

PEER REVIEW REPORT

REVISION OF COMPETENCES AND OPERATIONAL MECHANISMS AT THE LOCAL AND REGIONAL LEVEL



Delivering Good Governance and
Balanced Local Economy
in Finland

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List of Abbreviations

AFLRA Association of Finnish Local and Regional Authorities

CEGG Centre of Expertise for Good Governance of the Council of Europe

CoE Council of Europe

CSOs Civil Society Organisations

EU European Union

ICT Information and Communication Technologies

IMC Inter-Municipal Cooperation

KPIs Key Performance Indicators

M&E Monitoring and Evaluation

MoF Ministry of Finance (of the Government of Finland)

PRT Peer Review Team

Executive Summary

ABOUT THIS REPORT

This report presents the findings and main observations from an international team of peer experts on several matters related to the territorial governance and administration in Finland, further to the entering to force of the health and social services reform establishing the Wellbeing Services Counties in January 2023.

The peer review was organised by the Centre of Expertise for Good Governance of the Council of Europe (CEGG) upon invitation of the Government of Finland, and included the participation of experts from France, Germany, Netherland, Norway, Spain and the United Kingdom. The peer review seeks among other things to share experiences from other Council of Europe (CoE) member states with recent decentralisation and territorial administration reforms; and proposing possible ways forward to address the challenges that municipalities are facing, in line with European standards.

The Peer Review Team (PRT) was invited, in particular, to address focused questions related to the feasibility and opportunity to consider ways to differentiate competences and tasks between different types of municipalities, what criteria could be used, under what circumstances, and how the process might be developed.

The report is informed by the inputs shared by the PRT and CEGG during and after the peer review mission to Helsinki in late May 2023. Respecting the Chatham House Rule held during the meetings with Finnish stakeholders, the report does not include minutes of those, nor direct statements by specific stakeholders or by members of the PRT.

MAIN FINDINGS FROM THE PEER REVIEW EXERCISE

Overall, the PRT remarked a fairly wide-spread agreement among the stakeholders on the rationale why the health and social services reform, in which services were transferred from municipalities to wellbeing services counties was launched; the opportunities that the reform offers and the challenges that are expected to emerge; as well as the open questions that are still pending. The reform was wide-ranging and “radical”, bearing significant implications for the local government competences as well as the financial and human resources available to municipalities. While resulting from a compromise, it offered the possibility to unlock decades of political and policy impasse.

The discussions held by the PRT with Finnish stakeholders can be summarised along three main dimensions.

THERE IS A NEED TO COPE WITH THE NEW REALITY

The creation of the Wellbeing Services Counties has indeed brought about a new playing field, which presents unsettling elements. As a result of the nature and scale of the changes introduced by the reform, time is needed to adjust and appraise how to cope with the new framework. In this respect, specific areas of reflection highlighted by stakeholders referred to:

- organising **vertical dialogue and coordination** between municipalities and the newly established counties;¹

¹ / [European Charter of Local Self-Government \(CETS 122\)](#), Art. 4 (6) specifies 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.”

- recognising the importance of **local government capacity to deliver high quality local public services** and to engage the inhabitants in the democratic functioning of local authorities;² and
- defining monitoring **and evaluation schemes** (and start collecting related data) on the implementation and performance of the reform.³

THERE IS POTENTIAL TO RE-INVENT SELF-GOVERNMENT

Coping with and adjusting to the new reality does not mean passivity. All stakeholders embraced a forward-looking stance and reported commitment to explore ways to further strengthen their contribution to Finland's prosperity and sustainable development. In that respect, attracting investment for the green transition at the local level is important.

- A focus theme of the Peer Review, the opportunity to **differentiate competences and tasks** according to type of municipalities was not perceived by the stakeholders as a priority at present. The discussions with the PRT underscored the need to proceed with future task differentiation only in conjunction with the introduction of **compensating mechanisms**,⁴ for instance in the form of fiscal equalisation arrangements, and in accordance with the principle of subsidiarity and democratic accountability.⁵ Stakeholders noted that a possibly more immediate concern related to the execution of the municipal competences and tasks was the mapping and clarification of those tasks whose allocation is ambiguous after the reform.
- The discussions also insisted on the benefits of **strong(er) horizontal cooperation**, as a means to use the potential for local development and the achievement of national strategic objectives such as the green transition. A promising way forward for municipalities were also the continuation of approaches to **governance and regulatory experimentation**. Stakeholders pointed to some challenges in the previous initiatives (often too narrow and inconclusive) and called for better structured and co-created, jointly implemented and evaluated projects.

FINALLY, STAKEHOLDERS CALLED FOR A REVIEW OF THE CUMULATIVE MANDATE POLICY

Stakeholders expressed wide-ranging concerns of the disadvantages of having a de facto unrestricted application of the right to cumulate multiple political mandates. Among those were concentration of power and excessive personalisation of politics; diffused accountability and possible conflict of interest; entrenchment of incumbents; and lack of fresh perspectives.

2 / In line with the Recommendation CM/Rec(2007)12 of the Committee of Ministers to member states on capacity building at local and regional level.

3 / In line with Recommendation CM/Rec(2019)3 of the Committee of Ministers to member States on supervision of local authorities' activities.

4 / European Charter of Local Self-Government (CETS 122), Art.9 – Financial resources of local authorities.

5 / On democratic accountability, please refer to Recommendation CM/Rec(2022)2 of the Committee of Ministers to member States on democratic accountability of elected representatives and elected bodies at local and regional level.

RECOMMENDATIONS

Considering these findings and informed by domestic experiences and good practices in the member States of peers along with the Council of Europe principles of good democratic governance,⁶ the PRT invites the Finnish authorities and stakeholders to consider the following areas for action:

WITH REGARD TO ADJUSTING TO THE POST-REFORM CONTEXT⁷

Recommendation 1.: Municipalities and their respective Wellbeing Services Counties should consider developing additional permanent and formal mechanisms for coordination and dialogue. This would strengthen effective decision-making and delivery of both policy objectives and public services.

Recommendation 2.: Municipalities should commit to rationalising and digitalising the administrative resources available and to diversifying the forms of procuring expertise for the implementation of the tasks entrusted to them.

Recommendation 3.: The Government might consider promoting the creation of multi-stakeholder sectoral expert working groups tasked with the elaboration of commonly agreed harmonised standards and enforcement solutions to enhance and keep uniform the quality of the services provided at the local level. If and when endorsed by all parties affected, those standards should be implemented in full accordance with each party's constitutional and legal prerogatives.

Recommendation 4.: The Government, in collaboration with AFLRA and other relevant stakeholders, might consider setting up sectoral mechanisms and action plans to monitor the implementation of the reform(s) and appraise its effectiveness and sustainability over time.

WITH REGARD TO EFFORTS TO "RE-INVENT" LOCAL SELF-GOVERNMENT

Recommendation 5.: The Government should reflect before launching initiatives in the short run aimed at formalising differentiation of competences or tasks between types of municipalities and between levels of government. Rather, the PRT suggests reviewing the actual allocation of authority and powers resulting from the implementation of the 2023 reform, as not all responsibilities and tasks appear to have been clearly defined in the revised legislation and not all governance arrangements are in place.

The PRT wishes also to highlight the importance of abiding by the principles of subsidiarity, equality and democratic accountability when defining possible future task differentiation models. In general, the PRT invites to consider more favourably vertical transfers of tasks from the local to the regional self-government level over horizontal transfers from small to larger municipalities. When considering possible transfers, due attention should be given to the specificities of the constitutional and legal frameworks governing Regional Councils, Wellbeing Services Counties and joint municipal authorities. Differentiation should, moreover, be accompanied by ancillary measures to mitigate the risk of further accentuating inequalities between the municipalities, for instance through fiscal compensation and

6 / On 6 September 2023, the Committee of Ministers adopted the [Recommendation \(2023\)5](#) to member states on good democratic governance. The Recommendation sets out the fundamentals of good democratic governance, covering protection and promotion of democracy; respect for human rights and the rule of law; public ethics and integrity; good administration, and delivery of high-quality public services. It expands on 12 key principles to guide the actions of decision-makers and public institutions at all levels, and to clarify the standards expected. This recommendation is therefore relevant for the Finnish reform.

7 / Please note that the European Committee on Democracy and Governance (CDDG) is preparing a Report on multilevel governance, which would be useful in terms of helping to organise cooperation between the levels of governance.

equalisation measures.⁸ The purpose of such measures is to avoid that the benefits of differentiation, which tends in principle to increase the power and attractiveness of larger municipalities, are not offset by a widening gap in dynamism and development between small and large municipalities. The additional dynamism allowed by differentiation would thus more generally benefit the whole territory, allowing more fragile communities to take advantage of differentiation schemes. In this respect, the Government might consider launching a preparatory phase for a wide-ranging revision of the current fiscal regime, possibly aimed at granting more autonomy to the regional self-government tier.

Recommendation 6.: Leveraging on Finland's longstanding experience with inter-municipal cooperation, the Government should further incentivise the diffusion and intensification of the most appropriate forms of horizontal cooperation between municipalities, notably in those policy areas that are strategic and pivotal, such as the green transition. At this stage, in the opinion of the majority of the stakeholders, seeking forced municipal amalgamations should not be considered as a priority.

Recommendation 7.: The Government should further stimulate experimentation at the municipal level, notably by developing practices of project-based test-beds and 'regulatory sandboxes', with a view to identify and address regulatory bottlenecks that hamper the efficient development of policies and the delivery of the public services.⁹

WITH REGARD TO THE RIGHT OF CUMULATING MULTIPLE POLITICAL MANDATES

Recommendations 8.: The PRT encourages the Government to pursue its commitment to thoroughly reviewing possible overlaps and disqualification issues in decision-making at different levels of government resulting in the current un-conditional practice of cumulating political mandates.¹⁰ The Government is invited to engage with all relevant political actors and consider, as a minimum, voluntary by-partisan political agreements, and codes of conduct for elected officials.

8 / In line with [European Charter of Local Self-Government \(CETS 122\)](#), Art.9 – Financial resources of local authorities, Recommendation CM/Rec(2011)11 of the Committee of Ministers to member states on the funding by higher-level authorities of new competences for local authorities and [Recommendation Rec\(2005\)1 of the Committee of Ministers to member states on the financial resources of local and regional authorities](#).

9 / The PRT welcomes the information that municipal experimentation is already included in the new government's program.

10 / The PRT welcomes the information that a study on this issue is already included in the new government's program.

I. INTRODUCTION

I.1. Background

In Finland, the local self-government comprises 293 municipalities in the mainland and 16 municipalities in the autonomous Åland Islands.¹¹ The municipal landscape is very heterogenous,¹² creating various challenges. Small municipalities, especially in Eastern and Northern Finland experience depopulation. The ageing of the population, urbanisation and falling birth rates have an impact on the economic capacity of municipalities and on their ability to provide their residents with statutory services. In turn, the municipalities in the developing urban areas face challenges related to and expanding and increasingly diverse population. This calls for enhanced services in housing, transport, or youth policy, for instance. Policy issues related to immigration and integration are also topical. Yet, the present Finnish local self-government model builds on uniform statutory duties for all municipalities.

As of 1 January 2023, Finland has a system with two self-governmental tiers with directly elected decision-making bodies. A major reform of healthcare, social welfare and rescue services transferred responsibilities to organise and provide these services from municipalities and joint municipal authorities to a new self-governmental tier, 21 Wellbeing Services Counties.¹³

The reform has major repercussions on local government competences, finances and personnel. Approximately 50 % of services, personnel and income were lifted from municipalities to welfare services counties. As a result, role and working environment of the municipalities has changed considerably. After the reform, education, culture, infrastructure and activities related to enhancing the vitality of the local community are the main tasks of the municipalities.

Table 1. sums up the major differences in the constitutional competences and financial autonomy of municipalities and Wellbeing Services Counties.¹⁴

Table 1. – Constitutional competences of municipalities and Wellbeing Services Counties

	Municipalities	Wellbeing Services Counties
Council elected every four years (direct elections)	Yes	Yes
Board, board of auditors, mayor and other committees	Yes	Yes

11 / Being 548 in 1946, the number of local authorities in Finland has decreased over the years due to municipal amalgamations, especially in the period from 2005 (436 municipalities) to 2023 (293 municipalities).

12 / On the one hand, the average size of a Finnish municipality is around 6,000 inhabitants and 67 % of the municipalities have less than 10,000 inhabitants. On the other hand, over 40 % of the total population is resident in the nine largest cities with more than 100,000 inhabitants.

13 / See <https://soteuudistus.fi/en/frontpage>. Additionally, it should be noted that the capital Helsinki was granted exceptional status as the city organisation is allowed to perform the functions elsewhere assigned to the welfare services counties. No other municipality than Helsinki is allowed to organise social and health services.

14 / According to the Local Government Act (410/2015, Section 7). The financial autonomy of Finnish municipalities is larger than that of the Wellbeing Services Counties. Municipalities have unrestricted right to levy income taxes and have the right to levy property tax within nationally defined frameworks. The national government does not restrict the municipalities' right to take loans. The Counties, by contrast, do not have the right to levy taxes or take loans. Their activities are financed through State grants and fees.

Residents and users of services have the right to participate and influence the work of the municipality in many ways	Yes	Yes
Right to levy taxes	Yes	No
Right to take loans	Yes	Only short-term
Right to take new duties upon them	Yes	No

Source: Ministry of Finance

Municipalities and Wellbeing Services Counties are not sub- or superordinate to each other. Under certain conditions, municipalities and welfare services counties can make agreements concerning the organisation of specific functions. Given that the right of the Wellbeing Services Counties to take new duties upon them is restricted, the potential for cooperation or division of labour between municipalities and welfare services counties is very limited according to the current legislation.

Also, in the wake of several government reports and white papers investigating the issue,¹⁵ the Finnish Government is interested in further exploring the opportunity to increase differentiation between Finnish municipalities, as a way to address the existing structural challenges irrespective of the changes brought about by the 2023 reform.

I.2. The CoE-EU Joint Project

The project “Delivering Good Governance and Balanced Local Economy in Finland”, co-funded by the European Union via the Technical Support Instrument 2022 and implemented by the CEGG in cooperation with the European Commission, was launched in September 2022 to contribute to the ongoing reform on establishing regional governance for provision of health, social welfare and rescue services in Finland by assisting the Finnish authorities to improve the relevant legislative framework pertaining to good democratic governance at local and regional level as well as to enhance the performance of municipalities and regions.

Specifically, the Centre of Expertise for Good Governance of the Council of Europe (CEGG) supports the Finnish Ministry of Finance (MoF) by providing support in analysing and understanding the reform's implications to different sectoral areas, such as fiscal decentralisation, fiscal autonomy of the local/regional entities, redistribution of competences at the local and regional level. This support is offered through the provision of policy advice and technical reports, including the present Peer Review Report.

15 / See, among others, the 2020 report by the Ministry of Finance on demographic and financial challenges for municipalities (at <https://julkaisut.valtioneuvosto.fi/handle/10024/162061>) and the one of 2022 on policy alternatives, including differentiation of tasks (at <https://julkaisut.valtioneuvosto.fi/handle/10024/163805>).

Additionally, the project is providing relevant capacity building support at the local and regional level on tools and principles of good democratic governance with the aim to strengthen the awareness, knowledge and skills of affected authorities.

In the long-term, the project is expected to contribute to higher quality/efficiency of the public service delivery provided by the Finnish authorities in the social and health sectors.

The project is implemented in close cooperation with the MoF, which is responsible for shaping local government legislation and local government finances.

I.3. The CoE Peer Review

THE RATIONALE OF THE PEER REVIEW

The Peer Review is a pivotal tool aiming at facilitating the exchange of experiences and examples of practice among member States. It promotes sharing multiple perspectives among peers also through the organisation of meetings with institutional representatives, and relevant stakeholders and experts.

The CEGG puts specific emphasis on identifying the underlying principles and mechanisms that have contributed to making specific international experiences relevant so that they can be used to best inform the domestic context.

THE PURPOSE AND FOCUS OF THE PEER REVIEW IN FINLAND

In the framework of this specific project, the Peer Review exercise has sought to assist the Finnish Government (and other stakeholders) by using the methodology of the CoE Peer Review Process¹⁶ to:

- share experiences from other CoE member states of recent decentralisation and territorial administration reforms and / or relevant contexts;
- take stock of the current status of the reform implementation and envisaged developments;
- facilitate mutual understanding and dialogue among all relevant parties; and
- propose possible ways forward to address the challenges that municipalities are facing, in line with European standards.

One of the core objectives of the Peer Review identified by the MoF is to address focused questions related to the feasibility and opportunity to consider ways to formally **differentiate competences and tasks** between different types of municipalities, and if so under which circumstances and on which criteria. The CEGG was invited to provide relevant insights and experiences from other member States related to the questions prepared by the host authorities reported in Annex A.1. to this report.

16 / Please refer to the CoE Peer Review Process Toolkit, <https://rm.coe.int/the-council-of-europe-peer-review-member-states-helping-each-other-/1680a6e819>

This CEGG exercise is particularly timely. Not only does it take place shortly after the entering into force of the reform establishing the Wellbeing Services Counties. It also coincides with the swearing in of a new Government in June 2023 further to the national election earlier in the Spring. As such, the Peer Review aims at informing the newly appointed Executive on current stances taken by the relevant stakeholders with regard to the reform of the territorial administration in Finland.

THE PEER REVIEW MISSION IN FINLAND

The **Peer Review Team** (PRT) has been instrumental in ensuring the effectiveness and usefulness of the exercise for the Finnish Government, both in preparing and during the Peer Review mission, which took place from 30 May to 2 June 2023 in Helsinki.

Before the mission, the PRT actively considered the set of questions on competence and differentiation shared by the MoF along with background material and analysis provided by the MoF and the Finnish expert. During the mission, the peers have contributed to the discussions with questions and with feedback from their national experiences. After the mission, the peers have shared short contributions on selected examples and lessons that might be considered by the Finnish Government.

The PRT consisted of the following experts:¹⁷

- France – Arnaud DURANTHON, Associated Professor, University of Strasbourg;
- Germany – Constanze LERNHART, Head of Unit, Ministry for Regional Identity, Local Government, Building and Digitalization of the State of *North Rhine-Westphalia*;
- Netherlands – Yolante SINNIGE, Coordinator, Ministry of the Interior and Kingdom Relations;
- Norway – Ina Kathrine RUUD, Policy Director, Department of Local Government in the Ministry of Local Government and Regional Development;
- Spain – Silvia Elena NEGRO ALOUSQUE, Senior Advisor on International Affairs, Cabinet of the Secretary General for Territorial Coordination, Ministry of Territorial Policy; and
- United Kingdom – Michelle WARBIS, Head of Local Government Finance Strategy and Reform in the UK Civil Service, Department for Levelling Up, Housing and Communities.

The CEGG Team included:

- Lorenzo ALLIO, Consultant and Adjunct Lecturer, allio|rodrigo consulting, Switzerland;
- Siv SANDBERG, University Teacher, Åbo Akademi University, Finland;
- Lia MAGNAGUAGNO, Council of Europe Project Manager; and
- Irakli KORKIA, Council of Europe Project Assistant.

The Peer Review mission programme offered the opportunity to the participants to discuss several policy areas and dimensions linked to the reform. These included an historic overview of the debate that led to the current legal and organisational setting; the legal amendments ensuing from the reform and their implications on policy funding and coordination; the capacity of municipalities of various sizes to absorb the change and prepare to deliver for the future, taking into account the present societal and economic challenges faced by the state.

17 / In alphabetic order by member State. Please refer to Appendix 3 for short biographical notes about the experts and peers.

The programme included bilateral meetings of about 75 minutes each with representatives of the various levels of governments – several ministries¹⁸ from the national level; mayors and senior officials from large and small municipalities; representatives of the Association of Finnish Local and Regional Authorities (AFLRA); Heads of Regions and Wellbeing Services Counties; as well as academia. The list of the institutions and organisations met during the PRT mission is attached to this report.

CoE experts facilitated the discussion on a semi-structured basis. The discussions were held under the Chatham House Rule – statements made during the meetings were confidential and not attributable. This element ensured an open, frank and constructive discussion, which was held very favourably by all participants.

I.4. Purpose of the report

This report is the main deliverable of the Peer Review Process. It is addressed to the Ministry of Finance and provides the Finnish Government with **structured, critical consolidations of the perspectives and inputs gathered throughout the discussions**.¹⁹

It should be noted that, while one of the core topics of the meetings with stakeholders was the possible differentiation of competences and tasks among municipalities of different sizes or across levels of government, the discussions have not highlighted that as a primary area of concern or immediate attention at present. Consequently, insights on differentiation are reported in Section II.2.2. as a part of a larger set of issues related to the future of municipalities – rather than featuring upfront in the report.

The report includes several **examples and experiences from the peer member States** on selected issues raised during the mission, including on task differentiation. It concludes with consolidated key areas of consideration that the PRT believes could be helpful for Finland to further shape its territorial governance reform in the years to come.

In so doing, the report recalls the European Charter of Local Self-Government (“the Charter”), the Recommendation of the Committee of Ministers to member states on local and regional public services as well as the Valencia Declaration at the Conference of European Ministers responsible for Local and Regional Government.²⁰

18 / Specifically, the Ministry of Finance; of Education and Culture; of Social Affairs and Health; of Environment; and of Justice.

19 / In this respect, the report does not seek to review and appraise the Finnish self-government and territorial administration system. Respecting the Chatham House Rule, it does not include minutes of the discussions held during the meetings, nor direct statements by specific stakeholders or by the PRT.

20 / The Charter can be retrieved at <https://www.coe.int/en/web/conventions/full-list/-/conventions/treaty/122>, the CM/Rec (2007)4 https://search.coe.int/cm/Pages/result_details.aspx?ObjectID=09000016805d6b5e and the https://search.coe.int/cm/Pages/result_details.aspx?ObjectID=09000016805d474f.

II. PEER REVIEW FINDINGS

II.1. General remarks on the reform

Overall, the PRT observed a fairly wide-spread agreement among the stakeholders on the rationale why the reform was launched; the opportunities that the reform offers and the challenges that are expected to emerge; as well as the open questions that are still pending.

Several general points and core messages emerged from the discussions, which can be consolidated as follows:

- **Scale and depth of the reform**

The reform is wide-ranging and, as it was put by several stakeholders “radical”, covering organisational and procedural dimensions. As such, it has affected long-lasting realities and established distribution of competences and authority between institutional actors and across levels of government.

- **A catalytic compromise**

Stakeholders acknowledged that the reform might not be the overall best solution and it might not yield to an absolute best outcome. Question marks are still cast on the immediate capacity of the various authorities to adapt and seize the opportunities offered by the reform.

The reform was the result of a compromise after a long preparatory and deliberation period that lasted some 15-20 years. Extensive analysis and engagement have been undertaken. Those expert discussions and political negotiations have shaped mutual beliefs as well as the relationships among all the stakeholders. The reform was said to leave some room for possible ambivalence as policy-making at the Wellbeing Services County level is disjointed from budgetary autonomy; to only shift the “problem upwards”,²¹ and potentially to have accentuated existing problems.²²

Like many compromises, though, the reform has nonetheless the valuable merit of unblocking the political deadlock in which Finland has been for almost two decades of reform negotiations. It has triggered a new political and policy dynamic that is poised to set the basis for more modern decision-making. In this respect, during the discussions with the PRT, stakeholders broadly embraced this positive interpretation and considered the reform as a welcome catalyst for change and to instil more vitality at the local level.

- **Stakeholder’s responsibility and competency**

The PRT was impressed by the level of expertise and knowledge of the interlocutors in the various meetings. All stakeholders have demonstrated a strong sense of institutional and policy responsibility to ‘make the reform happen’, leveraging their in-depth expertise and experience acquired over the past 20 years. This period has allowed for a better understanding of the nature and role of self-government in Finland, for instance through a thorough review of the spirit and letter of the Constitution – a welcome development in the eyes of many stakeholders towards a more modern interpretation of the interface between the State, society and the individuals.

21 / Some stakeholders have claimed that the reform has not substantially altered the type of services to be provided, nor the amount of funds available for their provisions. It had merely shifted budgetary lines from local level to government transfers to the Wellbeing Services Counties.

22 / While the reform directly concerns the delivery of health and social services, it has wide-ranging repercussion also on other policy areas which face long-standing (albeit latent) problems, such as primary education. With the reduced budget available after the reform, some stakeholders have noted that many municipalities are likely to face challenges in assuring the execution of primary education tasks.

- **Objective (and largely shared) diagnosis**

Responsibility and expertise are the basis for rather factual discussions among the stakeholders, who tend to agree widely on the nature and scale of the challenges that Finland faces. There is also widespread acknowledgement of the critical issues that still lie ahead (despite of the reform) as well as the opportunities offered by the new context – see Box 1.

Box 1. Main critical issues reported by the stakeholders

Throughout the discussions, stakeholders have highlighted the following areas required particular attention in the current post-reform context:

- It seems that the reform has not changed the overall financial endowment of the health care services, so structural challenges may persist – while, at the same time, other policy areas might suffer from the shift of resources.
- Finland is facing systemic challenges, and the divide between the larger cities in the South (which have historically been the dynamic force demographically and economically) and the smaller or more remote municipalities might impose finding ways of “shrinking smartly” and becoming agile actors on the territory.
- Historic factors, well-established beliefs and identity values, political vested interests and a rather legalistic and procedural tradition of organising governance might be factors hindering further reforms in the mid-term. The political and public debate might not be ripe yet to fully address the issues comprehensively. At the core appears to be the definition of “what constitutes a municipality” and of the role that smaller municipalities ought to play in the future framework if they are to avoid becoming mere executors of confined public services.
- The reform brought about a hybrid type of regional self-government tier, as the counties are democratically elected but do not have budgetary autonomy and relatively narrow margins for decision-making.
- Despite the thorough preparatory discussions, institutional actors and authorities at all levels of government are currently in a stock-taking and adjustment phase without necessarily having well-defined plans available for direct action.

- **Reforming structures for better outcomes**

From the discussions held with the stakeholders, the PRT observed that the reform appears to reflect a possible inclination by decision-makers in Finland to place relatively strong initial emphasis on adjusting structural elements of the State as a means to achieve wider societal goals and specific policy objectives. While not a negative approach in itself, this might raise some concerns on the actual focus and purpose of reforming, which ought to remain people-centric. As interlocutors have put it to the PRT in relation to education policy, it was important that the reform did not “leave the children behind”: while the reform pivoted on the efficiency of delivering health services, it was important that the citizens and the wellbeing of all groups in society be at the centre of the reform process.

II.2. Most prominent issues raised during the Peer Review

The following sections report on the most pressing or recurrent issues raised during the Peer Review meetings. These are structured along three main topics and keeping in mind the questions in the focus of the discussions and the context of the reform:

1. Coping with the new reality
2. Re-inventing self-government
3. The politics and practice of political mandates

II.2.1. Coping with the new reality

The primary, unanimous message shared by all stakeholders during the meetings is the call for no immediate further reform action. As mentioned, the changes brought about by the reform have been significant and there also appears to be a certain fatigue among the stakeholders with designing continuous working scenarios. Institutions and authorities at all levels of government needed time to adjust to the new framework; assess needs and design the most appropriate solutions to best deliver on the various policy fronts. There seems to be no appetite, in other words, for deciding on re-allocating competences or reviewing fiscal and financial arrangements in the short term. Such a pause (some stakeholders referred to it as “peace”) period is felt necessary also in view of the next major reform affecting municipalities – most notably the one related to the employment services, set to enter into force in 2025.²³ The frequency of the electoral rounds (and the related almost unintermitted campaigns) was mentioned as a further factor for consolidation of the status quo.

The creation of the Wellbeing Services Counties has indeed brought about new dynamics, which presents unsettling elements. A number of those were discussed in this regard, including

VERTICAL DIALOGUE AND COORDINATION BETWEEN MUNICIPALITIES AND COUNTIES

Vertical coordination mechanisms in territorial administration are essential for effective governance and the efficient delivery of public services. The PRT discussed this aspect with stakeholders, since the reform established an additional institutional actor at the regional tier of government. The law stipulates only two formal mechanisms for coordination and dialogue between the municipalities and the Wellbeing Services County (with an annual and a pluri-annual, four years, frequency), without further specifications on how to organise exchanges for collaboration and mutual support in decision-making and running operations. It is therefore necessary and opportune that each Wellbeing Services County and the associated municipalities develop own standardised solutions to guarantee effectiveness, efficiency, transparency and accountability.

Council of Europe member States have introduced various organisational and procedural arrangements in this respect. Box 2. offers a couple of examples from the peer member States.

23 / From 2025, a reform of the public business and employment services will transfer responsibilities for jobseekers from the state agencies to the municipalities. The parliament passed the reform legislation in March 2023. The new local business and employment service agencies must have an employment base of a minimum of 20,000 persons, which in practice will require inter-municipal cooperation outside the urban areas. See <https://tem.fi/en/-/acts-on-the-transfer-of-te-services-to-municipalities-have-been-approved>.

Box 2. Ensuring coordination between levels of government – Examples from peer member States

In the **Netherlands**, multi-level and inter-institutional cooperation is pursued through so-called “Town Deals”. These are a new form of cooperation in which medium-sized and small municipalities, the central government, knowledge institutions and private parties share knowledge and experience for innovative solutions, for instance in housing supply, maintaining local facilities, promoting recreational and smooth living and working environments. The knowledge and lessons learned are shared, so that other municipalities can also benefit from the experiences made and lessons learnt from the various deals.

In **Spain**, since there is no hierarchical status between levels of government (principles of self-governance and jurisdiction apply), governance arrangements have been introduced to ensure that the relationships between the State and the Local Entities take place in a framework of cooperation and coordination. To that end, the National Commission of Local Administration is the permanent body for cooperation between the two levels of government in charge of reporting on those State provisions or regulations affecting the Local Entities and issues pertaining to local treasuries Comisión Nacional de la Administración Local (CNAL) (mpt.gob.es).

Source: Elaborated by the Author. See Annex A.2.1) for additional information and examples.

CAPACITIES AND EXPERTISE IN MUNICIPAL ADMINISTRATIONS

Constraints in resources and overall human expertise capacities at the municipal level remain an issue of concern. Stakeholders provided a relatively emergency picture for some municipalities, where for instance it is difficult to attract and retain relevant professional figures (such as teachers or planning experts) or where the community benefiting from the dedicated services is so small to make financial and economic costs unaffordable.

Some stakeholders expressed pessimistic views about the future of smaller municipalities, whereas others saw in the current re-shuffling of competences and budget envelopes the historic opportunity to regenerate villages and remote areas (see Section II.2.2. below). A reason for that is the fact that municipal civil servants and experts might not be deployed as efficiently as they should, because the allocation of the tasks they are performing no longer reflect the new context.

Against this backdrop, the idea was tabled to promote functional reviews of the municipal administrations, with a view to ‘right-sizing’ the administrative sector. Right-sizing is here understood as the systemic improvement of the public sector’s management and operational performance. It may imply – but does not necessarily lead to – ‘down-sizing’ (i.e. the permanent reduction in civil service), while it usually unfolds through ‘re-engineering’, which is about changing the way work processes are carried out. Reformers can rely on a set of tools to modernise government; optimise effectiveness; reduce costs; increase efficiency; rationalise the work force; and improve the quality of public services. Such tools include injecting competition into public services; Activity Based Costing; performance-based budgeting; re-focusing on core functions and businesses; re-engineering decision-making processes; and re-structuring the organisation of the municipal administration.

There are several ways to stimulate and facilitate the sharing of expertise to or among (small) municipalities. Exchanges with the stakeholders highlighted the different avenues pursued by Council of Europe peer member States to ensure that adequate professional skills are available to local administrations to deliver public services. Such avenues may span from specific, more or less formalised ‘horizontal’ mechanisms and contractual agreements between municipalities to co-employ experts to central government plans explicitly supporting capacity-building and expertise at the local level – see Box 3.

Box 3. Making expertise available at the local level – Examples from peer member States

In **France**, the decentralized structures of the State (préfectures) have been used by the State to assist small municipalities through advice and expertise to deliver specialised services, such as land use planning and permissions. Progressively, that support has been provided by intermunicipal public establishments having a sufficient size and financial resources to have the necessary expertise at their level.

In **Norway**, legal provisions mandate County authorities (which operate at the regional level and are directly elected) to provide guidance to the municipalities in matters of planning and land use. The law does not indicate the ways in which such a support shall take place, so counties have developed several approaches.

In **Spain**, a comprehensive national Strategic Plan is being developed to enhance State administration services at regional level. The aim is to develop a sustainable, innovative, and transparent administration, with new management models adapted to the digital and green transitions and to the loss of staff in certain territories and services. In addition, support is given to municipalities with regard to the achievement of the Sustainable Development Goals at the local level, notably through a Handbook for the 2030 Agenda developed by the National Association of Municipalities and Provinces in close cooperation with multi-level actors Home - Red de Entidades Locales para la Agenda 2030 (redagenda2030.es). Furthermore, in the framework of the comprehensive Strategic Plan to enhance State Administration services at regional level, the service "Public Administration close to you" foster the provision of e-services in municipalities having 500-8,000 inhabitants La Administración cerca de ti (mpt.gob.es)

Source: Elaborated by the Author. See Annex A.2.2) for additional information.

The advantages of e-government to enhance administrative performance and service delivery and to compensate for scarce capacities at the local level was highlighted. Stakeholders indicated that the potential of digitalisation was not fully reaped yet, as there were still barriers to accessing harmonised and inter-operable databases and standardised administrative services. In this respect, stakeholders identified the ICT sector as one of the areas where to invest in future "experiments" – see below.

This has been a strand of reform actively and widely pursued by CoE member States. Box 4. reports on selected examples in the peer member States.

Box 4. Fostering digitalisation for better government – Examples from peer member States

In **Germany**, Federal States have invested in e-government solutions to enhance policy effectiveness and administrative performance. The "Digital Model Regions NRW" funding program of the State of *North Rhine-Westphalia*, for instance, supports the development of standardized, transferable and inter-operable e-government solutions and innovative projects with the business community in the area of digital urban development (smart city) in order to accelerate digitization in the regions and local authorities. The "Digital Urban Development" funding area focused on projects in which innovative and smart solutions were developed for a sustainable city or region. New technologies were tested and established in practice in close cooperation with citizens, associations, business, science and administrations.

In **Spain**, since 2021 municipalities have been invited to apply for public grants to support actions and reforms on digitalisation of public services, provision of digital infrastructures and reinforcement of inter-operability. Other major projects have been added: digitisation of the municipal register and cybersecurity for smaller municipalities.

In the **United Kingdom**, the deployment of digitalisation of task and service delivery at the local level is yet to fully unfold for many services. However, the Department for Levelling Up, Housing and Communities launched the “Digital Planning Programme” in England, covering three core areas: digital citizen engagement; modern planning software; and improved planning data that can be found and trusted. Together these make up the start of an end-to-end digital planning system which are already transforming the delivery of plan-making and planning decisions.

Source: Elaborated by the Author. See Annex A.2.3) for additional information.

PRESERVING HIGH-QUALITY SERVICE DELIVERY

With the re-shuffling of tasks and resources, it will be important for municipalities to maintain high levels of quality in the tasks and services they deliver. Part of the discussion during the peer review meetings therefore addressed the need to guarantee that performance is standardized and satisfactory across the whole national territory, irrespective of the size, resources or geographical location of the municipality delivering the services. To that end, stakeholders evoked the need to establish quality assurance and quality enhancing mechanisms while acknowledging that top-down supervisions and inspections of local governments is historically not a common feature of the Finnish system.

Quality accountability systems are at play in a number of CoE member States. Box 5. reports on initiatives introduced in some of the peer member States.

Box 5. Enhancing and guaranteeing municipal services quality – Examples in peer member States

In **Germany**, the fulfilment of the tasks attributed to the local authorities (municipalities and counties) is supervised by each Federal State. Such a supervisory role may take different forms and approaches. In the State of *North Rhine-Westphalia*, for instance, it is differentiated between ‘voluntary’ and ‘compulsory’ self-government tasks (for which the local authorities are only subject to a legality check); and obligatory tasks to be fulfilled according to instructions (in which case, an expediency check is also possible). In practice, there is an ongoing dialogue to prevent possible infringement and to advise local authorities, so that formal sanctions are not the norm. Arrangements exist also for sectoral quality assurance, for instance in the form of on-site audits re prescribed in some specialized laws of the federal states. Counties and independent cities in *North Rhine-Westphalia*, for example, are responsible for advising and inspecting care and support services for elderly people and people with disabilities.

The **United Kingdom** has a strong Local Government Accountability Framework. It is vast, and covers audit, interventions, governance, service standards, devolution frameworks, financial controls, and statutory officers such as the Office for Standards in Education (Ofsted) and the Care Quality Commission. A 2022 White Paper by the Department for Levelling Up, Housing and Communities included proposals to leverage enhanced transparency to better understand policy outcomes at the local level and hence further increase local government performance. The Office for Local Government is a new body that will deliver this, with its first step to improve transparency through a local government data explorer based on a series of metrics across priority thematic areas. This was launched in July 2023.

Source: Elaborated by the Author. See Annex A.2.4) for additional information.

The pivotal role played by Civil Society Organisations (CSOs) at the local level was also evoked during the discussions, as they contribute to the delivery of essential public services within the community, and to holding authorities accountable. Stakeholders stressed that CSOs are important intermediaries that bridge local communities with government – promoting social cohesion and civic empowerment; and strengthening demands for monitoring and accountability. To a certain extent, the previous funding of CSOs (often co-financed by municipalities) are no longer guaranteed further to the reform – most notably in smaller municipalities for the delivery of such essential services such as healthcare and social welfare and, indirectly, for education and environmental conservation.

COLLECTION OF DATA AND ELABORATION OF KPIS FOR REFORM

Just a few months since the entering into force of the reform, it is opportune to also develop strategies to monitor the implementation and impacts of the new framework. A vast majority of the stakeholders believed that it is too early to appraise whether the reform is good or not. Not only is there no sufficient evidence yet to carry out factual assessments. There also is a heterogeneous approach by the various institutional stakeholders to design relevant measurable Key Performance Indicators (KPIs) tailored to each specific policy area.

As previously mentioned, the 2023 reform has affected municipalities and State authorities beyond the health and social services sectors. With probably the only exception of the Ministry of Health and the Ministry of Finance (in relation to health revenues and expenditures), it did not appear to the PRT that the various institutional actors in the other policy fields and across the levels of government have anticipated the implementation of the reform by developing a structured monitoring and evaluation regime for their respective policy areas. It is, in other words, not immediately possible for them to observe specific variables and determine the course of action to best steer the implementation and prepare possible organisational and policy changes. It is, at present, also not necessarily possible for the authorities and institutions to establish thresholds and targets determining whether the reform has yielded overall net improvements and constitutes a success.

The stakeholders agreed in this respect that efforts should be made to use this initial period of reform implementation to engage in a systematic review of sectoral and institutional strategies and policy targets. Such recalibration appeared to be opportune at various levels, but especially for municipal policy choices.

II.2.2. Re-inventing self-government

Coping with and adjusting to the new reality does not mean passivity. All stakeholders embraced a forward-looking stance and reported commitment to explore ways to further strengthen their contribution to Finland's prosperity and sustainable development. Without hiding current challenges, stakeholders often reverted to concepts such as “smart shrinking” and “supported agility”. Municipalities – especially the small ones – must re-imagine their role as drivers for change towards the green transition and deliver the Sustainable Development Goals, given the new set of competences and tasks allocated to them and their financial endowment.

The reform has narrowed the remit of decision-making and action of the municipalities. Their competence portfolios have shrunk. Furthermore, the reform allows them in principle to be more agile, as a result. However, agility needs vision and strategic steering, and delivery with streamlined mechanisms requires support. If this is provided, small municipalities argued, they are willing to take up the challenge.

In the discussions held with them, the other stakeholders shared the same approach – to a large extent, it is now up to the small municipalities to “dare more” and mechanisms and policy solutions should be found to underpin those efforts. It was at the same time to be acknowledged, nonetheless, that evidence shows that the present motors of the Finnish economy are its metropolitan areas and larger cities.

Attracting investment for the green transition at the local level is important. This may however require further reforms and set municipalities in direct competition with each other. As mentioned already, a key challenge remains the fragility of many local self-governments, both in terms of financial capacity and expertise. Both are significant barriers to making municipalities attractive to those investments that trigger positive socio-economic multiplier effects on the territory. Public sector investment play an important role in this respect, but the determining factor for relaunching the local economy is likely to be allocation of capital by private companies.

According to a majority of the stakeholders, the opportunities offered by the green transition cannot be missed. Finland has great potential for clean energy production installations, such as new solar and wind power plants. Securing investments in those sectors, for instance, was seen as an obvious way forward for remote or scarcely populated municipalities. Additional ideas shared by stakeholders referred to better leveraging revenues from property taxes and corporate taxes at the local level.

However, decisions on a possible re-organisation of the financial and fiscal arrangements appear premature at this stage, albeit reflection is ongoing.²⁴ Moreover, it is important to recognise that structural investments ‘cannot be allocated twice’, and investors will be selective in choosing where and under which condition they will invest. Consequently, municipalities will be forced to enter into a logic of either more or less open competition or of stronger collaboration among each other. For some of them, this may require a cultural shift in the way they see their role in the economy and on the territory they administer. In this respect, a crucial catalytic role might be played in future by the regional tier of self-government.

As a part of the Peer Review discussions, the following points were raised in relation to the need to re-invent self-government in Finland:

DIFFERENTIATING MUNICIPAL COMPETENCES AND TASKS

While competences in Finland are allocated uniformly by law, in practice there is margin for interpretation and adjustment. Similar to the governance framework in the other Scandinavian countries as well, since 1977 the local government legislation in Finland builds on the model of uniform competences for municipalities: all municipalities have formally the same statutory obligations, irrespective of their population size or geographical location. Accordingly, the municipalities have the duty to arrange for and finance the implementation of mandatory services.

Municipalities, however, already have considerable discretion in how they organise the statutory functions. So is the Local Government Act for instance permissive towards Inter-Municipal Cooperation (IMC) and municipalities may opt from different modes of cooperation (agreements, joint municipal authorities, inter-municipal companies).²⁵ Furthermore, special legislation may assign municipalities the obligation to cooperate or define norms for the minimum number or residents or personnel needed in order to provide certain services.²⁶

Consulted by the PRT, nonetheless, stakeholders have in general expressed no particular desire to change the status quo in terms of competence and task allocation at this point in time. This holds for both seeking municipal amalgamation and exploring ways to differentiate municipal tasks. While the PRT got the impression that further

24 / As part of the CoE-EU joint project Delivering Good Governance and Balanced Local Economy in Finland, the CEGG collaborates with the MoF on a technical report containing policy advice on fiscal decentralisation and fiscal autonomy of the regional and local governments, and the fiscal impact of the reform.

25 / See Local Government Act 410/2015, Chapter 8. The notion of differentiating between tasks is not alien to the Finnish system. Before 1977, parts of the legislation assigned different duties to towns and rural municipalities.

26 / This is the case, for example, of the provisions included in the Transport Services Act (320/2017) and in the new Act on Public Employment and Business Services, to be implemented from 2025 onwards.

mergers are resisted by some stakeholders almost as a matter of principle,²⁷ the hesitation to embark in a re-allocation of the task appeared to be due more to the need for municipalities to adjust to the new regime introduced by the recent reform. The PRT did not sense, in other words, an a priori objection to the idea of task differentiation.

Task differentiation is indeed not uncommon across CoE member States. When commenting on the matter, however the PRT expressed hesitation on moving towards “heavy” versus “light” municipalities, insisting instead on the respect of the principles of subsidiarity and democratic accountability. The latter ought to be the foundation of any debate about possible differentiation scenarios, with the aim to balance out as different overarching imperatives the preservation of citizen equality and local identity on the one hand, and the promotion of local socio-economic development on the other hand. Such a balancing exercise were not straightforward, because the definition of local self-government implies a clearly defined unitary territory whereas territorial development at the local level is transboundary by definition.

Box 6. reports on experiences with municipal task differentiation in the peer member States.

Box 6. Making all municipalities perform better through differentiation – Examples from peer member States

France, a traditionally unitary State, has gradually embraced forms of differentiation. This was triggered by several actors and rationales – from the specificities of the overseas territories and the needs of larger cities (Paris, Lyon, Marseilles) first in guaranteeing security, policy and emergency services, to the recognition of territorial identities and autonomies (e.g. in Corsica and Alsace).

In **Germany**, the allocation of municipal tasks is de-centralised. It is up to each Federal State (Land) to allocate statutory or compulsory tasks to the municipalities and counties. In such a differentiated system, the objective is to assign tasks “as locally as possible” in line with the principle of subsidiarity, while ensuring the overall and uniform quality of the services provided. The so-called ‘Independent Cities’, which are not regrouped in a county, carry out all compulsory tasks for their territory themselves in view of their increased administrative power. Municipalities forming part of a county carry out those tasks to the extent of their capacity, mainly according to population size, while all other tasks are performed by the county.

In **Norway**, while tasks are allocated uniformly across all municipalities, consideration is given to introducing asymmetric decentralisation or differentiation. Similarly to the Finnish context, also in Norway the debate is triggered by the challenges of smaller municipalities to deliver services adequately. An expert committee tasked with addressing the issue (among other issues related to local self-government) recommended not to differentiate tasks, on the ground of the resulting breach of the principle of democratic accountability. A public consultation is currently open.

In **Spain**, the three levels of governance have responsibilities for educational matters in line with the process of decentralisation undertaken. Firstly, the State has regulatory powers over the key elements of the system. It ensures its overall organization, the minimum standards for educational institutions, and the general programming of education, among others. Secondly, regions have regulatory powers to develop State standards and executive powers to manage the education system in their territories. Finally, municipalities exercise the following core competencies in the field of education: participation in the monitoring of compliance with compulsory schooling; cooperation in educational facilities 'building; conservation of locally owned buildings intended for pre-primary education, primary education and special education.

Source: Elaborated by the Author. See Annex A.2.5) for additional information.

27 / Stakeholders were rather firm on dismissing amalgamations among municipalities. Some of them, by contrast, raised the scenario of merging entities at the regional tier of government (see below).

Additional reforms might be needed to maximise the benefits from task differentiation. The PRT suggested also that, if differentiation were to be introduced in the Finnish system, this should refer to the execution of tasks and not to the allocation of competences, and possibly occur through “vertical” transfers from the municipal to higher levels of government.²⁸ Moreover, differentiation should be accompanied by compensating mechanisms, for instance in the form of fiscal equalisation arrangements to assist smaller and more fragile municipalities. Such ancillary measures would help avoid “negative spirals” (i.e. further aggravating present inequalities among municipalities) and maintaining fairness across the Finnish society. In the light of the different economic and demographic development throughout the Finnish territory, the purpose is to frame differentiation, so that the resulting surplus in wealth and activities in the larger municipalities would come also as a benefit for smaller municipalities through a sort of territorial balance (for instance, financial transfers). Such compensating measures would enable the smaller municipalities to better exercise their attributions and thus to remain attractive, focus on their comparative advantages and promote dynamism.

Against this backdrop, a possibly more immediate concern related to the execution of those competences and tasks whose allocation is ambiguous after the reform. With the creation of the Wellbeing Services Counties, stakeholders have reported, there is a lack of clarity as to who has responsibility for implementing certain services, which have not been explicitly taken up by the counties yet municipalities no longer have sufficient resources to execute; or conversely, that are performed by the counties while the competence has remained with the municipalities. Notable examples include:

- the support provided by school psychologists and counsellors, who are employed by the Wellbeing Services Counties, while schools and youth services fall under the scope of local government competences;
- a number of services for socially vulnerable groups, such as food banks, housing, and vocational training;
- issues related to the management of civil crises, for which the competence is not clear as legislation is yet to be adapted to the fact that fire and rescue services rest with the counties;
- the promotion of health prevention and wellbeing of the population remains a duty of the municipalities; and
- the relations between the municipalities, the Wellbeing Services Counties and individual Civil Society Organisations remain unclear with possible overlaps or duplications.

In this context, discussions have drawn attention to the practice of splitting competences from the attribution of functions. The exercise of an attribution in a policy field does not necessarily imply that the latter is entirely devolved to a single level, with the State often providing framework conditions and ensuring substantial uniformity. Box 7. illustrates the case of some peer member States.

Box 7. Attribution and competence allocation – Examples from peer member States

Education is often a field with de-coupled competences. In France, municipalities have responsibilities only in primary education, more specifically confined to the maintenance and day-to-day management of the school buildings and facilities. What pertains strictly to education (e.g. the definition of the programmes and the recruitment of teachers) lies with the State, in accordance with the principle of uniformity and equality.

In Germany, the federal states appoint the teaching staff, while responsibility for equipping the schools, i.e. in particular for buildings, school facilities and teaching materials lies with the municipal school authorities. De-coupled competences apply also to hospital care. So is for instance the State of *North Rhine-Westphalia* responsible for ensuring sufficient hospital care, whereas the municipalities have to maintain a hospital within the scope of their financial strength.

Source: Elaborated by the Author. See Annex A.2.6) for additional information.

28 / In parallel, Finland might consider expanding the fiscal autonomy at the regional level.

PROMOTING HORIZONTAL COOPERATION

As mentioned, Finnish law allows for horizontal cooperation between municipalities and there are well-established practices across the entire national territory. Inter-municipal arrangements are the most common way of organising for example waste management, public transport in urban regions, environmental health services and vocational education (secondary education). Before the recent reform of social and health services, inter-municipal cooperation was widespread also within this policy field.

During the discussion, there were ambivalent remarks about the extent to which the IMC potential had been fully exploited. Some stakeholders indicated that more could be done, highlighting for instance the poor coordination and collaboration between municipalities in primary education. There are, however, no legal obstacles to IMC in this policy area. Mainly, kindergartens and primary schools are considered the “crown jewels” and one of the principal competences of each municipality, granting it legitimacy and identity. There were therefore no widespread political will to renounce to those prerogatives and duties. Possibly, in some cases there might also be a certain level of distrust between small and larger municipalities and the immediate post-reform phase will be invested in entering a dialogue on equal footing. Stakeholders agreed that launching pilot initiatives and sharing experiences could be mutually beneficial.

Arguably, IMC might be less developed in those policy areas that might be most strategic for the local development, notably in the remit of the green transition or in digitalisation. Stakeholders did not see the regional level as a game changer in that respect. Stakeholders evoked the numerous incentives offered also by the government to foster horizontal coordination, but they acknowledged that implementation challenges persist (partially linked also to lack of full commitment by the parties involved). Interestingly, during the discussions with the PRT the stakeholders have not suggested to make the role of the regional authorities (in particular, the Regional Councils)²⁹ more prominent as a catalyst for strategic planning and economies of scale for local development. They nonetheless indicated that it is probable that discussions about rationalising the current regional tier of government will take place “within the next 5-10 years”, and these will possibly lead to a more autonomous, effective and efficient coordination function bridging national priorities with local specificities and needs.

By contrast, stakeholders placed emphasis on further exploring ways to enhance horizontal coordination among municipalities, taking the case of the Tampere urban agglomeration as a virtuous experience. Besides the obvious benefits from experiencing demographic and population growth, the positive experience of the Tampere area invites to more sophisticated explanation. Possible success factors for IMC projects might be related more to the political culture and the contextual commitment of the parties involved than to specific hard facts. This includes seeing collective endeavours as a plus-sum game rather than a zero-sum game. In that respect, previous attempt to force amalgamations might still affect the willingness of many municipalities to embark on cooperation initiatives.

Peer member States have also promoted IMC, also through legal provisions, as illustrated by Box 8.

29 / The 18 Regional Councils are statutory joint municipal authorities responsible for regional land use planning and regional development. In addition to the statutory tasks, regional councils promote the interests of their regions in close co-operation with municipalities, business interests and universities within their area. The regional councils represent an indirect form of regional self-government. Members of decision-making bodies are appointed among councillors in member municipalities and the councils' main source of income is fees paid by the municipalities.

Box 8. Promoting horizontal cooperation – Examples from peer member States

In **France**, IMC arrangements have been formalised in dedicated public establishments tasked with executing one or more municipal powers as freely determined by the participating municipalities. This model has resulted in very disparate organisational solutions, reflecting the specific individual needs of each arrangement. A new form has emerged in the 1990s under the label of 'federal inter-municipality'. This is a structure to which specific taxation powers are conferred with a view to integrate municipal competences listed by law. Initially optional, it became mandatory for a municipality to be part of such a structure in 2010. Progressively, these inter-municipal establishments have become more relevant, although their role vis-à-vis the municipalities is still object of political debate.

In **Germany**, several Federal States (*Länder*) have incentivised cooperation among municipalities and counties. In *North Rhine-Westphalia*, for instance, cities, municipalities and associations of municipalities can apply for funding for particularly innovative and exemplary cooperation models since 2019 on the basis of dedicated State guidelines for grants. Indicatively, current standard funding rates for two cooperating local authorities amount to € 175,000. IMC is particularly promoted in *North Rhine-Westphalia*. A dedicated competence centre operates under the State Ministry of Regional Identity, Local Government, Building and Digitalization; whereas a Commissioner for IMC advises and serves as a point of contact between the authorities at the various levels of government. Competition for horizontal cooperation is also used as an incentive. The Ministry launched the "State Award for Innovative Inter-communal Cooperation" in *North Rhine-Westphalia* in 2022, to highlight particularly exemplary or novel projects in communal administrations and political fora.

In **Norway**, there are several provisions for IMCs in the law and in that framework municipalities cooperate in different policy areas and to different extent. Some specific laws include provisions mandating municipalities to cooperate. However, those provisions are rarely implemented, if at all. The idea of introducing a general provision in the Law of Local Self-Government requiring a municipality to cooperate with other ones (for instance on the ground of incapacity to deliver a service) was not recommended by a dedicated technical committee.

Among other arrangements, **Spain** has introduced the system of the *Mancomunidades*. These are voluntary entities consisting of municipalities, which carry out joint projects or provide common services. At present, there are more than 1,000, and their number is increasing. Another form of institutionalised cooperation are the *Comarcas*, which an Autonomous Community may establish for various purposes at the local level, including the provision of local services common to the municipalities involved.

In **England**, planning authorities create local plans setting out land use for the local area. In 2011, the Duty to Cooperate was introduced, creating a legal test that requires planning authorities, county councils and public bodies to engage on cross-boundary matters. It is not a duty to agree, but to cooperate, and cooperation must be evidenced to the Planning Inspectorate. The duty, at its core, recognises that these sorts of issues are dealt better through geographies other than local authority boundaries, such as travel to work areas, river catchments or housing market areas. However, many authorities feel that the legal duty does not work effectively. Therefore, the Levelling up and Regeneration Bill, currently in Parliament, seeks to end the legal duty as part of wider changes to plan making. Local authorities have reported the lack of flexibility in the legal duty to cooperate can stymie plan adoption. The replacement is for a new, flexible alignment test, that is set in policy rather than law. The importance of cooperation and aligning across boundaries is still central.

Source: Elaborated by the Author. See Annex A.2.7) for additional information.

MAINSTREAMING STRUCTURED GOVERNANCE AND REGULATORY EXPERIMENTATION

Recent developments in public governance reforms include initiatives to make administrative, procedural and regulatory arrangements more agile and flexible. 'Experimentation' is one of such approaches. Broadly speaking, it refers to the process of implementing and testing new regulations or policy changes on a limited scale before applying them more widely. Experimentation is often used when facing novel technologies or business models for two main purposes. On the one hand, to appraise whether existing regimes are fit-for-purpose or constitute barriers and obstacles for the deployment of innovations; on the other hand, to understand the real-world implications of the proposed innovation without immediately subjecting an entire population or sector to possible consequences and untested rules.

Experimentation can, at the same time, allow administrations to explore ways to improve existing solutions on a small-scale pilot basis, thereby overcoming constraining or burdensome procedures. Stakeholders have highlighted this potential in the context of re-thinking the role and performance capacities of municipalities after the health and Wellbeing services reform.

To be sure, Finland is not short of initiatives about experimenting and piloting innovative governance solutions. The most prominent experiment was the Kainuu regional experiment, lasting from 2005 to 2015.³⁰ The Sipilä Government 2015-2019 launched a specific programme to increase the use of experiments in all policy areas. The revision of the 2015 Local Government Act specifically emphasised civic participation and incorporated several new channels of citizen engagement, including participatory budgeting. Local government pilots on employment pilots have been launched and implemented since 2021, involving 118 municipalities.³¹

According to the stakeholders, while experience has so far been mixed, there is scope to engage in structured and strategic experiments. Stakeholders tended to assess the experimentation approach taken by Finland so far as rather inconclusive. They stressed challenges in the implementation of the experiments. The latter were launched with insufficient coherence and generally lasted too shortly for informative comprehensive insights to emerge. Challenges also related to the actual follow-up at the end of the piloting phase, with authorities failing to quickly convert the lessons learnt into standing improvements.³² Eventually, the experimentation does not meet the initial expectations and stakeholders are sensing a certain fatigue.

During the discussions with the PRT, however, there was agreement on the usefulness to run a new wave of experimentations, notably in relation to regulatory test-beds for simplification and reduction of administrative burdens – possibly along the model of “regulatory sandboxes”³³ Areas for possible derogation from the current regulatory framework that were mentioned during the discussions were land use and planning; digitalisation; immigration; and policies related to the green transition. It was proposed to shape the experimentation in a better structured manner, with clear strategic and operational collaboration between the participating authorities and the State throughout the design, planning, implementation and evaluation stages.

Experimentation has been promoted and deployed largely also in the peer member States – see Box 9.

30 / For a description of the project, see Haveri, A. et al. (2015), “The Kainuu regional experiment: deliberate and unintended effects of scaling local government tasks to the regional level”, in *Scandinavian Journal of Public Administration*, Vol.19/4, at <https://ojs.ub.gu.se/index.php/sjpa/article/view/3293/2807>.

31 / See <https://tem.fi/en/local-government-pilots-on-employment>.

32 / Those views echo the findings from an evaluation of the experimentations run during the Sipilä Government. See in this respect Antikainen, R. et al. (2018), *Kunnianhimoa ja pitkäjänteisyyttä kokeilukulttuurin kehittämiseen*, Policy Brief 34, at <https://tietokayttoon.fi/julkaisu?pubid=29101>.

33 / A regulatory sandbox is a temporary regulatory environment where public or private entities can test innovative approaches that are novel or derogate from the framework in force, under the supervision of a regulatory authority.

Box 9. Promoting experimentation – Examples from peer member States

In **France**, the right to experiment is enshrined in the Constitution. Regulatory traditions and cumbersome procedures have nonetheless limited the number of experimentations to three only in the past twenty years. To stimulate applications, a law of 2021 has simplified the procedure granting authorities to simply deliberate on participating in an experiment, as opposed to the previous required authorisation through a national decree. Also the conclusion has been modified. While previously experiments ended either by their abandonment or by their generalization throughout the national territory, now each participating entity may decide whether to preserve the piloting schemes and other entities may embrace the experimental measures, under the principle of equality.

In **Germany**, experimentation is being mainstreamed into decision-making at all levels of government, following a structured and networked approach. Most of the 16 Federal States have experimental clauses in their communal constitutional law and an Experimentation Act is expected to be adopted at the federal level. In *North Rhine-Westphalia*, every local authority can in principle submit an application. The State's Ministry of Local Government decides by decree or by ordinance on granting permission to execute the experimentation. The State of *North Rhine-Westphalia* has also created Digi-Sandbox.NRW, a platform to raise awareness about sandboxes (*Reallabore*) and serve as a single point of contact and information for applicants.

Norway had its first round of free municipal experiments in the 1980s, which led to the adoption of a national law on experimentation and conditioned exemptions when seeking new modes of public service delivery. The government has recently invited all municipalities and counties to propose ideas and apply to become part of a new round of experiments, in all policy areas. The applications are reviewed and must be approved by the ministries responsible for the related policy portfolio.

Source: Elaborated by the Author. See Annex A.2.8) for additional information.

II.2.3. The politics and practice of political mandates

The discussions during the Peer Review mission revealed a second unanimous message – the challenges posed by an excessive cumulation of political mandates. This might be an unintended consequence of the reform.

Cumulative political mandates refer to the practice of allowing elected decision-makers and officials to serve in multiple offices at the same time, either at various levels of government or in different branches of power (normally, excluding the judiciary), or both.

In Finland, there are *de facto* no formal restrictions to the right of candidates to be elected in several offices. Stakeholders expressed concerns about the liberality with which such a right has been interpreted in the recent past and the resulting possible mis-use of this right, or the potential drawbacks resulting from a disproportionate concentration of offices in the hands of few personalities.

In a state with relatively small population like Finland, cumulating mandates offers several advantages, including experience, continuity of policies, and building relationships and networks. On the other hand, stakeholders mentioned potential drawbacks as well – concentration of power and excessive personalisation of politics; diffused accountability and possible conflict of interest; entrenchment of incumbents; and lack of fresh perspectives. Practical issues were also highlighted, such as the lack of time to adequately serve the various constituencies, the latter point being aggravated by the very tight electoral calendar which force many politicians to be on an almost permanent electoral campaign.

Allowing cumulative mandates is not bad *per se*, and it is not unique to Finland. However, the practice is often regulated or at least informally yet explicitly managed in most member States – see Box 10.

Box 10. Managing cumulative mandates – Examples from peer member States

In **France**, while parliamentarians are authorized to sit as municipal, departmental or regional councillors, a dedicated Organic Law of 2014 prohibits deputies and senators from exercising local executive functions, i.e. serving for example as a mayor or president of a regional or departmental council.

In **Germany** the law stipulates the incompatibility or irreconcilability of office and mandate. This contrasts with Norway, where there are no formal rules against multiple mandates. However, such a practice is very rare. Also in the United Kingdom, multiple mandates are possible, but they are not common and rather unpopular. “Double jobbing”, as the practice is informally called there, taps into concerns about politicians receiving double salaries and having more opportunities for undue political influence.

In **Spain**, pursuant to the Organic Law 5/1985 of 19 June on the General Electoral System, nobody can simultaneously stand as candidate to the Congress of Deputies and the Senate. The same applies to the members of regional parliaments that cannot be deputies. On the contrary, majors and members of the municipal councils are authorized to sit as deputies, but they are granted a single remuneration. On another point, the organic law prohibits local elected officials from exercising local executive functions. In order to balance constitutional interests (right to political participation versus guarantee of objectivity), exceptions to this rule are allowed by the Central Electoral Board and the courts when these conditions are met: they cannot be members of the local staff, they have temporary jobs with specific tasks, and they are paid by other administrations.

Source: Elaborated by the Author. See Annex A.2.9) for additional information.



III. CONCLUSIONS AND RECOMMENDATIONS

III.1. Concluding remarks

The Peer Review was carried out by the Centre of Expertise for Good Governance of the Council of Europe (CEGG) in the context of the reform for establishing Wellbeing Services Counties at the regional tier of self-government in Finland. The reform, entered into force in January 2023, has significant implications for the local government competences as well as the financial and human resources available to municipalities.

The Peer Review Team (PRT) has engaged with several Finnish stakeholders, addressing a variety of matters related to competence allocation, differentiation of municipal tasks, procedural arrangements as well as policy design at various levels of government. The discussions have been constructive and forward-looking, and the main findings can be summarised as follows:

- This is a major reform resulting from a political compromise after long-lasting discussions and negotiations. It unsettles previous balances of powers and authorities but also creates the basis for a new vision for territorial governance in the state.
- The nature and scale of the changes brought about by the reform advise stakeholders to refrain from further embarking in structural revision of the governance. Time is needed to adjust and appraise how to cope with the new framework; and to re-think the role and performance of local government.
- With regard to the first issue – coping with the new reality, specific areas of reflection highlighted by stakeholders referred to (i) organizing vertical dialogue and coordination between municipalities and the newly established counties; (ii) ensuring that (especially smaller) municipalities are endowed with, or have access to, adequate levels of capacities and expertise to effectively deliver the tasks and public services entrusted to them; (iii) and to define monitoring and evaluation schemes (and start collecting related data) on the implementation and performance of the reform.
- Re-inventing self-government may take different approaches. The Peer Review focused on the opportunity to differentiate competences and tasks according to type of municipalities. The majority of the stakeholders did not perceive that as a priority at present and the discussions with the PRT underscored the need to proceed in case to future task differentiation only in conjunction with the introduction of compensating mechanisms, for instance in the form of fiscal equalisation arrangements, and in accordance with the principle of subsidiarity and democratic accountability.
- The discussions also insisted on the benefits from strong(er) horizontal cooperation, as a means to reap the potential for local development and the achievement of national strategic objectives such as the green transition. A promising way forward for municipalities were also the continuation of approaches to governance and regulatory experimentation. Stakeholders pointed to some challenges in the previous initiatives (often too narrow and inconclusive) and called for better structured and co-created, jointly implemented and evaluated projects.
- A further message conveyed by the stakeholders was their wide-spread concern about the challenges posed by an excessive cumulation of political mandates. This might be an unintended consequence of the reform.

III.2. Recommendations

Considering these findings and informed by domestic experiences and good practices in the peer member States along with the Council of Europe principles for good governance, the PRT invites the Finnish authorities and stakeholders to consider the following areas for action.

WITH REGARD TO ADJUSTING TO THE POST-REFORM CONTEXT

- **Recommendation 1**

Municipalities and their respective Wellbeing Services Counties should consider developing additional permanent and formal mechanisms for coordination and dialogue. This would strengthen effective decision-making and delivery of both policy objectives and public services. The establishment of such mechanisms, which would go beyond the minimum requirements currently set out in the law, could be elaborated under the aegis of the central government and in close collaboration with the Association of Finnish Local and Regional Authorities (AFLRA).

- **Recommendation 2**

Municipalities should commit to rationalising and digitalising the administrative resources available and to diversifying the forms of procuring expertise for the implementation of the tasks entrusted to them. To that end, consideration might be given to carrying out functional reviews of municipal administrations; pooling capacity-building, procurement and recruitment approaches; and engaging in contractual solutions also with private actors. Embarking on a process of digitalising local services can drive efficiency and improve democracy. Priority consideration, in this respect, should then be given to those services that have most need and / or can act as a test-bed for scaling-up e-platforms or database inter-operability. The Government should promote such development, possibly also through financial support, coordination and technical assistance as appropriate.

- **Recommendation 3**

The Government might consider promoting the creation of multi-stakeholder sectoral expert working groups tasked with the elaboration of commonly agreed harmonised standards and enforcement solutions to enhance and keep uniform the quality of the services provided at the local level. If and when endorsed by all parties affected, those standards should be implemented in full accordance with each party's constitutional and legal prerogatives. Possible options might be forms of performance-based management systems and data-driven transparency schemes for multi-stakeholder accountability. Emphasis could be placed on outcome-driven and proactive or preventive approaches to ensuring the achievement of the set quality standards, carried out by independent or multi-stakeholder entities.

- **Recommendation 4**

The Government, in collaboration with AFLRA and other relevant stakeholders, might consider setting up sectoral mechanisms and action plans to monitor the implementation of the reform(s) and appraise its effectiveness and sustainability over time. Such M&E schemes should apply to each policy area with targets and deadline being tailored to each institutional stakeholder. Key Performance Indicators and data collection and management regimes should be developed accordingly. A comprehensive review of the reform and its intended and unintended consequence could be scheduled and announced publicly.

• **Recommendation 5**

The Government should reflect before launching immediate initiatives aimed at formalising differentiation of competences or tasks between types of municipalities, nor between levels of government. Rather, the PRT suggests reviewing the actual allocation of authority and powers resulting from the implementation of the 2023 reform, as not all responsibilities and tasks appear to have been clearly defined in the revised legislation and not all governance arrangements been in place.

The PRT wishes also to highlight the importance of abiding by the principles of subsidiarity, equality and democratic accountability when defining possible future task differentiation models. In general, the PRT invites to consider more favourably vertical transfers of tasks from the local to the regional self-government level over horizontal transfers from small to larger municipalities). When considering possible transfers, due attention should be given to the specificities of the constitutional and legal frameworks governing Regional Councils, Wellbeing Services Counties and joint municipal authorities. Differentiation should, moreover, be accompanied by ancillary measures to mitigate the risk of further accentuating inequalities between the municipalities, for instance through fiscal compensation and equalisation measures.³⁴ In this respect, the Government might consider launching a preparatory phase for a wide-ranging revision of the current fiscal regime, possibly aimed at granting more autonomy to the regional self-government tier.

The Government might also find of interest the weighted criteria elaborated in a Policy Advice of the Council of Europe to the Government of Greece. Those criteria related to the categorisation of the Greek island municipalities, with a view to prioritise strategic goals; and develop tailored policies and governance arrangements protecting the Greek islands and fostering the opportunities that insularity offers for sustainable development and inclusive growth. The criteria included the geographical and spatial dimension; development considerations; as well as the demographic, economic and social dimension.³⁵

• **Recommendation 6**

Leveraging on Finland’s longstanding experience with inter-municipal cooperation, the Government should further incentivise the diffusion and intensification of the most appropriate forms of horizontal cooperation between municipalities, notably in those policy areas that are strategic and pivotal, such as the green transition. At this stage, in the opinion of the majority of the stakeholders, seeking forced municipal amalgamations should not be considered as a priority.

• **Recommendation 7**

The Government should further stimulate experimentation at the municipal level, notably by developing practices of project-based test-beds and ‘regulatory sandboxes’, with a view to identify and address regulatory bottlenecks that hamper the efficient development of policies and the delivery of the public services. The inclusion of experimentation clauses in legal provisions might be considered. Future experiments should be co-created, and carefully structured throughout their design, implementation and evaluation stages.³⁶

34 / In line with [European Charter of Local Self-Government \(CETS 122\)](#), Art.9 – Financial resources of local authorities, Recommendation CM/Rec(2011)11 of the Committee of Ministers to member states on the funding by higher-level authorities of new competences for local authorities and [Recommendation Rec\(2005\)1 of the Committee of Ministers to member states on the financial resources of local and regional authorities](#).

35 / See Council of Europe (2017), *Improvement of the distribution and exercise of competences by island municipalities in Greece. Policy Advice*, Chapter IV., at <https://rm.coe.int/policy-advice-improvement-of-the-distribution-and-exercise-of-competen/1680737619>.

36 / The PRT welcomes the information that municipal experimentation is already included in the new government’s program.

WITH REGARD TO THE RIGHT OF CUMULATING MULTIPLE POLITICAL MANDATES

• Recommendations 8

The PRT encourages the Government to pursue its commitment to thoroughly reviewing possible overlaps and disqualification issues in decision-making at different levels of government resulting to the current unconditional practice of cumulating political mandates.³⁷ The Government is invited to engage with all relevant political actors and consider, as a minimum, voluntary by-partisan political agreements and codes of conduct for elected officials. The CEGG stands available for collaborating with the Finnish Government on the elaboration of a dedicated Policy Advice on the management of cumulative political mandates.



37 / The PRT welcomes the information that a study on this issue is already included in the new government's program.

ANNEXES

A.1. Peer Review Team mission to Helsinki

INSTITUTIONS AND ORGANISATIONS MET BY THE PEER REVIEW TEAM

31 May, 8h45–10h00	Ministry of Finance All stakeholders online
31 May, 10h45–12h00	Ministry of Education and Culture Ministry of Social Affairs and Health
31 May, 13h15–14h30	Ministry of Environment Ministry of Justice Ministry of Finance
31 May, 15h00–16h15	University of Tampere University of Helsinki
1 June, 9h00–10h00	AFLRA
1 June, 10h30–11h45	Hämeenlinna Municipality Vantaa Municipality
1 June, 13hr00–14h25	Kurikka Municipality Ylivieska Municipality Raasepori Municipality Ilomantsi Municipality Joutsa Municipality AFLRA
1 June, 14h25–15h30	Pirkanmaa Regional Council Häme Regional Council Pirkanmaa Wellbeing Services County West Uusimaa Wellbeing Services County
2 June, 8h45–10h15	Ministry of Finance All stakeholders online

LIST OF QUESTIONS IN THE FOCUS OF THE PEER REVIEW

1. How can differences in municipalities/regions be reflected in a differentiation of their competences and operational mechanisms?

- Are there member States, where the competences of municipalities/regions are differentiated (municipalities/regions of different sizes, capacity or situations take care of different tasks or take care of them in a different way than in other parts of the state)
 - Are the tasks differentiated in legislation (municipalities of different capacity take care of different tasks)
 - How are the tasks organized in different parts of the state or in municipalities of different sizes?
 - Which tasks are concerned?
 - How do the tasks differ between municipalities? On which basis and criteria are they differentiated?
 - Are there same tasks, but different possibilities in how to carry out the tasks?
 - How are the tasks organized in different parts of the state or in municipalities of different sizes?
 - In addressing the different circumstances of municipalities, what can be achieved simply through developing the municipalities' operational mechanisms and which issues need to be revised through legislation?
 - What kind of different administrative models can be found in the same state?
- Cities and urban regions:
 - Are there tasks, which are so purely urban related that a separate organizing model in cities or urban areas is functional/needed? How are these tasks then organized in other parts of the state or are they needed everywhere at all?
- Rural regions:
 - Are there tasks, which are so purely rural specific that a separate organizing model in rural/ smaller areas/ municipalities is functional/needed? How are these tasks then organized in other parts of the state or are they needed everywhere at all?

2. Has this differentiation of competences been brought about through a single reform, where the “task/competences portfolio” of municipalities/regions of different kinds has been (re)examined at once, or has it been a longer, more evolutionary process, with small changes in competences during many years? Have there been experiments before a more permanent system?

3. What are the cooperation mechanisms of municipalities and the central government in a differentiated system with regard to different tasks? What are the central government' steering mechanisms with regard to different responsibilities at the local level?

4. What are the pros and cons of a system that differentiates competences and operational mechanisms at the local/regional level based on set criteria?

- Is there general contentment towards the system? Is it seen as a good model or is there discussion about changing it? Are there plans to revise or reform the system and municipal competences in the future?
- How is the system evaluated: effectiveness in service organization, people's rights to get services in different municipalities?
- How do the inhabitants see the system? What kind of impacts do the different responsibilities of different municipalities have on the dialogue between municipalities, the relationship between the municipalities and the central government, or the citizens' trust in public administration?

A.2. Compendium of examples and national practices by the peers³⁸

1. ENSURING COORDINATION BETWEEN LEVELS OF GOVERNMENT

Netherlands

Town Deals are a new form of cooperation in which medium-sized and small municipalities, the central government, knowledge institutions and private parties share knowledge and experience. Together they are committed to tackling issues about living, working and recreation.

This should provide innovative ideas for the housing market and the housing supply, maintaining local facilities, making it more sustainable and increasing the economic quality of a municipality or region. The knowledge and lessons learned are shared, so that other municipalities can also benefit from this.

Minister of the Interior Bruins Slot: 'Municipalities all have their own unique character, of which the inhabitants are right to be proud. At the same time, each region also has to deal with social challenges. Municipalities and the central government are combining forces to work on this. By combining knowledge and capacity, we arrive at new perspectives, original insights and creative solutions. In this way, it remains attractive to live, work and do business in these municipalities.'

[Start nieuwe vorm kennisuitwisseling tussen gemeenten en het Rijk | Nieuwsbericht | Rijksoverheid.nl](#)

Other examples:

[Regio Deals | Rijksoverheid.nl](#)

[City Deals – Agendastad](#)

Norway

In Norway there are consultations between central government and the Norwegian Association of Local and Regional Authorities (KS). The mechanism is a framework for dialogue between the central government and the municipalities, represented by KS.

A main goal of consultations is to reach a mutual and realistic understanding between central government and local government regarding the tasks it is possible to realize within the financial framework/budget and the financial situation. The consultations consist of fixed political meetings, bilateral agreements between KS and the government regarding specific issues, involvement from KS in cost estimates of reforms, and involvement in studies of how proposed legislation will affect the municipalities.

There are fixed meetings, three times a year. These consultations provide an arena to discuss the principles for the distribution of revenues in relation to the tasks carried out by the local governments, the budget, the financial situation of the local governments and efficiency measures. Other topics are also discussed, such as new reforms. The meetings are led by the minister of local government and modernisation, and ministers/state secretaries from the other ministries are also present, ready to discuss matters which they have responsibility for. The meetings are organized in order to correspond with the main milestones in the governments work with the national budget.

38 / The contributions are listed in alphabetic order by member State.

The consultations are not negotiations about the budget or other issues as is the case in Denmark. In Denmark the government and the Danish association negotiate over the municipal budget. In Norway the parties have a common understanding that it is the government and the parliament that is to decide on the national economic and political goals for the municipal sector.

Bilateral agreements between the state, represented by the relevant Ministry, and the municipalities, represented by KS, are important measures in the dialogue between the state and municipalities.

These agreements have been developed in order to achieve a dialogue based on cooperation and interaction, as an alternative to more formal ways of governing.

A starting point with bilateral agreements is that both the government and KS have corresponding interests in a given area, and thus define common goals which they seek to achieve within the framework of the bilateral agreement. The government as a whole has to approve of a specific bilateral agreement.

KS and Government (ministry) also agree on cooperation regarding cost of a specific reform/law/initiative.

The purpose of this arrangement is to improve the decision-making process for the Central government. The purpose is also to provide for broad local support by making it evident that the parties agree on the cost of the reforms.

The newest addition to the consultations is routines for participation from KS in studies of how legislation will affect the municipalities/local government. The routines are similar to the routines for assessments of costs of reforms

The aim for participation from KS in studies of how legislation will affect local government is to achieve better analysis of consequences of a given law proposal on local government. Also a goal to gain broad support for proposed legislation.

The type of involvement from KS – for example data gathering or quality control of drafts – should as far as possible be clear from the outset and does not prevent the government in making its own assessments of the consequences of a given law proposal.

Spain

The relationships between the State and the Local Entities are regulated by the principles of self-government and cooperation. No party can perform control functions beyond those of the Courts of Justice, except in special cases.

Therefore, the relationships between the State and the Local Entities are aimed at defining the framework and procedures to facilitate cooperation and coordination between different levels of government. Two cooperation bodies are particularly important in the shaping of these relationships:

- The National Commission of Local Administration, the permanent body for cooperation between the two levels of government in charge of reporting on those State provisions or regulations affecting the Local Entities and issues pertaining to Local Treasuries.
- The Sectoral Conference for Local Government, gathering representatives of the State, the Autonomous Communities, and the Local Entities in one forum for the discussion of local government policies.

The Economic Cooperation Programme between the State and the Local Entities should also be noted. It has the following objectives:

- contributing to the making of investments in works or services at the local level, as included in provincial or island cooperation plans.

- participating in community interventions under the Local Economic Cooperation Programme.
- contributing to the modernisation of local government through IT.
- encouraging citizen participation in the improvement of local services.

The contrasting structure and the high number of municipalities in Spain have led to the creation of Municipality Groupings or Associations, which represent municipalities in their relationships with the Autonomous Communities and the State (National Association of Municipalities and Provinces and regional associations). [Comisión Nacional de la Administración Local \(CNAL\) \(mpt.gob.es\)](https://www.comisionnacionaldeadministracionlocal.es/).

2. MAKING EXPERTISE AVAILABLE AT THE LOCAL LEVEL

France

Municipalities, and more particularly the smallest among them, have always experienced a lack of expertise. To overcome this problem, the State has long provided local authorities with useful advice services for the exercise of some of their competences (e.g. land use planning and permissions) through dedicated services within the decentralized organization.

This organization has gradually faded away, with the intermunicipal public establishments having a sufficient size to have the necessary expertise at their level. Nevertheless, many municipalities still belong to public agencies that are often set up at the departmental level. Aiming to assist local authorities in areas that vary according to the establishments (architecture, town planning, environment, water, electricity, etc.), these establishments provide municipalities with the expertise they lack through intermunicipal organization.

The so-called "federal" intermunicipal organization tends little by little to reduce the role of these structures.

Norway

There is a provision in the planning- and building legislation for the county authorities (regional directly elected body), to provide guidance to the municipalities in the planning. There is no regulation to define how this guidance is to be given, and different county authorities have different approaches to this throughout the state.

A committee that recently examined the municipal system in Norway recommends (among other things) that the central government take more into account that there are small municipalities with low capacity, when making policies and mechanisms towards the municipalities, considering their lower abilities to implement and provide services and tasks. The committee also stated that the central government and/or state agencies to a much more extent, also should provide data, knowledge, support mechanisms to small municipalities with low capacity. There are examples of this today, but there should be more.

Spain

A comprehensive Strategic Plan is being developed to enhance State Administration services at regional level. The aim is to develop a sustainable, innovative, and transparent Administration, with new management models adapted to the digital and green transitions and to the loss of staff in certain territories and services.

The service "Public Administration close to you", framed within this Plan, was launched in November 2022 to encourage the efficient and effective provision of e-services in underserved rural communities. The new service makes it easier for rural population to access e-services intended for citizen use and common digital resources (digital certificates and signatures). Digital, territorial, and generational divides are thus faced.

The service targets municipalities having 500-8,000 inhabitants (3,226 municipalities covering around 7,5 million people). 25.737 inhabitants have participated in 2,383 face-to-face sessions run by trained staff (500 employees of Government Delegations) to provide advice on online government services and access to e-services.

The National Association of Municipalities and Provinces, in close cooperation with multi-level actors, promotes actively the achievement of the Sustainable Development Goals. A network of local entities was created four years ago to foster the 2030 Agenda at local level. This includes, in addition to the exchange of local good practices, the development of the Handbook for the 2030 Agenda, which is the basic tool for Local Entities in Spain to work under the same criteria for the identification of the SDGs in local initiatives involving a variety of actors.

[La Administración cerca de ti \(mpt.gob.es\)](http://mpt.gob.es)

[Home - Red de Entidades Locales para la Agenda 2030 \(redagenda2030.es\)](http://redagenda2030.es)

3. FOSTERING DIGITALISATION FOR BETTER GOVERNMENT

Germany

In summer 2018, the federal state government of North Rhine-Westphalia initiated the "Digital Model Regions NRW" funding program. In five model regions around the lead local authorities of Aachen, Gelsenkirchen, Wuppertal, Soest and Paderborn, funding was provided for the development of transferable solutions in the area of e-government and innovative projects with the business community in the area of digital urban development (smart city) in order to accelerate digitization in the regions and local authorities. The funding volume reached an amount of more than 100 million euros, of which around 73 million euros was federal state funding.

Central to the program implementation was the transferability, standardization, interoperability, and innovation of the digital pilot projects developed and implemented together with partners from municipalities, industry, and science. In this way, it was to be ensured that the solutions developed would benefit all local authorities in North Rhine-Westphalia and beyond.

The state-funded project offices in the lead local authorities (project volume totalling around 5.3 million euros) were tasked with promoting awareness of the projects through consulting, communication and networking, which was explicitly not limited to the model regions. They were to contribute to the transferability of the project results and their subsequent use by as many local authorities as possible.

The transferability of the projects in the e-government funding area was aimed at strengthening the digital and service-oriented actions of local government. The specialist applications developed for the citizen portals are made available to the local authorities throughout the federal state.

The "Digital Urban Development" funding area focused on projects in which innovative and smart solutions were developed for a sustainable city or region. New technologies were tested and established in practice in close cooperation with citizens, associations, business, science and administrations. Key topics were education, e-commerce, energy and climate, health, mobility, security or tourism. Concrete concepts, building blocks or license-free solutions can be reused depending on the project and, if necessary, adapted to local conditions.

For more information see at <https://www.kdn.de/ccd/digitale-modellregionen>.

Spain

The digitalisation of services provided by Foreigners Offices of the Government Delegations is embedded in the Strategic Plan to enhance State Administration services at regional level. This measure makes full sense given the volume and complexity of their work, the direct relation with citizens and the involvement of other Departments.

On another point, there have been four calls for proposals since 2021 offering municipalities grants for actions around different strategic lines: digitalisation of public services, provision of digital infrastructures and reinforcement of interoperability. Other major projects have been added: digitisation of the municipal register and cybersecurity for smaller municipalities. The prioritisation of projects related to the interoperability of basic digital administration services mostly benefits smaller municipalities.

United Kingdom

→ *Digital Planning Programme in England*

DLUHC have been investigating how digital and data could improve planning services: saving time and money for both end-users and planning authorities, and better connecting the public to the issues and decisions made on their behalf. The team have been working to understand user needs and have prototyped a range of digital tools. While legislation underpinning this approach is now in Parliament as part of the Levelling Up and Regeneration Bill, the digital services are already being used by growing numbers of people as the Government iterate and scale up the offer.

There are three core elements: digital citizen engagement; modern planning software; and improved planning data that can be found and trusted. Together these make up the start of an end-to-end digital planning system. The legislation is a critical component to creating data standards that local authorities must comply with, that enable the digital software and processes to sit on top.

This is the only local service to have this level of digitalisation in England. Other services are far behind, including social care, and health (at the national level).

4. ENHANCING AND GUARANTEEING MUNICIPAL SERVICES QUALITY

Germany

→ *Supervision and instruction rights*

In the Federal Republic of Germany, local authorities, i. e. municipalities and counties, perform tasks of various categories, the fulfilment of which is supervised by the federal states in the federal system (state supervision). The system of local authority supervision, which is similar in all German federal states, is well established and proven. In this context, general supervision not only serves to monitor the lawful fulfilment of tasks, but also protects the municipalities in their constitutionally guaranteed sovereignty of self-government.

The supervisory authorities *in North Rhine-Westphalia* have different means at their disposal for carrying out and, if necessary, enforcing this supervision, depending on the type of task in question. A distinction can be made between tasks for which the local authorities are only subject to a legality check (voluntary self-government tasks: e.g. establishment of green spaces, cultural maintenance, and compulsory self-government tasks that the local authorities must fulfil e.g. street cleaning, wastewater disposal) and tasks in which a check on expediency is also possible (obligatory tasks to be fulfilled according to instructions). If control of expediency is to be possible, i.e. if there is to be a state right to issue instructions, this must be expressly regulated by law.

In the area of self-government tasks, the supervising state bodies (general supervision) are entitled to certain legally defined means of supervision for checking the legality of task performance, which can be applied depending on the severity of the violation: right of notification, right of complaint with the consequence of self-control, right to issue orders, substitute action. Of no practical significance is the possibility, in extremely exceptional cases, of sending a state representative to the local authority to temporarily take over certain tasks in place of a local authority body (i.e. the local council or the mayor), or the possibility of completely dissolving the directly elected local representation, with the consequence that a new election becomes necessary.

For example, if a local authority no longer regularly fulfilled its duty to dispose of waste, the competent general supervisory authority would first have a report submitted to it on the circumstances and reasons. If the unlawful situation persists, the supervisory authority could order that waste disposal be carried out at a specified rate within a specified period. If this order is not complied with, the supervisory authority might commission a waste disposal company to collect and dispose of the waste at the expense of the local authority.

In practice, preventive and advisory supervision is likely to play an even more important role in relation to the formal and repressive means of general supervision: Impending problem situations can be defused at such an early stage through early exchange of information and consultation that formal supervisory intervention is often no longer necessary. In such cases, a request for a written report from the responsible supervisory authority is sufficient to raise awareness on the part of the local authority and to find a (joint) solution without the need for supervisory orders.

The compulsory tasks to be performed in accordance with instructions include, in particular, security tasks, for example, police, regulatory or construction supervision tasks. It is possible within the framework of "special supervision" to influence the expediency of task performance by issuing instructions in addition to general supervision. They can set a framework (circulars) or, for a specific case or task holder, prescribe a particular procedure for expedient performance. See, for example, circulars issued by the relevant ministry on the subject of "police crime prevention" or "police victim protection", which must be observed by the relevant bodies when implementing the law. See from § 119 onward in "Gemeindeordnung NRW".

→ *Sectoral quality assurance measures*

On-site audits are prescribed in some specialized laws of the federal states as manifestations of the right to supervision or information. Counties and independent cities in *North Rhine-Westphalia*, for example, are responsible for advising and inspecting care and support services for elderly people and people with disabilities. The demands on such offers in the sense of regulatory standards are regulated by law (see above). These include minimum standards for staffing, requirements for specialist personnel, regulations on the quality of living in the offers and the participation and co-determination of the users. The counties and independent cities monitor compliance with the legal requirements by means of inspections, i.e. on-site inspections at regular intervals and also on an ad hoc basis. They prepare reports on the inspections, which are forwarded to the supervisory authorities.

See particulars of the legal basis https://recht.nrw.de/lmi/owa/br_text_anzeigen?v_id=1000000000000000678.

On-site inspections are also required by law for hospitals when they admit patients under a self-harm or stranger-harm placement, see https://recht.nrw.de/lmi/owa/br_text_anzeigen?v_id=1000000000000000086.

United Kingdom

England has a strong Local Government Accountability Framework. It is vast, and covers audit, interventions, governance, service standards, devolution frameworks, financial controls, and statutory officers. Ofsted (the Office for Standards in Education) and the Care Quality Commission (the inspector for social care).

There are a number of processes that help maintain this accountability framework. These range from inspection, for example of schools, to reporting, for example of finance. If a local body is found to have breached the accountability framework, or not met the standards expected by the public bodies that make up the framework, Government will intervene. Increasingly common interventions include in schools, in those cases where they are rated 'poor', in local government finance teams, where they are unable to balance their books, or in local government as a whole, where service delivery decreases overtime, undermining the idea of 'best value' of taxpayer's money. However, in reality the accountability framework is so vast that whilst it is expected to be followed, but the capacity to monitor has been limited. A new approach to tackle that is currently in design: Oflog (the Office for Local Government)

Oflog was announced in the Levelling Up White Paper in January 2022, and launched in July. It aims to improve the transparency of local government performance through the provision of targeted data and analysis to local government, central government and citizens. Through this transparency, the Government expects to have a better understanding of outcomes at the local level, and in turn improve local government performance. The hope is that this will help spot any early warning signs of potential failure early, limiting the need for serious intervention. The first step of this is building a local government data explorer based on a series of metrics across thematic areas of social care, children's services, public health, transport, leisure, housing and the environment.

5. MAKING ALL MUNICIPALITIES PERFORM BETTER THROUGH DIFFERENTIATION

France

The French administrative organization is traditionally opposed to the principle of differentiation. French administrative history is indeed that of a unitary State which gradually opened to decentralization, and whose articulation around the unitary concept of Nation led to an assimilation of equality of citizens to statutory uniformity.

This history has resulted in a tendency in French law to submit the LGU at each level to one and the same legal form, with very little difference.

However, exceptions had to appear very early to take into account the specificities of the overseas territories, which quickly became the subject of specific provisions both from the point of view of their organization and their competences, all of which planned and specified by the Constitution itself. Similarly, the largest cities (Paris, Lyon and Marseille) have been subject to specific rules essentially intended to differentiate the organization of the police or emergency services and to create internal units in these municipalities (the *arrondissements*) to facilitate the exercise of local democracy. Similarly, certain territories such as Corsica have been the subject of special provisions aimed at creating a community with a special status.

In addition, differentiation has increased in the last decade due to the rise of inter-municipality, the organization of which is differentiated according to the size of the agglomeration (*Communautés de communes*, *Communautés d'agglomération*, *Communautés urbaines* or *Métropoles*) and has given way to contractual transfers of skills between the different levels of local authorities.

Finally, differentiation has been developing for several years, to answer the claims of certain territories. After the creation of the *Collectivité européenne d'Alsace* (first département with differentiated powers in mainland France), 2022 was the year of the adoption of a law (n° 2022-217) facilitating the differentiation of powers if objective reasons justify derogation to the general rule, which followed an organic law (n° 2021-467) dedicated to the facilitation of experiments. These evolutions constitute real breaks for the French territorial model, which it is for the moment impossible to evaluate.

Germany

There are currently about 10,800 municipalities in the 16 states of the Federal Republic of Germany, most of which belong to one of the nearly 300 counties as the second level of local self-government (municipalities as part of a county). About 100 municipalities of outstanding size or importance do not belong to a county (independent cities or "city counties"). Exceptional are Berlin, Bremen and Hamburg, the three city states.

The respective federal states are responsible for allocating statutory or compulsory tasks to the municipalities and counties. In the differentiated system, the objective is to assign tasks "as locally as possible" in line with the principle of subsidiarity, while ensuring their quality in all parts of the federal state:

Independent cities carry out all compulsory tasks for their territory themselves in view of their increased administrative power. Municipalities as part of a county carry out these tasks to the extent of their capacity, see for the right to self-government [Art. 28 para. 2 German Constitutional Law \("Grundgesetz"\)](#). The remaining tasks are allocated to the counties. Subsequently, in *North Rhine-Westphalia*

- some tasks are assigned to all municipalities.
- Municipalities with more than 25,000 inhabitants take on additional tasks (e.g., building supervisory authority, youth welfare office on application, rescue stations according to demand plan) and
- additional tasks for where the population is 60,000 or more (e.g., emergency rescue stations, immigration office, citizenship office).
- Otherwise, the counties assume responsibility.
- The transfer is effected by decree of the federal state government or upon application from 20,000 or 50,000 inhabitants.

In most other federal states, the number of inhabitants also determines the capacity. In some federal states, proper fulfilment of tasks must be ensured additionally to size requirements. The delegation of tasks takes place, for example, upon application, by operation of law or by decision of the respective federal state government.

In *North Rhine-Westphalia*, the differentiation of competences was introduced after a far-reaching territorial reform aimed at creating municipalities capable of acting. Afterwards, it was indeed felt that the municipalities could perform further tasks for which the counties had previously been responsible. However, the differentiation does not affect the majority of tasks. The model has been criticized primarily for its concrete thresholds as an expression of performance and for its lack of flexibility. However, the municipalities and counties can also organize the task execution individually within the framework of inter-communal cooperation.

The principle of connexity - responsibility for expenditure follows the responsibility for the transfer of tasks - stipulates that in municipal financing, the costs associated with compulsory tasks for the local level must be taken into account separately. In *North Rhine-Westphalia*, for example, the federal state has to pay compensation in the event of a substantial burden.

→ *County apportionment to finance local tasks*

Because counties, unlike municipalities, do traditionally not have any constitutionally assigned tax sovereignty in Germany ([s. Art. 106 para. 6 German Constitutional Law \("Grundgesetz"\)](#)), counties are mainly financed by way of apportionment from the municipalities that fall under the county. The procedure provided for in *North Rhine-Westphalia* for setting county apportionments is - with the exception of minor differences - comparable with those of other federal states:

Pursuant to [§ 56 para. 1 Kreisordnung NRW](#), a levy is to be charged to the municipalities belonging to the county insofar as the other revenues of a county do not cover the expenses incurred. The county apportionment is thus subsidiary to other income: Only if and insofar as these are (foreseeably) insufficient may (and must) counties set an apportionment and collect it from the municipalities belonging to the county.

The county apportionment is determined anew for each financial year in consultation with the municipalities belonging to the county. The process of creating concurrence serves to include the interests of all affected municipalities in the political process of setting the apportionment at an early stage. At the same time, the municipalities belonging to the county are to be able to influence the local political assessments of the county council in this decision to a greater extent. This takes into consideration the requirement of [§ 9 sentence 2 Kreisordnung NRW](#), according to which the county must take into account the economic strengths of the municipalities belonging to the county.

Concurrence is carried out by means of statements from the municipalities to the county council and the opportunity to be heard. The county council decides on the objections of the municipalities in a public meeting. The county informs them of the result of the consultation and its justification. Finally, the determination of the apportionment rate is subject to approval by the competent supervisory authority.

The county apportionment has two objectives: to ensure the financing of all county functions and to reduce differences in the financial strength of the municipalities belonging to the county by allocating higher county apportionment expenditures to financially strong municipalities than to financially weaker municipalities.

Comprehensive criticism of the procedure is not known.

→ *Allocation of tasks between counties and municipalities*

Sectoral laws describe in detail the cooperation mechanisms between counties and local authorities in the fulfilment of mandatory tasks, and the respective responsibilities are specified in detail in order to avoid grey areas or gaps in responsibility. See, for example, on rescue services, the *North Rhine-Westphalia Rescue Act* at https://recht.nrw.de/lmi/owa/br_text_anzeigen?v_id=10000000000000000325.

→ *Transfer of tasks from and to counties*

For tasks that are differentiated according to the performance or size of municipalities (see above 1. Differentiation), the state legislature has allowed certain possibilities for breaking this allocation of tasks by municipalities. In this respect, two constellations are conceivable:

On the one hand, a municipality that in principle would itself be the task bearer, but does not consider itself in a position to fulfil the tasks, can agree with the county by means of a special contract under public law that the county will take over the tasks for this municipality. For example, a medium-sized municipality can transfer the task of setting up its own youth welfare office to the county in this way, which will also perform the task for other, smaller municipalities at a supra-local level.

On the other hand, several municipalities which individually have too few inhabitants to perform a particular task can join together and agree by means of a special public law contract that they will perform the tasks jointly and take them over from the county. This must be done in consultation with the respective county, which is thus freed from its previous responsibility. It would be conceivable, for example, for two municipalities, which are too sparsely populated to have their own building supervisory authority, to agree to perform the tasks jointly and to "take over" this task.

In practice, both instruments are rarely used. On the one hand, this is due to the fact that only a limited number are accessible to the above-mentioned arrangements. The transfer of tasks back to the county, which is considered by municipalities if they see themselves unable to (continue to) perform the task themselves, particularly for personnel reasons, is probably more frequent. This may also cause inconvenience for the local population, since they have to contact the county for administrative services, which may lead to longer distances and less familiarity with local conditions (although local familiarity with conditions is only essential in a few areas, i.e. it is more essential in the construction sector than in waste disposal). The second type of arrangement, in which several municipalities jointly take on a task, is extremely rare and therefore hardly tested in practice, so that hardly any empirical values are available.

Norway

In Norway there is no differentiation of responsibilities for tasks. All tasks are equally given by law to all municipalities in a system of symmetric decentralisation.

A government appointed expert committee has recently considered to introduce asymmetric decentralisation/differentiation to solve the challenges that small and rural municipalities have in providing services and solving all their tasks and responsibilities. The committee did not recommend introducing asymmetric decentralisation, mainly because it would be in breach with the principle of democratic accountability, especially if the task is given to a neighbouring municipality. Less so if it is given to a level where the citizens have the right to vote. Another argument against is that the system would be more complex both for the central government to organize and steer after, but also for the citizens, to know who has the responsibility for tasks, when it differs in different parts of the state or in different municipalities.

The report and recommendations from the committee are now subject of a public hearing, and thereafter the government will consider all the recommendations (which is a lot more than just about differentiation).

Spain

Spain has undergone a deep process of decentralisation since the adoption of 1978 Constitution that lays the foundation for a process of territorial distribution of powers. The Constitution gave rise to various entities built around three levels of governance: State, regional and local levels.

Accordingly, our decentralised unitary state is composed by:

- 17 self-governing regions (“Autonomous Communities”) plus 2 self-governing cities in Northern Africa
- 50 provinces (grouping of municipalities)
- 8.131 municipalities, of which 7.837 covering 20,000-50,000 inhabitants.

Moreover, Government Delegates manage State administration in the regions and coordinate it, where necessary, with regional administration. The same applies for Government Sub-delegates at provincial level.

The Constitution sets up a formal framework of self-governance and the distribution of competences amongst these entities. Regions enjoy the same degree of autonomy despite the absence of a unified procedure of creation. They have a large autonomy, including the decision on the organisation of municipalities and provinces within their regional territories. However, functions and finances of provinces and municipalities are subject to the national law.

Regarding the local level, there are other types of local entities:

- islands
- territories smaller than municipalities
- “mancomunidades”
- “comarcas”
- metropolitan areas
- other municipality groupings.

Besides the common organizational system, large population centres, that is, municipalities over 75,000 inhabitants or under economic, social, historical, or cultural circumstances like them, are regulated separately. Madrid and Barcelona, the Spanish cities with the largest populations, give rise to special laws.

Provinces coordinate local government with the regions and the State, ensure the provision of local services and guarantee compliance with principles of solidarity and balance among municipalities.

Municipalities have constitutionally recognized administrative autonomy that limits the regulatory powers of the State and the regions pursuant to the jurisprudence of the Constitutional Court. Municipal self-government is anchored with the Constitution and decision-making is based on the Local Government Act (Law 7/1985, of 2 April, regulating the basis of the local government).

Act 27/2013, of 27 December, on Rationalization and Sustainability of Local Administrations, deeply reformed the basic legislation on entities of territorial scope inferior to the municipality to adapt it to the principles of efficiency (“one administration, one competence”), budgetary stability and financial sustainability enshrined in the Spanish Constitution. The main elements of the reform are the following: reduction of municipal powers, reinforcement of budgetary discipline; coordination of minimum services by small local entities and reorganization of instrumental entities are reorganized (corporations, autonomous bodies, foundations).

Individual municipalities or municipality associations should provide a series of basic services depending on their population size:

- All municipalities: public lighting, cemeteries, waste collection, public cleaning, drinking water supply, sewer system, access to urban areas, road surfacing, and food and drink control.
- Municipalities with more than 5,000 inhabitants: public parks, public libraries, market, and waste management.
- Municipalities with more than 20,000 inhabitants: civil defence, social work, fire safety, and sports facilities for public use.
- Municipalities with more than 50,000 inhabitants: urban passenger transport and environment protection.

As for municipalities under 20,000 inhabitants, the Provincial Council coordinates the provision of the following services:

- Waste collection and treatment
- Drinking water supply and sewer system
- Public cleaning
- Access to urban areas
- Road surfacing
- Public lighting

6. ATTRIBUTION AND COMPETENCE ALLOCATION

France

The exercise of an attribution in a field does not necessarily imply that the latter is entirely devolved to a single level. In the field of education, for example, France has opted for a doubly differentiated organization.

First of all, the municipalities have jurisdiction over primary education, the departments have jurisdiction over the secondary schools, while the regions have jurisdiction over the high schools. The State, for its part, ensures the competence of university education.

Secondly, if the LGUs are competent in the field of education, it is only for the construction, maintenance and day-to-day management of establishments. The purely school aspects (definition of programs, recruitment of teachers, determination of the number of open classes, etc.) remain in the hands of the State, which thereby guarantees the uniformity and legality of the French school system throughout the territory.

Germany

As example, schools: Responsibility for the school system in the Federal Republic of Germany lies partly with the federal states and partly with the municipalities and counties (and, where appropriate, the regional councils) as the bodies responsible for the schools. The federal states appoint the teaching staff. In 15 of the 16 federal states, the written final examination at the German High School ("Gymnasium"), for example, is also set centrally by the federal state.

Moreover, in *North Rhine-Westphalia*, the federal state generally determines the content of instruction, decides on the approval of learning materials and plans instructional requirements, including class sizes. It exercises legal supervision and professional supervision over the schools.

Within this framework, for example, the municipalities as school governing bodies, plan school development in coordination with the surrounding municipalities and counties. The goal is to ensure a uniform, comprehensive range of schools "within reasonable distance" in all parts of the federal state. The School Act provides for various forms of (inter-municipal) cooperation, such as joint schools of several municipalities or partial locations of schools. In addition, the school authorities are responsible for equipping the schools, i.e. in particular for buildings, school facilities and teaching materials.

Questions arise, for example, in connection with digitalisation: Distance learning can only take place if appropriate devices are available in all schools, and for all students. See particulars of the distribution of tasks at https://recht.nrw.de/lmi/owa/br_text_anzeigen?v_id=10000000000000000524.

As example, hospital care: The federal state of *North Rhine-Westphalia* is responsible for ensuring sufficient hospital care. The municipalities are involved in this task in accordance with statutory regulations. In particular, they have to maintain a hospital if the supply is not otherwise guaranteed in their area. This applies to municipalities belonging to a county within the scope of their financial strength. See particulars of the regulations at https://recht.nrw.de/lmi/owa/br_text_anzeigen?v_id=10000000000000000483.

Spain

Municipalities' competences are laid down by the Local Government Act. Autonomous Communities' legislation on local government together with state or regional sectoral law may complement these competences.

Core competences conferred by the law (state or regional) upon the municipalities are listed below:

- Urban planning, housing, and heritage
- Urban environment: parks and gardens, waste and protection against pollution
- Drinking water supplies
- Road infrastructures
- Social services, protection against social exclusion
- Local police, civil protection, fire prevention and extinction
- Traffic management and collective urban transport
- Tourism
- Markets and fairs
- Protection of public health
- Cemeteries and funeral services
- Promotion of sport and sports facilities
- Promotion of culture and cultural facilities
- Education: participation in compliance monitoring related to compulsory schooling; cooperation in educational facilities' building; conservation, maintenance and surveillance of locally owned buildings intended for childhood education, primary education, or special education.

- Promotion of efficient and sustainable use of IT
- Promotion of gender equality and fight against domestic violence.

In addition, municipalities can be delegated further competences by the State and the Autonomous Communities, if they improve the efficiency of public management, they contribute to eliminating overlapping, and they comply with legislation on budgetary stability and financial sustainability.

Finally, local government can exercise “atypical competences” not assigned to another Administration pursuant to the principle of budgetary stability and financial sustainability. Reports from competent authorities must prove that both requirements are met.

7. PROMOTING HORIZONTAL COOPERATION

France

From the end of the 19th century, intercommunality was born in France in the form of public establishments dedicated to the exercise of one or more municipal powers freely determined by municipalities. Organization with variable geometry according to the needs of each commune, which were free to participate or not in the intercommunality process, this model was built with the purpose of respecting the free will of the communes and was financed by the way of subsidies paid by them.

In the 1990s, a new form of so-called “federal” intermunicipality was developed, organized around specific taxation power given to the intermunicipal structure and aimed at integrating municipal competences listed by law and varying according to the size of the agglomerations. Initially optional, this more integrated method of organization was made compulsory for all municipalities in France from 2010 (law n° 2010-1563). As a result, all municipalities now belong to an intermunicipal public establishment with legal personality and its own taxation power and replacing them for the satisfaction a series of compulsory competences provided for by law, and optional attributions. The scope of these establishments was extended in 2014 and their powers were strengthened in 2015, so that the municipalities have lost a lot of their competences to the benefit of these organizations, which intend to allow the organization of public policies that are more integrated into the intermunicipal scale (land use planning, transport, housing, etc.) and leaving it to the municipality only to take into account purely local functions.

This development still stays strongly criticized by elected municipal officials. In 2019 (n° 2019-461), a law was thus adopted in order to give a greater place to mayors in these structures, the operation of which has greatly increased the bureaucratization and the technicalization of the issues, to the detriment of local democracy: the elected representatives of the intermunicipal establishments still remain indirectly elected because they belong to the municipal councils of the member municipalities.

Germany

→ *Competence center for inter-communal cooperation*

The *North Rhine-Westphalia* federal state government has set itself the goal of promoting cooperation among municipalities and counties (local authorities) and has introduced several instruments or created targeted incentives to this end. Cities, municipalities and associations of municipalities have been able to apply for funding for particularly innovative and exemplary cooperation models since 2019 via the guideline for grants from the state of North Rhine-Westphalia to promote inter-communal cooperation. In the amended version, which has been valid since 2021, a standard funding rate of €175,000 is provided for two cooperating local authorities and €35,000 for each additional joining local authority.

Since 2021, a competence centre for inter-communal cooperation has been established in the Ministry of Regional Identity, Local Government, Building and Digitalization of the State of North Rhine-Westphalia. Thomas Hunsteger-Petermann, the head of the department, has been appointed State Commissioner for Intercommunal Cooperation by the North Rhine-Westphalian cabinet in 2022 and his role has thus been made permanent until 2027. The federal state representative is available to cities, municipalities and counties as a point of contact, advises them on cooperation issues, provides networking between local authorities willing to cooperate and identifies funding opportunities for cooperation projects. See <https://interkommunales.nrw/>.

→ *Competition for intercommunal cooperation as an incentive*

The Ministry launched the "State Award for Innovative Inter-communal Cooperation" in North Rhine-Westphalia in 2022. The aim of the initiative was to highlight particularly exemplary or novel projects in communal administrations and political forums. The competition met with a great response from North Rhine-Westphalian local authorities, with a total of 75 project submissions.

A total of five categories were available for submissions, covering the entire range of both the mandatory and voluntary tasks of a local authority: "Compulsory communal tasks and internal administration", "Information exchange and networking", "Economic promotion, tourism and culture", "Environment, planning and infrastructure" and "Intercommunal cooperation in crisis management". An independent jury of experts selected one winning project per category, which received prize money of €10,000 each at an official awards ceremony.

The federal state competition was actively supported by the central local government associations, the North Rhine-Westphalia Municipal Agency and the state's own development bank, NRW.BANK. For 2024, a new edition of the competition is planned, which will be expanded to include the category "cross-border cooperation". See <https://www.land.nrw/pressemitteilung/ministerin-scharrenbach-interkommunale-zusammenarbeit-preiswuerdig>

Norway

There are a lot of IMC's in Norway. There are several models for this in the legislation. There are in some specific legislation regarding certain services, there is a possibility to impose on the municipalities that they must cooperate, but this has never been used.

Spain

The Local Government Act provides for the coordination of the powers of the local authorities with each other and with those of the other public administrations where local activities or services are beyond the interest of the relevant authorities, largely affect or are concurrent or complementary to those of these public administrations. Coordination will ensure compliance with the legislation on budgetary stability and financial sustainability.

Given the small size of most Spanish municipalities, entities larger than them ("mancomunidades", metropolitan areas, and "comarcas", among others) play a key role in the functioning of the Government.

"Mancomunidades" are voluntarily established entities aimed at carrying out joint projects or providing common services. At present, there are more than 1,000, and new ones are added every year.

As established in their Statutes of Self-Government, Autonomous Communities can create "comarcas" or metropolitan areas. "Comarcas" can be established to fulfil a variety of goals at the local level or provide a variety of local services common to the municipalities involved. Metropolitan areas are local entities gathering municipalities with large built-up urban areas whose inhabitants have economic or social bonds that make joint planning or work/ service coordination necessary.

United Kingdom

In England, planning authorities create local plans. These are the spatial plans that set out the land use for the local area. The local plan takes several years to develop and covers all matters of land use. It is examined before it is formally adopted.

The duty to cooperate is a legal test that requires planning authorities (the lowest tier of government), county councils and public bodies to engage constructively to maximise the effectiveness of Local Plan preparation in the context of strategic, cross-boundary matters. It is not a duty to agree, but to cooperate. The local plan (the area's spatial plan) will be tested for appropriate cooperation. If cooperation is not complied with, the examination of the plan will not continue. The issues that the Duty covers includes a range of social, environmental and economic issues, such as housing, transport, infrastructure, flood risk management, climate change mitigation and adaptation. The duty, at its core, recognises that these sorts of issues are dealt better through geographies other than local authority boundaries, such as travel to work areas, river catchments or housing market areas.

There is currently a Bill passing through Parliament (the Levelling Up and Regeneration Bill) that seeks to end the duty to cooperate. This is part of wider changes to the plan making system, rather than due to an issue with the duty itself. However, local authorities have reported the lack of flexibility in the legal duty to cooperate can stymie plan adoption (in 2022 only 40 % of authorities had an adopted plan). The replacement is for a new flexible alignment test, that is set in statutory policy rather than law, that does not get in the way of plan adoption. The importance of cooperation and aligning across boundaries is still central.

8. PROMOTING EXPERIMENTATION

France

The right to experiment comes from the 2003 constitutional revision. It allows local authorities to derogate from laws and regulations under strict and highly regulated conditions. Only four experiments have been carried out since that date, three of which have been generalized (active solidarity income, social pricing of water and access to learning up to the age of 30). This low number of experiments can be explained, in addition to the absence of a strong tradition in this direction in France, by an excessively cumbersome procedure.

In order to encourage local authorities to take greater advantage of this approach, a 2021 law (n° 2021-467) simplifies the legal framework for experiments. Local authorities or their groups can now, by simple deliberation, decide to participate in an experiment; up to now, experiments had to be authorized by a national decree taken after consulting the Conseil d'État. In addition, the conditions for the entry into force of norms taken by local authorities within the framework of an experiment and the conditions for exercising their control of legality are lightened.

The exit procedure from the experiments has also been modified. Until now, the experiments were completed by their abandonment or by their generalization throughout the territory. The law now provides that the experimental measures can be maintained in the experimental communities or some of them. They can also be extended to others justifying a difference in situation, in order to respect the principle of equality. In addition, the standards governing the local jurisdiction that was the subject of the experiment can be modified at the end of the experiment.

Germany

→ *Experimentation clause*

Most of the 16 federal states of the Federal Republic of Germany have experimental clauses in their communal constitutional law which allow exceptions or deviations from existing provisions with the aim of testing alternatives to

existing law. The experimentation clauses are intended to further develop local self-government and thus ultimately strengthen the performance of local authorities without immediate legislative changes. The prerequisite for the exception is an application that describes the project in more detail. In some federal states, the right to apply is limited to pilot local authorities.

In *North Rhine-Westphalia*, every local authority can in principle submit an application, on which the Ministry of Local Government decides at its discretion by decree or by ordinance. In doing so, the fulfilment of the legal mandate must be ensured. Thus, the issue of the respective experiment is not the tasks as such, but ways to fulfil them. The sooner formal provisions are implicated, the sooner leeway can be granted. On the other hand, an exception to basic principles such as the democratic legitimacy of communal representation cannot be considered by invoking the experimentation clause.

For example, in North Rhine-Westphalia experimentation was at base of a change in the regulation on the design of integration bodies, p. e. their composition. 60 municipalities had applied for and implemented deviations from the regulations in force at the time in response to a resolution of the federal state parliament. The result, after intensive political discussions, was fundamental changes in the regulation, which mostly took into consideration the experience gained in the model municipalities. See below for the bill describing the processes <https://www.landtag.nrw.de/portal/WWW/dokumentenarchiv/Dokument/MMD14-8883.pdf> and at <https://www.landtag.nrw.de/home/dokumente/dokumentensuche/parlamentsdokumente/parlamentsdatenbank-suchergebnis.html?vnr=14DPA-Beratungsverlauf:1409644&view=berver&wp=14>.

These are also provided in various federal and state specialized laws in addition to the experimentation clauses under communal constitutional law, see, e.g., under <https://www.digi-sandbox.nrw/wissenswertes/experimentierklauseln>.

→ *Laboratories of reality* (“Reallabore”)

Reallabs are testbeds for innovation and regulation, providing insights not only into the success of the innovation and the legal framework needed, but also into what impact the business model will have on users, business and policy. Innovations emerge quickly, while the law evolves through regulated processes. Because legislation is fundamentally technology-neutral, it cannot cover unknown technologies with certainty at the time it is set. Testing in real operations is therefore either not possible at all or involves high legal risks. This has the effect of inhibiting innovation. The legal instrument of the experimentation clause allows deviations or special permits for testing new applications in real operation for a limited period of time and space.

North Rhine-Westphalia has launched Digi-Sandbox.NRW in order to draw attention to these possibilities, to establish a point of contact for questions relating to reallaboratory topics that provides support, in particular, in finding the relevant approval authority, and to be able to report legal hurdles. North Rhine-Westphalia thus has an information and networking platform for reallaboratories that provides an overview of existing and planned experimentation clauses in federal and federal state law and at the European level, as well as practical tips and informative articles for reallaboratory operators. Regular newsletters and specialist events round off the range of information. A digital map now presents 65 North Rhine-Westphalian reallaboratories at 79 locations, creating transparency and promoting knowledge transfer between reallaboratories, licensing authorities and legislators. North Rhine-Westphalia is thereby a forerunner in the federal republic.

The federal government now plans to use the announced Reallab Act (“Reallabore Gesetz”) to establish overarching standards for reallabs, create new experimentation clauses for reallabs in key innovation areas, anchor an experimentation clause check in legislation, and establish a nationwide one-stop store as a central point of contact for reallabs (this is to dovetail with the North Rhine-Westphalian Digi-Sandbox.NRW initiative). A large-scale stakeholder consultation will start in July 2023. The draft bill is expected in 2024.

For further information see <https://www.digi-sandbox.nrw/>, for information at federal level see e.g. <https://www.bmwk.de/Redaktion/DE/Dossier/reallabore-testraeume-fuer-innovation-und-regulierung.html>

<https://www.bmwk.de/Redaktion/DE/Publikationen/Digitale-Welt/recht-flexibel-arbeitshilfe-experimentierklauseln.html> and <https://www.bmwk.de/Redaktion/DE/Publikationen/Digitale-Welt/handbuch-fuer-reallabore.html>.

For model regions, see also Section A.2.3) above.

Norway

The Nordic countries have experience with using experiments as a way of evolving and developing new administrative policies. Norway had its first round of free commune experiments in the 80s. After that a law for experimentation was developed, which can be applied to give exemptions from regulations to try new ways of delivering services for example.

Now, the government has recently invited all municipalities and counties to apply to become part of a new round of experiments. The ideas for experiments will come from the municipalities and can be on every sector or area. To be a part of this scheme of local experiments with exemptions from regulations, the ministries must approve the application.

9. MANAGING CUMULATIVE MANDATES

France

Before 2014, more than 120 national elected officials took on functions or held a mandate that the 2014 law on non-accumulation, makes incompatible with the role of deputy. It was decided to face what has been considered as a problem. Indeed, this situation created a kind of sclerosis in local political life, often captured by a few powerful elected officials who could, depending on the levels concerned, mix interests.

Since February 14, 2014, a new organic law has prohibited deputies and senators from exercising local executive functions. In concrete terms, a senator or deputy cannot also be mayor (or even deputy mayor), president (or even vice-president) of a regional or departmental council and president (or even vice-president) of a public institution for inter-municipal cooperation. On the other hand, parliamentarians are authorized to sit as municipal, departmental or regional councillors.

In addition, no one can hold more than two local mandates, and it is impossible to combine two local executive functions at the same time. The functions of president of the regional council, president of the executive council of Corsica, president of the departmental council, mayor and deputy mayor are strictly incompatible with each other.

This legislation considerably transformed the French political landscape. It has reduced the influence of certain elected officials on all the mandates linked to their territory. However, it is criticized by some because it broke the link between national and local issues, which is particularly problematic regarding the Senate, which in France is supposed to be the representative of the territories at the national level. It is not impossible that it changes in the future.

This law nevertheless restored vitality to local life by allowing the expression of divergent views and avoiding conflicts of interest among elected officials.

Germany

→ *Irreconcilability of office and mandate*

The incompatibility or irreconcilability of office and mandate applies in Germany in order to avoid conflicts of interest and to maintain the separation of powers. Employees of an authority cannot be members of the

representation there, for example, employees of the state government cannot at the same time be members of the state parliament of North Rhine-Westphalia, see § 22 [Abgeordnetengesetz NRW](#), or employees of the municipalities or the county cannot be members of the respective local council or the county council, see § 13 [Local Authorities Election Act \(“Kommunalwahlgesetz”\) NRW](#). This also applies to judges. For the German Parliament (“Bundestag”) mandate, irreconcilability is valid for offices at all levels of public administration, see § 5 [German Parliamentary Act \(“Abgeordnetengesetz des Bundes”\)](#); for the office of full-time mayor with emoluments, see <https://www.bundestag.de/resource/blob/418374/798a06327a310f0c1dc721905b501534/WD-3-091-12-pdf-data.pdf>.

Norway

There are no formal rules against multiple mandates, however this is very rare. In the parliament today there is only one representative that also has a local mandate, that we are aware of.

There might be some representatives that have a mandate both in the municipality and the county council, but this is not common.

United Kingdom

Multiple mandates are possible in the UK, but they are not common. There are two ways to look at this in the UK context: 1) mandates between the devolved administrations; and 2) mandates between tiers of English government.

On the first, in 2014, dual mandates between Westminster and the Northern Ireland legislature or the Welsh legislature were banned in Law via the Northern Ireland Act and the Wales Act. In Scotland they are not banned, but it is generally frowned upon. In 2017 two Members of Scottish Parliament resigned their seats when they were elected to Westminster as Members of Parliament.

On the second, it is possible, and more (but still not very) common, to hold an office of local government and be a Member of Parliament. The most high profile example may have been when Boris Johnson was both the Mayor of London and the MP for Uxbridge and South Ruislip. There are other cases of MPs also being councillors. However, other high profile cases show elected Mayors stepping down from their Parliamentary responsibilities (for example, Sadiq Khan (Mayor of London) and Andy Burnham (Mayor of Manchester).

In general, in England, it is very unpopular with the electorate to have a double mandate. This is largely due to declining trust in our politicians, which reached its height during the MP expenses scandal of 2010. There is a strong sense by many, that politicians – particularly MPs – do not have the public’s best interests at heart, and are overpaid. “Double jobbing” as it is called in the UK, taps into both those concerns as politicians receive double salaries and have access to a higher level of political influence. The strong media in England will reinforce this view in high profile cases of ‘double jobbing’ which further cements the expectations and norms.

Norms cannot be changed overnight, so the application to Finland is limited. However, the legislation against dual mandates across the UK’s four nations may serve as an example of how law can be used effectively to prevent this.

Spain

In Spain, pursuant to the Organic Law 5/1985 of 19 June on the General Electoral System, nobody can simultaneously stand as candidate to the Congress of Deputies and the Senate. The same applies to the members of regional parliaments that cannot be deputies. On the contrary, majors and members of the municipal councils are authorized to sit as deputies, but they are granted a single remuneration. On another point, the organic law prohibits local elected officials from

exercising local executive functions. In order to balance constitutional interests (right to political participation versus guarantee of objectivity), exceptions to this rule are allowed by the Central Electoral Board and the courts when these conditions are met: they cannot be members of the local staff, they have temporary jobs with specific tasks, and they are paid by other administrations.

10. ADDITIONAL INPUTS FROM THE PEERS

Netherlands – Regional Water Authorities

Around 26 % of the Netherlands lies below sea level. As much as 55% of the state is vulnerable to flooding. Enormous efforts have to be made to keep this low-lying delta area a safe place to live in, and to ensure that there is sufficient clean water. Because of this, for centuries there have been organisations in the Netherlands exclusively dedicated to water management: the regional water authorities.

The first Dutch regional water authority was set up in the 13th century. Nowadays there are 21 regional water authorities in the Netherlands, jointly employing around 11,000 people. The regional water authorities' work centres on flood protection, water quality management and preventing droughts or water surpluses. For example, by managing and maintaining dikes, treating wastewater and regulating water levels. <https://dutchwaterauthorities.com/>

A.3. Brief biographical notes about the participating experts and peers³⁹

Lorenzo ALLIO runs an international consulting firm in Switzerland specializing in regulatory and administrative reforms. With over 20 years of experience, Lorenzo focuses on the organization and functioning of public decision-making, covering the EU, national, and local levels. His areas of expertise include Regulatory Impact Analysis (RIA), public consultation, ex post evaluation, risk regulation, administrative simplification, and private sector development. Lorenzo has collaborated with various partners, including the OECD, the World Bank Group, national governments, think tanks, academia, and the private sector. With the Council of Europe, he has coordinated peer review and policy advice exercises in Albania, Armenia, Greece, Moldova, Slovenia, and Slovakia. Furthermore, he holds a PhD in Public Policy and is an Adjunct Lecturer at the Université de Lausanne as well as Honorary Associate Research Fellow at the University of Exeter.

Arnaud DURANTHON serves as an associate professor at the University of Strasbourg in France. He specializes in local authority law and administrative law. His notable doctoral thesis, titled "Subsidiarity and Local Authorities," has received multiple awards. Furthermore, he has actively participated in various missions for the Council of Europe as an expert, supporting Lithuania and Ukraine. Notably, he contributed within the context of the recent Recommendation on democratic accountability of elected officials and elected bodies at the local and regional levels.

Constanze LERNHART, a fully qualified lawyer, is employed at the Ministry for Regional Identity, Local Government, Building, and Digitalization of the State of North Rhine-Westphalia, Germany. She holds the position of Head of the Unit, responsible for balancing communal and state interests in the regulations and policies enacted by legislators and governments at both the North Rhine-Westphalia (state) level and the German federal level. Prior to assuming this role, Constanze accumulated several years of experience in various positions within North Rhine-Westphalia ministries, as well as a district government.

In the German federal system, the 16 states (known as "Bundesländer") generally possess the authority to delegate tasks to the local level and have their own regulatory frameworks and practices concerning the matter. Consequently, Constanze will primarily share insights and experiences from North Rhine-Westphalia, the most populous state in Germany, boasting approximately 17.9 million inhabitants.

Silvia NEGRO ALOUSQUE is currently a Senior Advisor on International Affairs at the Ministry of Territorial Policy (Cabinet of the Secretary General for Territorial Coordination). In Spain, the Ministry of Territorial Policy applies a multi-level and multi-actor governance approach. Previously, Silvia Negro Alousque held several positions at the state level related to international issues, including Head of Unit at the Ministry of Justice (Directorate General for Justice Affairs in the EU and international organizations) and Head of International Affairs in the Ministry of Interior (Directorate General for Civil Protection and Emergencies).

Ina RUUD is Policy Director, Department of Local Government, the Norwegian Ministry of Local Government and Regional Development. The Department of Local Government carries responsibility for local government finances, coordination of government measures relating to the municipal and county authorities, division of competences, structural reforms, renewal in the local government sector, municipal and county legislation and boundaries, administration of elections, and consultations between central government and the local government sector. She has had extensive experience with the development and implementation of a reform of the territorial structure of local governments. From 2021 to 2023, Ruud was Chief Secretary of a government-appointed expert committee tasked with evaluating and proposing improvements to Norway's system of local government, focusing on the relationship between tasks, competencies, and jurisdictional size and capacity.

Ruud has previous work experience from Norway's Association of Local and Regional Authorities, working with the development of local democracy.

39 / In alphabetical order.

Siv SANDBERG an experienced analyst specializing in local and regional government, is affiliated with Åbo Akademi University in Finland. She possesses over 25 years of work experience in university teaching and research, along with extensive involvement in expert activities for public authorities. Additionally, she has recently participated as a Peer in a Peer Review exercise in Lithuania organised by the Centre of Expertise. Siv Sandberg actively participates in this Peer Review as an independent national expert for the Council of Europe.

Yolanthe SINNIGE resides in Amsterdam, The Netherlands. She has been employed as a programme manager at the Ministry of the Interior in The Hague for the past 3.5 years. Currently, she and her colleagues are dedicated to implementing the 'Action Agenda Strong Government' throughout this year. This program has been collaboratively devised by the local governments, including umbrella organizations representing municipalities, provinces, and regional water authorities. The primary objective is to fortify the local governments, enabling the entire government to effectively address intricate social challenges through unified efforts. Previously, Yolanthe worked at the umbrella organization of the provinces and, prior to that, at a province.

Michelle WARBIS is the Head of Local Government Finance Strategy and Reform in the UK Civil Service, working the government Department for Levelling Up, Housing and Communities. In this role she leads a cross-cutting team to think about holistic funding and finance reform in England, seeking to overcome the centralisation of funding, and create a more equitable and sustainable local government sector.

Prior to this she held a number of roles in same Department, including the Head of Planning Reform, a programme which sought to move England away from a discretionary system towards a plan-led system to increase housing supply, and improve environmental and design outcomes. She has also worked within English local government, including the Greater London Authority, and at innovation centre, Connected Places Catapult focusing on digital transformation in local government services.

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