Kaisa Lähteenmäki-Smith et al.

Local and Regional Reform Processes in Norden

Kuntaliiton
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Foreword

This report introduces the findings of a project that sought to provide the Finnish Association of Local and regional Authorities with both an inspirational and a comparative perspective on the reform processes currently ongoing in the regional administration sectors of Sweden, Denmark, and Norway. Our aim has been to illustrate these processes, to highlight their motivations and dynamics and to discern and distil what it is that can be usefully learned from them by the Finnish local authorities as they struggle to come to terms with the need to reform the Finnish local and regional authority structure and in particular their service provision models.

The team involved in the project included Kaisa Lähteenmäki-Smith, who was the project leader and Margareta Dahlström, Jon Moxnes Steineke and John Jørgensen, who acted as 'country *rapporteurs*'. Susan Brockett and Jon P. Knudsen also provided additional comments on the text. Kaija Majoinen, from the Association of Local Authorities, provided valuable project support from the Finnish side, as did the project's steering group, and the participants in discussions during the "Seutufoorumi" held in Jyväskylä on November 2005, where the project's initial findings were reported.

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Tiivistelmä

Kaikissa pohjoismaissa toteutetaan tai selvitetään kunta- ja aluerakenteen uudistuksia. Käsillä olevassa tutkimuksessa tarkastelun pääpaino on Ruotsin, Tanskan ja Norjan uudistusprosesseilla. Kunta- ja aluerakenneuusitustarpeet nousevat väestönkehityksestä, julkisiin palvelujen kohdistuvista haasteista ja tehokkuus- ja tuloksellisuuspaineista. Kaikissa tarkastelluissa maissa vallitsee yhteisymmärrys siitä, että rakenneuudistuksia tarvitaan. Uudistusten toteutusmuoto riippuu poliittisista näkemyksistä ja arvoperustasta, samoin kuin maantieteellisistä ja toiminnallisista olosuhteista. Samoilla linjoilla ollaan etenkin prosessin edistämisestä ja toteuttamisesta ja siitä, millaisia voisivat olla hyvät käytännöt. Samalla nähdään rajoitteita sille, mitä voidaan kopioida muiden kokemuksista ja käytännöistä: hyvät käytännöt toimivat inspiraation lähteenä, mutta niitä ei voida suoraan kopioida muihin maihin. Tärkeää on synnyttää keskustelu- ja valmisteluprosessi, jossa kunnat kokevat, että heillä itsellään on ohjat kädessä. Vaikka tarve laajapohjaisemman toiminnallisen kuntarakenteen aikaansaamiseksi on yhteisesti hyväksytty, ratkaisut sen synnyttämiseksi voivat olla hyvin erilaisia.

Tanskan uudistuksessa pohjoismaiden voimakkaimman aluehallinnon omaavasta järjestelmästä muokataan voimakkaimmin paikallistettu. Maakuntatasoa vastaavalla amt-tasolla alueyksikköjen määrä vähenee kolmestatoista viiteen ja kuntien määrä 271:stä 98:een. Tämän myötä poliittisesti vastuullisten yksikköjen koko kasvaa merkittävästi. Kunnallista itsehallintoa ja kansalaisnäkökulmaa pyritään vahvistamaan tuomalla mahdollisimman suuri osa palveluista paikallistasolle.

Vapaaehtoisten kuntaliitosten nopea toteutus on herättänyt hämmennystä kaikissa pohjoismaissa: mikä on mahdollistanut tällaisen toimintamallin, joka näyttää ennenkuulumattoman ylhäältä johdetulta? Vastauksena voidaan nostaa esiin osin pakottava tarve, joka mahdollisti kuntatason ja hallituksen välisen yhteisymmärryksen.

Uudistukset niin Tanskassa kuten muissakin pohjoismaissa edellyttävät ennen muuta tehtäväpohjaista oikeutusta: mikä yksikkö on sopivin suunnittelun, rahoituksen, palvelun saatavuuden ja toiminnan logiikan kannalta? Ruotsissa, Tanskassa ja Norjassa tähän on haettu vastuksia laajoilla tutkimus- ja selvitystöillä, joilla ollaan sekä laajennettu tietopohjaa uudistuksia toteuttavissa organisaatioissa että synnytetty keskustelua ja uudistuksien vaatimaa

dynamiikkaa, jolla muutosvastarintaa on saatu heikennettyä. Lähtökohtana on ollut toiminnallinen alue eri palvelujen näkökulmasta

Uudistuksia toteuttavien organisaatioiden luoma avoin keskustelu ja oma sitoutuminen nähdään myös tärkeinä edellytyksinä uudistusten toteuttamiselle. Näissä on keskitytty erityisesti tehokkuuteen, tuloksellisuuteen ja laatuun palveluntuotannossa, samoin kuin etäisyyksiin ja kunta- ja aluekokoon ja toiminnallisten alueiden laajentamiseen. Myös identiteettikysymyksiä on huomioitu.

Selkeys ja läpinäkyvyys nähdään kansalaisten näkökulmasta tärkeimpinä. Tanskan uudistuksessa on lähdetty siitä, ettei hallinnon monimutkaisuus johtaisi 'harmaiden alueiden' olemassaoloon tai hallinnollisiin päällekkäisyyksiin, vaan hallintomalli olisi selkeä jokaisen palvelunkäyttäjän näkökulmasta. Mitä monimutkaisempi hallintojärjestelmä on, sitä tärkeämpää on löytää yksinkertaisesti toteutettavissa oleva ratkaisu.

Tanskassa on myös tukeuduttu tutkimustuloksiin, joiden mukaan kuntakoolla ei merkitystä demokraattisuuden kannalta: suuret kunnat eivät välttämättä ole sen epädemokraattisempia kuin pienetkään. Tanskan uudistusta helpottaa suhteessa Suomeen, Norjaan tai Ruotsiin maan pieni koko: etäisyydet ovat merkittävä tekijä palveludemokratian näkökulmasta ja tätä ei hallinnollisin uudistuksin voida muuttaa. Henkisten etäisyyksien vähentäminen erilaisten kuntien välisten ja seudullisten yhteistyö- ja palvelutuotantomallien kautta on sen sijaan prosessi, joka on menossa kaikissa pohjoismaissa.

Kaikkien tarkasteltujen maiden kohdalta voidaan todeta, että kunta- ja aluerakennetta uudistettaessa ei tule tarkastella vain kansalaisten luottamusta kuntiin ja kuntademokratiaan, vaan myös kuntien luottamusta itseensä. Uudistukset tulisi toteuttaa siten, että tämä myös taataan. Prosessiin sitoutuminen sopimuspohjaisten ratkaisujen kautta ja uudistuksissa kuntatoimijoita edustavien ja valtauttavien toimijoiden (ml. kuntaliittojen), samoin kuin selvitys- ja tutkimusperustan rooli ovat tässä suhteessa merkittävä.

Resumé

Kaisa Lähteenmäki-Smith et al. (2006): **Kommunala och regionala strukturreformer i Norden. Acta 181.** Finlands Kommunförbund. Helsingfors.

I alla nordiska länder genomförs eller utreds kommun- och regionstrukturreformer. Denna undersökning fokuserar på reformprocesserna i Sverige, Danmark och Norge. Behovet av strukturreformer beror på befolkningsutvecklingen, utmaningarna inom de offentliga tjänsterna och kraven på effektivitet och resultat. I samtliga undersökta länder är man överens om att strukturreformer behövs. Hur reformerna genomförs beror på de politiska åsikterna och värdegrunden, de geografiska förhållandena och verksamhetsbetingelserna. Linjen är rätt enhetlig särskilt när det gäller främjande och genomförande av processen och uppfattningen om vad som kunde vara god praxis. Samtidigt ser man begränsningar i vad som går att kopiera av andras erfarenheter och praxis: god praxis kan fungera som inspirationskälla, men kan inte kopieras som sådan av andra länder. Det är viktigt att skapa en diskussions- och beredningsprocess, där kommunerna upplever att de själva håller i tyglarna. Även om man gemensamt godtagit att det behövs en bredare funktionell kommunstruktur, kan lösningarna för en sådan vara mycket olika.

I Danmark, som har den starkaste regionala förvaltningen i Norden, utformas nu ett starkt lokalt system. På amt-nivån, som motsvarar våra landskap, minskar antalet regionala enheter från tretton till fem och antalet kommuner minskar från 271 till 98. I och med detta blir de politiskt ansvariga enheterna betydligt större. Man försöker stärka den kommunala självstyrelsen och medborgarperspektivet genom att överföra en så stor del av servicen som möjligt till lokalplanet.

Det snabba genomförandet av kommunsammanslagningar på frivillig väg har väckt förundran i alla nordiska länder: vad har möjliggjort detta tillvägagångssätt, som verkar så otroligt toppstyrt? Som svar på frågan kan sägas att det delvis var ett tvingande behov som möjliggjorde samförstånd mellan kommunerna och regeringen.

Såväl i Danmark som i de övriga nordiska länderna förutsätter reformerna framför allt ett berättigande som utgår från uppgifterna: hurdana enheter lämpar sig bäst med tanke på planering, finansiering, servicetillgänglighet och verksamhetslogik? Sverige, Danmark och Norge har sökt svar på frågan genom ett omfattande forsknings- och utredningsarbete. Med hjälp av detta har man breddat kunskaperna inom de organisationer som genomför reformerna, väckt diskussion samt framkallat den dynamik som reformerna kräver och därigenom

dämpat motståndet. Utgångspunkten har varit funktionella områden för de olika tjänsterna.

Viktiga förutsättningar för reformerna anses också vara att de organisationer som genomför dem skapar en öppen debatt och engagerar sig. Man har fokuserat särskilt på effektivitet, resultat och kvalitet i serviceproduktionen, avstånd, kommun- och regionstorlek och större funktionella områden. Också identitetsfrågorna har beaktats.

Med tanke på medborgarna ses det som väldigt viktigt att verksamheten är klar och transparent. Utgångspunkten i den danska reformen är att förvaltningen inte ska vara invecklad, vilket kan ge upphov till "gråzoner" eller överlappningar i förvaltningen. Förvaltningsmodellen ska vara tydlig ur varje servicetagares perspektiv. Ju mer invecklat ett förvaltningssystem är, desto viktigare är det att komma på en lösning som är enkel att genomföra.

I Danmark har man också hänvisat till forskningsresultat enligt vilka kommunstorleken saknar betydelse för demokratin: stora kommuner är inte nödvändigtvis mer odemokratiska än små. Den danska reformen underlättas av att landet är litet jämfört med Finland, Norge eller Sverige. När det gäller servicedemokrati är avstånden en viktig faktor som inte går att ändra genom administrativa reformer. Att minska de mentala avstånden genom olika mellankommunala och regionala samarbets- och serviceproduktionsmodeller är däremot en process som är på gång i alla nordiska länder.

Gemensamt för alla de undersökta länderna är att man vid en strukturreform inte bara måste granska medborgarnas förtroende för kommunerna och den kommunala demokratin, utan också kommunernas tilltro till sig själva. Reformerna borde genomföras så att också detta garanteras. Det är viktigt att skapa engagemang för processerna genom avtalsbaserade lösningar. I detta sammanhang har de instanser (bl.a. kommunförbunden) som representerar de kommunala aktörerna stor betydelse. Forskning och utredningar spelar likaså en viktig roll.

Summary

Kaisa Lähteenmäki-Smith et al. (2006): **Local and Regional Reform Processes in Norden. Acta 181.** Association of Finnish Local and Regional Authorities, Helsinki.

All of the Nordic countries are currently either implementing or contemplating the reform of their local and regional structures. In the research work carried out here, focus is placed on the ongoing reform processes in Sweden, Denmark, and Norway. The driving force for reform of these local and regional structures stems from the basic problems related to questions of population growth, and in particular, to the linked challenges of equity and efficiency in public service provision levels as well as issues of productivity in the public sector. In all of the countries studied, the common understanding prevails that structural reform is needed. In what particular form such reforms are to be implemented depends however on the mix of political viewpoints and values existing at the national level, as well as on the geographical and functional circumstances involved. The same lines are being followed, particularly concerning advancement and implementation of the process and the identification of 'best practices'. At the same time, limits can be identified in terms of what can fruitfully be copied from the experiences and practices of others: 'best practices' work as a source of inspiration, but cannot be directly copied from other countries. It is therefore important to create a process of dialogue and preparation, in which local and regional authorities actually feel that they continue to maintain hold of the reins. Although the need to bring about a functional local authority structure with as broad a base as possible is commonly accepted, the means for its creation can often be very different.

In the reform process in Denmark, the system that once embodied the strongest form of *regional* administration in the Nordic countries is being transformed into that with the strongest level of *localisation*. At the provincial level, the number of regional units is being reduced from 13 to 5 and the number of local authorities from 271 to 98. Through this process, the size of politically responsible units will grow significantly. The aim is to strengthen municipal autonomy and the citizens' perspective by bringing as large a proportion of services as possible down to the local level.

The rapid implementation of this voluntary merging of municipalities has been the cause of significant interest in the other Nordic countries: what has made such an operational model possible, particularly as it is one that seems to be controlled from above to an unprecedented degree? In answering this

question, we could highlight the pressing need to ensure that a common understanding and commitment of the objectives of the reform is developed between local and national government.

Reform in Denmark, as in the other Nordic countries, above all requires task-based authorisation: what unit is most suitable from the point of view of planning, funding, and service provision? Sweden, Denmark, and Norway have sought answers to this conundrum by conducting extensive research programmes and setting up public committee processes. The objective here is to create and expand the knowledge base in the organisations carrying out such reforms, while fuelling discussion and encouraging the dynamic factors required to bolster them. In this way, resistance to change has been weakened.

The open discussion created by organisations carrying out these reforms, as well as their own levels of commitment, are also seen as important prerequisites for the implementation of such reforms. These relate in particular to questions of efficiency, productivity, and quality in service provision, and to distance, the size of municipalities and regions, and the expansion of functional areas. Questions of identity have also been taken into account here.

From a citizens' point of view, clarity and transparency are seen as being of the utmost importance. The specific reform approach in Denmark was initiated because it was felt that the administrative complexity of the previous system tended to lead to the existence of 'grey areas' and unnecessary administrative overlap. The more complex an administrative system, the more important it is to ensure that it be easily implemented.

Denmark has also relied on research results, according to which the size of a municipality has no major significance as far as democracy is concerned: small municipalities are not necessarily more democratic than large ones. Reform in Denmark is made easier by the small size of the country in relation to Finland, Norway and Sweden: distances are a significant factor from the point of view of service democracy and this cannot be changed by administrative reform. Instead, the shortening of mental distances through the promotion of various forms of inter-municipal and regional co-operation and new service provision models is a process that is now taking place in all of the Nordic countries.

As far as the countries examined herein are concerned, it can be shown that in the reform of local and regional structures, it is not only the confidence of citizens in local authorities and local democracy that should be scrutinised, but also the confidence of the local authorities *in themselves*. Reforms should be carried out in such a way that this is also guaranteed. Commitment to the process through contract-based solutions, actors (including local authority associations) representing and authorising municipal bodies in the reform process, and the role of the study and research base, are thus significant in this respect.

ACTA

1   Introduction

Most Nordic countries are currently undergoing a period of extensive structural reform. This process is being driven by the need to react to both internal and external challenges. In domestic terms, the ageing population, and the often-concomitant need to alter service structures in this light is a major issue, as is the desire for democratic renewal more generally. Externally, challenges relating to international competition (globalisation) and the regulative and functional implications of closer EU integration also provide significant drivers for reform. The project reported here has sought to shed light on some of these debates. To this end, we have looked at both thematic/sectoral and territorial examples in relation to the testing of new solutions and practices within the service provision sector, as well as highlighting examples of changes in the distribution of responsibility between the local, regional and national levels of governance. The nature of the issues raised within the context of the project, range from the functional to the structural. However, while there is broad agreement across all of the countries analysed here (Finland, Sweden, Denmark and Norway) that structural changes and functional re-organisation measures are indeed required, the national conclusions drawn on the necessary implications and policy measures often vary.

The added value of a study such as the one reported here thus relates to the Nordic value added ('nordisk nytta') we can identify: why are the Nordic countries still such a relevant point of reference and comparison? Despite the differences in functional and territorial aspects of governance and service provision, it is argued here that the Nordic 'family' can still provide us with both useful and relevant examples and thus 'food for thought'. In many respects, the lessons learned from each other can provide us with useful examples of best practice and perhaps even more importantly, our governance structures are similar enough to be instructive, while remaining different enough to be inspirational. There is extensive structural reform ongoing in most Nordic countries, stemming both from the internal challenges relating to the emergence of an ageing population, concomitant service structure and provision questions, and the need for democratic renewal and from the external challenges of

international competition and the regulative and functional implications of closer EU integration.

The project reported here has sought to shed light on some of these debates. As such, both thematic/sectoral and territorial examples were used to illustrate and test new solutions and practices within the service provision sector while also addressing the issue of the distribution of responsibilities between the local, regional, and national levels of governance.

The aim of the project has been to provide an overview of the ongoing reform processes within local and regional structures in Sweden, Norway and Denmark. A particular focus here has been to identify 'best practices' and other successful examples of good local governance in the Scandinavian countries that could be of relevance to the Finnish local authorities in their attempt to come to grips with the necessary reforms of the Finnish local and regional structure. There has also been an attempt to learn as much as possible about the legislative implications of such best practices, as well as identifying the ways in which the national Associations can further promote best practices and use them in their lobbying activities.

The motivation behind our investigation is the need to provide both policy support and information to the Finnish Association of Local Authorities, as they seek to respond to the future challenges facing the Finnish municipal sector. Hopefully, this will enable them to better influence the current Finnish reform process, both in relation to the ongoing changes to the administrative system, and as regards service provision.

> **Questions** that need to be answered include the following:
> - What is the current state of affairs as regards the regional and local structures in Sweden, Norway and Denmark, and what are the recent and ongoing reform processes of relevance for these structures?
> - How to support an effective and efficient structure of local and regional government that provides citizens with the services they require, while responding to the challenges of governance?
> - Specific challenges for democracy and service provision. As recently outlined by the Democracy Committee of the Nordic Council of Ministers, local autonomy is seen as being threatened by the lack of interest in traditional political decision-making on the local level. At the same time, local decision-makers feel that their sphere of democratic action is being restricted by the state imposition of ever more responsibilities on the local level. What then are the implications here for the distribution of responsibilities?

The reform processes referred to are of varying degrees in terms of their regulative power. They include legislative, political, administrative, and functional processes, often culminating in questions relating to the ideal number of municipalities for a given country, or the distribution of tasks and powers between certain administrative levels of government and governance. These issues have deeper repercussions on a variety of questions of relevance for the quality of life, democracy and the nature of human communities more generally. The short national overviews provide a comparative picture of the local and regional structures involved, as well as the distribution of responsibilities, while also seeking to connect these to the current reform processes.

The need for change in the Finnish system must be seen against the backdrop of relative immobility in terms of reform. While Denmark and Sweden already implemented an extensive municipal reform programme in the 1970s ensuring that local units were able to implement their allotted tasks, this was not the case in Finland, where the expansion of the public sector and the building of the welfare state took place later than in her western neighbours. This is also reflected in the identity structure in place, as local identities were never seen as being threatened in the Swedish and Danish cases despite the extensive nature of the reforms, these issues having been resolved already over a longer period.

Structural changes are needed however in order to ensure the ability to maintain the public sector and deliver the services provides, though at the same time the relative expansion of the welfare state in Denmark and Sweden also required larger units, as the costs were considerable. Structural change has however remained on the agenda, while in the Swedish case the administrative structure from central government down to the local level, and particularly at the regional level is currently undergoing a period of major reform, with the work of the Committee on Public Sector Responsibilities being reported in 2007. The main tasks of the committee consist of

- Clarifying the division of responsibilities between different levels of the administrative system (where multi-level governance occurs) in cases where it is impossible or inappropriate to concentrate responsibility at a single level, and for enhancing innovation capacity.
- Enhancing innovation capacity at the local government level, building on a clear division of responsibilities between local and central government levels.
- Enhancing innovation capacity at the central government level, comprising inter-sectoral development of central government services and national level governance.

The outcome of the committee's work will be of great relevance – not only to Sweden, but also for governance solutions in the Nordic countries more generally. Debates over the issues have been useful in themselves, though the usual quantitative issue of "how many regions" has generally dominated the public debate. Whether the solution will be six or nine regions, the outcome in terms of what these units are able to do, and what kinds of powers they have will be of great interest for other Nordic governments and regions alike.

While there are similarities between the Nordic countries and undoubtedly considerable room for organisational learning between the countries, the differences between them should not be underestimated. Steering systems bear their institutional characteristics, which are deeply embedded in their historical background, path-dependent and country-specific. Due to this, we also need to be cognisant of the limits of benchmarking and of attempting to simply duplicate 'successful' governance solutions in different national settings.

In terms of the **theoretical approach** applied, the project is a further elaboration, of a previous study commissioned by the Association of Finnish Regional and Local Authorities and published as a Nordregio report in 2002 (Lähteenmäki-Smith, K.: *Pohjoismainen aluehallinto ja sen uudistuspaineet).* The study is empirical and policy-oriented in its approach, seeking to provide an overview of some of the main trends and patterns discernible in the structural reform processes found in the Nordic countries. It is also mainly based on the utilisation of secondary data sources, including evaluation, research reports and policy documents, rather than based on a collection of first hand data. The aim here is to provide the Association of Finnish Regional and Local Authorities with a comparative analysis framework focussing on the broader Nordic environment, as well as concrete benchmarking examples for the promotion of good governance, while also drafting policy options and alternatives for the future. Despite the policy orientation and the applied nature of the project, we have been inspired by the multi-level governance or network governance literature (inspired by Rhodes, Hooghe, Scharpf et al; see for instance Lähteenmäki-Smith 2004). In addition to the main written and documentary sources, interviews with representatives of the local and regional authorities in the above-mentioned countries were also undertaken.

The shift from government to governance is reflective of a certain process of the Europeanisation of administrative cultures and practices, often in the regional or territorial context referred to as territorial governance, multi-level governance or the regionalisation/Europeanisation of the regions. While the EU member states naturally retain much of their national uniqueness, the key concept of the 'Europeanisation of regions' demands clarification. Morlino defines this concept as, "[…] the multifaceted process of: (a) the emergence

and development at the European level of a set of political institutions that formalizes interactions among actors; (b) the development of networks of interactions among domestic and supranational actors to initiate and unfold the decision making process during the input phase; and (c) the gradual and differentiated diffusion-penetration of values, general norms, and specific decisions from those European institutions into the domestic politics, that is, into the working domestic institutions, decision-making processes and domestic policies at different levels" (Morlino 2002; 2006).

These facets of the Europeanization process require policy responses in terms of adaptation pressures, favouring and stimulating the creation of networks and normative and cognitive aspects and responses (norms and decisions, as well as shared values, which may also imply the diffusion of shared behaviour, ideas and discourses). The adaptation pressures take many different forms, with the process being manifest in a greater awareness of European legislation, a growing willingness and ability to mobilise resources in the search for European finance, increasing co-operation with other European local and regional authorities and expert agencies, direct lobbying of EU institutions, and the influence of EU ideas on sub-national policy making (Goldsmith 1997 and Kohler-Koch 1998; Lähteenmäki-Smith 1999). In terms of the networking dimensions of Europeanization (see for instance Morlino and Bolgherini 2006), we need to bear in mind that networking is one of the classical phenomena where the direction of causality is extremely difficult to assess, we can perceive an actor's networking ability and its outcomes as elements of the adaptation referred to above, therefore constituting an indicator of the Europeanization of such an actor.

The shift from government to governance does not necessarily imply the exclusion of government as a relevant object of study, rather it necessitates more attention being given to those structures existing outwith the traditional hierarchical structures of government, reflecting the following shifts (Lähteenmäki-Smith 2004):

- **The shift from structure to process-orientation**: This relates to the shift from a focus on government (hierarchical structures) to a more process-and governance-oriented focus. The structures or hierarchies naturally still exist and remain relevant, as they often provide the parameters and constraints for the actors on the regional and local levels when defining their room for manoeuvre, but the regulative and institutional parameters are not the main objects of interest. Therefore there is a stronger emphasis put on what happens between the institutional structures, how they are reformed and influenced by the exter-

nal changes taking place, as well as on the forms of negotiation, interaction and co-ordination undertaken in order to influence the dynamic between the structures and their parts. Governance in this sense is seen as including the process of co-ordinating multiple players in non-hierarchical systems (*heterarchies* instead of hierarchies) of political negotiation, regulation and administration that bring together and co-ordinate the actions of an increasingly wide array of social, political, and administrative actors seeking to guide, steer, control or manage societies, placing emphasis on networks rather than hierarchies, and on self-organisational qualities rather than top-down organisational design (networking, methods and practices, adaptation processes, leadership, social capital etc.) Structures have not lost their importance, however, as processes are often deeply embedded and constrained by the structures in place.[1]

- **The shift in focus from the positional to the relational**: Governance relationships of relevance are found between the actors and organisations in increasingly non-hierarchical partnership relations where the state or central government is only one, though often the 'first among equals', in many cases setting the rules and agenda for new forms of partnership- or network based governance models. Networks also bring the issue of distance to the fore, and also force us to address the issue of location and locality in a new setting. As Jan Aart Scholte has elegantly put it, "global relations are not links at a distance across territory but circumstances without distance…" (Scholte 1996, 49). This does not imply that distance is no longer relevant: quite the contrary, as we will identify a number of occasions where distance is one of the main constraints facing actors and organisations that seek to redefine their role and *raison d'être*. The issue is no longer one-dimensional however, as it now has a stronger social dimension to it as well.

- **The shift from duality to plurality:** Due to the pressures for adaptation connected to Europeanization and internationalisation, as well as the impact of new governance methods and service provision practices connected to New Public Management inspired solutions, the plurality of actors is not the only aspect of plurality associated with current governance models, rather there is an increasing move away from the epistemological certainty and clarity associated with national vs. international, as well as public *vs.* private, as the boundaries are

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[1]   This is also one of the reasons why we cannot simply take 'best practices' from other national contexts and plant them in another national environment.

shifting, reflecting also, at times, the less stringent duality between the market and the state, "the economic" and "the political", i.e. the blurring of boundaries between economic and political spheres through different governance methods and systems based on a blurring of this boundary. In theoretical terms much of the globalisation debate around International Political Economy has to do with this boundary and its changing nature (e.g. Barry Jones 1995).

Some of the broader issues behind the need for governance renewal and structural change also need to be acknowledged. The notion of Nordic "success" (in terms of economic performance, growth, innovation, business climate etc.) is increasingly seen as a potential restriction while a certain threat of complacency also exists. Moreover, this basic 'stability' traditionally seen as an element of "Nordic success" and the traditional consensus-based culture is now equated with certain rigidity in reaching "difficult decisions". Do the Nordic countries look "too good" in international comparative studies? The recent WEF surveys have been discussed in this light, as was the OECD's PISA study of 2003. The WEF survey on innovation, technology, and creativity placed the Nordic countries in the top 10 on all counts, though questions of whether Finland should actually be perceived as number one in creativity and competitiveness were raised, not least in Finland. In addition, a recent study published by the Nordic Council of Ministers and based on work co-ordinated by a think-tank and undertaken as a survey of Nordic opinion-leaders from business executives to artists (Nordisk Ministerråd + Mandag Morgen 2005) is also interesting here, as it raises some of these issues relating to perceived Nordic competitiveness. While the study could be questioned for the rather un-critical stand it takes on the issue of Nordic competitiveness, importantly it also deals with value-base and societal change, issues that are of interest to our study here.

2 The current distribution of tasks and organisational structure

2.1 On Finnish local and regional authorities

Responsibilities: The Finnish local authorities are responsible for a variety of tasks ranging from health and education to the social sector and land-use planning. To an increasing degree, these services are provided collaboratively by groupings of municipal authorities, through joint municipal boards.

Within the educational sector their tasks include the comprehensive school system, upper secondary schools, vocational institutes and polytechnics. In the cultural sector municipalities are in charge of libraries, cultural and recreational services. Day care for children, as well as elderly care and the care of the disabled are also among the list of local authority responsibilities. Within the health care sector the local authorities provide primary health care services, as well as specialist medical and dental care, in many cases in collaboration with neighbouring municipalities. Supervision of land use and construction in their area is another responsibility of the local authorities. Other spheres of responsibility include water and energy supply, waste management, road maintenance and environmental protection.

The Finnish structure of local authorities has remained surprisingly stable over the years. Between 1955 and 1977 the number decreased from 547 to 464 and since then had only been reduced to 432 by 2005. Nevertheless, an accumulation of pressures and problems has taken place. The traditional equation revolves around state and municipality trying to co-ordinate their actions and to strike a balance between service needs and the resources available. Today the equation is increasingly one consisting of three levels: national, regional, and local. The level of resources is also dependent on the ability of the regional level to accumulate and utilize the resources at its disposal: creating welfare and wealth is increasingly the challenge, not simply of collecting resources through the taxation system and then redistributing it to the (publicly funded) service sector. Here also the issue of innovation comes into play, as the local and regional authorities are increasingly faced with the challenge of finding other than solely public service provision models and trying to incorporate them in the local system of governance in ways that meet the service needs in an efficient way, as

well as meeting the requirements of transparency and good governance (including equal access to services, and the citizen's voice being hear in the service provision etc.).

The Finnish regions are traditionally seen as weak in their own right. They are the statutory joint municipal authorities operating in accordance with the principles of local self-government, thus representing indirectly accountable democratic units. There has however been increasing interest in the ways in which the regional councils manage their development responsibilities and regional planning, as outlined in the Regional Development legislation. In addition, the programme-based development strategies drafted both on the regional level and on the national level for specific issue areas and sectors (e.g. Regional Centres, Centres of Expertise etc) require a new way of co-ordinating regional and local interests and activities. A more strategic and pro-active focus on regional development as an endogenous, bottom-up process has placed particular emphasis on the ability of regional councils to co-ordinate and articulate the interests of the municipalities they represent, as well as providing the strategic leadership and support that is required in the programme-based development model, faced with the challenges of international competition and domestic population change (ageing population with an uneven regional age structure etc.). Many of these needs and pressures are behind the current reform process and the project aimed at restructuring the municipalities and services (PARAS-project; see for instance http://www.intermin.fi/intermin/ hankkeet/paras/home.nsf/ and http://www.kunnat.net/k_perussivu.asp?path =1;55264;55275;82183).

The tasks of the *PARAS* project on service structures and municipalities are as follows:

- To evaluate and submit a proposal for the appropriate areas of responsibility for the statutory and other services assumed by the municipalities with due regard to the content and specific features of such services, including their availability, standard of quality and the long-term financial resources of the municipalities, as well as regional and language-related special features.
- To evaluate the restructuring of municipalities and cooperation across municipal boundaries at all regional levels up to the national level.
- To analyse and promote best practices for the organisation and production of various services.
- To evaluate the steering and development systems for the production of services and related research and to prepare proposals for further improvements.
- To evaluate the division of duties and allocation of costs between the Central Government and municipalities and to prepare the necessary proposals.
- To prepare the normative and legal changes related to the organisation and provision of services necessary for the implementation of the Project.(Source: www.intermin.fi)

The project has not emerged from thin air, though in the final instance there was some surprise at the timetable, which was seen as being quite short (spring 2005-spring 2006), particularly in light of the process nature and the seemingly open alternative paths for development. The project is organized under the auspices of the Ministry of the Interior, with the Minister responsible for local and regional issues chairing the committee, and a broad range of actors from the different ministries, local and regional authorities, the social partners etc., being represented, while meetings were held in all the regions in order to engage the different actors in the process. The final outcome remains to be seen, however. The three basic options are presented below.

Basic municipality model ("Peruskuntamalli") = Status quo scenario
Minimum of 20-30 000 inhabitants, Local authorities maintain responsibility for a large share of service provision and remain as the democratically accountable unit, Hospital services on the basis of voluntary co-operation

District scenario ("Piirimalli")
Social + health issue into one organization in order to achieve economies of scale, other services potentially also where suitable (e.g. education), Minimum population base of 100 000, preferably 200 000

Regional municipality model ("Aluekuntamalli")
20-25 regional municipalities established for service provision functions, Current municipalities remain as "local units", Regional taxation, direct democracy on both regional and local level (no taxation right for the local level however)

This is naturally a simplification of models that are highly complex. Yet what is evident is that the models/scenarios are not mutually exclusive or even directly comparable, as they relate to different services and sectors and are therefore less commensurable than perhaps one would need in order to make choices between the alternative options available. In the end, the three models do not necessarily provide alternatives and therefore one can ask what are the real options then, are there other alternatives that are not visible in the debate or at least in the official project process? The process in which the alternatives and indeed the whole reform process has been taken forward has thus lacked the clear direction that is visible in some of the other Nordic reform processes (in particular in Denmark), while it lacks the long-term perspective and broad knowledge/evidence base familiar from those situations pertaining in Finland's Nordic neighbours (committees/commissions on responsibility that have been working prior to the current reform in DK, reported in 2004 in relation to "Effektutvalget" = 'Efficiency committee', with the aim of improving the coordination of public sector in Norway, similar work is currently ongoing in

Sweden with The Committee on Public Sector Responsibilities, which has a mandate for the period 2004-2007).

Thus far the emergence of a lively debate on all levels has been the most positive outcome of the project. In concrete policy terms the main outcome has been the proposal to transfer certain responsibilities from the local level to the national one, put forward by the ministerial working group in January 2006. The issues to be transferred from the local to the central level include certain health care costs incurred by Finns living abroad, financial responsibility for forensic psychiatry, and consumer information services. Decisions on many of the most hotly debated issues (e.g. the possibly of transferring responsibility for the running of locally and regionally important polytechnics or universities of applied sciences, as well as specialized hospital services and services for the handicapped to the central government level) were however postponed to a later date. There are however other investigations and projects on-going that may be of relevance for the reform as well, e.g. project addressing the nature and future development of local democracy (Ministry of the Interior 2006), where different solutions and practices for local and sub-regional partnerships are investigated. Main bottlenecks and limitations for 'best practice' within partnership models in local democracy are identified (e.g. attitudes, legal restrictions and practice within the local authorities). Such studies are indeed useful as a source of inspiration and comparison. What is particularly useful with the recent report is the process orientation in which the report is organised. This allows for exchanges of experience that is more easily generalised, whilst at the same time emphasising the need for differentiated solutions and locally steered processes rather than 'one-solution-fits-all' models.

How the three basic models were drafted and the knowledge bases upon which the reform project rests remain ambiguous. In recent years there have been a number of studies and reports published on local and regional structures, and the tasks and distribution of responsibilities (e.g. Sisäasiainministeriö 2000, 2004 and 2005, Stenvall and Harisalo 2000, Haveri 2004 and 2005). The way in which these reports have influenced the current project on the service and municipal structure is however unclear, and the evidence-base upon which the current process is built is not necessarily unambiguous, as links between research and investigations undertaken previously and the final outcome of the process are not clear. The reform is not based solely on previous studies commissioned for other purposes, and may only have an indirect connection to the current reform process, but at them same time it is clear that that reports and investigations have not necessarily been developed or commissioned with a clear broader picture of the needs and challenges facing the municipalities in mind. It is equally clear that the various comparisons made between the three

alternative 'scenarios' for local administration and governance are more hypothetical than analytical or evidence-based (e.g. Kunta- ja palveluraken-neuudistushanke 2005).

2.2 Swedish local and regional authorities

There are 290 municipalities in Sweden, all of which enjoy extensive local self-autonomy, typical to the Nordic countries more generally. The tasks of the local government sector fall into two categories: those fulfilled under the general powers granted to municipalities and county councils under the Local Government Act, and those based on special legislation. The specially regulated tasks of the municipalities " which they are usually required to provide " include education, social services, care of the elderly and of those with physical or intellectual disabilities, physical planning and building, certain environmental tasks and rescue services. (The distribution of tasks between the municipal, regional and central government levels is presented in a comparative table in appendix 1.)

The main task of the county councils has traditionally centred on the provision of health care, though in recent years this has, in some cases, been accompanied by larger other responsibilities regarding regional development and growth policy issues. Other important tasks include transport and dental care. Particular interest has in recent years been focussed on the two 'trial regions', namely, Skåne and Västra Götaland. From 1 January 2003 county councils and local councils can form indirectly elected regional cooperation councils. In such cases, these regional bodies take on a larger responsibility for regional development strategies – a task transferred from the County Administrative Boards. (Facts on the County Councils and Regions, 2003, The Swedish Federation of County Councils.)

Table 2: Regional administrative structures in Sweden

State administration on regional level:	Representative regional level:
County administrations (Län), County administrative boards (Länsstyrelse) -Central government representatives on regional level – Tasks similar to those of the Finnish "provincial state offices", i.e. steering, co-ordination and control functions – Led by appointed governors Some county administrative boards with reduced responsibilities mainly regarding regional development due to trials with regional cooperation councils	**County councils** Landsting [18], Samverkans-organ [9, these include also 'landsting' organisation], regions (2) (+ Gotland regional municipality – a unitary authority that is both a municipality and 'landsting' *and* holds some regional responsibilities that have been transferred from the County Administrative Board) Total amount of regional units of county council type: 21. – Directly elected – New regional constellations based on government proposal "*Regional samverkan och statlig länsförvaltning*" (Prop. 2001/02:7), make it possible for all county councils to establish regional autonomous bodies. 9 such bodies had been established as of 1st August 2005 – Responsible for tasks for which municipalities are too small entities, e.g. hospitals (80% of tasks), dental healthcare, culture, public transport etc.

2.3   On Danish local and regional authorities[2]

2.3.1 Background

Denmark has often been seen as the Nordic country with the strongest commitment to regionalisation. It is also the country that has taken the most drastic and far-reaching decisions on the structural reform issue, both on the local and the regional levels. With the municipal reform coming into force on the 1st of January 2007, the number of regions will be decreased from 13 to 5 (Region Hovedstaden, Region Sjælland, Region Syddanmark, Region Midtjylland + Region Nordjyllandand) while the number of municipalities will drop from 271 to 98. After the reform the main tasks of the local and regional levels will change, and the tax-base of the different levels will also change, as the regions will no longer have the right to levy taxation.[3] After the reform the regional level will be responsible for:

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[2]   This section relies largely on Jörgensen et al. 2005, i.e. the Danish analysis of governance structures and reforms within the context of the ESPON 232 project on territorial governance. See www.espon.lu.

[3]   This is one of the main reasons why the Danish reform process has been criticised, e.g. by the Council of Europe (CLRA 2005), as without the revenue one of the basic element of local self-government becomes over-looked (Ibid, 14)

- Health care
- Traffic planning
- Drafting of development plans for regions (in sectors such as culture and the environment)
- Special healthcare institutions (e.g. for the handicapped)

The local level ('kommune') will in turn be responsible for instance for the following tasks:

- Care of the elderly
- Further education ('folkeskoler')
- Libraries
- Most of the tasks related to the environment (both management and protection)
- Employment centres ('jobcentre')
- Most of the tasks related to special education

The administrative levels below the state level have traditionally been limited more by geographical concerns than by functional ones. The 13 counties and the regional municipality of Bornholm have traditionally been responsible for regional institutions like hospitals, major roads and issues regarding open land and the environment. The municipalities deal with tasks closer to the citizens like primary schools, social security and care of the elderly. They are also responsible for municipal physical planning and planning permission in the rural areas. With the coming reform the autonomy and functions of the local level will be greatly increased.

In their current form the counties range in size from 45,000 inhabitants (the Regional Municipality of Bornholm) to the capital county of more than 600,000 inhabitants. The average population size has been 325,000. Regional councils govern the regions. The regional councils are elected for 4-year periods by direct election using a proportional representation system. The last regional elections were held in mid-November 2005 and these were the object of intense interest, as they were very much elections organised in a transitional period and thus likely to be interpreted in terms of a number of dimensions relating to participation, turn-out etc. In the future, the five regions maintained will in the main be responsible for hospital activity and the preparation of regional development plans.

Planning was one of the areas were reform entailed significant changes. Here strategic regional planning is maintained on the (renewed, diminished) regional level, while spatial planning will become a local issue, as is the case in

the Nordic countries in general. The counties previously had regional planning departments with competence for the development of growth, and decisions on the overall land-use pattern, while the counties are the central institutions responsible for the development of regional partnerships. It was decided in the Planning Act that all counties had to develop regional plans every fourth year. For a period of 12 years, the regional plans determine the overarching goals for development and land-use within the region. The various subjects included in the plans include, regional structure, growth, service and settlement, infrastructure and technical construction, as well as the protection of open land areas (including nature, culture, tourism and environment). The regional plan acts as a framework for the regional policy context, ensuring that other initiatives are not in conflict with the regional plan. For example, local plans have to comply with the regional plan. It is also stated that the regional plans must be constructed with sustainable development as a principal aim and that they are a strategic means for working with sustainability.

The Danish regions have been renowned for their financial autonomy. In 1999, the total region expenditure of the regional level was approximately DKK 70,000 million, with the single largest expense clearly being the hospital sector, with health insurance taking up about 63% of total spending. The single most important source of region income - about 80% - was derived from personal income tax. The regions are free to set their own tax rates individually. In 1999, West Zealand, Funen and Viborg Regions had the highest tax level at 12.0% while Vejle County with 10.9% had the lowest. The average county tax level prior to the reform was 11.5%. The reform is changing the Danish picture of regional governance (including the financial aspects) in a dramatic and radical fashion and the implications and the sustainability of the reform can only be assessed *ex post*. The fact that the right to levy taxation was taken away from the regional level was one of the most dramatic changes, as it is usually agreed by researchers, politicians and civil servants alike that responsibility in functions should be accompanied with corresponding responsibility of financial autonomy and responsibility. The fact that the right to levy taxation was removed from the regional level is likely to be more problematic than most other reform aspects on the regional level.

2.4 On Norwegian local and regional authorities[4]

Norway is divided into 19 counties and 434 municipalities (2005). The powers of the county and municipal councils in terms of self-government have been

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[4] This section is based on Moxnes Steineke 2005 within the ESPON 232 project on territorial governance.

delegated from the State, and are set out in secondary legislation, not in the Constitution. The State is directly represented at a local level through the County Governors' offices.

The municipalities are the most important units in terms of local government administration. They are responsible for primary and lower secondary education, social services, municipal roads, water and sewerage and zoning regulation. Upper secondary schools and a number of technical services are administered at the county level. Each of these levels of administration receives a part of their revenues through local taxation, fees, and local business management, and partly from allocations from the central authorities and other public institutions.

The county municipalities (fylkeskommunene) represent a traditional administrative division dating back to the Middle Ages and to the Viking Age, when local "fylkesting" (county councils) still retained great power. The system of local self-government dating from the Middle Ages gradually dissipated after Norway was united into a single realm. Following the union with Denmark, authority became centralized under the King. In 1837, local self-government in the municipalities was reintroduced.

Elected councils govern the counties and municipalities with elections being held every four years. Mandates are distributed according to a system of proportional representation, and the number of mandates varies from 13 (municipal councils) and 25 (county councils) to 85. The councils are led by an executive committee comprised of a representative selection of all the party groups from the relevant council and a mayor. A few exceptions, chiefly Oslo and Bergen, employ a parliamentary form of government and thus rely on a party-based local government system.

The 18 county administrations (Oslo is not defined as a traditional county) were established in 1975 to provide for an administrative level between the State and the municipalities. Since the major amalgamation reform of 1967, the number of municipalities has stabilized at a figure around 420-440.

There is no general act regulating the division of competencies between the State, the county municipality and the municipality. The Storting (Parliament) and the Government regulate the tasks that are delegated to the various levels. This is partly accomplished through direct regulation by specific laws, and partly by indirect regulation through the management of the basic economic conditions that play a decisive role in determining the tasks that are to be dealt with.

The counties are presently responsible for the establishing and functioning of:

- Secondary education
- County planning
- Regional development policies
- Communication (county roads, public transport)
- Preservation of cultural heritage
- Health services (institutions for drug/alcohol abuse, dental services for those aged 0-20, children under care)
- Social services (child- and family welfare)

The municipalities are responsible for the establishment and functioning of:

- Kindergartens
- Primary education
- Health centres/primary health services
- Care for the elderly
- Social welfare
- Culture and leisure (cinema, sports, music schools etc.)
- Communication (municipal roads)
- Environmental issues
- Agriculture
- Water works, sewers, refuse collection and disposal
- Local mapping and surveying
- Municipal public housing
- Operation of public utilities
- Tax collection

The municipalities and county municipalities are negatively limited or pro-active in defining the scope of their activity, i.e. *they may take on any function that the law does not forbid them to carry out*, or that has not been specifically delegated to other institutions. At the same time, however, the municipalities are naturally subject to general legislation and the rule of law.

Table 3: Regional administrative structures in Norway:

State administration on regional level:	Representative regional level:
– 'Fylkesmannen' = same boundaries as 'fylkekommune' (except in Oslo+ Akershus, which form one region – Tasks: agriculture, environment, large part of taxation and police administration, health and education supervision – The new state level steering organs a new issue to be considered here, i.e. health regions and road administration regions	– Fylkeskommune (until 1918 "amt" as its Danish counterpart) = 19 in total: Oslo, Akershus, Østfold, Vestfold, Hedmark, Oppland, Buskerud, Telemark, Aust-Agder, Vest-Agder, Rogaland, Hordaland, Sogn og Fjordane, Møre og Romsdal, Sør-Trøndelag, Nord-Trøndelag, Nordland, Troms og Finnmark – Tasks: education (excluding primary schools, which is a local responsibility), spatial planning, regional development, mainte-nance of transport- and infrastructure networks...

3   On the governance reforms

The governance reforms of relevance for our analysis here include:

- Public sector reform and its implications on the municipal sector (legal, financial, political and functional processes – what are the responsibilities of the local authorities and what resources and regulative constraints apply?)
- Municipal mergers (rationale and methods – stick and/or carrot?)[5]
- New regional policy methods and rationales: European influence, shift from regional policy as a policy for equity and balance, addressing the needs of identified 'problem regions' towards regional industrial policy for all regions in some cases, in other cases also the trend from expanding the focus of regional growth agreements/programmes to more broadly-based regional development plans – i.e. a widening of the strategies to include more than merely growth-oriented themes (e.g. inclusion and cohesion oriented themes).
- Emergence of a 'network municipality' and inter-municipal co-operation (new ways and methods of creating co-operation between regional and local authorities, especially in the provision of services)

Thematically the following dimensions were identified as most interesting from the point of view of the Finnish local and regional authorities:

- **Service provision** (e.g. age and customer structure, Availability and quality of public services, New forms of service provision, in particular within education, social and health sectors)

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[5]   Here one of the timeliest examples to investigate would have been Iceland, with municipal mergers as a highly relevant issue on the political agenda. Due to the differences in geography and scale, population trends and main policy challenges, as well as to the limited scope of our investigation in terms of time, Iceland was not included in the study however.

- **Democracy and leadership** (e.g. Citizens' participation, forms of grass roots democracy, Openness of government and governance)
- **Industrial policy and employment** (e.g. trends within the primary sector, industry and services, growth branches and employment, the balance between supply and demand in expertise)
- **Economy and resource management** (e.g. taxation and the overall dependency ratio, expertise and availability of professional personnel, local culture and practices, leadership and the quality of working environments)
- **Housing, planning and environment** (e.g. density of population, structure of communities, availability of services, sustainability of communities, environmental standards and quality, physical infrastructure)

The main focus in this report is on the reform processes themselves, i.e. the institutional preconditions, participatory processes, and steering possibilities that link the central government level, the representative organisations of the local and regional authorities and the citizens. The implications of governance reform on sector concerns and governance mechanisms have been considered where relevant, most of all in the areas of health care and social issues, hospital care and regional development. By choosing this focus we have tried to highlight lessons for the Finnish local and regional authorities, while also analysing the fine balance between the input and output side of the governance equation, i.e. approaching the question of how to achieve growth (through growth- and competitiveness oriented measures within regional development) in order to sustain services (in the area of welfare provision and most costly aspects of local and regional service provision, e.g. hospital activities).

3.1   Reform processes in Finland

The main process to be focussed on here is the already described reform of the local authority structure and service provision agreement ('Kunta- ja palvelurakenneuudistus'). The main point of departure here is the government report, delivered in April 2004, on the current administrative and service structure entitled "Better service, more efficient administration" ["Parempaa palvelua, tehokkaampaa hallintoa"]. The focus of this document was on ensuring the availability of public services in all regions by making the structure of both the state and local levels more efficient and better able to deliver in terms of service provision. The report describes the current state of the affairs in terms of local government structures and service provision, as well as providing an

assessment of the regional councils and the distribution of tasks between TE-centres and regional councils. It also sets the stage for the next steps in the reform process, as there will be assessment of the necessary organisational changes from the point of view of (1) services and (2) governance.

Connected to this process, a service assessment has also been launched, where the regional councils will co-ordinate the data collection. For the purposes of this assessment, three types of services were identified: "Local services" - functional services, e.g. primary school and day-care, where local authorities provide the service, but depending on regional needs, such services could also be organized in co-operation between municipalities. "Co-operative services" - services that require co-operative solutions to service provision between local authorities (either based on legislative responsibilities or voluntary co-operation between local authorities), and "Specialised services" that, due to their high price, should be transferred to the state level (specialized hospital and social services).

In addition to the assessment of local and regional services, a commitment has also been made to undertake "a more long-term assessment" concentrating on the regional development activities solely undertaken by regional councils and "with the strengthening of tasks, decision-making power and role of the regional councils, assessment of the number of regional councils" (ibid).

The timetable here is 2008/2009, which will include a concrete proposal for the reform of the municipal structure (already in 2006). These exercises are naturally also connected to other policy processes, such as those made within the instruments of programme-based regional policy, based on units, tasks and policy objectives that are of direct relevance here. Programme-based regional development remains the model, as both the Centres of Expertise and the Regional Centres will be continued after the current programming period (i.e. after 2006), with regional programme proposals currently being drafted. The Structural Funds issue is also of relevance here, as they have an impact on the forms and methods of co-operation and development and by so doing, contribute to the resources required to pursue effective and efficient policies on both the regional and local levels.

3.2   Reform processes in Sweden

Public sector reorganization	Ansvarskommittén"Review of the structure and division of responsibilities in the system of public administration" – Committee report from 2003Prop 2001/02:7 Regional samverkan och statlig länsförvaltning
Municipal mergers	Situation more stable than in the other countries - not a particularly relevant theme. In fact the trend has been the opposite over the last 25 years – there have been some cases where municipalities have split into separate local authorities. There have been several large reforms of mergers of local authorities in Sweden that had 464 municipalities in 1971 and 277 in 1977. Since then the numbers have increased to today's figure of 290.
Regional/local governance innovations	Regional "experiments" (Skåne+Västra Götaland) + Gotland regional municipality of interest
New regional policy rationales and methods	"Well functioning and sustainable local labour-market regions with a good level of service in all parts of the country." (Prop. 2001/02:4) RTP/RUP as the main tools
Emergence of a 'network municipality' and inter-municipal co-operation	The new co-operation bodies, i.e. "samverkansorgan" all about this, as well as RTA- and RTP-processes. "Lärande partnerskap" = Learning partnerships, as outlined by Swedish Agency for Public Management (Statskontoret), with more responsibility for the regions and municipalities, less central steering, more support for monitoring and method development. Also cooperation between neighbouring local authorities in terms of e.g. schools/emergency services – e.g. in the Stockholm archipelago and in sub-regional collaborations in Skåne and Västra Götaland regions.

As we can see from the table above, there are, and have in recent years been, a number of ongoing processes of direct relevance for our study here. The extension of regional responsibilities first through the regional autonomy pilots and then via the permanent establishment of new regional entities is of particular importance here, as is the broad and far-reaching process of "Ansvarskommittén". In term of the questions posed in our study, public sector reorganisation, and the emergence of new governance networks (not only network municipalities) are high on the national governance agenda.

While the issue of clarifying the roles and responsibilities of the actors and organisations involved on different levels of governance is under inspection, networking and the nature of networks also gains a new relevance. Networks are relevant in mobilising resources, implementing policies and in ensuring both democratic accountability and embeddedness. The problems of networks and assumed democratic deficits have often been debated, but the value added of ensuring public interest and mobilisation is equally important. Some studies have been conducted on the quality and 'value added' of networks in cases

where power has been devolved (e.g. Niklasson 2005). While it is still too early to judge what the final impact has been, positive networking effects from the devolution process, explained for instance by the fact that national agencies tend to prefer to deal directly with elected assemblies rather than other civil servants (ibid, 3) have been seen. Devolution thus seems to have brought elected officials into a more central position in terms of these networks.

As for the other effects of the devolution processes, both positive and negative assessments have been made. Within the regional development sector, implementation has taken place through the tool of regional growth agreements/programmes. Devolution has in some cases entailed a certain concentration within the regional network itself and for instance in the case of Skåne it has been argued that the way that the partnership worked in this area was not always unambiguously decentralising or empowering across the whole range of regional actors. Rather it has at times entailed the concentration of power and resources on the "regional central level" (i.e. at the expense of local level) (Johansson 2004, 124). Disappointment has in many cases been related to the level of resources mobilised through the new instruments (ibid, 125), though here it is difficult to judge what the likely level of resources would have been without the devolution process.

Financial resources are naturally only one item on the agenda when the balance of regionalisation is considered. On the other hand, Västra Götaland with its challenging geography and a total of nearly 50 municipalities, seems to be success story in promoting a regional dynamic that is based on organising partnerships around the sub-regions. In terms of scale and distances, this seems to be the most pragmatic and realistic way to proceed, while it also seems to have contributed to other positive regionalisation trends.

Questions over healthcare provision and the ideal size, form and function of both local and regional entities are issues that are common to the Swedish and Finnish debates. This also brings the issue of regional economic development to the fore. Though this was not originally central to our study, it is clear that as far as the issues involve sector co-ordination, service provision, welfare, and democratic accountability, we cannot simply ignore the question of regional economic development. As such, regional economic development contributes to the ability of regions to establish and maintain themselves as dynamic and competitive locations in which to live and work. This is also where partnerships become important, as local partnerships and their constellations have in many cases been particularly important in the Swedish context. This has seen the question of the size of the politico-administrative unit become less important, as networks and how they work and respond to the need for inclusion provide a more relevant starting point. (e.g. Brynielsson 2003, 98). This is also of

relevance for our study here as it states the obvious but at times overlooked point that whether regions and local networks are considered successful, really depends on the criteria for success. This is an issue to which we will later return in connection with the case studies and their conclusions.

As for the role of the local and regional authorities and in particular to their organised interest representation through the Swedish association for local and regional authorities, this has been of importance in the public debate. The association has run its own project ("Responsibility project") side by side with the national "Ansvarskommittén" and through this project a concerted effort has been made to formulate and present arguments in favour of local and regional autonomy while also seeking to ensure that the democracy aspects of the reform processes are given a high profile.

The main arguments for maintaining and strengthening local and regional autonomy as put forward by the Swedish Association for Local and Regional Authorities have been summarised as follows:

- The clarity of societal responsibility allows for increased citizens' influence
- Local and regional autonomy is important within the EU
- Strengthening consultation with the central government and the EU institutions in issues that are likely to have an important impact on the room for manoeuvre of the local and regional levels.
- Targets are set nationally, while the activities and their instruments and methods are left to the local and regional levels.
- Unnecessary state-level regulation should be dismantled.
- State authorities should not be allowed to draft rules and regulations that diminish the room for manoeuvre of the local and regional levels.
- As far as possible, the ability to file complaints about municipal decisions should be restricted to questions of legality.
- The traditional 'civic-nature' of the local and regional level should be strengthened.
- Supporting the development of democratic governance and the mandate of elected representatives.
- Research and investigation into how the political system can be strengthened and further developed within the local and regional system.
- Supporting the struggle for strengthening citizens' responsibility and influence in the public sphere. (Ansvarsprojektet 2004, 34).

A further assessment of these elements will be provided in connection with the case studies and their conclusions.

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As in both Finland and the other Nordic countries, the question of optimal regional structures has often oscillated around the functional perspective while searching for a credible and politically accpetable response to the question of 'how many regions and by which criteria?' Many of the questions are similar and therefore it is hardly surprising that many of the investigations undertaken in connection with the reform processes draw inspiration from eachother. In the case of the EuroFutures/Nordregio report, inspiration comes from the work of the Danish "Structural Commission" and from the Norwegian "Effekt-utredningen", both of whom reported their conclusions in January 2004.

The functional starting point is in line with the prevailing thinking over functional regions as the main unit of analysis. In a recent report published within the context of the Committee of Public Responsbilities (EuroFutures + Nordregio 2005), three alternative scenarios were considered: one with six, one with nine and one with fourteen regions, each starting from the same perspective of what is feasible within a context of achieving the economic growth reqired to deliver the regional dynamism needed to maintain the structures and services required. The regional growth perspective was embedded in considering the implications and prerequisites of regional development policy, physical planning, transport and communications, education and competence development (including the regional impact of regional polytechnics), as well as labour market policy.

The criteria upon which the regional distribution was built included size, distance and identity. (Another project published by the Committee around the same time took the position of the public authorities and policy sector specific geography as its starting point, with a range of policies from regional development to labour market policy, cellective transport, R&D etc.; Hallin/ITPS 2005.) The size dimension referred to the fact that units need to be large enough to be able to deal with the responsibilities assigned to them and in particular to the growth policy perspective. The idea was that regions need to be of a sufficient size in order to provide for the 'critical mass' required and to be appropriate for strategic investments, competence development and specialisation. A certain internal dynamism can also thus emerge, with functional specilisation within the region itself (with internal peripheries and core areas, growth motors, leaders and followers…)

The issue of distance is also usually considered in relation to regional divisions. Distances should not be too long for accessibility and functional co-operation, neither should they make it impossible to provide a political arena for co-operation and interaction. In some cases however, aiming for a larger regional unit allows for sufficient balance between vicinity and size. As has been argued elsewhere in this report, there is little to indicate that 'small' is

necessarily better for democratic accountability or needed to ease of decision-making. Creating a larger region may allow for a convenient compromise essential to balance the dominance of certain cities or urban areas.

Local and regional polititics is about delivering and justifying often difficult decisions from the central level. In particular the increasing degree of cross-sectoral decision-making and policy adjustment requires the establishment of a political sphere sharing certain aspects of regional identity. Though identity is not a pre-requisite for effective and efficient functional regions, the pre-existing shared identity base does facilitate the co-operation, interaction and problem-solving that is typical of *effective* regional governance.

These aspects of regional governance that the report starts from are embedded in a strategic action perspective, which sees it as being necessary to set certain strategic priorities and choose between alternative visions in order to pursue the regional growth needed for welfare. This is currently undertaken in the context of a partnership-based methodology, though it is acknowledged that this is not necessarily always the case. This strategic starting point embedded in the methodology implemented also allows for the possibility of assessing (*ex post*) whether the regional units have in fact been effective in their regional growth policy. As has been argued in comparative studies on partnership-based models in the Nordic countries and in particular in the areas of regional development, the relationship between partnerships, democratic accountability and openness is ambiguous and both positive and negative effects can be discernible (e.g. Higdem 2004, Östhol and Svensson 2002).

The model that the report ends up recommending as being most suitable for the 'growth logic', (the nine region model) is based on the argument that the six region model entails distances between the localities that are too long, while fourteen regions creates units that are too small, both therefore making the regional growth dynamic too difficult to achieve (ibid, 113). The chosen model on the other hand is promoted as the one where the necessary critical mass is achieved and both identity and accessibility can be maintained to a sufficient level, while not unnecessarily severing the borders of already existing functional regions. While the motivations and detailed argumentation behind the model can be found in the report (Ibid) and will not be discussed here in any geater detail, it is importnant to note, as in fact the report does in its conclusions, that the proposed model is more of a starting point or basis for discussion than a "definitive solution" (Ibid, 114). The drawing of boundaries beyond a mental exercise and testing of ideas is going to be the object of political and adminsiatrive discussions and negotiations, which the provision of research and evaluative inputs can naturally support and make easier. The question of what the *objective* of the reform is, and what the political (and otherwise) limits

are within which the proposed models are to be found needs however to be thoroughly thought through. This is analogous to the Finnish debates, as the question of whether one takes the objectives of regional growth, cluster development, higher education, service provision in health and social affairs (or others) as the main point of departure when defining the newly drawn contours of regional and local geography is naturally of direct relevance to the conclusions and the proposed model, form and function of regional and local governance. The fact that there in fact are likely to be internal contradictions, as well as external conflicts between the alternative models proposed is an important aspect to awknowledge in this debate.

The trends debated above are partly also connected to broader administrative and cultural changes, indictative of the processes of professionalisation and sectoraisation of the public policy field in its entirety (Tarschys 2004, Statskontoret 2005), which is in itself indicative of the complexity of the field while also encompassing the requirement for highly specialised expertise required in the public sector today. This has led to the requirement for specific policy interventions and practices to try to counter over-sectorialisation and the desire to craete cross-sectoral debate and co-ordination. This may be an additional dimension to consider when governance renewal and structural reform is debated.

The other report recently published by the Committee on Public Sector Responsibilities was based on a broader set of sectoral concerns, including the following policy areas, asked which level these issues should be dealt with:

- Regional develoment and economic policy
- Rural policy
- Labour market policy
- Physical planning
- Investments, development and maintenance of transport infrastruc- ture
- Public transport
- Secondary education
- Research and higher education
- Cultural policy
- Environmental policy (Ibid, 9).

The study basically asked, which policies should be predominately a regional, local, or national concern, without addressing the question of what structure should be proposed for local and regional levels as such (e.g. how many units and within what kind of boundaries).

The ITPS report provides a brief overview of policy areas where there may be need for a more detailed discussion on the distribution of responsibilities and tasks. It is however taken for granted that most policy areas have a varied geography, i.e. there are very few policy sectors where all tasks should be placed on one of the adminsitrative levels, rather it is likely that in most cases there is asymmetry within the sctors according to the type of tasks in question, i.e. control functions fit more neatly on a different level than do development, promotion and financing issues etc. And of course for accountability reasons it is more appropriate for the different types of tasks to be on different levels (control tasks the responsibility of one level, with pro-active development actions or policy implementation on another level).

In the context of the analysis undertaken here the policy sectors are approached through a cluster perspective, i.e. a number of tasks are located at the level of the local labour market regions, as much of the shared objective has to do with the well-functioning of the local labour market areas. The ITPS analysis has considered a functional labour market area to be one of 45-90 minutes travel-to-work distance (from the centre of the region), which would imply 60-100 regions nationally. The other region type would be the 'growth policy region' (similarly to the Eurofutures/Nordregio study referred to above), encompassing areas such as regional development policy, research, education and infrastructure, requiring sufficient critical mass for innovation activity or similar (in the assessment of ITPS 120-180 minutes' travel distance nodes). Here different sectors follow divergent logics however and policies within the context of labour market measures cannot be based on the same regional structure and distribution of tasks and responsibilities as R&D for instance. The report does not however take a firm stance on what regional constellations in fact would be most appropriate, rather the intension of lifting the questions relating to functional logics and their divergence between policy sectors is intended as a basis for further discussion and debate. On the level of the conclusions the study does however propose an outline for a model for a sector-based geographic logic for public policy:

Policy sector / Level	National level (Level 0)	Regional level (Level 1 – comprising of local and regional levels, micro level)	Strategic regional level (regions in terms of cluster thinking or regional growth, meso level)
Regional development policy[6]	Overarching goals Distribution of resources between the regionsSectoral co-ordination	Sectoral co-ordination	Development of regional systems for financing and innovation
Labour market policy	Rules and taxes, National research, Some investments	Regional adjustment of forms of training and policies	Initiatives for co-operation Promotion of innovation Some investments
Physical planning	Overaching responsbility	Planning and control functions	Responsibility for some issues (infrastructure?)
Transport infrastructure	National investment system	Local investment systems	Regional investment systems
Public transport	National system and financial responsbility for maintenance	Local systems and financial responsibility for service provision	Co-ordination of local systems
Higher education	Setting targets and steering responsibility		Regional specialisation
Research[7]	Setting targets and ensuring quality		
Culture	National institutions	Local institutions	Regional co-ordination
Environment	Rules and overarching responsibilities	Implmentation and control	Certain areas of community planning
Rural policy	Management by results, steering, distribution of resources between regions, setting rules for the incentive system	Some co-operative initiatives Promotion of investments	Co-operation investments Innovation promotion Inancing systems Some areas of investment promotion

(Based on ibid, adapted to the Finnish debate and policy system, 16.)

3.3   Reform processes in Denmark

The extensive structural reform to be implemented from the beginning of 2007 is one of the main points of interest for our study. The pace of the reform process has been remarkable and raised curiosity in the other Nordic countries

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[6]   Here for the purposes of the Finnish debate the regional development policy or regional economic policy are seen as one policy area, therefore not concentrating on the difference between 'regional utvecklingspolitik' and 'näringspolitik', which were distinguished between in the original report (Hallin 2005, 10).

[7]   For the purposes of the Finnish debate, it may also be somewhat artificial to distinguish between higher education and research. In many cases innovation policy would in fact comprise both higher education and R&D sectors.

and beyond. Within a period of a year and a half, a series of events paved the way for reform:

- Recommendations of the Commission on Administrative Structure (published in January 2004),
- "The New Denmark" (the Government's proposal for an administrative reform, published in April 2004)
- Agreement on a Structural Reform (between the Government and the Danish People's Party in June 2004)
- Plan for implementation of the agreement (between the Government and the Danish People's Party, reached in September 2004)
- An action plan with 49 proposals presented to the Parliament (February 2005)
- Agreement on the new map of Denmark (between the Government, the Danish People's Party, the Social Democrats and the Social Liberals, published in March 2005) (See for instance Jørgensen 2005, 4 and 2006, 7-8.) Needless to say we can for the time being only describe the process as it has unravelled thus far and provide a tentative analysis of the research findings and political debates upon which the reform was undertaken. The assessment of the degree of 'success' (from different points of view) and benefits and problems will be an issue for a later date.

There are a number of functional changes in terms of the division of responsibility between the administrative levels and it could in fact be argued that the pace of the reform process has perhaps been the main explanatory factor behind the surprisingly strict focus on functional issues of more 'technical' nature, possibly at the expense of a broader debate on governance. The division of labour between the various levels of administration will undergo a fundamental change in the years to come as a major reform of regional and local authorities was agreed by a majority of the parties in the Parliament in June 2004. According to the agreement, the regional level will be reorganized, *inter alia* reducing the number of regional authorities from 13 to 5. The 'regions' (as opposed to the counties) will have to prepare regional development plans, which will coordinate regional growth-oriented policies and a regional spatial plan much more explicitly than has been the case previously. It is obvious that the reform will change the conditions under which regional policies are coordinated and implemented. It is, however, most likely that the tradition of multi-level governance and coordination will 'survive', though in a new form while the final implications are currently difficult to discern.

Public sector reorganization	From January 2007 onwards – 5 regions (without tax-levying powers) – with health care and regional development, transport among their main tasks Overlapping regions and municipalities - København + Frederiksberg + Bornholms 'Regionskommune' (Divergent experiences)
Municipal mergers	Ongoing on a "voluntary" basis, of particular interest, The 'proposals' from the municipalities in January 2006, Number of municipalities radically reduced (From 271 to 100 according to Strukturkommissionen) "Ideal size" of municipalities – according to "Strukturkommissionen" 20 000, government settled for 30 000 as 'ideal'
Regional/local governance innovations	Overlapping regions and municipalities - København + Frederiksberg + Bornholms 'Regionskommune' (Divergent experiences)
New regional policy rationales and methods	Et Danmark i balance. Hvad skal der gøres? From 2003 – growth policy for the whole country similarly to NO, SE and FI
Emergence of a 'network municipality' and inter-municipal co-operation	Overlapping regions and municipalities - København + Frederiksberg + Bornholms 'Regionskommune' (Divergent experiences)

The information box below summarises the main aspects of the reform as they relate to this comparative study.

- The current regions (*Amt*) are discontinued
- New hospital regions (5) are established. These are steered by directly elected regional politicians
- The tax levying powers of the regional level are being discontinued while the financing of hospital care is covered by the central government level.
- The size of municipalities is increased to 30 000. Smaller municipalities can survive in cases where they establish extensive co-operation networks and activities with other municipalities in order to be able to bear responsibility for basic services.

(Regeringen 2004), 5-7; See also The Danish Ministry of the Interior and health)

3.4 Reform processes in Norway

Both the municipal and local structures of Norway have been eagerly debated in recent years, though at the same time due to both its geography and history, there is deep-rooted scepticism as to municipal mergers. The development of the Norwegian municipal structure is described in the table below.

Municipality structure 1990, 2004 and 2020	1990 Number of municipalities	Total population	2004 Number of municipalities	Total population	2020*[8] Number of municipalities	Total population
Under 1000	17	11 464	23	16 649	26	18 545
1 000-1999	72	108 296	73	105 724	72	102 718
2 000-2999	67	169 578	63	155 570	61	149 192
3 000-3999	96	378 649	83	327 027	74	288 655
5 000-9999	95	676 213	91	646 420	88	602 963
10 000-19 999	65	904 875	57	819 184	61	850 710
20 000-49 999	28	830 056	32	955 940	39	1 169 595
> 50 000	8	1 170 699	12	1 550 943	13	1 793 111
Total	448	4 249 830	434	4 577 457	434	4 975 489

(NOU 2005:6 "Samspill og tillit".)

The vision for the Norwegian local structure seeks to balance out the high number of small municipalities. The Norwegian case is also interesting for the analysis here as the small population base and high number of small units necessitates a number of new service and co-operation solutions, thus being quite similar to the Finnish situation. The aspect of the Norwegian reform that has attracted most interest and debate in the Finnish context was that of hospital reform, where the ownership of hospitals was transferred from the 19 regions to the central government level and reorganised as 47 health corporations, located in five hospital districts. Interest has been mutual, with Norwegian debate often in recent times taking inspiration and ideas from the Finnish structure of inter-municipality co-operation.

While there has recently been lively discussion on reforming the regional structure, the solution remains difficult to identify. The Norwegian Commission for new Regional Policy (Distrikstkommissionen) put forward its proposal in the form of a White Paper on Norwegian regional policy, in October 2004. Themes of relevance to the administrative structure were also included. The vision of the work has been defined as "Further developing attractive and vital local communities through an active and competitive industrial base and balanced public service provision throughout the country, with the objective being to maintain the main characteristic of the population pattern" (Barlindhaug 2004; see also Fimreite, A.L. and Lægreid, P. (2004)). Many of the issues debated here are reminiscent of the Finnish debates that were described in connection to the motivations and questions of this project. For instance it is argued that the international distribution of labour increasingly requires…

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[8]   Estimate from Statistics Norway.

- Regional specialization as the national strategy
- A policy for competence-driven value-added-growth
- Strong regional clusters
- Increased political focus on the regional consequences of overall governmental policy
- Coordination of governmental sectoral policy

Democratic Authorities on the regional and municipal level with real power
- Legitimacy to prioritise and to coordinate
- Becoming a real "receiver" for individuals' and companies' request and opinions (ibid.)

Two alternative models were proposed based on this report's work:
3-level model, where
- The present counties (19) were to be replaced by a smaller number of significantly stronger regions
- Directly elected regional assembly
- The number of regions depends on the achieved power
- The present County Governor offices are reduced to a governmental authority with monitoring - and legal control tasks

or

2-level model, where
- The present counties are eliminated
- The present Country Governors office are replaced by a regional authority responsible to the central government

Plans to reform the planning structure were also put forward in 2001 and 2003. The White Papers produced suggested proposals for major reform of the current Planning and Building Act (NOU 2001:44 and NOU 2003:14; for the documents see http://odin.dep.no). The White Paper has not however been presented to the Parliament for final discussion since the change in government and has thus not gone through its full legislative process. As such, the future of Norwegian spatial planning remains somewhat in limbo.

The proposed reform of the planning-and building act discusses the role of regional partnerships, though only in passing. The word 'partnership' does not occur in the text of the proposal of a new planning - and building act. However, it is found in the report itself, and is particularly prominent in chapter 4, which covers regional planning issues. The discussion on the distribution of tasks and the county councils' role has been important for the committee's work on the future regional planning system (NOU, 2003:14). "The decisive matter is that

the country has good, comprehensive regional planning governed by representatives elected by the people" (NOU 2003:14 p 111). The proposal for a new law strongly emphasizes the need for cooperation and coordination between stakeholders in the process, governed by elected representatives within a traditional democratic system.

The 2003 White Paper stresses the county councils' key role as a regional developer, having built its regional planning system on that assumption. The committee is nevertheless eager to underline the fact that the county councils will not be given overarching authority in respect of planning and spatial issues. There are two core observations relating to the regional planning system based on partnership:

1) In the introduction partnership seems to be limited to the public realm
2) The partnership is seen between county councils and municipal councils as planning authorities.

Even though the state level and the state regional authorities also have tasks and authority in planning matters, it is underlined, albeit indirectly here, that the state and other authorities are not involved in these new types of partnership, institutionally linked to *de facto* planning authorities on the regional and local levels.

The main change in the proposal, Higdem (2001) argues, is driven by the need to create a planning system based on partnership between the regional and local levels, and to launch a new initial form of planning, i.e. to develop an overall planning strategy on both the regional and municipal levels. This is to be done also in terms of the planning of areas, especially where area matters concern several municipalities. The second is flexibility both in choosing the specific planning type for different matters and in choosing 'how comprehensive" i.e., on what scale and in what areas a revision of an exciting county plan is needed. These judgements will take place within the regional planning strategy, which will be made every 4th year as early as possible in the election term.

The White Papers produced by the Planning Act Committee in 2001-2003 are also in favour of further developing and strengthening the planning instruments available at the central level. However, this does not imply a weakening of the position of the municipalities and local authorities. The task of the national authorities remains to safeguard central interests and considerations in territorial planning. Although the planning task lies with the municipalities, the state is the final arbiter in disputes etc. Today, the state administration possesses a number of instruments for influencing and intervening in planning at the local level. Apart from the legislation, including

various sector laws, two planning instruments exist at the central state level, namely the National Policy Guidelines (retningslinjer) and the National Policy Provisions (rundskriv).

A limited process of the decentralisation of state agencies out of Oslo has taken place in the last four years, but not to the same degree as has been observed in Sweden for instance, with its extensive regionalisation of the public authorities. (Following a government message to the Parliament (*Storting*) in January 2003, eight directorates with a total of some 900 employees were announced as being scheduled to go through a process of gradual re-location to regional centres (Bergen, Trondheim, Bodø), as well as to other smaller towns. These regionalisation measures will be implemented by the end of 2006. An attempt has been made to use this re-location policy as an instrument of equal and equitable regionalisation, with no locality receiving more than one newly re-located state authority. When it comes to decentralisation, as with regionalisation however, the Norwegian context is rather more complex.

In June 1998, the Norwegian Government appointed a committee on "the distribution of competences" to negotiate the division of tasks and responsibilities between the three levels of government: national, county (the regional elected level) and municipality (the local elected level). The recommendations of the committee were published in July 2000, and outlined seven guidelines for future distribution of power and responsibilities in Norway. The two most fundamental recommendations included the following:

- Responsibilities should be given to the lowest effective level of government (subsidiarity).
- Responsibilities, which require local political discretion, should be given to elected bodies, i.e. municipal and county councils (democracy).

Based on these guidelines, a large majority (11 of the 12 members of the committee) agreed that Norway should indeed in future opt for a regional elected level of government. Larger counties – with a larger population, more resources and competences – would serve as the basis for transferring additional tasks and responsibilities from the state to the regional elected level. Thus, the committee recommended establishing 10 regions.

The Labour government at that time published a White paper (June 2001) based on the work of the committee, where financial support was promised to those counties, who wanted to take part in discussions concerning their merging into larger units. The Liberal-Conservative government, which took office in the autumn of 2001, revived the discussion on the division of tasks. Accordingly,

its conclusions included: no new competencies to the counties after the health reform; and, increasing power to local municipalities, with no need for a third level (county level – '*fylke*'). The (existing) counties were given the main task of "regional development," that is, to promote regional development and co-ordinate regional development partnerships and project activity. As a result the counties actively began to establish a number of pilot projects.

The association of Municipalities and Regions (KS) has initiated a project entitled, "The new county authority". Under this initiative, several expert reports have been published. These reports have concluded that the principle of subsidiarity must be a basic aim, that tasks of a political character must be given to an elected body, and that the financial resources needed to complete tasks must be given to the appropriate level of governance. The main recommendation from KS is that Norway should develop strong regions, with more responsibilities and elected bodies than the current counties possess. ("Norway needs stronger regions!" a publication from May 2004). This proposal has been supported by the group of chairmen of the county councils (county mayors).

KS has also tasked a professor of regional planning to develop a documented geographical proposal for the construction of new and stronger regions in Norway. The report "Strong regions – proposal for new geographical division of the regional Norway" was published in August 2004 and has been inspired discussion and debate throughout the country. In this respect, the main suggestion is to form 7 regions (down from today's 19 counties) – while remaining open to alternatives (such as 5 or 9 regions).

A committee appointed by the Government "Distriktskommisjonen" last autumn put forward a green paper on "vital communities and regions in Norway". Their main proposals were to:

- Create development and growth in all parts of the country
- Distribute welfare and quality of life equally to all people in all parts of the country
- Build strong local societies and regions to support innovation and growth based on the different potentials and recourses in each region/ part of Norway.
- Strengthen partnership between cities and rural areas – within each region
- Secure the Sámi culture
- Strengthen the cooperation and partnership between different actors within the regions

In order to implement these goals, they have called for the reform of administrative structures, which focus on decentralizing powers to political elected bodies. The following models are proposed:

- A three-tier model with strong regions – directly elected bodies with larger and broader tasks – decentralised from national level (supported by 11 of the 15 members)
- A three-tier model with indirect elections – from municipalities
- A two-tier model with municipalities and national level. This requires a regional municipal restructuring into larger municipalities (from 434 today to around 100)

Before further progress can be made, the Government wished to carry out detailed assessments of the various pilot projects that are currently underway. These relate to the so-called 'Enhetsfylke' (unitary regions) experiments referred to above.

4   Case studies on governance reforms

The case studies were selected and drafted with the expectation that they could shed light on the research questions outlined in the introductory section, as well as allowing for comparisons and pointing to lessons to be learned for the Finnish local and regional authorities. It was clear form the start however that due to the different patterns and dynamics at play in the different Nordic countries, there is little point in aiming for strict comparison in the selection process; rather it was hoped that the case studies could be representative of some of the processes and sector-specific patterns of the countries in question. The dimensions of case study selection were (1) public sector reorganization, (2) municipal mergers, (3) regional/local governance innovations, (4) new regional policy rationales and methods and (5) the emergence of a 'network municipality' and inter-municipal co-operation.

When relating the case studies to the governance aspects discussed earlier in this paper, the following issues proved to be of particular relevance:

- Governance as a process of co-ordinating multiple players in non-hierarchical systems of political negotiation, regulation and administration bringing together the actions of an increasingly wide array of social, political, and administrative actors seeking to guide, steer, control or manage societies and communities. Here our interest is focussed on the question of which negotiation processes emerge, cf. the governance innovations.
- The governance question of major relevance is the balance between the resources available and the tasks to be covered and thus we can ask, "how to co-ordinate and promote good working practices and methods within local governance structures that promote both 'good governance', as well as economic and functional efficiency?" Which has come first in the Nordic comparative cases selected and what consequences has this choice had?
- Emphasis placed on networks rather than hierarchies, self-organisational qualities rather than top-down organisational design – innova-

tions and experiments with network governance (or representing network governance, even though the main focus is on a specific sector, issue, service etc.)

We sought to identify case studies that have already been tested and evaluated as models or practices and where also suitable indicators for success can be discussed (in terms of democracy, good governance or policy efficiency). Yet the national and regional differences soon made it clear that the indicators are always regionally and nationally specific, as well as being defined from within he sector and thematic context. So any study with the aim of providing an overview must do just this: provide an overview and not make a pretence of providing a strictly comparable analysis, as the overview relies on second hand sources, where methodologies, theoretical perspectives, mandates and indicators vary greatly. We have however tried to highlight some of the issues that have seemed to be relevant and interesting for the Finnish context.

Issues such as the expected effects and societal impacts and the methodological innovations and best practices in monitoring public policies and their impact and success have also proved to have been of interest, as has the assessment of the scope and form of suitable service provision units (both local and regional).

4.1 Swedish case studies and background

4.1.1 Swedish regional case study of Västra Götaland

National background to regionalisation

As was argued above, the Swedish governance system had already undergone significant change during the 1970s when the issue of municipal mergers instigated heated debate. Since the 1970s, decision-making has gradually been decentralised, implying that decisions are principally made by County Administrative Boards and regional devolution bodies (such as Västra Götaland; hereafter also referred to as VG). Other policy reforms and trends have also supported regionalisation and regional development from a more endogenous perspective, as opposed to the exogenous and top-down patterns that has been more typical to the Swedish system, which is highly centralised.

As was argued above however, in recent years a policy of regionalisation has also taken place at least since 1990, when the Swedish Parliament decided on the principles for the localisation of a number of state activities. It was argued that relocation and decentralisation are important elements in the quest for balanced regional development, while also encouraging a continuous examination of the prerequisites for decentralised activities. The ordinance on

regional development work (1998:1634) states that the state authorities should consider the possibility of decentralising its activities. (Source: Regeringens proposition 2001/02:4. En politik för tillväxt och livskraft i hela landet = A policy for growth and viability throughout Sweden, Government Bill 2001/02:4)

Programme-based regional development has also been part and parcel of the new thinking and methodology of regionalisation. All Swedish regions now have to produce a regional growth programme (RTP) and these should be developed within the region in a broad partnership. It is the state at the regional level through the county administrative boards that are in charge of this process. The RTPs are however still ratified by the state. Some regions also produce regional development plans (RUP), which are broader strategies. In the case of Västra Götland region the responsibility for the RTP has been transferred to the region. The VG Region has developed a Regional Development Plan (RUP), which is meant to be a platform for the implementation of Regional Growth Programmes (RTP), Structural Fund Programmes and the regional plan for infrastructure. The Region ratifies the RUP, while the RTP is ratified by the government based on the Region's suggestion. (Statskontoret, 2004, p 68.)

The municipalities in the VG region have formed four sub-regional bodies in the shape of local authority associations. Each of these four sub-regional units develops its own regional growth programme (for 2004-2007) within the wider framework of the regional RTP. Västra Götaland Region in western Sweden has a population of 1.5 million (17% of the Swedish population). As already argued above, the region has a particularly important position in Swedish terms as one of the two 'pilot' regions with a directly elected assembly. The assembly consists of 149 members elected every four years. The Region was established in 1999 by merging three former county councils and parts of the decision-making functions of Göteborg, mainly those concerned with health care. One of the reasons for the merger was that, with time, the former historic county borders became an obstacle to mutual interests in fields like public transport and catchment areas for health care.

According to Bäck (2005), there were two main debates in the 1990s leading to the establishment of the regional pilot programme:

- The democratic debate at the regional level – i.e. is it the state at the regional level or the directly elected county councils that should be responsible for planning and regional development?
- The need for coordination, particularly in large metropolitan regions, regarding infrastructure and service provision.

These trends can also be reflected in the other reform processes such as those connected to the broader agenda of "Ansvarskommitté". The regional council in Västra Götaland is responsible for healthcare, taking up some 90% of the region's budget. Västra Götaland council is responsible for the overall management of healthcare, which includes; hospitals, primary healthcare, specialised dental healthcare, and free dental care for children and young people. A majority of the region's 48 000 employees are located in the health care sector. Service provision within the area's health care sector is provided via a 'purchaser-provider' system.

The other major responsibility concerns regional development – normally a Governmental responsibility exercised through the county administrative boards. The region shoulders responsibility for business development, public transport and communications, international issues, culture, tourism, environmental issues, higher education and research. A ten-point regional strategy sets out the objectives – leading position as an IT region, prominent in 'know-how' development and expertise, in eco-friendly technologies, culture and tourism, an internationally recognised partner and a model for equal opportunities and integration. The regional council is also authorised to levy council taxes.

Responsibility for health care is not time limited to the regional pilot project. In this sense, the Västra Götaland region can basically be viewed as a very large county council with the same responsibilities as other county councils in the country. It is then its responsibility for regional development work that provides the really novel part of the pilot scheme, as this is normally a state-level function carried out at the regional level through the County Administrative Boards. The pilot scheme period was subsequently extended and will now run until 2010.

The administration of the Västra Götaland Region is spread over six Regional Offices across the region in order to underline its close proximity to the citizens. Vänersborg is the regional 'capital' where the Regional Council meets and the Regional Executive Board, with its secretariat, resides. The regional development unit is located in Göteborg, the environmental unit in Borås, culture in Uddevalla and the Health and Medical Executive Board in Skövde with the Public Health Committee in Mariestad.

The reorganisation mainly concerns health care and regional development ('näringspolitik') sectors. In terms of health care, VGR is simply a very large county council, not a pilot case of new governance as such. In terms of regional development however, it is a pilot because VGR has been given responsibility for regional development strategies and initiatives, something that is otherwise in the remit of the state at the regional level through the county administrative

boards. The reorganisation came about in the main because of the desire to improve efficiency levels in health care provision. It was also argued that regional development could be more efficiently organised in this way (larger unit + directly elected body responsible and more money available through taxation). Improving democracy was also a strong argument here, though with the size of the regional unit, the subsidiarity issue, in terms of locating power as close to the citizen as possible, has at times been raised.

The regional unit however provides the basis for a regional innovation system partnership including the Västra Götaland Region and e.g. the higher education institutions in Borås, Trollhättan/Uddevall, and Skövde, IUC Tibro (a network company owned by 75 businesses which helps companies in the region to develop). In recent years the Swedish focus on regional innovation systems has paralleled the Finnish experience with VINNOVA on the central level and regional partnership constellations merging with the Regional Growth Programmes (RTP) have had this as their central focus.

There have not however been any municipal mergers within the region although there are four sub-regional local authority associations: The Göteborg region, Sjuhärad, Skaraborg and Fyrbodal. These sub-units collaborate because it is argued that each municipality on its own is too small to deal with regional development issues and thus it is better to collaborate for that purpose. Co-operation is also motivated by the fact that, for practical purposes at least, it is easier for the VGR to liaise with the municipalities through these four sub-regional units than with all 49 local authorities individually.

Political organisation of the region

The council collaborates with other public bodies such as the 49 local authorities in the region, and also aims at public participation. This is reflected in the organisational structure of the regional council. The Regional Councillors appoint the 17 Members on the Regional Executive Board, which in turn, prepares proposals for the Council with the assistance of e.g. a Health and Medical Care Executive Board, 12 local healthcare committees and service provision committees. Four patients' committees report directly to the Council. Regional development, environment and culture each has a committee of 15 regional representatives working with another 12 municipally elected representatives in drafting committees thus providing a wider base for public opinion.

In the development of the regional growth programme for 2004-2007 an extensive process of consultation and collaboration, with a large number of actors, took place. Cross-sectoral, 'joined-up' thinking is a key theme of the regional growth programmes.

Political organisation of the Västra Götaland Region

Process description: Västra Götaland case

1. The experiment first emerged as a bottom-up initiative in the autumn of 1996, when a delegation of politicians from Western Sweden contacted the Ministry responsible for regional and municipal issues and proposed that a new "West of Sweden" county and region should be created. The politicians came from five of the seven main parties; the Social Democratic Party, the Left Party, the Centre Party, the Liberal Party and the Christian Democratic Party. One of the main reasons was that the health care sector was seen as requiring better coordination and the borders between the old county councils were out-of-date for the functionality of these services.

2. The Swedish Parliament decided, based on a West of Sweden initiative, that there should be an experiment in regional self-government. The reasons for this, in turn, deal with the following factors:

a. *Regional democracy* – it is argued that issues to do with the regional development of the Västra Götaland region can be better decided by the regionally elected politicians rather than the state employees at the county administrative boards and by so doing a revitalisation of regional democracy is achieved through having the decisions made by local/regional representatives and building on a commitment to the local area. Great emphasis is put on the ideas of networks and partnerships where individuals, associations, companies, local authorities, educational institutions and other actors can each actively participate in creating the "new region".

b. *Regional strength and competitiveness* – a large and united region creates better opportunities for the western part of Sweden to succeed in the competition for resources both domestically and internationally.

c. *Environmentally sustainable growth* – it is argued that this issue is better addressed at a larger geographical unit than that of the previous county councils. Specific focus is put on the sustainability issues as a whole and on environmental perspective in regional development strategies.

d. *Efficiency and coordination* – the larger region will increase the potential for the better utilisation and coordination of resources within the health sector, public transport, research and development.

3. In the spring of 1997 the Parliament passed the act on the new regional formation and a transition board was created to prepare for the new region to come into existence.

4. 1 January 1998 the new Västra Götaland County was created through the merger of the former counties of Skaraborg (minus the local authorities of Habo and Mullsjö that joined the Jönköping län instead), Älvsborg, and Göteborg and Bohus. Through this merger the new county administrative board, i.e. the state at the regional level was formed.

5. In the election of 1998 the inhabitants of the Västra Götaland region elected members for the new regional assembly for the first time.

6. 1 January 1999 the Västra Götaland Region was established with two main areas of responsibility, namely, health care, which was previously the responsibility of the county councils, and regional development, which is a new responsibility.

What then is the balance when the case of Västra Götaland is considered? Has it been a success and if so, in which sense and for whom? Thus far there have been two public evaluations of the Västra Götaland region, both published in 2004. These were conducted by the Swedish Agency for Public Management (Statskontoret) and Halmstad University, respectively. The focus of both evaluations was the regions' responsibilities for the regional development policies and not the health sector.

The evaluation by the Swedish Agency for Public Management dealt with the issues of joining up efforts, i.e. coordination and cross-sectoral work, on regional development and on resource utilisation, i.e. efficiency. The evaluation claims that the increased responsibility for regional development that Västra Götaland region carries has contributed to greater clarity within this field and also generated better coordination. The main advantages with this organisation is that it is clearer where responsibility and decision-making rest. The right to levy taxes brings more power to the decisions than otherwise. The region has also increased the budget for regional development work compared to this policy field when it was the responsibility of the county administrative board, and the stress on regional growth has become more marked.

A successful example highlighted by the evaluation is that of regional planning, in particular relating to the field of infrastructure. Collaboration within this broad area of regional development has increased between different actors and stakeholders such as local authorities, trade and industry and the trade unions. The region has managed to unify partners in this field prior to important decisions on investments in infrastructure taken by the national Parliament. The unified region made a number of decisions that contributed to a number of important road and railway investments in the region being started sooner than would otherwise have been the case.

The Halmstad University evaluation was designed to investigate the democratic legitimacy of the regional development work. This aspect is evaluated through the question of to what extent the regional development work has received support from political parties, local authorities and groups of citizens. The regional development organisation of Västra Götaland is based on three draft committees that prepare issues prior to decisions in the Regional Executive Board. These committees act as a type of collaborative *fora* for the regions and local authorities. Within the region there are four sub-regional collaborative local authority organisations (kommun/kommunalförbund); The Göteborg region, Sjuhärad, Skaraborg and Fyrbodal. The draft committees are made up of representative from these sub-regional organisations and from the region. Actors within the system evaluate these committees as well functioning ways of collaborating. The one weakness with the system is that the views of the local authorities are 'filtered' through the local authority associations.

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The evaluation states that the Västra Götaland region has made an extra effort to strengthen democratic involvement in the regional development policy. One example of this is that regional development issues are much more widely discussed in the political parties than was previously the case. Regional development policies tend to be more consensus-based in political party terms than is the case regarding health policies.

Regarding the active participation of citizens in the work of regional development, the evaluation shows that there is great potential in the region. This sort of work, does, however take time. The extent to which trade and industry organisations or those within the working life context take part in regional development policy depends on the different policy fields in question. Participation takes place through various types of partnerships at the regional and sub-regional levels.

In addition to the written materials, two interviews were undertaken, the results of which helped us to further clarify issues relating to the written material.[9] What were the motivations and objectives of the reform, and how had they been achieved? These were the basic questions posed.

It can be concluded that the mergers of the county councils that make up the new region of Västra Götaland have facilitated the necessary restructuring of emergency hospital care in particular, as the greater geographical area leaves less space for local special interests. The increasing distances are thus seen as being less of a problem than initially expected. When the reform was first implemented, the area of emergency hospital care was one were the need for reform was felt particularly acutely. It has been clear that there cannot be a high degree of specialisation everywhere and the need for good service close to home has to be balanced against the costs of delivering this service. Ambulance services have improved recently, implying that the longer distance from an emergency hospital does not necessarily affect the service available. In addition, the authorities have tried to cope with the pressures of cutting costs due to lack of resources without undermining the service level. The problem initially facing the Västra Götaland region was the underperforming economy, implying the need for major savings in the health care sector, which was understandably perceived rather negatively across the region. The region had no choice but to initiate cost cutting measures in the health care sector, while it continued a

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[9] Two interviews were undertaken; one with a researcher who is an expert on the history of Swedish local authorities, Erik Wångmar from Växjö University, who was asked to comment on some of the issues regarding the creation of Västra Götaland region. The second interlocutor was Yngve Johansson, who is a project leader at the regional development office of the Västra Götaland region. The analysis and interpretation of their views belongs naturally to the Nordregio project team.

process that had already begun in the various county councils prior to the creation of the new region. The final balance remains to be drawn, but on the whole the findings seem encouraging.

All of the municipalities concerned were not in favour of the creation of the Västra Götaland region. The process was very fast, and it would perhaps have been better to take a little more time to let the idea become more firmly embedded and accepted among the policy actors and population at large. Yet we have seen in this project, and in particular from the Danish case, that the length of the process is not necessarily the key issue here and in fact in some cases a shorter process with less uncertainty and room for speculation may be more positive from the point of view of those affected by it. By its very nature the starting point was challenging, as the Västra Götaland region was formed in a situation where healthcare was in financial difficulty, thus providing for a difficult starting point. Another difficulty relating to the creation of the Västra Götaland region concerned the level of uncertainty over the longevity of the pilot project.

The possible winners and losers of the process undertaken in the Västra Götaland region were also discussed. It was argued that the main urban centre of Göteborg has not been as dominant within the region as one might have expected. According to the interviewees, the former Göteborgs and Bohuslän and the southern part of former Älvsborgs county are probably the areas that have gained most with the establishment of the new region. It may not be desirable to point out any losers (and in fact there may perhaps not be any), but some areas have perhaps undergone less positive change than others, and Dalsland and former Skaraborg County are mentioned as sub-regions that have remained in a more or less similar situation as that prior to the regional reform. On the other hand, the winners are those that use the services provided by the new region and in this sense those who now have access to better roads, public transport, healthcare, and cultural life, which were the aims of the reform. There may be losers in the more sparsely populated areas, though as the interviewees point out, whether this would have taken place even without the new region and in fact whether the development would have been even more polarised, is difficult to judge.

A summary of a SWOT analysis of the Västra Götaland concludes:
- Strengths: The Västra Götaland region has resulted in improvements being made to the healthcare system in Western Sweden, since the old-fashion boundaries between previous health areas have been erased.
- Weaknesses: The size of the region may make it more difficult for the various outlying areas to become imbued with a sense of regional identity. Difficulties emerged from the outset given the problematic situation in the healthcare sector.
- Opportunities: The experiment provides an opportunity to test this type of regional construction to see if it can be a model for creating fewer but larger regions in Sweden as a whole.
- Threats: The result of the work of the Committee on Public Sector Responsibilities (Ansvarsutredningen) may come up with a suggestion where there will only be a state level and a local level and no regions in between.

Acceptance of the new political situation among politicians, municipalities, authorities, businesses, and inhabitants is increasing. They have seen good results and in regional development terms, development is seen as going in the right direction. There are of course conflicts, and those include a lack of local perspective but particularly within the health sector where e.g. a local accident and emergency hospital has been closed down.

The implementation process has been fairly smooth, though with some examples of 'stop-go'. It is clearly a very difficult process to merge three counties and parts of the responsibilities of Göteborg municipality. It is, in fact, the most significant merging of counties in Sweden over the last hundred years (with the exception for the 'storlandsting' in Stockholm 1971). There are geographical differences regarding population density, industry, and labour markets. It is not an easy task, but there is a strong desire to follow this road, motivated in particular by the desire to increase regional competitiveness.

As regards future development, the Government has given the Committee on Public Sector Responsibilities the initial task of identifying, shedding light on and conducting a broad analysis of the changes in society that affect, and could prompt, changes in the structure of public administration and the division of responsibilities between central government, the municipalities and the county councils. In its work, the Committee started from an account of the present arrangements, identifying both their strengths and weaknesses. Secondly, following receipt of supplementary terms of reference, the Committee was given the task of conducting an in-depth analysis and assessment of the administrative structure and the division of responsibilities, while also being asked to present proposals in areas where the Committee deems this to be warranted. The final results are to be presented in 2007. (Source: Committee on Public Sector Responsibilities SOU 2003:123 – Summary Innovation capacity for sustainable

welfare.) It seems broadly accepted that the number of regions in future will range from 6 to 9, while the experience gained from the current regional 'experiments' with autonomous regions will be invaluable in taking the regionalisation and public sector reform forward.

4.1.2 Health care as a sectoral case study in Sweden

The centrality of the health care sector in the regional context is obvious, not least because this sector accounts for approximately 90% of the activity of the Swedish county councils (*landsting*), in Skåne and the Västra Götaland region. This also implies that this is a major source of employment in the regions and therefore of relevance for economic development.

As was described previously, the regions are responsible for specialised medical service in Sweden. Not every county has a 'regional hospital', as there are nine of these in the country. Those regions that do not have one, have contractual agreements with regions that do.

Healthcare and the specialised medical service sector have witnessed reform pressures for many years, and have indeed already undergone a number of reforms in recent decades. Of most relevance was the so-called ÄDEL-reform of 1992, which shifted the responsibility for medical services and healthcare outside the hospitals (in terms of old-age care facilities etc.) from the regional level to the local level (Ansvarskommittén 2003, 6). Similar reforms were implemented in terms of psychiatric care in 1995 (ibid.)

Comprehensive and reliable discussions of the efficiency and accessibility of the Swedish health-care system are difficult to come by. Though there have been various exercises seeking to improve this situation, while data is collected by different authorities, the issue is very complex and can only be assessed through a combination of data sources (Ibid, 13). It is also worth stating here that similar data and monitoring problems are to be found in the other Nordic countries (ibid), which makes the task of international comparison even more difficult. A national database for the monitoring of waiting times in the healthcare sector was established by the Swedish Association of Local and regional Authorities in 2000, and other development activities are ongoing. As such, we may have a better opportunity to assess these issues in future.

In light of the evaluations and assessment undertaken within the context of the current reform processes (in particular the "Ansvarskommittén"), there are a number of political issues of broader relevance for the future of territorial governance and democracy within the Swedish governance system. Healthcare and specialised care are, and are likely to remain, the main areas of regional responsibility. What then are the strengths and weaknesses of the current governance structure? While responsibility for the day-to-day running of the

healthcare sector remains with the regional and local levels, political debate and agenda-setting focus their attention elsewhere. When issues of high political sensitivity and interest in this field emerge, they tend to be national ones and are thus, in the main, debated and decided upon by the national parliament (Ansvarskommittén 2003, 36). It is already today difficult to recruit political candidates into both local and even more so into the regional politics and this is likely to remain so in future, as the complexity of the issues and the sheer difficulty in responding to the financial and functional challenges grows. A contributory issue in this context may also be that the current regions are too small (ibid, 37). There are two alternative ways of tackling the problem:

- *Extending the regions, i.e. merging* a number of current county councils in order to make them more able to tackle the challenges of service provision (here the problem of resistance to the perceived and real increase in distance is likely to emerge on the local level). Despite the positive experiences with the Västra Götaland region, criticism has however been levelled at the 'democratic deficit' emerging as a consequence of the large size of the politico-administrative unit, even though this issue has been partly addressed through the governance methods, and for instance by devolving decision-making down to a number of local units;

- *Developing the current hospital regions;* i.e. developing hospitals and healthcare as a functional and sectoral issue separately from other "territorial governance" issues. This model bears similarity to the Finnish 'district' proposal for the social and healthcare structure.

- **Centralisation**, i.e. bringing all or some of the current regional and local healthcare and specialised hospital care back under the responsibility of the central government, in line with the Norwegian model.

- **Collective healthcare insurance;** with a more territorially multifaceted system and more room for variation and public-private service (different regions and sectors could find more locally tailored models for service provision, where the central, regional, local level, as well as the private sector could play different roles.

- **System based on individual health insurance**; i.e. expanding the individual share of financial responsibility in the healthcare and specialised care sectors, based on whatever governance model this may be (Ibid, 39). This option is however politically unrealistic at least in the short term, and would require extensive legal reforms.

While there are a number of evaluation reports and assessments of the different aspects of the alternative governance solutions available, as was argued previously,

the lack of comparative data makes their assessment rather difficult. Nor do reliable results or easily duplicated models exist for the establishment of new governance systems, while models from other countries, e.g. the UK or Norway (ibid) are unsatisfactory. The UK system is usually judged rather more on the basis of general perceptions and anecdotal evidence than hard data comparisons. The Norwegian example is likely however to be of greater relevance in all Nordic countries in the coming years, as the centralisation reform within the hospital sector is gradually being systematically assessed.

Reform processes – Sweden: Service provision, particularly healthcare and hospitals[10]

Health and medical care is the main area of responsibility for Västra Götaland Region. It encompasses about 90 per cent of the budget. The regional council and the regional executive board have overall responsibility for the healthcare. They make decisions on overarching development plans and strategies.

Attached to the regional executive board is the health and medical care committee. This committee takes some decisions in the field and they function as a preparatory body to the executive committee. In their preparatory work they deal with the long -term issues of strategies, investments, priorities, healthcare guarantees, matters of choice in healthcare and patient fees.

There is also another political level within the healthcare sector. There are twelve health and medical care councils at the local level. All local authority areas are covered by a council and there are three councils in Göteborg. The councils have the responsibility to stay informed about health patterns and public health issues and trends within their geographical areas. Based on this knowledge they "order" the primary care, dental care and hospital care services that the local population is assessed to need. In so doing, they indicate the type and volume of the order, the quality demands and the acceptable cost level for the service. The councils collaborate at the local level with the population, local authorities, associations, social insurance office (*Försäkringskassan*) and other actors.

There are also three further committees within the field of health and social issues linked to the regional executive board: the public health committee, the ethics and health care committee and the disabilities' committee.

The responsibilities of *the public health committee* include taking initiatives and suggesting action on matters of public health in the region. They are also a body to which legislative proposals are referred for consideration. The committee

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10   This section builds on information available on the Västra Götaland Region's official website, www.vgregion.se.

should drive cross-regional work within the public health sector, in addition to supporting and providing advice on public health issues to the local authorities.

The ethics and health care committee has a number of responsibilities:

- In relation to the regional executive board, they should take initiatives and suggest action in ethical matters within the health and medical care sector. They are also a body to which legislative suggestion is referred for consideration. Furthermore, they should provide advice from the ethical point of view regarding region-wide matters of priorities concerning health and medical care.
- At the request of the executive board they should consider ethical issues regarding health and medical care.
- The committee shall continuously monitor and map ethical aspects across the entire region. The information gained should be disseminated to the executive board and the twelve health and medical care councils.
- The committee shall collaborate and assist the provider boards[11] regarding ethical matters.
- The committee shall collaborate with the patients' councils of the region.
- The committee shall monitor the experiences that the population have of health and medical matters and through this take initiatives towards the executive council regarding improvements in the provision of care.
- The committee shall also act as a contact point in relation to the ethical appeal board in Göteborg and to other relevant organisations and authorities.

The responsibilities of *the disabilities' committee* include supporting the integration of the disability perspective in the internal operations of the region. The committee also monitors the quality of health and medical care regarding disability matters and its accessibility. It is also the contact point for disability organisations and patients' associations.

There are four patients' councils that are impartial and independent of the health and medical care sector. It is a body to which patients' and relatives can turn free of charge. The council shall help patients to solve problems that have appeared in contact with the health and medical care sector. The councils shall

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[11] The hospitals in the regions have provider boards. These consist of politicians who do not act as representatives of the population per se, but hold responsibilities as owner and employers.

also take initiatives in respect of improvements that strengthen the patients' position and improve the care provided. The council shall, based on views and complaints, help and support individual patients and contribute to quality development within the health and medical care through:

- Helping patients to receive the information they need to look after their interests in the health and medical care sector.
- Promote contacts between patients and care staff.
- Help patients to contact the correct authority.
- Report observations and discrepancies of importance to patients, care providers and care units.

Planned further reforms within the health and medical care[12]

In September 2004, the regional council made a decision to fundamentally restructure the health and medical sector in the region. The aim and motivation of the reform was to use resources more efficiently. Accessibility to healthcare should be improved and queues should be diminished. The road to this goal was seen to be through the redistribution of resources from the emergency care of the hospitals towards the primary care, local care and the planned care sectors. Care in close proximity to the patient shall increase and other forms of care will be concentrated in fewer places.

The restructuring strategy was developed over an 18-month period, with a working committee at its centre. This committee included members from hospitals, primary care, health and medical care administrations, and the regional administration itself. Around 70 organisations were consulted during the development of the strategy. These organisations proffered their views at different stages of the process.

The reorganisation has taken place in a number of organisations within the health and medical care sectors at both local and regional levels and the aforementioned patients' council. Furthermore, organised interest groups were also included and submitted their views in the process. One such example here includes a number of pensioners' organisations at the local as well as the national level. Several specialised patient's associations such as those regarding breast cancer, rheumatism and arthritis, asthma, aphasia, and various other disabilities. Local political party organisations and some citizens associations also submitted their views in the process of developing the new strategy.

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[12] This section is based on "Framtidens Sjukvård", 2005.

The new strategy steers the work undertaken with health and medical care in the region. The main themes of the future health and medical care sector can thus be summarised as follows:

- Common resources shall be used more efficiently. Collaboration between care providers shall be given priority.
- Local care (*närsjukvård*), which encompasses primary care, and parts of the hospital care and local care sector (*kommunal vård*) shall be developed and strengthened.
- On duty / emergency care (*jourverksamhet*) in hospitals shall be reduced. Instead, access to care during daytime shall be improved.
- A larger share of the care should be planned so that queues can be removed and accessibility improved.
- Specialised, wide-ranging emergency health and medical care shall be concentrated to guarantee good quality service for the patients

The strategy entails building four levels of care:
1. Primary care and local care. These form the basis for the health and medical care sector.
2. Specialised hospitals that will perform more planned care than is the case today. These hospitals will also provide some emergency care.
3. Emergency hospitals that shall provide wide-ranging specialised emergency care 24 hours a day.
4. Regional hospitals have the responsibility for the highly specialised health and medical care and are the engine for research and development within this sector.

Citizens' views on service provision in Västra Götaland

A survey of citizens' views on service provision in Västra Götaland as compared to that of the national situation is reported in Nilsson (2004). The inhabitants of Västra Götaland make the same overall evaluation of service provision as does the population of Sweden more generally. There are, however, some discrepancies regarding specific fields of services. The inhabitants of Västra Götaland are less content with the state of service provision in respect of roads, access to housing and local authority information than that of the population of the rest of the country. But, the inhabitants of Västra Götaland are more content with the service provided by local primary care centres and hospital care than the rest of the population. Within the Västra Götaland region, the inhabitants of Göteborg are less content with the services than those in the other parts of the region.

The survey has also investigated the views over time of the citizens. This part of the survey includes a question on healthcare provision in the primary care and hospital care sectors over the last twelve months. Since 1998, the citizens' evaluation of the quality of this care has been that it is becoming increasingly poor year on year. This survey includes all types of citizens regardless of whether they have actually used any of the services or not. Another part of the survey focussed on the *users* of the services. The overall pattern here was that the users are more content with the services than the population as a whole. Those with personal experience of the service are happier with the service than those without personal such experience. This is typical of these types of surveys. (Nilsson, 2004)

4.1.3 Concluding on the Swedish reforms and their implications

Conclusion on the participatory elements of the Swedish reform processes

There seems to be quite a strong emphasis on providing the citizens with a voice in the reform process. For example, Västra Götaland Region's own website encourages people to influence decisions and guides the reader towards who to contact, e.g. the political parties or civil servants responsible for different aspects of the reform and the health care services more generally. (www.vgregion.se)

The programme-based instruments of regional development are also strongly embedded in the participatory approach and participation takes place both regarding the regional growth programme (RTP) and the regional development plan of Västra Götaland. It is also mentioned in the guidelines from the government that partnerships for Regional Growth Programmes, etc. should include representatives of the private sector, public administration and the voluntary sector. (www.regeringen.se) The Regional Growth Programmes are by their very nature expected to be based on an agreement between its partners, though at the same time they are an expression of a shared will or a vision, not legally binding. (Statskontoret, 2004, 68.) According to Swedish Agency for Public Management (Statskontoret 2004, 14), the Västra Götaland Region had not yet got very far in its efforts to reach agreements between actors within the different spheres of regional development work.

Those involved in the regional growth programme for Västra Götaland 2004-2007 represent a variety of actors outside the core partnership involved with regional development within the regional administration itself. They include the whole range of local authorities in the region, the state, the universities and higher education institutions, organisations from trade and industry and the labour market (e.g. The University of Göteborg, Chalmers University of Technology, the university colleges in Borås, Trollhättan/Uddevalla and Skövde,

the Swedish University of Agricultural Sciences in Skara, the West Sweden Chamber of Commerce and Industry, the Federation of Private Enterprises and the Federation of Swedish Farmers.) The consultation process around the regional vision of 'the good life' has broadened significantly as compared to earlier strategic partnership work, especially concerning organisations outside the local authority sphere. Furthermore, new connections have been established with trade and industry through evening meetings including information programmes and question and answer sessions on the vision and strategic views for the future.

The abovementioned participants in the regional growth programme and regional development plan work can be regarded as crucial. They are well organised and more or less active participants in different political situations such as lobbying at the local/regional/national level depending on the group and issue at stake, and they are also bodies that will be consulted over political proposals at different levels. The labour market and the trade and industry organisations include trade unions, farmers' organisations etc.

Concluding on the transferability of 'lessons learned' from the Swedish cases

The Swedish experiments in the area of local and regional governance have already been an inspiration to the other Nordic countries, even though the evaluative information available is not always very easy to adjust to different national contexts. Many regional, local and national representatives with experience of regional reform have also visited the regions and by so doing have come a little closer to seeing what it is that makes this case unique; why is this region as it is? The signals have on the whole been positive, even though the evaluations have often remained inconclusive as to the "final outcome" (if there ever can be such in the area of constantly moving and changing area of regional and local governance). Yet as the Västra Götaland regional case for instance has shown, the regional experiment has resulted in a more developed strategic influence over the health care sector in Western Sweden since the old-fashion boundaries between previous healthcare areas have been erased. In the area of regional development a new dynamism has emerged and the status of 'regional forerunner' has probably had a positive impact on confidence in the region. The potential weaknesses have also been identified: the large size of the region may make it more difficult for different parts of the region to 'identify' with the new political entity. Moreover, the new region emerged at a difficult time due to the problematic situation of the health care sector. What is important however, particularly in terms of the opportunities presented, is the possibility to test this type of regional construction. If successful, it could provide the model for

creating fewer but larger regions in Sweden as a whole. Many of the debates that have been referred to in relation to 'Ansvarskommittén' elsewhere in this report are in fact related to the very questions that the Västra Götaland case highlights, namely, size, distance, identity etc. What the final outcomes will be however remains to be seen, and it is acknowledged that the result of the work of the Committee on Public Sector Responsibilities may come up with a suggestion where only state and local levels will be used, with no regions in between (something that is more in line with the Danish case).

4.2 Norwegian case studies and background

4.2.1 Background: Regional and municipal governance structures and some current experiments

The Norwegian case has perhaps most relevance to those interested in the Finnish reform process, as it has many similar starting points and also has a strong connection to the issue of healthcare services and their provision, as well as that of discerning the ideal size of local and regional entities. The Norwegian Ministry of Local Government and Regional Development granted various county administrations and municipalities experimental status 2004-2007 in order to test the 'pros and cons' of various governance reforms.

The multiple reports and papers issued from different groups and committees since 2002 underline a clear desire for a strong regional level with directly elected bodies – covering larger areas and assigned more tasks and responsibilities. In this way, the counties, as they now stand, will most likely be abolished. Nevertheless, the debate over the future of administrative reform in Norway is ongoing and even gaining momentum as the new centre-left government is currently in the process of setting out its policies (situation as of early November 2005).

For several years, Norwegian regional policy has been characterised by increasing regionalisation through the transfer of more policy autonomy to the county level. A 2001 White Paper on regional governance allowed the counties to decide upon how best to spend their newly established regional policy budgets. At the same time, the total amount of central government resources allocated to the counties has grown. Starting in 2003, regional policy resources were transferred to the counties in expenditure blocks over which central government has very little control. One of the main underpinnings of this process is the Ministry of Local Government initiative, which attempted to make the county councils into major policy actors at the sub-national level. The Hedmark case study complements this top-down decentralisation approach, but this de-

centralisation dynamic is also being countered by the more radical regional administrative restructuring processes that tend to work against the county councils as pro-active regional initiators.

The issue of municipal mergers has been on the agenda for a considerable period of time, though it has often been agreed that it is a problematic process, not only politically but also geographically: the issue of accessibility and natural geographical barriers have been among the given reasons for the lack of municipal mergers. There have however of late been initiatives to support and promote municipal mergers and here a co-operative project undertaken by the Ministry of Local and Regional Affairs and the Association of Norwegian Local Authorities can be cited as an example. The study provided a basis for further discussion on the issue of provision and maintenance, as well as on the appropriate unit for service provision and democratic accountability. It was argued that the principle of basic local municipality 'generalistkommune' ('peruskuntamalli' in the Finnish vocabulary) should be maintained as long as possible. The Ministry and the Association of Local Authorities should co-operate as closely as possible so as to ensure that the process is implemented in a balanced and democratic fashion, and that the point of view of the service user / citizen as customer is always primary (KRD and KS 2005, 38). The issue of economic incentives for municipal mergers was also concluded, as this was seen as a prerequisite for any municipal mergers.

In Hedmark and Møre & Romsdal counties, the regional administration (fylkeskommune) were, in 2004, integrated with the state regional representative (fylkesmann) into a common, regional body. This unit will cater for both traditionally national tasks such as legal control and advice to public institutions as well as service provision and regional development. This experimental administrative unit, *enhetsfylke*, consists of a state division controlled by the ministries, and a regional division under the auspices of the regional parliament. The two divisions share a common, executive officer.

Several municipalities are also experimenting with alternative ways of organising public services. From 2004, tasks and responsibilities have been transferred from national or regional authorities for a limited trial period to the following municipalities:

- Bergen, Stavanger; Kristiansand (cultural heritage)
- Drammen (transport infrastructure)
- Oslo (labour market assistance, pollution)
- Trondheim (childcare)
- Båtsfjord (secondary education)

Most of the trial municipalities are major urban centres and therefore the pilot schemes can be seen as reflecting a change in regional development and territorial governance thinking in Norway, in some senses these have been inspired by the Finnish urban policy debate of recent years.

The Norwegian municipalities provide public services out of a generalist, uniform principle whereby they share the following, common responsibilities:

- Direct democracy through general elections
- A broad range of service responsibilities
- A uniform division of tasks
- A uniform funding system, and
- Subject to central regulations ensuring equal opportunities and controls

In April 2005, a Norwegian consultancy company *Agenda* published a report on the issue of general service provision versus differentiation in service levels in Norwegian municipalities. (See, *Should the municipalities have different tasks?* April 2005). In the report, *Agenda* proposed a three level system of municipal tasks by identifying A-, B- and C-level municipalities. A-level municipalities are those with an expanded portfolio of public service responsibilities. These incorporate most of the urban municipalities and regional centres. B-level municipalities are on the other hand those holding the same portfolio of tasks as the current municipalities. C-level municipalities are ones with a limited set of public service responsibilities. These would incorporate small, peripheral municipalities in demographic decline. In C-level municipalities public service provision and –tasks can be solved in several ways: by municipal co-operation, by state provision, by establishing new regional bodies or by transferring the tasks to county administrations. This model is being marketed as a proposal for municipal relief. It seems now to be accepted in the public debate that though the equality of local authorities should be maintained, there is room for more asymmetry in governance solutions. How these two sides of the equation are balanced is a major governance challenge of course.

In a government White Paper (St. meld. nr. 19 (2001-2002), the Norwegian Government announced that an evaluation of the regional administrations (fylkeskommunene) would be published by the end of the current parliamentary period. A limited evaluation was presented by the spring of 2005 (St. prp. nr 60 (2004-2005):*On local democracy, welfare and the economic situation of the municipalities 2006)*. In addition, the Norwegian Christian-Conservative government announced that a more fundamental, research-based evaluation of

the regional administrations would be performed in the next parliamentary period, 2006-2009.

The government has also decided to proceed with a parallel evaluation of both the municipal structure and the role of regional governance in Norway. The objective is to enable a complete and unified assessment of the territorial governance- and administrative structures in Norway. This should enable the Norwegian *Storting* to discuss these issues following a government White Paper that is tentatively expected to be published in the spring of 2007.

This scenario means that the initiative calling for a complete evaluation of the regional governance structure began in the summer of 2005, and that the final evaluation will be completed by the end of 2006. The many roles of the regional authorities (fylkeskommunene) as service provider, regional authority, democratic actor and regional development agent are to be assessed.

In providing such a comprehensive assessment, the government will naturally rely upon the experience from on-going regional initiatives and pilot schemes. One such example of regional experiment is given below.

4.2.2 A regional case study of 'enhetsfylke' Hedmark

The unitary region (Enhetsfylke) of Hedmark is currently undergoing an experiment in terms of the co-ordination of selected functions of the national regional representative (the office of the Fylkesmann) with the democratically accountable regional units and its administration (Hedmark Fylkeskommune). This is taking place in the context of a trial period running from January 1st 2004 to December 31st 2007. In this experiment, the two public bodies establish close coordination and integrate tasks. Hedmark county is a rural district incorporating 22 municipalities with a total population of almost 190,000 people. Only two of the municipalities have more than 25,000 inhabitants.

The experiment is managed by a unitary council (Enhetsråd) consisting of 8 political and administrative representatives. The activities of the unitary council are based on consensus principle, while the council has formulated the following objectives in terms of territorial administration:

- To improve territorial development in Hedmark county
- To provide the municipalities, then inhabitants and the private sector with accessible and high-quality services, and
- To make the regional state and county municipality administration more efficient through joint and coordinated governance and an integration of tasks.

The co-ordination is focussed on territorial development, planning environ-mental and transportation issues, schooling and training and public health. This trial in territorial governance does not however imply a complete merger of administrative functions. A similar experiment is taking place in Møre and Romsdal County. Here, the organisational repercussions are regarded as more radical than those being laid out in Hedmark. Case 2 could be approached as a top-down initiative, as it stems from a 2002 call for proposals from the Norwegian Ministry of Local Government and Regional Development.

This case study is located to three geographical scales, which is quite unique in the Norwegian context: national, functional urban areas/metropolitan areas, urban rural. On the first level, multi-level/multi-actor coordination is expected to provide the core of the project in attempting to coordinate selected functions between the national and the regional levels. On the second geographical scale we find the majority of the expected effects. There is an obvious element of decentralisation /devolution/regionalisation, because with the re-assigning of functions, power is partly being transferred to the lower level. There is also an expected effect in terms of integrated policies, having all sectors involved or considered in line with the reassigning of sectors.

Description of the case study background

The 'enhetsfylke' ('unitary region') model implemented in Hedmark is part of an ongoing centrally initiated regional governance pilot scheme that is currently under way also in Møre & Romsdal. The experiment is based on the Norwegian government White Paper from 2001 (St. Meld. Nr. 19 (2001-2002) *Nye oppgaver for lokaldemokratiet – regionalt og lokalt nivå* [New tasks for local democracy - the regional and local level], the Norwegian Ministry of Local Government and Regional Development proposed to commence pilot studies of unitary governance arrangements at the county level (*Enhetsfylke*) as well as differentiating municipal tasks (*oppgavedifferensiering*) at the local level.

On June 20th 2002, the Norwegian parliament agreed to this initiative. The objective of these pilot studies is to increase public sector experience of alternative ways of organising public sector service provision as well as probing alternative ways of organising public sector administrations at the regional level. The experiences gained will form part of the basis for extensive future public sector administrative reforms. In a letter to the municipalities and county administrations (*fylkeskommunene*) on August 13th 2002, the local and regional administrative bodies were invited to participate in such pilots on a voluntary basis. From January 1st 2004 – December 31st 2007 two county administrations are participating in pilot studies at the regional level. Unitary governance arrangements co-ordinating the regional administrative tasks of the county

councils (fylkeskommunene) and offices of the regional state representatives (fylkesmenn) have been set up in Møre and Romsdal as well as Hedmark counties. From the outset, it has been determined that the initial 4-year pilot study period may be prolonged for a total of two additional years (2008-2009).

In order to put the regional case study in its proper context, it is necessary to note some of the key economic and functional features of Hedmark County. In terms of the area covered by Hedmark, it is the largest agricultural and forestry area in Norway. In total area, Hedmark County makes up 8.5 per cent of the land area of Norway. Located in the inner Southeastern part of Norway, Hedmark borders Sweden to the east and the greater Oslo region in the south.

The main agricultural and forestry areas are in the southern part of the region, whereas high altitudes and the mountainous nature of the area dominate the northern part of the county. The county is sparsely populated. Half of the total population of some 188,000 (2004) of this mainly rural area live in one of the four municipalities around the administrative centre, Hamar (Hamar, Ringsaker, Løten and Stange municipalities). Hamar, Stange and Løten are the core of the regional centre and major travel-to-work area. Most of the remaining municipalities make up small, independent labour market areas.

In total, only five municipalities can boast having a population greater than 15,000 (2004): Ringsaker (31,800), Hamar (27,400), Elverum (18,800), Stange (18,400) and Kongsvinger (17,200). In total, Hedmark Country contains a mere 4.2 per cent of the total Norwegian population, a proportion that is in steady decline. The main demographic challenges are familiar to those of other similar regions in Norden, i.e., the rapidly ageing population and low natural growth rates. Hedmark is the Norwegian county with the largest proportion of the population aged over 67 years. From 1984-2005 the total population increased by a mere 1,000 inhabitants, all of this was however due to a surplus based on in-migration.

This case study provides us with an example of partnership-based planning mechanisms and practices. Regional/ county planning is carried out under the administration and control of popularly elected officials at the regional level. Plans are adopted in the county council subject to consent being given at the national level. Once authorised, county plans are generally more binding on the activities of the national government in the county and are given more weight in dealing with objections to planning decisions at the municipal (local authority) level.

Cooperation between the county councils and the government takes place primarily through national government agencies at the county level. The ministry responsible will clarify the terms of reference and resources available to the agency in the sector concerned. The state representative in the county, the county

governor (fylkesmann) supports the county council by supervising the participation and cooperation of the government agencies in the planning process and in implementing authorized plans.

In Norway, the concept of regional partnerships [in planning] has to some extent been launched by central government initiative (starting with the government White Paper mentioned previously; St. meld. nr. 19 from 2001-2002: *Nye oppgaver for lokaldemokratiet – lokalt og regionalt nivå*). Here, the government defined the key role for the county authorities as being administering governmental tasks to taking on a more active role as regional developers in close co-operation with public, private and voluntary sector actors (horizontally) as well as other public sector actors (vertically).

In addition, there has been a substantial bottom-up drive in reframing spatial planning at the regional level, starting with the launching of Regional Development Plans (RUP = Regionale UtviklingsPlaner) in early 2002. These plans are an example of the importation of spatial planning models from the EU to the Norwegian context. At the regional level, Higdem (2001) argues that the main motivation for establishing RUPs has been the drive towards regionalisation.

The *Planning and Building Act* (PBA) provides an important tool for the county authorities in managing and implementing their role as regional development agents. In order to facilitate planning at the regional level, and increase accountability and legitimacy, the proposal for a new PBA goes a long way to identifying regional partnerships as a vehicle to advance this.

The proposed new planning and building act (NOU 2003:114), which has been in the making for a long time and has not yet been formally put into legislation, emphasizes the need for co-operation and co-ordination between various interests in the process, governed by elected representatives in a traditional democratic system. However, two core points are being made with respect to the regional planning system being based on partnership principles:

- In the introduction to the proposed PBA, the partnership principle appears to be delimited to public-public actors
- The partnership is seen to be between county authorities and municipalities as planning authorities. Although the state and the state governor offices also have (some) authority in planning matters, the proposed PBA indirectly implies that in this spatial planning framework-to-be, the institutional linkage is between the planning authorities at the regional and local levels.

The *enhetsfylke* experiment thus contains the potential for spatial planning co-operation that goes beyond what is catered for in the new proposed PBA.

The actors involved in the implementation of the regional governance pilot are the county authorities and the office of the county governor (the regional state representative).

In Norway, the office of Regional State Representative/County Governor dates back to the 1660s. Currently, the office is a *sectoral* authority, with responsibilities in environmental issues, childcare, social welfare, physical planning, civil defence, legal matters and agriculture. At the same time, the office has *co-ordination* responsibilities with respect to streamlining state policies *vis-à-vis* the municipalities. The office also holds *supervisory* authority, by ensuring that State and Government policies are put into action by the municipalities. And finally, the office is also a *legal guarantor*, responsible for ensuring the legal protection of individual citizens and commercial entities.

The office of the County Governor attracted increased significance as a supervisory body *vis-a-vis* the municipalities in the 1990s and early 2000s. This is particularly manifest in state sectoral authorities that are present at the regional level (public health, education). By providing the County Governor's Office with new responsibilities, the Norwegian government has made a point of arguing that this is the result of increased decentralisation.

Decentralisation is also prevalent at the regional level. In 2002, the Government proposed to transfer the environmental and agricultural responsibilities of the Office of the County Governors to the County authorities. The proposal was however later withdrawn.

The objective of the *Enhetsfylke* pilot studies is to ascertain whether the administrative arrangement of pooling the resources of these two institutions constitutes a real simplification of governance on the regional level. The aim is to make public sector administration more transparent, and thus more user-friendly, both with respect to clients (municipalities, companies) as well as private individuals. Another objective of the pilots is to explore whether such an institutional co-ordination endeavour in effect may result in efficiency gains or in the rationalisation of public sector functions. By pooling professional sections and competencies, synergies may become manifest.

A pre-condition for carrying through the *Enhetsfylke* pilot studies is that the complaint- and supervision tasks of the County Governor's Office are kept separate from all co-ordination attempts, and these tasks are not included in the four-year experiment.

During the *Enhetsfylke* application process, the Ministry placed certain limitations on the incoming pilot proposal that diverged significantly from the original applications made by the counties applying for a pilot status.

Nevertheless, after a thorough discussion both administratively and politically, Hedmark county decided to proceed with the trial.

The two counties have selected very different organisational arrangements for their regional pilots. In Møre and Romsdal county (M&R), the organisational reforms set up for the 4-year period are much more significant than in the case of Hedmark county. In Hedmark, no change has been required in the formal organisations of the county administration or the office of the state regional representative, whereas in M&R the two organisations are merged into one common regional institution with a single chief administrative officer.

Both the Hedmark and the Møre & Romsdal pilots are being followed actively by trail researchers within the context of a process evaluation. The Ministry for Local Government and Regional Development has commissioned the Norwegian Institute for Urban and Regional research (NIBR) to perform this study. A preliminary assessment will be published by the end of March 2006.

In Hedmark county, the new territorial arrangement at the county level means that the work of the county authorities ranging from upper secondary school to regional development and related issues (county roads and public transport, regional planning and business development, as well as cultural institutions) are integrated. Such tasks are performed by the office of the state regional representatives (e.g. regional medical offices, state education office).

The objectives of the pilot

The overriding objective of the *'enhetsfylke'* pilot according to the original application document is to

- Solidify regional development in Hedmark County
- To provide the municipalities, the population and the business community with efficient and available (public) services, and
- To make regional authorities and state regional representatives more efficient by pooling administrative resources and integrating professional tasks.

The new Centre-Left Government, which took up office in October 2005, has signalled that it will initiate a major overhaul of the regional map by 2010, similar to that which has already taken place in Denmark. The Norwegian Ministry of Local Government and Regional Development is in addition closely monitoring the work of the Swedish Committee on Public Sector Responsibilities with the aim of launching a similar reform process in Norway. The Hedmark

and Møre & Romsdal pilots will thus provide significant insight into how to (or perhaps, how not to) pool administrative and professional resources at the regional level.

4.2.3 Sector-specific case study of hospital reform

Of the debated and planned reforms most have not raised particular interest in Finland, but the one exception to this rule is the Norwegian hospital reform, where hospital ownership was transferred from the 19 regions to the central government level and reorganised as 47 health corporations, located in five hospital districts.

The hospital reform process has been extensively studied and assessed, though only preliminary results and conclusions are currently available (e.g. Neby, S. 2005 and 2003; Lægreid, P., S. Opedal and I.M. Stigen (2003). Most of the studies undertaken on the reform thus far are not however actual evaluations. In general, they tend to be studies of the changes in governance and regime style, and thus the findings that have been reached are more interesting from the governance point of view. In addition, the question of the emergence of New Public Management philosophy, implemented as an attempt by central government to regain control, is also a factor here. This has led to the implementation of a "hybrid governance form" (Neby 2005). Here evidence-based decision-making and the new monitoring and accountability practices that it entails, has led to a great volume of information being produced, while it remains unclear how the new governance models of "marketization" relate to the traditional forms of control. Although broad plans are utilized and autonomy is granted to the enterprises concerned, both the administrative and political control functions increase in importance. Even though the counties were removed from hospital governance, the geographical and the local political dimensions still remain important. Professional influence has been challenged, but not significantly – and the medical community has found new ways of defining their role (ibid, 15).

It seems that most of the evaluations conclude that while particularly specialised hospital services have been successfully co-ordinated and delivered through national-level steering practices (e.g. Bratlid + Ramussen 2005), the limitations of geography do play a part, and the system has remained territorially differentiated, as geographic vicinity is a clear advantage for those in need of specialised hospital services. Other aspects do however also have a role to play, in terms of external evaluation and assessment, accountability etc. The picture of peripherality however is not straightforward: the capital region as a whole may be well placed, but the municipality of Oslo is no more so than its surrounding areas.

The healthcare sector in general has been under review in terms of what the level of services provided should be, and what unit is optimal for the service provision. Here an evaluative study that was undertaken by the Ministry for Local and Regional Affairs and the Association of Local and Regional Authorities is of some relevance. The study was undertaken as a process evaluation with regional case studies involved in the work. Here the study concluded that in some instances, economies of scale could be achieved, although this was not a sufficient reason to centralise services. In other cases, economies of scale are not the issue; rather the benefits of competence and quality are sufficient to support a certain degree of service provision centralisation. Some of the central findings summarised that in many cases those services that are provided at the local level do not gain from mergers, i.e. there are very few economies of scale in the area of elderly care, kindergartens etc. In other areas such as schools, centralisation can lead to positive effects in quality terms (with the extension of services on offer, broader competence development and service portfolio etc). Technical services (waste disposal etc), as well as specialised health care services (e.g. within psychiatry) are areas where centralisation can however bring economies of scale while services do not suffer from a quality point of view, if mergers take place (KRD and SK 2005, 15). The report does therefore allow for a thought experiment to take place, with the vision of a more differentiated and asymmetrical form of local and regional governance: the borders do not have to be the same for all services.

4.2.4 Concluding on the Norwegian case studies

It can therefore be concluded that the recent Norwegian processes and debates around restructuring the local and regional governance structure have revolved around the principle of *differentiation* and *functional appropriateness*. This is in fact a concern for all the Nordic countries, where the lessons to be learned are most eagerly sought. In the Norwegian debate, emphasis has always been placed on the fact that such differentiation can be undertaken in a number of ways, representing varying degrees of change. The size of the municipalities is a question of particular relevance here.

While all Nordic countries are contemplating the 'ideal size' for a municipality, there are however different ideas as to how much functional asymmetry there should be. This debate basically concerns whether 'generalist' municipalities should be maintained, or whether a 'modified generalist principle' should be applied. In such cases a 'Finnish-type' model is followed, i.e. regulated municipal co-operation is required in different functional sectors where municipalities are too small, or services are too specialised or expensive to be delivered by just one municipality, but at the same time are not suited to the

regional level either. This would allow more flexibility in the system, but would also require closer co-ordination and debate to settle the question of which functions are best suited to which level, and what concrete forms of co-operation would be best suited in each particular situation.

4.3 Danish case studies and background

4.3.1 Background: Regional and municipal governance structures and some current experiments

The most interesting case for the comparative study reported here is undoubtedly the extensive structural reform undertaken in connection to the work of the *Danish Local Government Restructuring Commission*. A number of studies were undertaken in connection with this reform in relation to sectors such as childcare, elderly care, the environment, the labour market, education, health, and transport. Some of the findings of these studies and their conclusions for the actual reform undertaken will be drawn upon here. (E.g. Olsen and Groes 2004, Baggsen Klitgaard 2005, Kjær and Mouritzen 2003.) Particular focus is placed on the actual process of reform and the principles, norms and management methods that it has entailed (e.g. which actors, organisations and interests were most prominent, how were the interest conflicts dealt with, what was the role of research and "external" consultancy, and of the Association of Local Authorities etc). Where possible, new forms of governance and co-operation in the area of service provision have also been referred to, even though, as is argued below, these issues were not the main driving forces of the reform process.

4.3.2 On the process(es) of structural reform[13]

An unusually brief timescale, strong leadership, and an extensive reach have marked the process of Danish structural reform.

The process should not only however be seen in the brief context of the actual decision and the agreement reached in 2004 between the Danish government (a coalition of the Liberal Party and the Conservative Party) and the Danish People's Party on the reform of the framework for public tasks and public services. The notable absence of the Social Democratic Party from the

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[13]   This section provides a summary of the different information and data sources, though is has benefited most from discussions with the interviewees from Denmark, in particular Ulrick Kjær (University of Odense) and Michel Weber (Association of Danish Local Authorities). The views and interpretations provided here are however naturally those of the author.

agreement has often been referred to, as has the fact that the decision could perhaps be overturn were the Social Democrats returned to power. At the same time, it is argued that the agreement and consensus on the need to reform the local and regional structures was already strong. A Similar consensus view on the broader issue of reform is also to be found in the Swedish context. What was considered particularly striking in the Danish case however was the fact that the process went so swiftly, including a number of voluntary municipal mergers, something that is a rare occurrence in other Nordic countries.

The agenda for debate is also quite interesting. The strong focus on the rather technocratic discussion of the most feasible or appropriate size of local authority units in the committee report meant that in Denmark (during the scrutiny phase) debate oscillated around the issues of scale economies, the 'critical mass' of local authorities etc., before actually proceeding to a broader discussion of how things might be done differently. The technical issues relating to the question of unit size might in future be seen as relating to 'innovation' also, as the larger size of local authorities opens up the possibility for increasing 'marketization'. In such cases, local service provision will be 'large enough' to ensure interests from private companies, hence forcing local governments to act in a more 'innovative' manner, thus allowing New Public Management inspired solutions to service provision issues to emerge. These may involve the restructuring of the current public forms of service provision, or the extensive privatisation of such tasks. This argument has only really been developed since the publication of the committee report, though it is likely to be an important part of the debate in the months and years to come.

The Danish reform process summarised

The reform process summarised: some key aspects from the Danish experience
- The launch of the reform process in explicit terms occurred with the Structural Commission's report in 2004 (see also the reports on hospitals and on the efficiency of governance on the local and regional levels)
- Historical background and the debates on abolishing the regions has a much longer history however (in Conservative circles this issue has been discussed since the 1980s)
- Motivation – effective and efficient service units, better potential for specialisation and professionalisation
- Agreement on structural reform in June 2004
- Deadline for municipal mergers/proposals for closer inter-communal co-operation in January 2005 (most municipalities had already identified these in 2004)
- Regional and local level reform with the previous regions replaced by 5 hospital regions, municipalities decreased from 271 to 99
- Regional level right to levy taxation abolished, directly elected regional level however maintained (the question can be raised whether this is a workable long-

term solution, as taxation and functional responsibility do tend to go hand in hand)

- Functional motivation and focus: services are the starting point. Danish local democracy seen predominately as 'service democracy'. The question of which unit is best suited to different tasks is central. Access to services and ease of availability are also central issues – 'one-stop-shops' the ideal for local services instead of a complex and non-transparent service structure. The more complex the system, the more important to have simple operationalisation and a good service provision model
- Citizens' trust central to local democracy and this requires that the municipalities trust themselves – success in the core tasks and confidence in the ability to deliver is central here
- Commitment to the reform and to the core tasks is central – this may be a particular strength of contract-based solutions. On the other hand, the agreement at the NATIONAL level made the situation 'easier', as the regional and local political levels were faced with the '*fait accompli*' and finding solutions to best implement the decision became the issue, rather than creating uncertainty and confusion on the regional and local levels.

Source: Interviews with the Danish interlocutors

The experts interviewed during the project provided interesting insights into processes that remain in the early stages of implementation, thus evaluative assessments are currently lacking.

Some of the lessons of the Danish case relate to the way in which the process was managed: strong commitment (from the political leadership) was one of the keys, as was the citizens' and service consumers' perspective. Once you manage to outline the reform from this perspective and convince the citizens, the work is more or less done. The need to maintain sustainable service structures, as well as sustainable democratic units has been such that it has been endlessly debated. Moreover, this issue may also be of some relevance to the Finnish situation. How are regional and/or local units to be formed in a way that gives them a credible and sustainable future is thus a key question for local, regional and national decision-makers and politicians, as we have seen also in connection to the debates surrounding the functional preconditions for regional and local units (e.g. in Swedish and Norwegian cases).

We cannot overstate the case for leadership and management skills and the importance of transparent and committed leadership. The fact remains that governance is not always the trend, but rather *government* and the political solutions and agreements are of key relevance here.

The nature of the process is thus of key importance. In the case of The Triangle Region, which is described in more detail below, the logic of co-operation has been strengthened with the changes having taken place in the governance system and in the division of responsibilities. Despite the apparent

'top-down' nature of the Danish reform processes, The Triangle Area can be seen as a 'bottom-up' project, which involves private stakeholders as well as public bodies, and exhibits new traits in terms of emerging co-operation patterns. The region has thus acquired the status of 'provincial centre'. This means that it will now play a crucial role in the nested national system, which comes into effect at the same time as the new planning system, at the end of 2006. After January 1st 2007, according to a newly proposed reform of local authorities, one of the cities in the Triangle Area will act as a 'provincial capital', which means that the division of labour between the cities will have to be re-evaluated. This is in fact an important element of the whole reform process that is likely to evolve over a longer time period.

4.3.3 Regional case study of The Triangle Region (Trekantsområdet)

The Triangle Area consists of 8 municipalities, covering 3 counties, with a total of almost 230,000 inhabitants. Three of the partner-municipalities consist mainly of large cities (Kolding, Vejle and Fredericia); two municipalities consist mainly of two medium-sized cities (Middelfart and Vejen) while three municipalities have a rural character (Børkop, Lunderskov and Vamdrup). The municipalities belong to the counties of Vejle, Funen (Fyn) and Ribe. The municipalities are located at the point where Jutland and Funen meet. Consequently, some of the most important Danish roads and railroads intersect here. The area has attracted a lot of industry due to its logistic advantages, most notably within food manufacturing, and with firms that need easy access to the motorway system. Using the Kunzmann (1995) typology, *The Triangle Area* can be described as a strategic urban network (*Strategische Städtenetze*).

Cooperation between 6 of the 8 municipalities started in the spring of 1993. It was initiated as one of the so-called 'example projects' proposed in the Danish National Planning Report issued the year before (Ministry of Environment, 1992). The report can be seen as providing a forerunner to the ideas that were later to be included in the ESDP document, in the sense that it focuses on the advantages of urban networks. As a part of the implementation of a national strategy, urban networks should be developed in order to take advantage of the alleged synergies in such collaborations. In addition, the report resembles quite a few others published by other European, national planning authorities at the beginning of the 1990's, in the sense that it was stressed that the major Danish cities had to be strengthened because of the increasing level of urban competition throughout Europe.

The Triangle Area maintained its status as an 'example project' until the end of 1995. In the period from 1993 to 1995, the collaborative ventures

between the municipalities and the other local agents were set up, development strategies were formulated, and reports identifying the area's strengths and weaknesses were published. In one of these reports (*Trekantområdets Infrastruktur*) the question of whether the region had the potential to be a modern distributional and logistic centre was discussed. It was suggested here that it should develop its potential by strengthening co-operation with similar German authorities and organizations. The Triangle Area has certainly been able to establish itself as an important logistical node in the national context, but it proved to be difficult to establish strategic links with its German counterparts.

In 1997, the 8 municipalities agreed upon, "The Planning Perspective for The Triangle Area 1996-2008", where the vision of "The Open Green City" appeared for the first time (the following analysis is, unless otherwise stated, based upon Smidt-Jensen and Jørgensen, 2005).

This planning perspective was inspired by the ideas presented in *The National Planning Report 1997* where the Ministry of the Environment recommended the creation of sub-national polycentric urban networks – along the lines of the ESDP-document, launched three months after the Danish National Planning Report. The municipalities concerned considered the document to be a form of 'political binding' - although it was not formally in accordance with the Danish hierarchical planning system. In the document it is argued that 'urban development', 'local economic policies' and 'education' should be the strategic focal points of the network – whereas the strong focus on logistical activities was given up. Concerning the issue of 'urban development,' the network sent in an application to the national planning authorities in order to obtain the status of a centre of national importance (*landsdelscenter*).

The application was later to be approved as The Triangle Area was awarded this status as one of 7 national centres in Denmark (Ministry of the Environment, 2000a). By stressing 'local economic policies' as an important strategic measure, the collaborating municipalities and the local development agencies tried to argue that the region should be one of the target points in the process of creating the basis for more localized/regionalized industrial policies, which was one of the core aims of the Ministry of Industry in the 1990s. 'Education' is here seen to be of major strategic importance, and it is an ambition of the collaborating municipalities that the region will have higher educational facilities. As such, in this phase the participating municipalities were able to establish a common vision and a division of labour between themselves. The existing industrial clusters in the area were considered to be of great importance in this regard (stainless steel, transport and IT). Over the years, there have been many efforts in each of the cities concerned to support local business development and local

clusters. However, these initiatives have not been able to "bind the clusters" sufficiently together. At present, great effort is being made in respect of this issue with approximately 2/3 of the budget for *The Triangle Area* going to business development initiatives.

In addition to the focus on business development, co-operation has also had a strong focus on spatial planning. In 2004 the municipalities of *The Triangle Area* issued a joint master plan (*hovedstruktur*) intended for the period 2003-2014 (Trekantområdet, 2004a). This issue deserves fuller analysis as it shows how inter-municipal, strategic co-operation, supported by the national authorities, can be applied to the wider developmental issues at stake.

A joint general structure – a master plan for The Triangle Area

As described above, in 2004 the municipalities of *The Triangle Area* issued a joint general structure (*hovedstruktur*) intended for the period 2003-2014 (Trekantområdet, 2004a). In this general structure the overall objectives for planning and land use as well as for other issues like local business development, education, culture, etc. are described.

This document is produced in accordance with the National Planning Act and each of the 8 city councils has decided that the general structure replaces the hitherto general structure of each of the municipal plans. Thus, the individual municipal plans are still legally binding, but the general structure of each municipal plan is identical. Each city council is free to make supplementary plans in respect of the general structure of *The Triangle Area* in relation to concerns that are of particular relevance for the city council (Trekantområdet, 2004a).

According to the Planning Act, a municipal plan has to be in accordance with the Regional Plan, which the counties produce. As such, the general structure for *The Triangle Area* is in accordance with the regional plans of Vejle County, The County of Funen and Ribe County. The general structure of The Triangle Area, however, also contains wishes for planning that are not part of the present regional plans. Among decision-makers in The Triangle Area, there is a belief that as a designated "national centre", co-operation should also take the form of planning for new national centre "functions", e.g. new major shopping centres and better infrastructure linkages in particular to the airport in Billund. Currently, the counties support *The Triangle Area* in this matter; however, the Ministry of the Environment has vetoed the regional plan with regard to the establishment of shopping centres because it runs contrary to the national interest. This means that the county may not adopt the proposal until the Minister agrees to the content of the proposal (Ministry of the Environment, 2000b).

The municipalities in The Triangle Area are very conscious of the fact that standing together makes the region very strong, and there is a strong belief that the general structure is important for the area to stay prosperous. The general structure and joint overall planning "… makes it possible for The Triangle Area to continue having a strong role in development, nationally and internationally" (Trekantområdet, 2004a: 4).

The overall vision represents a commitment that is in stark contrast with previous plans for the area dating from the 1960s where the goal was that the entities should grow together. Instead, today's vision is that the area should develop into one open green city - "a new kind of urban area." (Trekantområdet, 2004a: 7).

Polycentricity

A core idea of The Triangle Area Co-operation is "a division of labour between the specialities and specific characteristics of the municipalities." (Trekantområdet, 2004a: 4). Thus, one of the main ideas of the strategic planning of *The Triangle Area* is that the cities in the co-operation complement each other in a way that is beneficial to the development of the whole region. This is in accordance with the concept of polycentricity on the sub-national level, and thus an application of one of the central thoughts in the ESDP.

In the Triangle Area, two of the most pronounced divisions of labour supported through strategic spatial planning are the fields of education and urban planning. In the field of education, the largest city in the area, Kolding, is regarded as "the university-city" and the city with the most development potential in respect of higher/academic education. The next category when it comes to education is populated by Vejle, Fredericia, Vejen and Middelfart which all have technical colleges and gymnasiums. The third level includes the smallest cities and rural municipalities, which only have primary schools. The cities concerned have all agreed that this functional division of labour is beneficial for everybody.

In the field of urban planning there is also a rather clear division of labour. Planning for new housing in the rural municipalities (Børkop, Lunderskov, Vamdrup) is concentrated on garden city housing and small town qualities, while the larger cities in the area (Vejle, Kolding and Fredericia) have the ability to plan for inner-city housing and the improvement of inner city living conditions. The larger cities have urban centres where creative businesses (so called *A*-businesses) and various forms of cultural offers are planned. In this sense a clear division of labour among "city-municipalities" and "rural municipalities" has been established –welfare issues are also a part of the co-operation.

A strong level of competition still exists among the municipalities in the area, though *The Triangle Area* promotes co-ordinated and balanced internal competition among the municipalities involved. As an example, the municipalities stand together and can use one voice when lobbying in Copenhagen for governmental institutions to be placed in their area. As soon as central government actually decides to relocate a governmental institution to the area however, a fierce internal competition breaks out among the municipalities. There is a "kind of agreement" on this procedure.

Another example of fierce internal competition is in the planning for a new major stadium, which was supposed to be funded by private investors and the municipalities of The Triangle Area. In the initial part of the planning process there was an agreement that the stadium should be placed in an area designated for national centre functions close to Kolding (Taulov). Among the private investors, there was an agreement that this was the best location because of very good levels of accessibility. During the planning process, however the city of Vejle backed out, given the strong local football-identity, and nostalgic feelings for the existing stadium in Vejle. Here, the "Triangle-identity" could not overcome the local Vejle-identity. As a result, a "joint" mega-stadium will not be built. Instead, the refurbishment of the stadium in Vejle and a the construction of a new 'superdome' in Kolding are now underway, both funded by private investors and the individual municipalities.

Planning practice

The Triangle Area has changed planning practices in several ways. Decision-makers and municipal planners in the partner cities now have a "broader view" and a better understanding of the spatial and functional context of their municipality.

Among the rural municipalities there is also a much larger acceptance that, as an example, a new firm does not necessarily have to locate in their area. It might be beneficial for the rural community that industries locate in one of the larger cities. One of the reasons for this acceptance has to do with the local tax system, which is primarily based on income tax. This implies that the rural communities in general will accept that they house the labour force rather than the firms.

In their everyday work, municipal planners see it is an advantage that the joint general structure of *The Triangle Area* has been produced. Today they have access to very detailed knowledge of the municipal plans of the other municipalities involved. In addition, a number of joint digital maps and planning instruments have been developed in co-operation between the municipalities of *The Triangle Area*.

Traffic, transport and planning

In the vision of the Open Green City, traffic and transport issues were very important from the outset. The Ministry of the Environment stressed that it was a precondition for the area to develop into a polycentric urban area. In consequence, *The Triangle Area* has developed comprehensive transport plans with very detailed plans for mini-terminals and new stops on the railways. Currently however the result of these plans amounts to only one small commuting platform. The Triangle Area has also lobbied intensively with one voice for one more lane on the motorways going through the area. Traffic and transport issues have however been the least successful of all the fields of co-operation currently engaged in.

The Triangle area has seen a strong increase in commuting, with the area now functioning as a single functional urban and 'travel-to-work' area. As such, the vision surrounding support for the development of one open city has been realised. However, investments in public transport and in roads have been far from sufficient. Increasing problems with overload on the areas roads are now becoming apparent. As an example, the traffic load on the Vejle Fjord Bridge – on which one of the main roads in the area passes increased by some 80% from 1990 to 2003 (Trekantområdet, 2004b). If the volume of traffic continues to intensify at this rate, however the consequence might be the collapse of the motorway system in the area. At present there seems to be a movement away from a sustainable traffic situation in the area.

New urban-rural relations

Triangle Area co-operation does not work explicitly with urban-rural relations or rural development in the sense that it is perceived in the ESDP; however the vision contain general viewpoints on the division of labour between the cities and towns, and furthermore the main characteristics of the 'leisure landscape' and the green areas are depicted. Formally, the individual municipalities and the counties worked with these issues. When municipalities that are more rural enter the co-operation network in 2007 (cf. section on the reform of local authorities in Denmark), these issues will most probably receive a higher priority. This has to do with the fact that the new amalgamated municipalities will consist of 'urbanised' and 'rural' areas, and that the planning authorities when it comes to planning for rural areas will be diverted from the county-level to the municipal level, whereas the new regional role when it comes to land use planning will be negligible.

Change in planning discourses and images

With the joint general structure of The Triangle Area now in place, local decision-makers and planners have begun to think about their own municipality and the whole area in a new context. The discourse about the area as one entity can be traced back to the early 1990s, where the "String City Co-operation" was initiated, which later developed into "The Triangle Area Co-operation." As such, the birth of the discourse about the area as one entity in terms of an urban network cannot be connected explicitly to the ESDP. Among decision-makers and civil servants generally in *The Triangle Area,* there is a very low awareness of the ESDP.

Today the Triangle Area is being mapped as one entity in various documents and reports, e.g. in the municipal plans, the regional plans and in the national planning reports (Ministry of the Environment 2000a; 2003). "The Triangle Area" is a term that is being used, not only in official documents, but also in everyday usage, within the area as well as outside it. The area's identity *as one area* is very strong, in particular to the outside world. As an example, it is a recurrent theme for planners in the area that there are many companies interested in re-locating there, though they do not have any specific desires about where exactly to locate. This is one indication that the identity of the area as one entity is very strong. For the inhabitants however, traditional municipal identification is still thought to be stronger than their identification with the new "Triangle Area" identity.

Threats to The Triangle Area co-operation network

The rather "delicate balance" that has been created in the area among the 3 large cities, the 3 medium-sized cities and the 2 rural municipalities is expected to be upset by the municipal amalgamation in 2007. As a result of the administrative reform, Vejle will expand substantially, Kolding will remain a large municipality, and Fredericia will not change in size, while both Middelfart and Vejen will increase.

Whether or not a new 'delicate balance' will be created remains to be seen. Although Kolding is currently the largest city and municipality in the co-operation network, it has not adopted a dominant position. With the new municipality structures it is likely, however, that Vejle will adopt such a position, not only because of its future substantial size, but also due to the fact that it will be the regional capital of the South West Danish Region from 2007.

Furthermore, because of the administrative reform, there will be no rural municipalities as in the current arrangement, but larger municipalities containing rural areas. As a result, the "balance" between the partners in the co-operation will most probably change profoundly.

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In the years to come a situation might occur where each individual municipality will have to use more resources on administrative changes and on working with new tasks. However, this might also lead to a situation where *The Triangle Area* could survive since there remains a need for the municipalities to work together on relations with the national government and with the EU, and this might very well continue within the realm of a reorganised *Triangle Area*.

Furthermore, the planning reform might also change things, probably in a beneficial way for *The Triangle Area*. When the counties are gone, there might be a need for a stronger co-operation among the municipalities on issues that the counties worked with previously, e.g. urban land management, land-use patterns in rural areas, and water management.

The Triangle Area is likely to face a number of different challenges in future. The upcoming national administrative reform, which is going to be implemented from January 2006, will change the size of the partner municipalities substantially and perhaps make co-operation less of a priority for the partner-municipalities. Today there are approximately 230,000 inhabitants, while The Triangle Area in 2007 will cover an area with approximately 310,000 inhabitants as a result of the addition of 5 rural municipalities to the existing 8 municipalities. In 2007, the Triangle Area will thus consist of 5 municipalities. These municipalities will be substantially larger than those of today. It should also be noted that an amalgamation of counties will also take place. Henceforth the regional level unit will to be known as the 'region'. This means that *The Triangle Area* will belong to one single region, rather than three counties. This might in some respects ease the issue of coordination between the five amalgamated municipalities.

This case highlights the complexity – and potential – of setting up collaborative relations between local authorities (horizontal co-ordination), while at the same time building upon a strengthened approach to vertical co-operation, in this case with the regional and national (planning) authorities.

4.3.4 Concluding on the Danish case studies

The cases represented here provide only glimpses of a process that is still ongoing, with the elections having recently taken place (mid-November 2005) and the reforms being put into place from January 2006. It is too early to draw too far-reaching conclusions on the process, its final outcomes or the benefits and th 'winners' and 'losers'. Yet there are indications that the process that seemed to be impossible to push through (voluntary municipal mergers within a very brief timeframe and a thorough reform of dual dimensions: centralisation and decentralisation, the move away form regionalisation etc, has been successful. The pragmatic nature of the process has been emphasised, while the personal

commitment of the key politicians was fundamentally important here. External experts did not "get the ball rolling", rather, it was those who had originally taken the initiative, and who had put a great deal of personal commitment into the process that engineered it. Municipalities were naturally to gain by this, as many of the previous regional responsibilities were decentralised to them and therefore their support was not so difficult to achieve. The view that a functional structure for services needs major changes and that the citizens perspective is in line with a strong local level was naturally also a key issue here. A closer process analysis at a later stage would be needed to gauge ultimately whether this was decisive.

5   Conclusions

We can see then that all of the Nordic countries studied here are currently undergoing a broad process of reform in the area of local and regional governance. A consensus has been reached in most cases as to the need for this reform, though political, ideological and academic differences may still prevail as to the best way to formulate the new agenda and the reforms in terms of both the units and the distribution of responsibilities. The trend seems however to be towards fewer and larger regions and municipalities, but the functional, ideological and political debates and motivations are varied. While the main process in Finland has been service driven, while in Norway and Denmark also the hospital and healthcare issues have dominated, the Swedish debate has focussed considerably more on regional enlargement and labour market dynamics. It seems likely though that all of the Nordic countries are in future going to reform their welfare structures and new forms of service-provision and public-private partnerships, out-sourcing etc., will increasingly emerge onto the agenda. One can only hope that the opportunity to include democracy and power issues on the agenda and in the public debate are not lost at the expense of technicalities.

Whatever the scope of reforms implemented, the value basis upon which they are embedded and their political and administrative cultures are reflected in this implementation process. More basic and traditional concerns such as location, distance, and geography are however also of relevance, if for nothing else than for the access to services they provide, and the ease with which localities co-operate. History also plays a role here. What can then be taken from the examples and lessons learned from the other countries' reform processes and models implemented? It is argued here that most of the lessons can be drawn on the level of process management, leadership, and good governance, all of which have certain 'Nordic traits' attached to them.

While in the Finnish case a large part of the debate has oscillated around the degree of innovation, in particular in relation to service provision, this has not been a major issue in the other Nordic countries. In particular, in the debate around the reform process only now developing in Denmark, this has been

markedly absent from the public debate. This does not imply that these issues are irrelevant, only that the rapid pace of the process may have led to some issues being left aside. In the years to come this will probably however become an issue, and the impacts and effects of the reforms undertaken will be assessed in the light of how well they prepare the local and regional units and actors for the challenges of service provision. Are the regional hospitals best equipped to deliver innovative solutions? Are the local authorities further empowered and more scope made for innovative service solutions? Such questions cannot currently be answered. Only time will tell.

The main issue at stake for any organisation or territorial unit undergoing major reform is the need for dialogue and interaction. Yet this does not imply that having an 'equal say' and 'open participation' always leads to the best solution. In some cases, an external threat was needed to create the sense of urgency necessary to engender co-operation or reform, even where such a process is already perceived as essential. It is important however that the municipalities feel in control: if they feel that they are trusted with the implementation and with choosing the path to the desired final outcome, this may be more important than ensuring that all municipalities are left to their own devices. If there is consensus on the need for reform and a final goal to be achieved, the municipalities or organisations involved in the process feel 'empowered' by being placed 'in the driver's seat' and this provides for a better starting-point than one where a process unravels without clear leadership or direction. In order to initiate commitment from the local/regional levels, commitment should first be shown by the national level.

While equity and equality are very traditional Nordic values, exhibited also in the governance methods and models, there seems to be a move towards greater differentiation even in the governance sphere. As such, an acceptance of more asymmetrical solutions seems to be increasingly prevalent. It is important to ensure that a sufficient public debate and commitment of the key organisations and actors is in place however, as well as developing a cognitive and evaluative base upon which the decisions can be based, but perhaps even more importantly, this can be used as an element in promoting the public debate necessary. In some cases, this has been done through a political contract (Denmark), in others through longer-term committee work (Norway and Sweden). Even the Danish case has however relied upon some of the findings of the public investigation and committee work, though in the final instance, agreement was put forward in using the evidence more selectively and with a more visible political motivation and agenda. The sustainability or stability of such solutions is likely to be an interesting point for comparative analysis, as the political contract in the Danish case for instance between the Liberal-Conservative government and Danish

People's Party (together forming a majority in parliament) was agreed upon without ensuring any broader support from other parties, most notably from the Social Democrats.

On a number of occasions in this report, the need for transparency and evidence-based decision-making was referred to. Providing a sufficiently broad and varied knowledge-base for reform is increasingly the ideal: it is seen as essential that the effects and implications of political and administrative choices are investigated and assessed to the extent that this is in fact possible. In many cases, the international comparisons or their lessons have their limits, as cases tend to be unique. Yet the fact that lessons have been drawn, knowledge of different alternatives gathered, and alternatives assessed in ways that are visible to the citizens is important. This also provides for a more multi-faceted and enlightened public debate, as many of the issues are of interest and direct relevance to the individuals concerned and to society at large.

Functional efficiency is increasingly the basis upon which these types of reforms are based, as the more 'market inspired' solutions are forged and economies of scale etc., sought. Bringing services as close to the citizen as possible is however also still a requirement here. Efficiency, quality, and the accessibility of services are central features in this debate, as is the issue of distance (in relation to accessibility, in particular in Norway and Sweden). In addition, identity issues have been included in the agenda, though they have in many case been develop in the shadow of a more functionally inspired agenda. Most citizens perceive democracy through a 'service perspective', and this is something that is an important element in planning and implementing reforms.

Reforming regional and local governance is not only a question of citizens' confidence in local (and/or regional, as well as national-level) democracy. It is also a matter of self-confidence for the local and regional authorities and their representatives. Only by bearing this in mind can lasting solutions for 'good governance' and working democracy be forged.

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Appendix 1: Table on distribution of tasks between local, regional and central levels

M = municipalities mainly responsible
R = regional authorities (directly or indirectly elected ones) mainly responsible
C = central level mainly responsible

Task	Sweden	Norway	Denmark	Finland
Pre-school	M	M	M	M
Fire and rescue services	M	M	M (or private companies)	M (control functions at the provincial state offices)
Primary school	M	M	M	M
Secondary school	M, R	R	R (after the reform: M)	M
Trade schools (or similar, 'colleges')	M, R	R	C, R (after the reform: C solely)	M (R = joint municipal boards)
Universities and polytechnics	C	C	C	C + M/R (poly-technics run by joint municipal boards)
Special needs schools	R	R	R (after the reform; C, R, M)	M (R = voluntary co-operation through joint municipal boards)
Hospitals	R	C	R (after reform: 5 hospital regions)	M (organised in 20 hospital districts)
Healthcare	R	M	M	M
Specialised healthcare	R	R	R (5 healthcare districts)	M (R = voluntary co-operation through joint municipal boards)
Childcare	M	M	M	M
Elderly care	M	M	M	M
Income support	M	M	M	M
Unemployment	C	C	C (after reform: Job centre in each municipality)	M, C[14]
Water- and waste management	M	M	M	M
Nature protection	M, R	C, M	M, R	M
Libraries	M	M	M	M
Theatres, museums	M	M, R	M, C	M
Public transport	M, R, C	M, R, C	M, R, C	M
Physical planning	M, R	M, R	M, R (after reform: M)	M, R
Industrial policy + development	C, M, R	C, M, R	M, R (in co-opera-tion with regional 'growth forum')	M+R

[14]   Largely inspired by the strategic approach of the National Employment Programmes, there are a number of local and regional employment strategies being currently implemented.