

The Committee's assessment of the current situation

In its mandate, the Committee is tasked with examining how generalist municipalities function today and assessing the municipalities' prerequisites and frameworks for being a generalist municipality in the welfare state of the future, as well as assessing the basis for having a system of generalist municipalities.

The Committee has described the prerequisites and contextual conditions for the system of generalist municipalities (Chapter 4), assessed how the municipalities fulfil their four roles as local democratic arena and actor, service provider, executive authority and community developer (Chapter 5), and highlighted key trends that will affect the municipalities' prerequisites in the future (Chapter 6).

In this chapter, the Committee assesses the current system of generalist municipalities and how developments will affect the system and the municipalities in the future.

Generalist municipalities are largely well functioning, but there are challenges

The Norwegian population is generally satisfied with their municipality. Good services are provided nationwide and local politicians and municipal employees work every day to develop their communities for the benefit of citizens and the business sector. At the same time, the Committee's review reveals that there are challenges.

The Committee has examined how the system of generalist municipalities works by assessing how the municipalities fulfil their four main tasks or roles. The Committee has conducted an assessment of statutory compliance in the municipalities. The Committee has also included other studies and assessment in the analysis of how the municipalities fulfil their task responsibilities.

The assessment of statutory compliance does not include the municipality as a democratic actor and arena, but the Committee has reviewed other sources that assess local democracy. In the Committee's view, we have an active and vibrant local democracy in Norway, with a high degree of legitimacy and confidence. At the same time, there are signs that confidence has declined over time, and a reduced local discretion affects the motivation and recruitment of elected representatives. In order to maintain and manage confidence, it is important to ensure that municipalities are able to respond to people's needs and provide high-quality services, and that the public administration is characterised by due process, integrity and transparency. If this ability is diminished, confidence in local democracy may be adversely affected.

Local democracy is dependent on an administration that can prepare and investigate cases, with clear alternatives and that shows what discretion the elected representatives have in any given proceedings. This presupposes that the municipalities have sufficient and relevant capacity and competence in the administration.

No municipality satisfies all statutory requirements, and there is considerable variation

On average, the municipalities fulfill more than 80 per cent of the statutory requirements included in the assessment of statutory compliance, which comprises 40 indicators. There is considerable variation between the municipalities' statutory compliance, and none of the municipalities fulfill all statutory requirements. It is favourable that the municipalities

generally deliver in line with the statutory requirements, but the Committee questions whether the municipalities are subject to too many statutory requirements when no municipality satisfies all requirements.

The municipalities have the highest levels statutory compliance for the requirements related to the role of service provider, with an average statutory compliance of 88 per cent. The municipalities mainly provide services to citizens in accordance with legislation, but there is a clear statistical correlation between statutory compliance and population size, which shows that there is a greater degree of statutory compliance the larger the municipality. All citizens are entitled to services from the municipalities that are in accordance with statutory requirements, and not receiving the services to which they are entitled can cause them considerable adverse consequences. As shown in Chapter 6, there is also a need for innovation and digitalisation of many services. This requires development capacity, which is in short supply in many municipalities.

The municipalities have an average statutory compliance of 83 per cent for requirements related to the role of executive authority. For this role, there is a clear statistical correlation between centrality and financial discretion and degree of statutory compliance. In order for the municipalities to comply with the requirement for sound administrative proceedings, the elected representatives and the administration must have the competence to correctly process cases. The role of executive authority requires, among other things, that the municipalities make use of legal competence.

If a municipality does not fulfill its role of executive authority, the due process of citizens may be compromised. The Committee believes it is important to ensure equal treatment of citizens and the business sector, and that the municipalities can show citizens and the media that decisions have been made in accordance with legislation.

The municipalities have the lowest levels of statutory compliance in relation to the role of community developer, with an average of 64 per cent statutory compliance. For this role, there is a clear statistical correlation between centrality and population size and the degree of statutory compliance. For the municipalities to be able to meet their own goals for the development of the municipality, as well as national expectations and goals, it is necessary to have a functioning planning system. Regional and spatial planning is the most important instrument which the elected representatives have to steer local community development in the desired direction. In the Committee's view, the fact that many municipalities do not comply with the requirements of the Planning and Building Act weakens local politics and democratic governance because they have a poorer basis for management and political decisions.

The municipal master plan, and especially the land-use component, is an important instrument available to the municipalities in order to manage land use and counteract adverse impacts on the environment and climate. Inadequate impact assessments can lead to weakening of the environment and climate, and ultimately have major consequences for civil protection and emergency preparedness.

There is considerable variation within the different groups of municipalities, which indicates that there are also other underlying and structural factors that contribute to explaining the municipalities' different degrees of statutory compliance. It is reasonable to assume that good governance is an important explanatory factor, which is also the conclusion in the Municipal Index discussed in Chapter 5.

Small rural municipalities face the greatest challenges

The assessment of statutory compliance shows that small and peripheral municipalities have greater challenges related to statutory compliance than municipalities that are larger and more centrally located. These municipalities also fare worse in other assessments of how the municipalities fulfil their tasks. Small municipalities often have small and vulnerable professional communities, and for many it is difficult to recruit and retain specialised competence. They also have little or no capacity to carry out development work, while the need for such work is increasing.

The variation in statutory compliance is greatest among the small and peripheral municipalities. The Committee interprets this to mean that some municipalities handle challenges related to centrality and size better than others. The Committee believes that good governance and management may be an important factor in this regard.

The population projections by Statistics Norway show that many small and peripheral municipalities that have experienced a population decline will continue this negative trend, and that several of these municipalities will also have a significantly older population. Therefore, in these municipalities, both the number and the proportion of working-age citizens will decline in the years to come, while at the same time they will have a greater number of elderly residents. This demographic development will create greater differences in the municipalities' prerequisites and contextual conditions. This will increase the pressure on the principle of generalist municipalities.

In Chapter 4, the Committee has shown that there are 163 municipalities that are small (fewer than 5,000 inhabitants) and peripheral (centrality levels 5 and 6). The Committee emphasises that not all small and peripheral municipalities have challenges with statutory compliance, but the probability increases the fewer citizens a municipality has and the less centrally located the municipality is.

142 of these municipalities have had a negative population development since 1990. Statistics Norway's population projections estimate that the negative population development will plateau, but the forecasts are nevertheless that 85 of the 142 municipalities that have experienced a decline will continue this negative trend leading up to 2050.

Some of the municipalities are located a considerable distance from the nearest neighbouring municipality. Of the small and peripheral municipalities (163), 61 municipalities (37 per cent) are defined as a separate housing and labour market region. This means that the municipality does not have a natural surrounding area from which they can source labour. There are 30 small rural municipalities that constitute a separate housing and labour market region, and which, according to the population projections, will continue to experience a population decline. This does not mean that *only* 30 municipalities are facing challenges, but these are municipalities where, among other things, interaction with neighbouring municipalities can be challenging.

There are many small and peripheral municipalities in Northern Norway. Small and peripheral municipalities represent between 71 and 78 per cent of the municipalities in Nordland, Troms and Finnmark. In Finnmark, 35 per cent of the citizens reside in such municipalities. For Nordland and Troms, this represents 23 per cent of its citizens. In these areas, there are considerable distances and challenging geographical and climate factors. Considerable distances to other municipalities can make it challenging to achieve both inter-municipal cooperation and mergers. In addition, there has been a significant population decline in large parts of the region.

As discussed in Chapter 5, there has been a strong economic development in Northern Norway in recent decades, but economic progress has not resulted in sustained population growth.

The municipality is often the only public sector actor in rural municipalities and, therefore, citizens have considerable expectations of it. At the same time, the assessment of statutory compliance shows that the municipalities in the counties in Northern Norway fare the worst, and the same trend is also seen in studies related to, for example, child welfare and planning. The population projections by Statistics Norway indicate that the negative population development in Northern Norway will continue, meaning that today's challenges will most likely be exacerbated.

The war in Ukraine has underlined the importance of a separate High North policy, and two current commissions will be examining in greater detail issues related to security and emergency preparedness in Northern Norway. The Defence Commission will submit its recommendations on 3 May 2023 and the Total Preparedness Commission will submit its recommendations on 5 June 2023.

The Committee believes it is important to have well-functioning municipalities in Northern Norway, to maintain settlement and value creation, and to safeguard sovereignty in the North. It is important for decision-makers to be aware of and understand that there are special prerequisites that present special challenges for generalist municipalities in this part of the country.

Statutory requirements that require specialised competence and interdisciplinarity are particularly challenging

The assessment of statutory compliance concludes that the municipalities face the greatest challenges in fulfilling statutory tasks that require specialised competence and interdisciplinary specialist environments. Supervision and planning requirements are the two areas where municipalities face the greatest challenges in fulfilling statutory requirements. County governors and municipalities interviewed by Menon as part of the assessment of statutory compliance emphasise that child welfare, as well as substance abuse and mental health, are challenging areas for many municipalities, and that these services require a certain size to safeguard requirements for quality and necessary distance in individual cases.

In Committee's assessment, the review shows that most municipalities generally manage the services with close proximity to citizens well. However, there are considerable challenges associated with the areas that require specialised competence and interdisciplinarity, especially in small municipalities.

This can have adverse consequences for citizens, the business sector and the local community. For example, a lack of professional environment and interdisciplinarity in child welfare, substance abuse and mental health can lead to poor follow-up, particularly of vulnerable groups.

Large municipalities and municipalities experiencing population growth also face challenges

Large municipalities also face challenges with statutory compliance in certain areas, but the overall situation is nevertheless that larger and central municipalities have a greater degree of statutory compliance than other municipalities.

Several larger municipalities, and municipalities that function as a regional centre, perform a number of tasks for the municipalities in their surrounding area. An assessment of the role of major cities in the system of generalist municipalities shows that major cities assume the roles of community developer, service provider and professional developer, beyond municipal boundaries.¹ The assessment shows that the extent to which the various major cities undertake these roles varies.

The Committee's impression, based on comments from, among others, the *storbynettverket* [a network of major cities], is that larger municipalities perceive themselves as *guarantors* of the system of generalist municipalities. Larger municipalities with many collaborations with surrounding municipalities spend a lot of time on cooperation, and may wish to reduce time and resources spent on managing inter-municipal cooperation. This may lead them to prefer forms of cooperation that involve the least possible involvement of the other municipalities. Often, a consequence of less time and resources spent on cooperation on the part of the host municipality will be that the partner municipalities have a reduced opportunity to exert influence. Some municipalities state that they perform so many tasks for neighbouring municipalities that they could just as easily assume formal responsibility for them.

The assessment of the role of major cities in the system of generalist municipalities shows that both the major cities and the partner municipalities believe there are three types of challenges in the cooperation; equivalence, local discretion and costs.²

Several of the largest municipalities are both willing and able to assume more tasks than they currently have. This also puts pressure on the principle of generalist municipalities. Because small and peripheral municipalities do not have the capacity to assume responsibility for additional tasks, large municipalities cannot be assigned additional tasks. Thus, the large municipalities are not able to utilise their potential by carrying out additional tasks.

Municipalities experiencing rapid population growth often face challenges related to the development of services, social infrastructure such as schools and kindergartens, and planning for additional housing and commercial development, while safeguarding nature and agricultural interests. In many growth municipalities, rapid development of social infrastructure results in the municipalities incurring large amounts of debt, which in the long term poses challenges to the operating budget. The increase from a very low interest rate level in recent years to a more normal interest rate level will increase the pressure on municipalities with high levels of debt.

In several parts of the country, population and communication trends have changed the functional areas of community development.³ As a result, municipal boundaries in several places, particularly in and around larger cities, divide contiguous residential and commercial areas. This division creates a need for coordination between municipalities in order to put in place appropriate land-use and transport solutions, and several municipalities lack the land to do so.

Insufficient capacity and competence are the main causes of the challenges

The Committee believes that the most important reason for the municipalities' challenges is a lack of necessary capacity and competence. It is challenging for all municipalities to obtain

¹S. Blåka, Brandtzæg, Leknes, and Magnussen (2023)

²S. Blåka, Brandtzæg, Leknes, and Magnussen (2023)

³Expert Committee for Municipal Reform (2014a)

sufficient capacity and necessary competence in certain professions, because there is a shortage of such competence, nationwide. For small and peripheral municipalities, it is also challenging to establish attractive professional communities and full-time positions, and it is therefore particularly challenging to recruit and retain the necessary competence. Many municipalities also compete with each other for the same available competence.

As we have seen in Chapter 5, a lack of competence and capacity is highlighted by the county governors as the reason for a lower degree of statutory compliance in small and peripheral municipalities. Other assessments and studies also show that there are challenges in obtaining sufficient and appropriate competence and capacity.

Comments to the Committee, both from chief municipal executives and mayors, confirm this observation. Many have clearly stated that it is very challenging for a small municipality to fulfill all statutory requirements. Many municipalities are completely dependent on inter-municipal cooperation to manage the scope of statutory tasks. Considerable distances, both between citizens and between municipalities, make it more challenging for some municipalities to implement good services and well-functioning cooperation.

Recruitment of health personnel is a challenge for all municipalities. In their comments to the Committee, several mentioned that the municipalities compete with one another and with the hospitals (where there is closer proximity to hospitals) for the same health personnel. It is also noted that there is an increasing need for more specialised competence in health, as well as in areas such as substance abuse and mental health, child welfare, planning, climate and the environment and the technical sector. Several mention that the lack of a professional environment is a major challenge. It is difficult to recruit when the conditions are so small that there is no professional environment, or full-time positions are not feasible.

Little or no capacity in the administration is also a challenge. This affects the ability and opportunity to work on the development of the municipality. Both development of the services through innovation and professional development, and community development, through both planning and business development, require development capacity in the administration. Many of the challenges facing municipalities require a high level of competence, but also room to engage in innovation. In addition, it is a problem if there is not enough competence and capacity in the municipalities to create a good basis for decision-making for the municipality that identifies and shows the discretion available to the municipalities. This may limit politicians' ability to prioritise and make good decisions, which in turn may weaken the possibilities for democratic governance.

The Health Personnel Commission shows that the proportion of all employees in Norway working in the health and care services has tripled from the early 1970s, to over 15 per cent in 2021. In actual numbers, the growth in the number of employees in the health and care services has more than tripled during the same period.

Furthermore, the Commission notes that there is already a health and care sector staffing crisis in many municipalities. The Commission notes that it has become noticeably more difficult for municipalities to recruit health personnel in recent years, particularly regular general practitioners and nurses. At the same time, it is also a challenge to retain those who already work in the municipality.

These challenges will increase in the future

Challenges related to demographics, financial discretion, skills shortages and other societal challenges will affect the entire public sector and all municipalities. Today's municipalities

have very different prerequisites for addressing with these challenges. These inequalities will increase in the future as a result of the challenges related to demographics, financial discretion and skills shortages, among other things.

In the future, population growth will continue to primarily occur in the large and central municipalities. In all municipalities, the ratio between elderly persons and persons of working age will change and result in a need for challenging adjustments. For municipalities with a declining population, an increasing imbalance between elderly and working-age citizens will be particularly challenging. This primarily applies to many small and peripheral municipalities. 40 per cent of the municipalities will experience population decline, and this primarily applies to small rural municipalities. At the same time, there will be fewer people of working age and more residents over the age of 67. This affects the public sector economy as there will be fewer people paying taxes and more people in receipt of public benefits. It also means that there will be fewer people available to care for those over the age of 67.

The Perspective Report notes that we are approaching a period in which growth in National Budget revenue is expected to slow down, while growth in expenditure on pensions and health and care, partly as a result of an increase in the number of elderly persons, will continue to increase. This means less discretion in future public sector budgets. The annual financial discretion for the local government sector, as a whole, will therefore probably also have to be reduced.

Other challenges, such as climate change, digital transformation, greater requirements for civil protection and emergency preparedness, and pressure on democracy will also affect all municipalities, but will in many cases require capacity and competence, to which small rural municipalities have less access.

In order to solve both statutory and other tasks going forward, and to be able to drive the development of the municipality in the desired direction, access to relevant competence and sufficient capacity is a necessary prerequisite. Small and peripheral municipalities face greater challenges today than other municipalities in fulfilling statutory requirements. Demographic developments will to a greater extent affect small municipalities than large municipalities in terms of prerequisites for providing services and local community development. In addition, the municipalities are facing major societal challenges that must be solved locally or in collaboration with other actors. This requires that the municipalities also have development capacity internally within the organisation.

There are many factors that can affect access to capacity and competence in a rural municipality, such as housing policy, rural policy instruments, access to education and jobs. For example, housing policy is of great importance for community development and the business sector and the opportunity to recruit employees to a municipality. The consequences of limited or absent housing construction, and a one-sided provision of housing, mean that it can be difficult for different groups to establish themselves in a municipality even if there are available jobs.

Inter-municipal cooperation and the procurement of services is a necessary and appropriate part of the system of generalist municipalities

The municipalities have considerable freedom to cooperate with other municipalities to solve tasks. Both large and small municipalities solve tasks through inter-municipal cooperation and the procurement of services, as discussed in chapters 4 and 5.

The Committee believes that inter-municipal cooperation is a necessary and appropriate part of the system of generalist municipalities. In many cases, cooperation is essential to fulfilling

its responsibilities as a generalist municipality. Inter-municipal cooperation yields major benefits for the municipalities. It leads to increased competence and capacity, and facilitates efficient operation of the services and better services for citizens. This is supported by studies that quite clearly draw the conclusion that inter-municipal cooperation is a way of increasing the quality of services. The vast majority of municipalities the Committee has been in contact with emphasise that the advantages of inter-municipal cooperation clearly outweigh the disadvantages.

There are also challenges associated with inter-municipal cooperation. Many have provided comments to the Committee stating that inter-municipal cooperation complicates democratic governance. The Committee believes that inter-municipal cooperation can be governed both politically and administratively, but that governance must be different from traditional, hierarchical governance within a municipality. This requires knowledge and resources, both among politicians and in the administration. Furthermore, inter-municipal cooperation can lead to earmarking of funds for the cooperation, and prevent an ongoing prioritisation in the municipal council. Such ties may complicate necessary cooperation and coordination between different services that are structured inter-municipally and within the municipality's own organisation, respectively.

Establishing and operating cooperation also requires resources. The principle that cooperation is voluntary can lead to resource-intensive negotiations between the municipalities, because it is always possible to withdraw from the cooperation and find new partners. Municipalities that seek cooperation are also dependent on other municipalities being willing to cooperate. Some municipalities may find that they spend a lot of time and resources on cooperation that only benefits the other municipalities.

For many small municipalities, the procurement of services or inter-municipal cooperation is essential in order to fulfill statutory requirements. It is not realistic for the smallest municipalities to carry out some of the tasks assigned to the municipalities themselves. As long as the municipal structure consists of a number of smaller municipalities with today's comprehensive task responsibilities, inter-municipal cooperation will be a necessity for many municipalities. The Committee believes that the current system of generalist municipalities would not have functioned without inter-municipal cooperation and the procurement of services.

It is difficult to imagine a municipal structure that is ideal for all types of tasks. Thus, regardless of municipal structure, there will always be tasks that the municipalities can solve better or more efficiently in collaboration.

The municipalities cooperate extensively on, among other things, specialised and competence-intensive services that have few users in each municipality, as well as technical services. In other areas where there is less cooperation, the municipalities could benefit from cooperating more, such as in the area of planning.

The Committee has discussed whether there is a limit to how many tasks a municipality can delegate to inter-municipal cooperation before the municipality is no longer a generalist municipality. The Committee's conclusion is that there is no such limit as long as the municipality still retains responsibility for the task, and municipalities do not have the opportunity to waive responsibility for a statutory task. Studies also show that a relatively small proportion of municipal tasks are performed inter-municipally. The most resource-intensive tasks such as schools and health and care services are largely carried out within the municipalities' own organisation.

An important part of municipal self-government is that the municipalities themselves can choose how they want to organise their own activities. Nevertheless, the Committee notes that in municipalities that, due to lack of capacity and competence, have no choice but to cooperate with other municipalities, it may be questioned whether the municipal council's freedom to organise the municipality's operations as it sees fit remains intact. This is reinforced the more comprehensive necessary cooperation a municipality has in relation to statutory tasks.

Comprehensive state governance reduces the generalist municipalities' necessary discretion

As discussed in Chapter 4, the scope of state governance of the municipalities has increased. The municipalities have been assigned increasingly comprehensive tasks, and citizens have been given more rights that the municipalities are obliged to fulfil. The fact that the municipalities have been given an increasingly important role as the party responsible for welfare services to citizens has led to closer integration between State and local government, and increased state governance.

The municipalities are responsible for large welfare services that voters have expectations of, and that national politicians are concerned about. This helps to reinforce interest in governing how services are to be provided. There are good intentions behind each individual requirement, such as better quality and more equal services. Nevertheless, it is important to consider whether detailed regulation is suitable for achieving these goals, and whether the overall pressure of governance directed at the municipalities is too great.

Legal and financial framework steering is a key principle for state governance of the municipalities. Detailed requirements for how municipalities are to provide services, such as the establishment of quantified staffing standards, compromise local discretion and weaken the ability of elected representatives to prioritise resources efficiently in line with local conditions, wants and needs. Thus, the principle of framework steering is eroded.

The Committee has received many comments from municipalities stating that detailed requirements affect the municipalities' ability to adapt services to local needs. This is explained by the fact that detailed requirements tie up resources and prevent the municipality from using resources in that manner, and where the municipality believes they will be most beneficial, both within the same service or in other service areas. Requirements for student–teacher ratio in schools have specifically been described as a form of detailed governance that prevents the municipalities from using resources appropriately. Developments such as tighter municipal finances and more elderly citizens requiring expensive services are likely to increase the challenge of balancing local adaptation and detailed State requirements.

The Committee believes that the overall pressure of governance on the municipalities is too great. The Committee refers to the principle of proportionality, which holds that municipal self-government should not be limited more than is necessary to safeguard national objectives, and that governance must be suitable for achieving the purpose in question. The sum of all requirements reduces discretion, impairing the opportunity to prioritise independently based on local knowledge. The Committee believes that this is a threat to the generalist municipalities' ability to prioritise between tasks based on political priorities in the municipal council. Detailed state governance also makes involvement in local politics less appealing, a development the Committee believes gives cause for concern.

The municipalities need not only financial resources to solve tasks, but also competence, and increasingly specialised competence, development capacity and more interdisciplinarity. Additional statutory requirements do not result in increased prerequisites for solving tasks. More acts and regulations on staffing and competence do not mean that municipalities can more easily obtain such competence. Restrictive governance of the structuring of services and staffing and competence requirements also reduces the municipalities' opportunities to adapt services to local needs and conditions, and to engage in innovation.

Several reports note that the scope of acts, regulations and guidelines is so comprehensive that the municipalities are unable to relate to them all. The Committee believes it is unfortunate that there is no updated overview of all the statutory requirements to which the municipalities are subject.

Financial discretion is important for the municipalities' ability to function as generalist municipalities

In order for the municipalities to function as generalist municipalities and to be able to fulfil the comprehensive responsibilities assigned to them, the municipalities must have a sufficient and predictable financial discretion. According to the funding principle in the Local Government Act, municipalities and county authorities should, within the frameworks of national economic policy, have local government revenue that allows for financial discretion.

The aim of the revenue system is to enable all municipalities to offer citizens equal and good municipal services by finding efficient and locally based solutions. A redistributive revenue system is essential for the current system of generalist municipalities. At the same time, even after redistribution in the revenue system, there are considerable differences in the financial framework conditions between municipalities, which has a major impact on some municipalities.

The assessment of statutory compliance shows that financial discretion has an impact on the degree of statutory compliance. However, financial discretion matters less for statutory compliance than population size and centrality, and improved finances cannot fully compensate for the consequences of centrality and size.

Small and peripheral central municipalities fare worse both in terms of statutory compliance and in other assessments of the state of the municipal sector. At the same time, on average, small municipalities have higher local government revenue per capita than large ones. However, the small municipalities have relatively small budgets, which means that they have challenges in funding full-time positions and establishing professional communities. Small budgets also increase vulnerability to changes in revenues and service needs. As shown in Chapter 6, population decline is a challenge faced by many small municipalities, and population decline results in declining revenues. Declining revenues and changes in the composition of the population, with an increased number of elderly persons, also entail a need for changes to the provided services. For some municipalities, it will be necessary to reprioritise resources from services for children and young people to services for the elderly.

There has been a large increase in local government revenue in recent decades. This must be viewed in the light of the fact that the phasing in of petroleum revenues has given us considerable discretion to expand the provision of public services. We currently have a revenue system the purpose of which is to even out the involuntary differences in expenditures between the municipalities, partly as a result of differences in age composition.

If the local government sector as a whole is not given priority, so that it is at least compensated for additional expenses resulting from population changes, it will be more difficult for the low-income municipalities in particular to be able to fulfill the comprehensive responsibilities assigned to the generalist municipalities. This applies not only to small and peripheral municipalities, but also to larger municipalities in more central areas.

The Committee believes that all municipalities must have the opportunity to provide equal services, and must therefore have equal financial prerequisites and the opportunity to prioritise based on local needs. Quantified staffing standards set by the Storting and the Government reduce the ability of populous and low-income municipalities in particular to prioritise preventive measures, education and business development, as well as invest for the future in necessary initiatives for digitalisation, competence development for employees and good governance.

The system of generalist municipalities is under increasing pressure

Today's municipalities are very different in terms of population size, population development, distances and centrality, and therefore have different prerequisites for fulfilling their functions as generalist municipalities.

The system of generalist municipalities is a unified national governance system for generalist municipalities based on the principle of generalist municipalities. The Committee's assessment of the system of generalist municipalities is based on assessments related to the generalist municipalities, the fact that the municipalities have a broad and overall responsibility for tasks, and the principle of generalist municipalities, which states that all municipalities have the same responsibilities for statutory tasks.

Today, the municipalities have a very *broad and complex task responsibility*. Tighter financial frameworks are expected for the municipalities, and this may lead to discussions about the limits of public responsibility and the breadth of the municipalities' portfolio of responsibilities.

Municipal councils are currently assigned the *overall task responsibility*, including the overarching and general responsibility for overseeing the activities of the municipality. More detailed state governance and earmarking of resources for specific sectors weaken the municipal council's ability to view tasks in context, and to prioritise between different needs and sectors. In the Committee's view, the considerable and exceedingly complex societal problems in the years ahead require a comprehensive assessment and governance, where *responsibility* is gathered in one place, so that the sectors do not become complacent.

All Norwegian municipalities, with very few exceptions, currently have the same responsibilities for their statutory tasks, regardless of population size, settlement structure, economy or other characteristics. In general, the municipalities fulfill their statutory requirements. No municipality fully complies with all statutory requirements, and there is considerable variation in statutory compliance. The municipalities face the greatest challenges in fulfilling statutory tasks that require specialised and interdisciplinary professional communities. Small rural municipalities with relatively little financial discretion have the greatest challenges in solving their statutory tasks. Improved financial discretion can, to some extent, but not fully, compensate for centrality and size. The Committee believes that it will

be more challenging to maintain a system of generalist municipalities, where all municipalities have the same responsibilities, if there are greater differences in the municipalities' ability to fulfil these responsibilities. The Committee believes it should be noted that it is important for small, rural municipalities to work on community development. However, at the same time, they will have the greatest challenges in fulfilling the requirements for regional and spatial planning.

The Committee believes it is a problem that particularly small and peripheral municipalities have challenges in fulfilling statutory requirements. When the municipalities have challenges in fulfilling their tasks, this entails, among other things, that citizens do not receive the services to which they are entitled, and the municipalities will have a reduced ability to function in the best interests of the citizens, the local community and the business sector.

The lack of access to competence and capacity is the main reason for inadequate fulfilment of task responsibility. In particular, this applies to competence for solving highly specialised tasks, as well as tasks that require interdisciplinary efforts and capacity to engage in the development of services and community development.

The Committee believes that the current situation will become more challenging in the future. The municipalities and Norwegian society are facing challenging societal changes, such as demographic changes, tighter public finances, the climate and environmental crisis and intensified needs for civil protection and emergency preparedness. Citizens have high expectations, and the State sets increasingly stringent requirements for how tasks are to be solved. At the same time, access to competence and labour will become more challenging, nationwide. The Health Personnel Commission has painted a clear and serious picture of the situation in the health and care sector, if the necessary measures are not implemented.

In the Committee's view, inter-municipal cooperation and the procurement of services are both necessary and appropriate to fulfil task responsibility and the system of generalist municipalities would not function without this. At the same time, there are certain disadvantages associated with inter-municipal cooperation compared to solving tasks within the framework of a municipality. The disadvantages are related to both governance and operation. Municipalities that want and need cooperation are dependent on municipalities wanting to cooperate with them, and there is a certain vulnerability in the system if municipalities, often larger municipalities with capacity and competence, no longer wish to cooperate with smaller municipalities.

Tighter national economic frameworks will affect allocations to the local government sector, and in combination with population decline and an increased need for care due to the growing elderly population, this will increase the pressure on many municipalities. Therefore, it is important to have a redistributive revenue system. In addition, increased state governance and pressure on democracy challenge democratic governance in generalist municipalities.

The Committee believes that the system of generalist municipalities is under increasing pressure. This is mainly due to the fact that it becomes more challenging for all municipalities to fulfil the same responsibilities when the differences between the municipalities' prerequisites become greater. None of Norway's municipalities fulfill all statutory requirements. The Committee believes that the main challenge in today's system of generalist municipalities is that particularly small and peripheral municipalities have challenges in fulfilling statutory requirements. The potential for increasing the degree of statutory compliance is greatest for small rural municipalities. At the same time, many small municipalities are experiencing population decline, an increasing proportion of elderly persons, fewer persons of working age and a lack of competence. Therefore, there is reason to believe that the prerequisites for small rural municipalities to fulfill the statutory task

responsibilities may gradually deteriorate, particularly for statutory tasks that require specialised and interdisciplinary professional communities. This puts pressure on the principle of generalist municipalities on which the current system is based; that all municipalities have the same responsibilities.

The Committee believes that there is a need for measures to strengthen the municipalities' prerequisites and ability to fulfil their statutory task responsibilities and to make them better equipped to face future challenges. In the following chapters, the Committee will discuss various measures that can contribute to reducing the challenges identified by the Committee.