Local Government in Norway
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Introduction

The political system in Norway is based on representative democracy with several political parties. Norway as well as the other Nordic countries has developed societies based on strong egalitarian values. Citizens tolerate high tax levels to pay for public welfare services such as education, social and elderly care. However, their public finances are among the healthiest in OECD with surpluses on the general government accounts.

Nordic Countries

- Representative democracy
- Egalitarian values
- Tolerate high taxes to pay for public services
- Offer high standards of services to citizens in all parts of the country
- High employment rate for men and women
- Local Government expenditure close to 20% of GDP

The national aim is to offer a high level of services with equal standards to citizens in all parts of the country. There has traditionally been broad political support to this in Parliament, though there are variations between the political parties on how to achieve the aim.
The local government sector is strong and important in a national context. Some indicators illustrate this.

**The local government sector in a national context (2006)**
- Local government consumption amounts 13,0% of GDP in continental Norway
- Income in local government sector amounts 17,8% of GDP in continental Norway
- Employment in local government sector amounts to 19,8% or one in five of all employees in Norway

Local democracy is strong, and the local government sector is a well-established institution in Norway. The Alderman Act of 1837 first defined local authorities' rights and responsibilities. Both at the municipal level and at the county level there are elections with popular representatives responsible to their constituents.

**Levels of government in Norway**
- The central government - Including central government agencies at the regional and local level.
- The county authorities (19).
- The municipalities (430).

Norway has a two tier-system of local government: the municipalities and the county authorities. There are 430 municipalities and 19 county authorities. The capital, Oslo, is classified as being both a county authority and a municipality. The municipalities and the county authorities have the same administrative status, whereas central government has the overriding authority and supervision of municipal and county municipal administration. The main representative of central government supervising local authorities is the County Governor.
Norway has approximately 4.7 million inhabitants. Both the municipalities and the county authorities vary significantly regarding size, topography and population. More than half of the municipalities have less than 5,000 inhabitants; eight have more than 50,000 inhabitants. The largest municipality is Oslo with approximately 550,000 inhabitants. Hence, there is not one typical Norwegian municipality or county. Despite such differences, all municipalities and all counties are given most of the same rights and the same responsibilities.

**Central government’s responsibilities**
- The National Insurance Scheme
- Specialized health services (hospitals)
- Higher education/universities, labour market, refugees and immigrants
- National road network, railways, agricultural issues, environmental issues
- Police, courts, prisons, armed forces, foreign policy
- Specialized social services

**The county authorities’ responsibilities**
- Upper secondary school
- Regional development
  - County roads and public transport
  - Regional planning
  - Business development
  - Culture (museums, libraries, sports)

**The municipalities’ responsibilities**
- Primary and lower secondary school
- Nurseries/kindergartens
- Medical care, care for the elderly and disabled, social services
- Local planning (land use), agricultural issues, environmental issues, local roads, harbours
- Water supply and sewer, sanitation
- Culture and business development

1.2 **Reform initiatives**

The distribution of responsibilities between the different levels of government in Norway is currently based on what is termed the generalist local authority system. This means that all municipalities and county authorities are
intended to fulfill the same functions. They all have the same responsibilities in the production of public services, legal safeguards and local development, regardless of size.

However some reform initiatives are being discussed. One of the main principles of the reforms of the public sector the last years is the delegation and decentralisation of responsibility and authority. Decentralisation of responsibilities and authority is a crucial step towards genuine local democracy and an efficient and user friendly public administration. In 2002 the county authorities were rendered a more important role in regional development through increased power in the administration of rural and regional policy instruments and regional partnerships. In 2002 the responsibility for the hospitals was transferred from the county authorities to the state. In 2003 pilot projects were launched involving alternative models for organizing the public sector at regional level.

In the fall of 2006 the Government presented a White Paper concerning the distribution of responsibilities between the different levels of government. The aim of this reform of the regional level of government is to establish stronger and larger regions. One of the means of which to achieve this is by the decentralization of power from central government to new regions. The focus is set on the structure and organisation of the counties (regions) and the relationship between them and the central government. The intention is to implement the reform in January 2010.

Regardless of the reform Norway will continue to have a two-tier system of local government with municipalities and regions.

Reform at the regional level
- 2007 regional process regarding the number and size of the counties
- Spring 2008 Government paper on legal amendments regarding decentralisation of tasks and geographical division
- January 2010 implementation
Local Government Act

The Local Government Act (Act of 25 September 1992) determines the ground rules for the organization of the municipalities’ and county authorities’ work and proceedings, relationship with supervisory state bodies, etc. On the whole the regulations are the same for municipalities and county authorities. The Local Government Act does not regulate which duties are to be carried out locally. These questions are covered by separate laws.

The Act gives municipalities and councils wide options when it comes to organizing the political and administrative structure.

Local Government Act contains rules concerning

- Local government bodies
- The administration of local authorities
- Cooperation between municipalities regarding local authority functions
- Rules of procedure in popularly elected bodies
- Rights and duties of popularly elected representatives
- Finance plan, annual budget, annual accounts and reporting, liability for debts etc.
- Supervision and control
- Local authority undertakings

Local elections

3.1 Introduction

Voters elect representatives to the municipal councils and county councils (according to the Representation of the People Act (Act No. 57 of 28 June 2002)). The Local Government Act specifies the minimum number of representatives to be elected. A municipality with a population under 5,000 is to have at least 11 members in its council – with a population from 5,000 to 10,000 at least 19 representatives are required. An equivalent system determines the size of the county council. It is up to the municipal council and the county council to determine whether to increase the respective number of their representatives beyond the legal minimum. Quite often, they opt to do so.
3.2 The Representation of the People Act

The election period is four years. Elections to the municipal council and the county council are held midway through a four year Parliament (Stortinget) period. The Government selects the Election Day, always a Monday in September.

Norwegian citizens who reach the age of 18 no later than December 31 in the election year are eligible to vote in the municipal council and county council election, as well as in the Storting election. In the local elections, citizens who are not Norwegian are also eligible to vote if they have been registered at the Population Registry as resident in Norway for the last three years prior to the Election Day. Nationals of other Nordic countries who have been registered at the Population Registry no later than May 31 in the year of the election are also eligible to vote.

The elections are based on the principles of proportional representation and list system. Registered parties as well as other groups may put up list proposals. A list proposal must be filled out with a minimum of seven candidates, and may contain a maximum number of candidates corresponding to the number of representatives to be elected with no more than six additional names. At the municipal council elections a certain number of candidates at the top of the list may be given an increased share of the poll, corresponding to 25 percent of the number of ballot papers cast for the list concerned.

At both municipal council elections and county council elections the voters may give candidates on the ballot one personal vote. At municipal council elections the voters may also give a personal vote to candidates on other electoral lists, by writing the name of those candidates on the ballot paper.

Persons who are eligible to vote and are resident in a given municipality on Election Day are generally obliged to serve if elected to the municipal council or the county council, if they are not disqualified or exempted.
The persons being disqualified from election are

a) the county governor and the assistant county governor
b) any person who in the municipal or county authority in question is
   − chief executive or deputy,
   − head of a branch of the administration; this does not however apply to managers of isolated activities,
   − secretary to the municipal council or county council,
   − responsible for the accounts, or responsible for the audit

Among those who can seek exemption are persons who have served as a member of the municipal council or the county council during the last four years, or any person who will not be able to discharge the duties of office without disproportionate difficulty.

3.3 Organization and rules for work and proceedings

The Local Government Act introduces two systems of organizing the political and administrative structure of the municipalities: A “traditional” system, and a parliamentary government system.

The “traditional” system

The municipal (county’s) council is the municipality’s (county’s) supreme body. The municipal (county) council elects the executive committee consisting of at least five members, elected amongst the members of the council, and based on the principle of proportional political representation in the committee. The executive committee considers proposal for a four-year economic plan, fiscal budget and taxes. Other duties of the executive committee are decided by the municipal council.

The municipal council elects its chairman and county council elects its county council chairman.

The municipal council can create committees to deal with municipal matters, and can also grant decision-making powers to those committees.

The meetings in elected bodies are to be held open to the public. Nevertheless, individual issues may be discussed behind closed doors when, for instance, discretion is dictated by consideration for individual privacy.
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The members of a municipal (county) body are obliged to attend its meetings. The law guarantees that participation in meetings is a valid reason for absence from work.

The municipalities (county) are obliged to hire a chief executive who is to head the combined municipal (county) administration. The chief executive has to ensure that the issues which are put to the elected bodies are properly prepared and analysed, and that resolutions are carried out. Popularly elected bodies may empower the chief executive to make decisions in individual matters or in types of business which do not involve questions of principle, unless otherwise resolved by the municipal (county) council.

Parliamentary local government

The municipal council or the county council may resolve to introduce parliamentary local government. Such a resolution must be passed with the support of no fewer than half the members of the municipal council or of the county council. The introduction of parliamentary local government may be resolved no earlier than at the constitutive meeting of the newly elected municipal (county) council. The form of local government must have been resolved and implemented when the second year of the new term of office commences. When the parliamentary local government is furthered, the executive board shall be elected in the constitutive meeting after elections to the municipal (county) council. Where an executive board is introduced, the system with a chief executive is discontinued.

The municipal council (county council) shall create an executive board as the highest administrative body for the management of the municipality (the county). The municipal (county) executive board is the highest administrative body for overall municipal (county) management. The municipal (county) council may decide that there shall be a possibility of giving individual members of the board managerial responsibility on behalf of the board for parts of the management of the municipality (county).

Any person elected to membership of the municipal (council) executive board relinquishes any other municipal (county) office during the term of office.

The board has to ensure that the issues which are put to the elected bodies are properly prepared and analysed, and that resolutions are carried out. The municipal (county) council may empower the board to make decisions in all matters unless otherwise provided by law. The board may empower individual members to make decisions in individual matters or in types of business which do not involve questions of principle in those cases, if the members have been given managerial responsibility, unless otherwise decided by the municipal (county) council.

A proposal in the municipal (county) council that the executive board shall relinquish office must be put forward at a meeting. The proposal shall be dealt with at the next meeting unless two thirds of those present at the meeting demand an immediate vote.
Where a member of the executive board resigns in accordance with resolution or his or her own wish, a new member shall be elected on the basis of a proposal from the executive board.

4 The County Governor

Although local government is large in Norway, central government/state administration is also represented at regional and local level by institutions with important functions.

The main representatives of central government in the counties are the County Governors. The County Governor is supposed to coordinate the activities of other central government bodies at the county level. According to the Local Government Act article 59 the County Governor shall review the legality of the decisions made by the municipal councils, either upon request from at least 3 of the members or ex officio.

The Governor approves of a few major economic decisions in the municipal council, such as raising loans and making guarantees (Local Government Act article 60). He also handles appeals from the public over a number of decisions taken by municipalities, based on sector legislation.

The County Governor’s office supervises and advises local activities – with due respect to the political judgement of the local government.

In so doing the County Governor acts as a guardian of civic rights. The County Governor may look into local decisions regarding the rights of any individual in the fields of health and social care, education, building and planning, and may change the decision to the benefit of the individual.
5 Municipal and county finances - Some key indicators on municipal and county finances

These figures illustrate the distribution of expenditures between main sectors in the local government sector for 2006. At municipal level education and elderly care are the two sectors which account for highest expenditure. At county level education and public roads and transports accounts for highest expenditure. (1 EUR = 8, 25 NOK, 1 USD = 6,45 NOK)

Figure 1: Distribution of expenditures 2006 – municipalities.

Figure 2: Distribution of expenditures 2006 – counties.

Figure 3: Composition of revenues 2006 – municipalities included Oslo. NOK 236 Billion.
The main sources of revenue for municipalities and counties are local taxes, general grants, earmarked grants, charges and fees.

Figure 4: Composition of revenues 2006 – counties excluded Oslo. NOK 40 billion.

Taxes account for 44 percent (municipalities) and 41 percent (counties) percent of total income in 2006. Municipalities collect most of their tax money from individual and corporate income and property tax. Counties receive only income tax. The right of municipalities and counties to levy taxes is limited by maximum rates set by the Parliament annually (Rate 12.25 percent municipalities, 2.7 percent counties).

6 The General Purpose Grant Scheme

The General Purpose Grant accounts for 17 (M)/33 (C) percent of income, whereas earmarked grants accounts for 14 (M)/14 (C) percent.

There are large differences between municipalities and between county authorities in both the level of income and in the level of expenditure needed. It is a national aim to offer citizens a high level of public services in all parts of the country. Therefore there is a high degree of redistribution of income between municipalities and between county authorities. This is achieved through the General Purpose Grant Scheme. Redistribution of resources through the General Purpose Grant Scheme ensures both a fair distribution of income, and regional growth and development. This is essential to maintain an efficient and autonomous local government sector.
Most of the grant scheme is distributed as a per capita grant. In addition it is necessary to redistribute the income through the equalisation of expenditure mechanism.

- Each municipality’s or county’s production costs are calculated on basis of objective criteria.
- Each criteria is weighted on the basis of analysis indicating significant and systematic differences in involuntary production costs between municipalities and between counties.
- Equalisation of expenditure costs when there are systematic differences in production costs between different municipalities.

The purpose of the equalisation of expenditure mechanism to fully compensate involuntary costs related to:

- Population characteristics (i.e. demographic aspects and social characteristics).
- Number of inhabitants and population density. (This has a favourable effect for small and sparsely populated municipalities).

With the changes of the criteria data (large-city factor for counties and urban area factor for the municipality) the ministry seeks to obtain a more just distribution of the grant scheme as a compensation of involuntary production costs.

### The General Purpose Grant Scheme

- It is a national aim to offer citizens a high level of public services with equal standards in all parts of the country.
- A high degree of redistribution of income between municipalities and county authorities is achieved through the General Purpose Grant Scheme.
- Most of the grant scheme is distributed as a per capita grant, but in addition it is necessary with a equalisation of expenditure mechanism.
7 Supervision and control

In keeping with the independent responsibility of the municipalities, legislation emphasises the need for municipalities to establish routines for self-regulation. The municipal council is responsible for supervising the activities of the municipality. The municipal council has the right to demand reports and has a decisive word in all matters. It must also elect a special supervisory committee to oversee activities, and municipalities have to maintain stringent accounting systems.

Furthermore, municipalities are subject to rules involving state supervision and control. State authorities control the legality of the municipal councils’ fiscal resolutions only if they are registered in ROBEK (register for municipalities with economical problems). On its own initiative, the state can check whether other municipal decisions are legal, i.e., whether correct procedures have been followed, whether municipal bodies have kept within the bounds of their powers, and whether the content of resolutions conform to the letter of the law. Three or more members of a municipal council can demand that a municipal decision should be controlled by the state. However, state authorities cannot overrule a municipal resolution on political grounds.

The individual resident can also file complaints against municipal resolutions. The body that reviews such grievances is either a special state authority, the municipal council, or in some instances a special complaints committee appointed by the municipal council.
8 Consultations between Central government and The Norwegian Association of Local and Regional Authorities

The Norwegian Association of Local and Regional Authorities (in Norwegian Kommunesektorens interesse- og arbeidsgiverorganisasjon - KS) is a national member's association for municipalities, counties and public enterprises under municipal or county ownership.

There are ongoing contacts between the central and local government authorities on a number of specific issues on both administrative and political levels. An agreement on regular consultative meetings between the central government and local authorities was reached in February 2000 and consists of four meetings per year. These consultations provide a forum to discuss the framework for distribution of revenues in relation to the tasks carried out by the local governments, the financial situation of local government and efficiency measures.

9. Reporting and benchmarking

The local governments have freedom to prioritise, and to decide how to implement the services to make them fit the local conditions. But the national government still has the overall responsibility, and naturally wants a lot of information about how the local authorities are doing. This is necessary both in order to develop national policies and to control that every municipality keeps up with national standards.

The information system of reporting is called KOSTRA. All reporting from municipalities and counties are on an electronic basis as well as the publishing on input and output indicators on local public services and finances. The municipalities report according to the same standards and classifications. The system contains coherent information on resource allocation, services and user requirements.

Benchmarking between municipalities is an important aim of KOSTRA.

Publishing on internet includes a number of fixed indicators on the municipalities' priorities, productivity and coverage of needs. It is structured to enable comparisons of one municipality with the average for the comparable group, the region or the country. The publishing also includes a programme that enables the users to construct their own indicators.

Publishing on internet is done much earlier than before. Information on the past year is collected in February, and
the indicators are published on Internet in March. Only electronic tests check the reliability of the data. Statistics Norway publishes revised figures in June. The system makes benchmarking possible as a part of the management process. And timeliness is vital.