

# Proposition to the Storting no. 96 S

(2016–2017)

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Changes in the local government structure

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*Recommendation by the Ministry of Local Government and Modernisation 5 April 2017,  
approved by the Cabinet of Ministers on the same day.  
(Solberg's Government)*

## 1 Introduction

Implementation of a local government reform was one of the first projects on which the governing parties and the cooperating parties agreed. The Sundvollen Declaration states:

The Government will implement a local government reform, which will ensure that the necessary decisions are made in the period, cf. the cooperation agreement. A more robust local government structure will ensure more expertise and greater professionalism in each municipality. This will be an advantage, for example, in difficult child welfare cases, for resource-intensive services and for better management and development of the care and education services. The Government will invite the parties in the Storting to discussions on the process. The Government will review the responsibilities of the county authorities, the county governors and the state with the aim of transferring more power and authority to more robust municipalities.

In this bill, the Ministry of Local Government and Modernisation presents the work and processes of the local government reform, and proposes mergers and division of municipalities. The proposals are in line with the agreement on local government reform, which was presented

on 22 February 2017 between the governing and the cooperating parties in the Storting. The draft bill on new responsibilities for the municipalities is presented at the same time. The Storting has also requested the Government to submit a proposal for a new structure of the regional level with approximately ten new regions. The proposal is presented at the same time in a separate bill.

## **1.1 A clear need for reform**

Since the last local government reform in the 1960s, the number of municipalities has remained relatively stable. At the same time, the demographic structure has changed in that more people have moved to urban and more densely populated areas. Therefore, we have seen a trend where the small municipalities have become smaller, while the larger municipalities have grown. At the same time, the municipalities' responsibilities and tasks have increased significantly. Expectations and the requirements for the scope and content of municipal services are much higher today than 50 years ago, both among the population and from the central authorities.

The trend we see ahead reinforces the need for stronger municipalities. There will be an increase in the number of elderly per working citizen. There will probably be less financial leeway at national and local level. This will place greater demands on the municipalities' ability to adjust, be innovative, and to achieve the best possible results from the resources within the sector.

Chapter 3 of the bill presents a report on the situation in the current local government structure prior to the mergers in the reform coming into effect. On behalf of the Ministry, the Centre for Economic Research (CER), Telemark Research Institute (TRI), NIVI Analyse AS, the Norwegian School of Management BI and Samfunnsøkonomisk analyse have collected data for a set of indicators for each of the four objectives of the reform; good, equal services to the citizens, sustainable and financially sound municipalities, comprehensive and coordinated community development and strengthened local democracy. The indicators may be used to evaluate the effects of the reform. The indicators show that in some cases today there is great disparity between the municipalities both regarding how many resources the municipalities use on each service and the results they achieve. The project also shows that there has been strong growth in inter-municipal cooperation. In addition, a separate Chief Administrative Officer Survey shows there is great variation in whether the municipalities themselves believe they have sufficient capacity and expertise to provide good services to their citizens.

A comprehensive review of the framework of the reform is presented in Chapter 4. Since the municipalities were invited to participate in the reform in August 2014 there have been good, thorough processes throughout the country. The county governors have facilitated the processes and have submitted professionally founded recommendations that will stand over time.

In addition to the desire to have mutually positive decisions to merge, the Storting has emphasised that in some cases it may be appropriate to implement mergers where not all the municipalities in the merger have made positive decisions.

## 1.2 Proposed mergers and divisions

The Government has prepared so that the Storting makes all the decisions on mergers and divisions at this time in the reform, also in those cases where the authority under the Local Government Boundaries Act is exercised by the King-in-Council. This will give the Storting a comprehensive overview and the opportunity to make coherent assessments in the reform. The exception has been the municipalities that adopted a mutual merger decision at an early stage and wanted to merge from 1 January 2017 and 1 January 2018. It has already been decided by Royal Decree to merge these eleven municipalities into five new municipalities:

- It has been approved by Royal Decree of 24 April 2015 that Stokke, Andebu and Sandefjord in Vestfold will merge from 1 January 2017.
- It has been approved by Royal Decree of 5 February 2016 that Lardal and Larvik in Vestfold will merge from 1 January 2018.
- It has been approved by Royal Decree of 18 March 2016 that Tjøme and Nøtterøy in Vestfold will merge from 1 January 2018.
- It has been approved by Royal Decree of 18 March 2016 that Hof and Holmestrand in Vestfold will merge from 1 January 2018.
- It has been approved by Royal Decree of 17 June 2016 that Rissa in Sør-Trøndelag and Leksvik in Nord-Trøndelag will merge from 1 January 2018.

The local processes, the county governors' recommendations and the Ministry's assessments have been presented in Chapter 5. 153 municipalities have made positive decisions to merge. Of these, 94 municipalities have mutually positive decisions, i.e., the municipalities themselves have agreed to merge. The Ministry also presents proposals for mergers that are not in line with all the municipalities' decisions.

The Ministry proposes that when reading this bill, the Storting resolves to merge the following 108 municipalities into 42 new municipalities, which will come into effect no later than 1 January 2020:

- Moss and Rygge
- Askim, Hobøl, Spydeberg and Eidsberg
- Aurskog-Høland and Rømskog
- Oppegård and Ski
- Skedsmo, Fet and Sørum
- Asker, Hurum and Røyken
- Drammen, Nedre Eiker and Svelvik
- Nye Holmestrand and Sande
- Tønsberg and Re
- Bø and Sauherad
- Lyngdal and Audnedal
- Mandal, Marnardal and Lindesnes
- Kristiansand, Søgne and Songdalen
- Stavanger, Rennesøy and Finnøy
- Forsand and Sandnes
- Fjell, Sund and Øygarden
- Radøy, Lindås and Meland
- Os and Fusa

- Ullensvang, Odda and Jondal
- Voss and Granvin
- Førde, Naustdal, Gaular and Jølster
- Selje and Eid
- Sogndal, Balestrand and Leikanger
- Volda and Hornindal
- Fræna and Eide
- Molde, Midsund and Nesset
- Ålesund, Sandøy, Skodje, Haram and Ørskog
- Stordal and Norddal
- Trondheim and Klæbu
- Hemne, part of Snillfjord (Vennastranda) and Halså
- Hitra and part of Snillfjord (Sundan/Hemnskjela)
- Orkdal, Agdenes, Meldal and part of Snillfjord (Krokstadøra)
- Bjugn and Ørland
- Roan and Åfjord
- Verran and Steinkjer
- Namdalseid, Namsos and Fosnes
- Vikna, Nærøy, Leka and Bindal
- Narvik, Ballangen and the north side of Tysfjord
- Hamarøy and the south side of Tysfjord
- Skånland and Tjeldsund
- Tranøy, Lenvik, Berg and Torsken
- Kvalsund and Hammerfest

If desired by the municipalities, some mergers may be implemented from 1 January 2019. This only applies to mergers based on mutual decisions, and which do not cross the current county boundaries. The Ministry is so far not aware that any of the relevant merger municipalities want this, but the King may decide that these mergers may be implemented at an earlier date.

The proposals mean that in total, the reform will result in decisions to merge 118 municipalities into 46 new municipalities. This will give 356 municipalities in Norway as of 1 January 2020.

When the laws governing local government came into force in 1837, there were 392 municipalities in Norway. Up to 1930, the number of municipalities in Norway increased to 747. The Scheie Committee was appointed in 1946. Follow-up of the committee's work resulted in a reduction in the number of municipalities from 744 in 1857 to 454 in 1967. Since 1967, there have been minor changes in the total number of municipalities. In 2013, there were 428 municipalities. The proposal to reduce the number of municipalities to 356 by 2020 will give the lowest number of municipalities since the laws on government local government were introduced in 1837, cf. figure 1.1.

**[ :figur:fig1-1.jpg ]**

Figur 1.1 No. of municipalities in Norway 1837 - 2020

The following proposed mergers cross today's county boundaries:

- Rømskog in Østfold, Hurum and Røyken in Buskerud and Svelvik in Vestfold are proposed to become part of new municipalities in a new county consisting of Østfold, Akershus and Buskerud.
- Hornindal in Sogn & Fjordane is proposed to become part of a new municipality in Møre & Romsdal.
- Halså in Møre & Romsdal and Bindal in Nordland are proposed to become part of new municipalities in Trøndelag.
- Tjeldsund in Nordland is proposed to become part of a new municipality in Troms.

The Ministry proposes adjustments in the county boundaries in these cases, so that the new municipality belongs to one county. These decisions must also be seen in context with the proposed merger of counties in the Proposition to the Storting no. 84 S (2016–2017).

Following the Storting's reading of this bill, the county governors, in consultation with the Ministry when required, cf. section 25 of the Local Government Boundaries Act, will convene joint council meetings for all the municipalities to be merged. When the municipalities have made the necessary decisions on the name of the new municipality, the number of district councillors, etc., the Ministry will begin the work of preparing Royal Decrees for each merger to formalise the details of the mergers.

### **1.3 Further work to strengthen the municipalities**

The local government reform has resulted in many new municipalities that will have a better foundation for providing good services to the local community, creating development in the local community and facilitating a strengthened local democracy.

After the reform, some challenges will remain as a result of the local government structure. In the view of the Ministry, there will still be many small and vulnerable municipalities that have difficulty providing good services after 2020. Many municipalities will face challenges related to community development and many will have inexpedient boundaries. The county governors' descriptions of the continued need for change in the local government structure are presented in Chapter 6.

In Chapter 7, the Ministry reviews various strategies to compensate for the challenges the local government structure still poses. Possible strategies such as inter-municipal cooperation, strong government management, comprehensive task differentiation, and transferring tasks from the municipality, will not ensure to an adequate extent that the tasks are solved in a good and efficient manner. If the Storting still wants all the municipalities to have the same tasks, be able to take on more tasks, and have genuine democratic control over these tasks, the Ministry believes that more municipalities should be merged.

How to facilitate further mergers will depend on how quickly the changes must take place, among other things. During the local government reform many surveys and analyses have been conducted on the status and future challenges, both in the municipalities and by the county governors. Many municipalities have also negotiated agreements in principle. Approximately 45 municipalities that have decided that they are positive to, or want to merge with one or more

neighbouring municipalities, are now continuing as separate municipalities because the surrounding municipalities did not want to merge. In Chapter 7, the Ministry also discusses different ways of working on municipal mergers in the future.

## 2 The local government reform - needs and objectives

A broad majority of the Storting believes there is a need for changes in the local government structure, cf. recommendation to the Storting, Innst. no. 300 S (2013–2014). Today, many municipalities are too small to deal with the large volume of complex tasks for which the local government sector has become responsible over time. Stricter requirements and expectations related to the quality of the services and the need for more comprehensive and coordinated community development have made it necessary to have larger municipalities. In many places, inexpedient boundaries divide adjoining housing and labour market regions.

Since the last local government reform in the 1960s, the municipalities have been assigned significant responsibility for providing welfare services to the municipalities' citizens. This applies to most welfare areas, such as kindergartens, schools and in the area of health and care. The Knowledge Promotion Reform sets requirements for the role of school owner, and focuses on quality assessment systems. Child welfare services have been significantly expanded in recent years.

Table 2.1 illustrates the growth in tasks within municipal health and care services. According to the Municipal Health and Care Services Act, the municipalities must now provide health-promoting and preventive services, pre and post-natal care, an emergency clinic, a regular general practitioner scheme, habilitation and rehabilitation services, home health care, institutional care, personal assistance and relief services. The Primary Health Service Report (Meld. St. 26 (2014–2015)) points out the complexity and the range of tasks the municipalities must address. The development places greater demands on capacity and expertise. The services must cooperate better, and there is a need for new organisational solutions that reflect today's challenges in a better manner. The Government has announced the introduction of a requirement of psychological expertise in the municipalities health and care services, from 2020 at the earliest. Today, most of the larger municipalities provide a psychologist service, while some small municipalities do not have this.

Tabell 2.1 Municipal health and care services 1964 and 2017: tasks

1964	2017
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<p>Tasks under the Health Act Homes for the elderly (with voluntary org.)</p>	<p>Tasks under the Act on Municipal Health and Care Services, etc.</p> <ul style="list-style-type: none"> <li>Health-promoting and preventive services</li> <li>Pre and post-natal care</li> <li>Health centre</li> <li>Emergency clinic</li> <li>Regular general practitioner scheme</li> <li>Habilitation and rehabilitation services</li> <li>Home health services</li> <li>Institutional care</li> <li>Personal assistance and relief measures</li> <li>Medication-assisted rehabilitation (LAR)</li> <li>Mental health and substance abuse</li> <li>Emergency planning responsibility</li> <li>Patient and user rights</li> <li>The Integrated Health Care Reform</li> <li>Enhanced public health responsibility</li> </ul>
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National Budget 2017 (Meld. St. 1 (2016–2017)) shows that the growth in the Norwegian economy will most likely be lower in future than it has been in the last two decades. This is due to a smaller working population as the result of an ageing population, and lower growth in productivity in the mainland economy. According to the perspective report (Meld. St. 29 (2016–2017)) there will be less leeway in the fiscal policy in the next 10-15 years than in past years. Petroleum production has passed its peak and the oil prices seem to be remaining lower than high level of the last decade. Norway’s investments abroad will provide lower return in future. The Government Pension Fund Global will therefore not continue to grow at the same rate. The period with annual phasing in of petroleum and fund revenues over the national budget is all but over.

Public spending and the scope of public service production has increased significantly over many decades, made possible by the phasing in of oil revenues and a favourable demographic development, among other things. In future, more underlying driving forces will result in further pressure on public finances. Increased life expectancy means more senior citizens, and senior citizens use the health care and nursing and care services to a greater extent. While people aged 80 or older today make up almost 4 per cent of the population, this percentage is expected to rise to 9.5 per cent in 2060. How strong the impact of this will be, will depend on the impact increased life expectancy has in several healthy years, among other things.

The increased demand for services as a result of the growing number of elderly will pose a challenge to all municipalities, but the challenge will be greatest in the smallest municipalities,

see figure 2.1. An ageing population has consequences for all areas of society, and the municipalities face greater tasks in planning for and developing their local community so that an increasing number of senior citizens can live active and independent lives. The municipalities must use new technological possibilities, among other things. From today and 10 - 15 years ahead, the percentage of citizens over 60 will increase significantly, and in 2030, 20 - 35 per cent of the citizens of more than 230 municipalities will be over 67.

**[:figur:fig2-2.jpg]**

**Figur 2.2 The percentage of people who are 80 and older in municipalities according to size. 1986, 2016 and 2040**

The percentage of senior citizens in municipalities according to size of the municipality in 2016. Average for the municipalities in the various groups.

The Ministry of Finance and Statistics Norway

For many decades, Norwegian municipalities have played a key role in developing and strengthening services and local communities that are important to the citizens. If this development is to continue, there must be larger and stronger municipalities with expedient boundaries and good specialist environments, which are able to solve today's and tomorrow's challenges.

The Government has great ambitions for the municipalities' role in welfare development. In future, the municipalities must be able to take on more tasks and deal with new welfare reforms. Strong, independent municipalities with a strong local democracy will continue to provide municipalities that are in the best interests of the citizens.

## **2.2 The objectives of the reform**

The proposed objectives and framework of the reform were presented in the Municipalities Proposition 2015 (Prop. no. 95 S (2013- 2014)). The Storting adopted the following objectives for the reform:

- Good, equal services for the citizens
- Comprehensive and coordinated community development
- Sustainable and financially robust municipalities
- Strengthened local democracy

### **Good, equal services for the citizens**

Larger municipalities with better capacity and expertise will facilitate good, equal services nationwide. Larger specialist environments will provide a more stable working environment, broad expertise and a broader portfolio of measures, especially in small and specialised services. Larger specialist environments will also facilitate better quality development in the main services.

The municipalities currently have a responsibility for comprehensive and sometimes specialised services and complex administrative tasks. Significant expertise and capacity is required in



order to be able to plan and develop major tasks such as schools, kindergartens and health and care services, in addition to addressing specialised tasks such as mental health services and child welfare, as well as public security.

It is an important principle that the decisions are made as close to those concerned as possible. The municipalities should therefore also have the prerequisites to be able to take on more tasks than they have today. The aim of decentralising more tasks is to provide the municipalities with the opportunity to develop more comprehensive and coherent services for their citizens, which in particular will improve the everyday life of those with the greatest needs.

The reform will provide opportunities for more professional administration and management, and may provide better prerequisites for innovation in the municipalities, both in renewal of services and in ways of working.

### **Comprehensive and coordinated community development**

A changed local government structure will provide larger and more functionally defined municipalities that are able to ensure sustainable community development, locally and regionally, and a local government sector that will be able to solve national challenges.

The reform will strengthen the prerequisites for comprehensive community development in all parts of the country, both in terms of land use, public security and emergency planning, transport, industry, environment and climate, and the health and community development in the municipality.

In general, the municipalities should have a boundary and size that allows functional planning areas and democratic governance of the community development. It is therefore desirable that the municipal boundaries are adjusted to a greater extent to natural housing and labour market regions.

In its overall planning, the municipal council must set objectives for the physical, environmental, financial, health, social and cultural development of the municipality. Larger municipalities will provide better prerequisites for achieving the community planning objectives.

### **Sustainable and financially sound municipalities**

Financially sound municipalities that have good control of their finances and financial management expertise are an important prerequisite for the municipalities being able to offer citizens good welfare services to their citizens. Larger municipalities will have a larger budget and may also have a more diverse composition of population and businesses. This means that the municipalities are better equipped to deal with changes in the composition of the population in addition to unforeseen events. Sustainable and financially sound municipalities will also be able to facilitate more efficient use of resources within the financial framework, as well as having greater ability to take on and solve voluntary tasks. A more efficient administration and management will be able to free resources to strengthen the municipalities' core tasks.

## Strengthened local democracy

The local government reform will strengthen local democracy. A changed local government structure, with larger municipalities, will form the basis for being able to transfer more tasks from the county authorities, the county governor, and the rest of the country, thus strengthening the municipalities as important local democratic bodies for their citizens. Larger municipalities may also reduce the scope of inter-municipal cooperation and solve more tasks themselves. This will increase the power and authority of the municipalities and thus increase local self-government and ensure better distribution of power. In several service and political areas, there may be greater proximity between the citizens and the decision-makers. This will help create greater interest in local politics and revitalise the local democracy.

Larger municipalities, with a broad area of responsibility, will provide the basis for greater management capacity and efficacy. Not least, it will result in municipalities that will be able to solve their tasks on their own, and that are more able to make comprehensive priorities. A municipal administration with the expertise and capacity to develop a sound decision-making basis for the elected representatives will improve the political governance and increase the opportunities for utilising the local political leeway. This will also make local politics more attractive and meaningful to the politicians. The need for inter-municipal solutions will be reduced and the administration is made less complex both for citizens and politicians.

Fewer and larger municipalities, with consistently good capacity and expertise, will be able to implement welfare policy in accordance with the national objectives. There will be less need for government micro-management. In this way, the municipalities will have greater freedom to prioritise and adapt the welfare services to the citizens' needs.

## 2.3 Criteria for good local government structure

An important basis for the reform work has been the Expert Committee's criteria for a good local government structure. On 3 January 2014, the Ministry of Local Government and Modernisation appointed an Expert Committee, which on a free professional basis, was to propose criteria of importance for task solving in the municipalities. In total, the criteria were to address the municipalities' four roles as service providers, government officials, community developers and democratic area, and were to be able to be used at local, regional and central level as a basis for assessing municipal mergers and a new local government structure.

In the view of the Ministry, the Expert Committee's report provided a sound professional basis for the work on the local government reform. The municipalities have discussed the criteria locally, partly because the criteria were used in the reform tools [www.nykommune.no](http://www.nykommune.no) and the guide "*Veien mot en ny kommune*" (*The road to a new municipality*), which provided advice and tips on the process leading up the merger decision by the municipal council. The criteria have also been an important assessment basis for the county governors in their recommendations.

## About the criteria

The Expert Committee used important social considerations as a basis for assessing the criteria the municipalities and State should meet to address local, regional and national interests. Important social considerations are that the municipal services must maintain a good standard, and that there is efficient use of resources in the sector. The quality of the services must be the same throughout the country. The rule of law is a key consideration in the municipalities' exercise of authority. Furthermore, protecting area and transport interests must be comprehensive and adapted to climate and environmental considerations, and must facilitate a positive development both in the local community and society at large. The fact that the municipalities are responsible for important tasks and that the State facilitates framework management are the key to a good local democracy and to the municipalities being able to address their tasks in the most efficient way possible. The municipalities must have opportunities to prioritise use of resources locally, develop the local community, have a strong local democracy and be an active arena for local issues.

Based on these social considerations, the Committee emphasised a set of criteria related to each of the four roles that the municipalities are expected to fill: the role of service provider, executive authority, community developer and democratic arena. Table 2.2 shows the connection between the social considerations highlighted by the committee and the criteria chosen related to the different roles of the municipalities.

Tabell 2.2 Social considerations and proposed criteria

Social considerations	Criteria
<b>PROVISION OF SERVICES</b>	
The quality of the services	Sufficient capacity
Efficient use of social resources	Relevant expertise
Equivalence	Efficient service production
	Financial soundness
	Freedom of choice
	State management
<b>EXERCISE OF AUTHORITY</b>	
Rule of law	Sufficient capacity
	Relevant expertise
	Sufficient distance
<b>COMMUNITY DEVELOPMENT</b>	

Comprehensive protection of area and transport interests adapted to climate and environmental considerations Facilitate a positive development in the local community and society at large	Functional community development areas Sufficient capacity Relevant expertise
DEMOCRATIC ARENA	
Significant tasks and management Local political management Strong local democracy Active local political arena	High level of political participation Local political management Local identity Broad task portfolio State management

The committee recommended ten criteria aimed at the municipalities, and two criteria aimed at the State, cf. box 2.1. The criteria indicate what is needed for a municipality to be able to successfully manage its four roles and task solving related to these. The criteria address social considerations that extend beyond each municipal boundary and were recommended as a basis for assessing the municipalities' task solving today and to assess a future local government structure.

## **Boks 2.1 Criteria for good local government structure**

### **More about the criteria aimed at the municipalities**

#### 1. *Sufficient capacity*

The municipalities must have sufficient capacity both professionally and administratively to be able to solve the tasks in a good and efficient manner. Sufficient capacity is closely linked to access to relevant expertise. Having one position with good professional expertise will not form the basis for a good specialist environment. This also requires the capacity to deal with a certain number of cases, have good control and overview and to develop the specialised fields.

#### 2. *Relevant expertise*

In addition to sufficient capacity, relevant expertise is also important for ensuring strong specialist environments and a good administration. This also means that there must be a broad range of expertise. Insufficient capacity and expertise have also been highlighted as challenges for the municipality to fulfil its roles as community and authority developer. Within the municipality's role as a democratic area, a municipal administration with the expertise and capacity to develop a good decision-making basis for the elected representatives may improve the political governance and make the most of the local political leeway. For the sake of local democratic governance, it is essential that the municipality itself can ensure sufficient capacity and expertise and does not rely on cooperation or help from others.

#### 3. *Sufficient distance*

The municipalities must be of a size so that there is sufficient distance between the executive officer and the citizens. This is to ensure equal treatment and that no ulterior considerations are made through the exercise of authority, and that the citizens are guaranteed their rights under the law. The rules on impartiality also ensure trust in the municipalities and protect the individual executive officer against undue pressure.

4. *Efficient service production*

Larger municipalities will better facilitate greater state management and thereby increase the possibility to adapt the services to local conditions. Larger municipalities can provide better use of potential economies of scale. The settlement pattern in the municipality and consideration for the citizens' desire for proximity to the services may make it difficult to extract economies of scale from all services in the municipality. However, there will probably be efficiency gains in certain areas - such as in the overall management and planning in the sector.

5. *Financial soundness*

An important prerequisite for the municipalities being able to offer their citizens good welfare services is that the municipalities have good control of their finances and can deal with unforeseen events. Municipalities with healthy finances, who ensure that they have financial leeway, can deal with unforeseen events to a greater extent without this having direct consequences on the services to their citizens. Small municipalities are more vulnerable than large municipalities in such situations, because they have smaller budgets to work with.

6. *Freedom of choice*

The citizens will increasingly demand more options within the services. Larger municipalities can offer a wide range of services to their citizens, which it would be difficult for small municipalities to offer.

7. *Functional community development areas*

There must be a functional division of the municipalities for the areas that must be seen in context to ensure comprehensive solutions, especially in the area of land and transport. In the last ten years, there has been continuous regional integration through commuting and community development so that the municipalities are to an increasing extent a functional unit. This development will continue. Particularly in urban areas, the need for more functional community development areas means that the municipalities should consider merging. Experience indicates that the municipalities individually have strong incentives to meet their own needs and that the common solutions are not optimum, either in the planning or the implementation of the plans. In less central areas, criteria such as capacity and expertise on community development will be more important when assessing municipal mergers.

8. *High level of political participation*

It is important to have an active local democracy with options both in connection with voting, and that the citizens have the possibility to have their voice heard between the elections. Larger municipalities today facilitate to a greater extent participation between the elections, and they often have different types of participating bodies. The smallest municipalities achieve the highest score for some indicators - election turnout in local elections is highest in the smallest municipalities and more citizens in the small municipalities have been in contact with the mayor than in larger municipalities. At the same time, analyses show that for some of these indicators

the result is more to do with the characteristics of the citizens rather than that the municipality is small.

9. *Local political management*

It is decisive for local political governance that the municipal administration has the necessary expertise and capacity to develop a sound decision-making basis for the elected representatives. The municipalities should have the possibility to have an appropriate local organisations and prioritisation and not have to organise their services in inter-municipal schemes in order to provide statutory welfare services.

10. *Local identity*

In the opinion of the Committee, two dimensions influence this area, and which the municipalities should consider in the question of mergers: the feeling of connection to an area and a shared identity with other areas. The assumption that larger municipalities will mean that some of today's proximity to such things as the town hall, local politicians or municipal services, is likely to be perceived as problematic and challenging for the affected citizens. Such an experience could be intensified if today's political and administrative system is not adapted to the new prerequisites. The result could be a weakened local democracy. The Committee also assumes that it will be easier to implement mergers with municipalities that to a greater extent experience having inter-municipal identity, than between municipalities that do not have this.

## More about the criteria aimed at the State

11. *Broad task portfolio*

The Committee believes it is crucial that the municipalities remain responsible for a broad task portfolio. The Committee accepts the Government's signals that new municipalities must be assigned more tasks, and believe that more tasks under local political control would strengthen the local democracy. However, in the opinion of the Committee it is important for the municipality's preservation of its role as a democratic arena that the municipalities already today take on important tasks.

12. *State management*

In the view of the Committee, it is important that state management is adapted so that local democratic leeway allows local preferences to determine as much as possible how assigned tasks are to be taken care of and the distribution of resources between the various tasks. In the view of the Committee, a local government structure, with larger and more robust municipalities will reduce today's need for government micro-management.

Interim report from the Expert Committee, 2014: *Kriterier for god kommunestruktur* (Criteria for a good local government structure).

## **Rammeslutt**

### **3 The local government sector today**

The Ministry has wanted to establish the status of the local government sector in Norway before the mergers in the reform come into force. This will form the basis for future evaluation of the impact of the reform. The timing of such an evaluation will be decided later.

In order to clarify the status, the Ministry announced a research project to conduct a baseline measurement. The project has been implemented by the Centre for Economic Research (SØF), Telemark Research Institute (TRI), NIVI analyse AS, the Norwegian School of Management BI and Samfunnsøkonomisk analyse.

The project has established a set of indicators for each of the four objectives of the reform and collected data for these indicators. The indicators and the data may be used later to evaluate whether the objectives of the reform have been achieved; good, equal services for the citizens, sustainable and financially sound municipalities, comprehensive and coordinated community development and strengthened local democracy. The indicators may also be used by the municipalities to measure the impact in their own municipality.

The project has identified the scope of inter-municipal cooperation. A Chief Administrative Officer Survey has also been conducted to identify expertise and capacity in particular, as well as a survey of elected representatives to provide data for several of the local democracy indicators.

This chapter is based on the main report and interim reports submitted in January 2017 and provides a summary of the indicators for the four objectives and inter-municipal cooperation.<sup>1</sup> Results and figures have been taken from the report. All data are also available in a database. The reports and the database are available on the Ministry's website.

### 3.1 Today's local government structure

There are major difference in the municipalities' situation and development in terms of population and settlement patterns. In the period from 1980 to 2015, the population in Norway grow by a total of 27 per cent. However, the growth in population has not been evenly distributed between the municipalities, and this has resulted in major changes in the distribution of the population between the municipalities in the last 35 years. From 1980 to 2015, municipalities with less than 3,000 inhabitants have had an average reduction in the population of 16 per cent, while the other municipalities on average have experienced a growth in population. Municipalities with more than 50,000 inhabitants have on average experienced a growth of 43 per cent.

The number of inhabitants has fallen in the rural municipalities and has grown in the urban areas. The smallest municipalities have become smaller and the largest municipalities have grown larger. The differences in population growth also give rise to different age structure in the population and means that the rural municipalities have a generally older population.

**[:figur:fig3-1.jpg]**

Figur 3.3 Population growth 1980–2015 for the municipalities group according to the number of inhabitants, percentage

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<sup>1</sup> SØF Report 01/17, 2017: *Baseline measurement: main report.*

## 3.2 Indicators for the objectives of the local government reform

The object of the baseline measurement has been to lay the foundation for subsequent evaluations of the reform. The commissioned parties have developed the indicators and collected data for these, which provide a status for areas that could be affected by the reform.

The baseline measurement used a number of register-based data to describe the services, finances, community development and local democracy. This is register data that is already collected regularly, which has a time series and is available. It has also been supplemented with surveys by the elected representatives and chief administrative officers.

Below are some of the indicators from the baseline measurement.

### 3.2.1 Good, equal services for the citizens

The municipalities have different financial prerequisites for being able to provide services to their citizens. The municipalities' financial framework conditions consist of tax revenues and appropriations through the revenues system. There are significant variations in the tax revenues of each municipality, and the municipalities' costs associated with providing services depend on the population, settlement pattern and social factors. These differences in the financial prerequisites are equalised through the revenues system, which helps enable all of the municipalities to provide equal services to their citizens.

Adjusted free income is usually used to compare the financial framework conditions. This is a measurement of the municipalities free income (tax revenues and block grants), adjusted for differences in estimated expenditure requirements. This adjustment takes into account differences in the number of inhabitants, settlement pattern, age structure and other factors that have an impact on the municipalities' costs when providing services.

It is the smallest municipalities (less than 3,000 inhabitants) that have the highest adjusted income. As of 2011, the adjusted income of these municipalities has been 20 per cent higher than the national average. The high income is mainly due to energy revenues and regional policy grants through the revenues system. There are major differences within municipal groups. The differences are particularly great in the two municipal groups with fewer than 10,000 inhabitants. These differences will also be a source of differences in the services within the groups.

**[:figur:fig3-2.jpg]**

Figur 3.4 Adjusted free income per capita for the municipalities grouped according to the population, 2003 - 2015.

### Service production indicators

The commissioned parties have developed and collected data for service production indicators in the main municipal services, such as kindergartens, primary and secondary schools, primary health service and health and care services, and in the more specialised services such as child welfare, special education, substance abuse and mental health. The indicators measure the input



factors such as employees, buildings and equipment, as well as quality and results for those receiving the services. For example, input indicators are coverage rates in institutional care and kindergartens, teacher density / group size in primary and secondary schools and doctor-patient ratio. Result and quality indicators are school results / national tests, level of education among employees, private institutional unit, doctor and physical therapy appointments, as well as the chief administrative officers' assessments of own capacity and expertise, including work on quality development within health and care and primary and secondary schools.

With respect to the main services, the smallest municipalities have the best results in the input indicators. Quality and result indicators show a different picture. For example, the number of kindergarten personnel with formal qualifications increases with an increasing number of citizens. The report also shows that large municipalities have better results in national tests. With respect to specialised services such as child welfare, substance abuse and mental health work, the municipalities with more than 15,000 inhabitants have significantly higher personnel capacity and expertise than the other municipalities.

Previously, there were fewer kindergarten places in the large municipalities than in the small municipalities, but following the kindergarten reform the differences have been equalised.

Teacher density is a key indicator in primary and secondary schools. The data shows that there is a clear correlation between group size and population. Small municipalities with fewer inhabitants have a lower average group size. In 2015, the average group size was just above 10 in the smallest municipalities (less than 3,000 inhabitants), while it was above 15 or higher in municipalities with more than 20,000 inhabitants. This is partly because many small municipalities have spread settlement and few pupils.

**[Figur:fig3-3.jpg]**

Figur 3.5 Group size years 8 - 10 for the municipalities grouped according to population, 2003 - 2015.

Quality and result indicators show a different picture. The number of kindergarten employees with formal qualifications increases with increasing population. Municipalities with more than 10,000 inhabitants are 2 - 3 percentage points above the national average, while the smallest municipalities (below 3,000 inhabitants) are almost 2 percentage points below the average.

The report shows that the large municipalities also have better results in national tests (years 5 and 8) in primary and secondary school, than the smallest municipalities. There is a positive correlation between number of inhabitants and the pupils' results in national tests in primary and secondary school.

**[figur:fig3-4.jpg]**

Figur 3.6 Results from national tests, the municipalities grouped according to population. Deviation from the national average.

In the area of health and care, the number of beds available in nursing and residential care institutions is a known indicator. The number of beds is far higher among the smallest municipalities (less than 3,000 inhabitants).

The doctor-patient ratio (measured in the number of FTEs per doctor per 10,000 inhabitants) has increased in the last 10 years in all the municipal groups, but also here the smallest municipalities have the highest doctor-patient ratio.

In the area of health and care data on the percentage of private rooms and doctor and physical therapy appointments are used as quality indicators. Here the figures show that the number of doctor appointments per capita is higher in the largest municipalities than in the smallest (less than 3,000 inhabitants). The opposite is the case as regards private rooms. There is no systematic correlation between physical therapy appointments and number of inhabitants.

The Chief Administrative Officer Survey provides information on the municipalities assessment of own capacity and expertise within various service areas.

Large municipalities (more than 15,000 inhabitants) consider personnel capacity to be high in quality system work and development of educational measures in schools. There is little difference between municipalities with less than 15,000 inhabitants, who consider the personnel capacity to be lower than the large municipalities do. When it comes to health and care tasks that require special expertise, the smallest municipalities (less than 3,000 inhabitants) stand out with a low assessment of own expertise, unlike the large municipalities who consider expertise here to be high.

In primary and secondary schools and nursing and care, the smaller municipalities have greater recruitment problems than the large municipalities.

For specialised services such as child welfare substance abuse and mental health work, the municipalities with more than 15,000 inhabitants stand out with significantly higher personnel capacity and expertise than the other municipalities. They also have fewer problems with recruitment of personnel with formal expertise for these services.

In the Chief Administrative Officer Survey, more than half of the municipalities report that they have less than one FTE in sector administration for kindergartens and municipal health service respectively. More than a third of the municipalities report that they have less than one FTE for sector administration within technical services, nursing and care and primary and secondary schools. Sector administration plays a role by providing professional support and development resources in their own organisation.

In summary, the smallest municipalities have a smaller group size in the primary and secondary schools, higher capacity in nursing and care and better doctor-patient ratio, partly because on average they have better financial framework conditions than larger municipalities. On the other hand, the smaller municipalities have challenges when it comes to the content and results of the services. These have a lower score for results in national tests. Municipalities with less than 15,000 inhabitants also consider their capacity and expertise to provide and develop services to be relatively low, compared with the larger municipalities. The Chief Administrative Officer Survey also shows that the smallest municipalities not come so far with quality development in nursing and care.

### **3.2.2 Sustainable and financially sound municipalities**

The commissioned parties define municipalities as sustainable if they can maintain and expand services over time. Municipalities are financially robust if they manage to shield the services provided to their citizens from a fall in revenue and unforeseen costs. This is about whether the municipality as an organisation has the ability to provide services to the inhabitants.

In the report, the commissioned parties show that on the whole, the largest municipalities stand out with higher ordinary tax revenues and less reliance on government budget appropriations. Through income equalization, the tax revenues from the municipalities with high tax revenues per capita are redistributed to municipalities with low tax revenues per capita. Municipalities with high tax revenues per capita receive less income equalising grants than municipalities with low tax revenues. This means that tax revenues (including property tax) make up a higher percentage of the total income of the largest municipalities, and that these municipalities are less dependent on government budget appropriations. The tax ratio of the large municipalities with more than 50,000 inhabitants is approximately 45 per cent, while for the municipal group with less than 3,000 inhabitants it is just over 25 per cent.

The largest municipalities also have less variation over time (volatility) in tax revenues and net operating profit. With respect to financial balance, the variation in tax revenues is of greater significance than the level, as municipalities can adjust to low income by having low costs. The fluctuations in tax revenues are greater in small municipalities than in large municipalities. This is because large municipalities have a more varied business structure and less fluctuation in unemployment, while small municipalities often have a more unilateral business structure, which makes tax revenues more vulnerable to the development in individual industries. For municipalities with relatively low tax revenues, the income equalisation helps to even out these fluctuations over time.

With respect to the operating result indicator, it is the smallest (less than 3,000 inhabitants) and the largest (more than 50,000 inhabitants) municipalities that have the highest operating results. For the smallest municipalities this must be seen in context with the high level of income associated with energy revenues and government budget appropriations.

The smallest municipalities (less than 3,000 inhabitants) are not, despite major fluctuations in tax revenues, more frequently registered in the Register for Governmental Approval of Financial Obligations (ROBEK) than municipalities with up to 50,000 inhabitants, despite major fluctuations in tax revenues and net operating result. The commissioned parties conclude that this is mostly because they have a higher level of income, high net operating profit and large distributable reserves. The largest municipalities (more than 50,000 inhabitants) have to a small extent been registered in ROBEK.

The Chief Administrative Officer Survey shows significant variation between the large and small municipalities in the assessment of the municipality's own capacity and expertise in financial management. The Chief Administrative Officers of large municipalities (more than 15,000 inhabitants) consider capacity and expertise to be very good and the assessment is far better than in the smaller municipalities.

### 3.2.3 Community development

The municipalities' role as community developer involves developing local communities and providing good living conditions for the inhabitants. The indicators here are linked to the expert committee's definition of the role of community developer.

Gradually diminishing agreement between functional regions and administrative boundaries makes the role of community developer more demanding in growth areas. In municipalities with rural depopulation and a decline in the population, there is a need for measures to promote business development and migration. This in turn has no importance for taking care of other roles, tasks and functions the municipalities have.

The indicators in this area provide information on expertise and capacity related to area planning and use, environment and climate, basis of income and employment, attractiveness, public health and public security and emergency planning.

There is little variation between small and large municipalities for indicators of public security and emergency planning and for public health.

There is great variation between the municipalities in terms of development in business development, capacity for community planning, the attractiveness of the municipalities for families with children and greenhouse gas emissions. There are some challenges the commissioned parties believe are particularly urgent. A majority of the municipalities have experienced a decline in industry and commerce, which is crucial for the growth of income and positive population development in the long term. For many municipalities it is unavoidable that employment falls as a result of changes in the industrial base. For these municipalities the role of community developer will be about adjustment through limiting the decline in employment, and making it easier to commute. Limiting the decline in employment requires the capacity to work on industrial and commercial development. Small municipalities have few administrative resources to facilitate this.

The Chief Administrative Officer Survey indicates that almost 80 per cent of the municipalities report that they do not have business-related expertise, apart from the Mayor, Chief Administrative Officer and general expertise. The Chief Administrative Officer Survey shows that three quarters of the municipalities report that they have less than 1 FTE in their own organisation to take care of industrial and commercial development, including advice, guidance and facilitation of industrial and commercial development. Less than 10 per cent report more than 2 - 5 FTE.

Another challenge is that small municipalities have limited capacity and expertise to take care of community planning, area planning, building management, environmental protection and industrial and commercial development. Sixty per cent of the municipalities report that they have less than 1 FTE for community planning, which includes work on the social part of the municipal master plan and mandatory plan strategy and programme under the Planning and Building Act. Only 14 per cent report that they have more than 2 - 5 FTEs for this function. Eighteen per cent report that they have no FTEs. More than 50 per cent report that they have less than 1 FTE for area planning, including work on development plans. 23 per cent report 2- 5 FTEs or more.

**[ :figur:fig3-5.jpg ]**

**Figur 3.7** The number of FTEs in own municipality related to community planning, grouped according to population.

The Chief Administrative Officer Survey 2016 (N=206)

A survey of inter-municipal cooperation shows that generally there is little formalised cooperation on community development tasks. Previous reports also show that inter-municipal planning cooperation is difficult to achieve.

### **3.2.4 Strengthened local democracy**

The quality of the local democracy may be assessed along several dimensions. Election turnout is a key indicator for assessment of a democracy. In Norway, voting in local elections has decreased at each election since 1979, until there was a slight increase in 2007 and 2011, and then another drop in 2015. The figures show that the turnout has decreased less in municipalities with less than 3,000 inhabitants. The differences in municipalities with a larger population are insignificant. However, the report refers to research which shows that municipalities with a low population have an election turnout in line with other municipalities when considering the composition of the votes in the various types of municipalities.

There are very few differences between municipalities in terms of the inhabitants' confidence in local politicians. The same applies to belonging to your own municipality.

In terms of political activity, there are significant differences between the municipal groups. In the smallest municipalities (less than 3,000 inhabitants) almost 35 per cent say that they have had contact with a politician, compared with 11 per cent in the largest municipalities (more than 50,000 inhabitants). The same applies to citizens who have tried to influence a decision in the municipalities or to obtain information.

Good media coverage is an important factor for the citizens' ability to hold the elected representatives responsible for results, and to provide an information basis for voting. Election surveys shows that the local newspapers have been the citizens' most important source of information on local government politics. Online editions still play a smaller role, and social media play a minor role. News coverage of issues relating to local politics is greater in the more densely populated municipalities. The report concludes that this may indicate that the media exert more control over the activities in densely populated municipalities.

The indicators also show that there are significant differences between municipalities with many and few citizens in terms of assessment of the politicians' role as ombudsman for individuals. The politician survey shows that the elected representatives perceive the role as ombudsman and representative for own village/hamlet /neighbourhood as important.

The baseline measurement quotes results from Difi's population surveys in 2010, 2013 and 2015, where the respondents were asked about their satisfaction with how local government politicians listen to the citizens' views in their municipality. On a scale from 0 to 100, the average response was 50. There are also insignificant differences here between large and small municipalities.

There are also no significant differences between small and large municipalities in terms of the representatives' own assessment of the municipal council's influence on the municipality's range of services, compared with other authorities and groups.

### **3.3 Inter-municipal cooperation**

The extent of inter-municipal cooperation, in which areas there is cooperation and assessments of this type of cooperation, are relevant to how the municipalities solve their tasks. The information is mainly based on the Chief Administrative Officer Survey that 206 municipalities have answered. The project has presented a separate interim report on inter-municipal cooperation.<sup>2</sup> In this report, the Chief Administrative Officer Survey is supplemented with previous reports such as the IRIS report (2013/008) and previous surveys conducted by NIBR, ECON and NIVI.

The extent of cooperation is divided into frequent, common, rare and unusual areas of cooperation. The three most frequent areas of cooperation where more than half of the municipalities are involved in formalised cooperation are waste management (93 per cent), auditing (86 per cent) and emergency clinics (83 per cent). Here we also find emergency services (63 per cent), which is a statutory coordinated service, as well as educational-psychological service (63 per cent) and child welfare (53 per cent).

Among the common areas of cooperation, where 20 - 50 per cent of the municipalities cooperate, at the top we find the agricultural office (37 per cent), environmental health protection (35 per cent), municipal pollution issues (34 per cent) and quality development in primary and secondary schools (34 per cent).

Among rare cooperation, where 10 - 20 per cent of the municipalities cooperate, at the top we find nature management (19 per cent), water supply (17 per cent) and cultural school including facilities (17 per cent).

Among the unusual areas of cooperation, where less than 10 per cent of the municipalities cooperate, we find a number of core tasks. The most common here are libraries (9 per cent), primary and secondary schools (guest pupils)(9 per cent), land register (8 per cent), as well as core tasks such as community planning, area planning and building management.

The survey shows that there are no systematic differences in the extent of cooperation according to municipality size. However, the Chief Administrative Officer Survey shows that there are systematic variations between large and small municipalities when it comes to the tasks on which they cooperate. Large municipalities cooperate more within the technical sector. Small municipalities cooperate to a greater extent on ICT, educational-psychological services, health and care services (such as immediate help, midwifery and child welfare) and NAV.

Calculations of the extent show that cooperation is primarily within specialised and small service areas. Even in established cooperating regions, cooperation rarely exceeds more than 4-5 per cent of the municipalities' economy and employment. Statutory tasks are mainly solved by

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<sup>2</sup> NIVI Report 2016:3: *Status for interkommunalt samarbeid (Status of inter-municipal cooperation)*

each municipality. Cooperation on community planning, industrial and commercial development, area planning and climate are generally undeveloped. At the same time the Chief Administrative Officer Survey shows that many chief administrative officers consider their own municipality to have little expertise and capacity within these areas.

NIVI Analyse AS has previously conducted surveys of inter-municipal cooperation in individual counties, including the content of the cooperation. These surveys have documented sharp increase in the number of cooperation schemes after 2000. A main finding is that most of the growth has taken place within statutory tasks, particularly the health and social sector.<sup>3</sup>

The Chief Administrative Officer Survey indicates that the municipalities achieve significant professional and economic benefits from inter-municipal cooperation. Seventy-three per cent of the chief administrative officers responded that as a result of cooperation, the quality of the services is good or very good. However, the chief administrative officers' assessments of experiences with inter-municipal cooperation show that there are management-related challenges. Forty-one per cent consider democratic governance to be the most important weakness of inter-municipal cooperation. After that comes financial management and cost control, where 32 per cent of the chief administrative officers believe the municipality has very little or little experience. A total of 43 per cent respond neither one way nor the other here, while 22 per cent believe the experiences with financial management and cost control in connection with cooperation have been good or very good.

**[[:figur:fig3-6.jpg](#)]**

**Figur 3.8** The chief administrative officers' assessment of the municipalities experiences with inter-municipal cooperation.

The Chief Administrative Officer Survey 2016 (N=206)

### **3.4 Summary**

The baseline measurement provides a status of the local government sector today, based on a few selected indicators. The report shows that the smallest municipalities are best when it comes to input indicators by having a smaller group size in schools, higher coverage in nursing and care, and better doctor-patient ratio, among other things. On average, the smallest municipalities also have better financial prerequisites for service production by having higher adjusted income than the larger municipalities.

However, the smaller municipalities have poorer results related to the content of the services such as national tests, as well as considering their own capacity and expertise to be relatively low, both within major services such as primary and secondary schools and nursing and care and specialised services such as substance abuse, child welfare and mental health.

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<sup>3</sup> NIVI Report 2016:3: *Status for interkommunalt samarbeid (Status of inter-municipal cooperation)*

The smallest municipalities are more dependent on government budget appropriations and report that they have less capacity and expertise in financial management.

Industrial and commercial development and employment are important elements in the role of community developer. The municipalities' starting point for facilitating diverse industry and commerce varies significantly. At the same time, there is little inter-municipal cooperation, for example, within community planning, which is a basic instrument for social and business development. This also applies to municipalities that share the same community.

Community planning, industrial and commercial development and area planning are areas that are important for development of the municipalities, attracting people to move to the area and stopping people from moving away. The Chief Administrative Officer Survey shows that municipalities who cooperate least have little capacity in these areas. This makes the municipalities even more vulnerable to the development of their own municipality.

There are mainly minor differences between small and large municipalities for the selected local democracy indicators. The figures show that smaller municipalities provide proximity to the decision-makers. Some of the proximity is lost in larger municipalities, but the population surveys show that there is as much confidence in the elected representatives in the larger municipalities as in the smaller municipalities. Belonging to the municipality is almost the same in the larger municipalities than in the smaller municipalities.

The Ministry is of the opinion that the baseline measurement provides a good basis for assessment of the current local government structure. Each municipality may also make its own assessments of the data for its municipality, compared with others.

## **4 The framework of the local government reform**

The Government presented the framework for implementation of the reform in a specific section on local government reform in the Municipalities Proposition 2015 (Prop. 95 S (2013–2014)). The background and need for the reform were described here, as well as the objectives and the criteria of the reform, cf. chapter 2.

### **4.1 The reform process**

Local processes, where the municipalities decide with whom they want to merge, have been an important starting point for the reform. In order to assist the municipalities with this work, the Government wanted to give County Governors the tasks of implementing and facilitating good local processes. It was desirable that the County Governors cooperated with the Norwegian Association of Local and Regional Authorities (KS) on a regional basis.

The Government proposed two different courses for mergers in the local government reform. For municipalities that made a decision in the autumn of 2015, it was facilitated so that national decisions were made by Royal Decree in the spring of 2016, with merging from 1 January 2018. For the other municipalities, local decisions were adopted by the summer of 2016, national decisions by parliamentary resolution in the spring of 2017 and implementation of mergers from 1 January 2020, or 1 January 2019.



Participation in the local government reform is on a voluntary basis. In the Municipalities Proposition 2015, the Ministry wrote that in the preparation of the decision-making basis for the Storting, it would be assumed that individual municipalities would not be able to stop changes that are desirable and appropriated, based on regional and national interests. It would therefore be possible to propose mergers of municipalities that deviate from the local decisions.

On 12 June 2014, the Standing Committee on Local Government and Public Administration presented their Recommendation (Innst. 300 S (2013–2014)) relating to the Municipalities Proposition 2015. The matter was discussed in the Storting on 18 June.

The Storting's recommendation showed that there was broad consensus for the need for the reform.

The majority of the Standing Committee on Local Government and Public Administration also requested the Government to facilitate faster merger processes if this was required locally. This was followed-up by the Ministry facilitating a national decision on the merger of Stokke, Andeby and Sandefjord in the spring of 2015 and merger from 1 January 2017.

The Storting approved that the County Governors should be given the task of facilitating good local processes with process guides in the County Governor offices in this session. Furthermore, a majority of the Standing Committee on Local Government and Public Administration (the members from the Labour Party, the Conservative Party, the Progress Party, the Christian Democrat Party and the Liberal Party) said that the "County Governors must follow-up the municipalities that do not assume the necessary local leadership on their own initiative", cf. Recommendation to the Storting no. 300 S (2013-2014).

The same majority also had the following comments:

At the same time, the majority are concerned that the municipalities' participation in merger processes is on a real voluntary basis. If following a comprehensive assessment and after having obtained views from its citizens, the municipalities conclude that there should be no merger at the present time, the majority believes this conclusion must be respected. Exceptions to this principle of volunteering may nevertheless be relevant in very special situations where individual municipalities must not be able to stop changes that are appropriate based on regional interests.

The majority of the Storting underlines in the recommendation that "it is important for all municipalities to implement local processes related to the local government reform and to report back within the deadline". The Standing Committee believed that all the municipalities had a duty to investigate on the local government reform.

Following the parliamentary debate, on 3 July 2014, the Ministry sent a letter of assignment to the County Governor. The County Governor was requested to cooperate with the Norwegian Association of Local and Regional Authorities (KS) on a regional basis and involve other parties, such as the Sami Parliament, where this was relevant. On the same day, the Ministry sent a letter to KS with an invitation to cooperate on the local government reform and participation in the regional processes in the reform.

The County Governors have received extra funds for process guides in each county in order to facilitate and follow-up the municipalities' work in the reform period. KS has also received financial support toward the local government reform work. The support to KS was mainly spent

on strengthening KS on a regional basis. The Norwegian Organisation for Nynorsk Norwegian Municipalities (LNK) received funding in 2015 and 2016 in order to take into account the Nynorsk Norwegian language in the local government reform. LNK will also receive funding toward this work in 2017, cf. Recommendation to the Storting no. 16 S (2016–2017) from the Standing Committee for Local Government and Public Administration.

The Regional Centre has assisted the process guides in the work on the local government reform, and has obtained examples from the municipalities' work on referendums, population involvement and letters of intent.

On 26 August 2014, the Ministry of Local Government and Modernisation invited all the municipalities in Norway to participate in processes aimed at assessing and clarifying whether it is appropriate to merge with neighbouring municipalities. The Ministry referred to the Storting's debate and requested the municipalities to review the process of discussing and assessing merging, as well as making a decision by the spring of 2016.

In the Municipalities Proposition 2016 (Prop. 121 S (2014–2015)), the Government set a deadline for the local decisions of 1 July 2016. At the end of the deadline, municipalities who were not fully ready were given additional time to complete the processes. This bill includes a resolution that was adopted until February 2017.

In the recommendation to the Municipalities Proposition 2016 (Innst. 375 S (2014–2015)) the majority of the Standing Committee for Local Government and Public Administration explains that those with a duty to investigate "(...) assume that all municipalities must actively participate in the local government reform. This means being in dialogue with neighbouring municipalities, exploring and assessing relevant options in order to decide on and if so what municipalities there is a desire to merge with by 1 July". In the view of the Ministry, further explanation of what the duty of investigation implies clarified what the majority of the Storting expected the municipalities to do in the local government reform. The expectations went beyond simply assessing whether the municipality can also continue alone in the next ten years.

When debating Municipalities Proposition 2016, the Storting adopted request decision no. 691:

The Storting requests that the Government ensures that the County Governors submit their recommendations on the local government structure in the county after the municipalities have made their decisions no later than 1 July 2016.

In line with this, the Ministry requested that all the municipal council decisions on merging should be sent to the County Governor. The County Governors submitted their recommendations on the local government structure in the counties by 1 October 2016. The recommendations including proposed mergers in the short term, and a discussion on the remaining challenges after the reform. The County Governors have also prepared recommendations for the municipalities that came to an agreement after 1 October 2016.

In a letter dated 24 May 2016, the County Governors were given the opportunity to comment on the relevant municipal council decisions and the County Governors' recommendations. The county council of Østfold has no comments regarding the proposed mergers. The county coun-

cils of Aust-Agder, Vest-Agder, Sør-Trøndelag and Nord-Trøndelag stand behind the local decisions. The county council of Rogaland takes note of the County Governor's recommendation. The other county councils have not commented.

In February 2017, the governing parties and the coalition parties in the Storting entered in an agreement on the local government reform.

## **4.2 Local government reform and the Sami language**

The administrative area for the Sami language consists of the municipalities of Karasjok, Kautokeino, Nesseby, Porsanger and Tana in Finnmark, Kåfjord and Lavangen in Troms, Tysfjord in Nordland, and Snåsa and Røyrvik in Nord-Trøndelag.

Chapter 3 of the Sami Act grants the inhabitants in the administrative area rights to be able to use the Sami language in contact with public authorities, the legal system and the public health service. Other laws also link certain schemes to the administrative area for the Sami language (some places called the Sami region). This applies to a stronger right to an education in and on the Sami language within the Sami region and a special duty to facilitate the Sami language and culture in kindergartens and in the health and care sector.

During the work on a new local government structure it has been discussed how to handle a situation where a municipality within the current administrative area is merged with a municipality outside the administrative area, or is possibly divided. Any change in the Sami administrative area, which leads to a limitation of Sami language users' rights, will raise questions about the relationship with the Constitution and Norway's international obligations.

The Government is keen to preserve the Sami language, and in the local government reform work has assumed that changes in the municipal boundaries will not have a negative impact on Sami language users.

In 2014, the Government set up a public committee to review the current schemes, measures and regulations for the Sami languages in Norway. Relevant solutions were to be considered in light of the work on the local government reform. The Committee submitted its NOU 2016:18 "*Hjertespråket*" report on 10 October 2016. The Committee stated the following on organisation of Sami language areas in light of the ongoing local government reform:

The Committee believes that the Sami language must also be preserved and strengthened after any changes in the municipal boundaries. Consideration for preservation and vitalisation of the Sami language must therefore be part of the overall assessment of a possible municipal merger. On the question of changes in municipal boundaries, the municipalities must take into consideration the Sami-speaking population and the different prerequisites of the Sami languages. If the Committee's proposed reorganisation of the language area is to be followed-up by the Government, the Storting and the Sami Parliament, it is important that the objectives behind these proposals, preservation and revitalisation of the Sami language, are not weakened by a change in the local government structure. The Committee assumes that there is not necessarily agreement between the objectives of the local government reform, and the need to preserve and revitalise the Sami languages. For example, small municipalities may be key municipalities for the Sami languages.

In order to protect Sami interests in the work on the new local government structure, in 2014 and 2015, the Government allocated a total of 1.2 MNOK to the Sami Parliament so that the Sami Parliament could provide advice and guidance to municipalities on the Sami perspective in the local government reform. The Sami Parliament has also published the report “Kommunereformen og samiske interesser” (the Local Government Reform and Sami interests).

In its report, the Sami Parliament emphasises that Sami rights in terms of language, kindergartens, education, area and business practice must be addressed and strengthened in the local government reform. If a municipality in the administrative area for the Sami language merges with one or more municipalities outside the administrative area for the Sami language, the new merged municipality must become part of the administrative area for Sami language.

In order to address the needs of Sami language speakers and to ensure an appropriate local government structure, the Government has also placed emphasis on Sami settlement.

Two proposed changes in the local government structure affect Sami language speakers. In chapter 5.15.3 a special assessment is made for the municipality of Tysfjord in Nordland. In chapter 5.16.3, the municipality of Skånland in Troms and the municipality of Tjeldsund in Nordland are discussed.

The Ministry has consulted the Sami Parliament in line with *Procedures for consultations between government authorities and the Sami Parliament* regarding proposed changes in the local government structure that affect Sami interests. On 6 March 2017, political consultations were held regarding the matter. The Sami Parliament was given the possibility to comment on the mergers in the reform based on the municipalities’ own decisions, the County Governors’ recommendations and the Ministry’s draft assessments. Where there is disagreement, the Sami Parliament’s views appear under the individual proposed merger.

### **4.3 Economic instruments**

The Government has facilitated good, long-term economic instruments in the local government reform. All municipalities that by national decision are merged in the local government reform period will be covered by the economic instruments, regardless of local decisions. The reform period is defined to last to the end of 2017. National decision means a decision to merge municipalities either through a Storting resolution or Royal Decree, cf. section 4 of the Local Government Boundaries Act. Furthermore, the Storting resolution or Royal Decree encompasses where a municipality is divided and each part is merged with other municipalities, cf. section 5 of the Local Government Boundaries Act.

The Government presented the economic instruments in the local government reform in Proposition to the Storting no.95 S (2013-2014). During the reform period, some changes and clarifications have been adopted in the terms for the economic instruments.

The economic instruments in the local government reform are triggered by establishment of new municipalities. As a rule, this will take place through merger of two or more municipalities to one new municipality. If new municipalities are established which consist of parts of current

municipalities, the number of citizens in each part will be the basis for calculation of the percentage of the municipality included in the merger. The size of the economic instruments of each municipality will be determined on the basis of the same percentages.

For some municipalities it will be desirable to make a merger decision in two phases in the reform period. Two phases means that two or more municipalities merge into one municipality and that the new municipality then merges with one or more other municipalities. In such cases, the Ministry will deal with all mergers agreed in the reform period as a whole, cf. the discussion in the Municipalities Proposition 2016. That is to say that the total size of the government grant does not depend on whether the merger is implemented in one or two phases.

The division grant and compensation for non-recurring costs is not triggered by boundary adjustments. Financial settlement according to the boundary adjustments has been regulated in Chapter V of the Local Government Boundaries Act. *Financial settlement for boundary adjustment and division of municipalities and counties.*

The Ministry will present here a complete overview of the economic instruments in the local government reform.

## Non-recurring costs

Municipalities that merge receive support for necessary non-recurring costs associated with the merger according to a standardised model. Based on the payments in the latest merger processes, 20 MNOK was set as a basic amount per merger. The amount for each merger is also differentiated according to the number of municipalities and the number of inhabitants in the merger. The model for support for non-recurring costs was presented in the Municipalities Proposition 2015, and has been shown in table 4.1.<sup>4</sup>

No. of municipalities and population in the merger	0 – 19,999 citizens	20,000 – 49,999 citizens	50,000 – 99,999 citizens	100,000 citizens or more
2 municipalities	20.5	25.6	30.8	35.9
3 municipalities	30.8	35.9	41.0	46.1
4 municipalities	41.0	46.1	51.3	56.4
5 or more municipalities	51.3	56.4	61.5	66.6

## Reform support

All municipalities that are merged in the local government reform will receive reform support. In the Municipalities Proposition 2015 a model was presented where the reform support was allocated to mergers where the new municipality had at least 10,000 inhabitants. The Standing

<sup>4</sup>The Government proposed that the amounts were price adjusted in 2017, cf. Proposition to the Storting 1 S (2016-2017). The Storting agreed to this, cf. Recommendation to the Storting 6 S (2016-2017).

Committee on Local Government and Administration requested the Government in Recommendation to the Storting no. 300 S (2013 - 2014) to allocate reform support to all mergers, regardless of the number of inhabitants. The Government has followed-up this.

The reform support has been differentiated according to the number of inhabitants with a minimum amount of 5 MNOK per merger. The support is paid to the new municipality after the merger has been initiated. The reform support model is shown in table 4.2.<sup>5</sup>

Tabell 4.3 Reform support model MNOK

No. of inhabitants in the merger	MNOK
0 – 14,999 citizens	5.1
15,000 – 29,999 citizens	20.5
30,000 – 49,999 citizens	25.6
50,000 citizens or more	30.8

In the spring of 2017, new Sandefjord was the first municipality to receive reform support under the local government reform.

## Division grants

The Government has continued previous division grant practice for municipalities that take part in the merger process.

The division grant in the revenues system compensates merged municipalities for a reduction in block grant as a result of the merger. The municipalities are fully compensated for loss of the basic grant, which is a fixed amount per municipality, and net reduction in total regional policy grants. The new municipality receives a full division grant for fifteen years, after which time the grant is gradually reduced over five years.

Growth grants are not included in the division grant. If a new merged municipality meets the requirements for receiving a growth grant, the municipality will receive this in the usual way.

The basis for calculation of the division grant has usually been the revenues system that applies at the time the municipalities actually merge. From 2017, a new revenues system has been introduced for the municipalities. To ensure predictability and equal framework conditions under the reform, all mergers in the reform period will be treated equally. Therefore, the Government proposed in Proposition to the Storting no. 121 S (2014- 2015) that the division grant to municipalities that merger under the local government reform is calculated on the basis of the revenues system as it was in 2016. That is to say that any changes in the revenues system in the period 2017 -2019 will not affect the size of the division grant for the new municipality. Nor will there be changes in the municipalities' criteria values, which mean that in the period 2017 -

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<sup>5</sup>The Government proposed that the reform support was price adjusted in 2017, cf. Proposition to the Storting 1 S (2016-2017). The Storting agreed to this, cf. Recommendation to the Storting 6 S (2016-2017).

2019 they no longer receive grants that are included in the division grant nor qualify for grants they previously did not receive. The Government adopted the proposal, cf. Recommendation to the Storting no. 375 S (2014-2015).

In Proposition to the Storting no. 95 S (2013 - 2015), the Ministry announced that the division grant would be cut back after the reform period. The scope and arrangement of the scheme, including the division grant period, will be assessed.

Five municipalities today are receiving a division grant for mergers that took place prior to the local government reform. The division grant in effect today will not be affected by any new mergers where these municipalities are involved. A consequence of this will be that for a period a new municipality would receive two division grants, in other words the municipality would continue to receive the old division grant without changes.

### Transitional arrangement - basic grant

A transitional arrangement has also been established to compensate municipalities to be merged together by 2020, but which will receive a reduced basic grant and small municipality allowance in the period until the merger takes effect due to the changes in the revenues system in 2017. Through this interim arrangement, municipalities which it has been agreed to merge in the reform period, according to national decision by 1 January 2018, will receive full compensation for any reduction in the basic grant and small municipality allowance from 2016 to 2017, as a result of introduction of a new revenues system in 2017.

Calculation of the transitional arrangement takes into account that some of this reduction is compensated through the income guarantee scheme. The allocation of the funds in 2017 will be calculated according to the Government's processing of the local government reform in the spring of 2017.

### Regional centre grants

As part of the new revenues system for the municipalities, a new grant has been established from 2017 for medium-sized municipalities that merge and which thereby constitute a stronger regional centre. NOK 100 million has been allocated to the scheme in 2017 (half-year effect). From 2018, the grant will be NOK 200 million.

The following criteria are used for the regional centre grant:

- The grant goes to municipalities where a national decision on a merger is made in the local government reform period
- The grant goes to municipalities that after the merger have more than 9,000 inhabitants.
- Municipalities that receive a large city grant cannot also receive a regional centre grant

The grant is awarded partly with a rate per capita and partly with a rate per merger. 40 per cent of the total grant is divided with the same rate per capita, while 60 per cent is divided with the same rate per merger. The rates will be calculated when the national merger decisions have been made in 2017.

## Infrastructure grants

In connection with discussion on the national budget for 2016, the Storting resolved to establish a grant scheme for infrastructure projects in municipalities that merge. County authorities and municipalities could apply for project funding. Applications could be made for funding toward establishment and improvement of roads, broadband and other digitisation measures. The measures had to be physically in municipalities that had agreed to merge.

The Storting pointed out that improved infrastructure can facilitate and enhance the effect of a new and more appropriate local government structure. NOK 50 million was allocated to the grant scheme in 2016. Grants were awarded to 14 merges of a total of 36 municipalities. Funding was received for planning and improvement of roads, broadband and digitisation measures in the municipalities. The size of the grants varied between NOK 1 and 5 million.

NOK 150 million has been allocated for 2017. The Ministry continues the grant as an application-based scheme and will come back later with further information on organisation and deadlines.

## Grants to municipalities in the first run of the reform

The eleven municipalities that were merged into five new municipalities in the first run of the reform received an extra grant of NOK 2 million per merger. New Sandefjord, which was the first to merge, received an additional NOK 600,000. Other municipalities have been interesting in hearing about the experiences of these municipalities that were the first to merge. The grant should give the municipalities room to spread good advice about their processes to other municipalities on the path to adopting a merger.

## Support with information and public consultation

The Ministry has continued the practice of providing support with information and public consultation on merger of municipalities, cf. Proposition to the Storting no. 95 S (2013-2014). Municipalities that have participated in the reform have been able to receive NOK 100,000 to cover expenses related to the public consultation process, cf. section 10 of the Local Government Boundaries Act. A condition receiving funds has been that the municipalities have been through the first part of the reform process, which means that the municipalities have created a factual basis that the inhabitants can consider in a consultation, and that the municipal council has considered this basis and have chosen a direction on which they would like to receive the inhabitants views.

346 municipalities have received support with information and the public consultation process under the reform.

TNS Gallup prepared on behalf of the Ministry a population survey for use in consultation with the inhabitants. In order to make it easier for the municipalities to conduct such a survey, the Ministry also entered into a framework agreement with Opinion to conduct citizen consultations for municipalities that so desired. The municipalities have not been required to use this arrangement or the framework agreement to receive support with information and the public consultation process.



## 4.4 Other framework conditions

### Guides and follow-up scheme

The Ministry has prepared a number of guides and other tools to provide support to the municipalities in the local processes.

The “Road to a new municipality” guide addresses the investigation phase and the local processes prior to a merger decision by the municipal council. The guide describes processes the municipalities should go through to consider merger of municipalities and provide useful advice and tips along the way. The Ministry has recommended that the guide is used together with the “New municipality” assessment tool ([nykommune.no](http://nykommune.no)). “New municipality” provides an overview of relevant key figures and development features for individual municipalities and for the new municipality. The variables have been selected on the basis of previous reports on municipal mergers and describe the municipalities’ population development, labour needs in different sectors, economy, industry composition and commuting.

The “Formal framework in the building of new municipalities” guide addresses the period from when the municipalities agree to merge and up to the new municipality comes into effect. The guide discusses the formal framework of mergers. The Ministry supplements this with the “Building a new municipality - advice from previous mergers” guide. This guide summarises experience from previous mergers and provides advice and tips on implementation of the merger process.

On behalf of the Ministry, Inventura AS has also prepared the “Guide to the Public Procurement Procedures for Municipal Reform”. The guide provides input on how the municipalities can deal with procurement in connection with merger of municipalities, and provides information on relevant regulations.

In cooperation with the District Centre, the Ministry has also developed a guide on local democracy. The Guide presents basic aspects of the local democracy and shows through practical examples how municipalities can work well on local democracy issues.

Local government mergers lead to a number of changes in the various computer systems, both government and municipal. New municipal number is one of the main reasons for this. The Mapping Authority has been assigned the role of technical coordinator of the local government reform. This includes coordinating cooperation between the government agencies and involved municipalities, developing a shadow database for the land register and identifying dependencies between different ICT solutions. The Mapping Authority will also be a point of contact with professional support to the municipalities in connection with changes in municipal number and addressing as a result of the local government reform.

Other government agencies and KS have also prepared guidance materials to assist merging municipalities. Guides and other tools in the local government reform are available at [www.kommunereform.no](http://www.kommunereform.no).

In order to stimulate and contribute to good merger processes locally, the Ministry, KS, Unio, LO Kommune, YS Kommune and the Federation of Norwegian Professional Associations have established a follow-up scheme for municipalities that merge. The scheme has been organised

as a series of seminars which facilitate so that participants from the municipalities can raise their level of knowledge and share experiences on various parts of the merger process. KS has practical responsibility for implementation of the scheme, while all the parties contribute jointly with input for topics and issues.

The Ministry has also invited merging municipalities to a follow-up scheme to develop and renew local democracy in the new municipalities. Through this scheme, the municipalities will receive inspiration and assistance to use the local government reform as an opportunity to also think again about the local politicians' ways of working, the political organisation, the relationship between politics and administration, and new ways of being in contact with the people, industry and commerce and organisations in the local community.

## Legal framework

In Proposition to the Storting No. 95 S (2013 - 2014) announced that in view of the forthcoming local government reform it would phase out the joint municipal authority model. The Government considered that merger was a better solution for a municipality that needed to cooperate in as many areas of services as the joint municipal authority provides. The proposal to phase out the joint municipal authority model was submitted for consultation in January 2015 and the bill was presented to the Storting in December of the same year. The Storting agreed to phase out the joint municipal authority model in April 2016. There are currently two joint municipal authorities, both in Nord-Trøndelag. Levanger and Verdal cooperate with Innherred joint municipal authority, while Namsos, Overhalla, Namdalseid and Fosnes cooperate with Midtre Namdal joint municipal authority. Both joint municipal authorities must be phased out by 1 January 2020.

Determination of municipal and county boundaries is regulated by Act no. 70 of 15 June 2001 relating to determination and change of municipal and county boundaries (the Local Government Boundaries Act). The Act is a pure procedural act that sets forth rules for the formal process requirements for various types of boundary changes. The Ministry has prepared a circular to the Act which provides guidance and supplementary comments on the provisions. In June 2015, the Ministry sent an invitation to submit comments on some proposed amendments to the Local Government Boundaries Act. Through the work on specific individual cases, the Ministry had become aware of the need to make a few minor amendments to the Act so that it can serve as a usual tool for boundary changes. Among other things, rules were proposed for how to deal with municipalities that were entered in the ROBEEK register in the event of a municipal merger, as well as rules that codify the practice for the composition of the municipal council following a merger. Proposed legislative amendments were presented to the Storting in March 2016 and came into effect on 1 July 2016.

The Expert Committee on Local Government Reform stated that "binding cooperation" had to be entered into to meet the task solution requirements where merger was not the solution. The Ministry has followed-up the proposal, and will send an invite for comments on a proposed general authority in the Local Government Act to require municipalities to cooperate when they are unable to perform tasks in a professionally sound manner. The object of the provision is to

ensure quality and the same level of services to the population of the whole country. The conditions for requiring cooperation will be strict, so that cooperation must only be imposed in exceptional circumstances.

#### **4.5 Process for municipalities that are approved for merger**

The County Governor will convene a joint municipal council meeting when a decision has been made to merger municipalities or a decision on division of municipalities where each part is merged with other municipalities. The responsibility lies with the Ministry for the mergers that take place across county boundaries. The following items will be discussed at such joint meetings, cf. section 25 of the Local Government Boundaries Act:

- Proposed name
- No. of members of the new municipal council
- Criteria for composition and functions of the joint committee, cf. section 26
- Election of auditor for the joint committee
- Establishment of any other joint bodies to ensure implementation of the merger

After such a meeting, the affected municipalities must make formal decisions that will form the basis of the Ministry's work on preparing a Royal Decree for each merger. If the municipalities have already made the necessary decisions, the Ministry may make an exception from the requirement of a joint municipal county meeting.

In this proposition it has been proposed that the mergers will come into effect no later than 1 January 2020. If desired locally, it will be possible for some mergers to be implemented from 1 January 2019, cf. Proposition to the Storting no. 95 S (2013-2014). This will depend on how far the various municipalities have come in their processes, whether the merger will take place across the county boundaries, and whether it is a mutual decision.

The Ministry will pay non-recurring costs following the Storting's discussion of this bill.

#### **4.6 The relationship with other reform processes**

At the same time as this bill, the Ministry will present a complete proposition with proposed legislative amendments related to transfer of tasks to the municipalities in connection with the local government reform, cf. Proposition to the Storting no. 91 L (2016–2017) *Amendments to the Marriage Act and the Housing Allowance Act, etc. (Transfer of tasks to the municipalities) and the Act relating to transfer of responsibility for public transport*. The bill is a follow-up of the Report to the Storting no. 14 (2014–2015) *The Local Government Reform - New tasks for larger municipalities*. The bill contains proposed legislative amendments in specialised fields managed by the Ministry of Children and Equality, the Ministry of Justice and Emergency Planning, the Ministry of Local Government and Modernisation and the Ministry of Transport. The Government attaches great importance to the Storting being given a complete picture of the tasks it aims at transferring to the municipalities. Certain tasks, such as the area of agriculture and food and climate and environmental issues, are about regulatory changes or economic instruments, which do not require legislative amendment. In some areas it has been considered most appropriate to deal with legislative amendments in other processes than in the bill regarding transfer of tasks. Examples of this are

task and funding responsibilities for child welfare and responsibility for the dental service, where separate bills will be presented in the spring of 2017. In order to provide the Storting with a complete picture of the transfer of tasks, the regulatory amendments and tasks in other processes.

In Report to the Storting no. 14 (2014 - 2015) it was announced that the “Ministry had started work on a general review of the state management of the municipalities with a view to reducing the micromanagement of larger municipalities”. One of the aims is to improve coordination and streamline the state supervision of municipalities. The result of the review will be presented to the Storting in Municipalities Proposition 2017.

In the spring of 2016, the Ministry presented the proposed regional reform, cf. Report to the Storting no. 22 (2015–2016). The Storting supported the proposed reform, cf. Recommendation to the Storting S 377 (2015–2016). At the same time as this bill regarding local government structure, the Ministry presented Proposition to the Storting 84 S (2016–2017) *New structure of the regional level of government*. The aim is to implement local government and regional reform at the same time so that new municipalities and new county authorities can come into effect no later than 1 January 2020.

## **5 New municipalities**

The basis for the reform has been local processes in the municipalities. In line with the Storting’s decision, the County Governors have submitted recommendations for the local government structure in the counties. In this chapter, the Ministry will present the results of the local processes, the County Governors’ merger recommendations in this reform period, as well as the Ministry assessments and proposed mergers.

The Storting now proposes that municipalities, which through the local processes have agreed to merge, may now do so. Where the municipalities themselves agree to merge, and the County Governor supports this, only brief descriptions of the merger are given. More detailed assessments are given where mergers or division are proposed across one or more municipalities’ own decisions.

The County Governors have provided expertly based recommendations, based on their role and good knowledge of the conditions in the municipalities. The County Governors together have recommended several municipal mergers than the Ministry proposes to the Storting. The County Governors’ recommendations follow as an electronic attachment to the bill and are available in full at [www.regjeringen.no](http://www.regjeringen.no).

The chapter is divided according to county. Merger of municipalities across the current county boundaries will be discussed and assessed in the county where the majority of the inhabitants live today. All population figures are as of 1 January 2017, unless otherwise stated.

## Boundary adjustments

Several requests and formal citizens' initiatives have been received regarding adjustment of today's municipal boundaries. In their recommendations, the County Governors have also proposed individual boundary adjustments. Under section 6 of the Local Government Boundaries Act, the Ministry has the authority to decide cases relating to boundary adjustments between municipalities.

Following the Storting's discussion of the bill, the Ministry will, in dialogue with the County Governors, follow-up relevant initiatives regarding boundary adjustments, cf. section 8 of the Local Government Boundaries Act. It will be desirable and appropriate that boundary adjustments in connection with a merger are initiated at the same time as the merger, no later than 1 January 2020.

### 5.1 Østfold

**[:figur:fig5-1.jpg]**

Figur 5.9 Map of the municipalities in Østfold

Østfold has a population of 292,893 divided into 18 municipalities and 4,181 km<sup>2</sup>. Rømskog is the smallest municipality with a population of 685, while Fredrikstad is the largest municipality with 80.121 inhabitants. 5 municipalities have fewer than 5,000 citizens, while 6 municipalities have more than 15,000 citizens.

#### 5.1.2 The municipalities' decision

Five municipalities in Østfold are included in three mergers where mutual decisions have been taken:

- Moss and Rygge
- Hobøl and Askim
- Rømskog and Aurskog-Høland (Akershus)

Furthermore, four municipalities have made decisions that they are positive to or want to merge with other municipalities:

- Sarpsborg wants to merge with Rakkestad and Råde.
- Fredrikstad wants to merger with Hvaler and Råde.
- Spydeberg has decided that they will apply for further forms of cooperation (local government merger) with Askim and Hobøl toward 2020, and that the question of merging will be presented for a consultative referendum in the autumn of 2017, if Spydeberg is not incorporated in the new municipality in the spring of 2017.
- Eidsberg wants primarily to be part of a large, united municipality of Indre Østfold. If a large, united municipality of Indre Østfold is not established, Eidsberg wants to merge with Askim, Hobøl and Spydeberg.

In its decision, Halden has also taken note that Aremark has decided to stand alone, but the municipality is positive to new negotiations if the situation should change.

The other municipalities in Østfold have decided that they will continue as separate municipalities.

Tabell 5.4 The municipalities in Østfold with population and area

Municipality	Population	Area (km <sup>2</sup> )
0106 Fredrikstad	80,121	287
0105 Sarpsborg	55,127	405
0104 Moss	32,407	64
0101 Halden	30,790	642
0136 Rygge	15,747	74
0124 Askim	15,720	69
0125 Eidsberg	11,406	236
0128 Rakkestad	8,173	435
0135 Råde	7,398	119
0123 Spydeberg	5,765	142
0138 Hobøl	5,557	140
0122 Trøgstad	5,367	204
0137 Våler	5,335	257
0111 Hvaler	4,517	90
0127 Skiptvet	3,783	101
0119 Marker	3,597	413
0118 Aremark	1,398	319
0121 Rømskog	685	183

### 5.1.3 The County Governor's recommendation and the municipalities' processes

The County Governor of Østfold recommends the following mergers:

- Moss and Rygge
- Askim, Hobøl and Spydeberg
- Rømskog and Aurskog-Høland (discussed in chapter 5.2)

#### Moss and Rygge

The municipalities started the process of a possible merger early. In the beginning, the process between the municipalities also involved Våler and Råde, but in June 2016, the municipal councils in Våler and Råde made a decision to remain as separate municipalities.

A population survey in Moss showed that the majority was in favour of a merger with Rygge. In Rygge mass meetings were held and several population surveys were conducted. A population survey in August 2015 showed that the majority were in favour of a merger with Moss. The municipal council in Rygge resolved on 16 June 2016 that they wanted to merge with Moss and Råde.

The municipal council in Moss resolved on 20 June 2016 to merge with Rygge.

The total population of Moss and Rygge is 48,154. The County Governor is of the opinion that a merger would result in a municipality with a significantly improved basis for specialist environments with sufficient capacity and expertise and that provides a wide range of services and creates development. The County Governor also points out that relocation and commuting patterns and adjoining residential and commercial areas show that Rygge and Moss are strongly integrated municipalities. Parts of the municipalities are currently a coherent settlement, and future development of the centre of Moss must be seen in close context with the surrounding areas in Rygge.

### Askim, Hobøl and Spydeberg

In Indre Østfold there have been several different processes regarding municipal mergers with reports and significant involvement of the inhabitants. An essential document for the merger of Askim, Hobøl and Spydeberg was negotiated and signed in June 2016.

The municipality of Askim has conducted various types of population involvement with two population surveys, among other things. The first showed that the inhabitants were divided down the middle on the question of merging, and the last survey showed that the inhabitants would prefer to merge with Hobøl and Spydeberg.

The municipality of Hobøl has held mass meetings and conducted a population survey. The population survey showed that the majority of the population were in favour of a merger.

Spydeberg has had several processes in progress and produced several reports. A population survey in the autumn of 2015 showed that the majority were in favour of a merger between Spydeberg, Hobøl, Askim and Skiptvet. A referendum in May 2016 gave a majority in favour of continuing as a separate municipality.

On 22 June 2016, the municipal council of Askim decided to merge with Spydeberg and Hobøl.

On 22 June 2016, the municipal council of Spydeberg decided to merge with Askim and Spydeberg.

On 1 December 2016, the municipal council of Spydeberg decided that Spydeberg “would apply for further forms of cooperation (municipal merger) with Askim and Hobøl toward 2020. (...) The question of a merger will be presented for a consultative referendum in the autumn of 2017. If Spydeberg is incorporated in the new municipality in the spring of 2017, this will no longer be relevant.

### *The County Governor's reasons for the merger*

The County Governor points out that the agreement in principle has laid a good foundation for building a joint municipality. Short distances, common main roads and a high level of integration through in and out-commuting will underpin the three municipalities' sense of belonging.

The County Governor points out that Hobøl and Askim can achieve several benefits from a merger, but it will restrict the goal achievement that the municipality is physically divided by another municipality. In particular, it will be an obvious challenge for the possibility to conduct good community development that Hobøl and Askim do not have a common boundary, as Spydeberg lies between the two municipalities. Knapstad, which is located in Hobøl, and the centre of Spydeberg are considered to be one community, and in accordance with SSB's definition are part of Spydeberg.

The County Governor cannot see that Spydeberg as a separate municipality will meet the objectives of the reform. The County Governor refers to the municipality's proposal regarding a municipal merger, which points out the challenge of having small or no specialist environments, and a simultaneous increase in volume and complexity of the rights legislation. The figures from 2015 show that approximately 67 per cent of the working population commute out of the municipality and the majority of them to Oslo. The County Governor points out that Spydeberg alone will have limited possibilities to ensure comprehensive development and achievement of goals within area, public security and emergency planning, transport, industry and commerce, environment and climate.

In the view of the County Governor, a merger of Askim, Hobøl and Spydeberg is a good alternative in the short term, but the best solution in the long term would be a merger of Spydeberg, Hobøl, Askim, Eidsberg, Trøgstad, Marker and Skiptvet.

### **5.1.4 The Ministry's assessments and proposal**

The Ministry points out the local processes, the municipalities' own decisions and the County Governors' recommendations. The Ministry proposes that the Storting adopts the mergers in the counties where the municipalities have made a mutual decision that they want to merge. The Ministry justifies separately proposed mergers, which are not in line with local decisions.

#### *5.1.4.1 Separate assessments*

#### **Askim, Spydeberg, Hobøl and Eidsberg**

Hobøl and Askim have agreed to a merger with Spydeberg. Spydeberg has agreed that they will apply for further forms of cooperation (municipal merger) with Hobøl and Askim toward 2020, but that the question of merging will be presented for consultative referendum in the autumn of 2017, if Spydeberg is not merged with Hobøl and Askim in the spring of 2017. The three municipalities have negotiated an agreement in principle. On 8 December, Eidsberg decided that they wanted to become part of a new municipality together with Askim, Hobøl and Spydeberg.

Indre Østfold has invested significant efforts on the local government reform. Askim, Hobøl, Eidsberg, Marker, Spydeberg and Trøgstad all participated in negotiations and signed a joint



foundation document for one municipality in Indre Østfold. Trøgstad and Marker have decided to remain as separate municipalities.

The distances between these municipalities are short and the municipalities' reports describe an unfortunate competitive situation under the current local government structure. Relocation patterns and labour habits show that these municipalities are highly integrated.

An obvious reason for including Spydeberg in this merger is that Spydeberg lies geographically between Hobøl and Askim, cf. figure 5.1. Hobøl and Askim do not have a common boundary today. Spydeberg also faces challenges with small or no specialist environments within certain services, and according to the municipality's own reports, in the last few years these municipalities have also had a weak economy.

The municipal council of Eidsberg wants to merge, primarily into one large municipality in Indre Østfold, or with Askim, Spydeberg and Hobøl. The municipality's proposal states that Eidsberg will face increasing challenges in providing services to people with complex needs, as there is little professional expertise and the demand for this is correspondingly high. There is also concern about the working relations in Indre Østfold if Eidsberg remains outside a merger of Askim, Spydeberg and Hobøl. One large municipality composed of these three municipalities will probably want to wind up many of the inter-municipal companies and manage these as host municipality. Eidsberg would then have to purchase services without being able to influence the development of these.

Following an overall assessment, the Ministry therefore proposes that the merger of Hobøl and Askim will also include Eidsberg and Spydeberg.

#### *5.1.4.2 The Ministry's overall proposal*

The Ministry recommends that the Storting adopts the following mergers in Østfold:

- Moss and Rygge
- Askim, Spydeberg, Hobøl and Eidsberg

## **5.2 Oslo and Akershus**

Akershus has as a population of 604,368 spread over 22 municipalities and 4,918 km<sup>2</sup>. Hurdal is the smallest municipality in terms of population with 2,910 inhabitants, while Bærum is the largest with 124,008 inhabitants. One municipality has fewer than 5,000 inhabitants, while 17 municipalities have more than 15,000 inhabitants.

**[:figur:fig5-2.jpg]**

Figur 5.10 Map of the municipalities in Oslo and Akershus

The municipality of Oslo divides the county of Akershus into an eastern and western part. Oslo has a population of 666,759 spread over 454 km<sup>2</sup>.

Tabell 5.5 The municipalities of Oslo and Akershus with population and area

Municipality	Population	Area (km <sup>2</sup> )
0301 Oslo	666,759	454
0219 Bærum	124,008	192
0220 Asker	60,781	101
0231 Skedsmo	53,276	77
0230 Lørenskog	37,406	71
0235 Ullensaker	35,102	252
0213 Ski	30,698	166
0217 Oppegård	26,988	37
0237 Eidsvoll	24,415	457
0233 Nittedal	23,213	186
0236 Nes	21,241	637
0214 Ås	19,288	103
0216 Nesodden	18,869	61
0228 Rælingen	17,730	72
0226 Sørum	17,665	207
0211 Vestby	17,188	134
0221 Aurskog-Høland	16,162	962
0215 Frogn	15,743	86
0238 Nannestad	12,657	341
0227 Fet	11,555	176
0229 Enebakk	10,927	233
0234 Gjerdrum	6,546	83
0239 Hurdal	2,910	285

### 5.2.2 The municipalities' decision

Four municipalities in Akershus are included in three mergers where mutual decisions have been made:

- Aurskog-Høland and Rømskog (Østfold)
- Oppegård and Ski
- Asker, Hurum (Buskerud) and Røyken (Buskerud)

Furthermore, four municipalities have agreed that they are positive to or want to merge with other municipalities:

- Ullensaker is positive to merging with neighbouring municipalities and wants primarily one regional municipality of Øvre Romerike.
- Skedsmo wants primarily to merge with Lørenskog and Rælingen, or all or parts of Nedre Romerike. However, a merger with the smaller municipalities is still relevant.
- Sørumsdal believes there is a need for local government reform in Romerike, and that a future municipal merger should be based on a somewhat large municipality in Romerike than Sørumsdal is today.
- Oslo is positive toward considering a merger between Oslo and neighbouring municipalities, and to considering adjustments of the municipal boundaries.

Bærum has also agreed to keep the door open should neighbouring municipalities in Akershus or Buskerud be interested in merging.

Frogn is willing to negotiate establishment of a new municipality with Ås, Vestby and Nesodden.

The other municipalities in Akershus have decided to continue as separate municipalities.

### **5.2.3 The County Governor's recommendation and the municipalities' processes**

The County Governors of Oslo and Akershus recommend the following mergers:

- Aurskog-Høland and Rømskog
- Oppegård, Ski, Ås, Frogn, Vestby and parts of Enebakk
- Skedsmo, Lørenskog, Rælingen, Fet, Sørumsdal and parts of Enebakk
- Hurdal, Ullensaker, Gjerdrum and Nannestad
- Nesodden, Nittedal and Oslo
- Asker, Hurum and Røyken

#### **Aurskog-Høland and Rømskog (Østfold)**

The agreement in principle regarding the merger between the two municipalities was signed on 13 April 2016. Rømskog has involved and listened to its inhabitants in the process. The inhabitants have been clear that Aurskog-Høland is the most appropriate merger option. Aurskog-Høland has listened to its inhabitants at several public meetings.

On 20 June 2016, the municipal council of Aurskog-Høland decided to merge with Rømskog.

On 15 August 2016, the municipal council of Rømskog decided to merge with Aurskog-Høland.

The County Governor of Oslo and Akershus pointed out that the municipalities resemble each other in area wealth and a scattered urban structure. The merger will contribute to more comprehensive and coordinated community development. The County Governor of Østfold believes the merger will mean that Rømskog becomes part of a strong municipality in an area where the citizens are already well integrated. Rømskog has a small population and a vulnerable economy. A larger municipality will provide a less vulnerable economy and better capacity and expertise to provide and develop the services.

## Oppegård, Ski, Ås, Frogn, Vestby and parts of Enebakk

All the municipalities have held various public and dialogue meetings, and have conducted population surveys. Ski, Ås, Frogn and Enebakk have also held a referendum on a merger. In Ski, the majority voted for a merger in the referendum. In Ås, Frogn and Enebakk, the majority voted for a merger.

On 15 June 2016, the municipal council of Frogn decided not to participate in establishment of a municipality of Follo, but are open to negotiations on establishment of a new municipality with Ås, Vestby and Nesodden.

On 20 June 2016, the municipal council of Oppegård decided to participate in establishment of a larger municipality in Follo.

On 20 June 2016, the municipal council of Ski decided to participate in establishment of a larger municipality in Follo.

The municipal councils' of Ås and Enebakk have decided to continue as separate municipalities.

### *The County Governor's reasons for the merger*

Ski and Oppegård agree on building a new municipality. In his recommendation, the County Governor has recommended a new municipality composed of Ski, Oppegård, Ås, Frogn and parts of Enebakk.

The County Governor points out that these municipalities largely constitute a coherent housing and labour market. One large municipality of Follo will provide the opportunity to take a holistic approach to land use, urban development, strengthen the region's competitiveness as a business developer, and reduce the pressure on Follo's green areas with agricultural land and recreation areas. Enebakk, Ås, Ski and Oppegård write in a joint report that a larger municipality can assess housing, industry and commerce, public functions, coherent green structure and infrastructure in a broader perspective. This would make it easier to develop attractive cities and towns and have better developed public transport coverage.

The County Governor points to the municipalities' reports, which indicate that a larger municipality would also achieve positive effects within exercise of authority and development of services. This provides a more comprehensive range of services and stronger professional expertise and capacity to take on new tasks within rehabilitation, habilitation and child welfare. The County Governor believes that all the municipalities in Follo, with the exception of Enebakk, are well equipped today to provide the most important services to their citizens, both in terms of capacity and expertise, but this is done using extensive inter-municipal cooperation. The municipalities' reports and the extensive use of inter-municipal cooperation suggest that the municipalities individually will face challenges in providing welfare services, such as the Integrated Health Care Reform requires.

In Follo, the 7 municipalities solve 24 tasks through various types of inter-municipal cooperation. The municipalities themselves point out that the challenge with this is that there is often little or no democratic control of the cooperation, and in some cases also little control on the part of the administration.

The County Governor recommends dividing Enebakk between Follo and Nedre Romerike. Enebakk has considered four options, including division. Ytre Enebakk has a natural affiliation with Ski, while Flateby orientates itself toward Lillestrøm. An early population survey showed that 66 per cent of the inhabitants of Enebakk were in favour of a merger. The population survey also showed that given a merger, the inhabitants of the municipality are split between Nedre Romerike and Follo. This option was not presented to the inhabitants in the referendum.

The County Governor also recommends that Vestby becomes part of the municipality of Follo or a larger municipality in the region of Moss. Vestby has inter-municipal cooperation both with Follo and region of Moss. The number of commuters shows that Vestby is more orientated toward Moss and Østfold than the other municipalities in Follo. Vestby has decided to continue as a separate municipality.

The County Governor writes that Oppegård, Ski and Ås are the core of Follo, and that the new Follo railway line will make these even more attractive as residential municipalities. The distances between the municipalities are short, and there are also inexpedient boundaries. The County Governor believes this suggests that these three municipalities should merge.

The County Governor believes that a new municipality only consisting of Ski and Oppegård requires a boundary adjustment between Ås and Ski. Several residential areas have been established, including Tandbergløkka, close to the boundary between Ski and Ås, and a short distance from the centre of Ski. The population survey and the referendum in Ås show that the majority of the population in Ås, Nordby and Solberg, have a sense of belonging to Ski. The County Governor proposes that the area is included in the new municipality with Ski and Oppegård. The County Governor also proposes that any new municipal boundary between Ås and the new municipality of Ski and Oppegård should be moved westward and lie completely along the E18 highway.

### **Skedsmo, Lørenskog, Rælingen, Fet, Sørumsund and parts of Enebakk**

There has been no joint dialogue on this merger. Rælingen has prepared its own report, but has had no dialogue with other municipalities. Rælingen has conducted a population survey and held a referendum where the majority were against a merger. Lørenskog has prepared its own report and has not been in dialogue with other municipalities. Lørenskog has not obtained its inhabitants' views on a merger. Enebakk has considered four options, including division. Flateby in the north orientates itself toward Lillestrøm. The population of Flateby receives emergency medical services in Skedsmo. An early population survey showed that 61 per cent of the inhabitants of Flateby believe that if there is a merger, it would be most natural to divide Enebakk.

Fet, Sørumsund and Skedsmo have been in dialogue regarding a merger and have made a thorough joint investigation over a long period. The three municipalities conducted negotiations on an agreement in principle. The municipality of Skedsmo withdrew from the negotiations at the end, on the grounds that there was no agreement on finances. After this, Skedsmo and Fet entered into an agreement in principle.

All three have held public meetings and cooperated on a population survey. Skedsmo and Fet have held a referendum. The population surveys showed that the majority of voters in Sørum were in favour of a merger. Population surveys carried out in Sørum show that Skedsmo is the most relevant municipality with which to merge, followed by Fet.

In the population survey in Fet, 6 out of 10 inhabitants wanted to merge with Sørum or Skedsmo, if there was to be a municipal merger. In Skedsmo, the population survey showed that 2 out of 3 wanted to merge with Lørenskog and Rælingen, if there was to be a municipal merger. The survey also showed that 43 per cent were in favour of a large municipality in Nedre Romerike, if there was to be a municipal merger. In the referendums, the majority in Fet and Skedsmo were against merging. In Skedsmo, voter participation was 17 per cent.

On 15 June 2016, the municipal council of Skedsmo decided that a merger with Lørenskog and Rælingen, or all or parts of Nedre Romerike would be favourable. However, a merger with the smaller municipalities would still be relevant.

On 22 June 2016, the municipal council of Sørum decided they wanted to establish a larger regional municipality.

The municipal councils of Fet, Lørenskog, Rælingen and Enebakk have decided to continue as separate municipalities.

### *The County Governor's reasons for the merger*

Land is in great demand in Nedre Romerike. According to Statistics Norway, there will be a strong growth in population here in future. The total area in the proposed municipality will be approximately 700 km<sup>2</sup>, depending on where the boundary is drawn in the present Enebakk.

A large municipality will provide a common residential, labour and service area, which will be better equipped to meet the strong growth in population expected in Nedre Romerike.

Lørenskog is a densely populated municipality, with the third smallest municipality in area in Akershus. Lørenskog, Rælingen and Skedsmo have the strongest labour market integration in the region. The County Governor believes that the merger will provide a more coordinated and correct future location of infrastructure, industry and commerce, housing and other area-driven businesses. It will reduce internal competition for business and help reduce the pressure on important nature and outdoor areas.

Most of these municipalities provide services using extensive inter-municipal cooperation. The municipality of Fet believes on their own they are not large enough to provide good services to their citizens in the future. In its report, Sørum points out that larger municipalities will reduce the need for inter-municipal companies, and that task-solving will be more efficient because the authority lies with one municipal council and there is less need for coordinating processes.

The number of commuters shows that Rælingen, Fet and Sørum have a strong connection with the regional centre of Lillestrøm in Skedsmo.

## Hurdal, Ullensaker, Gjerdrum and Nannestad

Ullensaker has conducted surveys and has been in dialogue with neighbouring municipalities. They have held public meetings and referendums. There were low voter turnouts at the referendums. The majority of the population were against a merger.

Gjerdrum has not been in dialogue with neighbouring municipalities, but the Chief Administrative Officer has reported on the matter. Gjerdrum has conducted a population survey where the majority of citizens were against a merger.

Hurdal has been in dialogue with Ullensaker. Hurdal has held a referendum, where the majority were negative to a merger. Nannestad has held a public meeting on local government reform.

On 14 June 2016, the municipal council of Ullensaker decided that they were positive to a merger with other municipalities and that they primarily wanted a regional municipality in Øvre Romerike.

The municipal councils of Hurdal, Gjerdrum and Nannestad have decided to continue as separate municipalities.

The County Governor believes that a merger of these municipalities would largely correspond to the common residential, labour and service area that these municipalities constitute, as well as ensuring more coordinated community development and a more comprehensive way of dealing with population growth in Akershus.

The County Governor believes that in a larger municipality the three smallest municipalities, Hurdal, Gjerdrum and Nannestad, will have a better opportunity to offer good welfare services in the future, especially within the health and care sector. Together, they will be better equipped to prioritise development and innovation work and costly welfare technology.

## Nesodden, Nittedal and Oslo

Nesodden has held public meetings, a population survey and referendum. Nittedal has investigated the question of merging alone with Gran/Lunner as one option and Skedsmo/Nedre Romerike as another option.

On 7 December 2016, Oslo City Council decided that it was positive to considering a merger with neighbouring municipalities and to considering adjustments of the municipal boundaries.

Nesodden and Nittedal municipal councils have decided to continue as separate municipalities.

A large percentage of the inhabitants of Nesodden commute to Oslo, and only two per cent to the regional centre in Ski. The County Governor believes that based on the objective of functional areas of community development, Nesodden is more a part of Oslo than Follo. The County Governor recommends that Nesodden merges with Oslo, or becomes part of a larger municipality of Follo.

Nittedal is located on the edge of Nedre Romerike. Nittedal has a long neighbouring boundary with Oslo and is largely orientated toward Oslo, with 48 per cent commuting to work, while communication with Lillestrøm/Nedre Romerike is poor. Based on the location of the municipality and a weighting of the functional areas of community development, the County Governor

recommends that Nittedal becomes part of the municipality of Oslo, or part of a larger municipality in Nedre Romerike.

### **Asker, Hurum (Buskerud), and Røyken (Buskerud)**

All the municipalities have involved and listened to their inhabitants in the process. Population surveys in Asker and Røyken have shown that a majority of their inhabitants are positive to a merger. The referendum in Hurum also showed a majority in favour of a merger with Asker and Røyken.

On 14 June 2016, Asker municipal council decided to merge with Røyken and Hurum.

On 16 June 2016, Røyken municipal council decided to merge with Asker and Hurum.

On 21 June 2016, Hurum municipal council decided to merge with Asker and Røyken.

The new municipality will have a population of just over 90,000. The County Governor of Buskerud pointed out that the three municipalities have made mutual decisions to merge. The County Governor of Oslo and Akershus pointed out that the merger will ensure sufficient capacity and relevant expertise in order to provide good, equal services better than today, especially in the case of Hurum and to a certain extent Røyken. In the case of Asker, the merger will make the municipality better equipped to deal with the population growth when it comes to comprehensive community development, transport and area planning.

## **5.2.4 The Ministry's assessments and proposal**

The Ministry refers to the local processes, the municipalities own decisions and the County Governors' recommendations. The Ministry proposes that the Storting adopts the mergers in the county where the municipalities have made a mutual decision to merge. The Ministry justifies separately proposed mergers, which are not in line with local decisions.

### *5.2.4.1 Separate assessments*

#### **Skedsmo, Fet and Sørumsund**

Skedsmo has decided that the municipality wants to merge with Lørenskog and Rælingen, or all or parts of Nedre Romerike, but that a merger with the smaller municipalities would nevertheless be relevant. Sørumsund municipal council has decided that a future municipal merger should be based on a somewhat larger municipality in Romerike than Sørumsund is today. The population survey conducted in Sørumsund shows that Skedsmo is the most relevant municipality with which to merge, followed by Fet.

Fet has decided to continue as a separate municipality. In the referendum on a municipal merger with Skedsmo in May 2016, 44 per cent voted in favour of merging and 54 per cent voted against. In a population survey conducted in April 2016, the results showed that 6 out of 10 believe it is relevant to merge with Sørumsund or Skedsmo if there is to be a municipal merger. 3 out of 10 believe the current municipal boundaries are important. The survey also shows that 8 out of 10 shop in Skedsmo.



The three municipalities negotiated an agreement in principle. The negotiations were interrupted by Skedsmo, who blamed this on disagreement on finances. The negotiations had come a long way in several areas.

Fet, Sørumsund and Skedsmo have all experienced growth in recent years, both in terms of population and establishment of businesses. The municipalities are increasingly integrated through migration flows, commuting and establishment of businesses. There are short distances between the municipal centres and the whole area is relatively densely populated. The area will have strong population growth in the years ahead, and there will be a strong demand for land. A merger of the three municipalities will contribute to a greater extent to a functional area of community development.

Skedsmo's report shows that the municipality faces challenges because the municipal boundaries do not coincide with the functional development areas, and that this requires coordinated development, especially within area and transport, in order to deal with the strong population growth expected in Romerike.

The report by the municipality of Fet points out that a new regional area and transport plan for Oslo and Akershus will provide guidance for a more comprehensive community planning and development across municipal boundaries. However, the question is whether the plan is sufficient to ensure a more functional community development area in Nedre Romerike, as the municipalities individually have strong interests in addressing own needs, which will lead to solutions that are less than optimum for the region.

Fet's report also states that planning and development of services adapted to the needs of the elderly will be the greatest challenge toward 2040. Furthermore, the report states that the municipality has small specialist environments that result in great vulnerability, and they lack expertise in certain areas that may affect small user groups. Fet also has a low degree of follow-up, reporting and analysis capacity. About community development, the municipality writes that it is very difficult to coordinate the planning work with neighbouring municipalities, the region and the county in accordance with the Planning and Building Act. The municipality lacks own employees within business development. The municipality solves many tasks through inter-municipal cooperation. The municipality writes that this cooperation is an efficient way of solving the services, but it is challenging for the administration in the form of increased workload. This also means that many important solutions are no longer made by the municipal council, but by the supervisory boards and general meetings instead.

Sørumsund is among the less populated municipalities in the region and in the reform process has argued that it would be better able to meet the four objectives of the reform by being part of a larger municipality. Sørumsund's report states that the municipality has small local specialist environments, which are vulnerable to unforeseen events and absence. Sørumsund also has an operations-oriented organisation with no resources of its own to promote development and innovation work. The report points out that a merger would establish attractive and robust specialist environments, which would reduce vulnerability and the need to purchase services. The report also states that a larger municipality will provide the potential to dedicate resources to development work.

The County Governor has recommended a merger of the whole of Nedre Romerike, where also Rælingen, Lørenskog and parts of Enebakk are merged together. The Ministry believes that a foundation for merging Fet, Skedsmo and Sørumsand has already been laid in negotiations on an agreement in principle, and that this merger will be a step toward an even larger municipality of Nedre Romerike.

Following an overall assessment, the Ministry therefore proposes a merger of Fet, Sørumsand and Skedsmo.

#### 5.2.4.2 The Ministry's overall proposal

The Ministry recommends that the Storting adopts the following mergers in Akershus:

- Aurskog-Høland and Rømskog (Østfold)
- Oppegård and Ski
- Skedsmo, Fet and Sørumsand
- Asker, Hurum (Buskerud) and Røyken (Buskerud)

Given the Storting's endorsement of the proposal in the bill on a new regional structure, (Prop. 84 S (2016 - 2017)), the new municipalities will be part of the new county consisting of Østfold, Akershus and Buskerud. If the present county division is used as a constituency in the General Election in 2021, the new municipalities will be considered part of Akershus.

### 5.3 Hedmark

The county of Hedmark has a population of 196,190 spread over 22 municipalities and 27,398 km<sup>2</sup>. Engerdal is the smallest municipality in terms of population with 1,274 inhabitants, while Ringsaker is the largest with 33,842 inhabitants. 10 municipalities have fewer than 5,000 inhabitants, while 5 municipalities have more than 15,000 inhabitants.

Tabell 5.6 The municipalities of Hedmark with population and area

Municipality	Population	Area (km <sup>2</sup> )
0412 Ringsaker	33,842	1,280
0403 Hamar	30,598	351
0427 Elverum	21,086	1,229
0417 Stange	20,317	724
0402 Kongsvinger	17,857	1,036
0419 Sør-Odal	7,866	517
0415 Løten	7,633	369
0425 Åsnes	7,329	1,041
0428 Trysil	6,550	3,014
0420 Eidskog	6,127	640

0437 Tynset	5,584	1,881
0418 Nord-Odal	5,100	508
0423 Grue	4,777	837
0429 Åmot	4,518	1,340
0426 Våler	3,743	705
0430 Stor-Elvdal	2,530	2,166
0438 Alvdal	2,441	942
0441 Os	1,963	1,040
0432 Rendalen	1,858	3,180
0436 Tolga	1,620	1,123
0439 Folldal	1,577	1,277
0434 Engerdal	1,274	2,197

**[:figur:fig5-3.jpg]**

Figur 5.11 Map of the municipalities in Hedmark

### 5.3.2 The municipalities' decision

No municipalities in Hedmark have made a mutual decision to merge.

Three municipalities have decided that they are positive to or want to merge with other municipalities:

- Hamar is positive to a merger with the municipalities in the region of Hamar.
- Kongsvinger wants to merge with the municipalities in the region of Glåmdal.
- Åsnes wants to merge with Våler and Grue.

The other municipalities in Hedmark have decided to continue as separate municipalities.

### 5.3.3 The County Governor's recommendation

The County Governor of Hedmark recommends no mergers.

All the municipalities of Hedmark have implemented a process with surveys, meetings and municipal county decisions on future local government structure. Three letters of intent were entered into regarding municipal mergers.

The County Governor believes the local government reform processes have led to increased awareness about future challenges in the municipalities. This has increased knowledge about their own and neighbouring municipalities and has strengthened the willingness to establish greater cooperation, which will be important for future development. However, none of the municipalities have made mutual decisions to merge. Given the reform framework, where merging

is on a voluntary basis, the County Governor does not recommend any municipal mergers at this time. However, the County Governor believes there is a need for changes in the local government structure in Hedmark in order to achieve the objectives of the reform, and that the opportunities and challenges for the municipalities in Hedmark would have been easier to solve in a new local government structure with stronger and fewer municipalities, see also Chapter 6. The County Governor points out that Hedmark has a larger percentage of inhabitants over 67 than the national average. The population projections for the county show that some municipalities will have a sharp change in the “dependency ratio” with fewer workers per person over 80. The County Governor believes this will pose challenges for today’s municipalities as regards planning service provision, adjustment and change to other types of services and innovation.

### 5.3.4 The Ministry’s proposal

The Ministry points out the reform framework, the local processes and the decisions and the County Governor’s recommendations. In line with the municipalities’ decisions and the County Governors’ recommendations, the Ministry proposes no mergers in Hedmark.

## 5.4 Oppland

The county of Oppland has a population of 189,479 spread over 26 municipalities and 25,192 km<sup>2</sup>. Etnedal is the smallest municipality with a population of 1,351, while Gjøvik is the largest with a population of 30,319. 12 municipalities have fewer than 5,000 inhabitants, while 2 municipalities have more than 15,000 inhabitants.

Tabell 5.7 The municipalities of Oppland with population and area

Municipality	Population	Area (km <sup>2</sup> )
0502 Gjøvik	30,319	672
0501 Lillehammer	27,781	478
0528 Østre Toten	14,887	563
0534 Gran	13,707	757
0529 Vestre Toten	13,179	250
0533 Lunner	9,080	292
0538 Nordre Land	6,773	955
0532 Jevnaker	6,696	226
0542 Nord-Aurdal	6,490	907
0522 Gausdal	6,204	1,191
0517 Sel	5,916	905
0516 Nord-Fron	5,723	1,141

0536 Søndre Land	5,717	728
0521 Øyer	5,082	640
0520 Ringeby	4,502	1,248
0515 Vågå	3,640	1,330
0544 Øystre Slidre	3,248	963
0519 Sør-Fron	3,163	742
0540 Sør-Aurdal	3,026	1,109
0511 Dovre	2,675	1,364
0514 Lom	2,360	1,969
0513 Skjåk	2,202	2,076
0543 Vestre Slidre	2,114	463
0512 Lesja	2,048	2,260
0545 Vang	1,596	1,505
0541 Etnedal	1,351	459

**[:figur:fig5-4.jpg]**

Figur 5.12 Map of the municipalities in Oppland

#### **5.4.2 The municipalities' decision**

No municipalities in Oppland have made a mutual decision to merge.

Three municipalities have decided they are positive to or want to merge with other municipalities:

- Dovre wants to merge with Lesja.
- Sør-Fron wants to merge with Nord-Fron and Ringeby.
- Nord-Aurdal wants to merge with Sør-Aurdal, Etnedal, Vestre Slidre and Øystre Slidre.

The other municipalities in Oppland have decided to continue as separate municipalities.

#### **5.4.3 The County Governor's recommendation**

The County Governor of Oppland does not recommend any mergers.

All the municipalities in Oppland have implemented a process with reports, meetings and municipal council decisions on future local government structure. The County Governor believes the work on the local government reform has resulted in good reports and has helped raise important debates by the municipal councils on community development trends and the quality of the services. In the view of the County Governor, the challenges the municipalities of Oppland face related to demographic development and future expertise needs show that there should be

further work on establishing larger municipalities to achieve the objectives of the reform. However, given the framework for the reform related to local processes and volunteering, the County Governor does not recommend any mergers at this time.

The County Governor believes that larger and stronger specialist environments in the municipalities will have greater leeway and better conditions for developing services for the benefit of residents and industry. Larger municipalities will also be an advantage in strengthening community development within areas such as business development, environmental management, emergency planning and planning.

#### 5.4.4 The Ministry's proposal

The Ministry refers to the reform framework, the local processes and decisions, as well as the County Governor's recommendations. In line with the municipalities' decisions and the County Governor's recommendations, the Ministry does not propose any mergers in Oppland.

### 5.5 Buskerud

Buskerud has a population of 279,714 spread over 21 municipalities and 14,911 km<sup>2</sup>. Flå is the smallest municipality with a population of 1,081, while Drammen is the largest with a population of 68,363. 11 municipalities have fewer than 5,000 inhabitants, while 7 municipalities have more than 15,000 inhabitants.

Tabell 5.8 The municipalities of Buskerud with population and area

Municipality	Population	Area (km <sup>2</sup> )
0602 Drammen	68,363	137
0605 Ringerike	30,034	1,555
0604 Kongsberg	27,216	793
0626 Lier	25,740	302
0625 Nedre Eiker	24,718	122
0627 Røyken	21,931	113
0624 Øvre Eiker	18,562	457
0623 Modum	13,786	517
0628 Hurum	9,462	163
0612 Hole	6,772	193
0619 Ål	4,719	1,175
0617 Gol	4,612	532
0620 Hol	4,535	1,855

0621 Sigdal	3,502	842
0616 Nes	3,357	810
0631 Flesberg	2,696	562
0633 Nore & Uvdal	2,530	2,502
0618 Hemsedal	2,442	754
0622 Krødsherad	2,257	375
0632 Rollag	1,399	449
0615 Flå	1,081	704

**[:figur:fig5-5.jpg]**

Figur 5.13 Map of the municipalities in Buskerud

### 5.5.2 The municipalities' decision

Four municipalities in Buskerud are included in two mergers where mutual decisions have been made:

- Drammen, Nedre Eiker and Svelvik (Vestfold)
- Hurum, Røyken and Asker (Akershus) (discussed in chapter 5.2)

Furthermore, two municipalities have decided they are positive to or want to merge with other municipalities:

- Ringerike is positive to a merger with Hole and Jevnaker (Oppland).
- Gol wants to merge with Nes.

The other municipalities in Buskerud have decided to continue as separate municipalities.

### 5.5.3 The County Governor's recommendation and the municipalities' processes

The County Governor of Buskerud recommends the following mergers:

- Røyken, Hurum and Asker (discussed in chapter 5.2)
- Drammen, Nedre Eiker, Lier, Øvre Eiker and Svelvik
- Ringerike, Hole and Jevnaker

#### Drammen, Nedre Eiker, Lier, Øvre Eiker and Svelvik (Vestfold)

Drammen and Svelvik were quick off the mark in the process and in December 2014 entered into an agreement in principle on a merger. A major report, which included all the municipalities in the region of Drammen, was completed in June 2015. A political platform has since been negotiated between Drammen, Svelvik, Nedre Eiker, Øvre Eiker and Sande.

The municipalities have held various kinds of public consultations. Two population surveys in Svelvik showed that a majority were in favour of a merger. The referendum in Nedre Eiker

gave a majority in favour of a merger. Øvre Eiker conducted a survey involving the inhabitants during the summer and autumn of 2016.

On 20 June 2016, Svelvik municipal council decided to merge with Drammen and other municipalities in the region of Drammen that make the same decision.

On 21 June 2016, Drammen city council decided to merge with Svelvik and other municipalities that make the same decision.

On 14 December 2016, Nedre Eiker municipal decided to merge with Drammen, Svelvik and other municipalities in the region of Drammen that make the same decision.

Lier and Øvre Eiker municipal councils have decided to continue as separate municipalities.

### *The County Governor's reasons for the merger*

Drammen, Nedre Eiker and Svelvik agree to establish a new municipality. The County Governor recommends that the new municipality will also include Lier and Øvre Eiker.

The County Governor points out that Drammen and the surrounding municipalities have grown together. They constitute the same housing and labour market region, and are a region with significant growth in population and business. Community development in one municipality affects the other municipalities, without the inhabitants of these municipalities being able to influence the development through elections. A number of cooperation schemes have been established between the municipalities. A merger of several municipalities will provide a more financially sound municipality that will be able to ensure a future-oriented range of services, as well as being better equipped to take on more tasks. A larger municipality will also be able to engage in more suitable community development, have sustainable area management and deal with transport and climate challenges, as well as having a better distribution of different types of housing and industries.

The County Governor of Buskerud still believes that a merger of Drammen, Nedre Eiker and Svelvik satisfies the objectives of the reform. In the view of the County Governor, a merger of the three municipalities will mean that Nedre Eiker and Svelvik are part of a new municipality, which will have better capacity to attend to and develop statutory tasks, welfare services and governance and jurisdiction. The new municipality will also provide a better foundation for long-term and sustainable area management. In such a merger, the County Governor also recommends a minor boundary adjustment in Lier so that the new hospital remains in Drammen.

Nedre Eiker has significant economic challenges. The municipality has a low level of income, no available funds in the distributable reserve and accumulated losses. The new municipality will gain good financial management skills and become more robust against unforeseen events, as well as reducing the need for inter-municipal solutions.

In his recommendation, the County Governor of Vestfold only discusses the merger of Drammen and Svelvik, in line with the local decision at the time. The County Governor of Vestfold considers that this satisfies the objectives of the reform. The new municipality will provide better opportunities to meet population growth without compromising important conservation considerations, while at the same time Svelvik can share more of this growth and thereby achieve a



more balanced population development in the long run. Svelvik is already closely integrated with Drammen in that the population of Svelvik uses Drammen as their town.

### **Ringerike, Hole and Jevnaker (Oppland)**

Ringerike and Jevnaker were quick off the mark with work on a common approach to the new local government structure. Initially, Hole did not want to participate, but joined the process from the end of 2015. A referendum held in Ringerike in May 2016 showed that the majority were in favour of a merger. A referendum held in Jevnaker on the same day showed that the majority were against a merger. The population survey conducted in Hole also showed that the majority of the population was against a merger.

On 30 June 2016, Ringerike municipal council decided to merge with the municipalities of Hole and Jevnaker.

Hole and Jevnaker municipal councils have decided to continue as separate municipalities.

The County Governor of Buskerud pointed out that there is an agreement in principle for the merger of the three municipalities. The County Governor believes the work on this agreement has been done well. The region has significant development potential, especially through construction of the Ringerik railway line and the new E16 highway. These developments will make the region part of the development around the capital to a greater extent than previously, which will have an impact on housing development, schools, kindergartens, health institutions and business development. The County Governor points out that the need for comprehensive planning processes and coordinated community development is therefore great and is already applicable, so that a merger decision is necessary now. The County Governor also points out that there is significant cooperation in the region, particularly between Ringerike and Hole.

The County Governor of Oppland does not recommend a merger of Jevnaker with Hole and Ringerike at this point in time, but points out that this is a long-term solution for the municipalities.

### **5.5.4 The Ministry's assessments and proposal**

The Ministry refers to the local processes, the municipalities' own decisions and the County Governors' recommendations. The Ministry proposes that the Storting adopts the merger in the county where the municipalities have made a mutual decision to merge.

Therefore, the Ministry recommends that the Storting adopts the following mergers in Buskerud:

- Drammen, Nedre Eiker and Svelvik (Vestfold)

Given the Storting's endorsement of the proposal in the bill on the new county structure (Prop. no. 84 S (2016 - 2017)), the Ministry recommends that the county boundary between the new county consisting of Vestfold and Telemark and the new county consisting of Buskerud, Akershus and Østfold is adjusted so that the new municipality consisting of Drammen, Nedre Eiker and Svelvik becomes part of the new county consisting of Buskerud, Akershus and

Østfold. If the present county division is used as a constituency at the General Election in 2021, the new municipality will be considered part of Buskerud.

## 5.6 Vestfold

The county of Vestfold has a population of 247,048 spread over 12 municipalities and 2,225 km<sup>2</sup>. Lardal is the smallest municipality with a population of 2,475, while Sandefjord is largest with a population of 62,019. 3 municipalities have fewer than 5,000 inhabitants, while 5 municipalities have more than 15,000 inhabitants.

Tabell 5.9 The municipalities of Vestfold with population and area

Municipality	Population	Area (km <sup>2</sup> )
0706 Sandefjord	62,019	422
0704 Tønsberg	44,922	110
0709 Larvik	44,082	535
0701 Horten	27,202	70
0722 Nøtterøy	21,748	61
0702 Holmestrand	10,861	86
0713 Sande	9,496	178
0716 Re	9,486	225
0711 Svelvik	6,653	58
0723 Tjøme	4,928	39
0714 Hof	3,176	163
0728 Lardal	2,475	278

**[:figur:fig5-6.jpg]**

Figur 5.14 Map of the municipalities of Vestfold

### 5.6.2 The municipalities' decision

Thirteen municipalities in Vestfold are included in six mergers where mutual decisions have been made:

- Stokke, Andebu and Sandefjord. It has been decided by Royal Decree of 24 April 2015 that the municipalities will be merged from 1 January 2017.
- Lardal and Larvik. It has been decided by Royal Decree of 5 February 2016 that the municipalities will be merged together from 1 January 2018.
- Tjøme and Nøtterøy. It has been decided by Royal Decree of 18 March 2016 that the municipalities will be merged together from 1 January 2018.

- Hof, Holmestrand and Sande. It has been decided by Royal Decree of 18 March 2016 that Hof and Holmestrand will be merged together from 1 January 2018.
- Tønsberg and Re.
- Svelvik, Drammen (Buskerud) and Nedre Eiker (Buskerud)

Furthermore, Horten has decided that the municipality is positive to a merger with Re.

### **5.6.3 The County Governor's recommendation and the municipalities' processes**

The County Governor of Vestfold recommends the following mergers:

- Tønsberg and Re
- New Holmestrand and Sande
- Svelvik and Drammen (discussed in chapter 5.5)

#### **Tønsberg and Re**

Re began by reporting on a possible merger with Holmestrand, Hof and Sande. In a referendum in 2015, 55 per cent responded that the municipality should continue as a separate municipality. The municipal council of Re decided to comply with the referendum, but subsequently decided to reconsider the municipal merger. The municipality entered into dialogue with Tønsberg, Horten and new Holmestrand. The inhabitants were involved through public meetings and an information brochure was published. In August/September 2016, a population survey was conducted where the majority responded that they preferred to merge with Tønsberg.

On 21 September 2016, Re municipal council decided to merge with Tønsberg,

On 26 September 2016, Tønsberg city council decided to merge with Re.

The County Governor believes the merger will give Re an important and urgent strengthening of the municipality's service production and exercise of authority. The County Governor also believes that the municipality does not have a sufficiently sound economy to deal with major unforeseen events, and that a merger with Tønsberg would make the municipality better able to do so.

The County Governor believes a new municipality would provide a sound basis for long-term and sustainable area management, as well as strengthened work on public security, emergency planning, transport, industry, environment and climate. The population of both municipalities is expected to grow toward 2040 and a merger will help solve area challenges in the region of Tønsberg, without compromising the protection of land and valuable natural areas.

#### **New Holmestrand and Sande**

Hof and Holmestrand originally investigated merging with Re and Sande. Sande held a referendum in September 2015 where 53 per cent responded that the municipality should continue as a separate municipality. Sande municipal council then decided to take note of the referendum, but subsequently decided to reconsider a municipal merger. In a new referendum on June 2016, the majority voted in favour of a merger with Hof and Holmestrand.

On 22 June 2016, Sande municipal council took the initiative to form a joint municipality with the municipality of New Holmestrand.

It has been decided by Royal Decree of 18 March 2016 that Hof and Holmestrand will merge from 1 January 2018. The name of the new municipality is Holmestrand. On 20 September 2016, both municipal councils decided to merge with Sande. The municipalities agree that Sande will join the new municipality from 1 January 2020.

The County Governor believes the merger will provide a municipality with good capacity and access to expertise to take care of and develop statutory tasks, including welfare services and government tasks, on its own. The new municipality will also provide a better foundation for long-term and sustainable area management as well as strengthened work on public security and emergency planning, transport, industry and commerce, environment and climate. The new municipality will provide better opportunities to meet the anticipated growth in population in the area without compromising important conservation considerations.

#### **5.6.4 The Ministry's assessments and proposal**

The Ministry points out the local processes, the municipalities' own decisions and the County Governors' recommendations. The Ministry proposes that the Storting adopts the mergers in the county where the municipalities have made a mutual decision that they want to merge.

Therefore, the Ministry recommends that the Storting adopts the following mergers in Vestfold:

- Tønsberg and Re
- New Holmestrand (which from 1 January 2018 will consist of the present Hof and Holmestrand) and Sande

### **5.7 Telemark**

Telemark has a population of 173,307 spread over 18 municipalities and 15,296 km<sup>2</sup>. Fyresdal is the smallest municipality with a population of 1,319, while Skien is the largest with a population of 54,316. 9 municipalities have fewer than 5,000 inhabitants, while 2 have more than 15,000 inhabitants.

Tabell 5.10 The municipalities of Telemark with population and area

Municipality	Population	Area (km <sup>2</sup> )
0806 Skien	54,316	778
0805 Porsgrunn	36,198	164
0814 Bamble	14,138	304
0807 Notodden	12,757	919
0815 Kragerø	10,586	305
0819 Nome	6,585	430

0821 Bø	6,262	263
0826 Tinn	5,894	2,045
0822 Sauherad	4,303	321
0817 Drangedal	4,148	1,063
0834 Vinje	3,726	3,106
0828 Seljord	2,979	715
0829 Kviteseid	2,442	708
0811 Siljan	2,357	214
0833 Tokke	2,228	984
0827 Hjartdal	1,593	791
0830 Nissedal	1,476	905
0831 Fyresdal	1,319	1,280

**[:figur:fig5-7.jpg]**

Figur 5.15 Map of the municipalities in Telemark

### 5.7.2 The municipalities' decision

Two municipalities in Telemark are included in one merger where mutual decisions have been made:

- Bø and Sauherad

The other municipalities in Telemark have decided to continue as separate municipalities.

### 5.7.3 The County Governor's recommendation and the municipalities' processes

The County Governor of Telemark recommends the following merger:

- Bø, Sauherad and Nome

#### Bø, Sauherad and Nome

The municipalities have been involved in several processes. The three municipalities originally negotiated a joint agreement in principle.

All the municipalities have held public meetings. Sauherad conducted a population survey, which showed that the majority were in favour of a merger with Bø and Nome. In the referendum held in Bø, 47 per cent were in favour of a merger and 52 per cent wanted Bø to continue as a separate municipality. The municipal council had decided in advance to follow the consultative referendum if the voting turnout was more than 50 per cent. The voting turnout was 42 per cent.

The referendum held in Nome resulted in a majority in favour of continuing as a separate municipality. On 28 April 2016, Nome municipal council decided to continue as a separate municipality.

After this, Bø and Sauherad initiated new negotiations, which resulted in a new agreement in principle between the two. This received support in population surveys in both municipalities.

On 16 June 2016, Bø municipal council decided to merge with Sauherad.

On 16 June 2016, Sauherad municipal council decided to merge with Bø.

In the autumn of 2016, Nome municipal council made a new decision that they wanted new negotiations with Bø and Sauherad. Both Bø and Sauherad decided that there was no grounds for new negotiations at this time.

On 8 December 2016, Nome municipal council decided to close the matter of a possible municipal merger.

### *The County Governor's reasons for the merger*

Bø and Sauherad agree on building a new municipality. The County Governor recommends that the new municipality should also include Nome. The County Governor points out that the commuter pattern in the region indicates that these three municipalities constitute one common housing and labour market region. Therefore, it is important that these three municipalities together take care of a comprehensive and coordinated community development. The municipalities have established many joint functions through inter-municipal solutions.

The County Governor is worried about the situation in the municipalities. All three municipalities have financial challenges, which are substantiated by the fact that they are all registered in ROBEK. A merger of the three municipalities will create a new municipality with a more diverse composition of population and industries, which will create increased robustness against unforeseen events and trends.

The County Governor believes that Bø, Sauherad and Nome have the potential to become less vulnerable and better able to provide good, equal services to their citizens if they merge. Together, the three municipalities could also reorganise inter-municipal cooperation into municipal bodies under direct management by the municipal council and thereby strengthen local democracy.

In his recommendation, the County Governor writes that if the process at national level concludes that Nome will continue as a separate municipality, the County Governor will recommend that Bø and Sauherad become one municipality. However, the County Governor is clear that this will pose major financial challenges to Nome, and be disadvantageous to the region as a whole.

### **5.7.4 The Ministry's assessments and proposal**

The Ministry points out the local processes, the municipalities' own decisions and the County Governors' recommendations. The Ministry proposes that the Storting adopts the merger of the county where the municipalities have made a mutual decision that they want to merge.

Therefore, the Ministry recommends that the Storting adopts the following mergers in Telemark:

- Bø and Sauherad

## 5.8 Aust-Agder and Vest-Agder

Aust-Agder has a population of 116,673 spread over 15 municipalities and 9,158 km<sup>2</sup>. Bykle is the smallest municipality with a population of 952m while Arendal is the largest with a population of 44,576. 8 municipalities have fewer than 5,000 inhabitants, while 2 municipalities have more than 15,000 inhabitants.

Tabell 5.11 The municipalities of Vest-Agder and the population and area

Municipality	Population	Area (km <sup>2</sup> )
1001 Kristiansand	89,268	277
1002 Mandal	15,600	223
1014 Vennesla	14,425	384
1018 Søgne	11,321	151
1003 Farsund	9,769	263
1004 Flekkefjord	9,090	544
1032 Lyngdal	8,588	391
1017 Songdalen	6,568	216
1037 Kvinesdal	5,988	962
1029 Lindesnes	4,950	316
1021 Marnardal	2,309	395
1046 Sirdal	1,836	1,555
1027 Audnedal	1,765	251
1034 Hægebostad	1,702	461
1026 Åseral	937	888

Vest-Agder has a population of 184,116 spread over 15 municipalities and 7,277 km<sup>2</sup>. Åseral is the smallest municipality with a population of 937, while Kristiansand is the largest with a population of 89,268. 6 municipalities have fewer than 5,000 inhabitants, while 2 municipalities have more than 15,000 inhabitants.

The County Governor of Aust and Vest Agder presented a joint report for the two counties, which includes all the 30 municipalities in the two counties.

Tabell 5.12 The municipalities of Aust-Agder with population and area

Municipality	Population	Area (km <sup>2</sup> )
0906 Arendal	44,576	270
0904 Grimstad	22,692	304
0926 Lillesand	10,702	190
0901 Risør	6,936	193
0914 Tvedestrand	6,051	218
0919 Froland	5,713	645
0928 Birkenes	5,178	674
0937 Evje og Hornnes	3,614	550
0911 Gjerstad	2,511	322
0912 Vegårshei	2,104	356
0929 Åmli	1,856	1,131
0935 Iveland	1,342	262
0940 Valle	1,246	1,265
0938 Bygland	1,200	1,312
0941 Bykle	952	1,467

**[:figur:fig5-8.jpg]**

Figur 5.16 Map of the municipalities in Aust-Agder

**[:figur:fig5-9.jpg]**

Figur 5.17 Map of the municipalities in Vest-Agder

### 5.8.2 The municipalities' decision

Two municipalities in Vest-Agder are included in one merger where a mutual decision has been made:

- Lyngdal and Audnedal

Furthermore, seven municipalities have decided that they are positive about or want to merge:

- Mandal wants to merge with Marnardal and Lindesnes
- Marnardal wants to merge with Mandal and Lindesnes.
- Kristiansand wants to merge with Songdalen and Søgne.
- Sogndalen wants to merge with Kristiansand and Søgne.
- Vennesla is positive about merging with Iveland.
- Farsund wants to merge with Kvinesdal and Flekkefjord.



- Evje and Hornnes are positive about merging with the municipalities in the region. Gjerstad has also decided that they are open to considering proposals for merging with neighbouring municipalities.
- Birkenes is open to dialogue with Lillesand about establishment of a new municipality
- Arendal is open to dialogue with municipalities that want to establish a new municipality.
- The other municipalities in Aust-Agder and Vest-Agder have decided to continue as separate municipalities.

### **5.8.3 The County Governor's recommendation and the municipalities' processes**

The County Governor of Aust and Vest-Agder recommends the following mergers:

- Lyngdal and Audnedal
- Mandal, Marnardal and Lindesnes
- Kristiansand, Søgne, Songdalen, Birkenes and Lillesand; alternatively Kristiansand, Søgne and Songdalen
- Vennesla and Iveland

#### **Lyngdal and Audnedal**

Several municipalities were involved at the start of the process (Farsund, Hægebostad and Lindesnes). These municipalities withdrew along the way, most recently Hægebostad following a referendum in March 2016. In Audnedal, the majority were in favour of a merger with Lyngdal and Hægebostad in a referendum in February 2016. After Hægebostad withdrew from the process, an agreement in principle was negotiated between Audnedal and Lyngdal.

On 26 May 2016, the municipal council of Audnedal decided to establish a new municipality together with Lyngdal based on the agreed agreement in principle. The decision also allowed Hægebostad and / or Lindesnes to join the merger.

On 26 May 2016, the municipal council of Lyngdal decided to establish a new municipality together with Audnedal based on the agreed agreement in principle. The decision also allowed Hægebostad and / or Lindesnes to join the merger.

The County Governor believes the new municipality will help ensure good and equal services in a better way than today's structure. The merger will help solve Audnedal's challenges and also strengthen Lyngdal. The County Governor believes that the new municipality will be more sustainable and financially sound than today's two municipalities. It will also benefit from the policy instruments in the reform. The County Governor also notes that the new municipality will not be a large municipality, and that it will be possible to establish larger municipalities in the area.

#### **Mandal, Marnardal and Lindesnes**

The municipalities have participated in various constellations of mergers, and have involved the inhabitants in the work. Several municipalities were involved at the start of the process

(Audnedal and Åseral). These municipalities withdrew from the process along the way. A agreement in principle between Mandal, Marnadal and Lindesnes was adopted at a joint municipal council meeting on 4 November 2015.

Lindesnes has conducted a population survey and two referendums in the local government reform. A population survey in May 2015 shows a majority in favour of merging. A referendum in December 2015 involved choosing between a merger toward the east or west and resulted in the majority voting in favour of a merger with Mandal and Marnadal. Prior to the last referendum in March 2016, a majority of the municipal council recommended the inhabitants to vote “yes” to the merger. In this referendum, the majority were against merging (57 per cent), and the voting turnout was 41 per cent.

On 2 February 2016, Marnadal municipal council decided to merge with Mandal and Lindesnes, on the condition that Lindesnes chooses to do the same.

On 26 May 2016, Lindesnes municipal council decided to continue as a separate municipality, based on the result of the last referendum.

On 19 June 2016, Mandal city council decided to merge with Marnardal and Lindesnes based on the agreement in principle.

### *The County Governor's reasons for the merger*

The County Governor points out that there is an agreement in principle for the merger of the three municipalities. In the view of the County Governor, this agreement in principle, and the solutions for the new municipality are so good that the municipalities are recommended to merge now. The County Governor also emphasises the strong political will in Lindesnes to bring about a merger, and the different results from the population surveys in the municipality.

The three municipalities together with Audnedal constitute a separate housing and labour market region. The level of commuting to work from Lindesnes and Marnardal to Mandal is high at 20 and 21 per cent respectively. The distances are short. It is approximately 24 km from Mandal to Marnardal town hall and 21 minutes to drive, while it is 13 km and 12 minutes between the town halls in Mandal and Lindesnes.

The County Governor believes a new municipality instead of the three is also appropriate in a long-term social perspective. The County Governor's outline for long-term local government structure in Agder points to five municipalities based on today's permanent regional cooperation. A merged municipality consisting of Mandal, Marnardal and Lindesnes constitutes (the core of) one of these regional municipalities.

The County Governor believes the municipality would be able to provide good services. The municipality will also be large enough to be sustainable and financially sound. Geography and communications indicate that the municipality has an operationally suitable boundary. The County Governor considers that the municipality will probably be able to place many of the inter-municipal activities in the region into its own municipality, which would be democratic progress. Furthermore, the agreement in principle has good and interesting ambitions for population involvement and democracy development.

## Kristiansand, Søgne, Songdalen, Lillesand and Birkenes; alternatively Kristiansand, Søgne and Songdalen

The five municipalities have prepared an agreement in principle to merge. In June 2016, four of the municipalities held referendums and in all of these the majority of voters were against merging. After this, the process involving all five municipalities ground to a halt, and new initiatives were taken on each side of the county boundary.

On 22 June 2016, Kristiansand city council decided to merge with Søgne and Songdalen.

On 22 June 2016, Songdalen municipal council decided to approve “that the municipalities of Songdalen, Søgne and Kristiansand intend to merge into one municipality. ...The municipality of Songdalen does not want a merger only between Kristiansand and Songdalen.”

On 22 June, Søgne municipal council decided to conclude the process of municipal merger with reference to the advice they received in the referendum.

On 22 June, Birkenes municipal council decided to enter into dialogue with Lillesand to clarify the prerequisites for a possible new municipality.

On 22, Lillesand city council decided not to continue with new municipal merger processes at this time.

### *The County Governor's reasons for the merger*

The County Governor points out that there is an agreement in principle for the merge of the five municipalities. All the municipalities have put extensive effort into the local government reform. There has been strong political will for a merger. There have been several forms of population involvement and consultation the municipalities. These have produced different results as regards support for the merger.

A new municipality consisting of today's five municipalities will have more than 120,000 inhabitants and will be one of the larger boroughs in Norway. The County Governor believes such a municipality will have the resources to take on new tasks, conduct development work and ensure services in all parts of the new municipality. The agreement in principle also proposes political directly-elected local committees. The County Governor believes the municipality will be large enough to be able to handle most of the tasks solved today through very extensive inter-municipal cooperation.

The municipalities have close and extensive cooperation between Knutepunkt Sørlandet, which also includes Vennesla and Iveland. All seven municipalities are very closely integrated housing and labour markets, with a large number of commuters. There is already extensive cooperation on joint area and transport planning and the challenges in this field will increase.

The County Governor believes the merger of Kristiansand, Søgne and Songdalen is an alternative if the Storting does not want to adopt a merger of all five municipalities.

The population of such a municipality would be approximately 107,000. The County Governor believes the municipality will still be sound and large. Merger of these three municipalities would also result in a municipality that is financially sound due to its size.

Merger of the municipalities without Lillesand and Birkenes would have a reduced effect when it comes to dealing with challenges related to planning and area use in the urban area. For example, the municipal boundary with Lillesand will still pass through Sørlandsparken business area. The possibility of reducing the scope of inter-municipal cooperation in the hub region will also be smaller.

## Vennesla and Iveland

The municipalities prepared an agreement in principle on a merger. A joint population survey showed that the majority were in favour of a merger in Vennesla, while in Iveland, the majority were against a merger. A referendum was also held in Iveland, where the majority voted to continue as a separate municipality.

On 16 June, Vennesla municipal council decided to merge with Iveland, on the condition that Iveland also voted to merge.

On 22 June, Iveland municipal council decided on the basis of the population surveys not to continue the discussion on a merger with Vennesla.

The County Governor points out that there is an agreement in principle for the merger of the two municipalities. The new municipality will have approximately 15,700 inhabitants. The County Governor believes the municipality will have achieved an acceptable size to ensure good and equal services to the inhabitants. In the view of the County Governor, the new municipality will be financially sound, with anticipated growth in the population toward 2040. The municipality will have to cooperate with new Kristiansand on comprehensive and coordinated community development.

### **5.8.4 The Ministry's assessments and proposal**

The Ministry refers to the local processes, the municipalities own decisions and the County Governors' recommendations. The Ministry proposes that the Storting approves the merger in the county where the municipalities have made a mutual decision to merge. The Ministry justifies separately proposed mergers, which are not in line with local decisions.

#### *5.8.4.1 Separate assessments*

### Mandal, Marnardal and Lindesnes

Two of the three municipal councils have made a decision on the question of merging. Marnardal does not want to merge with Mandal, unless Lindesnes is also part of the new municipality. Therefore, Lindesnes' decision to continue as a separate municipality blocks a merger, which is appropriate, based on regional considerations.

Lindesnes has conducted several population surveys in the reform. The surveys have produced different results as regards support or opposition to the merger. In its finalisation of the reform, the majority of the municipal council chose to follow the results of the last referendum, which showed that the majority of the voters want to continue as a separate municipality.

Lindesnes' own report on the local government reform shows that there are clear advantages and disadvantages of establishing a new municipality together with Marnardal and Mandal. It is challenging for Lindesnes to have the expertise for specialised services, which means that the municipality is vulnerable within many service areas. Today, this is solved through inter-municipal cooperation, which is considered to create significant extra administrative work and reduced political governance both related to planning and budget.

The report points out that areas, such as community and business development, are challenging to handle in today's municipality, and that the municipality does not have its own resources to work on this. It is also emphasised that the municipality has few resources and expertise to work on measures to meet future challenges, e.g., as a result of an ageing population. It is pointed out that a merger with Marnardal and Mandal is the answer to very many of the challenges Lindesnes faces today, and that a new municipality would be a good answer to the objectives of the reform.

Marnardal's report shows that the municipality does not have sufficient finances or expertise to provide all the statutory services on its own, which has resulted in extensive inter-municipal cooperation. The report points out that continuing as a separate municipality means that Marnardal must still purchase services from other municipalities, while having little influence on the budgets of these cooperation schemes. To continue as a separate municipality would also entail very demanding priorities in future budgets, where service quality and school structure must be debated.

In Mandal, the municipality's report also shows that there are far more advantages to the municipality and its inhabitants of merging with Lindesnes and Marnardal rather than continuing alone. Special importance is attached to the fact that the plans for the new municipality includes many elements with positive consequences for today's children and young people, while the whole process is about ensure today's young people good services as adults.

The three municipalities are part of the same housing and labour market and are also closely integrated through cooperation on the regional council. A large number of people commute to work from Lindesnes and Marnardal to Mandal. A new municipality consisting of Mandal, Marnardal and Lindesnes will help to ensure good, equal services in a better way than today's structure, and will also be more sustainable and financially sound than today's three municipalities. A new municipality consisting of the three municipalities is considered to be a future-oriented solution that will last for a long time in a social perspective, cf. the County Governor's recommendation on local government structure in Agder in the long-term.

Following an overall assessment, the Ministry proposes the merger of Mandal, Marnardal and Lindesnes.

## **Kristiansand, Søgne and Songdalen**

Two of the three municipal councils have made decisions on the question of merging. Songdalen does not want to merge with Kristiansand, unless Søgne is also part of the new municipality. Therefore, Søgne's decision to continue as a separate municipality blocks a merger which is appropriate based on regional interests.

There has been strong, all-party will to achieve a merger in the region of Kristiansand. Various population surveys have resulted in a majority both in favour and against a merger in the municipalities.

The municipalities are part of the same housing and labour market, cf. figure 5.10, and are also closely integrated through cooperation on the regional council.

**[Figur:fig5-10.jpg]**

Figur 5.18 Commuter map for the region of Kristiansand<sup>1</sup>

<sup>1</sup> NIVI Report 2016:4: *Documentation of today's municipality division with emphasis on geographical-type problems*

The municipalities' own reports show that it is particularly within comprehensive and coordinated community development that today's local government structure is unsuitable. It is pointed out that outdated municipal boundaries pose challenges for the municipalities' possibilities to achieve national objectives for climate, coordinated housing, area and transport planning, and business development, as well as facilitating the best possible living conditions and security for their inhabitants. As regards Søgne, the municipality has few resources to be an independent community developer. In the case of Songdalen, extensive planning cooperation with neighbouring municipalities would be a prerequisite for solving the social challenges the region faces. Even for Kristiansand, it is evident that the municipality alone cannot be a good enough facilitator for the industry and commerce in the region. In the long-term, continuation of today's municipal boundaries will weaken the Kristiansand region's key development role for Agder, which will also have a negative impact on the region's common interests in a national perspective.

The County Governor points out that a new municipality consisting of Kristiansand, Søgne and Songdalen will help ensure good and equal services in a better way than today's structure. The municipality will also be more sustainable and financially sound than today's three municipalities. Both Songdalen and Søgne consider that the municipalities operate efficiently and provide good services to their inhabitants. However, both municipalities face challenges with access to specialist expertise to solve certain tasks, and depend on cooperation with others for this. With unchanged municipal boundaries, this dependence is expected to increase in the years ahead.

Following an overall assessment, the Ministry proposes a merger of Kristiansand, Søgne and Songdalen.

#### **5.8.4.2 The Ministry's overall proposal**

The Ministry recommends that the Storting adopts the following mergers in Vest-Agder:

- Lyngdal and Audnedal
- Mandal, Marnardal and Lindesnes
- Kristiansand, Søgne and Songdalen

## 5.9 Rogaland

Rogaland has a population of 472,024 spread over 26 municipalities and 9,377 km<sup>2</sup>. Utsira is the smallest municipality with a population of 201, while Stavanger is the largest with a population of 132,729. 12 municipalities have fewer than 5,000 inhabitants, while 8 municipalities have more than 15,000 inhabitants.

Tabell 5.13 The municipalities of Rogaland with population and area

Municipality	Population	Area (km <sup>2</sup> )
1103 Stavanger	132,729	71
1102 Sandnes	75,497	304
1149 Karmøy	42,229	230
1106 Haugesund	37,166	73
1124 Sola	26,016	69
1120 Klepp	19,042	113
1119 Hå	18,800	258
1121 Time	18,656	183
1101 Eigersund	14,899	432
1130 Strand	12,662	218
1122 Gjesdal	11,902	618
1146 Tysvær	11,041	425
1127 Randaberg	10,873	25
1160 Vindafjord	8,828	621
1142 Rennesøy	4,892	66
1135 Sauda	4,760	546
1134 Suldal	3,853	1,737
1111 Sokndal	3,316	295
1112 Lund	3,259	408
1141 Finnøy	3,235	104
1114 Bjerkreim	2,826	651
1133 Hjelmeland	2,708	1,089
1129 Forsand	1,245	780
1145 Bokn	855	47

1144 Kvitsøy	534	6
1151 Utsira	201	6

**[:figur:fig5-11.jpg]**

Figur 5.19 Map of the municipalities in Rogaland

### 5.9.2 The municipalities' decisions

Five municipalities in Rogaland are included in two mergers where mutual decisions have been made:

- Stavanger, Rennesøy and Finnøy
- Sandnes and Forsand

Furthermore, five municipalities have decided they are positive to or want a merger:

- Eigersund wants to merge with Lund and / or Sokndal.
- Haugesund wants to merge with its neighbouring municipalities.
- Time wants to merge with Hå and Klepp.
- Strand wants to merge with Hjelmeland and possibly Forsand.
- Tysvær is positive to a merger with Bokn.

Gjesdal has also decided that the principle document “The opportunities provided by a new municipality reported on by the municipalities of Forsand and Gjesdal” is a good foundation for establishment of a new municipality.

The other municipalities in Rogaland have decided to continue as separate municipalities.

### 5.9.3 The County Governor's recommendation and the municipalities' processes

The County Governor of Rogaland recommends the following mergers:

- Stavanger, Rennesøy and Finnøy
- Forsand and Strand
- Sokndal and Eigersund

#### Stavanger, Rennesøy and Finnøy

Rennesøy and Finnøy held a referendum in June 2016, with the alternatives “Utstein” (consisting of the municipalities of Randaberg, Rennesøy, Finnøy and Kvitsøy) and Stavanger. In both these municipalities, there was a majority in favour of merging with Stavanger.

Stavanger held neighbour talks with Sola and Sandnes, after Randaberg said “no” to participating in the process. The three municipalities signed a principle document for a new municipality called the municipality of Nord-Jæren. The principle document was presented to the referendum on 30 May 2016. While Sandnes and Sola voted “no” to establishment of the municipality of Nord-Jæren, 57 per cent of the population of Stavanger voted “yes” to the municipality of Nord-Jæren.



On 13 June 2016, Stavanger municipal council decided to merge with Finnøy and Rennesøy. The decision also allowed other municipalities to be invited to join the merger.

On 16 June 2016, Stavanger municipal council decided to merge with Finnøy and Stavanger. Rennesøy is positive to more municipalities joining the merger, particularly the municipality of Randaberg.

On 22 June 2016, Stavanger municipal council decided to merge with Rennesøy and Stavanger. It will also be possible for more municipalities to join the merger.

The County Governor points out that Rennesøy, Finnøy and Stavanger have different challenges, from urban challenges in Stavanger to the special challenges related to the roadless island communities on Finnøy. The municipalities have demonstrated great willingness and commitment to achieving a good merger.

## Forsand and Strand

The municipality of Forsand was the first in the process with the municipalities of Strand and Hjelmeland. The three municipalities prepared an agreement in principle and conducted a population survey, among other things. In the survey, the majority in Forsand were against a merger of the three municipalities. The population of Strand wanted a merger, and on 15 June 2016, Strand municipal council decided that they wanted to merge with Forsand.

Forsand and Sandnes then prepared a principle document for the merger of the two municipalities. Forsand conducted a population survey where the inhabitants were to decide on whether they wanted to merge with Sandnes, Strand or Gjesdal. 50 per cent of the population wanted to merge with Sandnes, while 42 per cent wanted Strand and 3 per cent wanted Gjesdal.

Strand and Hjelmeland initiated the work on a new agreement in principle in the winter of 2016/2017. In the referendum in Hjelmeland, the majority were against a merger and the municipal council decided to continue as a separate municipality. Strand municipal council decided they wanted to merge with Hjelmeland, and that it was also possible for Forsand to join the merger.

On 15 June 2016, Strand municipal council decided to merge with Forsand.

On 20 June 2016, Sandnes municipal council decided to merge with Forsand.

On 7 September 2016, Forsand municipal council decided to merge with Sandnes.

The County Governor recommends a merger of Strand and Forsand. The County Governor points out that the municipalities can be defined as one common housing and labour market. There is a relatively high level of commuting to work between the two municipalities.

Forsand is currently part of the region of Ryfylke, with well-established cooperation in important areas. The municipalities in Ryfylke have a number of common challenges. The County Governor believes that a merger of Strand and Forsand may be a first step in what may be several changes in the local government structure in Ryfylke.

The County Governor believes that a new municipality consisting of Forsand and Sandnes will not provide an appropriate structure based on regional considerations, and that this will also not

be a future-oriented structure. The Storting has decided that Ryfast will be the link between Ryfylke and Nord-Jæren. The mainland link to Ryfylke through Ryfast is under construction. In its approval of the development, the Storting concluded that Ryfast will replace today's ferry service.

At the same time, the County Governor points out that Forsand municipal council has concluded that it cannot continue as a separate municipality, with special emphasis on challenges related to expertise and capacity in important service areas. The County Governor shares this consideration.

## Sokndal and Eigersund

On 20 June 2016, Eigersund municipal council decided to merge with Lund and Sokndal.

On 13 June 2016, Sokndal municipal council decided that they did not want to merge. If there is a merger, Sokndal wants to merge with Eigersund, Lund, Bjerkreim and possibly others.

From the first phase of the reform process, the County Governor has advised the four municipalities of Dalane (Lund, Sokndal, Eigersund and Bjerkreim) to hold neighbour talks and consider the future structure. The County Governor believes a merged municipality consisting of the whole of Dalane, with a total population of approximately 24,000, will achieve the objectives and criteria of the reform. Dalane is a region with a common identity and challenges, including economy and expertise, among other things. The municipalities are relatively closely integrated in terms of settlement and employment.

Sokndal and Eigersund were the first to have a formal dialogue on establishment of a new municipality. There has been good contact between the two municipalities. On a professional basis, the County Governor believes the local government structure in Dalane should be changed, particularly as regards being able to provide proper capacity and expertise in the basic services, as well as consideration for financial challenges and having proper, coordinated, long-term community development. At the same time as the County Governor recommends a merger between Sokndal and Eigersund, he also believes that all four municipalities in Dalane should in time be one municipality.

### **5.9.4 The Ministry's assessments and proposal**

The Ministry points out the local processes, the municipalities' own decisions and the County Governors' recommendations. The Ministry proposes that the Storting adopts the mergers in the county where the municipalities have made a mutual decision that they want to merge.

#### *5.9.4.1 Separate assessments*

### Forsand and Sandnes

As shown above, the County Governor recommends that the decision on a merger of Sandnes and Forsand is not followed-up. Forsand is part of Ryfylke and has inter-municipal cooperation in several areas with Strand and Hjelmeland, among others, and is member of Ryfylke IKS.

The basis of the local government reform is that the Storting approves municipalities who want to merge, unless special considerations indicate otherwise. Forsand is a small municipality that needs to become part of a larger municipality, and therefore, the Ministry proposes that Sandnes and Forsand merge together in line with the municipal councils' own decisions.

The state will not help fund a possible new ferry service. The current ferry service operates on an internal stretch of water in Rogaland, and therefore the county council must deal with and decide on any application for a ferry licence. As guarantor of the toll loan, Rogaland county council must consider possible consequences a new ferry link may have for the toll revenues from the Ryfast tunnel system.

#### 5.9.4.2 *The Ministry's overall proposal*

The Ministry recommends that the Storting adopts the following mergers in Rogaland:

- Stavanger, Rennesøy and Finnøy
- Forsand and Sandnes

## 5.10 Hordaland

Hordaland has a population of 519,963 spread over 33 municipalities and 15,437 km<sup>2</sup>. Modalen is the smallest municipality with a population of 383, while Bergen is the largest municipality with a population of 278,556. 16 municipalities have fewer than 5,000 inhabitants, while 6 municipalities have more than 15,000 inhabitants.

Tabell 5.14 The municipalities in Hordaland with population and area

Municipality	Population	Area (km <sup>2</sup> )
1201 Bergen	278,556	465
1247 Askøy	28,821	101
1246 Fjell	25,204	148
1243 Os	20,152	140
1221 Stord	18,821	144
1263 Lindås	15,731	475
1235 Voss	14,514	1,806
1224 Kvinnherad	13,241	1,091
1219 Bømlo	11,806	247
1238 Kvam	8,423	616
1253 Osterøy	8,026	255
1256 Meland	8,021	93
1245 Sund	7,058	100

1228 Odda	7,025	1,616
1216 Sveio	5,656	246
1244 Austevoll	5,156	117
1260 Radøy	5,128	111
1259 Øygarden	4,913	67
1211 Etne	4,135	735
1251 Vaksdal	4,123	715
1241 Fusa	3,895	378
1231 Ullensvang	3,377	1,399
1222 Fitjar	3,189	142
1264 Austrheim	2,884	58
1223 Tysnes	2,847	255
1242 Samnanger	2,488	269
1266 Masfjorden	1,710	556
1233 Ulvik	1,131	721
1227 Jondal	1,108	247
1234 Granvin	933	212
1232 Eidfjord	921	1,491
1265 Fedje	587	9
1252 Modalen	383	412

**[:figur:fig5-12.jpg]**

Figur 5.20 Map of the municipalities in Hordaland

### 5.10.2 The municipalities' decision

Thirteen municipalities in Hordaland are included in five mergers where mutual decisions have been made:

- Fjell, Sund and Øygarden
- Radøy, Lindås and Meland
- Os and Fusa
- Ullensvang, Odda and Jondal
- Voss and Granvin

Furthermore, four municipalities have agreed they are positive to or want to merge with other municipalities:

- Bergen wants to merge with Osterøy, Vaksdal and Samnanger.
- Stord wants to merge with Fitjar.
- Ulvik wants to merge with one or more of the municipalities of Eidfjord, Granvin and Ullensvang.
- Kvam wants to merge with Samnanger.

The other municipalities in Hordaland have decided to continue as separate municipalities.

### **5.10.3 The County Governor's recommendation and the municipalities' processes**

The County Governor of Hordaland recommends the following mergers:

- Fjell, Sund and Øygarden
- Radøy, Lindås and Meland
- Os and Fusa
- Ullensvang, Odda and Jondal
- Voss and Granvin

#### **Fjell, Sund and Øygarden**

In March 2016, Fjell, Sund and Øygarden agreed on an agreement in principle for the new municipality of Øygarden. After this, public meetings were held in three municipalities. All households in the municipalities also received a brochure with information on the merger, and a population survey was conducted. A majority of the inhabitants of Fjell and Sund were positive to the merger, while a majority of inhabitants in Øygarden were against a merger.

On 20 June 2016, Fjell municipal council decided to merge with Sund and Øygarden.

On 20 June 2016, Sund municipal council decided to merge with Øygarden and Fjell.

On 20 June 2016, Øygarden decided to merge with Fjell and Sund.

#### **Radøy, Lindås and Meland**

The process began with eight municipalities in NordHordland (Lindås, Radøy, Meland, Austrheim, Fedje, Masfjorden, Modalen, Osterøy), in addition to Gulen in Sogn & Fjordane, reporting on a basis for a merger. Osterøy concluded the process early, and an agreement in principle was drawn up for the other eight municipalities. Lindås and Radøy conducted population surveys, which showed a majority in favour of a merger, while in the population survey in Fedje, the majority were against a merger. Meland, Austrheim, Masfjorden, Modalen and Gulen held referendums where the majority were against a merger. At the same time as this process, Lindås, Radøy and Meland took the initiative to negotiate between themselves. The result was that these three municipalities decided to merge. The other five municipalities decided to continue as separate municipalities.

On 22 June 2016, Radøy municipal council decided to merge with Meland and Lindås.

On 22 June 2016, Lindås municipal council decided to merge with Radøy and Meland.

On 22 June 2016, Meland municipal council decided to merge with Lindås and Radøy.

## Os and Fusa

The process originally involved five municipalities - Austevoll, Fusa, Os, Tysnes and Samnanger. After the other municipalities withdrew, Os and Fusa prepared an agreement in principle for the merger. Both municipalities conducted population surveys, which showed a majority in favour of merger.

On 22 June 2016, Os municipal council decided to merge with Fusa.

On 22 June 2016, Fusa municipal council decided to merge with Os.

## Ullensvang, Odda and Jondal

The process began with the Hardanger council taking the initiative to report on the basis for merging seven of the municipalities in Hardanger into one municipality. This process was shelved after Ullensvang, Eidfjord, Ulvik and Granvin took the initiative to report on the merger of these four municipalities. Along the way, the initiative was taken to report on the merger of Ullensvang, Jondal and Odda. Ullensvang had also an agreement in principle with the other municipalities in Indre Hordaland: Eidfjord, Ulvik and Granvin. This option was dropped when Eidfjord voted “no” to a merger,

Finally, Ullensvang, Odda and Jondal embarked on a joint process, where an agreement in principle was drawn up. On 23 May 2006, the municipalities held a referendum. The result was that the majority of votes in Odda and Ullensvang were in favour of a merger, while in Jondal the majority was against a merger.

On 8 June 2016, Odda municipal council decided to merge with Ullensvang and Jondal.

On 19 September 2016, Ullensvang municipal council decided to merge with Odda and Jondal.

On 05 October 2016, Jondal municipal council decided to merge with Ullensvang and Odda.

## *Voss and Granvin*

A process was initiated for the municipalities of Indre Hardanger to clarify the basis for a merger of Eidfjord, Ullensvang, Ulvik and Granvin. An agreement in principle was drawn up between the municipalities which was heard through a referendum and population survey.

Granvin wanted to merge with at least three of these four municipalities. An agreement in principle was drawn up between Voss and Granvin, and also between Granvin and Kvam. A referendum was held in Granvin regarding the various options. The majority wanted a merger with municipalities in Indre Hardanger. 40 per cent wanted to merge with Voss.

Eidfjord decided to continue as a separate municipality. Ullensvang decided to merge with Odda and Jondal.

On 15 June 2016, Granvin decided to merge with at least two of the municipalities of Eidfjord, Ullensvang and Ulvik. If there is to be no merger with at least two of these municipalities, Granvin wants to merge with Voss.

On 23 June 2016, Voss municipal council decided to merge with one or more of the municipalities of Vik, Aurland and Granvin.

### *The County Governor's overall assessment of the mergers*

Through the voluntary process, a new local government structure will now be established in Hordaland where 115,591 inhabitants will have new municipalities. According to the County Governor's assessment, this new structure is future-oriented. The County Governor believes that no decisions on mergers have been made in the voluntary process that creates challenges and unfortunate constraints on the future reform work.

The County Governor points out that in the last 20 - 30 years, an extensive network of inter-municipal cooperation has been built up across municipal boundaries in the county in order to solve resource-demanding tasks. This cooperation has developed gradually. For the eight Nordhordaland municipalities, including Gulen in Sogn & Fjordane, this concerns approximately 25 different cooperative measures, inter-municipal companies and bilateral agreements. The County Governor concludes that the geographical boundary of these collaboration arenas is mainly also a good indicator of a natural future local government structure. By merging the municipalities that have such extensive cooperation today, both the quality and the quantity of the services will be maintained, while the merger will contribute to efficient administrative use of resources, and that decisions, budget and strategies will be returned to the democratic governance of municipal councils.

#### **5.10.4 The Ministry's assessments and proposal**

The Ministry points out the local processes, the municipalities' own decisions and the County Governors' recommendations. The Ministry proposes that the Storting adopts the mergers in the county where the municipalities have made a mutual decision that they want to merge.

The Ministry recommends that the Storting approves the following mergers in Hordaland:

- Fjell, Sund and Øygarden
- Radøy, Lindås, and Meland
- Os and Fusa
- Ullensvang, Odda and Jondal
- Voss and Granvin

#### **5.11 Sogn & Fjordane**

Sogn og Fjordane has a population of 110,226 spread over 26 municipalities and 18,619 km<sup>2</sup>. Solund is the smallest municipality with a population of 794, while Førde is the largest municipality with a population of 13,009. 17 municipalities have fewer than 5,000 inhabitants, while no municipalities have more than 15,000 inhabitants.

Tabell 5.15 The municipalities of Sogn & Fjordane with population and area.

Municipality	Population	Area (km <sup>2</sup> )
1432 Førde	13,009	586
1401 Flora	11,999	693

1420 Sogndal	7,941	746
1449 Stryn	7,218	1,377
1443 Eid	6,064	469
1439 Vågsøy	6,031	177
1445 Gloppen	5,783	1,030
1424 Årdal	5,363	977
1426 Luster	5,151	2,706
1416 Høyanger	4,190	905
1438 Bremanger	3,847	833
1428 Askvoll	3,065	326
1431 Jølster	3,049	671
1430 Gaular	2,966	582
1429 Fjaler	2,862	417
1433 Naustdal	2,848	369
1441 Selje	2,791	226
1417 Vik	2,722	833
1411 Gulen	2,371	597
1419 Leikanger	2,332	180
1422 Lærdal	2,159	1,342
1421 Aurland	1,787	1,468
1413 Hyllestad	1,438	259
1418 Balestrand	1,288	430
1444 Hornindal	1,198	192
1412 Solund	794	228

**[:figur:fig5-13.jpg]**

Figur 5.21 Map of the municipalities in Sogn & Fjordane

### 5.11.2 The municipalities' decision

Seven municipalities in Sogn & Fjordane are included in three mergers were mutual decisions have been made:

- Førde, Naustdal, Gaular and Jølster



- Selje and Eid
- Hornindal and Volda (Møre & Romsdal)

Furthermore, four municipalities have agreed that they are positive to or want to merge with other municipalities:

- Sogndal wants to merge with Balestrand, Leikanger, Luster and any other municipalities who want to merge.
- Fjaler is positive to merging with one or more of the municipalities of Hyllestad, Askvoll and Solund and / or the municipalities of Førde, Naustdal, Gaular and Jølster.
- Vågsøy wants to merge with Selje and Vanylven or possibly other coastal municipalities.
- Stryn wants to merge with Hornindal.

Årdal and Lærdal wanted primarily to be part of a larger municipality in Sogn, but decided to stand alone when the negotiations with the other municipalities did not succeed,

The other municipalities in Sogn & Fjordane have decided to continue as separate municipalities.

### 5.11.3 The County Governor's recommendation and the municipalities' processes

The County Governor of Sogn & Fjordane recommends the following mergers:

- Førde, Naustdal, Gaular and Jølster
- Selje and Eid
- Sogndal, Balestrand and Leikanger
- Hornindal and Volda (Møre & Romsdal) (discussed in chapter 5.12)

#### Førde, Naustdal, Gaular and Jølster

The municipalities began the process in the autumn of 2014. The starting point was all of the five municipalities in “*Samarbeid i Sunnfjord (SiS)*”, i.e., the municipality of Flora. In addition, the neighbouring municipalities of HAFS (Hyllestad, Askvoll, Fjaler and Solund) and the municipality of Gloppen participated in a joint report with several options. Agreements in principle were drawn up for all the options. In October 2015, population surveys were conducted in all the municipalities for the various options, which showed that there was no support for a solution with all ten municipalities. In April 2016, the municipalities held either referendums or new population surveys. These showed that the majority were in favour of a merger of the four municipalities of Førde, Naustdal, Gaular and Jølster.

On 28 April 2016, Førde municipal council decided to merge with Naustdal, Gaular and Jølster.

On 16 June 2016, Jølster municipal council decided to merge with Førde, Gaular and Naustdal.

On 28 June 2016, Gaular municipal council decided to merge with Førde, Naustdal and Jølster.

On 30 June 2016, Naustdal municipal council decided to merge with Førde, Gaular and Jølster.

The County Governor believes the process has been comprehensive and thorough, and has provided good information to the inhabitants. In the view of the County Governor, the new municipality will meet the objectives of the local government reform and the criteria for good local

government structure. The new municipality will cover an area of 2,200 km<sup>2</sup> and have approximately 22,000 inhabitants. The municipalities constitute a common housing and labour market area. The new municipality will be a functional area for community development, both locally and regionally.

## Selje and Eid

Selje and Eid reported on various merger options. Selje entered into an agreement in principle with Vågsøy, as well as Vanylven in Møre & Romsdal, while Eid entered into an agreement in principle with Gloppen.

In the autumn of 2016, the municipalities explored the possibilities for agreement on a merger. Eid and Selje entered into an agreement in principle regarding a merger in January 2017.

On 26 January 2017, Eid municipal council decided to merge with Selje.

On 26 January 2017, Selje municipal council decided to merge with Eid.

The County Governor believes a new municipality consisting of Eid and Selje will meet the objectives of the reform. The County Governor points out that Selje's challenges indicate that the municipality should be part of a large municipality. A merger of Selje and Eid would create a new municipality that can help ensure better and equal services to the inhabitants. It will be easier for the new municipality to obtain sufficient capacity and relevant expertise, to have a more sustainable economy and to strengthen local democracy. The agreement in principle will facilitate development of a functional area for comprehensive community development, both locally and regionally,

Selje and Eid do not have common boundaries. The County Governor believes that this is not an obstacle for the merger. Any boundary adjustment that transfers the area Bryggja from Vågsøy to a merged municipality consisting of Selje and Eid will result in a coherent new municipality. However, the County Governor believes that many circumstances indicate that a new municipality consisting of Eid, Selje and Vågsøy will meet the objectives of the reform best, but recommends Eid and Selje, as the municipalities themselves want this.

## Sogndal, Balestrand and Leikanger

Together with Vik, the municipalities have decided on an agreement in principle for the new municipality of Sogn. The three municipalities have made no mutual decisions to merge. In Sogndal, the majority were in favour of a merger both in the referendum and the municipal council. Leikanger municipal council voted against a merger after the referendum showed that the majority were against a merger. In Balestrand, the smallest majority in the referendum were positive to a merger.

On 9 June 2016, Sogndal municipal council decided to merge with Balestrand, Leikanger, Luster and any other municipalities that wanted to merge.

On 16 June 2016, Balestrand municipal council decided that the municipality would stand alone, after it became clear that Leikanger did not want to continue the process.

On 18 June 2016, Leikanger municipal council decided to continue as a separate municipality. The decision also states that if the County Governor should recommend a merger across this, the merger should consist of Leikanger, Balestrand, Sogndal and Luster.

### *The County Governor's reasons for the merger*

The County Governor emphasises both the consideration for development in the three municipalities as a whole, and the value to the whole of Sogn by creating a regional hub. Leikanger and Sogndal have many state and regional jobs, and as host municipalities they play an important role for the entire region and the county.

The municipalities express that they have small and vulnerable specialist environments. A municipal merger would have a positive impact with greater breadth in the specialist environments. It will be easier to recruit labour, which ensures sufficient capacity and relevant expertise, and the new municipality will be less vulnerable when replacing personnel and during sickness absence and holiday periods. This will help provide good services and ensure public security. The municipality will be able to take on new tasks and ensure a comprehensive and long-term planning. The latter will help strengthen the work on community and business development. Sogndal has a sound economy after good results over several years. Balestrand and Leikanger have a weaker economy and therefore are vulnerable to fluctuations. A new municipality will have a stronger economy and will be better equipped to meet unforeseen events.

According to the County Governor's assessment, the new municipality will meet the objectives of the reform and the criteria for a good local government structure. Today, the municipalities are one common housing and labour market area with significant inter-municipal cooperation between the municipalities. Therefore, the new municipality has the potential to be a functional area for comprehensive community development, both locally and regionally.

## **5.11.4 The Ministry's assessments and proposal**

The Ministry points out the local processes, the municipalities' own decisions and the County Governors' recommendations. The Ministry proposes that the Storting adopts the mergers in the county where the municipalities have made a mutual decision that they want to merge. The Ministry justifies separately proposed mergers, which are not in line with local decisions.

### **5.11.4.1**      *Separate assessments*

#### **Sogndal, Balestrand and Leikanger**

The municipalities of Sogndal have decided that they want to merge with Balestrand and Leikanger. In the referendum in Balestrand, the majority of voters were in favour of a merger, and most of those who vote wanted the option that involved a merger that included Sogndal and Leikanger.

Balestrand's own report on the local government reform points out that the municipality provides good services today, but that the specialist environments are vulnerable due to insuffi-

cient capacity and expertise. These challenges are expected to increase in the years ahead. Balestrand is to a certain extent part of a common housing and labour market area with Leikanger and Sogndal. There is a decline in population in the municipality, while Sogndal and Leikanger have population growth. By establishing a new municipality together, Balestrand will also be able to participate in this development. The municipality's report concludes that on the whole there are more disadvantages than advantages related to continuing as a separate municipality.

Leikanger's report shows that the municipality has a very tight economy. The municipality provides good services, but this is increasingly ensured through inter-municipal cooperation. The proposal by the municipal council points out that this is because the municipality is unable to have sufficient expertise and breadth in its own organisation in order to maintain a sound professional environment, public security and to meet the key guidelines in the service areas. The challenges related to small and vulnerable specialist environments are expected to increase in the years ahead. The extensive inter-municipal cooperation means that the breadth of and number of issues presented for political discussion are fewer than they ideally be, and that this is a problem for local democracy. A larger municipality will be able to phase out many of the inter-municipal services and establish these in their own municipality.

Sogndal has had the strongest growth in population of the municipalities in Sogn. This development is expected to continue in future. The municipality provides many of its services through extensive inter-municipal cooperation. The municipality reform report shows that even though the municipality is the largest in Sogn, it has few resources to carry out development work. Through a municipal merger it will be possible to create a stronger and more powerful municipality with better prerequisites for development and marketing the region.

Sogndal, Leikanger and Balestrand are part of the same housing and labour market. A new joint municipality will have approximately 11,500 inhabitants. The municipality will be a regional hub for Sogn. The merger will facilitate coordinated and comprehensive community development in the region, rather than each municipality drawing up own plans and competing with each other for scarce resources such as labour and business establishments.

Therefore, following an overall assessment, the Ministry proposes a merger of Sogndal, Balestrand and Leikanger.

#### *5.11.4.2 The Ministry's overall proposal*

The Ministry recommends that the Storting approves the following mergers in Sogn & Fjordane:

- Førde, Naustdal, Gaular and Jølster
- Selje and Eid
- Sogndal, Balestrand and Leikanger

## **5.12 Møre & Romsdal**

Møre & Romsdal has a population of 266,274 spread over 36 municipalities and 15,100 km<sup>2</sup>. Stordal is the smallest municipality with a population of 1,005, while Ålesund is largest with a population of 47,199. 18 municipalities have fewer than 5,000 inhabitants, while 3 municipalities have more than 15,000 inhabitants.

Tabell 5.16 The municipalities of Møre & Romsdal with population and area

Municipality	Population	Area (km <sup>2</sup> )
1504 Ålesund	47,199	99
1502 Molde	26,822	363
1505 Kristiansund	24,442	87
1520 Ørsta	10,744	804
1548 Fræna	9,741	370
1534 Haram	9,312	261
1519 Volda	9,102	547
1531 Sula	9,007	59
1515 Herøy	8,957	120
1516 Ulstein	8,457	97
1532 Giske	8,176	41
1528 Sykkylven	7,695	338
1539 Rauma	7,503	1,502
1563 Sunndal	7,126	1,713
1535 Vestnes	6,577	352
1566 Surnadal	5,986	1,365
1554 Averøy	5,856	175
1517 Hareid	5,185	82
1529 Skodje	4,667	120
1525 Stranda	4,623	866
1576 Aure	3,590	641
1547 Aukra	3,547	59
1551 Eide	3,454	152
1511 Vanylven	3,203	385
1560 Tingvoll	3,109	337
1543 Nesset	2,963	1,046
1557 Gjemnes	2,611	382
1514 Sande	2,540	93
1523 Ørskog	2,296	132

1573 Smøla	2,160	272
1545 Midsund	2,085	95
1567 Rindal	2,026	632
1524 Norddal	1,663	944
1571 Halså	1,599	301
1546 Sandøy	1,246	21
1526 Stordal	1,005	247

**[:figur:fig5-14.jpg]**

Figur 5.22 Map of the municipalities in Møre & Romsdal

### 5.12.2 The municipalities' decision

Thirteen municipalities in Møre & Romsdal are included in six mergers where mutual decisions have been made:

- Volda and Hornindal (Sogn & Fjordane)
- Fræna and Eide
- Molde, Midsund and Nesset
- Ålesund, Sandøy, Skodje and Ørskog
- Stordal and Norddal
- Halså, Hemne (Sør-Trøndelag) and part of Snillfjord (Sør-Trøndelag)

Furthermore, six municipalities decided they are positive to or want to merge with other municipalities:

- Kristiansund wants to merge with one or more of the municipalities of Gjemnes, Averøy and Tingvoll.
- Surnadal wants to merge with Rindal and Halså.
- Haram wants to merge with Sandøy.
- Ulstein wants to merge with Hareid.
- Sande wants to merge with Vanylven, Herøy, Ulstein and Hareid.
- Vanylven wants to work for a coastal municipality starting from Vågsøy to Hareid.

In addition, Stranda has decided that the municipality is open to new negotiations with one or more municipalities in the future.

The other municipalities in Møre & Romsdal have decided to continue as separate municipalities.

### 5.12.3 The County Governor's recommendation and the municipalities' processes

The County Governor of Møre & Romsdal recommends the following mergers:

- Volda, Ørsta and Hornindal
- Fræna and Eide

- Molde, Midsund, Nasset, Aukra and Gjemnes
- Ålesund, Sandøy, Skodje, Sula, Giske, Haram and Ørskog
- Stordal and Norddal
- Ulstein and Hareid
- Sande and Herøy
- Kristiansund, Averøy and Tingvoll
- Sykkylven and Stranda
- Halså and Aure, possibly also Hemne and part of Snillfjord in Sør-Trøndelag (discussed in chapter 5.13)

### Volda, Ørsta and Hornindal (Sogn & Fjordane)

Volda prepared an agreement in principle with Ørsta, and an agreement in principle with Stryn and Hornindal. Ørsta only negotiated on an agreement in principle with Volda. The agreement in principle allowed for Stryn and Hornindal in a next phase.

Hornindal entered into two letters of intent; one with Stryn and one with Volda and Stryn. The population survey in Hornindal showed that a clear majority were in favour of a merger with both Stryn and Volda, with the voters divided down the middle if the municipality had to choose between these two. In Stryn, the majority were in favour of merging only with Hornindal, and the majority were against a merger with both Hornindal and Volda.

Referendums in both Volda and Ørstad resulted in a majority against a merger of these two. A new population survey in Volda showed that the majority were in favour of a merger with Hornindal and Stryn.

On 28 June 2016, Volda municipal council decided to merge with Hornindal. In the decision, Volda was positive to initiating new negotiations with Ørsta.

On 16 June 2016, Ørsta municipal council decided to continue as a separate municipality.

On 30 June 2016, Hornindal municipal council decided to merge with Volda. In the decision, Hornindal wants to include Stryn in a future joint municipality.

### *The County Governor's reasons for the merger*

Volda and Hornindal agree to merge together as a new municipality. The County Governor of Møre & Romsdal believes the merger should also include Ørstad. The County Governor emphasises that over time Ørsta and Volda have grown closer together. The municipalities then face common major challenges, as well as possibilities for regional mobilisation. The two municipalities constitute a common housing, service and labour market area, they complement each other in expertise and business structure. Over the last 20 years, several specific attempts have been made to merge the municipalities, without success.

The County Governor of Sogn & Fjordane recommends the merger of Volda and Hornindal. The new municipality will have a population of approximately 10,300 and the new Kvivsvegen road now allows close daily contact between the municipalities. Hornindal is a small munic-

pality which could face problems functioning well enough as a separate municipality in the future. A merger would help to achieve the objectives of the reform related to a better range of services, improved economy and community development.

## Fræna and Eide

The municipalities participated in the report work by Romsdal Regional Council. Both municipalities reported on mergers in different directions and with a different number of neighbouring municipalities. Three agreements in principle were entered into for three different options. One of the agreements in principle was between Fræna and Eide. The municipalities conducted a population survey and referendum. In Fræna, the majority of voters opted for the Eide and Fræna alternative, while in Eide, the majority also wanted to include Averøy.

On 13 June 2016, Fræna municipal council decided to merge with Eide.

On 16 June 2016, Eide municipal council decided to merge with Fræna.

The County Governor believes that a merger of Fræna and Eide could simplify the pattern of cooperation in Romsdal, also in further efforts to establish a more comprehensive regional municipality. In this case, a merger of these two municipalities will be considered correct for future task solving in the short-term.

## Molde, Midsund, Nesset, Aukra and Gjemnes

The municipalities under Romsdal Regional Council cooperated on a joint report on the local government reform work in the spring of 2015. 12 options were reported on, including all the municipalities under Romsdal Regional Council and the “Romsdal peninsula” option, which consists of the municipalities of Aukra, Eide, Fræna, Gjemnes, Midsund, Molde and Nesset.

The municipalities signed several agreements in principle; the Romsdal option between Aukra, Eide, Fræna, Gjemnes, Molde, Midsund, Nesset and Rauma, the Midsund and Molde option, and the Gjemnes, Molde and Nesset option. Nesset also signed an agreement in principle with Sunndal, and Midsund and Aukra signed a separate agreement in principle. Gjemnes also signed an agreement in principle with Kristiansund, Averøy, Tingvoll, Halså and Aure, and one with Kristiansund alone.

The municipalities have conducted population surveys, public meetings and referendums. The population survey in Molde showed a majority in favour of a merger. Midsund held a referendum where the inhabitants could vote for a merger with Aukra, or with the Romsdal municipalities. The majority wanted a merger with Aukra. In Aukra the referendum showed that the majority wanted the municipality to continue alone. In Midsund, the result of the referendum was that a majority wanted to continue alone. Nesset held a referendum, which showed that the majority were in favour of a merger (where most voters wanted to merge with Sunndal, then the municipalities of Romsdal).

On 23 June 2016, Molde municipal council decided to merge with Nesset and Midsund.



On 23 June 2016, Nesset municipal council decided to merge with Molde and Gjemnes. The municipal council approved that Midsund was included in the new municipality together with other municipalities in Romsdal who want this.

On 23 June 2016, Midsund municipal council decided to merge with Molde, Nesset, Gjemnes and any other municipalities in Romsdal that wanted to merge.

Aukra and Gjemnes municipal councils have decided to continue as separate municipalities.

### *The County Governor's reasons for the merger*

Molde, Midsund and Nesset agree on establishment of a new municipality. The County Governor recommends that the new municipality should also include Aukra and Gjemnes for the sake of comprehensive community development, competence building and efficient use of resources in the region of Molde. If several municipalities in the housing and labour market region merge, the new municipality will meet the criteria for good local government structure, not least within community planning and development, to an even greater extent than Molde manages on its own today.

The County Governor emphasises that Midsund must have a long-term solution in view of major professional and economic vulnerability. Nesset is in a similar situation in terms of expertise and the need for greater development power. A merger with Molde would strengthen community development and a common housing and labour market in Romsdal with Molde as the regional centre.

Aukra is vulnerable as regards expertise, despite major financial resources. The municipality is relies heavily on inter-municipal cooperation and the population of the municipality is closely integrated in a common housing, service and labour market with Molde as the natural regional centre.

In the view of the County Governor, Gjemnes is very vulnerable. The County Governor emphasises that the majority of the population of Gjemnes are already closely integrated in the housing and labour market around Molde.

### **Ålesund, Sandøy, Skodje, Sula, Giske, Haram and Ørskog**

The "Regional Municipality Ålesund" project began following an initiative by Ålesund and Haram. Initially, a total of 13 municipalities were part of the project; Ålesund, Haram, Sandøy, Giske, Skodje, Ørskog, Stordal, Norddal, Stranda, Sykkylven, Sula, Hareid and Ulstein.

Ålesund signed an agreement in principle with Giske, Haram, Hareid, Sandøy, Skodje, Stordal, Sula, Sykkylven and Ørskog.

While preparing the report, Sunnmøre Regional Council IKS conducted two population surveys. The results were used as input in the reform work.

In addition to "Regional Municipality Ålesund" Skodje took part in a project called "the municipality of Storfjord" where Haram, Sandøy, Skodje, Ørskog, Stordal, Norddal and Vestnes participated. Skodje, Ørskog, Stordal and Norddal signed an agreement in principle for this option.

The municipalities have had public meetings, published information via websites and have printed information brochures on the reform process.

The municipalities have listened to the inhabitants through referendums and population surveys. The population survey in Ålesund showed that a majority were in favour of a merger. In Haram, the referendum showed that a majority were in favour of a merger with Sandøy. The population survey in Sandøy showed that the majority were willing to merge with Haram. The population survey in Skodje showed that the majority were in favour of a merger with Ålesund, etc., while in the referendum there were more voters who wanted a merger with Ørskog, Norddal and Stordal. The referendum in Ørskog showed a majority in favour of a merger with Skodje, Stordal and Norddal. In the referendums in Sula and Giska, the majority were in favour of continuing as a separate municipality.

On 22 June 2016, Ålesund municipal council decided to merge with Haram, Sandøy and Skodje. The decision also allows other municipalities to join the merger.

On 22 June 2016, Haram municipal council decided to merge with Sandøy.

On 27 June 2016, Sandøy municipal council decided to merge with municipalities involved in the cooperation on Nye Ålesund.

On 29 June 2016, Sandøy municipal council decided to merge with municipalities involved in the cooperation on Nye Ålesund.

On 24 November 2016, Sandøy municipal council decided to merge with municipalities involved in the cooperation on Nye Ålesund.

The municipal councils of Giske and Sula have decided to continue as separate municipalities.

### *The County Governor's reasons for the merger*

Ålesund, Skodje, Ørskog and Sandøy agree on merging together. The municipality of Hara, lies between Sandøy and Ålesund. A merger without Haram would result in a municipality that is poorly connected geographically. Furthermore, the County Governor believes that consideration for comprehensive community development, competence building, efficient use of resources, and not least the region of Ålesund's future role in a united public administration, indicates that several municipalities should be part of the new municipality of Ålesund. In addition to Haram, the County Governor believes that Sula and Giska should be part of the merger. The County Governor emphasises that Ålesund and Sula are part of the same community, and that the municipalities of Skodje, Giske and Haram are a natural part of the urban region of Ålesund with many common challenges.

Such a merger would strengthen the business and community development and a common housing, service and labour market in the region. Ålesund currently has major challenges due to lack of land. If several municipalities in the housing and labour market region merge together into a new municipality, the new municipality will, to an even stronger degree than Ålesund manages on its own today, be able to meet the criteria for a good local government structure, not least within community planning and development.

Sula is the closest integrated municipality with Ålesund in terms of settlement pattern and labour market, with approximately 42 per cent out-commuting to Ålesund. Sula has a workplace coverage<sup>6</sup> of 62 per cent, which is well under the average for the county, which is 96 per cent

Giske is closely integrated with Ålesund with 37 per cent out-commuting. Giske has a workplace coverage of 61 per cent. In the last 10 years, the municipality has had strong population growth, which is mainly due to an increase in the number of jobs in the region, and in Ålesund in particular.

Skodje has had strong population growth in the last few years, and has out-commuting to Ålesund of 39 per cent and workplace coverage of 64 per cent.

Sandøy is the second smallest of the municipalities in Møre & Romsdal and will not be large enough alone, either in the short or the long-term. In the opinion of the County Governor, the municipality is too small and vulnerable to be able to continue as a separate municipality without systematic relief for competence-demanding tasks. The County Governor believes Sandøy should belong to the same future municipality as Haram.

## Stordal and Norddal

The municipalities signed an agreement in principle with Skodje and Ørskog for “the municipality of Storfjord”. The municipalities have informed the inhabitants through information circulars and public meetings, among other things. Both municipalities held referendums where the majority voted in favour of continuing as separate municipalities. After Skodje and Ørskog decided to merge with Ålesund, Stordal and Norddal entered into an agreement in principle for a merger. The inhabitants of both municipalities have been invited to submit comments on the agreement in principle.

On 25 January 2017, Stordal municipal council decided to merge with Norddal.

On 26 January 2017, Norddal municipal council decided to merge with Stordal.

The County Governor believes the merger between Stordal and Norddal will give a stronger municipality, and supports such a merger.

## Ulstein, Hareid

The two municipalities negotiated an agreement in principle with Hareid, Herøy, Sande and Vanylven and an agreement in principle between themselves. The municipalities have conducted population surveys, distributed information brochures about the reform, held public meetings and referendums.

On 1 September 2016, Ulstein municipal council decided that they wanted to merge with Hareid.

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<sup>6</sup>Defined as workforce in employment according to workplace as a percentage of workforce in employment according to place of residence.

On 31 August 2101, Hareid municipal council decided that they wanted to continue as a separate municipality. Should there be a merger, Hareid wants to use the agreement in principle negotiated with Ulstein.

The municipalities have implemented extensive merger processes several times. The County Governor emphasises that there are short distances and close and established working relationship between the municipalities. The County Governor believes the local government organisation of Hareid is too small to be able to solve statutory tasks on its own, and that the municipality depends on inter-municipal cooperation. Hareid has out-commuting to Ulstein of 29 per cent and 79 per cent workplace coverage. Much of the employment in Hareid is linked to industry in the maritime sector. This industry may be vulnerable to cyclical fluctuations.

In the case of Ulstein, challenges related to solving municipal tasks and consideration for positive community development indicates that the municipality should be part of a new municipality. The municipality has workplace coverage of 124 per cent. A large part of the employment in Ulstein is linked to the shipbuilding industry and export-related industry, which may be vulnerable to cyclical fluctuations.

## Sande and Herøy

Both the municipalities were part of the agreement in principle on the municipality of Runde, with the municipalities of Vanylven, Ulstein and Hareid. The municipalities conducted population surveys, arranged public meetings and held referendums. On 21 June, Sande municipal council decided that they wanted a merger with Vanylven, Herøy, Ulstein and Hareid. The other municipalities did not make a similar decision, and no agreement was reached locally regarding a merger.

In December 2016, Sande and Herøy entered into an agreement in principle regarding a merger. On 27 February 2017, the municipalities held new referendums on a merger. The majority in both municipalities were against the merger.

The municipal councils have so far not made a decision on the matter.

The County Governor emphasises that Sande is a very vulnerable municipality and that it is well-suited for a merger with Herøy both geographically and in terms of task solving. The County Governor considers the merger between Sande and Herøy to be correct as regards future task solving and work on a major municipal merger in the region.

## Kristiansund, Averøy, Tingvoll

The municipalities of Nordmøre organised a joint investigation project through Nordmøre Regional Council. Several options were investigated. The municipalities of Kristiansund, Averøy, Gjemnes, Tingvoll, Halså and Aure have signed an agreement in principle. Kristiansund and Gjemnes signed a separate agreement and Averøy also signed an agreement with Eide and Fræna. Gjemnes also signed an agreement in the Romsdal option.

The municipalities have informed the inhabitants, held public meetings, conducted population surveys and held referendums.

On 28 June 2016, Kristiansund municipal council decided to merge with the municipalities of Averøy, Tingvoll and Gjemnes.

Tingvoll and Averøy municipal councils have decided to continue as separate municipalities.

The County Governor emphasises that a merger around Kristiansund will strengthen the new municipality as a regional centre and as a regional development partner in Nordmøre. This will result in a heavier and more competent provider of services to the inhabitants and to industry and commerce.

Consideration for a comprehensive community development competence building, efficient use of resources and not least the region's future role and importance in the overall public administration indicates that such a new municipality will be able to develop Nordmøre with Kristiansund as a regional centre.

### **Sykkylven and Stranda**

Sykkylven was involved in the "Regional Municipality Ålesund" project and signed an agreement in principle for this option. Sykkylven and Stranda negotiated an agreement in principle.

The municipalities have conducted population surveys, held public meetings and distributed information circulars.

On 22 June 2016, Sykkylven municipal council decided to continue as a separate municipality.

On 22 June 2016, Stranda municipal council decided that they did not want to merge with Sykkylven, but that they are open to negotiations with one or more municipalities in the future.

The County Governor believes that there is a basis for a stronger municipality on the south side of Storfjorden, between Stranda and Sykkylven. The County Governor points out that an agreement in principle has been negotiated between Sykkylven and Stranda, which may form a sound basis for future discussions.

The municipalities are demographically vulnerable and face challenges related to a declining and ageing population. Both municipalities do not have a large enough local government organisation to be able to solve all their statutory tasks and depend on inter-municipal cooperation. Stranda has workplace coverage of 98 per cent, and Sykkylven has 93 per cent, and many of the jobs in both municipalities are linked to industry.

#### **5.12.4 The Ministry's assessments and proposal**

The Ministry refers to the local processes, the municipalities own decisions and the County Governors' recommendations. The Ministry proposes that the Storting adopts the mergers in the county where the municipalities have made a mutual decision that they want to merge. The Ministry justifies separately proposed mergers, which are not in line with local decisions.

#### 5.12.4.1 *Separate assessments*

##### Ålesund, Sandøy, Skodje, Haram and Ørskog

Four of five municipalities agree on merging together, and in their decisions have agreed that more municipalities may join the merger. A merger of the four municipalities Ålesund, Skodje, Ørskog and Sandøy will result in a municipality that is poorly connected geographically, with Haram lying between Sandøy and the rest of the new municipality, cf. figure 5.14.

Haram has decided that the municipality wants to merge with Sandøy. The County Governor believes that Sandøy and Haram should belong to the same future municipality. The County Governor also believes that one large municipality around Ålesund is the one that best responds to the objectives of the reform, and that more than the four municipalities that agree should be part of this municipality. The Ministry shares this assessment.

Haram is part of the housing and labour market region around Ålesund and Ålesund is the most important in and out-commuting municipality to Haram. The municipality's own report shows that only a merger with Ålesund and several municipalities will satisfy the objectives of the reform. The report also shows that Haram orientates towards the region of Ålesund for all its cooperation.

The report shows that Haram provides good services today, but that continuing as a separate municipality will pose significant restructuring challenges both in the short and the long-term. On the whole, the municipality is involved in more than 40 formalised inter-municipal cooperation schemes, which is challenging and very time-consuming as regards keeping track of and ensuring influence in the schemes. Continuing as a separate municipality is expected to result in a need for greater inter-municipal cooperation on future task solving.

Therefore, following an overall assessment, the Ministry proposes that the merger of Ålesund, Skodje, Ørskog and Sandøy must also include Haram.

#### 5.12.4.2 *The Ministry's overall proposal*

The Ministry recommends that the Storting adopts the following mergers in Møre & Romsdal:

- Volda and Hornindal (Sogn & Fjordane)
- Fræna and Eide
- Molde, Midsund and Nesset
- Ålesund, Sandøy, Skodje, Haram and Ørskog
- Stordal and Norddal

Given the Storting's endorsement of the proposal in Proposition to the Storting No. 84 S (2016 - 2017) on a new county structure, the Ministry recommends that the county boundary between Møre & Romsdal and the new county consisting of Hordaland and Sogn & Fjordane is adjusted so that the new municipality consisting of the present Volda and Hornindal becomes part of the county of Møre & Romsdal. If the present county division is used as a constituency in the General Election in 2021, the new municipality will be considered part of Møre & Romsdal.

## 5.13 Sør-Trøndelag

Sør-Trøndelag has a population of 317,363 spread over 25 municipalities and 18,840 km<sup>2</sup>. Tydal is the smallest municipality with a population of 861, while Trondheim is the largest with a population of 190,464. 14 municipalities have fewer than 5,000 inhabitants, while 2 municipalities have more than 15,000 inhabitants.

From 1 January 2018, Sør-Trøndelag and Nord-Trøndelag were merged into the county of Trøndelag.

Tabell 5.17 The municipalities of Sør-Trøndelag with population and area

Municipality	Population	Area (km <sup>2</sup> )
1601 Trondheim	190,464	341
1653 Melhus	16,213	694
1663 Malvik	13,820	168
1638 Orkdal	11,891	595
1657 Skaun	8,000	224
1634 Oppdal	6,973	2,274
1624 Rissa	6,628	616
1648 Midtre Gauldal	6,319	1,861
1662 Klæbu	6,050	186
1640 Røros	5,623	1,956
1621 Ørland	5,291	73
1620 Frøya	4,937	241
1627 Bjugn	4,822	384
1617 Hitra	4,659	680
1612 Hemne	4,259	670
1664 Selbu	4,098	1,235
1636 Meldal	3,960	613
1630 Åfjord	3,263	955
1635 Rennebu	2,556	948
1644 Holtålen	2,046	1,210
1622 Agdenes	1,711	317
1613 Snillfjord	982	508
1633 Osen	978	387

1632 Roan	959	375
1665 Tydal	861	1,329

**[:figur:fig5-15.jpg]**

Figur 5.23 Map of the municipalities in Sør-Trøndelag

### 5.13.2 The municipalities' decision

Eleven municipalities in Sør-Trøndelag are part of six mergers where mutual decisions have been made.

- Rissa and Leksvik (Nord-Trøndelag). It has been decided by Royal Decree of 17 June 2016 that the municipalities will be merged together from 1 January 2018.
- Trondheim and Klæbu
- Hemne, part of Snillfjord (Vennastranda) and Halså (Møre & Romsdal)
- Hitra and part of Snillfjord (Sundan/Hemnskjela).
- Orkdal, Agdenes, Meldal and part of Snillfjord (Krokstadøra)
- Bjugn and Åfjord

Furthermore, three municipalities have decided that they are positive to or want to merge with other municipalities.

- Oppdal wants to merge with Rennebu.
- Roan wants to merge with Åfjord-
- Røros wants to merge with Holtålen and Os (Hedmark).

In addition, Midtre Gauldal decided that the municipality wants to negotiate with Skaun and Melhus on an agreement in principle regarding a merger of the municipalities.

The other municipalities in Sør-Trøndelag have decided to continue as separate municipalities.

### 5.13.3 The County Governor's recommendation and the municipalities' processes

The County Governor of Sør-Trøndelag recommends the following mergers:

- Trondheim and Klæbu
- Hemne, part of Snillfjord and Halså
- Frøya, Hitra and part of Snillfjord
- Orkdal, Agdenes, Meldal and part of Snillfjord
- Holtålen, Røros and Os
- Roan, Åfjord, Bjugn, Ørland, new Indre Fosen and possibly Osen

#### Trondheim and Klæbu

The municipalities participate in inter-municipal cooperation in the region of Trondheim (Trondheim, Malvik, Stjørdal, Midtre Gauldal, Melhus, Skaun, Leksvik and Rissa). Klæbu has the closest bilateral cooperation with Trondheim.



In May 2016, Klæbu held a referendum, which showed that 67 per cent of those who voted were in favour of a merger with Trondheim. Dialogue with the population of Trondheim has taken place through a consultation process and conferences. Trondheim also participated in a population survey under the auspices of the County Governor.

On 16 June 2016, Trondheim city council decided to merge with Klæbu.

On 16 June 2016, Klæbu municipal council decided to merge with Trondheim.

The County Governor considers the merger to satisfy the objectives of the reform. The new municipality will have good capacity, specialist environment and expertise to provide statutory services and administration. The strong population growth creates significant investment needs within the service areas, which also creates a great need for land and for access to expertise. The municipality will also have strong specialist environments and expertise in financial management and community planning. The merger reduces the number of coordination challenges in the Trondheim area, providing more comprehensive governance within a closely integrated housing and labour market.

## Snillfjord

Early in the reform process it became clear that Snillfjord needed to establish a dialogue with neighbouring municipalities in three directions; Orkdal, Hemne and Hitra. A knowledge-based process was created for possible mergers in these three directions where a number of municipalities were involved. In a population survey in January 2016, 81 per cent said “yes” to municipal merger or municipal division.

Snillfjord decided to divide the municipality and wants each part to be part of three new municipalities. Vennastranda has approximately 26 per cent of the inhabitants and will merge with Hitra. Krokstadøra has approximately 44 per cent of the inhabitants and will merge with Agdenes, Meldal and Orkdal. Sundan/Hemnskjela has approximately 30 per cent of the inhabitants and will merge with Hemne and Halså.

## Hemne, part of Snillfjord and Halså (Møre & Romsdal)

In February 2016, based on reports and negotiations it was decided to enter into an agreement in principle on a merger of Hemne, parts of Snillfjord, Halså and Aure. Aure concluded the process after the majority in a referendum were against a merger. On 30 May 2016, Hemne, Halså and Snillfjord signed an agreement in principle.

In the referendum held in Hemne, the majority were in favour of a merger. In the referendum held in Halså, a merger with Aure, Hemne and Snillfjord received the highest number of votes of a total of four options (45 per cent). Halså held a new referendum in the autumn of 2016. The result of this was that a majority wanted a merger, and the merger with Hemne and Snillfjord received 45 per cent of the votes.

On 21 June 2016, Hemne municipal council decided to merge with Halså and all or parts of Snillfjord.

On 30 June 2016, Snillfjord municipal council decided to divide the municipality into three, where Vennastranda joins Hemne and possibly other municipalities.

On 24 June 2016, Halså municipal council decided to apply to become a new municipality with Hemne and Snillfjord.

The County Governor of Sør-Trøndelag considers the merger to satisfy the objectives of the reform. The municipalities are vulnerable in terms of future service production and the exercise of authority. A merger will reduce the vulnerability and provides a larger specialist environment and greater capacity and expertise. This is necessary in order to meet demographic changes and expectations for task-solving in the major welfare areas. The new municipality is function from a geographical and communications point of view. All the municipalities need stronger investments in community development to increase the population. The new municipality will have greater authority over own land and it will be ensure to take care of comprehensive area and transport solutions.

The County Governor of Møre & Romsdal recommends a merger of Halså and Aure, and possibly also Hemne and parts of Snillfjord. The County Governor of Møre & Romsdal believes Aure is vulnerable as regards expertise despite significant financial resources. A merger of Aure and Halså would simplify the pattern of cooperation in Nordmøre. The County Governor of Sør-Trøndelag also points out that the new municipality will be even more functional from a geographic and communication point of view if Aure participates.

### Frøya, Hitra and part of Snillfjord

Hitra reported on several merger options, but chose an option together with Frøya and parts of Snillfjord. When Frøya withdrew from this constellation, the process continued with Snillfjord. In a population survey, 61 per cent were positive to a merger.

On 28 April 2016, Frøya municipal council decided to continue as a separate municipality.

On 22 June 2016, Hitra municipal council decided to merge with parts of Snillfjord.

On 30 June 2016, Snillfjord municipal council decided to divide the municipality into three, where Sundan/Hemnskjela join Hitra.

### *The County Governor's reasons for the merger*

Hitra and Snillfjord agree on establishment of a new municipality together. The County Governor considers that Frøya should also join them.

The County Governor believes that a new municipality consisting of Hitra and parts of Snillfjord will be less vulnerable than today's municipalities in terms of capacity, specialist environment and expertise within statutory service production and administration. Changes in demography will pose extra challenges in the services in future. Parts of Snillfjord to be merged with Hitra are closely linked through geography, trade and labour. The new municipality will be stronger in community development and will be able to prioritise area, services and investments more comprehensively than today. The new municipality will be less vulnerable in the field of economy, and strengthen itself somewhat in the specialist environment and expertise.

The County Governor believes a new municipality, which also includes Frøya, will result in a stronger municipality in terms of economy, statutory services and government tasks. This will also form the foundation for more comprehensive and coordinate community planning in the region.

### Orkdal, Agdenes, Meldal and part of Snillfjord

The municipalities of Orkdal, Skaun, Meldal, Agdenes, Rindal and Snillfjord developed a common knowledge-based in 2015. The same municipalities signed an agreement in principle in May 2016. In the subsequent discussions by the municipal councils, Skaun and Rindal decided to remain as separate municipalities.

Orkdal, Meldal and Agdenes listened to its inhabitants through a population survey in May 2016. In Orkdal and Meldal, the majority were in favour of a merger. In Agdenes, the majority were in favour of standing alone

On 22 June 2016, Orkdal municipal council decided to merge with the municipalities with which it had entered into an agreement in principle and who decided on a merger themselves.

On 30 June 2016, Meldal municipal council decided to merge with the municipalities of Orkdal, Agdenes and parts of Snillfjord.

On 29 June, Agdenes municipal council decided to merge with Orkdal and possibly other municipalities, or parts of other municipalities in the Orkdal option.

On 30 June 2016, Snillfjord municipal council decided to divide the municipality into three, where Krokstadøra joins Orkdal and possibly other municipalities.

The County Governor considers the merger to satisfy the objectives of the reform. The new municipality will have stronger specialist environments with capacity and expertise that makes the more able than today's municipalities to take care of and develop statutory tasks. The municipalities constitute a common housing and labour market, and a new municipality can plan area use, services and community development within a functional area. The municipality will have a strong specialist environment within community development, workplace development and planning. All the municipalities cooperate today through the Orkdal region.

The new municipality will also have a strong specialist environment in financial management and planning. On the whole, the new municipality will be less vulnerable to unforeseen events and can better prepare for demographic changes. In a municipal merger, the inhabitants will have direct influence on the development of a common housing and labour market and the need for inter-municipal solutions will be reduced.

### Holtålen, Røros and Os (Hedmark)

The three municipalities adopted an agreement in principle to establish a new municipality together. The referendum in Holtålen gave a majority against a merger.

On 21 June 2016, Røros municipal council decided to merge with Holtålen and Os.

The municipalities of Holtålen and Os have decided to continue as separate municipalities.

Holtålen and Røros is a common housing and labour market region. A merger would strengthen community development in the area. The County Governor also points out that Holtålen will be very vulnerable as a separate municipality. Both municipalities have a tight financial situation and both would have increased costs due to an increased number of elderly over the age of 80 in the years ahead. A joint municipality will reduce the vulnerability both as regards capacity, specialist environment and economy.

The County Governor of Sør-Trøndelag believes that Os in Hedmark will be an important supporter in a merger with Holtålen and Røros. The County Governor of Hedmark does not recommend a merger of the municipalities now, but believes that in time Os should be part of a larger municipality and that Røros and Holtålen are the natural choice.

### Roan, Åfjord, Bjugn, Ørland, new Indre Fosen and possibly Osen

In February 2014, Bjugn and Ørland concluded a merger process, after the inhabitants of Ørland said “yes” to a merger in a consultative referendum and the population of Bjugn said “no”. In the autumn of 2014, a new report was prepared under the auspices of Fosen Regional Council, regarding the possibilities for establishment of a new local government structure in Fosen. When Rissa and Leksvik decided to merge in March 2015, the coastal municipality of Roan, Åfjord, Bjugn, Ørland and Osen was launched. When it became clear that this would not succeed, Roan continued dialogue with Åfjord, and Ørland continued dialogue with Bjugn.

Two population surveys were conducted in Åfjord where a clear majority was positive to a merger. A consultative referendum was held in Roan where a majority said “yes” to a merger with Åfjord. In the referendum in Bjugn a clear majority was positive to a merge with Ørland. In the referendum in Ørland a clear majority of the voters were negative to a merger.

Following the referendums, Åfjord and Bjugn drew up an agreement in principle, which also included Roan, even though Roan municipal council did not want to be part of the process.

On 16 June 2016, Roan municipal council decided to merge with Åfjord.

On 31 January 2017, Åfjord municipal council decided to merge with both Bjugn and Roan.

On 31 January 2017, Bjugn municipal council decided to merge with Åfjord and possibly Roan.

Ørland municipal council has decided to continue as a separate municipality. It has been decided that Rissa and Leksvik will be merged into the municipality of Indre Fosen.

### *The County Governor's reasons for the merger*

The County Governor believes it is important to reduce vulnerability and strengthen the positive development Fosen has today. Despite process over a long period, the County Governor concludes that the situation in Fosen has not become clearer. It is the County Governor's professional recommendation that neither Ørland, Roan nor Osen should stand alone.

The County Governor believes that Ørland and Roan are vulnerable as regards future service production and the exercise of authority. Ørland also has heavy national tasks that require area, services and community development seen in a regional perspective. Furthermore, the County

Governor points out that over time there has been a majority of the inhabitants who want to merge with Bjugn. The County Governor also points out that Roan does not have the capacity to engage in community development.

Osen is also vulnerable to future challenges, but in the view of the County Governor, may decide on its own choice of merger northwards toward Flatanger or Namdalseid, or southwards towards the municipalities in Fosen.

The County Governor's primary recommendation is that a national decision is made in the spring of 2017 regarding the merger of Roan, Åfjord, Bjugn, Ørland and Indre Fosen to a new municipality after 1 January 2020. The County Governor believes that entry into force should be somewhat later in view of the ongoing processes in Rissa and Leksvik.

If there is no merger of all six municipalities, the County Governor believes a solution should be chosen that gives the best conditions to strengthen overall growth and implementation of national tasks in Fosen, and which underpins and further develops integration in one housing and labour market and which points the best way forward toward a municipality of Fosen. The option of a merger of Bjugn/Ørland and Roan/Åfjord is the most thoroughly prepared option in the form of a broad knowledge-base and involvement of the population.

#### **5.13.4 The Ministry's assessments and proposal**

The Ministry refers to the local processes, the municipalities own decisions and the County Governors' recommendations. The Ministry proposes that the Storting adopts the mergers in the county where the municipalities have made a mutual decision that they want to merge. The Ministry justifies separately proposed mergers, which are not in line with local decisions.

##### **5.13.4.1 *Separate assessments***

#### **Bjugn and Ørland**

The question of possible merger of the municipalities of Bjugn and Ørland has been discussed since the beginning of the 2000s. As part of the "*Future local government structure – municipalities responsible for own development*" project, a collaboration between the Ministry and the Norwegian Association of Local and Regional Authorities in the period 2003–2005, in 2004, the municipal councils of Bjugn and Ørland decided to merge from 1 January 2012. In 2009, the strategy committee for the Bjugn/Ørland cooperation project, where members of the local executive committees in the two municipalities participated, decided to recommend the municipal councils to apply to the Ministry to investigate the question of merging the municipalities. The process stopped in June 2009, following political differences.

In 2012, the municipalities resumed the dialogue, based on the Storting's decision to establish a future combat aircraft base at Ørlandet. In the autumn of 2012, the municipalities made identical decisions to work toward a merger, and in the spring received the support of the Ministry to investigate the matter.

The report from Telemark Research Institute showed that the advantages of a merger of Bjugn and Ørland seem to be clearly greater than the disadvantages.<sup>7</sup> It was emphasised that the greatest advantage of a merger is that it creates a municipality that has better prerequisites for providing good services to the inhabitants, and which to a greater extent is able to fulfil the role as a community developer. It was pointed out that a more robust and effective municipality can to a greater extent act as a positive driving force behind development among the other municipalities in Fosen. It was also pointed out that what are perceived to be potential disadvantages are location issues and fear of centralisation.

The question of location of the municipal centre was decisive in the inhabitants and Bjugn municipal council's decision to say "no" to a merger in the spring of 2014.

In January 2015, the municipality of Ørland decided that a merger with Bjugn had first priority in the local government reform. In the spring of 2015, Rissa and Leksvik entered into a joint agreement in principle, and after the decisions in Rissa and Leksvik, a coastal municipality consisting of Ørland, Bjugn, Åfjord, Roan and Osen was discussed. The discussion did not bear fruit. In June 2015, Bjugn and Ørland resumed the dialogue with a view to bringing about a merger.

After the voters and Ørland municipal council voted "no" to a merger with Bjugn in the spring of 2016, Bjugn turned to Åfjord and Roan. Bjugn and Åfjord drew up an agreement in principle, which also included Roan.

The County Governor points out that the majority of the inhabitants of Ørland have over time wanted a merger with Bjugn. Among other things, there is a citizens' initiative on a merger of Bjugn and Ørland.

Based on the clear citizens' initiative, the municipality of Ørland discussed the question of a merger once more, and have decided to await the result of the new processes in which Bjugn is participating.

The Storting has adopted major investments in connection with establishment of a new combat aircraft base in the municipality of Ørland. It is important to ensure a good local government structure that protects these investments in the best possible way. Ørland is vulnerable in terms of future service production and the exercise of authority, and has heavy national tasks, which require that area, service and community development are seen in a regional perspective. Ørland is the smallest municipality in the county in area and the Ministry believes it will be very difficult to achieve and appropriate development south of the Fosen peninsula if Orland is to continue as a separate municipality.

The county recommends a merger of Bjugn, Ørland, Roan, Åfjord, new Indre Fosen and possibly Osen. The Ministry believes this will be the best solution in the long-term. The County Governor points out that the time perspective and a somewhat inadequate factual basis is a challenge to the municipalities. This is particularly demanding for Rissa and Leksvik who will merge together to Indre Fosen from 1 January 2018. Therefore, with the support of the Ministry

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<sup>7</sup>Telemark Research Institute TF-report no. 315, 2013: *Consequences of a possible merger of the municipalities of Bjugn and Ørland*

and in cooperation with all seven municipalities, the County Governor has initiated investigation work to explore the possibilities that may arise from a merger of all the municipalities. The work will be completed in mid April 2017.

Following an overall assessment, the Ministry proposes in this proposition a merger of Bjugn and Ørland. The Ministry will come back to the Storting with a new assessment for the municipalities in Fosen in the Municipalities Proposition 2018, based on the ongoing investigation work.

## Roan and Åfjord

The municipalities on the Fosen peninsular have been involved in different processes in the local government reform. After Rissa and Leksvik decided to apply for a merger, Roan and Åfjord continued to discuss a merger.

In the spring of 2016, Roan and Åfjord decided to merge with each other. After Ørland said no to Bjugn, the municipality entered into dialogue with Åfjord and Roan. Åfjord was positive to this, but Roan municipal council did not want to enter into a dialogue to explore the possibility of a merger of all three municipalities.

On 31 January 2017, Åfjord municipal council decided to merge with both Bjugn and Roan. In a letter to the Ministry, the municipality of Åfjord emphasised that a merger with Bjugn is the preferred result of the local government reform.

With its population of 959, the municipality of Roan will face challenges providing good services in the future. The County Governor believes that Ørland and Roan are very vulnerable as regards future service production and the exercise of authority. The projections show that in Roan only 1.8 people will be in an employable age group for each person over 67 in 2030. This will pose great challenges for the municipality, which will be difficult for it to handle. Today, the municipality does not have the capacity and expertise to realise the potential for community development, but according to the County Governor will be important in order to build up under a regional centre in Fosen. The County Governor is clear that the changes in local government structure in Fosen cannot mean that Roan remains standing alone.

Therefore, following an overall assessment, the Ministry proposes the mutual merger of Roan and Åfjord. The Ministry will come back to the Storting with a new assessment for the municipalities in Fosen in the Municipalities Proposition 2018, based on the ongoing investigation work.

### 5.13.4.2 *The Ministry's overall proposal*

The Ministry recommends that the Storting adopts the following mergers in Sør-Trøndelag:

- Trondheim and Klæbu
- Hemne, part of Snillfjord and Halså (Møre & Romsdal)
- Hitra and part of Snillfjord
- Orkdal, Agdenes, Meldal and part of Snillfjord
- Bjugn and Ørland
- Roan and Åfjord

Based on today's county division, the Ministry recommends that the county boundary between Møre & Romsdal and Trøndelag is adjusted so that a new municipality consisting of the present Hemne, part of Snillfjord and Halså become part of the county of Trøndelag. If the present county division is used as a constituency at the General Election in 2021, the new municipalities must be included in Sør-Trøndelag.

## 5.14 Nord-Trøndelag

Nord-Trøndelag has a population of 137,233 spread over 23 municipalities and 22,415 km<sup>2</sup>. Røyrvik is the smallest municipality with a population of 469, while Stjørdal is the largest with a population of 23,625. 16 municipalities have fewer than 5,000 inhabitants, while 3 municipalities have more than 15,000 inhabitants.

Tabell 5.18 The municipalities of Nord-Trøndelag with population and area

Municipality	Population	Area (km <sup>2</sup> )
1714 Stjørdal	23,625	938
1702 Steinkjer	21,972	1,564
1719 Levanger	19,892	646
1721 Verdal	14,849	1,547
1703 Namsos	13,051	777
1756 Inderøy	6,800	366
1751 Nærøy	5,138	1,068
1750 Vikna	4,418	319
1744 Overhalla	3,840	730
1718 Leksvik	3,480	430
1717 Frosta	2,630	76
1724 Verran	2,515	602
1711 Meråker	2,508	1,273
1742 Grong	2,467	1,136
1736 Snåase – Snåsa	2,159	2,343
1725 Namdalseid	1,593	770
1738 Lierne	1,389	2,962
1743 Høylandet	1,264	754
1749 Flatanger	1,090	459
1740 Namsskogan	872	1,417



1748 Fosnes	628	544
1755 Leka	584	110
1739 Raarvihke – Røyrvik	469	1,585

**[:figur:fig5-16.jpg]**

Figur 5.24 Map of the municipalities in Nord-Trøndelag

### 5.14.2 The municipalities' decisions

Six municipalities in Nord-Trøndelag are included in three mergers where mutual decisions have been made:

- Leksvik and Rissa (Sør-Trøndelag). The municipalities decided by Royal Decree of 17 June 2016 to merge from 1 January 2018.
- Verran and Steinkjer
- Namdalseid, Namsos and Fosnes

Furthermore, five municipalities have decided that they are positive to or want to merge with other municipalities:

- Stjørdal wants to merge with Frosta.
- Levanger wants to merge with Verdal.
- Vikna wants to work toward a merger with Nærøy and Leka, and possibly also Bindal.
- Nærøy wants to merge with Vikna.
- Grong wants primarily to merge with the municipalities of Indre Namdal (Høylandet, Namsskogan, Røyrvik and Lierne).

The other municipalities in Nord-Trøndelag have decided to continue as separate municipalities.

### 5.14.3 The County Governor's recommendation and the municipalities' processes

The County Governor of Nord-Trøndelag recommends the following mergers:

- Verran and Steinkjer
- Namdalseid, Namsos and Fosnes

#### Verran and Steinkjer

Steinkjer, Verran and Snåsa have entered into an agreement in principle on a merger. In a referendum in May 2016, in both Steinkjer and Verran, the majority were in favour of a merger. The referendum in Holtålen gave a majority against a merger. The agreement in principle was then adjusted to apply to a merger of Steinkjer and Verran.

On 22 June 2016, Steinkjer municipal council decided to merge with Verran.

On 30 June 2016, Verran municipal council decided to merge with Steinkjer.

The County Governor believes the merger will contribute to improved specialist environments and reduce Verran's vulnerability. The decision is also a step in the direction of better agreement between the housing and labour market areas and the municipal boundaries. There is extensive mutual commuter flows between the two municipalities. As far as Verran is concerned, Steinkjer is the largest both as an in and out-commuting municipality.

### **Namdalseid, Namsos and Fosnes**

In the initial phase of the local government reform process, an agreement in principle was entered into regarding a merger between Namsos, Overhalla, Høylandet, Flatanger, Fosnes and Namdalseid. Referendum were held in all the municipalities in May 2016, apart from in Namsos, which conducted a population survey. In Namsos, Fosnes and Namdalseid, the population consultations showed that the majority were in favour of a merger, while the majority were against a merger in the other municipalities. The agreement in principle was then adjusted to apply to Fosnes, Namdalseid and Namsos.

On 24 June 2016, Namdalseid municipal council decided to merge with Fosnes and Namsos.

On 30 June 2016, Namsos municipal council decided to merge with Fosnes and Namdalseid.

On 30 June 2016, Fosnes municipal council decided to merge with Namdalseid and Namsos.

The County Governor points out that today, both Fosnes and Namdalseid are small municipalities, which in isolation makes them vulnerable within service production and the exercise of authority. A merger of the three municipalities will facilitate good and equal services. The merger will also contribute to better agreement between housing and labour market areas and municipal boundaries, even though the merger does not cover the whole of Midtre Namdalen. In the view of the County Governor, it would be positive if Overhalla also became part of the new municipality.

### **5.14.4 The Ministry's assessments and proposal**

The Ministry points out the local processes, the municipalities' own decisions and the County Governors' recommendations. The Ministry proposes that the Storting adopts the mergers in the county where the municipalities have made a mutual decision that they want to merge. The Ministry justifies separately proposed mergers, which are not in line with local decisions.

#### **5.14.4.1 *Separate assessments***

### **Vikna, Nærøy, Leka and Bindal**

The municipalities have been involved in different processes in the reform including a joint report on merging. Leka, Vikna and Nærøy constitute Ytre Namdal Regional Council and had a joint process at the start of the local government reform. Vikna and Nærøy entered into an agreement in principle regarding a merger. In the referendum in Nærøy, the majority were in favour of a merger, while in Vikna the majority were against a merger. Leka also reported on the special consequences the local government reform had for the island municipalities that had to mainland link. Bindal has also orientated toward the other municipalities in Sør-Helgeland.

On 22 September 2016, Nærøy municipal council decided that they wanted a merger with Vikna based on the negotiated agreement in principle.

On 29 September 2016, Vikna municipal council decided that the municipality did not want to merge with Nærøy based on the negotiated agreement in principle. The municipal council also decided that with the challenges the municipalities face, a comprehensive and good community development in Ytre Namdal requires that the municipal council continues to work toward a merger, where Rørvik is the municipal centre.

Leka municipal council has decided to continue as a separate municipality.

Bindal municipal council has decided to continue as a separate municipality. The municipal council also adopted an agreement in principle on more formalised cooperation between the municipalities in Sør-Helgeland.

Øya Austrå is divided by Leka, Nærøy and Bindal and the county boundary between Nord-Trøndelag and Nordland. There is an initiative among the island inhabitants that the whole of Austrå must belong to the same municipality. The County Governor of Nord-Trøndelag supports this in his recommendation. The proposed merger makes this problem irrelevant.

The County Governor of Nord-Trøndelag believes that a larger municipality consisting of Leka, Nærøy, Vikna and the whole or parts of Bindal would fulfil the objectives of the reform. The County Governor points this out as the long-term solution for the municipalities of Ytre Namdal.

Nærøy and Vikna have a common housing and labour market with a short distance between the centre of the municipalities and significant commuting. The County Governor believes a merger would create an everyday municipality that is more closely linked and results in a more comprehensive community development as regards business development, settlement and infrastructure.

According to the County Governor, a merger that also includes Leka and the whole or parts of Bindal will to a greater extent fulfil the reform's objectives and intentions than today's structure. A new municipality will facilitate good and equal services and will be better able to deal with new tasks and unforeseen events and cyclical fluctuations. A new municipality would also reduce the need for inter-municipal cooperation to take care of statutory tasks. However, the County Governor also points out that there will be great distances in such a municipality, particularly for Leka and that it will be important to ensure local democracy and development in all parts of the new municipality.

Leka's own report points out that the municipality has a small and vulnerable specialist environment. Approximately 60 per cent of the employees are over 50. More service areas face challenges with recruitment to job vacancies. For several years it has been difficult to recruit engineers, several categories of skilled workers and managers. It is pointed out that the municipality does not meet the statutory requirement of having its own education officer.

Bindal's reform report also points out great vulnerability and small specialist environments. The County Governor of Nordland believes in time Bindal will not have the prerequisites to

continue as a separate municipality. In the view of the Ministry, the municipal council's decision on a more comprehensive and formalised inter-municipal cooperation to meet future challenges is an acknowledgement of this.

The reports from Leka and Bindal both point out that the municipalities have sound finances and are well equipped for the years ahead. The population of Bindal and Leka is 1,473 and 584 respectively. The municipalities have experienced a strong decline in population over time. The reports show that the population of Bindal has decreased by more than 25 per cent over the last 20 years, while the population of Leka has halved over the last 50 years. Even though the population of Leka seems to have stabilised toward the end of the period, the main option in SSB's population projections shows a continued decline in the populations of both municipalities in future.

The population projections toward 2030 also show that Leka and Bindal are the two municipalities in Norway that will have the lowest percentage of employable age groups (20 - 60 years) compared with the population over the age of 67. The projections show that in Leka and Bindal only 1.4 people will be in an employable age group for each person over 67 in 2030. This will pose great challenges for the municipalities, which will be difficult for them to handle.

The populations of Nærøy and Vikna are 5,138 and 4,418 respectively. A merger of the four municipalities will mean that Leka and Bindal are part of a larger municipality, which will relieve some of the major challenges the municipalities face related to demographic changes. A new municipality will also unit the housing and labour region of Vikna/Nærøy in the same municipality and facilitate a more comprehensive community development in the region.

Therefore, following an overall assessment, the Ministry proposes a merger of Vikna, Nærøy, Leka and Bindal.

Households in the municipality of Bindal currently have exemption from VAT on electricity, cf. section 6-6 of the VAT Act. It is a starting point in the local government reform that inhabitants and businesses in the municipalities that today benefit from favourable schemes, will be allowed to keep these arrangements even though they become part of a larger municipality. At the same time, it is out of the question that more inhabitants or businesses will come under such schemes. The Ministry of Finance will follow-up the Storting's handling of this bill by putting forward a proposal for an amendment of the VAT Act so that the geographical area that is today the municipality of Bindal will still be subject to the exemption in section 6-6.

#### *5.14.4.2 The Ministry's overall proposal*

The Ministry recommends that the Storting adopts the following mergers in Nord-Trøndelag:

- Verran and Steinkjer
- Namdalseid, Namsos and Fosnes
- Vikna, Nærøy, Leka and Bindal (Nordland)

Based on the adopted county division, the Ministry recommends that the county boundary between Trøndelag and Nordland is adjusted so that the new municipality consisting of the present Vikna, Nærøy, Leka and Bindal becomes part of the county of Trøndelag. If the present county division is used as a constituency at the General Election in 2021, the new municipality must become part of Nord-Trøndelag.

## 5.15 Nordland

Nordland has a population of 137,233 spread over 44 municipalities and 22,415 km<sup>2</sup>. Træna is the smallest municipality with a population of 465, while Bodø is the largest with a population of 51,022. 32 municipalities have fewer than 5,000 inhabitants, while 3 municipalities have more than 15,000 inhabitants.

Tabell 5.19 The municipalities of Nordland with population and area

Municipality	Population	Area (km <sup>2</sup> )
1804 Bodø	51,022	1,395
1833 Rana	26,101	4,460
1805 Narvik	18,756	2,023
1824 Vefsn	13,465	1,929
1860 Vestvågøy	11,294	425
1870 Sortland	10,378	722
1841 Fauske	9,729	1,210
1865 Vågan	9,444	479
1866 Hadsel	8,009	567
1813 Brønnøy	7,956	1,046
1820 Alstahaug	7,428	188
1837 Meløy	6,435	874
1871 Andøy	4,908	656
1840 Saltdal	4,702	2,216
1868 Øksnes	4,580	320
1832 Hemnes	4,524	1,589
1867 Bø	2,624	247
1854 Ballangen	2,554	932
1848 Steigen	2,543	1,009
1822 Leirfjord	2,278	465
1851 Lødingen	2,134	527
1812 Sømna	2,047	195
1838 Gildeskål	2,024	665
1850 Divtasvuodna – Tysfjord	1,960	1,464

1845 Sørfold	1,958	1,638
1834 Lurøy	1,920	265
1828 Nesna	1,837	183
1849 Hamarøy – Hábmer	1,810	1,034
1818 Herøy	1,788	64
1811 Bindal	1,473	1,264
1825 Grane	1,469	2,004
1826 Hattfjelldal	1,414	2,684
1827 Dønna	1,410	192
1853 Evenes	1,402	253
1859 Flakstad	1,349	178
1836 Rødøy	1,267	711
1852 Tjeldsund	1,252	319
1815 Vega	1,234	165
1874 Moskenes	1,073	119
1839 Beiarn	1,043	1,222
1857 Værøy	744	19
1856 Røst	535	10
1816 Vevelstad	528	539
1835 Træna	465	17

**[:figur:fig5-17.jpg]**

Figur 5.25 Map of the municipalities of Nordland

### 5.15.2 The municipalities' decisions

Four municipalities in Nordland are included in two mergers where mutual decisions have been made:

- Tjeldsund and Skånland (Troms)
- Narvik, Ballangen and Tysfjord

Furthermore, five municipalities have decided that they are positive to or want to merge with other municipalities:

- Vestvågøy wants to merger with Flakstad, Moskenes and Værøy.
- Bodø is positive to a merger with one or more neighbouring municipalities.
- Rana is positive to a merger with Lurøy.

- Brønnøy is positive to a merger with other municipalities in Sør-Helgeland (Vevelstad, Sømna, Vega and Bindal).
- Hamarøy is positive to a merger with the south-west side of Tysfjord.

Alstahaug has also decided that the municipality is positive to resuming the merger process if the cooperating municipalities want this.

Vefsn has decided that the municipality will enter into talks if a possibility for dialogue arises.

The other municipalities in Nordland have decided to continue as separate municipalities.

### **5.15.3 The County Governor's recommendation and the municipalities' processes**

The County Governor of Nordland recommends the following mergers:

- Evenes, Narvik, Ballangen and Tysfjord
- Moskenes, Flakstad and Vestvågøy
- Værøy, Røst and Bodø
- Tjeldsund and Skånland (discussed in Chapter 5.16)

#### **Evenes, Narvik, Ballangen and Tysfjord**

The municipality of Evenes has reported on and entered into agreements in principle with three different merger options; Narvik, Harstad and Skånland and Tjeldsund. The municipality of Narvik has prepared several reports and has entered into agreements in principle with neighbouring municipalities on both sides of the county boundary. Ballangen has reported on a merger with other municipalities in Ofoten. Tysfjord has reported on a merger in the direction of Salten and in the direction of Ofoten, and has also reported on a division of the municipality.

Narvik has arranged public meetings and a referendum. In the referendum, the majority were in favour of a merger with one or more of the neighbouring municipalities. Ballangen held a referendum where the majority voted in favour of continuing as a separate municipality. Tysfjord has conducted a population survey where the inhabitants were positive to change (see a further review under Chapter 5.15.4.1). Evenes held a referendum where the majority were in favour of a merge of Evenes, Tjeldsund and Skånland (40 per cent), before a merger with Narvik (39 per cent). The population survey showed the same main result.

On 16 June 2016, Narvik municipal council decided that the municipality wanted to merger with Evenes, Gratangen (Troms), Ballangen and Tysfjord.

On 15 December 2016, Ballangen municipal council decided to merge with the other municipalities in the Ofoten option consisting of Narvik, Tysfjord, Evenes and Ballangen.

On 24 January 2017, Tysfjord municipal council adopted to merge with other municipalities in the Ofoten option-

Evenes municipal council has decided to continue as a separate municipality.

### *The County Governor's reasons for the merger*

Narvik, Ballangen and Tysfjord have agreed to merge. The County Governor of Nordland recommends that the new municipality also includes Evenes.

Ballangen faces major financial challenges and has been registered with ROBEK since 2013. The accumulated deficit is expected to increase, which will have consequences for the service offering. Negative forecasts for population development reinforce the municipality's challenges. Almost 40 per cent of the working population commute out of the municipality, the majority of these to Narvik. The County Governor believes there is a critical need for change in Ballangen.

Narvik considers that they meet the objectives and criteria of the reform, but acknowledge that a new large municipality will have economies of scale with greater capacity and a more efficient service production. Larger specialist environments will facilitate the recruitment of specialised expertise. The municipality wants to merge with neighbouring municipalities, and the County Governor is positive to this.

In the view of the County Governor, there is also a critical need for change in Tysfjord. The municipality has been registered with ROBEK since 2015, and has accrued a large accumulated deficit, which is approximately 18 per cent of gross operating revenue. The County Governor considers the municipality's financial situation to be dire and according to the municipality's own assessment the geographical division is one of the explanations for this.

The Hålogaland bridge represents major transport investments, which facilitate new growth and development opportunities in the region. Through this investment, the region is more closely linked together and it strengthens Narvik's role as a regional centre.

The municipality of Evenes is today largely dependent on existing and future cooperation with Narvik in order to be able to provide statutory services with sufficient capacity and expertise to its inhabitants, and the Hålogaland bridge halves the travel time between the municipalities. The County Governor points out that Evenes faces challenges related to providing basic services to the inhabitants, and not having sufficient capacity and expertise in key areas of development,

A small majority of Evenes municipal council decided to continue as a separate municipality, while the option that involved a merger with the Ofoten option was voted down. The County Governor believes that the decision by Evenes municipal council to continue as a separate municipality contains a political acknowledgement that the municipality is unable to provide all basic municipal services on its own and in this way is also not able to meet the objectives of the reform. The municipality bases many of its services today on inter-municipal solutions, and the decision to continue as a separate municipality is based on purchase of services through inter-municipal cooperation schemes.

### **Moskenes, Flakstad and Vestvågøy**

The three municipalities have entered into an agreement in principle.



A referendum and population survey in Vestvågøy showed that the majority were in favour of a merger. The referendum in Moskenes showed that the majority wanted to continue as a separate municipality. A previous population survey showed that the majority were in favour of a merger. The referendum in Flakstad showed that the majority wanted to continue as a separate municipality. A previous population survey showed that the majority were in favour of a merger.

On 21 June 2016, Vestvågøy municipal council decided to merge with the municipalities of Flakstad, Moskenes and Værøy on the condition that the other municipalities wanted to merge. Moskenes and Flakstad municipal council have decided to continue as separate municipalities.

The County Governor considers that the region as whole will be significantly stronger in a community development perspective with a merger of Moskenes, Flakstad and Vestvågøy. The municipalities coordinate well and have a natural geographical boundary westwards.

The County Governor points out that Flakstad is very vulnerable in terms of service production. Several specialist environment have little or insufficient capacity and expertise. The municipality describes the challenges of having sufficient distance in the service production that pose a risk to quality and equal services. Today, the municipality depends on cooperation with other municipalities to solve primary tasks. Flakstad has had negative population growth and the projections show a continued decline in the population.

The County Governor points out that Moskenes is a very vulnerable municipality. The municipality itself points out the challenges of a small specialist environment and insufficient capacity and expertise in several specialist areas. The municipality has been registered in ROBEK since 2013 and is aware that the service offering has been reduced in the last few years because economic challenges have grown. The municipality has had a lack of control over its economy. This has resulted in a high accumulated increase in consumption over many years, while the municipality has little chance of dealing with unforeseen events. The municipality has had a negative population trend of almost 25 per cent in the last 20 years and projections show a continued decline in the population. The County Governor considers the situation for the municipality of Moskenes to be critical in several areas.

### **Værøy, Røst and Bodø**

Værøy held a referendum, which showed that the majority were against a merger with Bodø. Røst held a consultative local referendum, where the result was a majority against a merger with Bodø. Bodø conducted a population survey with a positive response to a merger.

On 16 June 2016, Bodø municipal council decided they are positive to a merger with one or more municipalities.

The municipalities of Værøy and Røst have decided to continue as separate municipalities.

Værøy points out itself that the municipality is vulnerable to fluctuations in the economy, and that it is difficult to deal with unforeseen events. Most key figures, with the exception of loan debt, are weak and there has been a clearly negative trend. The County Governor confirms

Værøy's challenge situation and considers that the municipality does not have the prerequisites to provide statutory services to its inhabitants by continuing as a separate municipality.

The County Governor considers it critical for the municipality of Værøy's survival as a family and life-cycle community that the municipality is strengthened through a new organisation of resources, services and power to achieve development goals.

In its own analysis, the municipality of Røst describes a clear need for reform and believes that the current organisation and dimensioning of the municipality does not ensure that the population receives equal welfare services. The municipality does not have the necessary capacity to solve all statutory tasks, and in some areas the inhabitants do not have a municipal service. In addition, the municipality believes that a decline in the population threatens Røst as a balanced family and life-cycle community. The municipality also experiences major challenges related to fragmented inter-municipal cooperation. Therefore, the County Governor believes that Røst cannot continue as a separate municipality.

Bodø's significant size, capacity and expertise play an important role for the surrounding municipalities' ability to fulfil their roles, and in the view of the County Governor, in future, the municipality will still have to assume regional responsibility regardless of local government structure. This applies obviously to specialised service production, but also to community development in general.

#### **5.15.4 The Ministry's assessments and proposal**

The Ministry refers to the local processes, the municipalities own decisions and the County Governors' recommendations. The Ministry proposes that the Storting adopts the mergers in the county where the municipalities have made a mutual decision that they want to merge. The Ministry justifies separately proposed mergers, which are not in line with local decisions.

##### **5.15.4.1 *Separate assessments***

#### **Hamarøy and the south-west side of Tysfjord**

The municipality of Tysfjord is one of the ten municipalities in the administrative area of the Sami language. Tysfjord is the only Lule Sami municipality in the administrative area.

Tysfjord has reported on a merger in the direction of Salten and in the direction of Ofoten, and has also reported on a division of the municipality. Both Narvik and Ballangen (Ofoten) and Hamarøy (Salten) have decided that they want to merge with (parts of) Tysfjord.

In October, the County Governor recommended, before Tysfjord made its decision, that Tysfjord should be divided into two, where the south-west side merges with Hamarøy, while the north-east side merges with Narvik, etc. This was based on a citizens' initiative on the division of the municipality, among other things.

The citizens' initiative from Tysfjord's south-west side wants to merge with neighbouring municipalities in the south, including Hamarøy. The reason is that this forms the traditional Sami

fjord community, among other things, and that the fjord divides today's municipality in an inappropriate way. The population of Tysfjord on each side of the fjord is today linked to different hospitals, emergency services and police district.

In a population survey in the autumn of 2016, the inhabitants were asked to consider different alternatives for future local government structure. The results showed that the inhabitants are positive to a division of the municipality. To remain as a separate municipality, or merge the whole municipality together with Ofoten or Salten was not positively considered. The survey showed that the population on the south-west side are more positive to a division than the population on the north-east side.

Tysfjord, Ballangen and Narvik have no agreement in principle on the merger. These three municipalities have also not decided whether they want to be part of the Sami administrative area. Hamarøy and Tysfjord on the other hand have entered into an agreement in principle on a merger where they agree that the new municipality will be part of the Sami administrative area.

The Lule Sami language is a highly threatened language. However, in recent years the language has been in a revitalisation process, and had a positive development. The Sami community at Drag, on the west side of the fjord in Tysfjord, have played an important role in this development. Most Lule Sami people live at Drag, and on the south-west side of the fjord. Drag is today an important centre for the Lule Sami language and culture, with a Sami culture / language centre, which is also houses the offices of several Sami institutions, Sami kindergarten, and there is also a Sami language programme at the school. The Sami kindergarten, which is run by Árran Lule Sami Centre, and the school at Drag have played an important role in ensuring a positive trend in the use of the Lule Sami language. A Sami language survey from 2012 showed that more young people use the Lule Sami language today than was the case for their parents' generation.

The neighbouring municipality of Hamarøy also has a Lule Sami population. The municipality has adopted a bi-lingual name for the municipality (Norwegian and Lule Sami), and for a long time has had a positive approach to the Lule Sami language. A merger between the south-west side of Tysfjord and Hamarøy may involve a stronger Lule Sami administrative municipality than today's Tysfjord.

A merger of the whole of Tysfjord with Narvik and Ballangen may mean that the only Lule Sami municipality in the administrative area for the Sami language disappears. Such a solution could have a negative impact on the Lule Sami language.

A division of the municipality of Tysfjord, where the north-east side is merged with Narvik and Ballangen, and the south-west side is merged with Hamarøy, will take care of Tysfjord's need to become part of a larger municipality. The solution also takes care of the Sami minority in the municipality and ensures that Sami language users do not become worse off as a result of a new local government structure. A division of the municipality of Tysfjord also implies a more appropriate topographical municipality division because the municipality is no longer part of Tysfjorden.

Following an overall assessment, the Ministry therefore proposes that Tysfjord is divided into two. The south-west side is merged with Hamarøy, while the north-west side is merged with Narvik and Ballangen.

Some Lule Sami people live in the part of Tysfjord that is proposed merged with Narvik and Ballangen. In cooperation with the Sami parliament, the Ministry will take the initiative for a dialogue with the municipalities to look into how to safeguard the interests of the Lule Sami language users in the north-eastern part of Tysfjord.

#### 5.15.4.2 *The Ministry's overall proposal*

The Ministry recommends that the Storting adopts the following mergers in Sør-Trøndelag:

- Narvik, Ballangen and the north-east side of Tysfjord
- Hamarøy and the south-west side of Tysfjord

## 5.16 Troms

Nord-Trøndelag has a population of 165,632 spread over 24 municipalities and 22,415 km<sup>2</sup>. Berg is the smallest municipality with a population of 914, while Tromsø is the largest with a population of 74,541. 19 municipalities have fewer than 5,000 inhabitants, while 2 municipalities have more than 15,000 inhabitants.

Tabell 5.20 The municipalities of Troms with population and area

Municipality	Population	Area (km <sup>2</sup> )
1902 Tromsø	74,541	2,521
1903 Harstad	24,845	445
1931 Lenvik	11,697	884
1924 Målselv	6,781	3,322
1933 Balsfjord	5,685	1,497
1942 Nordreisa	4,919	3,437
1922 Bardu	3,994	2,704
1925 Sørreisa	3,496	361
1913 Skånland	3,048	495
1911 Kvæfjord	2,986	513
1941 Skjervøy	2,912	474
1938 Lyngen	2,876	813
1936 Karlsøy	2,273	1,092
1923 Salangen	2,220	458
1940 Gáivuotna – Kåfjord	2,132	991

1939 Storfjord – Omasvuotna – Omasvuono	1,890	1,543
1927 Tranøy	1,540	524
1917 Ibestad	1,394	241
1943 Kvænangen	1,233	2,109
1926 Dyrøy	1,138	289
1919 Gratangen	1,121	313
1920 Loabák – Lavangen	1,076	302
1928 Torsken	921	243
1929 Berg	914	294

**[Figur:fig5-18.jpg]**

Figur 5.26 Map of the municipalities of Troms

### 5.16.2 The municipalities' decision

Three municipalities in Troms are included in two merger where mutual decisions have been made:

- Tranøy and Lenvik
- Skånland and Tjeldsund (Nordland)

Furthermore, two municipalities have decided that they are positive to or want to merge with other municipalities:

- Tromsø is positive to a merger with neighbouring municipalities.
- Harstad is positive to a merger with neighbouring municipalities, and agreements in principle have been entered into with Evenes, Ibestad, Kvæfjord, Lødingen, Skånland and Tjeldsund.

In addition, Lyngen has decided that the municipality will continue to explore the possibility of a merger with Storfjord.

Berg has decided to request the Storting to decide on the question of a merger.

The other municipalities in Nord-Trøndelag have decided to continue as separate municipalities.

### 5.16.3 The County Governor's recommendation and the municipalities' processes

The County Governor of Troms recommends the following mergers:

- Tranøy, Lenvik, Berg and Torsken
- Harstad, Ibestad, Skånland and possibly Tjeldsund
- Karlsøy and Tromsø
- Kvænangen, Alta and Loppa (discussed in chapter 5.17)

## Tranøy, Lenvik, Berg and Torsken

Lenvik, Torsken, Tranøy and Berg participated in a report on a number of merger options in Mid Troms, which involved between two and eight municipalities. After several municipalities withdrew from the processes, Tranøy chose to continue the merger process with Lenvik in the autumn of 2016. A population survey in Lenvik showed that a majority were positive to a merger. In the referendums in Tranøy, Berg and Torsken, the majority were against a merger.

On 29 September 2016, Lenvik municipal council decided to merge with Tranøy. The municipal council agreed to allow other municipalities to join the process.

On 25 October 2016, Tranøy municipal council decided to merge with Lenvik. The municipal council was also positive to other municipalities joining the process.

On 23 February 2017, Berg municipal council adopted the following:

A majority of 8 to 7 members of Berg municipal council are in favour of a merger of the municipalities of Berg and Senja, but due to a majority against a merger in the referendum, the Storting has been requested to decide whether the municipality of Berg is to be merged with Senja or is to continue alone.

Berg municipal council requests the Storting to make a quick decision on this question so that we do not use an unnecessary amount of administrative and political resources on the question of the future of the municipality of Berg.

If the Storting adopts a merger of the municipality of Berg, this will be accepted by Berg municipal council.

Torsken municipal council has decided to continue as a separate municipality.

### *The County Governor's reasons for the merger*

Tranøy and Lenvik agree on merging together. The County Governor recommends that the new municipality also includes Torsken and Berg.

Tranøy has been in a difficult financial situation, as a result of a decline in the population, among other things. The municipality was registered in ROBEK from 2000 to 2010. The municipality still has a vulnerable economy, but the development is heading in the right direction. At the same time, the municipality is aware that it is completely dependent on cooperation with neighbouring municipalities, and then to a great extent with Lenvik.

The municipality of Lenvik's own report shows that the municipality is well placed in terms of the expert committee's criteria for a good local government structure. The County Governor agrees with the municipality's own assessment, but points out that the municipality faces challenges in achieving the objective of being a sustainable and financially sound municipality. The municipality has high loan debt and has had no distributable reserve of significance. In the view of the County Governor, Lenvik will be able to manage to achieve the objective in time.

The municipality of Torsken been registered in ROBEK since 2001, and has faced major financial challenges with lack of management and control. In the view of the County Governor, the municipality has over time demonstrated poor ability to take the financial realities into account, and since 2009 has clearly not had coverage in accordance with the coverage plan. The municipality of Torsken depends on extensive inter-municipal cooperation to solve its tasks, including

Educational-Psychological Service, health care and child welfare. The municipality's own report points out that Torsken will always be dependent on inter-municipal cooperation in several areas. The County Governor points out that the municipality faces challenges in providing good and equal services in line with the statutory requirements. The municipality of Torsken has experienced a decline in population in the last ten years, and the demographic challenges will increase with a continued decline in population and a higher percentage of senior citizens. The County Governor sees the financial challenges in the municipality, together with the stagnation and the decline in population as the municipality's greatest challenges in future. The County Governor cannot see that Torsken will be able to meet the four main objectives of the local government reform.

Berg itself states that the municipality faces a number of challenges related to capacity and expertise, even though according to their own assessment their financial leeway is considered to be good. However, the County Governor believes the municipality will face major challenges ahead in achieving the objective of being a sustainable and financially sound municipality. The County Governor also points out that the municipality faces challenges in providing good and equal services in line with statutory requirements. A main challenge in future will be expertise, which requires that the municipality must largely rely on services being produced outside the municipality, with the negative impact this will have. The County Governor also points out that the municipality will face a large increase in aged 67 and older toward 2040, and particularly senior citizens over 80. The County Governor cannot see that by continuing as a separate municipality, Berg will be able to meet the four main objectives of the local government reform.

### Harstad, Ibestad, Skånland and possibly Tjeldsund (Nordland)

The municipalities have participated in a project that included seven municipalities (Ibestad, Harstad, Evenes, Skånland, Kvæfjord, Lødingen and Tjeldsund) across the county boundary between Nordland and Troms. Bilateral agreements have also been entered into between Harstad and the other neighbouring municipalities.

In the referendum in Skånland, the majority were in favour of a merger with Tjeldsund and Evenes. In Tjeldsund, a majority were in favour of a merger, with most people voting for the Tjeldsund, Skånland and Evenes option. Ibestad held a referendum where the majority voted for Ibestad as a separate municipality.

On 9 June 2016, Harstad municipal council decided that they are positive to a merger with other municipalities to establish a new municipality.

On 14 December 2016, Tjeldsund municipal council decided to merge with Skånland.

On 14 December 2016, Skånland municipal decided to merge with Tjeldsund.

Ibestad municipal council has decided to continue as a separate municipality.

### *The County Governor's reasons for the merger*

Tjeldsund and Skånland want to establish a new municipality together. Both the County Governor of Troms and the County Governor of Nordland point out that such a municipality cannot

be said to satisfy the objectives of the reform. The County Governor of Nordland believes that a merger with Harstad satisfies the objectives of the reform to a great extent, but also points out that a merger of Tjeldsund and Skånland will be a first step toward a larger and stronger municipality.

The County Governor of Troms recommends a merger of Harstad, Ibestad, Skånland and possibly Tjeldsund. If such a merger is not relevant, the County Governor points out that a merger of the municipalities of Skånland and Tjeldsund will still be a step in the right direction in relation to the main objective of the reform.

The County Governor of Troms considers that Skånland does not adequately meet the objectives of the local government reform and that a municipality must have the ability to ensure sustainable community development. The municipality faces significant challenges in achieving the objective of a sustainable and financially sound municipality, both today and in future. In practice, the municipality has no accumulated capital for unforeseen events or failure of income. The municipality will also have twice the number of senior citizens over 80 by 2040, which will place great demands on capacity and expertise within the area of health and care. The extent of inter-municipal cooperation is significant, primarily with neighbouring municipalities Evenes and Tjeldsund, but there is also some cooperation with Harstad and other municipalities under South Troms Regional Council.

The County Governor of Nordland believes that Tjeldsund will not meet the objectives of the reform by continuing as a separate municipality. The municipality concludes in its zero option that the municipality may actually end up in a situation where it is no longer able to maintain proper management as an independent municipality. A weak economy makes it challenging for the municipality to meet the statutory minimum requirements for service production.

The municipality already has one of Norway's most extensive inter-municipal cooperation solutions. In the view of the County Governor, more inter-municipal cooperation is not an adequate solution to the present and future challenges in the municipality.

The County Governor of Troms refers to Ibestad's own report, which points out more challenges when standing alone in future. The population of the municipality has been halved in the last 40 years, and the population projections show a continued decline and increased percentage of senior citizens in the municipality. The municipality is also in a very difficult financial situation, which together with the decline in population poses challenges in recruiting skilled workers. In the view of the County Governor, the municipality faces significant challenges in providing good and equal services to the inhabitants in line with the statutory requirements, and by continuing as a separate municipality will not be able to meet the four main objectives of the local government reform.

The County Governor of Troms believes Harstad, with its size, has good prerequisites for meeting the requirements of the reform today and in the years ahead. In the view of the County Governor, a merger of several of the neighbouring municipalities will be able to provide a strong welfare municipality, which is also an active community developer and contributor to value creation in the region.



## Karlsøy and Tromsø

Karlsøy, Tromsø, Lyngen and Storfjord have reported on a merger and have entered into an agreement in principle. Karlsøy has also reported on a merger with Balsfjord. In the referendum held in Karlsøy, the majority were against a merger.

On 16 June 2016, the Tromsø municipal council decided that the municipality is positive to a merger with one or more of the municipalities of Karlsøy, Storfjord and Lyngen.

On 22 June 2016, Karlsøy municipal council decided to continue as a separate municipality.

In its report, Karlsøy points out that in the years ahead the municipality will most likely have a decline in income due to a decline in population. As a result of a rise in the number of senior citizens, it will also be necessary to reallocate resources between the various municipal services. The municipality points out that it faces challenges in providing certain services, and that the municipality cannot be expected to solve challenges related to a larger number of senior citizens within today's capacity.

The County Governor agrees that the municipality faces challenges in providing good and equal services to the inhabitants in line with the statutory requirements. The County Governor cannot see that by continuing as a separate municipality, Karlsøy will be able to meet the objectives of the local government reform in future.

The County Governor points out that in most sectors the municipality of Tromsø provides good and equal services to its inhabitants, but today faces challenges in achieving the objective of being a sustainable and financially sound municipality. However, based on its size, the municipality has good prerequisites for achieving this objective in the years ahead.

### **5.16.4 The Ministry's assessments and proposal**

The Ministry refers to the local processes, the municipalities own decisions and the County Governors' recommendations. The Ministry proposes that the Storting adopts the mergers in the county where the municipalities have made a mutual decision that they want to merge. The Ministry justifies separately proposed mergers, which are not in line with local decisions.

#### *5.16.4.1 Separate assessments*

### Tranøy, Lenvik, Berg and Torsken

Tranøy and Lenvik have decided to merge, but both municipalities are open to merging with other municipalities. In its decision, Berg maintains that there is a political majority in favour of a merger, but leaves it up to the Storting to decide the future local government structure for Senja, as there was not a majority for a merger in the referendum. Berg will accept the Storting's decision. Torsken does not want a merger. In his recommendation, the County Governor points out that all four municipalities should merge together as one large municipality of Senja.

The Ministry points out the municipality of Berg's own report, which states that the municipality has and will have major challenges with capacity and expertise, which mean that the municipality must rely to a great extent on inter-municipal cooperation. The County Governor be-

believes that an anticipated demanding composition of population, with a high percentage of senior citizens over 80 toward 2040, will reinforce the challenge. The County Governor also points out that the municipality faces challenges in providing good and equal services to its inhabitants.

Torsken has long had major financial challenges with significant deficit and little financial leeway. For the sake of service provision in the municipality, the Ministry has approved that the municipality may cover the deficits over 10 years, no later than by 2020. The municipality has faced various challenges with lack of management and control. For a long period from 2002, the auditor could not provide positive confirmations of the municipality's accounts. Therefore, the Ministry had to provide additional discretionary funds to the County Governor of Troms, who with the help of the municipality of Harstad assisted Torsken so that the municipality has now established accounts for these years too. In the last few years, the municipality has faced challenges with budget control, and therefore has had great difficulty managing to cover the losses in accordance with the coverage plan. The municipality has also partially violated the provision of the Local Government Act that losses cannot be covered for more than 10 years. According to the County Governor, the municipality has shown little ability to take the financial realities into account. According to the preliminary (unaudited) accounts, the municipality will manage the coverage plan for 2016, so that the deficit is reduced to NOK 13 million at the end of 2017 (approximately 10 per cent of the municipality's operating income). This is a positive development, but for Torsken the remainder of the deficit is still a significant amount that will require good management and tough prioritising in the years ahead.

Both Berg, with a population of 914 and Torsken, with a population of 921, have experienced a sharp decline in population in the last decades. Although the decline has stopped and the population has actually increased somewhat in the last 2 - 3 years, the main option of SSB's population projections shows a continued decline in the population in both municipalities in the years ahead together with an increase in the number of senior citizens. This points to the fact that the municipalities will be even more financially vulnerable.

The County Governor points out that the services, particularly in Tranøy, Torsken and Berg, are vulnerable, even though the municipalities have extensive inter-municipal cooperation with Lenvik. The municipalities express that they depend on inter-municipal cooperation. However, the County Governor doubts that it is possible to solve the municipalities' challenges through inter-municipal cooperation.

The Ministry believes that a merger of Lenvik, Tranøy, Berg and Torsken will provide a sustainable municipality centrally in the county, which in a better way than today can contribute to good development for the inhabitants and businesses in the municipalities. The Ministry supports the County Governor's assessment that further inter-municipal cooperation will not be a good solution for further development of Senja. The Ministry believes the challenges for Torsken, or Torsken and Berg, will increase if they continue as separate municipalities when Lenvik and Tranøy merge.

Following an overall assessment, the Ministry proposes that the merger of Lenvik and Tranøy will also include Berg and Torsken.

## Skånland and Tjeldsund

Skånland and Tjeldsund comprise an important Sami settlement area. The Ministry is positive to the fact that these two municipalities want to merge. A larger municipality will be able to help strengthen the Sami culture and improve the service offering to the Sami people. The municipality of Skånland has also informed the Ministry that the municipality of Skånland has begun an application process for inclusion in the administrative area for the Sami language. In line with the municipalities' own decisions, the Ministry proposes a merger of these two municipalities.

The Ministry has consulted the Sami Parliament regarding changes in the local government structure that may affect the Sami language and interests. The Sami Parliament supports a merger of the two municipalities, but wants to add that a merger of these two municipalities and the municipality should be facilitated in time.

The Ministry is aware that the municipal councils of Tjeldsund and Harstad will discuss an initiative regarding adjustment of the boundary for the district of Kongsvik in Tjeldsund. If necessary, the Ministry will discuss the matter in the Municipalities Proposition 2018.

**[Figur:fig5-19.jpg]**

Figur 5.27 Map of the municipalities in Finnmark

### 5.16.4.2 *The Ministry's overall proposal*

The Ministry recommends that the Storting adopts the following mergers in Sør-Trøndelag:

- Tranøy, Lenvik, Berg and Torsken
- Skånland and Tjeldsund (Nordland)

Based on today's county division, the Ministry recommends that the county boundary between Nordland and Troms is adjusted so that a new municipality consisting of the present Skånland and Tjeldsund are part of the county of Troms. If the present county division is used as a constituency at the General Election in 2021, the new municipalities must become a part of Troms.

## 5.17 Finnmark

Finnmark has a population of 76,149 spread over 19 municipalities and 22,415 km<sup>2</sup>. Nesseby is the smallest municipality with a population of 951, while Alta is the largest with a population of 20,446. 15 municipalities have fewer than 5,000 inhabitants, while 1 municipalities have more than 15,000 inhabitants.

Tabell 5.21 The municipalities of Finnmark with population and area

Municipality	Population	Area (km <sup>2</sup> )
2012 Alta	20,446	3,849
2004 Hammerfest	10,527	848

2030 Sør-Varanger	10,199	3,972
2003 Vadsø	6,154	1,258
2020 Porsanger – Porsángu – Porsanki	3,971	4,873
2019 Nordkapp	3,291	926
2011 Guovdageaidnu – Kautokeino	2,938	9,707
2025 Deatnu – Tana	2,911	4,051
2021 Kárásjohka – Karasjok	2,696	5,453
2028 Båtsfjord	2,267	1,435
2002 Vardø	2,104	601
2022 Lebesby	1,330	3,459
2018 Måsøy	1,204	1,136
2023 Gamvik	1,137	1,416
2015 Hasvik	1,037	556
2017 Kvalsund	1,027	1,844
2024 Berlevåg	991	1,122
2014 Loppa	968	689
2027 Unjárga – Nesseby	951	1,437

### 5.17.2 The municipalities' decision

Two municipalities in Finnmark are included in one merger where mutual decisions have been made:

- Kvalsund and Hammerfest

Furthermore, one municipality has decided that it is positive to or wants to merge with other municipalities:

- Alta wants to merge with Loppa and Kvænangen.

In addition, Vadsø has decided that the municipality is open to further discussions on cooperation / merger with relevant neighbouring municipalities.

The other municipalities in Finnmark have decided to continue as separate municipalities.

### 5.17.3 The County Governor's recommendation and the municipalities' processes

The County Governor of Finnmark recommends the following mergers:

- Kvalsund and Hammerfest
- Alta, Loppa and Kvænangen
- Gamvik and Lebesby

– Nesseby and Tana

### Kvalsund and Hammerfest

Kvalsund held a consultative referendum where 38 per cent of the voters said “yes” to a merger with Hammerfest, 17 said “yes” to a merger with Hammerfest and Måsøy, while 43 per cent said “no” to a merger.

In the consultative referendum in Hammerfest, 43 per cent said “yes” to a merger with Kvalsund and Måsøy and 41 per cent only wanted to merge with Kvalsund.

On 21 June 2016, Hammerfest municipal council decided to merge with Kvalsund.

On 27 June 2016, Kvalsund municipal council decided to merge with Hammerfest.

### Alta, Loppa and Kvænangen (Troms)

Alta, Loppa and Kvænangen have prepared a joint agreement in principle.. The referendums in Loppa and Kvænangen gave a majority against a merger.

On 21 June 2016, Alta municipal council decided that the municipality was still open to a merger with Kvænangen and Loppa if this was relevant at a later date.

The municipal councils of Kvænangen and Loppa have decided to continue as separate municipalities.

The County Governor believes that a new municipality will ensure good access to capacity, expertise and the necessary distance in the organisation. The new municipality will also be able to facilitate business development in a completely different way than today, with a coordinated plan and good access to important business areas, particularly within maritime industry, aquaculture, etc. Loppa has major challenges with service provision. The projected population development shows a decline of approximately 37 per cent toward 2040. In addition to being very vulnerable with little capacity and lack of expertise, the municipality faces major challenges in coordinating community development.

The County Governor of Troms believes the challenges for Kvænangen indicate that the municipality should be part of a larger municipality. On the whole, the County Governor believes that a merger with Alta and Loppa will be the most favourable. Alta appears as the natural trading centre for the population of Kvænangen.

### Gamvik and Lebesby

In the reform period, Gamvik and Lebesby have had a good dialogue and have drawn up an agreement in principle.

The municipal councils of Gamvik and Lebesby have decided to continue as separate municipalities.

According to the County Governor, the municipalities have obvious challenges. The municipalities have few inhabitants and extensive use of inter-municipal cooperation solutions, which are

not necessarily an adequate long-term solution. In the view of the County Governor, the geographical prerequisites for a merger include a short distance between the municipal centres.

## Nesseby and Tana

Nesseby has held a consultative referendum where a majority of the voters said “no” to a merger.

The municipal councils of Tana and Nesseby have decided to continue as separate municipalities.

The County Governor believes there are good geographical and culture prerequisites for the merger. There is a distance of 15km between the municipal centres. Both municipalities are small and are part of the Sami language administrative area. A larger municipality would strengthen the Sami identity, culture and language development. A united municipality can promote better political involvement and governance within a number of service areas where there is already inter-municipal cooperation today. Establishment of a new municipality would strengthen and improve the efficiency of administrative services and tasks. A united municipality can provide better capacity and strengthened expertise to take care of and develop welfare services and government tasks.

### **5.17.4 The Ministry’s assessments and proposal**

The Ministry refers to the local processes, the municipalities own decisions and the County Governors’ recommendations. The Ministry proposes that the Storting adopts the merger of the county where the municipalities have made a mutual decision that they want to merge.

Therefore, the Ministry recommends that the Storting adopts the following merger in Finnmark:

- Kvalsund and Hammerfest

## **5.18 Ongoing processes**

The Ministry is aware that there are still municipalities which are in the process of exploring the possibility of establishing larger and stronger municipalities. Flora and Vågsøy agree on an agreement in principle for merger of the two municipalities. Bremanger, which lies between the two municipalities, has not wanted to participate in the merger negotiations, but has been present as an observer. Sande and Herøy have signed an agreement in principle regarding a merger and have held a referendum, but have not made a decision in the municipal councils yet.

If new decisions are made locally regarding municipal mergers, the Ministry will as far as possible provide an updated status in the Municipalities Proposition 2018, so that the Storting has a good foundation for making decision as part of the processing of the local government reform.

If mutual decisions regard mergers are made locally in the spring of 2017, it may also be an appropriate alternative that these are followed-up by the Ministry facilitating a national decision

by the King in Council. As discussed in chapter 4.3, the reform period runs to the end of 2017. If mutual local decisions are followed-up by a national decision in the autumn of 2017, these mergers will also be a part of the local government reform and therefore benefit from the economic instruments.

## 5.19 Summary

The local government reform has put the municipal mergers and the future challenges of the municipalities on the agenda of all of the country's municipal councils. 94 municipalities have agreed on merging together to 39 new municipalities during the reform. In total, 153 municipalities have decided that they are positive to or want to merge with other municipalities.

The Ministry proposes in the proposition mergers of 108 municipalities. These are in addition to the municipalities that have already decided to merge by Royal Decree during the reform.<sup>8</sup> If the proposals in the proposition are adopted by the Storting, decisions will be made during the local government reform which mean that 118 municipalities will merge into 46 new municipalities. This will give 356 municipalities by 1 January 2020. 1.65 million inhabitants, almost one third of the population, will be part of a new municipality through the reform.

The mergers give a local government structure with larger and stronger municipalities compared with the local government structure prior to the reform. Based on the proposal, the mean population on 1 January 2020 will be 5,167, compared with 4,660 inhabitants on 1 January 2014. The average population of Norwegian municipalities will be 14,771, compared with an average population of 11,937 in 2014.<sup>9</sup> 29 of the new municipalities will have more than 15,000 inhabitants.

The mergers will take place over the whole country and there will be new municipalities in 15 of the 19 counties. Small and large municipalities will be involved in the mergers. 56 municipalities with less than 5,000 inhabitants will merge, as will 28 municipalities with more than 15,000 inhabitants. The largest single merger will be Møre & Romsdal, where five municipalities will merge. The largest new municipality in population will be in Trøndelag.

In total, there will be 72 fewer municipalities, which is a reduction of 17 per cent. There will be the lowest number of municipalities since Norwegian laws governing local government were introduced in 1837, when there were 392 municipalities in Norway. The reform has created most merger in Vestfold, Hordaland, Møre & Romsdal and Sør-Trøndelag. In eight counties, the number of municipalities will be reduced by one fourth or more. At the same time, there will be no change in the local government structure in Oslo, Hedmark, Oppland and Aust-Agder.

The proposition proposes mergers for 11 municipalities whose municipal counties have decided to continue as a separate municipality: Spydeberg, Fet, Søgne, Lindesnes, Balestrand, Leikanger, Haram, Ørland, Leka, Bindal and Torsken. Some other municipalities included in

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<sup>8</sup>It has been decided by Royal Decree of 18 March 2016 that Hof and Holmestrand will merge from 1 January 2018. In this proposition it is proposed that Sande is merged with the new municipality from 1 January 2020.

<sup>9</sup>The figures are based on the population as of 1 January 2017, they are not projected.

the merger with these municipalities may perceive that the proposed merger is not in line with what the municipality itself has agreed that they want. These 11 municipalities constitute 9 per cent of all the municipalities to be merged in the reform, and 4 per cent of all the municipalities have decided that they want to continue as separate municipalities. The inhabitants of the 11 municipalities make up 3 per cent of all inhabitants who will receive a new municipality through the reform, and 15 per cent of all inhabitants in the 9 mergers in which the municipalities are included.

In addition to the municipalities now proposed to merger, approximately 45 municipalities have decided that they want to merge, without this being realised this time round. Furthermore, 15 other municipalities have decided they are open to further processes if other municipalities should want this.

One of the aims of the local government reform is to establish larger and stronger municipalities and to make the greatest changes in the local government structure for 50 years. At the same time, there will still be a heterogeneous local government structure in Norway after the reform. Almost of half of the municipalities will continue to have less than 5,000 inhabitants. For the local government structure as a whole, there will be small changes in the percentages of municipalities in the various size groups, cf. table 5.19. Therefore, the local government reform will establish larger and stronger municipalities in all the places where there are mergers, while there will still be challenges related to the structure as a whole, cf. chapter 2 and 6, among others.

Tabell 5.22 Number and percentage of municipalities in 2014 and 2020<sup>1</sup> according to population

Municipalities according to population	Population 2014	Population 2020	Percentage 2014	Percentage 2020
Less than 3,000	158	125	37 %	35 %
3,000 – 5,000	70	49	16 %	14 %
5,000 – 15,000	123	104	29 %	29 %
More than 15,000	77	78	18 %	22 %
Total	428	356	100 %	100 %

<sup>1</sup> Population as of 1 January 2017, not project for 2020

**[Figur:fig5-20.jpg]**

Figur 5.28 Overview of proposed changes in the local government structure



## **6 The County Governors' description of the need for larger and stronger municipalities**

In their recommendations, the County Governors have described the need for further changes in the local government structure in the long term. Some County Governors have given specific recommendations on which municipalities should be merged, others point out various possibilities, while some outline a more general direction for a future local government structure. On the whole, the County Governors' recommendations are summed up in a future local government structure with between 120 and 160 municipalities.

Vestfold is the only county where the County Governor writes that the new local government structure will mainly satisfy the objectives of the local government reform. After 1 January 2020, all the municipalities will have more than 20,000 inhabitants, and the County Governor believes that all will be large enough to provide the inhabitants with good and equal services.

The recommendation from the County Governor of Oslo & Akershus describes a few challenges in the long term, as the County Governor recommends that all the mergers must come into force in this reform period. However, the recommendation by the County Governor of Oslo & Akershus is not followed in full. Therefore, there will be also remaining challenges here.

In this chapter, the Ministry discusses further common features and important aspects the County Governors have discussed when justifying the need for more municipal mergers in the years ahead.

### **6.1 The municipalities' possibilities to achieve the objectives of the reform**

The County Governors have used the objectives of the reform as a starting point when considering the need for more municipalities to merge into larger units.

#### **6.1.1 Good and equal services**

Several County Governors point out that many municipalities today lack the necessary capacity and expertise to provide good and equal services to the inhabitants. It is also pointed out that municipalities themselves stated that they do not have strong enough specialist environments.

The County Governor of Buskerud writes:

Buskerud has 21 municipalities of which 11 have less than 5,000 inhabitants. As many of the municipalities themselves have pointed out, this create a few challenges related to expertise and capacity. On its own, the responsibility for taking over patients earlier from the hospitals, not least when all municipalities must have emergency places for patients with mental health and substance abuse problems, indicates that municipalities with less than 5,000 inhabitants will have problems. It is our experience that in terms of child welfare, kindergarten, primary and secondary school and supervisory tasks, including pollution, larger environments provide better technical expertise. Where there are larger environments, there are more cases to deal with.

The County Governor of Hedmark writes:

Hedmark has many municipalities with small, vulnerable specialist environments. These municipalities will have particularly major challenges when solving the more specialised tasks, such as related to the Integrated Health Care Reform. This is primarily due to access to resources, economy, expertise and the size of the specialist environments. It is capacity, vulnerability, competence requirements, adjustment and the ability to innovate that are the greatest challenges in relation to future service production. The smallest municipalities already have competence challenges as regards administration and the exercise of authority. Larger municipalities with broader specialist environments will have better opportunities to attract skilled workers and well qualified personnel.

The County Governor of Sogn & Fjordane writes:

Nevertheless, we still believe that many of our municipalities will face challenges with ensuring the inhabitants good and equal services in the long term. We believe that larger specialist environments will give greater leeway and improved prerequisites to provide better services to the inhabitants and businesses, The same applies to the planning and development tasks.

The County Governor of Telemark writes:

The County Governor believes that small municipalities in Telemark are more vulnerable than larger municipalities in terms of the quality of the service production. This is mainly because the expertise behind the service production may vary greatly in connection with retirement and recruitment and other absence. Small specialist environments consisting of part-time positions may also pose a challenge. The exercise of authority is also vulnerable due to varying administrative competence and lack of larger specialist environments.

Demographic changes in each municipality and county are an important backdrop for the County Governors' assessments of the need for municipal mergers in future. This applies both to anticipated decline in population in some municipalities, and that the percentage of senior citizens will increase while the percentage of working population is reduced.

The County Governor of Sogn & Fjordane writes:

Also in Sogn & Fjordane an increasing number of people are settling in more densely populated areas and an internal centralisation is taking place from the rural communities to municipal centres.

According to SSB's forecasts, there will be a moderate population growth toward 2040, approximately 8.4 per cent, which is still between the lowest in the country. At the same time, there are expected to be great variations between the municipalities (...). The population projections also show two dominant trends: Most of the growth will be among the senior citizens, approximately 80 per cent will come in the over 70 age group. The other trend is a reduction in the age groups between 10 - 19 years and 20 - 29 years.

The County Governor of Nord-Trøndelag writes:

Negative and uneven population development enhances vulnerability. Even though Nord-Trøndelag has experience a slight growth in population on the whole, there are areas of Namdalen, which in the last decades had experienced a sharp decline in population. This applies to all the small municipalities in the county. The population decline and changed age structure with more senior citizens, poses extra challenges in providing sufficient and good expertise. In time, this also has an impact on the municipality's income.

The County Governor of Hedmark writes:

In Hedmark, 18.4 per cent of the population are over 67, compared with a national average of 14.9 per cent. In the reform process, the County Governor has placed special focus on the number of workers in the 25 - 69 years age group per person over 80. This is an important number in order to assess the need for labour and municipal tax capacity in the future. This figure is often referred to as the “dependency ratio”. Two specific examples of the changes in the ratio in 2016 and 2040 are: Engerdal: 7.9 – 3.3 and Hamar: 9.6 - 6.4.

This gives the municipalities challenges as regards planning the services provided, adjustment, change to other types of services and the need for innovation. The County Governor sees that there are relatively large differences between the municipalities. All the municipalities in Hedmark will face major challenges because the “dependency ratio” will increase significantly. Increases “dependency ratio”, together with a low birth rate points to the need for structural changes to meet these challenges. This is a change that will come anyway due to the major changes in the composition of the population in future. The 25 and 80 year olds in 2040 have already been born. This development is one of the strongest driving forces behind the need for a local government reform. The municipalities must be prepared and well equipped to meet the increased need for care and welfare services in the future.

Several County Governors point out that it is demanding for some municipalities to attend to all their tasks. This may challenge the principle of a generalist municipality - that all municipalities must be responsible for the same tasks; both major service areas, such as schools and health and care, and small or specialised service areas such as child welfare and special education.

The County Governor of Nord-Trøndelag writes:

The municipal decisions mean that the county will consist of many small municipalities with great vulnerability and small specialist environments. Small municipalities today face challenges in fulfilling the role of a general municipality, and a number of social features indicate that this will be even more demanding in future. The County Governor considers this to be particularly demanding for the smallest municipalities in the county, especially within specialised tasks and services, as well as development tasks. These challenges have been well documented by the municipalities themselves.

The County Governor of Aust and Vest Agder writes:

The aim of achieving a comprehensive and balanced local government structure, which provides the opportunity to continue the principle of a generalist municipality, at the same time as the municipalities are delegated new tasks in the future, requires that no small district municipalities should stand alone outside the new large municipalities.

The County Governor of Oslo and Akershus writes:

Several of the municipalities in Akershus, also the most densely-populated, point out the health and care sector as challenging in the future with follow-up of the Integrated Health Care Reform and the guidelines in the primary health services report. An ageing population leads to an increasing number of people with illnesses requiring care.

Some also point out that the local government reform may result in a more heterogeneous local government structure, where the small municipalities continue as today, while the medium-sized and large municipalities merge. Some pointed out that it may require stronger follow-up of the small municipalities to ensure an equal offering in the whole country.

The County Governor of Finnmark writes:

The survey work has revealed clear challenges in important service areas in the municipalities. The challenges are related to small and weak specialist environments, recruitment and shortcomings in management follow-up of the municipalities' areas of responsibility, among other things. These are challenges that nevertheless must be solved by the municipalities with assistance from the County Governor.

Most of the county's municipalities will find it challenging to achieve an objective of becoming a densely populated municipality of the size the reform hopes to achieve. However, it is the County Governor's task to point out to these municipalities that today's capacity and expertise in several areas is already perceived to be limited and in time may be too limited. Challenges related to capacity and expertise will be reinforced when the municipalities are delegated new tasks. The management and planning requirements will increase correspondingly.

(...)

A future development toward larger municipalities in the country in general will contribute to greater challenges for Finnmark's small municipalities if the municipalities are delegated more tasks. The gap between large and small municipalities is expected to increase further. If we are to follow a principle of a generalist municipality, we must establish larger municipal units in order to be able to deal with greater responsibility and more tasks.

The County Governor of Sogn & Fjordane writes:

The municipal mergers taking place here in this county mean that some municipalities will become larger and stronger. This will be much better able to meet the expectations in light of today's tasks, new tasks and with a development toward more government management by the state. Many municipalities are still small and will have problems meeting the comprehensive requirements that rest with a generalist municipality. We risk having greater differences, with increased differences in services provided, development power, economy and capacity and expertise to develop the local community.

The County Governor of Møre & Romsdal writes:

The new local government structure in the county (...) will still be characterised by an imbalance between the municipalities as regards structure, size and expertise. The changes still involve an improvement in the need to achieve the national objective and the criteria for a good local government structure. At the same time, further work will be needed to create a comprehensive and more balance local government structure in the county in the long-term.

### **6.1.2 Comprehensive and coordinated community development**

One of the aims of the local government reform is to be able to ensure comprehensive and good community development in the municipalities. The County Governors point out examples where the municipalities today do not have sufficient capacity and expertise to solve these well enough on their own, and that this requires further changes in the local government structure.

The County Governor of Hedmark writes:

Community development is also about drawing up and adopting good community and area plans in each municipality, as well as pursuing targeted business and service development. It is also about specialised fields within environment, nature, climate, public security and emergency planning, etc. Climate changes require completely different crisis and emergency planning than previously. Only the largest municipalities manage this completely on their own, while the other

municipalities rely on inter-municipal cooperation and possibly purchase of consultancy services to be able to solve planning in a good way.

The County Governor of Finnmark writes:

Furthermore, there are municipalities in Finnmark, which must now buy all their planning expertise. Within the area of public security, there are significant shortcomings in the planning in addition to that fact that several municipalities have actual non-conformities in the service and inadequate documentation. This represents a serious failure supply a proper standard of services.

The County Governor of Buskerud writes:

This also results in problems related to impartiality as few people have many roles, among other things. The County Governor registers through experience with his own county that it may be challenging for small municipalities to meet the impartiality requirements and at the same time ensure sound processing of major planning matters.

(...)

Drammen and Lier have an agreement on planning cooperation in the area. The County Governor points out that such agreements are necessitated by the fact that the local government structure is not appropriate. In the view of the County Governor, an adjustment of boundary between Drammen and Lier, which will ensure equally as good goal achievement within coordinated and comprehensive community development as a merger, will weaken Lier in other areas to a significant extent.

The County Governor of Oslo & Akershus writes:

Today's local government structure with Oslo and 22 Akershus municipalities makes it difficult to deal with the rapid population growth comprehensively. Fewer municipal boundaries will make it easier to see larger areas in context. It will be possible to plan and preserve residential and industrial areas, infrastructure, site and centre development, agriculture, culture, sports, nature and outdoor areas in a much better way when you are not restricted by today's municipal boundaries.

We propose solutions for the future local government structure that better ensure that the municipalities as far as possible constitute functional community development areas with a greater degree of responsibility between municipal boundaries and the people's everyday regions, or natural housing, labour and service areas. The inhabitants will also have a greater opportunity to influence their neighbourhoods through political elections.

### **6.1.3 Sustainable and financially sound municipalities**

One of the aims of the reform is to create sustainable and financially sound municipalities that can deal with unforeseen events and that can facilitate more efficient use of resources within limited financial frameworks. Several County Governors describe municipalities that have differences in basis of income and industry composition. Energy revenues are an important factor that separate the municipalities.

The County Governor of Hordaland writes:

Municipalities that have very high tax revenues related to power plants have in municipal council decisions and referendums have largely rejected the need for reform and want to stand alone. (...) The County Governor experiences that the same "energy municipalities" in other parts of the country have adopted the same point of view. In the view of the County Governor, this attitude is

due to the fact that through energy revenues they manage to maintain the economy of the municipality, even though in most service areas they are more or less completely dependent on inter-municipal cooperation of purchase of services from other municipalities or agencies to function. There is an inherent culture in these municipalities that they are not prepared to share these extraordinary tax revenues with their neighbouring municipalities through municipal mergers. In the view of the County Governor, the Government and the Storting should question whether these energy municipalities should stand in the way of a new local government structure.

The County Governor of Sogn & Fjordane writes:

Luster is a municipality that is very connected to the development in Sogndal and Leikanger. Almost 30 per cent of the working population commutes out of the municipality, and most of these to the two aforementioned municipalities. Luster is both a part of and is important for community development in this region, and participated in significant inter-municipal cooperation. Financially, Luster benefits from major energy revenues, but the size of the revenues depends to a great extent on the energy prices. They also have loan debt, which is higher than the national average.

The County Governor of Østfold writes:

Both municipalities (Sarpsborg and Rakkestad) have had a relatively low annual population growth in recent years, and the forecasts indicate that future growth will be below average for the county in the next 25 years. In the long term, Rakkestad faces difficult priorities, which will be easier to handle in a larger municipality. Both municipalities see that economies of scale provide an economic potential in a merged municipality.

The County Governor of Nordland writes:

In some regions in the county, the challenges related to municipal finances are so major that significant importance should be attached to financial status in the question of municipal merger. (...) there may be circumstances in today's financial situation that have permanent impact on the services offered by individual municipalities in the long term.

The County Governor of Troms writes:

The municipalities in Troms, with some exceptions, do not meet the objective of the local government reform when it comes to sustainability and financially sound municipalities. Seen from the County Governor's point of view, the combination of weak net operating results, high loan debt and very little savings (distributable reserve) are very worrying. This applies in particular to many of the county's small municipalities who face a decline or stagnation in population and a sharp rise in the number of senior citizens. Our review of the municipalities' economic plans show that the situation will not improve in the next four-year period, but rather become more demanding.

#### **6.1.4 Strengthened local democracy**

A key objective of the reform is to strengthen local democracy, both by giving the municipalities responsibility for new tasks, and by ensuring that larger municipalities are less dependent on inter-municipal solutions to provide important services to the inhabitants. Larger municipalities that are better able to achieve national objectives also form the basis for reduced government micro-management. However, consideration for local democracy is also something many municipalities point out when they say "no" to merging, as they fear that a merger will give small local communities less influence in a new and larger municipality, among other things.

Some municipalities also point that there will be fewer politicians per capita, which may result in a greater distance between the inhabitants and the politicians who represent them.

The County Governor of Hedmark writes:

Many point out that greater distances between those who decide and the inhabitants and users is a negative factor of a municipal merger. The County Governor believes that fewer municipalities in Hedmark will not necessarily undermine local democracy, but the politicians will be challenged in new ways. However, it is difficult to rank local democracy according to the population of a municipality as there are many circumstances that come into play. Larger municipalities will provide the politicians with a better opportunity for comprehensive community development. It may in itself make local political work more interesting and thereby strengthen the recruitment to political work.

The County Governor of Telemark writes:

If all of the six municipalities (Fyresdal, Kviteseid, Nissedal, Seljord, Tokke and Vinje) in the region are merged into one municipality, the population will be approximately 14,500. The new municipality will cover a large area. There are three municipalities in the region that are defined as “involuntary small” through the structure criteria in the proposed new income system. This does not prevent establishment of a Vest-Telemark municipality, but indicates that local democratic arrangements should be considered.

The County Governor of Troms writes:

As the County Governor sees it, taking back tasks from inter-municipal schemes to be carried out by new larger municipalities is democratic progress, because it gives the municipal council more direct and comprehensive control of budget and services. This is also an important part of the democracy objective.

## **6.2 Common features of the County Governors’ recommendations**

There are several topics and aspects that are common to the various County Governors’ recommendations. We will discuss the most important of these here.

### **6.2.1 Inter-municipal cooperation**

The County Governors point out that inter-municipal cooperation has increased over time and that for many municipalities this is necessary in order to provide services to the inhabitants. At the same time, they point out that inter-municipal cooperation may pose some management and democratic challenges.

The County Governor of Hordaland writes:

In his recommendation, the County Governor points to the fact that in the last 20-30 years, a comprehensive network of inter-municipal cooperation has been established over the entire county across municipal boundaries in order to solve resource-demanding tasks.

(...)

Many of these municipalities stated the reason for being sceptical to the local government reform is because they are unsure of the influence they will have after the merger with larger municipalities and with loss of democratic control. In the view of the County Governor, the influence of the

municipal council is already lost to a great extent as a result of extensive inter-municipal schemes.

The County Governor of Buskerud writes:

There are very many cooperation schemes between the municipalities in Buskerud. This may be perceived as confirmation that the individual municipality is too small to deal with the range of services in full in a good way and that it has been necessary to establish a set of schemes outside the ordinary management system. This involves extra administration, greater costs and that the politicians are at an arm's length distance so that there is a democratic deficit.

The County Governor of Finnmark writes:

Challenges related to expertise, capacity and more efficient management are often solved through entering into inter-municipal cooperation. All the municipalities in Finnmark have more or less extensive use of inter-municipal solutions.

Several of the county's municipalities state more inter-municipal cooperation / companies as a solution to strengthen service provision and thereby ensure expertise and capacity.

Inter-municipal cooperation may be a useful and efficient way of organising and ensuring better services. However, it is a matter of whether more inter-municipal cooperation may be challenging to the comprehensive governance role of the municipal councils. When decisions regarding municipal services are made outside the municipal council, it may be difficult to have a comprehensive overview of the municipality's total service production. In this addition, this may represent a democratic challenge.

Further emergence of inter-municipal companies may reduce the possibility for democratic management and control and is not recommended as a good enough or a satisfactory measure to strengthen provision of services. It is usually the municipalities that have already experienced challenges related to service production that resort to inter-municipal solutions. It may also be these municipalities that have the least capacity to follow this up in terms of management and organisation.

It will also be necessary to consider the experiences in the county with inter-municipal cooperation. We can see examples where an attempt at such cooperation has struggled, e.g, within waste management, auditing, attempts at establishing a planning office, establishment of joint finance / personnel management, ICT, etc.

The County Governor of Hedmark writes:

In the view of the County Governor, if all the municipalities were to continue as separate municipalities, the inter-municipal cooperation must be even more formal, binding and more long-term than today. The County Governor also believes that municipalities must have the capacity and resources to pursue development work in several fields, if they are to continue as independent, sound and good municipalities in the future. The more comprehensive the inter-municipal cooperation becomes, the more relevant merger of municipalities becomes.

Through municipal mergers it will be possible to share tasks and establish stronger specialist environments in different parts of the new municipality. The Local Government Act allows the establishment of politically elected district councils to strengthen the breadth of democratic governance. Larger municipalities will also not rule out the need for inter-municipal cooperation, but the scale will be smaller.

The County Governor of Rogaland writes:



Cooperation on emergency care in Ryfylke is costly and is subject to discussion. There are ongoing challenges related to establishing the necessary cooperation on emergency care and rehabilitation in the region, among other things. Several municipalities face challenges as regards expertise and recruitment within social services, child welfare, health and care. This is usually linked to economy, but it is also influenced by the organisation and structure of the leadership in the municipality. Inter-municipal cooperation is usually “necessity”, rather than being wanted and established through long-term plans.

The County Governor of Troms writes:

In the view of the County Governor, the inter-municipal cooperation in Troms is of significant importance in order to provide the inhabitants of the county with a proper range of services.

### **6.2.2 Inter-municipal cooperation shows the possibilities for large municipalities**

Several of the County Governors point out that inter-municipal cooperation has formed the basis for the mergers they propose. It is not the County Governors themselves who have come up with the relevant merger options, but the municipalities themselves in the form of with which municipalities they mainly want to cooperate.

The County Governor of Sør-Trøndelag writes:

The municipal map that the municipalities have drawn and to which the County Governor has linked his professional recommendations, is largely found to be in accordance with the geographical cooperation pattern in the service area the municipalities themselves have created through inter-municipal cooperation.

The County Governor of Aust and Vest Agder writes:

Therefore, the County Governor concludes that the extent of inter-municipal cooperation that developed, is a clear indicator of how large new municipalities must be in order to be able to replace inter-municipal cooperation, without weakening the service quality or the efficiency of production in the wider sense.

The County Governor of Nord-Trøndelag writes:

This regional division has largely been the basis for the municipalities’ work on joint reports and agreements in principle. Therefore, the County Governor believes there has been and are trends in the cooperation between the municipalities in the county, which in the long term may give the following local government structure (...).

The County Governor of Hordaland writes:

For the eight municipalities of Nordland, including Gulen in Sogn & Fjordane, this concerns almost 25 different cooperative measures, inter-municipal companies, bilateral agreements, etc. across the municipal boundaries. For the other regions in the county, there are corresponding cooperation agreements, etc. of varying scope. The County Governor concludes that the geographical boundary of these cooperation arenas is mainly also actually a good indicator of a natural, future local government structure. The County Governor uses this reasoning as a basis for his professional recommendation on local government structure both in the short and the long term. The County Governor finds that both service quality and quantity are maintained in these established structures and contribute with efficient administrative use of resources, at the same time as decisions, budget and strategies are returned to the democratic governance of the municipal council.

### **6.2.3 Strong municipalities in the whole country**

The County Governors' recommendations indicate that they are concerned about the development in their own counties and that their county must be effective regionally and nationally. The County Governors argue that mergers help make the municipalities stronger so that they can attract residents, create and retain jobs and labour and provide a good development in all parts of the county.

The County Governor of Sogn & Fjordane writes:

The new regional strategy plan for Sogn & Fjordane also points out that regional expansion and stronger centres are needed to curb depopulation and to greater attractiveness for migration to the region. A development toward larger regional municipalities in the long term will support this objective.

The County Governor of Telemark writes:

The County Governor considers Grenland to be a regional centre. This is not only in Telemark, but also in a possible new regional organisation in Norway were a united Grenland may be seen as an important partner. The growth potential and development of the region is considered to be greater in a united rather than a fragmented Grenland. The municipalities reports, Skien, Porsgrunn and Bamble emerge as one community.

The County Governor of Oppland writes:

The County Governor wants strong generalist municipalities in Oppland, which provide good services to the inhabitants, are active community developers and at the same time are equipped to take on even more responsibility and tasks in the future.

(...)

The County Governor believes that larger and stronger specialist environments in the municipalities will have greater leeway and better conditions for developing services to benefit residents and the industry. Larger municipalities will also be an advantage in strengthening community development within areas such as business development, environmental management, emergency planning and planning.

The County Governor of Aust and Vest Agder writes:

Agder also has important regional challenges, cf. the joint regional plan Agder 2020. The region is struggling with poor indicators for equality, education and living conditions in the broader sense. Much of the development takes place in the so-called "Agder belt" along the coast between Mandal and Arendal, and it is an ongoing challenge to take care of inland communities and the areas furthest east and west. The county government sees establishment of new strong municipalities that can be drivers of development in all parts of Agder, as an important political initiative to meet these challenges.

### **6.2.4 The need for further work**

Several County Governors point out that the reform process has given the County Governors a deeper insight into the municipalities' strengths and weaknesses. The County Governor also points out that the processes have led to more dialogue and cooperation between the municipalities. At the same time, some County Governors believe that the discussions have only just begun, and therefore that there is a need to allow the processes to continue.

The County Governor of Møre & Romsdal writes:

The recommendation has also been based on the County Governor's local knowledge about the municipalities in the county. The County Governor has otherwise been in close, good dialogue with the municipalities along the way in the work on the local government reform - and therefore has an even better insight into the municipalities' challenges.

The County Governor of Finnmark writes:

Therefore, the County Governor recommends that the reform process continues and is provided with the resources and instruments equivalent to those in place today, so that good, commenced neighbour processes do not stop here, but find good arguments for being resumed, continuing and if possible, resulting in new municipalities.

The County Governor of Nordland writes:

For the remaining municipalities, the County Governor recommends work on a reform process continues. The largest municipalities will be able to manage alone, but in the view of the County Governor, most of them need to become a larger unit so that the objectives of the local government reform may be achieved.

All in all, the County Governors' reports document that many of the country's municipalities have and will face challenges in taking care of the extensive responsibilities the municipalities have today. Municipalities which do not merge will attempt to solve many of the challenges through more cooperation, so that the extent of inter-municipal cooperation will increase further.

## **7 Further work on strengthening the municipalities**

The local government reform has resulted in many merger decisions. The new and larger municipalities will be better able to provide good services to their inhabitants and to ensure good development in the municipality. The municipalities will be more financially sound, and they can facilitate a strengthened local democracy. At the same time, the summary of Chapter 5 and the review in Chapter 6 show that in several places there will still be challenges as a result of the local government structure. There will still be many small and vulnerable municipalities after 2020. Several municipalities will also face challenges related to community and business development, and many will have inappropriate boundaries. Today's situation and challenges, as documented in Chapter 3, will continue to apply to many of the municipalities, and will be further reinforced in the years ahead, as a result of demographic changes, among other things. The extracts from the County Governors' descriptions in Chapter 6 underline that there is still a great need for changes in the local government structure.

### **7.1 Alternative strategies**

There are different strategies to compensate for the challenges a continued heterogeneous local government structure represents. Merging municipalities into larger units is one strategy to strengthen the municipalities' means of solving their tasks. Alternative strategies, which to a different extent can contribute to this, are increased central government control, more inter-mu-

nicipal cooperation, task differentiation and to move tasks from the municipalities to other administrative bodies. The government will continue to build on the Norwegian and Nordic model with strong welfare municipalities that have significant local leeway. The alternative strategies will lead to greater fragmentation and a weakening of the local democracy. The ability for local adjustment to the inhabitants' needs will be weakened. Therefore, the government believes that municipal mergers should still be the main strategy for strengthening the local government sector.

The alternative strategies are discussed further below, together with examples from a few other countries on the alternatives they have chosen to solve the challenges. The strategies are not mutually exclusive and exist to a different extent today. What is a good strategy to compensate for the challenges of having many small and vulnerable municipalities and municipalities with inappropriate boundaries, must be considered against different principles, such as local autonomy, the principle of generalist municipality, and what will be appropriate viewed from the citizens' perspective.

Klausen, Askim and Vabo (2016) describe it as *scalability issues* when the municipalities have responsibilities that exceed their capacity.<sup>10</sup> They describe these alternative strategies as five scaling mechanisms and provide a theoretical review of these. Their review is based on previous work by central municipal researchers.

### Stronger central government control

Klausen, Askim and Vabo (2016) point out that tight central government control may be a relevant strategy, "to the extent that through central government control it is possible to avoid problems the government associates with today's local government structure, including insufficient capacity, expertise and public security in many municipalities". Stronger central government control to ensure that the municipalities solve the tasks in line with national objectives means that the municipalities retain responsibility for the tasks, but that the government controls more strongly through legal or economic instruments.

Legal and economic framework management has been the main principle for central government control of the local government sector. This provides efficient use of public resources, good local democratic management and good opportunities for the inhabitants to influence task solution, cf. Meld. St. 12 (2011–2012) *Stat og kommune – styring og samspel*, white paper on Government and Local Government - governance and interaction. Use of strong administration tools, such as earmarked grants and detailed regulations, is a strong intervention in the local self-government. These must be justified in national objectives and used only in exceptional cases

In Norway, there are special laws that govern the task allocation between the administration levels. The special laws also set the framework for how the municipalities will solve the tasks,

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<sup>10</sup>"Kommunereformen og dens alternativer" (*The local government reform and its alternatives*) (chapter 14) in Klausen, J.E., Askim, J., and Vabo, S. I. (red.) 2016. "*Kommunereform i perspektiv*" (Local government reform in perspective).

through expertise requirements, manpower, procedures, supervision and state approval schemes.

Government priorities at national level are not necessarily derived from or adapted to local needs, and may also give the inhabitants less opportunity to influence important decisions. The municipalities have better prerequisites than the government for making comprehensive considerations that are best suited to the needs of each municipality.

Within different sectors, there may be requests for tight central government control to shield their own fields from local prioritisation and to ensure that the resources are used within this sector. Earmarked grants involve state subsidisation of services that distort the municipal use of resources. Earmarking may be appropriate when establishing a service that has a low coverage on a national basis, when the need for a service varies significantly between the municipalities, or by time-limited attempts and projects in some municipalities. Extensive use of earmarked grants to overcome challenges related to an inappropriate local government structure will provide an over-complex management system. Different schemes will work against each other and the effect of prioritising through earmarking will be reduced. Public use of resources will be more efficient and accurate through the use of framework financing, and through the municipalities being able to a greater extent to adapt the service to the local needs. It is also well known that earmarked grants reinforce income differences between the municipalities and thereby also differences in the possibility to provide an equal range of services, cf. the white paper on Government and Local Government - Governance and Interaction (Meld. St. 12 (2011-2012)). The Office of the Auditor General's investigation of efficiency and performance results in the Directorate of Health, looks at the management of health subsidies, among other things.<sup>11</sup> Figure 7.1 shows that in four out of five of the grant schemes managed by the Directorate of Health there are more applicants among the larger municipalities than among the smaller ones.

**[Figur:fig7-1.jpg]**

Figur 7.29 The number of municipalities that have applied for grants from the Directorate of Health, 2011. Grouped according to the population of the municipalities.

The fact that smaller municipalities apply for earmarked grants to a lesser extent than larger municipalities also helps reinforce the differences in the services offered to the inhabitants.

In the white paper on Government and Local Government - Governance and Interaction (Meld. St. 12 (2011-2012)), the Ministry stated that the central government control, and in particular regulatory management, has become more detailed. The Difi report 2015:19 points to a trend in the period 1999 - 2015 in the welfare areas of primary and secondary schools, health and care

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<sup>11</sup>Office of the Auditor General, Document 3:3 (2013-2014) *The Office of the Auditor General's investigation of Efficiency and Performance Results in the Directorate of Health*".

and the environment, toward more statutory requirements related to procedures (including documentation requirements) and expertise.<sup>12</sup> This ties up the local use of resources and reduces the local freedom of action.

Together with the other Nordic countries, Norway is among those with the least earmarked grants relative to block grants.<sup>13</sup> At the same time, the volume is increasing through an increasing number of earmarked schemes.<sup>14</sup> In its survey of the economy in Norway in 2016, OECD writes that government micromanagement of the local government sector has increased.<sup>15</sup>

Ladner, Keuffer and Baldersheim (2015) show that the municipalities in Norway have less political leeway than all the other Nordic countries, the Baltic States, the Czech Republic and Poland. The researchers point out the local government structure as a possible explanation for less leeway. Many, small municipalities with low capacity pose a greater risk of major differences in the services between the municipalities.

### Increased inter-municipal cooperation

Inter-municipal cooperation may be organised in different ways, including as cooperation under the Local Government Act (sections 27 and 28) and under the Act relating to inter-municipal companies. In addition, there are bilateral agreements on cooperation between municipalities, which have not been based on formal superstructures. As shown in Chapter 3, in Norway there is significant and increasing use of inter-municipal cooperation. Several attempts have been made to quantify the number of inter-municipal schemes, but this has been challenging. The various surveys have had different starting points and different definitions of what is considered cooperation so that it is difficult to get a detailed picture of the development over time. However, the review by the Expert Committee on Local Government Reform shows that there is broad agreement that the extent of inter-municipal cooperation is significant, and that it has been increasing in the last decades.

NIVI Report 2016:3 shows that there is an increase in cooperation on statutory tasks, including health and care, which can be seen in context with the Integrated Health Reform, among other things.<sup>16</sup>

The NIVI analysis has conducted several surveys of inter-municipal cooperation in some counties. The survey shows, among other things, that in Nord-Trøndelag there has been an increase in the number of formal inter-municipal cooperation schemes from 147 to 218 in four years.

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<sup>12</sup>Difi-report 2015:19: *Statlig styring av kommunene. En kartlegging av virkemiddelbruk og utviklingstrekk på tre sektorer i perioden 1999–2015 (Central government control of the municipalities. A survey of use of policy instruments and trends in three sectors in the period 1999 - 2015).*

<sup>13</sup>See Ladner, A., Keuffer, N. and Baldersheim, H. (2015): *Local Autonomy Index for European countries (1990–2014). Release 1.0.* Brussels: European Commission.

<sup>14</sup>See Difi-report 2015:19: *Statlig styring av kommunene. En kartlegging av virkemiddelbruk og utviklingstrekk på tre sektorer i perioden 1999–2015. (Central government control of the municipalities. A survey of use of policy instruments and trends in three sectors in the period 1999 - 2015).*

<sup>15</sup>OECD (2016): *OECD Economic Surveys: Norway 2016*

<sup>16</sup>NIVI Report 2016:3: *Status for interkommunalt samarbeid (Status of inter-municipal cooperation)*

Most schemes are registered for Namsos (56), Overhalla (53), Rissa (53) and Fosnes (52). In Nordland, Evenes, with a population of 1,400, had 50 different cooperation schemes in 2014. Together with Tjeldsund, Evenes has developed comprehensive cooperation solutions for virtually all administrative support functions, the whole technical sector including planning, building matters, maps and surveying, property management, agriculture and environment, and most statutory health and social tasks.<sup>17</sup>

OECD points out that in recent years, the municipalities have moved several tasks over to inter-municipal cooperation to ensure sufficient expertise and counteract small scale problems. OECD also points out that even though the intention of providing services efficiently through inter-municipal cooperation is good, the number of agreements and their complexity is demanding for the municipalities to deal with.<sup>18</sup>

For many municipalities, increased inter-municipal cooperation has been a strategy to deal with challenges related to ensure capacity and expertise to provide services, and the government has facilitated this.<sup>19</sup> The Expert Committee also points out that the government's facilitation and encouragement of inter-municipal cooperation is a way of evening out the differences between the municipalities, in addition to increasing the quality and providing more efficient operation of the services.

In several service areas, inter-municipal cooperation has become the solution to challenges related to capacity and expertise that lie in today's local government structure. An example is child welfare services, where small municipalities are encouraged to enter into inter-municipal cooperation, cf. The Proposition to the Storting on amendments to the Child Welfare Act (Prop. 106 L (2012–2013) *Endringer i barnevernloven*).

Inter-municipal cooperation is also a key element of the Integrated Health Reform. In Proposition to the Storting on Municipal Health and Care Services etc. (Prop 91 L (2010–2011) *Lov om kommunal helse og omsorgstjenester m.m.*) the Ministry of Health and Care Services writes that it is important that the municipalities cooperate where this is necessary in order to fulfil the patients and the users' right to services. This is especially true for small municipalities. It is pointed out that municipalities with fewer than 5,000 inhabitants may face challenges being able to provide a good standard of health and care services in some areas to their residents. It is emphasised that in cases where the municipalities have such problems, the municipality should seek to enter into cooperation with other neighbouring municipalities.

In a Chief Administrative Officer Survey conducted as part of the Ministry's baseline measurement, it seems that the municipalities achieve significant professional and financial benefits from inter-municipal cooperation. 73 per cent of the chief administrative officers believe that the quality of the services is good or very as a result of cooperation.<sup>20</sup>

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<sup>17</sup>NIVI Report 2016:3: *Status of inter-municipal cooperation*

<sup>18</sup>OECD, 2016: *OECD Economic Surveys: Norway 2016*

<sup>19</sup>Baldersheim and Rose 2010: *A Comparative Analysis of Territorial Choice in Europe – Conclusions*. I Harald Baldersheim and Lawrence E. Rose. Red. Territorial Choice: The Politics of Boundaries and Border.

<sup>20</sup>SØF Report 01/17, 2017: *Baseline measurement: main report*.

The same survey also shows that the most important challenge with a large degree of inter-municipal cooperation is that it gives rise to challenges related to governance. 41 per cent of the chief administrative officers consider democratic governance the most important weakness of inter-municipal cooperation. After that comes financial management and cost control, which 32 per cent of the chief administrative officers believe the municipality has very bad or bad experience with. 43 per cent do not answer either or, while 22 per cent only believe the experiences with financial management and cost control through cooperation has been good or very good.

With a great extent of inter-municipal cooperation, the municipal council loses direct and comprehensive control of budget and services. It is also a challenge that the smallest municipalities, which have the greatest need for inter-municipal cooperation, also have the least capacity and expertise to establish, manage and deal with formal cooperation.<sup>21</sup>

## Task differentiation

The principle of a generalist municipality implies that all municipalities are assigned the same tasks through law, the same funding system applies to all and the laws provide the same frameworks for organisation and governance of the municipalities. This means that all municipalities must take care of democratic functions, provide services, exercise authority and ensure planning and development tasks, cf. Report to the Storting 14 (2014-2015). The principle also means that the municipal council is responsible for all statutory authority. This has been and is a pivotal principle for governance of the Norwegian local government sector. There is broad consensus that we must have generalist municipalities in Norway. Therefore, as a general rule, all municipalities in Norway, despite different prerequisites and composition of resources and population, have the same tasks.

The alternative to a generalist municipality system is a task differentiated system where the government establishes through legislation a differentiated division of responsibility between municipalities, county authorities or government administrative agencies. Task differentiation is a means of solving the challenge that all municipalities are large enough to have the responsibility for a given task. This will also mean that the central government control through economy and other links must be differentiated, cf. Report to the Storting no. 12 (2011-2012).

In its final report, the Expert Committee points out that it is possible to imagine extensive task differentiation by setting population thresholds where the municipalities are assigned new tasks as they exceed a certain population figure. However, the Committee finds that such a “threshold model” will increase the complexity of the administration system and create an over-complex situation for the inhabitants - both as voters and users of initiatives and services.<sup>22</sup> Spain has such a model where the municipalities' scope of task is systematically determined by the population of the municipality, where the thresholds are 5,000, 20,000 and 50,000 respectively.<sup>23</sup>

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<sup>21</sup>Report IRIS 2013/008, 2013: *Inter-municipal cooperation. Consequences, opportunities and challenges*

<sup>22</sup>Final report from the Expert Committee, 2014: *Criteria for good local government structure*.

<sup>23</sup>European Institute for Public Administration, 2012: *Division of Powers between the European Union, the Member States and Regional and Local Authorities*. Committee of the Regions, European Union.



## Move tasks from the municipalities to the county authorities or the state

Nordic municipalities distinguish themselves from other European municipalities in that they have many and major tasks. Since the 1960s, Norwegian municipalities have been assigned an increasing number of tasks and more responsibilities. Table 2.1 in Chapter 2 shows the trend in tasks in the area of health and care from 1964 up to today. Only in the last decades have the municipalities been assigned a number of new tasks in several areas. In its final report, the Expert Committee showed an overview of the most important changes in the municipalities' task portfolio after year 2000, cf. table 7.1

Tabell 7.23 Changes in the municipalities' tasks after year 2000.

	Year
<i>New tasks for the municipalities</i>	
The Regular General Practitioner Scheme	2001
The introduction programme	2003
Negotiating responsibility for teachers	2004
Funding responsibility for travel expenses in the municipal health service	2004
NAV	2006
Animal emergency clinic	2008
Statutory right to a place in kindergarten	2009
The qualification programme	2010
The duty of women's shelters to provide protection	2010
National park administrator	2010
Comprehensive municipal emergency planning responsibility	2012
Concretisation of public health responsibility	2012
The Integrated Health Care Reform	2012
<i>Tasks transferred from the municipalities to the state</i>	
Municipal food control authorities	2004
Guardianship	2014
The tax collector function is to be transferred to the Norwegian Tax Administration	2016

Final report from the Expert Committee on Local Government Reform

Certain tasks have been moved from the municipalities to the state, but the dominant trend in Norway has been transfer of several tasks to the municipalities.

If the municipalities do not have sufficient capacity and expertise to solve one or more tasks, a possible strategy may be to move the tasks from the municipalities to regional or government level.

Finland is an example where different reform attempts with an objective of larger and stronger municipalities has not achieved satisfactory results. Finland has now begun a reform to move tasks from the municipalities to a new regional level, cf. box 7.1.

## **Boks 7.2 Finland**

Since 2000, Finland has implemented three reforms within local administration:

- From 2005 to 2011, 431 municipalities were reduced to 336 through mergers, and a number of inter-municipal cooperation schemes were established.
- From 2011 to 2015, the number of municipalities was reduced from 336 to 317 through a new round of municipal mergers.
- From 2015, there has been a reform to establish a new regional level.

The first reform (2005 -2011) was initiated primarily to strengthen the municipalities' expertise and capacity within health and social services to the population. In order to achieve this, it was also necessary to have a healthy economy. The requirement was that the municipalities had to achieve a population size of 20,000 inhabitants, either through a merger or inter-municipal cooperation. The reform resulted in a larger number of mergers.

However, the local government structure that resulted from the first reform was still considered to have major challenges. Furthermore, the reform brought about few changes in the major cities, and their need for a more coordinate area planning, etc. In addition to population size and economy, the criteria for the second round of mergers also included factors related to cohesive housing and labour markets, as well as urban areas. The merger decision itself was voluntary for the municipalities, but those who fell under the criteria were obliged to participate in the merger discussions. Most of the municipalities reported on, but only a few of the reports ended with a merger.

The Finnish government felt that reform number two also did not meet the expectations of creating a robust local government structure to meet the future challenges that demography, immigration and the expertise requirement entail.

Therefore in 2015, the Finnish government initiated a new reform to establish a new democratic level between the municipalities and the state. 18 elected regional councils will be established whose main tasks will be within the health and welfare sector.

The aim is to establish large and financially sustainable units, which are able to provide health and welfare services, in addition to taking over tasks from the regional government level within labour market measures and business development.

A parliamentary committee has been set up to study the municipalities' tasks and role according to the ongoing regional reform, which comes into force from 2019.

In 2017, there are 311 municipalities in Finland.

## Merging of municipalities

In the last decades, there have been structural reforms in a number of countries in Europe. There are major differences in municipalities in Norway and Southern and Central Europe in terms of responsibilities and tasks. Norwegian and Nordic municipalities have more and more extensive tasks than municipalities in other European countries, cf. Report to the Storting no. 14 (2014-2015).

The main pattern is that the number of municipalities in most countries has fallen in the last decades.<sup>24</sup> A common feature is an attempt to find governance structures that are in proportion to the problems on the political agenda.<sup>25</sup>

Municipal mergers and structural reforms may be implemented in different ways. Pace, pattern and management of the processes have varied from country to country, depending on economic and historical factors, among other things. There are examples of strong central government control, as in Denmark, cf. box 7.2 or partial central government control with more continuous work on merging, as in the Netherlands, cf. box 7.3.

### [Boks slutt]

#### **Boks 7.3 Denmark**

In Denmark, a local government reform was implemented with effect from 1 January 2007. The number of municipalities was reduced from 271 to 98. The counties were converted to regions and reduced from 13 to 5.

The aim of the local government reform in Denmark was to strengthen local democracy and create a public sector with a sound foundation to provide welfare services to the population now and in future. The reform was a task reform, a structural reform and a funding reform.

The target for the population size of the new municipalities was set at 30,000 inhabitants. The minimum size was set at 20,000 inhabitants. Municipalities with fewer than 20,000 inhabitants had to merge with other municipalities so that the minimum 20,000 inhabitants was achieved. A few island communities were exempted from the main rule and granted the possibility to enter into cooperation with mainland municipalities.

The local government reform in Denmark was initiated by the government and was based on a broad majority in the Danish parliament- Prior to implementation, a commission had reported on the administrative structures at local level in Denmark. Both the Danish Association of Local and Regional Authorities and the organisation for the Danish counties were involved in the commission work.

The merger process was voluntary in the sense that the municipalities could choose partners themselves. However, there was strong political pressure on the municipalities to draw up agreements on establishment of the new municipalities.

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<sup>24</sup>Klausen, Jan Erling (2016): *Kommunereform og endringsteori* (chapt. 8) in Klausen, J.E., Askim, J., and Vabo, S. I. (red.) 2016. *Kommunereform i perspektiv* (Local government reform in perspective).

<sup>25</sup>Baldersheim and Rose 2010: *A Comparative Analysis of Territorial Choice in Europe* Basingstoke: Palgrave Macmillan.

## **Rammeslutt**

### **Boks 7.4 The Netherlands**

In 1960, there were approximately 1,000 municipalities in the Netherlands, and since then there has been a continuous reduction from approximately 900 in 1970, 700 in 1988, 500 in 2001 to 390 in 2016. No ideal municipal size or number of municipalities has been set in the ongoing process in the Netherlands.

The Netherlands has its own legislation with associated guidelines for implementation of municipal mergers. The initiative for mergers may be taken by the municipality itself, by the province or by central authorities. It is desired that the municipalities themselves take the initiative, but there is no need for support from all involved municipalities in order to initiate investigations.

There are 12 provinces in the Netherlands. These constitute one democratic level between the government and the municipalities. Through legislation on municipal mergers, the provinces have been assigned the task of guiding the municipalities and if necessary also instructing the municipalities to consider a merger. Such an assessment may be initiated if a municipality does not fulfil its tasks vis-a-vis the population in a satisfactory way due to, for example, a weak economy, or if there is a lot of local political turmoil. The municipality itself, or in cooperation with the province, may start the process of considering a municipal merger.

This assessment follows a fixed procedure according to centrally defined guidelines and criteria. If there is consensus on a municipal merger, the government proposes a bill to the parliament. A municipal merger process takes approximately three years from the start of an assessment until an Act has been adopted by parliament.

It is also possible for the government to propose mergers against the individual municipalities' wishes. In such cases, the merger process usually takes a longer time until a final decision is made by the parliament. This same applies if there is strong public opposition to the merger.

## **Rammeslutt**

### **7.2 The Ministry's assessments**

Through the local government reform, the government has wanted to facilitate good, equal services to the inhabitants, a comprehensive and coordinated community development, sustainable and financially sound municipalities and a strengthened local democracy. Other strategies than municipal merger may to a different, but lesser, extent help to achieve these objectives. The alternative strategies to merging also impinge central principles in the governance and organisation of the municipalities in Norway, such as the principle of generalist municipality and local self-government. Strategies that involve greater central government control will also undermine the possibility to adapt the welfare services to individual needs and local circumstances.

## 7.2.1 Alternative strategies to municipal merger

### *Greater central government control*

The Ministry believes greater central government control is not a good strategy to compensate for the challenges a heterogeneous local government structure represents.

The government will rather reduce government micromanagement because too tight and detailed central government control may lead to a lack of flexibility to see different services in context, and make it difficult for individual adjustment, which is necessary to provide each individual with the best possible service offerings. Economic and legal framework management is the main principle of the central government control of the municipalities. Framework management gives more efficient use of public funds, at the same time as it gives the municipalities freedom of action to find good solutions for their inhabitants and prioritise the use of resources in line with local needs. There will be little local freedom of action to prioritise between services and to exercise political judgment in how the services are to be provided if the state governs strictly through detailed laws and regulations and use of earmarked grants. Micro-management through legislation or earmarking should only be used when it is necessary to safeguard national interests.

In Report to the Storting no. 14 (2014–2015), it was announced that the “Government had initiated work on a general review of the central government control of the municipalities, with the aim of reducing micro-management of large municipalities”. One of the aims is to improve coordination and streamline the state supervision of municipalities. The Ministry has obtained several surveys that will be among the knowledge-base for the announced review of the government supervision of the local government sector. Among these is Difi memorandum 2015:03, The memorandum shows that there does not seem to be any significant change in the scope of supervision in the last 10 years.<sup>26</sup> The Difi report 2016:6 shows that supervision is perceived to be useful, contributes to learning and to improved municipal services.<sup>27</sup>

The result of the review will be presented to the Storting in the spring of 2017 in the Municipalities Proposition 2018, together with information on the work of one of the government's eight priority areas - a living local democracy.

### *Inter-municipal cooperation*

The Ministry believes that increased inter-municipal cooperation will contribute to further fragmentation of the local government sector and a weakened local democracy. As shown in Chapter 3, inter-municipal cooperation is widespread and has been a strategy for many municipalities to address many of today's statutory services where they have challenges related to capacity and expertise. This government has also facilitated this. At the same time, a large number of

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<sup>26</sup>Difi memorandum 2015:03: *Om Fylkesmannens tilsyn med kommunepliktene – en kartlegging (On the County Governor's supervision of municipal obligations)*

<sup>27</sup>Difi-report 2016:6: *Statens tilsyn med kommunene (Government supervision of the municipalities)*

cooperation agreements will be demanding to manage and make local political governance more demanding and complex.

In many cases, inter-municipal cooperation would be appropriate and useful. As shown in the Chief Administrative Officer Survey, the quality of the services comes on top when considering experiences with inter-municipal cooperation.

At the same time, inter-municipal cooperation involves challenges, and there is no adequate alternative to larger and strong municipalities. This leads to more complex administration and it weakens democracy, transparency, and control if important decisions are moved from directly elected bodies to inter-municipal cooperative bodies. The consensus requirement in cooperative bodies may also make it difficult to make decisions on controversial matters. As shown, a great degree of inter-municipal cooperation also poses challenges for the administrative governance by reducing the municipality's scope for financial management. Inter-municipal cooperation can also pose budgetary challenges when there are changes in the budget situation of a municipality.

The Expert Committee points out that inter-municipal cooperation may make cooperation across the services within a municipality more difficult. For example, it is crucial for the child welfare services to have good cooperation with the health service, kindergartens and schools. This may be more demanding if the child welfare services is located in a host municipality.

In the white paper on Amendments to the Child Welfare Act (Prop. 106 L (2012–2013) *Endringer i barnevernloven*) the Ministry of Children, Equality, and Inclusion points out that inter-municipal cooperation through the host municipality model may lead to a weaker foundation of the child welfare service's work in the municipalities that are not host municipalities. Inter-municipal cooperation requires thorough planning and must be firmly established among the employees and in the municipalities' administrative and political leadership.

The white paper on Digital Agenda for Norway (Meld. St. 27 (2015–2016)) points out that it is reasonable to assume that small and medium-sized municipalities will have major benefits from a consolidation of the ICT area into larger units. The report to the Storting refers to reports showing potential annual savings of more than NOK 400 million, among other things. At the same time, there are both legal and organisational challenges related to ICT cooperation, among other things, the public procurement regulations may also have an impact on the municipalities' organisation of cooperation. Participation in inter-municipal ICT cooperation on its own does not seem to be sufficient to solve the challenges the municipalities face.

The Ministry of Local Government and Modernisation believes that a significant advantage of larger municipalities is that there is less need for inter-municipal cooperation. The tasks being solved within a municipality would strengthen the local political involvement by giving more power and influence back to the municipal councils.

Municipal mergers do not necessarily eliminate the need for inter-municipal cooperation. Large municipalities are also involved in inter-municipal cooperation. In many cases, this will be because the smaller neighbouring municipalities depend on cooperation with the larger municipalities. It will also be appropriate in some cases to continue to cooperate across municipal boundaries. However, in many cases the scope of cooperation is so great and shows such close

integration between the municipalities that it will be more appropriate, cost-effective and more democratic to merge the municipalities, as several County Governors have pointed out in their recommendations.

The Expert Committee recommends making it possible to impose inter-municipal cooperation on the municipalities in some cases. The government is working on drawing up a proposal on introduction of legal authority in the Local Government Act to order the municipalities to cooperate. The conditions for requiring cooperation will be strict, so that cooperation must only be imposed in exceptional circumstances. It must be possible to give a cooperation order when a municipality alone is not able to provide a service in a professional manner. It is each specialist ministry that must be able to issue a cooperation order regarding services within its area, based on professional requirements and standards in the field in question. A legal authority for imposed inter-municipal cooperation will apply in exceptional circumstances, and therefore will not be able to form a basis as an alternative strategy to merging. However, the legal authority may contribute to ensuring that all inhabitants receive a proper service offering until there is a local government structure where all the municipalities have sufficient capacity and expertise to solve the tasks for which they are responsible.

#### *Task differentiation*

There has been broad political consensus that Norway will still have generalist municipalities and that the variation in tasks and responsibilities between the municipalities must be as small as possible. The reason is that, among other things, equal responsibility and scope of authority for the municipalities provide an equal local self-government. This also means it is easier to see tasks in context and therefore results in more comprehensive and coordinated governance. A generalist municipal system also makes it easier for the government to administer funding of the municipalities, and this makes the legislation and other governance instruments homogeneous. In addition, such an organisation of the municipalities' tasks is easier for the inhabitants to understand, than if different municipalities have different tasks. At the same time, in practice, the extensive use of inter-municipal cooperation challenges the principle of a generalist municipality.

The Storting has agreed that the principle of a generalist municipality remains as a principal model for the local government sector.<sup>28</sup> The Ministry believes that the principle of a generalist municipality must still remain a principal model and that it is unlikely that more extensive differentiation between the municipalities will be allowed.

At the same time as the government presented this white paper, it also presented a white paper on transfer of tasks to the municipalities (Prop. 91 L 2016–2017). In this white paper, the Ministry allows for differentiation of the task responsibilities in that large municipalities can assume responsibility for the public transport facilities. The municipality of Oslo has long had more tasks than other municipalities through having responsibility for county authority tasks in

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<sup>28</sup>In the Recommendation to the Storting (Innst. 333 S (2014 - 2016), the majority of the Committee (Conservative Party, Progress Party, Christian Democratic Party and the Left Party) writes: "...Will underline that the principle of generalist municipality stands as a principle rule for the local government sector..."

additional to municipal tasks. Imposed inter-municipal cooperation and task differentiation between the municipalities may be perceived to be a coincident features of management, but there are important differences between the two. In the case of imposed inter-municipal cooperation, the political responsibility towards the inhabitants for a task or service will still lie with the municipality that has been ordered to cooperate with others, even though there is another municipality that performs the task. In the case of task differentiation, the responsibility for one or more tasks lies with some municipalities, but not with others.

An arrangement with imposed inter-municipal cooperation will be an exclusionary provision for use in special circumstances, but where the generalist municipality is still the starting point. Broad access to impose cooperation will be close to task differentiation and should be avoided.

### **Move tasks from the municipalities to the county authorities or the state**

As shown above, Norwegian municipalities have many and major tasks. The government wants to spread power and build society from the bottom up, and believes that larger municipalities can have responsibility for more tasks than today. This will facilitate a more comprehensive service design close to the users. It will also be able to provide a strengthened local democracy in that the inhabitants and the local community have more influence over their own services and community development. An extensive transfer of tasks from the municipality to the state or the county authority will mean that power and responsibility are centralised and moved away from the inhabitants and the local community. Therefore, this has not been a relevant strategy of the reform.

### **Merging municipalities**

During the parliamentary term, merging of municipalities has been the government's main strategy to strengthen the municipalities' possibilities to solve today's and future tasks. During this parliamentary term, many municipalities have explored the possibilities of establishing a larger municipality together, and have decided on a merger.

In the view of the Ministry, the scope of inter-municipal cooperation underlines the need for further changes in the local government structure. Merging municipalities will give real power and authority back to the municipal councils. The fact that the tasks can be taken care of within one municipality will provide better opportunities seeing different tasks in context. That the responsibility for and management of the services lies in one municipality will provide a more transparent and democratic administration for the inhabitants.

Larger municipalities will have better capacity and expertise to deal with the challenges the local government sector faces, cf. Chapter 2. Larger municipalities will be better able to pursue development to deal with these challenges. Experience from previously merged municipalities in Norway show that the merger have provided better services because they have a larger specialist environment, such as within technical services, planning, agriculture, children, family and health. Within administrative services, such as finances and human resources, the municipalities experienced that they no longer are so dependent on individuals for implementation of critical tasks. The evaluations also show that resources have been moved from the management



and administration to service production in the new municipalities. The municipalities experienced that prerequisites for ensuring equal treatment and taking care of public security are better within areas such as child welfare, technical services and specialised health services.<sup>29</sup>

The municipalities also experienced that they had better prerequisites, opportunities and freedom of action for local and regional development work. In municipalities that had struggled with depopulation, the negative population trend slowed down in some places, while other municipalities experienced a more positive trend following the merger.

A more homogeneous local government structure will also provide the municipalities with better prerequisites for solving the statutory tasks in a more equal manner. Larger and stronger municipalities, which are able to provide good services and create a good, comprehensive development in their municipality will provide the basis for less detailed central government control. This will strengthen the local self-government.

A municipal merger can also provide better coordination of the service offering within the municipality. This is particularly relevant when the municipalities constitute a common housing and labour market, where comprehensive area planning, transport and business policy are important. When a housing and labour market is divided into several municipalities there can be unproductive competition between the municipalities related to location of house building and commercial areas. The result can be inefficient solutions in that planned residential areas and commercial areas are not developed in full scale. This can also contribute to increasing transport needs.<sup>30</sup>

A larger municipality will often give fewer elected representatives per capita. Many merging municipalities want to compensate for this, and therefore create schemes that will ensure influence from all parts of the new municipality. The Ministry would also give an offer to new municipalities that want to develop local democracy in the new municipality. Larger municipalities can challenge the desire for proximity to those the decision concerns. However, there are many large municipalities today that have a well-functioning local democracy. A well-functioning local democracy also depend on having content and that the local elected representatives have real influence over the developments in the municipality. Larger municipalities with good capacity and expertise can facilitate this.

The review of the alternative strategies shows that these are not adequate alternatives to larger and stronger municipalities that are able to meet today and tomorrow's challenges. The government believes that municipal mergers should still be the main strategy for strengthening the local government sector.

## **7.2.2 Framework for further work on local government structure**

During the reform, there has significant work on surveys and analyses of the status and future challenges, both in the municipalities and by the County Governors. For over two years, the

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<sup>29</sup>Telemark Research Institute TF-report no. 258, 2009: *Voluntary municipal mergers 2005 - 2008*

<sup>30</sup>Borge, Lars-Erik (2016): "Økonomiske perspektiver på kommunesammenslutninger" (Economic perspectives of municipal mergers)(Chapt. 10) in Klausen, J.E., Askim, J., and Vabo, S. I. (red.) 2016. *Kommunereform i perspektiv*(Local government reform in perspective).

municipalities have considered their own situation, their own prospects and have been in dialogue with the neighbouring municipalities. Very many have also negotiated agreements in principle. Through the reform, in many municipalities there has been a maturation process on the question of municipal mergers. It would be unfortunate to end work that for many municipalities now seems to have matured. There are also approximately 45 municipalities that have decided that they need and want to merge with one or more neighbouring municipalities. These are now continuing as separate municipalities because the neighbouring municipalities did not want to merge.

Through the agreement on local government reform, the government parties and the coalition partners in the Storting agree that the local government reform must continue.

Experiences show that the framework the state sets for the work on the local government structure affects the scope and frequency of the municipal mergers.

The most important driver of municipal mergers is probably the need the municipalities themselves see for a merger with one or more neighbouring municipalities. Therefore, the Ministry and the County Governors will continue to guide and deal with any merger applications.

The fact that the most important driver is the municipalities' own needs, also means that each municipality depends on the neighbouring municipalities also wanting to merge and see opportunities for establishing a new municipality. Therefore, the municipalities may benefit from an external partner helping to facilitate good processes. The County Governors have gained even better local knowledge and contact network through the reform. This expertise should also be used further. The results of the local government reform show that there were several municipalities that decided they wanted to merge, but where the neighbouring municipalities did not want this. This shows that external guidance will only help some of the way if the aim is a comprehensive local government structure.

If more extensive changes in the local government structure are desired in the short term, the processes must most likely be managed more strictly by the state. The starting point for such a process may be that the municipalities will have a certain size either of specialist environment or population, where adjustments are made to the country's geographical differences. It is also possible that the municipalities use as a starting point criteria such as housing and labour markets, travelling time, etc. A continued reform process may be organised with a fixed deadline, according to almost the same template as in this parliamentary period. The follow-up of the municipalities may then be targeted based on such criteria.

In many municipalities the work on the reform has been demanding both politically and on resources. Therefore it is possible that many of these municipalities are not themselves aware, or want, to continue the work on municipal mergers immediately. At the same time, through the reform a large volume of documentation has been prepared in the form of analyses and agreements in principle, among other things. It is possible that based on this documentation and any further analyses, national or regional proposals for a new local government structure are drawn up, on which the municipalities and the Storting will decide. An option that has been raised at different stages of the reform period has been the need for a broadly composed committee that can make a comprehensive assessment of the local government structure and propose changes to solve today's challenges. The Schei Committee and the Christiansen Committee are two

committees whose mandate was to look at the local government structure in the whole country. It is also possible that the efforts are targeted and limited to different types of challenge, such as small and vulnerable municipalities, inappropriate boundaries around the towns, etc.

Section 15 of the Local Government Boundaries Act states that municipalities that merge shall receive partial compensation for non-recurring costs directly related to the merger, and in a transition period will receive compensation for loss of block grant (division grant??) Through the division grant??, the municipalities will receive compensation for loss of basic grants and any decline in district policy grants. In the local government reform the municipalities will receive a full division grant for 15 years, before it is subsequently reduced over 5 years.

As of 2017, changes have been made in the revenues system for the municipalities, including the basic grant and the district policy grants. To ensure predictability and the same framework conditions in the reform, the changes in the revenues system will not affect the size of the division grant?? in the local government reform. The size of the division grant?? will be calculated on the basis of the revenues system in 2016 for all municipalities that are merged in the reform period. The Ministry finds that the division grants? to future mergers will follow previous practice, i.e., that the division grant?? is calculated on the basis of the applicable revenues systems at the time of the merger.

The division grant is granted to ensure that the municipalities have the time to adjust operations in the new municipality in a transition period. At the same time, it locks the current income distribution between the municipalities for a long time ahead, which may be perceived to be unfavourable to the local government sector as a whole. It may also be questioned whether the length of today's division grant?? means that the municipalities take a longer time than necessary to extract the benefits of a merger. This may speak in favour of shortening the length of the division grant??

In its white paper, Prop. 121 S (2014–2015), the Ministry proposed that the arrangement with division grants?? will be tightened after the reform period. The Ministry concludes that in future it will not be possible to prioritise equally as beneficial schemes that have been applicable in this reform due to less leeway in the finance policy, cf. Chapter 2.

In this chapter, different ways of continuing the local government reform process have been shown. The Ministry has not decided further on a method and will come back to this in the Municipalities Proposition 2019.

## **8 Financial and administrative consequences**

The local government reform will have major economic and administrative consequences, both in the short and the long term. There will be consequences for the municipalities directly affected by a merger, and there will also be consequences for the different government agencies. In the long term, a local government structure with fewer and larger municipalities is expected to provide a more efficient administration. Following a transition phase with increased expenses related to implementation of the reform, a new structure will facilitate more efficient management of the municipalities.

The municipalities that merge together will in a transition period have increased expenses related to the merger process and adjustment to a new municipality. The Ministry provides support to municipalities that have decided to merge in order to cover these adjustment and process costs. In the National Budget for 2017, NOK 1 billion has been allocated to cover non-recurring costs in the local government reform. If the Storting adopts the mergers proposed in this white paper, this will trigger approximately NOK 1.27 billion in non-recurring costs in 2017. The Ministry will come back to the additional need in the revised National Budget,

The Ministry will also pay reform support to the newly merge municipalities in 2020, or 2019, If the Storting adopts the mergers proposed in this white paper, this will trigger approximately NOK 730 million in reform support. This will be followed-up in the ordinary budget processes.

The Ministry concludes that the merger of municipalities comes under the provisions of the Working Environment Act regarding business transfer (Chapter 16) and that the employees' rights will be safeguarded accordingly.

Local government mergers lead to a number of changes in the various computer systems, both government and municipal. New municipal numbers are one of the main reasons for this. This will probably be most resource-intensive for the major state register owners the Norwegian Mapping Authority, the Directorate of taxes and the Brønnøysund Registers, and for the government agencies that use these registers. Businesses with many, complex systems, such as the Labour and Welfare Administration, will also be affected by this.

It is important that affected government agencies begin early with the necessary updates and adjustments to the different systems in the years up to 2020, as there will be many mergers of municipalities and county authorities. It has proved to be difficult to arrive at precise cost estimates, but good planning work may help reduce the need for expenditure as a result of the changes in municipal number. To assist in this work, the Norwegian Mapping Authority has been assigned the role of technical coordinator for the local government reform.

The Norwegian Mapping Authority chairs a cooperation forum, where 15 government agencies, businesses and system owners, as well as the Ministry and the Norwegian Association of Local and Regional Authorities, meet regularly to exchange information and discuss problems related to the work on the digital implementation of the local government reform. Interfaces between the different systems are revealed here so that changes may be coordinated, and bilateral contact is established between the different participants. The Norwegian Mapping Authority has also developed a test solution, which the Population Register, the emergency services, the Post Office and other parties who obtain information from the land register may use in their work of preparing municipal mergers. This solution means that the work of adapting ICT systems can start at an earlier time.

The proposed mergers in this white paper involve the need for change some police district boundaries, so that the new merged municipality will belong to one police district. The changes have economic and administrative consequences due to the change in police ICT systems and administration relocation of personnel.

Any adjustments to the judicial districts due to the changes in the municipal structure would also involve significant economic and administrative consequences for the courts, particularly

due to the judges' official protection and possible need for local extensions. Possible changes in the judicial districts must therefore be considered specifically in each case.

If changes in the local government structure trigger further need to change government divisions, an assessment will be made in each case.

The budgetary consequences of the local government reform will be dealt with in the ordinary budget processes.

The Ministry of Local Government and Modernisation

recommends:

That His Majesty approves and signs a proposed white paper presented to the Storting on changes in the local government structure.

We **HARALD**, King of Norway,

affirm:

The Storting is requested to adopt a decision on merger of municipalities, division of municipalities and adjustment of county boundaries in accordance with an attached proposal.

### **Proposed**

### **Decision on merger of municipalities, division of municipalities and adjustment of county boundaries**

I

A

The municipalities of Moss and Rygge will merge no later than 1 January 2020.

B

The municipalities of Oppegård and Ski will merge no later than 1 January 2020-

C

The municipality of Nye Holmestrand, which from 1 January 2018 will consist of the present municipalities of Holmestrand and Hof, will merge with Sande no later than 1 January 2020.

D

The municipalities of Tønsberg and Re will merge no later than 1 January 2020.

E

The municipalities of Bø and Sauherad will merge no later than from 1 January 2020.

F

The municipalities of Lyngdal and Audnedal will merge no later than from 1 January 2020.

G

The municipalities of Stavanger, Rennesøy and Finnøy will merge no later than from 1 January 2020.

H

The municipalities of Forsand and Sandnes will merge no later than from 1 January 2020.

I

The municipalities of Fjell, Sund and Øygarden will merge no later than from 1 January 2020.

J

The municipalities of Radøy, Lindås and Meland will merge no later than from 1 January 2020.

K

The municipalities of Os and Fusa will merge no later than from 1 January 2020.

L

The municipalities of Ullensvang, Odda and Jondal will merge no later than from 1 January 2020.

M

The municipalities of Voss and Granvin will merge no later than from 1 January 2020.

N

The municipalities of Førde, Naustdal, Gaular and Jølster will merge no later than from 1 January 2020.

O

The municipalities of Selje and Eid will merge no later than from 1 January 2020.

P

The municipalities of Fræna and Eide will merge no later than from 1 January 2020.

## Q

The municipalities of Molde, Midsund and Nesset will merge no later than from 1 January 2020.

## R

The municipalities of Stordal and Norddal will merge no later than from 1 January 2020.

## S

The municipalities of Trondheim and Klæbu will merge no later than from 1 January 2020.

## T

The municipalities of Roan and Åfjord will merge no later than from 1 January 2020.

## U

The municipalities of Verran and Steinkjer will merge no later than from 1 January 2020.

## V

The municipalities of Namdalseid, Namsos and Fosnes will merge no later than from 1 January 2020.

## W

The municipalities of Kvalsnd and Hammerfest will merge no later than from 1 January 2020.

## II

## A

The municipalities of Aurskog-Høland and Rømskog will merge from 1 January 2020.

The county boundary between Akershus and Østfold will be adjusted so that the new municipality is part of the county of Akershus.

## B

The municipalities of Asker, Hurum and Røyken will merge from 1 January 2020.

The county boundary between Akershus and Buskerud will be adjusted so that the new municipality is part of the county of Akershus.

## C

The municipalities of Drammen, Nedre Eiker and Svelvik will merge from January 2020.

The county boundary between Buskerud and Vestfold will be adjusted so that the new municipality is part of the county of Buskerud.

#### D

The municipalities of Volda and Hornindal will merge from 1 January 2020.

The county boundary between Møre & Romsdal and Sogn & Fjordane will be adjusted so that the new municipality is part of the county of Møre & Romsdal.

#### E

The municipality of Snillfjord will be divided into three parts and each part will become part of other municipalities.

The municipality of Hemne, part of Snillfjord (Vennastranda) and Halse will merge from 1 January 2020.

The municipality of Hitra and part of Snillfjord (Sundan / Hemnskjela) will merge from 1 January 2020.

The municipalities of Orkdal, Agdenes, Meldal and part of Snillfjord (Krokstadøra) will merge from 1 January 2020.

The county boundary between Trøndelag and Møre & Romsdal will be adjusted so that the new municipality which includes Halså, will be part of the county of Trøndelag.

#### F

The municipalities of Skånland and Tjeldsund will merge from 1 January 2020.

The county boundary between Troms and Nordland is adjusted so that the new municipality becomes part of the county of Troms.

### III

#### A

The municipalities of Askim, Hobøl, Spydeberg and Eidsberg will merge from 1 January 2020.

#### B

The municipalities of Skedsmo, Fet and Sørum will merge from 1 January 2020.

#### C

The municipalities of Mandal, Marnardal and Lindesnes will merge from 1 January 2020.

#### D

The municipalities of Kristiansand, Søgne and Songdalen will merge from 1 January 2020.



## E

The municipalities of Ålesund, Sandøy, Skodje, Haram and Ørskog will merge from 1 January 2020.

## F

The municipalities of Sogndal, Balestrand and Leikanger will merge from 1 January 2020.

## G

The municipalities of Bjugn and Ørland will merge from 1 January 2020.

## H

The municipalities of Vikna, Nærøy, Leka and Bindal will merge from 1 January 2020.

The county boundary between Trøndelag and Nordland will be adjusted so that the new municipality becomes part of the county of Trøndelag.

## I

The municipality of Tysfjord will be divided into two parts and each part will become part of other municipalities.

The municipalities of Narvik, Ballangen and part of Tysfjord (north-east side) will merge from 1 January 2020.

The municipalities of Hamarøy and part of Tysfjord (south-west side) will merge from 1 January 2020.

## J

The municipalities of Tranøy, Lenvik, Berge and Torsken will merge from 1 January 2020.