden-ohjaus-6-2018.pdf* (vtv.fi)

28 20.11.2009/906 *Valtioneuvoston asetus aluehallintovirastoista* (Government regulation on regional administrative agencies).

29 <https://avi.fi/tietoa-meista/toimintamme/valvomme>

30 M. Suksi, *Explaining the Robustness and Longevity of the Åland Example in Comparison with Other Autonomy Solutions*, in *International Journal on Minority and Group Rights*, 2013, pp.51-66; S. Sjöblom, *Finland. The Limits of the Unitary Decentralized Model*, cit., p. 246.

31 Statistics and Research Åland (ÅSUB), as of 31.12.2023.

32 16.08.1991/1144 *Självstyrelselag för Åland*.

ongoing in the last 15 years. So far, Finland and Åland have not reached a common solution but the negotiations continue. During the visit, the delegation was informed that the establishment of the well-being services counties, although the reform does not apply to Åland, had some indirect effects that need to be addressed in the revision of the Autonomy Act.

54. Åland has sixteen municipalities with a population ranging from 110 to 11,800 inhabitants. Local self-government is a regional competence and thus regulated in an Ålandic municipal law.<sup>33</sup> Municipal decision-making is carried out by municipal councils, which are elected for four-year term. Municipalities have an extensive decision-making authority, especially if compared to Finnish municipalities after the establishment of the WSCs and they can be organized in a different way. Under current legislation, municipalities are responsible for, among other things, childcare, primary education, elderly care, social services, libraries and culture. The level of municipal taxes can also differ between the municipalities. The Government of Åland contributes financially to the municipalities through a financial distribution system called the *landskapsandelsystem*, distributing €40 million per year to the 16 municipalities. About half of the total income for the smallest municipalities stems from the *landskapsandelsystem*. Since Åland only collects municipal taxes, there is an economic equalization mechanism between the Åland Islands and the Finnish State, described in sections 45-47 of the Autonomy Act.

55. A recent reform was the creation of the *Kommunernas socialtjänst* (Alliance for Municipal social services), in 2020. According to the law, there must be a social welfare area on Åland. In the agreement establishing the Alliance, the municipalities agreed to transfer this task to the newly established body, except for childcare and the care for the elderly, that are still handled by each municipality separately.

## 2.2 Status of the capital city

56. Helsinki is the capital city and the biggest city in Finland. In 2023, Helsinki's population grew by a record amount. According to Statistics Finland's data, the population grew by 10,935 people, and at the end of the year there were 674,963 residents. The relative growth during 2023 was 1.6 percent, while the previous year the growth was 0.8 percent. The year 2023 was also exceptional from a historical perspective, as the population of Helsinki increased by more than 10,000 people the previous time in the 1960s, when Helsinki's large suburbs were completed. Naturally, the relative population growth in the 1960s was higher than today, because the city's total population was smaller at that time than it is now.<sup>34</sup>

57. Helsinki is an international city; more than 140 mother tongues are spoken. Immigrants are encouraged to become citizens, to vote, to be elected. Citizens of EU, Iceland and Norway are allowed to vote in municipal elections on the same grounds as Finnish citizens. Citizens of other countries are allowed to vote after 2 years of residence. There are immigrants at council level and also in the board. Immigration is important due to the labour shortage. It is also challenging. In the urban planning, the city tries to avoid segregated suburbs.

58. As for the city organization, the city has a mayor plus 4 deputy mayors. There are 15 city board members and 80 city councillors. At financial level, during the meeting the delegation was told that current financial system (income tax, corporate tax, real-estate tax, central government transfers) is sufficient for Helsinki. The economic situation is good, but the rapid growth of population requires investments in premises, infrastructure and public transport. A larger share of the investments has to be financed by debt financing. The investment capacity of the growing municipalities must be improved. The City of Helsinki is asking for a larger share of the tax revenue collected from its territory. According to the City of Helsinki representatives, the existing equalization formula is aimed at supporting the rural areas, therefore the financial and operational challenges of growing cities are not considered enough.

59. The City of Helsinki is the only municipality that has the responsibility for organizing the healthcare and social and rescue services, so, in that respect, it functions as a wellbeing services county as well. In the Uusimaa Region a separate solution was applied. The region was divided in WSCs (Keski-Uusimaa, Vantaa-Kerava, Länsi-Uusimaa ja Itä-Uusimaa) and beside counties, Helsinki is responsible for arranging social welfare, health care and rescue services. Both the region and the city of Helsinki were proactive on this matter and the original proposal on the separate solution was drafted by city and region, not by the government. Helsinki also had an active role in legislation preparation. However, as the services are government funded, according to the City representatives, the funding is not adequate in the long run.

<sup>33</sup> *Kommunallag för landskapet Åland* (1997/73). (Law on Municipalities in the Åland islands).

<sup>34</sup> <https://kaupunkitieto.hel.fi/fi/vaeston-maara-kasvoi-helsingissa-ennatyksellisen-paljon-vuonna-2023>



60. During the consultation process, the Ministry of Finance highlighted the effective cooperation between Helsinki and other major cities like Espoo and Vantaa with the State, underscoring the need for strong collaboration among these cities within the metropolitan area. These municipalities are experiencing rapid growth and share specific challenges, such as those related to the State grant system, given their significant investments and diverse resident populations, which present particular challenges for their schools. According to the Ministry of Finance, the Local Government Act provides substantial flexibility, allowing for agreement-based cooperation and development within metropolitan areas, driven by the decisions made by cities and municipalities themselves.

61. As for the consultation process, the City of Helsinki pointed out that Helsinki is almost always asked for comments in the official legislative process in matters concerning Helsinki and almost always in matters concerning municipalities (and wellbeing services counties) in general. There are many consultation mechanisms in use: statements, negotiations, participation of city/municipalities to working groups (as a member or as an expert), hearings. A special mechanism is in use in MAL-issues (land use, housing, transport): the government and 9 major urban regions draw up an agreement concerning the matter. A new collaboration mechanism was introduced in the government program: the strategic alliance between the state and six biggest cities. It was an initiative of the six biggest cities, that ended up in the government program due to active lobbying. This “alliance group” is led by the prime minister, and there are the six mayors as members. Only few meetings have been held so far, thus it cannot be evaluated yet.

62. The City of Helsinki pointed out that time for circulation for comments in the legislative process is often too short. Consultations (e.g. concerning new legislation) are often done with a very strict schedule, which reduces the actual possibilities of influence. Participation of municipalities (e.g. in working groups or legislation preparation that concerns municipalities) is not always sufficient. The Association of Finnish Local and Regional Authorities aims to represent all municipalities, but beside that a direct consultation of cities themselves is needed.

63. The Helsinki-Uusimaa Region is at the heart of Northern Europe, more precisely in the very south of Finland and it has some 230 km of Baltic Sea coastline. Although only covering three percent (9,440 km<sup>2</sup>) of the national land area, the Region is home to around 1.8 million inhabitants, which is about a third of the country's total population. The Helsinki-Uusimaa Regional Council is a joint authority for Helsinki-Uusimaa with 26 member municipalities.<sup>35</sup> The metropolitan area was granted special status in the reform of healthcare and social and rescue services.

64. Helsinki is the capital city of Finland, but it does not have a special status as the capital. During the meeting, the non-implementation of the previous recommendation, aimed at “granting Helsinki and its metropolitan area a special status in order to ensure a more efficient and expedient decision-making system to address the general problems and policy issues affecting the city as a whole” was pointed out. In the written observation, the City of Helsinki highlighted that more formal consultation mechanisms between the capital and the State could be useful. E.g. Helsinki has suggested already many years ago, that the capital should have its own representation in all major working groups (that e.g. prepare legislation important from the perspective of the capital and its functions).

### 2.3 Legal status of the European Charter of Local Self-Government

65. Finland signed the Charter on 14 June 1990, with no reservations or limitations. As an international treaty, the Charter was ratified and entered into force by an Act of the Parliament (section 95 of the Finnish Constitution). On the basis of a government bill, the Parliament passed an “Act on the adoption of certain provisions of the European Charter of Local Self-Government”, on 12 April 1991<sup>36</sup>. This general incorporation Act contains only two brief provisions. Section 1 states: «Insofar as the provisions of the Charter fall within the scope of legislation, they are in force as has been agreed». Section 2 dictates that the act will enter into effect by a government decree. Consequently, the act became effective on 10 October 1991, following the decree of 6 September 1991, adopted after the Provincial Parliaments of Åland approved the Charter.<sup>37</sup>

<sup>35</sup> <https://uudenmaanliitto.fi/en/regional-council/>

<sup>36</sup> Laki Euroopan paikallisen itsehallinnon peruskirjan eräiden määräysten hyväksymisestä 1180/1991.

<sup>37</sup> Asetus Euroopan paikallisen itsehallinnon peruskirjan voimaansaattamisesta ja peruskirjan eräiden määräysten hyväksymisestä annetun lain voimaantulosta 1181/1991.

66. No specific legislation was required to vest it with legal force.<sup>38</sup> Since the Charter was incorporated by an ordinary Act of Parliament, its provisions have the same rank as ordinary laws, and are directly applicable by courts and administrative authorities. In the preamble to the bill, the relationship between each of the articles of the Charter and relevant national legislation was examined, and the conclusion was that Finnish legislation contained no provisions that would conflict with the Charter, so no laws had to be amended.

67. In actual judicial practice, the provisions of the Charter have never been used as the basis for a judgment in an individual case. For instance, in solving intergovernmental lawsuits dealing with local government, the Supreme Administrative Court of Finland applies predominantly national legislation on local government but does not refuse to analyze also the pertinent application of the Charter. For instance, in a case concerning a controversial reapportionment of municipalities, the Supreme Administrative Court (SAC) gave substantive consideration to Article 5 of the Charter and actually also recognised its validity at the same level of an Act of Parliament when writing that in addition to the Constitution, “the Charter does not stand as an obstacle to reapportionment of municipalities”.<sup>39</sup> Another case for the Supreme Administrative Court to apply the Charter refers to Article 6.1.<sup>40</sup>

68. According to the unique system of constitutional justice existing in Finland, it is up to the Constitutional Law Committee of the Parliament to assess the compliance of Finnish legislation with the constitution and international human rights treaties (section 74 of the Constitution). Therefore, the Charter is not a parameter in the review made by the Constitutional Law Committee. During the monitoring visit, the delegation was informed that the Charter is mentioned in governmental bills, in parliamentary activity and also in the Constitutional Law Committee decisions.

69. Several interlocutors pointed out that given the thinner constitutional protection of the well-being services counties, the Charter might have an important role to play in the future for the protection of WSCs self-government. The rapporteurs encourage Finnish authorities to further develop their positive attitude towards the Charter.

## 2.4 Previous Congress reports and recommendations

70. The previous monitoring visit to Finland was carried out in 2016 and the Recommendation 396 (2017) was adopted by the Congress on 28 March 2017. Recommendation 396 (2017) asked the Finnish authorities to: *a.* ensure the direct applicability of the European Charter of Local Self-government within the domestic legal system and in particular, that the Charter be given due consideration in court proceedings; *b.* ensure that municipalities are provided with commensurate financial resources in order to enable them to perform their competences in a proper way; *c.* opt, in the framework of the regional government reform, for the creation of genuine self-governed regions to which the Charter will apply and provide the clear legal and, if necessary, constitutional basis for new self-governed regions, including their right to levy taxes; *d.* give to new regional authorities freedom of action with regard to their own resources and the use of future state grants; *e.* provide exceptions to the ongoing transfer of competences to the regional level so as to allow the largest cities to keep the tasks related to social welfare which they are most capable of coping with, based on the principle of subsidiarity; *f.* grant Helsinki and its metropolitan area a special status, in order to ensure a more efficient and expedient decision-making system on the general problems and policies affecting the city as a whole.

## 3. HONOURING OF OBLIGATIONS AND COMMITMENTS: ANALYSIS OF THE SITUATION OF LOCAL DEMOCRACY ON THE BASIS OF THE CHARTER (ARTICLE BY ARTICLE)

### 3.1 Article 2 – Constitutional and legal foundation for local self-government

#### Article 2 – Constitutional and legal foundation for local self-government

The principle of local self-government shall be recognised in domestic legislation, and where practicable in the constitution.

71. Article 2 requires the principle of local self-government to be recognized at domestic level in an ‘open’ and ‘express’ manner’, i.e., in written law. The practical and operational consequences of this recognition can be fully understood in the light of Article 11, according to which “the principles of local self-government as are enshrined in the constitution or domestic legislation” shall be protected by judicial

<sup>38</sup> O.Mäenpää, *Local government in Finland*, cit., p.187.

<sup>39</sup> KHO:2008:1 15.1.2008/33.

<sup>40</sup> KHO:2023:20 2.3.2023/649.

remedies that local authorities can activate. The constitutional entrenchment is considered to be “further desirable” by the Explanatory Report, but it is to be achieved “where practicable”, i.e. where the country has a written constitution and where there is a political consensus about doing so.<sup>41</sup>

72. In Finland, the principle of local self-government is guaranteed under section 121 of the Finnish Constitution. As said above, this section establishes that: “Finland is divided into municipalities, whose administration shall be based on the self-government of their residents. Provisions on the general principles governing municipal administration and the duties of the municipalities are laid down by an Act. The municipalities have the right to levy municipal tax. Provisions on the general principles governing tax liability and the grounds for the tax as well as on the legal remedies available to the persons or entities liable to taxation are laid down by an Act. Provisions on self-government in administrative areas larger than a municipality are laid down by an Act. In their native region, the Sami have linguistic and cultural self-government, as provided by an Act”. Paragraph 1 refers to the municipal autonomy, while paragraph 3 to the self-government administrative areas larger than a municipality.

73. As said above, according to section 74 of the Constitution the Constitutional Law Committee is identified as the authoritative interpreter of the provisions of the Constitution, including section 121, when enacting laws. The Committee has developed an interpretation according to which section 121.1 of the Constitution has a core that consists of the most important aspects of municipal self-government and that cannot be interfered with in the ordinary legislative order. According to the established practice of the Constitutional Law Committee of the Parliament, the following features are considered fundamental characteristics of municipal self-government:<sup>42</sup>

(a) The municipality has the right to take charge of its administration and finances independently. State authorities have no general power to control municipalities or to issue binding directives or administrative orders that may affect them. State authorities may intervene only to a limited extent as specifically provided by law enacted by Parliament.

(b) Municipal decision-making powers are held by the bodies elected by direct and secret ballot in municipal elections. The municipality may delegate these powers within the municipal organisation and for the purpose of inter-municipal cooperation.

(c) Municipal authority is general and broadly-based, but the exercise of public power in individual cases must be specifically contemplated in the law. An act of Parliament is needed to impose new functions and financial obligations on municipalities, and also to relieve them of existing functions.

(d) Municipalities have the right to levy taxes on their inhabitants and other local bodies subject to taxation. Each municipality determines its tax rate independently.

(e) A commensurability requirement is binding for any new legislation in that new responsibilities may be imposed on municipalities only if they are granted the proportionate and appropriate financial resources to carry out the new tasks.

74. With regards to municipalities, Finland complies with Article 2. On the contrary, the Constitution says very little about the status of regions or other territorial units. As it was pointed out by the Recommendation 396 (2017) and by the related Explanatory memorandum,<sup>43</sup> Section 121 foresees the possibility of a second-tier self-government, without establishing any principle that can guide and bind the legislature: “Provisions on self-government in administrative areas larger than a municipality are laid down by Act”. Therefore, the self-government of the wellbeing services counties relies only on legislation, i.e. on the Act on Wellbeing Services Counties (611/2021).

75. Rapporteurs are fully aware that the WSCs reform was carefully elaborated and that amending the Constitution is a very delicate matter. Nevertheless, they encourage the national authorities to reinforce the constitutional basis for the Wellbeing Services Counties.

76. For these reasons, the rapporteurs conclude that the requirements of Article 2 of the Charter are partially complied with in Finland.

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41 Contemporary Commentary The contemporary commentary on the explanatory report to the European Charter of Local Self-Government adopted by the Congress Statutory Forum on 7 December 2020 (Contemporary Commentary), para. 19-25.

42 O. Mäenpää, *Local government in Finland*, cit., p. 188.

43 CG32(2017)08final Local and Regional Democracy in Finland, para.79-81.

### 3.2 Article 3 – Concept of local self-government

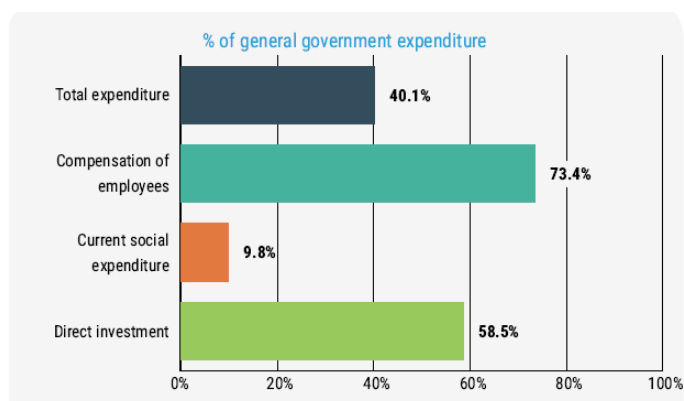
#### Article 3 – Concept of local self-government

1. Local self-government denotes the right and the ability of local authorities, within the limits of the law, to regulate and manage a substantial share of public affairs under their own responsibility and in the interests of the local population.
2. This right shall be exercised by councils or assemblies composed of members freely elected by secret ballot on the basis of direct, equal, universal suffrage, and which may possess executive organs responsible to them. This provision shall in no way affect recourse to assemblies of citizens, referendums or any other form of direct citizen participation where it is permitted by statute.

#### 3.2.1 Article 3.1

77. The main question that must be addressed under this heading is whether, in the present situation, Finnish local authorities regulate and manage a “substantial share of public affairs under their own responsibility and in the interests of the local population”. This provision requires an assessment which takes into account the rather “subjective” and relative nature of such concepts as “ability”, “a substantial share of public affairs”, “under their own responsibility” and “in the interests of the local population” since no official or universal method of measuring such substantial character has yet been developed. The question must be addressed considering the historical evolution, the culture and the constitutional traditions of the country under analysis. It is also closely linked to the assessment of the compliance with other parts of the Charter, such as Articles 4, 8 and 9.

78. In order to assess compliance with this provision, both legislative and factual aspects should be taken into consideration. According to OECD data,<sup>44</sup> Finland is considered one of the most decentralised countries in the world. All main social, healthcare and education services are performed by local authorities (municipalities or WSCs). Hence, the overall economic importance of the local sector is considerable. Municipality spending as a share of GDP (23%) and general government (40.1%) is among the highest in the OECD, well above the OECD average where subnational expenditure amounted to 17.1% of GDP and 36.6% of total public spending in 2020. Finland is surpassed only by some federal countries (Canada and Belgium) and by two Nordic unitary countries (Denmark and Sweden). Municipalities employ roughly 20% of the total Finnish workforce. Overall, subnational staff expenditure amounted to 73% of public staff expenditure in 2020, which is also amongst the highest of the OECD members, along with Denmark, Sweden and Japan, as with most federal countries. Staff expenditure represents above 40% of subnational government spending (versus 34.4% in the OECD).

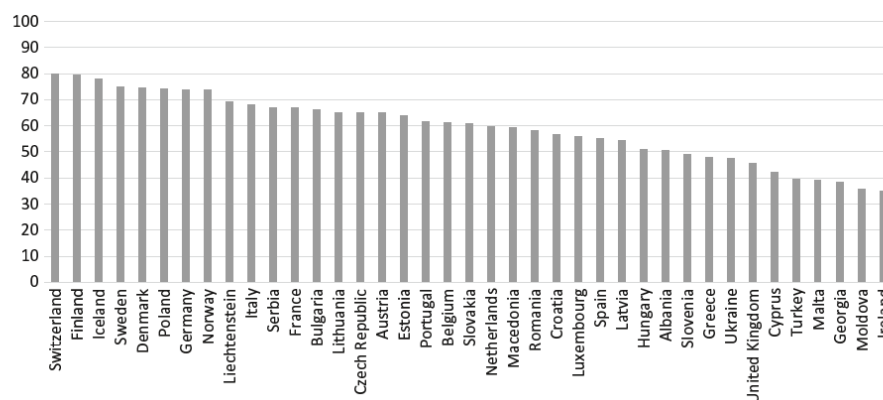


Source: OECD, <https://www.sng-wofi.org/country-profiles>

79. At factual level, we could mention the Local Autonomy Index (LAI) country ranking 2014, considering Finland in the top group among European countries.

<sup>44</sup> OECD, <https://www.sng-wofi.org/country-profiles>

### Local autonomy Index (LAI) country ranking 2014



Source: Ladner/Keuffer/Baldersheim/Hlepas/Swianiewicz/Navarro, *Patterns of Local Autonomy in Europe, 2019*, New York, Palgrave MacMillan, p. 236

80. Therefore, Finnish municipalities do not raise any concern under Article 3.1. The situation of WSCs is quite different. As pointed out by the written replies of the Parliament to the questions of the rapporteurs, the Constitutional Law Committee has held that the common feature of all constitutional regulation concerning different forms of self-government is democracy. The Committee has however drawn attention to the fact that State control of the WSCs and the funding model used to finance them de facto narrows the decision-making power of their councils. According to the Committee, due to State control, restrictions concerning the organisation of the social and health services, and the funding model, the self-administration of WSCs remains quite thin. In this respect it should be noted that Articles 4.2, 9.3 and 9.8 do not apply to WSCs.

81. As the 2021 reform is still in its initial phase and the situation with counties may evolve, the rapporteurs would encourage Finnish authorities to move in the direction of making WSCs full self-government units, in complete compliance with the Charter. However, they consider the share of public affairs under the responsibility of subnational authorities as a whole to be substantial.

82. Therefore, the rapporteurs conclude that Finland complies with Article 3, paragraph 1 of the Charter.

#### 3.2.2 Article 3.2

83. Article 3.2 is the main statement of the democratic principle in the provisions of the Charter. The right of self-government must be exercised by democratically constituted authorities. The concept of local autonomy does not involve the mere transfer of powers and responsibilities from central to local authorities but also requires local government to express, directly or indirectly, the will of the local population.

84. In Finland, municipalities are governed by a council which is elected by the local citizens every 4 years in fair and free elections. Executive bodies are elected by the council and are accountable to the council. Finland, as other Nordic countries, is at the very top of several democracy indices, thanks to high scores on electoral process and pluralism, political culture and political participation. The WSCs are ruled by directly elected councils and by an executive board, that is elected by the council and can be dismissed by the council.

85. Direct participation is highly encouraged in Finland. The LGA refers to several means to allow residents to participate and exert influence in municipal activities (panels, users' boards, independent planning by residents, etc.), together with youth councils, councils for the elderly and disability councils, which are compulsory bodies at local level from the beginning of the term to the election of the next council.

86. Therefore, the rapporteurs consider that Article 3, paragraph 2 is respected in Finland.

### 3.3 Article 4 – Scope of local self-government

#### Article 4 – Scope of local self-government

1. The basic powers and responsibilities of local authorities shall be prescribed by the constitution or by statute. However, this provision shall not prevent the attribution to local authorities of powers and responsibilities for specific purposes in accordance with the law.
2. Local authorities shall, within the limits of the law, have full discretion to exercise their initiative with regard to any matter which is not excluded from their competence nor assigned to any other authority.
3. Public responsibilities shall generally be exercised, in preference, by those authorities who are closest to the citizen. Allocation of responsibility to another authority should weigh up the extent and nature of the task and requirements of efficiency and economy.
4. Powers given to local authorities shall normally be full and exclusive. They may not be undermined or limited by another, central or regional, authority except as provided for by the law.
5. Where powers are delegated to them by a central or regional authority, local authorities shall, insofar as possible, be allowed discretion in adapting their exercise to local conditions.
6. Local authorities shall be consulted, insofar as possible, in due time and in an appropriate way in the planning and decision-making processes for all matters which concern them directly.

#### Article 4.1

87. Article 4, paragraph 1, of the Charter requires that the basic powers and responsibilities of local authorities are prescribed by the constitution or by statute, so as to ensure predictability, permanence and protection for the benefit of local self-government. Therefore, the tasks of local authorities should not be assigned on an *ad hoc* basis and should be properly enshrined in written parliamentary legislation. Establishing local powers and competences by means of administrative regulation should be avoided and goes against the spirit of the Charter.<sup>45</sup>

88. In Finland, the competences of the municipalities are set out in LGA and in a range of sectoral legislation. They include, as said above, education, children's day care, culture, youth, libraries, town planning, land use, water and energy supply, waste management, environmental protection. In its written presentation, the Ministry of Finance mentioned 610 statutory tasks and 973 obligations on how to carry out the tasks. The WCSs competences are provided for by the Wellbeing Services Counties Act and by sectorial legislation. The areas of competence are social and health care and fire and rescue services.

89. Therefore, it appears to the rapporteurs that Article 4, paragraph 1, is respected in Finland.

#### Article 4.2

90. According to Article 4, paragraph 2, local authorities must have the right to exercise their initiative on matters not explicitly excluded from their competence by law. In addition, they must have "full discretion to exercise their initiative". Restrictions on local bodies' full discretion can also stem from management, fiscal and budgeting rules that require a sound legal basis for spending.<sup>46</sup>

91. In Finland, the Local Government Act establishes that 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 tradition. In addition, a series of special acts makes specific functions mandatory for local government, e.g., education, kindergartens, land use planning, etc.

92. Finnish municipalities provide a wide range of services to their residents. Most municipal tasks are statutory, and municipalities are assigned tasks only by first enacting a law. The statutory tasks of municipalities belong to the so called "specific branch" of municipal activity. Municipalities can also decide to take tasks based on local needs and demand. This is the so called "general branch" of the municipal activity and it is in the core of Finnish municipal self-government. There are no detailed legal criteria on the municipalities' right to take voluntary tasks, but the municipality may not take over the central government's tasks. According to the information received by the Ministry of Finance, the voluntary tasks represent about 10-20 % of all municipal tasks. There is the largest amount in municipalities between 40,000-100,000 inhabitants. They mostly concern economic activities, employment promotion, housing, financial support.

93. This paragraph does not apply to WSCs.

<sup>45</sup> Contemporary Commentary, para 49.

<sup>46</sup> Contemporary Commentary, para 59.

94. Therefore, the rapporteurs consider that Article 4 paragraph 2 of the Charter is respected in Finland.

#### Article 4.3

95. Article 4, paragraph 3 of the Charter articulates the general principle of subsidiarity. It establishes that “Public responsibilities shall generally be exercised, in preference, by those authorities which are closest to the citizen. Allocation of responsibility to another authority should weigh up the extent and nature of the task and requirements of efficiency and economy”.

96. In Finland, most of the public responsibilities are allocated at municipal level. The WSCs reform transferred the responsibilities for health, social and rescue services from the municipalities to the upper level of government exactly for providing services in a more efficient and suitable manner. Municipalities remain important service providers for those tasks that need to be exercised closer to citizens.

97. Therefore, the rapporteurs consider that Article 4, paragraph 3 of the Charter is respected in Finland.

#### Article 4.4

98. Article 4, paragraph 4 provides that “Powers given to local authorities shall normally be full and exclusive. They may not be undermined or limited by another, central or regional, authority except as provided for by the law”. The law may certainly introduce limitations on the powers given to local authorities, but such limitations should be exceptional, based on objective reasons and interpreted narrowly. In addition, overlapping responsibilities can become a threat to local autonomy<sup>47</sup>.

99. In Finland, local authorities are responsible for most of the social services, in a system where central government (and Parliament) has the overall responsibility for an equal and sufficient distribution of services all over the territory. In combination with their important share of overall public spending and their general dependence of the transfer of State money, this inevitably creates a level of tension between the ideal of local self-government and the real freedom of choice enjoyed by the municipalities. The increase in statutory provisions of individual rights can result in disproportionately large restrictions on the municipalities' scope of action. The Association of Finnish Local and Regional Authorities is especially concerned by the detailed State regulation: they support a request for deregulation, in the meaning of taking away norms establishing some standards, asking for a result-oriented system.

100. The rapporteurs consider that Article 4, paragraph 4 of the Charter is respected in Finland.

#### Article 4.5

101. Article 4, paragraph 5 refers to delegated responsibilities, establishing that local authorities shall, insofar as possible, be allowed discretion in adapting their exercise to local conditions. The delegation of powers between different levels of government is a long-standing tradition in many European States. Central government benefits from the territorial network formed by local and regional authorities: they are closer to citizens and offer local knowledge, they reflect local conditions and provide economies of scale. Local bodies and services therefore discharge delegated functions on behalf of higher-level authorities, most commonly on behalf of the State.<sup>48</sup>

102. Both during the visit and the consultation procedure, no issues have been raised by the interlocutors on the delegation of competences, which appears to satisfy the requirements of this article in practice.

103. Therefore, the rapporteurs consider that Article 4, paragraph 5 is respected in Finland.

#### Article 4.6

104. Article 4, paragraph 6 of the Charter provides that “local authorities shall be consulted, insofar as possible, in due time and in an appropriate way in the planning and decision-making processes for all matters which concern them directly”.

105. Consultation is a key principle of the Charter. The Charter does not define or prescribe the forms of consultation or substantially regulate the consultation process. Since its basic function is to establish

<sup>47</sup> Contemporary Commentary, para 66-67.

<sup>48</sup> Contemporary Commentary, para 71.

the general approach and framework for consultations, it may be concluded that the main process of consultation is dependent on three basic conditions: (a) local authorities should be able to obtain full information on decisions and policies that concern them directly, and this information should be available at the initial stage of the decision-making process; (b) local authorities should have the possibility of expressing their opinion on decisions and policies before these become legally binding documents; and (c) local authorities should have the time and ability to prepare recommendations or alternative drafts and submit them for consideration.<sup>49</sup>

106. In Finland, consultation with the Association of Finnish Local and Regional Authorities is an integral part of the local self-government system. As seen above, this role is fully recognized by legislation (sections 11-13 of LGA) and by Parliament's Rules of Procedure, according to which committees handling government proposals and bills may hear experts' opinions. This usually means that organizations, bodies or institutions that will be affected by the bill are heard by the committee: this includes the AFLRA and individual municipalities. A special body, the *Kuthanek*, is in charge of local government participation to the government decision-making. The Board operates in connection with the Ministry of Finance, discussing legislation concerning municipalities, matters of principled importance and far-reaching municipal administration and finances, and the coordination of central and local government. The AFLRA has been fully involved in all the stages of the WSCs reform, including the several working groups, which comprised representatives of local authorities.

107. Therefore, the rapporteurs consider that Article 4, paragraph 6 is complied with in Finland.

### 3.4 Article 5 – Protection of local authority boundaries

#### Article 5 – Protection of local authority boundaries

Changes in local authority boundaries shall not be made without prior consultation of the local communities concerned, possibly by means of a referendum where this is permitted by statute.

108. This article requires that local communities should be consulted in case of changes of local authorities' boundaries. It is therefore a mandatory procedural requirement that no change in local boundaries may be adopted without consultation, which must take place at a timely stage before a final decision on the matter is made. Consequently, a boundary change carried out without consulting the local community would be in breach of Article 5.<sup>50</sup>

109. In Finland, Section 7 of the Municipal Boundaries Act<sup>51</sup> establishes the obligation of each municipality to take care of the participation of the residents in the preparation of the merger proposal, in case of voluntary mergers. Section 12 provides for residents' participation in case of transfer of part of a municipality to another municipality. It is up to the municipality to establish in which form to organise the consultation. Referendum can be an option, according to Chapter 5 of the Local Government Act.

110. A special procedure is provided by Section 16a of the Municipal Boundaries Act, in case of a municipality in a particularly difficult financial position.<sup>52</sup> According to Section 18.3, the government may decide "to change the municipal division concerning a municipality in a particularly difficult economic situation, despite the opposition of the councils of the municipality or municipalities subject to the change, if the change is necessary to secure the statutory services of the residents of the municipality in a particularly difficult economic situation". This procedure raised several cases in courts, as it was pointed out by the previous monitoring report,<sup>53</sup> which referred to the discussion existing back then on the possibility to reform the system of obligatory mergers and compulsory changes of local authorities' boundaries.

111. Although no issues have been raised during the monitoring visit, rapporteurs consider that according to the Charter, no change in local boundaries may be adopted without consultation of local population.

112. During the consultation procedure, the Ministry of Finance informed the rapporteurs that the process of preparing municipal amalgamations in Finland is complex, especially for municipalities facing significant economic challenges. It involves an evaluation group's report, and if amalgamation is recommended, a special reporter is appointed. The Ministry pointed out that these procedures are

49 Contemporary Commentary, para 80.

50 Contemporary Commentary, para. 90.

51 29.12.2009/1698 *Kuntarakennelaki*.

52 This part of the Act has been introduced by the Act 28.6.2013/478, which entered into force on July 1, 2013.

53 CG32(2017)08final Local and Regional Democracy in Finland, para.104-106.



transparent, involving consultations and public hearings and that the Municipal Division Act emphasises enhancing services and citizen participation. Furthermore, citizens can initiate a referendum on amalgamation as provided by section 25 of the Local Government Act.

113. The Contemporary Commentary considers that: “Consultation according to the Charter does not rule out obligatory mergers or boundary changes, but the relevant procedures must be laid down by law”<sup>54</sup>. As stated in the Explanatory Memorandum to Article 5 of the Charter, “Whilst in most countries it is regarded as unrealistic to expect the local community to have power to veto such changes, prior consultation of it, either directly or indirectly, is essential”. This does not seem to be the case for the obligatory mergers and compulsory changes of local authorities’ boundaries in case of a municipality in a particularly difficult financial position, provided for by section 16a of the Finnish Municipal Boundaries Act. In the case of section 16a, the procedure (as it is set out in section 18.3) does not clearly require, unlike what is established by section 18.2 in the case of section 16, a consultation of the local communities concerned.

114. The rapporteurs consider that this provision can be amended in the forthcoming adjustment measures that have been announced by the government, in order to fully address the impact of the WSCs reform on municipalities and municipal finances.

115. Therefore, the rapporteurs consider that Article 5 is partially complied with in Finland.

### 3.5 Article 6 – Appropriate administrative structures and resources

#### **Article 6 – Appropriate administrative structures and resources for the tasks of local authorities**

1. Without prejudice to more general statutory provisions, local authorities shall be able to determine their own internal administrative structures in order to adapt them to local needs and ensure effective management.
2. The conditions of service of local government employees shall be such as to permit the recruitment of high-quality staff on the basis of merit and competence; to this end adequate training opportunities, remuneration and career prospects shall be provided.

#### Article 6.1

116. Article 6, paragraph 1 of the Charter provides that local authorities shall be able to determine their own internal administrative structure: the power to organise their own affairs is accordingly a part of the autonomy enjoyed by local entities.

117. In Finland, the municipalities are free to define their administrative structures,<sup>55</sup> the status of their staff and the arrangements for their training and remuneration. Municipalities may hire their own staff, decide organisational structure, fix salaries, establish legal entities/enterprises.

118. Therefore, the rapporteurs consider that the requirements of Article 6, paragraph 1 are satisfied in Finland.

#### Article 6.2

119. Article 6, paragraph 2 of the Charter refers to the conditions of service of local government employees: they shall be such as to permit the recruitment of high-quality staff on the basis of merit and competence. The power to hire their own staff and set employee remuneration is a relevant factor highlighting the organisational and institutional autonomy of local governments.<sup>56</sup>

120. Basically, the municipalities have a large degree of control over employees, but this is reduced through competence requirements and staffing standards, e.g., by not being able to move resources between businesses and sectors. Lack of personnel and/or expertise is one of the major challenges facing the Finnish local authorities, especially in the Northern regions, such as Lapland. This is already, and will become, an ever-increasing challenge in both the short and long term.

121. In conclusion, the rapporteurs consider that Article 6, paragraph 2 of the Charter is respected in Finland.

<sup>54</sup> Contemporary Commentary, para 94.

<sup>55</sup> See also the decision of the Supreme Administrative Court KHO:2023:20 2.3.2023/649.

<sup>56</sup> Contemporary Commentary, para 104.

**3.6 Article 7 – Conditions under which responsibilities at local level are exercised****Article 7 – Conditions under which responsibilities at local level are exercised**

1. The conditions of office of local elected representatives shall provide for free exercise of their functions.
2. They shall allow for appropriate financial compensation for expenses incurred in the exercise of the office in question as well as, where appropriate, compensation for loss of earnings or remuneration for work done and corresponding social welfare protection.
3. Any functions and activities which are deemed incompatible with the holding of local elective office shall be determined by statute or fundamental legal principles.

## Article 7.1

122. Article 7, paragraph 1 seeks to ensure that citizens are free to serve as elected representatives and are not prevented from holding political office owing to financial or material considerations. Nobody should be deterred from standing for election at local level; once elected, local councillors should not be prevented from discharging their duties effectively.<sup>57</sup>

123. In Finland, local representatives are elected for four years and cannot be recalled. The councils are expected to serve the entire period of four years. Should a need for replacement of a member occur, this would take place within the same electoral list by appointment of the deputy councillor (section 17 LGA).

124. Finnish legislation provides for the free exercise of the functions of local elected representatives. One element of concern is the practice of multiple mandate. During the monitoring visit, the delegation was informed that many elected representatives hold two or three chairs, as members of the municipal council, members of the WSCs councils and members of the Parliament. Although the multiple mandate cannot be considered as a limitation of the free exercise of the functions, however it can be an obstacle to the suitable exercise of the functions.

125. During the visit, the delegation was also informed of the growing tendency for hate speech and attacks on local elected representatives, especially women and young people, although, comparing with other Nordic countries, there is probably less harassment in Finland. The Finnish Local and Regional Authorities is especially committed to improve the culture of discussion.

126. The rapporteurs consider that Article 7, paragraph 1 of the Charter is respected in Finland.

## Article 7.2

127. Article 7, paragraph 2 refers to an appropriate financial compensation for elected representatives. The aim of the paragraph, in connection to paragraph 1, is to ensure that local elected representatives receive “appropriate financial compensation” and to avoid the conditions of office preventing, limiting, or even excluding potential local candidates from standing for office because of financial considerations.

128. In Finland, all municipal councils and county councils are in charge of adopting regulations for remuneration. Persons who have consented to take up the position may be elected to a full-time or part-time position (LGA Section 80). Full-time elected officials are entitled to leave of absence from their jobs for the duration of the full-time position. The local council shall decide on the monthly pay and remuneration of full-time and part-time elected officials. Full-time and part-time elected officials have the right to annual leave, sick leave and family leave, as well as occupational health care services, on the same basis as local government officers. The level of fees and compensation is decided by each municipal council (LGA section 82).

129. Elected officials shall be paid: 1. meeting fees; 2. compensation for loss of earnings and for costs incurred in engaging a substitute, arranging childcare or for other similar reasons arising from the position of trust; 3. compensation for travel costs and a per diem allowance. Elected officials may also be paid a fee for a fixed period and other separate fees.

130. The rapporteurs consider that Article 7, paragraph 2 is respected in Finland.

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<sup>57</sup> Contemporary Commentary, para 107.

### Article 7.3

131. Article 7, paragraph 3, deals with compatibility between the holding of a representative position at local level and other activities, either public or private, establishing that the “functions” and “activities” that cannot be made compatible with holding a local position once the candidate has been elected shall be determined by statute or fundamental legal principles.

132. In Finland, the incompatibilities are determined by several legal provisions. Among them, sections 72-73 LGA and sections 77-78 of the WSCs Act.

133. As mentioned above, multiple mandates are permitted in Finland, allowing elected representatives to simultaneously hold national, county, and municipal elected positions. This practice, however, has raised concerns among some interlocutors, who argued, for instance, that combining county and national (MP) mandates could lead to potential conflicts of interest. Since decisions regarding county financing are made at the national level, county councillors who are also members of Parliament might find themselves in a privileged position. Contemporary commentary points out that the “practice of simultaneous office-holding might adversely affect the work of the elected representatives, might create a conflict of interest and would not satisfy the principles of good governance”.<sup>58</sup>

134. Given that the risk of conflicts of interest due to simultaneous office-holding does not appear to have materialised in Finland, the rapporteurs consider that Article 7, paragraph 3 is currently being complied with. Nevertheless, they encourage Finnish authorities to remain vigilant and to engage in discussions about the issue of multiple mandates, with a view to potentially eliminating this practice in the future.

### 3.7 Article 8 – Administrative supervision of local authorities’ activities

#### Article 8 – Administrative supervision of local authorities’ activities

1. Any administrative supervision of local authorities may only be exercised according to such procedures and in such cases as are provided for by the constitution or by statute.
2. Any administrative supervision of the activities of the local authorities shall normally aim only at ensuring compliance with the law and with constitutional principles. Administrative supervision may however be exercised with regard to expediency by higher-level authorities in respect of tasks the execution of which is delegated to local authorities.
3. Administrative supervision of local authorities shall be exercised in such a way as to ensure that the intervention of the controlling authority is kept in proportion to the importance of the interests which it is intended to protect.

#### Article 8.1

135. Article 8 of the Charter deals with supervision of local authorities. According to Article 8, paragraph 1, any administrative supervision of the activities of local authorities must be exercised according to such procedures and in such cases as are provided for by the constitution or by statute. The Charter establishes an important principle here in the area of inter-governmental supervision of local authorities: any form of such supervision must be provided for by the constitution or by statute, i.e., the Charter introduces the legality principle into the supervision of a local authority.<sup>59</sup>

136. In line with the requirements of the Charter, in Finland the rules governing the supervision over local authorities and the powers of the central authorities concerned are determined by the legislation, in Chapter 2 of the Local Government Act (section 10).

137. Therefore, the rapporteurs consider that Article 8, paragraph 1 of the Charter is respected in Finland.

#### Article 8.2

138. According to Article 8, paragraph 2, of the Charter, the supervision over local authorities can only aim at ensuring compliance with the law and constitutional principles. Expediency control can be used only in cases of delegated tasks.

<sup>58</sup> Contemporary Commentary, para 122.

<sup>59</sup> Contemporary Commentary, para 128. See also Recommendation CM/Rec(2019) 3 of the Committee of Ministers to member States on supervision of local authorities’ activities (adopted by the Committee of Ministers on 4 April 2019 at the 1343rd meeting of the Ministers’ Deputies).

139. In Finland, supervision aims at controlling only the legality of municipal decisions and service provision (see above). No issues have been raised during the monitoring visit.

140. Therefore, the rapporteurs consider that Article 8, paragraph 2, of the Charter is respected in Finland.

#### Article 8.3

141. Article 8, paragraph 3, deals with the way in which the supervision is exercised in practice, and requires compliance with the principle of proportionality. Under the principle of proportionality, the regional or State body should intervene only to the extent necessary, taking into account the relevance of the public interest at stake, or the seriousness of the legal violation allegedly committed by the local authority<sup>60</sup>.

142. In Finland, no issues have been raised during the monitoring visit. Nor the financial supervision (see above) raises any special concern by local authorities. In addition, the delegation was told that there have been very few court cases regarding the municipalities' exercise of their powers. This is a result of the internal audit system and of the interaction with the several State supervision authorities, which include the Parliamentary Ombudsman, the Chancellor of Justice, the National Audit Office, the Ministry of Finance, the Regional Administration Agencies.

143. Therefore, the rapporteurs consider that Article 8, paragraph 3, of the Charter is respected in Finland.

### 3.8 Article 9 – Financial resources

#### Article 9 – Financial resources of local authorities

1. Local authorities shall be entitled, within national economic policy, to adequate financial resources of their own, of which they may dispose freely within the framework of their powers.
2. Local authorities' financial resources shall be commensurate with the responsibilities provided for by the constitution and the law.
3. Part at least of the financial resources of local authorities shall derive from local taxes and charges of which, within the limits of statute, they have the power to determine the rate.
4. The financial systems on which resources available to local authorities are based shall be of a sufficiently diversified and buoyant nature to enable them to keep pace as far as practically possible with the real evolution of the cost of carrying out their tasks.
5. The protection of financially weaker local authorities calls for the institution of financial equalisation procedures or equivalent measures which are designed to correct the effects of the unequal distribution of potential sources of finance and of the financial burden they must support. Such procedures or measures shall not diminish the discretion local authorities may exercise within their own sphere of responsibility.
6. Local authorities shall be consulted, in an appropriate manner, on the way in which redistributed resources are to be allocated to them.
7. As far as possible, grants to local authorities shall not be earmarked for the financing of specific projects. The provision of grants shall not remove the basic freedom of local authorities to exercise policy discretion within their own jurisdiction.
8. For the purpose of borrowing for capital investment, local authorities shall have access to the national capital market within the limits of the law.

#### Article 9.1

144. Article 9, paragraph 1, of the Charter establishes two basic principles in the area of finance. First, local authorities should have their *own* financial resources; the right to "adequate" resources is not absolute but has to be exercised "within national economic policy". Second, they should be free to decide how to spend those resources.<sup>61</sup> This freedom takes the form of various spending decisions, the most important being the adoption of an annual budget. Any limits and restrictions imposed by higher authorities on local authorities should be specified and justified and aim at ensuring macroeconomic stability and sound.

<sup>60</sup> Contemporary Commentary, para 139.

<sup>61</sup> Contemporary Commentary, para 141.

145. This paragraph is respected in Finland as for municipalities, whereas it is not respected concerning well-being counties, which are fully covered by this paragraph, as no declaration was made by the Finnish government to exclude its application to the WSCs.

146. As see above, the financial resources of the municipalities are adequate, an important part comes from local taxes and the municipalities may decide their allocation.

147. According to the information provided by the Finnish government, the wellbeing services counties finance their activities mainly with central government universal funding (90%). In addition, the counties receive central government transfers, client fees and other operating income as well as financial income. At the national level, central government universal funding to wellbeing services counties totals EUR 24.6 bn in 2024. Annually the funding is affected by rising costs (index adjustment), the anticipated increase in the need for services, and changes to tasks.

148. During the consultation procedure, the Ministry of Finance agreed that some economy-driven challenges were facing new counties. In this respect, it pointed out that reform's preparation was highly complex, and the financing formula, along with prolonged periods of special circumstances, proved as challenging as anticipated. Although the calculations have been open and transparent, they are still striving to achieve balance and normality following the initial phase of the reform and the aftermath of COVID-19, which introduced specific exceptions and impacted the calculations. It added that the ministries have endeavored to build trust during negotiations with the counties, achieving notable success and that there is strong confidence that economic balance will improve in a few years. A thorough evaluation of the reform is essential, and readiness to take corrective measures has been demonstrated, relying heavily on the well-established dialogue between key stakeholders.

149. In the meantime, the rapporteurs consider that Article 9, paragraph 1, of the Charter is partially respected in Finland.

#### Article 9.2

150. Another basic principle, established in Article 9, paragraph 2, requires that local authorities should have sufficient financial resources in proportion to the responsibilities assigned to them by law. This paragraph enshrines the so-called "principle of commensurability" of local authorities' financial resources. This means that the resources available to local authorities should be sufficient and commensurate with their functions and tasks. To this purpose, any transfer of powers and tasks should be based on careful calculation of the actual service delivery costs to be met by local authorities. The costs of mandatory and delegated tasks might include several factors (such as the socioeconomic structure of residents) in order to produce more precise calculations and avoid arbitrary political decisions.<sup>62</sup>

151. This paragraph is respected as for municipalities, whereas it is not respected concerning well-being counties, which are fully covered by this paragraph, as no declaration was made by the Finnish government to exclude its application to the WSCs.

152. The principle of adequate financial resources is included in municipal self-government, which is protected by the Constitution of Finland. According to the principle of adequate financial resources, the statutory duties defined for municipalities shall not undermine the operating conditions of municipalities in a manner that would jeopardise their ability to independently decide on their finances and thereby also their government. Therefore, legal provisions on the duties of municipalities must also ensure that municipalities have adequate and commensurate financial capacity to cope with these duties.

153. The principle of adequate financial resources is laid down in the LGA, section 12, which provides that a programme for local government finances shall be prepared as part of the negotiation process between central and local government. Preparation of the programme shall form part of the preparatory work for the General Government Fiscal Plan and the central government's budget proposal. Section 12, subsection 3 provides that the programme for local government finances shall include an assessment of the adequacy of funding for meeting the duties of municipalities (principle of adequate financial resources). The programme shall contain an assessment of changes in the municipalities' operating environment and demand for services, and in the functions of local government, and shall provide an estimate of the trend in local government finances. Local government finances shall be assessed as a whole, as part of general government finances and in terms of different groups of

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62 Contemporary Commentary, para 150.

municipalities. The assessment shall distinguish between the statutory and other functions of municipalities and shall assess the cost-effectiveness of the activities of municipalities.

154. The delegation was informed that there is a structural imbalance in revenue and expenditure in municipal finances. Ministry of Finance public finance forecast (finances according to national accounts) from spring 2024 states that there is some 0.5-0.7 % deficit in ratio to GDP in municipal sector. Following the social and health care reform (which meant a reduction in the range of tasks of municipalities), municipalities have fewer opportunities to adjust the expenditure, so imbalance means possible tax increases and strict budget discipline in the municipal finances in the coming years. Divergence between municipalities is also increasing. All new or extended duties and obligations must be compensated with a 100% central government transfer.<sup>63</sup> Also, according to the Government Programme, the central government undertakes to compensate municipalities for all new functions and obligations imposed on them.

155. According to the Government Programme, the system of municipal financing and central government transfers to municipalities will be overhauled to reflect the municipalities' new role and the situation following the completion of the health and social services reform and the reform of public employment and economic development services.<sup>64</sup> The intention is that the new legislation could enter into force on 1 January 2026.

156. As for the WSCs, the first year of operation of the wellbeing services counties was challenging and the counties were significantly in deficit. According to the Finnish government, one reason behind the deficit was the fact that the net costs of health, social and rescue services transferred from municipalities to WSCs counties were in final financial statements of municipalities more than was estimated in the original transfer. The final correction of financing was done in 2024. In addition, the wellbeing services counties' expenditure grew very quickly in 2023. In 2024 the wellbeing services counties will remain significantly in deficit. The financial situation will be improved by the adjustment measures they take and, in addition, the increase in prices will slow down. In 2025, the deficit will decrease as the ex-post revision increases central government funding.<sup>65</sup> Ministry of Finance public finance forecast (finances according to national accounts) from spring 2024 states that there is some 0.6 % deficit in ratio to GDP in wellbeing services counties in 2023-2024. In 2025-2027 the deficit is some 0.1-0.2 %.

157. According to the information received by the delegation, need for adjustment measures is considerable in WSCs, as the financial plans of the counties must be prepared in accordance with the Act on Wellbeing Services Counties (611/2021) in such a way that the finances are in balance or in surplus at the latest at the end of the year following the second budget. In the next few years, the wellbeing services counties will be subject to many changes in tasks and obligations. The adjustment measures decided on by the Government will reduce central government funding for the wellbeing services counties in line with the reduction in expenditure but, on the other hand, the changes may ease the wellbeing services counties' expenditure pressures as the need for personnel decreases.

158. During the consultation procedure, the Ministry of Finance emphasized that deficits at the municipal and county levels are managed through legislative measures. The Ministry of Finance is responsible for ensuring sufficient economic balance to provide vital services to all residents nationwide. This will be achieved in close cooperation with municipalities and counties, based on the Local Government Act and the Act for Wellbeing Services Counties, particularly in sections addressing specific economic challenges.

159. In the light of the above, the rapporteurs consider that Article 9, paragraph 2, of the Charter is partially respected in Finland.

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<sup>63</sup> 29.06.2021/618 *Laki kunnan peruspalvelujen valtionosuudesta* (Act on Central Government Transfers to Municipalities for Basic Public Services).

<sup>64</sup> In 2025 public employment and economic development services will be transferred to the responsibility of the municipalities. In addition, municipalities' responsibility for financing unemployment benefits will be expanded. The funding will be allocated to municipalities as a 100% central government transfer.

<sup>65</sup> Pursuant to section 10 of the Act on the Funding of Wellbeing Services Counties (*Laki hyvinvointialueiden rahoituksesta* 19.06.2021/617), the central government universal funding for wellbeing services counties will be subject to ex-post revision with a delay of two years to reflect actual costs nationwide. The first ex-post revision will be made and applied to funding for 2025, based on outturn data for 2023. The amount of the ex-post revision to be taken into account in funding for 2025 is estimated to be EUR 1.46 bn.

## Article 9.3

160. Article 9, paragraph 3, requires that at least part of the financial resources of local authorities must derive from local taxes of which, within the limits of statute, they have the power to determine the rate. The Charter does not state that a local authority's own resources must contain a uniform proportion of local taxes, but it does make it mandatory for "at least" part to derive from local taxes and charges. This part should be large enough to ensure the greatest possible financial independence of local authorities.

161. As see above, own-source revenues (taxes, tariffs and fees, property income) of municipalities account for nearly 70% of subnational revenue, and 15% of GDP, giving municipalities considerable autonomy over their revenue. Most municipal taxes are own-sourced, except the corporate income tax (CIT), which is shared with the central government. The CIT share redistributed to municipalities is regularly readjusted to the municipal sector economy. In 2020, it accounted for 8.7% of subnational tax revenue.<sup>66</sup>

162. The main source of own tax revenue is the municipal income tax (83% of subnational tax revenue and 8.7% of GDP in 2020). The central government determines the municipal income tax base, but municipalities have full control over the rate. Municipal income tax is a flat rate tax, although central government policy for tax allowances for persons with low incomes has made the local tax a progressive tax. The revenue losses of these allowances are compensated to municipalities through the grant system.

163. Municipalities also levy property taxes, which consist of five taxes: the general real estate tax, the tax for permanent residential buildings, the tax for other residential buildings, the tax for power stations and tax for nuclear power stations (the most important being the general real estate tax and the tax for permanent residential buildings). Recurrent property taxes amounted to 8.0% of subnational tax revenue and 0.8% of GDP in 2020. In addition, municipalities can put a special tax on unbuilt land. This tax is voluntary except in the 14 municipalities of the Helsinki metropolitan region, where the municipalities are obliged to apply.

164. This paragraph does not apply to well-being counties.

165. Therefore, the rapporteurs consider that Article 9, paragraph 3, of the Charter is respected in Finland.

## Article 9.4

166. Article 9, paragraph 4, refers to the need for the resources available to local authorities to be of a sufficiently diversified and buoyant nature to enable them to keep up as far as practically possible with the actual changes (increases) in the costs for carrying out their tasks.

167. In Finland, the revenues of municipalities may come from different sources (own taxes and fees, transfers, other sources). Municipalities may adapt their own income to the different circumstances: for instance, if the local tax intake goes down for general economic reasons, the local authority may decide to increase local fees and charges paid by local service users (especially in urban areas) as a way to offset the decline.

168. As for well-being counties, the picture is completely different, as almost all their funding comes from State transfer, as mentioned above.

169. During the consultation procedure, the Ministry of Finance agreed that that municipalities have a broader revenue base compared to counties. It pointed out that both revenue structures require careful evaluation and periodic updating, with necessary adjustments to certain elements. It informed the rapporteurs that the review of the State Grant system for municipalities was underway, and the proposals would address aspects of the municipal revenue structure, potentially leading to some limited adjustments. A parliamentary report on regional taxation was previously conducted, but it did not garner significant political support. This was primarily due to the need to consider public taxation as a whole and control the overall tax rate of public finance. During the early phase of the reform implementation, regional taxation was viewed as too complex and risky. In the current phase, the Government is focused on achieving better balance in public finance. The reform implementation is being evaluated, using standard economic forecasting tools to define any necessary adjustments.

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66 <https://www.sng-wofi.org/country-profiles>

170. In the light of the foregoing, the rapporteurs consider that Article 9, paragraph 4, of the Charter is partially respected in Finland.

#### Article 9.5

171. Article 9, paragraph 5 addresses the question of the financial situation of municipalities that are financially disadvantaged due to their being located in economically or geographically weak areas (transition, mountain or island regions), or simply because they are too small to obtain the amount of resources needed to perform their tasks.

172. In Finland, the equalisation system is regulated by section 26 of the Act on Central Government Transfers to Municipalities for Basic Public Services (618/2021). The equalisation mechanism equalises the differences in the municipalities' tax revenue base in order to secure the financial conditions for all municipalities to provide equal basic services to their residents with a reasonable municipal tax burden and payment level. A municipality is granted an increase in the state share based on tax revenues (equalisation allowance) if the municipality's calculated tax income per inhabitant is lower than the amount obtained by dividing the total calculated tax income of all municipalities by the total number of inhabitants of the municipalities (equalisation limit). The municipality receives an equalisation supplement of 80% of the difference between the equalisation limit and the municipality's calculated tax income per inhabitant. If the municipality's calculated tax income per inhabitant exceeds the equalisation limit, an equalisation deduction is made to the municipality's state share. The equalisation deduction is 30% of the euro amount per inhabitant that exceeds the equalisation limit, plus the natural logarithm of the said excess. Equalisation factors are also taken into account in the Act on the Funding of Wellbeing Services Counties (617/2021).

173. During the meetings, most interlocutors both from local governments and national government agreed on the fairness of the equalisation system.

174. Therefore, the rapporteurs consider that Article 9, paragraph 5 of the Charter is respected in Finland.

#### Article 9.6

175. Article 9, paragraph 6 of the Charter refers to a general principle of consultation, as enshrined at Article 4.6. In this case, consultation is required on the way in which redistributed resources are to be allocated to local authorities by other levels of government. Under Article 9.6, consultation is not merely a compulsory procedure that has to take place in a timely manner before a final decision is made. It must also cover the manner in which a decision is made and the criteria for doing so, not only the decision itself.<sup>67</sup>

176. As see above, consultation between the national institutions and the Association of Finnish Local and Regional Authorities (*Kuntaliitto*) is the pillar of the local self-government system. A special Advisory Board for Local Government Finances and Administration (*Kuthanek*) is in charge of local government participation to the government decision-making. The Board operates in connection with the Ministry of Finance. According to section 13 of the LGA, the negotiation procedure between the State and municipalities includes the handling of matters concerning the finances of municipalities. The task of the Board is to monitor and evaluate the development of the municipal economy and to ensure that the municipal economic program is taken into account in the preparation of legislation and decisions concerning municipalities.

177. Therefore, the rapporteurs consider that Article 9, paragraph 6 of the Charter is respected in Finland.

#### Article 9.7

178. Article 9, paragraph 7, of the Charter establishes that "As far as possible, grants to local authorities shall not be earmarked for the financing of specific projects. The provision of grants shall not remove the basic freedom of local authorities to exercise policy discretion within their own jurisdiction".

179. Central transfers to municipalities are formula based and the system consists of revenue equalisation and cost equalisation. Revenue equalization is based on tax capacity and not actual tax revenue. Furthermore, revenue equalisation equalises transfers, not actual tax revenues. Cost

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<sup>67</sup> Contemporary Commentary, para 173.



equalisation takes into account differences in service needs and other factors affecting the cost of service provision (population, geographic remoteness, number of pupils, age-specific cost coefficients for services, etc.). Equalisation transfers are non-earmarked block grants, i.e. municipalities are free to allocate the total amount of grants as they wish. As for WSCs, the grants they receive are aimed at fulfilling their specific duties in the fields of social, health and rescue services. Nevertheless, they cannot be considered as earmarked, as the WSCs decide on the allocation of the State funding they receive, as stated in section 4 of the Act on the Funding of Wellbeing Services Counties (617/2021).

180. Therefore, the rapporteurs consider that Article 9, paragraph 7 of the Charter is respected in Finland.

#### Article 9.8

181. Article 9, paragraph 8, refers to the access to the national capital market for the purpose of borrowing for capital investment. Access to national capital markets is important for local authorities to finance investment projects necessary for the further development of the local area because in many cases the amount of their own “ordinary” resources is not sufficient to cover all the projects and plans decided on by local authorities to satisfy local needs. However, like other rights enshrined in the Charter, this is not absolute and must be reconciled with the general policy on public sector spending and debt. This is why the Charter clarifies that the access must take place “within the limits of the law”. Moreover, as a result of the recent economic crisis, many countries have introduced austerity measures to deal effectively with public deficits, so access to the national capital market should be analysed in the context of national fiscal policy and the governance of public debt<sup>68</sup>.

182. In Finland, municipalities can take out loans, and legislation establishes certain requirements for responsibility. Municipalities are free to borrow through bonds and loans to finance any type of operation. Local debt is below the OECD average (27.9% of GDP and 20.2% of public debt in 2020) but on par with the average for OECD unitary countries (14.5% of GDP and 10.5% of public debt).<sup>69</sup> In 2020, local debt was made up of financial debt (73%) and other accounts payable (27%). Most municipal loans are granted by MuniFin (Municipality Finance Plc), which is one of Finland’s largest credit institutions. The company is owned by Finnish municipalities, the public sector pension fund Keva and the Republic of Finland.

183. This paragraph does not apply to well-being counties.

184. Therefore, the rapporteurs consider that Article 9, paragraph 8, of the Charter is respected in Finland.

### 3.9 Article 10 – Local authorities’ right to associate

#### Article 10 – Local authorities’ right to associate

1. Local authorities shall be entitled, in exercising their powers, to co-operate and, within the framework of the law, to form consortia with other local authorities in order to carry out tasks of common interest.
2. The entitlement of local authorities to belong to an association for the protection and promotion of their common interests and to belong to an international association of local authorities shall be recognised in each State.
3. Local authorities shall be entitled, under such conditions as may be provided for by the law, to co-operate with their counterparts in other States.

#### Article 10.1

185. Article 10 of the Charter covers the possibility of co-operation between local authorities and their right to associate, at both national and international level.

186. Article 10, paragraph 1, refers to types of cooperation aimed at carrying out tasks of common interest. Under Article 10.1, local authorities firstly have a general right to co-operate with one another in order to deliver local services or discharge their responsibilities. Inter-municipal cooperation (or cooperation at other levels of local government) is a fundamental tool for local authorities in terms of delivering services, in view of the fact that many of them are too small or too weak (financially speaking) to deliver all the services they are supposed to or to carry out any meaningful local strategy or policy.

<sup>68</sup> Contemporary Commentary, para 182-183.

<sup>69</sup> <https://www.sng-wofi.org/country-profiles>

This general entitlement to cooperate with other local entities is supplemented by a more specific right, namely the right to “form consortia”, i.e. to create separate organisations. Although the Charter only mentions “consortia”, the specific right to create joint institutional structures, separate from the participating local authorities, may take various forms.

187. As Finland’s regional government structure has historically been weak, inter-municipal collaboration has been an essential part of municipalities’ activities for decades. Municipalities often seek economies of scale by establishing inter-municipal utility companies and joint municipal authorities to provide services ranging from water management and public transport to education and – before the establishment of the WSCs – healthcare. Intermunicipal cooperation has been a common way to arrange public services in particular in case of the smallest municipalities. While most inter-municipal cooperation is voluntary, cooperation is mandatory in regional development and regional land use planning, where municipalities must form joint authorities (regional councils).

188. Therefore, the rapporteurs consider that Article 10, paragraph 1 of the Charter is fully respected in Finland.

#### Article 10.2

189. In this paragraph the Charter clearly recognises and sets out another right of local authorities: that to belong to (a) a national association for the protection and promotion of their common interests; and (b) an international association of local authorities.

190. The “associations” referred to in paragraph 2 are different from those mentioned in paragraph 1. Those mentioned in Article 10.1 are set up for the delivery of local services, plans or projects and are instruments for discharging duties and responsibilities. Conversely, those referred to in Article 10.2 are instruments for the promotion of common interests. These associations play a fundamental role in representing and defending the rights, powers and interests of local authorities and they carry out many activities on behalf of them all (not only in favour of their members).<sup>70</sup>

191. In Finland, the Association of local and regional authorities (*Kuntaliitto*) is one of the most powerful interest organisations. The membership consists of Finland’s 309 cities and municipalities. Other parties involved in the activities include regional councils, other joint municipal authorities, as well as limited companies that are under local government control. The Association employs 130 highly qualified experts in the fields of legal affairs, finances, economic vitality, democracy, the environment, information society, education, culture. The core tasks of the Association are interest representation, development and services.

192. Wellbeing services counties do not have an association yet, but they do have a company, *Hyvinvointialueyhtiö Hyvil Oy - HYVIL*, whose board is made up by representatives of well-being services counties. The company serves WSCs in matters of social, health and rescue operations.<sup>71</sup>

193. Therefore, the rapporteurs consider that Article 10, paragraph 2 of the Charter is respected in Finland.

#### Article 10.3

194. Article 10, paragraph 3, addresses the cooperation of local authorities with their counterparts in other States. The right to engage in cross-border cooperation is also protected.

195. Finland has a long tradition of cross-border cooperation. It has ratified the European Outline Convention on Transfrontier Cooperation between Territorial Communities or Authorities (ETS No. 106) on 11 September 1990.

196. During the visit in South Karelia, the delegation was informed of the cross-border collaboration previously existing with Russian municipalities. Before the war, 95% of external relations were with Russia. After the aggression of Ukraine by Russia, these programmes have been stopped and the regional government is building new international cooperation with similar regions of Baltic States.

197. Therefore, the rapporteurs consider that Article 10, paragraph 3 of the Charter is fully respected in Finland.

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<sup>70</sup> Contemporary Commentary, para 198.

<sup>71</sup> <https://www.hyvil.fi>

### 3.10 Article 11 – Legal protection of local self-government

#### Article 11 – Legal protection of local self-government

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.

198. Article 11 of the Charter refers to an effective judicial remedy to ensure respect for local self-government. It stresses the requirement that local authorities should have the right to invoke and to defend in the courts the principles of local self-government, especially in the context of lawsuits in which their rights and powers are challenged or curtailed, or when those rights are endangered by the higher (central or regional) levels of government. “Recourse to a judicial remedy” means access by a local authority to either a properly constituted court of law or an equivalent, independent, statutory body.<sup>72</sup>

199. Finland has no constitutional court and acts of the parliament are not justiciable *in abstracto*. Therefore, and contrary to other European countries, there is no specific constitutional appeal or procedure designed to challenge an Act of Parliament, if the act is thought to be in contradiction with the general principles of local autonomy laid down by article 121 of the Finnish Constitution.<sup>73</sup>

200. Both civil and administrative courts, however, have the power to analyse the constitutionality of legislation enacted by the Parliament, if this legislation is to be applied in an actual case. If they find that a statute or a provision thereof is in evident conflict with the Constitution, the courts may decide not to apply the suspect legal provision in that specific case, but they lack the power to set aside the said provision. Also, a specific feature of the Finnish legal system is the constitutional supervision exercised by the Constitutional Committee of Parliament. All major government bills may be analysed by the Committee, which decides on their constitutionality before they eventually become binding statutes.

201. Municipalities can challenge any administrative decision through an administrative appeal. Accordingly, the municipalities have recourse to administrative courts whenever an administrative decision is directed to them, insofar as it affects their rights or obligations. According to information provided by the Supreme Administrative Court of Finland, municipal appeals mostly deal in practice with various internal disagreements or individual claims. Disputes between municipalities also occur, e.g. with regard to various costs or intermunicipal cooperation. As a rule, however, appeals aimed at protecting municipal self-government rarely occur. Nevertheless, some cases have been mentioned during the meeting with the delegation: for example, the annulment of a governmental decision on forced amalgamation of municipalities,<sup>74</sup> or the decision on the discretion of the municipalities in shaping the organisation of the personnel.<sup>75</sup>

202. Therefore, the rapporteurs consider that Article 11 is respected in Finland.

## 4. OTHER MATTERS RELATED TO THE FUNCTIONING OF LOCAL AND REGIONAL SELF-GOVERNMENT

### The impact of the Russian war of aggression against Ukraine

203. Among the various risks affecting the development prospects of local government finances, the Finnish authorities pointed out the risk posed by the Russian war of aggression against Ukraine and the related sanctions and price pressures. The settling of those who are fleeing the war in Ukraine and receiving temporary protection in the municipality may also cause unexpected expenses (e.g. report by the Administration Committee HaVM 28/2022 vp). The Administration Committee of the Parliament has stated that the consequences of the closed eastern border are felt in Eastern and Northern Finland in particular, where special attention is required to strengthen everything from livelihoods, skilled workforce, energy production, investments and overall security to security of supply. Furthermore, it

<sup>72</sup> Contemporary Commentary, para 206.

<sup>73</sup> O. Mäenpää, *Local government in Finland*, cit., p. 200.

<sup>74</sup> KHO: 2016:187 25.11.2016/5003. The municipality of Rääkkylä demanded in its appeal to overturn the government's decision to merge with another municipality. The Supreme Administrative Court overturned the decision of the government. <https://www.finlex.fi/fi/oikeus/kho/vuosikirjat/2016/201605003>

<sup>75</sup> KHO:2023:20 2.3.2023/649. The issue at stake here was whether the city council can require that the members and alternate members elected to the designated institutions must be persons who were candidates in the previous municipal elections. The Supreme Administrative Court in deciding the case referred to Section 121 of the Constitution of Finland and Article 6(1) of the European Charter of Local Self-Government. <https://www.finlex.fi/fi/oikeus/kho/vuosikirjat/2023/202300649>

should be noted that the changed security policy situation and sanctions against Russia also affect other areas of Finland, depending on factors such as the local economic structure. (e.g. statement by the Administration Committee HaVL 6/2024 vp).

204. During the visit in the South Karelia region and the meeting with the representatives of the municipalities of Lappenranta and Taipalsaari and of the Regional Council, the delegation was informed of the severe economic consequences of the war.

205. During the energy crisis in winter 2022–2023, the State supported households in paying exceptionally high electricity bills. Temporary forms of support included, for example, compensation for electricity costs, tax credit for electricity or assistance with electricity costs. These measures were mainly directed towards households, but they also applied to undertakings to a limited extent. The measures were taken at the State level, i.e. central government. However, they may also have had an indirect impact at local or municipal level.<sup>76</sup>

206. The amendment (936/2022) to the Act on the Promotion of Immigrant Integration (1386/2010), which came into force at the beginning of 2023, sought to secure the provision of services promoting the integration of persons fleeing the war in Ukraine in municipalities and wellbeing services counties. Among other things, the Act stipulates that municipalities and WSCs may receive specified government transfers, as defined in the Act on the Promotion of Immigrant Integration, for organising services for persons receiving temporary protection who have been granted a municipality of residence (section 44). The amendment to the Act also clarified the roles of authorities in designating persons to municipalities, among other things. (report by the Administration Committee HaVM 22/2022 vp) Similar legal provisions are also included in the upcoming new Act on the Promotion of Immigrant Integration (681/2023), which will come into force on 1 January 2025.

### **The climate change challenges**

207. Municipalities and cities play a major role in the mitigation of climate change, as many of the solutions used by municipalities affect the emissions generated by the municipalities' residents in their daily life. Municipal land use planning, construction and traffic, as well as water resources, waste and energy management, have a direct or indirect impact on the climate. The planning work carried out by municipalities determines things such as the community structure and modes of transport, while their infrastructure solutions determine the ability of households to influence emissions from heating. Currently, 80-90% of Finns live in a municipality that has set a climate target for itself (Association of Finnish Local and Regional Authorities 14 March 2024).

208. Section 14a of the Climate Act (108/2023) provides for municipalities' duty to draw up a climate plan. According to subsection 5 of this section, the Ministry of the Environment may provide municipalities with a discretionary government grant for drawing up or updating the plan referred to in this section within the appropriation allocated in the Budget. According to the Government Programme, the duty imposed by the Climate Act on municipalities to draw up a climate plan will be retracted with an amendment to the legislation. The government proposal is scheduled for autumn 2024 in the Government's legislative plan. The Government Programme includes a broad and detailed section on 'Clean Energy Finland', which outlines actions by the Government to mitigate climate change.

## **5. CONCLUSIONS AND RECOMMENDATIONS**

209. Finland is one of the most decentralised countries in the world. All main social, healthcare and education services are performed by local authorities. As in other Nordic countries, local government was assigned a central role in the expansion of social welfare, creating a sort of "local welfare State".

210. Decentralisation is a cornerstone of the Finnish democracy. Municipalities represent an important scenario for citizens' participation. The right of the citizens to participate in local affairs is fully guaranteed and it benefits from multiple and innovative tools. Municipalities enjoy a high level of autonomy, and their financial resources are generally commensurate to their responsibilities. The supervision is proportional, and it is handled by independent institutions. The culture of consultation, mutual trust and loyal collaboration between central government and local authorities is deeply rooted in the Finnish tradition. The role of the Association of Finnish Local and Regional Authorities is fully recognised both in the legislation and in practice.

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<sup>76</sup> <https://energiavirasto.fi/en/reimbursement-for-electricity-costs-and-other-forms-of-central-government-assistance>

211. Finland is generally fulfilling its obligations with regard to the Charter. Since the previous monitoring visit, the long-awaited regional reform was approved and entered into force. In the beginning of 2023, healthcare services and social and rescue services were transferred from municipalities and joint municipal authorities to the newly established 21 wellbeing services counties (WSCs). Approximately 50% of services, personnel and income was transferred from municipalities to WSCs. This was the biggest administrative reform in the history of Finland.

212. The reform has had a significant impact on the operations and economy of municipalities. Through the transfer of the responsibility to organise services, municipalities were relieved of a significant proportion of their very meticulously regulated statutory duties, and the rapidly increasing expense pressures related to the ageing population were transferred to the WSCs.

213. There are remarkable differences in the self-government of municipalities and of WSCs, as the self-government of WSCs is rather limited. They do not have the right to levy taxes; their financial resources are based on central government funding; their right to take loans is restricted and supervised by the Ministry of Finance; they do not have a general mandate regarding tasks; they have a relatively narrow margins for decision-making. There is no hierarchical relation between these two self-governing tiers, they are expected to co-operate as equal and interdependent partners for the benefit of common residents.

214. Therefore, in order to assess the application of the Charter in Finland, the two tiers of government have to be separately considered. In a declaration made on 21 July 2021, the Government of Finland declared that, as regards as autonomous regions larger than municipalities, i.e. the “wellbeing services counties” of continental Finland (*“Manner-Suomen hyvinvointialueet”*), Finland considers itself bound by all the provisions, except Articles 4.2, 9.3 and 9.8.

215. The self-government of wellbeing services counties raises several issues in relation to the Charter. While rapporteurs understand that the reform is still in its initial stages and that it may be too soon to evaluate its impact in practice, they would like to point out some points of concern related to the legal framework.

216. A first issue is related to the weakness of the constitutional basis for the new local authorities, impacting on the respect of Article 2 of the Charter. Section 121 of the Finnish Constitution establishes the main principle of local self-government of municipalities. On the contrary, the Constitution says very little about the status of regions or other territorial units. As it was pointed out by the Recommendation 396(2017) and by the Explanatory memorandum, Section 121 foresees the possibility of a second-tier self-government, without establishing any principle that can guide and bind the legislature: “Provisions on self-government in administrative areas larger than a municipality are laid down by Act”.

217. Other sources of concerns are related to the financial autonomy of the wellbeing services counties. The counties do not have the right to levy taxes. The funding of the WSCs is based on central government funding (90%) and revenue from fees and sales. This raises some issues in terms of Article 9 of the Charter. While Article 9, paragraphs 3, and 8, do not apply to the WSCs, the legal framework is not in line with paragraphs 1, 2 and 4. WSCs depending on central government fundings cannot be considered as having “adequate financial resources of their own” (paragraph 1). In addition, as the counties have been significantly in deficit in the first year of activities, and some adjustment measures are envisaged, the rapporteurs considered that paragraph 2 on the commensurability of financial resources is not respected. As for paragraph 4, the resources of WSCs cannot be considered as “sufficiently diversified and buoyant in nature”, due to the fact that almost all the resources of the WSCs come from the State transfer.

218. The reform that introduced the WSCs took into account the special status of Helsinki as the biggest city of Finland. The City of Helsinki is the only municipality that has the responsibility for organising healthcare and social and rescue services. Conversely, the recommendation 396(2017) was aimed at “granting Helsinki and its metropolitan area a special status in order to ensure a more efficient and expedient decision-making system to address the general problems and policy issues affecting the city as a whole”. The recommendation has not been implemented, as Helsinki has not been recognised a special status as capital city.

219. Another aspect of concern is the procedure for the obligatory mergers and compulsory changes of local authorities’ boundaries. In case of a municipality in a particularly difficult financial position, the procedure does not clearly require a consultation of the local communities concerned, in contrast with

Article 5 of the Charter. The rapporteurs consider that this issue could be dealt with in the adjustment measures announced by the government to address the impact of the WSCs reform on municipalities.

220. Finally, in the last years, new challenges for local self-government are emerging in Finland. Many municipalities and counties experience demographical challenges: depopulation affects many areas of the country, determining a larger share of elderly inhabitants and a reduction of pupils and active population. This brings increasing costs of healthcare, social services and education. The lack of skilled personnel in many municipalities and regions is also a growing source of concerns.

221. The rapporteurs are aware that Finland is a strongly decentralised State, with a long tradition of local democracy and good governance. They encourage all the stakeholders to further develop their positive attitude towards the Charter and to continue their ongoing dialogue with the aim to keep improving the system and adapting it to the new challenges.

222. In conclusion, the rapporteurs suggest further strengthening the constitutional basis for the wellbeing services counties; establishing a consultation procedure for local communities in cases of obligatory mergers or compulsory boundary changes of municipalities in particularly difficult financial situations; giving the wellbeing services counties more freedom of action concerning their own resources and tasks; and granting the city of Helsinki a special status in recognition of its specificities as the capital city.

**APPENDIX – Programme of the Congress monitoring visit to Finland****CONGRESS MONITORING VISIT TO FINLAND  
Helsinki, Lappeenranta, Taipalsaari****PROGRAMME  
(16-18 April 2024)****Congress delegation:****Rapporteurs:**

Mr Konstantinos KOUKAS  
Rapporteur on local democracy  
Chamber of local authorities, EPP/CCE<sup>77</sup>  
Municipal Councillor (Mykonos)  
Member of the Congress Monitoring Committee  
(Greece)

Ms Rachel BAILEY  
Rapporteur on regional democracy  
Chamber of Regions, ECR<sup>78</sup>  
Cheshire East Councillor  
Member of the Congress Social Inclusion  
Committee  
(United Kingdom)

**Congress secretariat:**

Ms Svitlana PEREVERTEN

Co-Secretary to the Monitoring Committee

**Expert:**

Ms Tania GROPPÌ

Vice-Chair of the Group of Independent Experts on  
the European Charter of Local Self-Government  
(Italy)

**Interpreters:**

Ms Päivi ALHO-TOUSIGNANT  
Ms Anne HUPLI

The working language of the meeting was Finnish and interpretation from and into English was provided.

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<sup>77</sup> EPP/CCE: European People's Party Group in the Congress  
<sup>78</sup> European Conservatives and Reformists Group in the Congress

**Tuesday, 16 April 2024  
Helsinki**

**JOINT MEETING WITH THE NATIONAL DELEGATION OF FINLAND TO THE CONGRESS,  
REPRESENTATIVES OF THE ASSOCIATION OF LOCAL AND REGIONAL AUTHORITIES OF  
FINLAND, INDEPENDENT EXPERTS AND A YOUTH DELEGATE:**

**- NATIONAL DELEGATION TO THE CONGRESS:**

**Mr Jani Kokko**, Municipal Councillor, Muurame Municipality, Deputy Head of delegation

**Ms Tanja Joonas**, Municipal Councillor, Ylitornio Municipality

**Ms Ulla Santti**, Municipal Councillor, Siilinjärvi municipality

**Ms Christa Carpelan**, Regional Councillor, Kymenlaakso Regional Council

**Mr Teuvo Hatva**, Regional Councillor, Kairuu Regional Council

**- ASSOCIATION OF FINNISH LOCAL AND REGIONAL AUTHORITIES:**

**Mrs Ida Sulin**, Senior Legal Counsel

**Mr Mikko Mehtonen**, Development Manager

**Mrs Marianne Pekola-Sjöblom**, Head of Research

**Mrs Paula Kosunen**, EU Advisor

**- INDEPENDENT EXPERT:**

**Mr Markku Suksi**, Department of Law Åbo Akademi University Gezeliusgatan

**- YOUTH DELEGATE:**

**Ms Maria Markkula**, Youth delegate in respect of Finland

**HELSINKI CITY:**

**Mr Juhana Vartiainen**, Mayor

**Mr Daniel Sazonov**, Deputy Mayor

**Mr Paavo Arhinmäki**, Deputy Mayor

**Ms Laura Uuttu-Deschryvere**, Head of International Affairs

**Mr Antti Peltonen**, Head of Unit, Administration Department

**Ms Pia Ojavuori**, Budget Manager

**Ms Maria Nelskylä**, Senior Advisor to the Mayor

**Ms Inga Nyholm**, Director, Policy Planning

**EDUSKUNTA (PARLIAMENT):**

**Mr Jussi Halla-aho**, Speaker

**Mr Markus Lohi**, Chair of Finance Committee

**Mr Vilhelm Junnila**, Vice-Chair of the Constitutional Law Committee

**Mr Ari Honkanen**, Adviser for International Affairs

**Mr Samyo Saarinen**, Adviser to the Speaker on International Affairs

**SUPREME ADMINISTRATIVE COURT:**

**Mr Kari Kuusiniemi**, President

**Ms Outi Suviranta**, Judge

**Mr Emil Waris**, Judge



**JOINT MEETING WITH THE CHANCELLOR OF JUSTICE OF FINLAND AND  
THE PARLIAMENTARY OMBUDSMAN:**

**Mr Mikko Puumalainen**, Deputy Chancellor of Justice

**Ms Päivi Lahtinen**, Senior legal adviser, Parliamentary Ombudsman Office

**Ms Riika Jackson**, International Affairs Coordinator, Parliamentary Ombudsman Office

**Wednesday 17 April 2024  
Helsinki**

**MINISTRY OF FINANCE:**

**Mr Jani Pitkäniemi**, Director General, Local and Regional Government Department (DLRG)

**Mr Ville-Veikko Ahonen**, Director General, Wellbeing Services Counties Department

**Mrs Minna-Marja Jokinen**, Head of Legislation Unit, DLRG

**Mr Markku Mölläri**, Ministerial Adviser, DLRG

**NATIONAL AUDIT OFFICE:**

**Mr Sami Yläoutinen**, Auditor General

**Mr Jaakko Eskola**, Director

**Ms Sini Salmi**, Senior Auditor

**Ms Tiina Järvelä**, International Relations Adviser

**ÅLAND ISLANDS:**

**Ms Marine Holm-Johansson**, Governor of Åland, State department of Åland

**Mr Johan Ehn**, Representative of Åland in Helsinki

**Ms Emilia Josefsson**, Legal Adviser, Government of Åland (*on-line*)

**Thursday 18 April 2024  
South Karelia, Lappeenranta, Taipalsaari**

**REGIONAL COUNCIL OF SOUTH KARELIA:**

**Mr Veikko Hämäläinen**, Regional Councillor, Auditing Committee

**Mr Olli Seppälä**, Director of Administration, Development and Human Rights

**Mr Johannes Moisio**, Manager, International Affairs

**LAPPEENRANTA:**

**Ms Eeva Arvela**, Vice-Chair of the City Board, 1<sup>st</sup> Vice-Chair of the Assembly of the Wellbeing Services County of South Karelia

**Mr Jyri Hänninen**, Vice-Chair of the City Council

**Mr Kimmo Klemola**, Vice-Chair of the City Council

**Mr Jari Iskanius**, Director of Finance

**TAIPALSAARI:**

**Municipal Board:**

**Mr Jarmo Turunen**, Chair  
**Ms Sari Taskila**, Vice-Chair  
**Mr Osmo Laine**, Vice-Chair  
**Ms Sanna Kolhonen**, Member  
**Mr Likko B. Voipio**, Member  
**Ms Marja Tiitto**, Member  
**Mr Turo Haapamäk**, Member

**Municipal Council:**

**Ms Kirsi Rehunen**, Vice-Chair  
**Mr Matti Häkkinen**, Vice-Chair  
  
**Ms Kirsi Leinonen**, Head of Education  
**Mr Tuomas Yliruka**, Head of Administration