

**Theme**

Little, strong Utsira – life in Norway's smallest municipality

**Editorial**

Nordic municipalities hunting for solutions

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Municipal Denmark to unite freedom and control

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Rich in iron ore, poor in inhabitants

Mar 27, 2025

# Theme: Joint challenges for Nordic municipalities



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# Nordic municipalities hunting for solutions

What happens when the local school is in danger of closing down? When the municipality lacks people to fill vacancies in the health and social care sector? These are the challenges facing Nordic municipalities. How do we solve them?

EDITORIAL

27.03.2025

BY LINE SCHEISTRØEN, EDITOR-IN-CHIEF

I see them nearly every day, the first graders walking to school. Last autumn, at the start of the school year, they would often be in company with parents. Now, in spring, more and more walk on their own or with other classmates.

The first graders are safe. On their way to school and in school.

Rødskogen school lies in Drammen municipality in Norway. One day in October last year, the lives of pupils, parents and staff were suddenly turned upside down.

The municipality had to save 150 million kroner. Six schools were on the list of cuts. Rødskogen school was one of them.

Around the same time, some 100 schools around the country were threatened with or chosen for closure because of poor finances in municipalities and county councils.

The plan to shut down schools created debate and big protests from pupils, locals and politicians.

When something like that happens in our own neighbourhood, we use what we can in a local democracy: We attend demonstrations, write opinion pieces, use social media, hang up protest posters – the displeasure will be visible everywhere in the municipality.

“SAVE THE SCHOOLS” was a slogan you could clearly see on Drammen’s local alpine hill for a long while.

And against the norm, we submit answers in consultation processes, attend executive committee and municipal council meetings. We take part in local democracy. Because we know the residents have an important voice, and if we shout loudly enough our message can get across.

After months of protests and uncertainty, all schools in Drammen were protected. The fight over the local school has been postponed by two years. Meanwhile, a new school structure will be assessed.

This is part of life in the municipality where we live. Because we all live in a municipality in the Nordic region. There are more than 1,100 of them in the Nordics. Some are tiny, others really big, both in population and geographical size.

The smallest of them all in terms of population is Tjörneshreppur in Iceland, home to 53 people. A while back, there were only two pupils in the local school.

In Iceland, as in several other Nordic countries, the question was asked: Should municipalities with only a few hundred residents be allowed to survive? Yes, absolutely, is the answer we hear when we visit Norway’s smallest municipality in terms of population – Utsira.

This is also where we meet Julie Faldt Faurholt. She originally comes from the island of Lesø, Denmark’s smallest municipality. When she moved out, she was determined never again to live in such a small place.

By coincidence, the Danish woman ended up on Utsira. And she found peace.

“On Utsira, it is safe for children to grow up,” says Faldt Faurholt. She works in the municipal kindergarten.

One in five Utsira residents works in the municipality. The need for more private enterprise is acute.

In Frøya, another island municipality in Norway, that is not a problem. Here, up to 1,750 of the municipality’s 5,600 residents work in aquaculture.

Frøya municipality has not got that many legs to stand on if something were to happen to that sector, acknowledges the mayor, Kristin Strømskag.

Despite the challenges, some things are common across the whole of the municipal Nordic region:

There is an ageing population and the number of working-age people is falling more than ever before. We do not have enough hands on deck to face the future, especially in the health and social care sectors.

The Swedish Association of Local Authorities and Regions (SKR) believes it is not possible to solve the staffing crisis through recruitment alone. The municipalities must get people to stay in work for longer, increase the number working full-time and think about new working methods.

“The municipalities must show that they can offer meaningful jobs,” says Bodil Umegård at SKR.

In Pajala in Northern Sweden, the municipality is happy that the mining industry employs a lot of people. But it means the local authority itself struggles to hold on to and recruit people. They are now looking to Finland to recruit more staff for health and social care.

New thinking is also a mantra in Danish municipalities. Helsingør municipality has given employees more freedom with responsibility. This has given staff greater job satisfaction and motivation.

“For the leaders in early childhood education and for me as their manager, it has been exciting to learn how to lead with fewer rigid control mechanisms while maintaining quality,” says Helene Horsbrugh in Helsingør municipality.

Skilled employees bring strength to local authorities across the Nordics, according to the Finnish municipal researcher Siv Sandberg.

“The municipalities are pretty good at adapting to new realities and doing the best with what they have. We might be blind to this, but we have a very well-educated and professional leadership in the municipalities,” she says.

And this is necessary, believes the researcher, because the municipalities are facing significant financial challenges.

Kristian Vendelbo, CEO of the Danish Local Government Association, is worried residents will not accept that services do not improve due to strict financial controls.

After all, we residents do have expectations of the services provided in the municipality where we live. Yes, we expect that first graders can still safely walk to their local school. Happy reading!



## Little, strong Utsira – life in Norway's smallest municipality

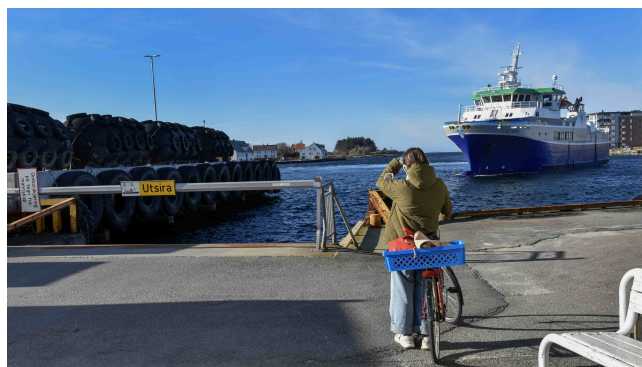
When a young Julie Faldt Faurholt moved from Denmark's smallest municipality – the island of Læsø – she was determined she would never live in such a small place again. But the island she lives on now is far smaller. With 217 people, Utsira is Norway's smallest municipality.

THEME

27.03.2025

TEXT AND PHOTO: LINE SCHEISTRØEN

There are a few of us waiting. There is a fierce wind at the Garpaskjærskaien ferry quay in Haugestund. The municipally owned ferry *Utsira* arrives. It is a bit early thanks to the tailwind. The journey usually takes 70 minutes across the sea. The ferry docks and lets off passengers and cars.





*The Utsira ferry is municipally owned. It is soon docking for the last time. A new electric ferry will replace it.*

We embark. Our little group is headed to Norway's smallest municipality.

Despite sunshine from a cloudless sky, not many tourists are heading to Utsira this Sunday. The weather forecast provider Yr has promised gale-force wind gusts. It keeps people away.

But not the ferry. It runs in nearly any weather. The inhabitants on the island out in the open ocean experience total isolation only a few days a year. The municipally owned ferry is soon to be replaced by the new, electric Utsirabåten. It will cut emissions considerably.

But will the electric boat be as loyal to the inhabitants? Will it withstand the rough winter storms as well as the current ferry?

### **Second smallest in size**

We dock on the north side, in Nordevågen. This is the ferry's regular port. But a strong north north-westerly wind can force it to dock at Søreavågen. The distance between the north and south ends is less than two kilometres.

Children on Utsira learn about the cardinal points at an early age. People living in the old fishing community still navigate by what lies north, south, east and west. Ask children in the kindergarten or pupils in the schools what they want to be when they grow up, and most still answer farmer or fisher.

Utsira municipality is Norway's smallest per capita and the second smallest in size. It is 6.32 square kilometres.



*Utsira lighthouse is one of several tourist magnets on the beautiful island. Visitors can also stay at the lighthouse keeper's house.*

A sign carrying the municipal coat of arms and the text Utsira municipality stands on the quayside. The coat of arms is a cross with four opposing points in silver on a blue back-

ground. The design is inspired by the beams from a lighthouse.

Today, Utsira lighthouse is the highest situated lighthouse in Norway, 78.2 metres above sea level. It was built in 1844 and decommissioned in the autumn of 2004. It is now a popular tourist destination and it is also possible to spend the night in the lighthouse keeper's cottages.

### **“The record municipality”**

Utsira became a separate municipality in 1924. At the first local elections in 1926, 11 of the 12 elected representatives were women. Aasa Helgesen became Norway's and Europe's first female mayor and remained in the post for two years.



*Marte Eide Klovning is in her 12th year as mayor of Utsira. If she stays a few more years, she will be the municipality's longest-serving mayor.*

A statue of Helgesen outside the town hall welcomes people on a Monday morning.

When Utsira makes the news, it is often in terms of being “smallest, first, largest, at the bottom or on top”. The municipality is for instance “always” first to proclaim results in a general election.

“We get a lot of attention. It gives us a voice,” says Marte Eide Klovning, the current mayor. Eide Klovning was elected to the council in 2012, became mayor before turning 29 and has now had the job for nearly 12 years.

She represents Utsiralista. The council counts 11 representatives, the executive committee has five.

“Engagement for the island and the municipality is more important than party politics. The local engagement is what drives you, not national politics,” she says.

Eide Klovning is a Labour member and a deputy MP.

### **Must deliver for residents**

There is coffee and chatting in the mayor's office at the municipal hub called Siratun. The administration shares the localities with the library, GP and the Sirahallen sports centre and pool.

Library director Hildegunn Eek went for a swim before work. While many Norwegian municipalities' economy is so bad that they struggle to fill their pools, the one on Utsira is open 24/7.



*While other municipalities in Norway struggle to keep their libraries open, you can pop in to have a literary chat with library director Hildegunn Eek on any weekday.*

The library is a combination library, serving both the population and the school. It is open nearly every day of the week. All Norwegian municipalities must have a school library, separately or in cooperation with another municipality. That is the law.

"A municipality is a municipality, regardless of size. Utsira municipality must deliver the exact same legally required services as other municipalities. The tasks are the same but the scale is smaller.

"We have to deliver the same as for instance Haugesund, across the ocean with its 40,000 citizens," says Tommy-René Stordal, Utsira's municipal director.

### **Knowing a little about a lot**

Stordal is a newcomer. He started his job as municipal director on 1 October 2024.

"It is an exciting position in an attractive municipality," says Stordal when asked about his motivation to apply for the post.

Working in a small municipality is different from working in a larger one, according to Stordal. You fill more roles and must be more of a generalist. He is also the municipality's HR manager.

He has been well received as a newcomer.

"These are good and friendly people to work with, which is important in a small place. I am very happy here," he says.

At the end of the working day, when he leaves the town hall, the municipal director feels people treat him as anybody else.

"Everyone knows who I am and what my role is, but nobody talks to me about it when I'm off. That is pretty unique," he says.

### **Depends on regional cooperation**

The municipal director is keen to make sure that the municipality delivers good basic services, like provisions for children and cultural offerings. Other services, like waste management, can be done in cooperation with other municipalities in the region. Large and small municipalities in Haugalandet district work well together.

"We benefit from each other. Both large and small municipalities gain a lot from this," says Stordal.



*Municipal director Tommy-René Stordal believes it is important to deliver good-quality basic services to residents.*

The municipality is the island's largest employer by far with 41.8 full-time equivalent positions.

### **For big and small**

While Norwegian municipalities are struggling economically, Utsira is an outlier. They have managed with what they have got. The first time Utsira municipality took out a loan was in 2011, to build the new school.

The first time Utsira municipality took out a loan was to help build Siratun in 1984. The next time was not until 2011 when they were going to build the new school.

Sirakompasset is right behind the municipal hub Siratunet. This is where the kindergarten, primary and secondary schools, after school club, adult education and culture school are housed.

Right now, there are 25 pupils in total. They are divided into three classes; years 1 to 4 and years 5 to 7 are together and the secondary school pupils are all in one class. There are six teachers but the school employs more than 10 people in total.

There are four positions at the kindergarten. The number of children fluctuates with different cohorts. Right now, there are only five. That is not quite enough, according to the staff.





*It is important to recruit young workers to the island, believes Julia Faldt Faurholt (centre). Here she is with her colleagues at the school, Lyndsay (left) and Janne, in the teachers' room at Sirakompasset.*

Julia Faldt Faurholt works in the kindergarten. She is also the trade union representative for the Norwegian Union of Municipal and General Employees.

“We are a small kindergarten but we achieve a lot. We have a lot of time for each child and for the parents,” says Faldt Faurholt.

She originally comes from the island of Læsø, Denmark's smallest municipality. When she moved away at a young age, she promised herself that she would never again live in a small society.

“It was not for me when I was young. I needed more space,” says Faldt Faurholt.

When she graduated and started looking for a job, she arrived on Utsira via a recruitment agency. Læsø has an ageing population but Faldt Faurholt says Utsira is attractive for young people and that the community keeps developing.

Now she lives on the island with her partner and three children.

“It is safe growing up here. The children learn from an early age to look out for each other and live in nature.” Faldt Faurholt says she has found peace on Utsira.

“I can live here with a sense of calm. We are privileged,” she says.

### **Are small municipalities sustainable?**

More than once, questions have been raised over whether small places like Utsira should really be allowed to be municipalities. Should Norway pay the cost of having small municipalities with only five children in the kindergarten?



*Right now, there are five children in the kindergarten. Only a few years ago, there were 16.*

People on Utsira have fought several times to maintain their municipal status. They have won every time.

“I feel there is a will to maintain small municipalities like Utsira. It adds value for Norway to have an island society out at sea,” says the mayor.

Why is that important, we ask her.

“We have a deep passion for our island and want to be involved in shaping the local community,” says Marte.

She struggles to see a merger with for instance Haugesund. Studies have also shown there is little to be gained economically by merging the two municipalities.

“Utsira would become just one of many posts on the budget. The society would struggle to flourish and we would always lose,” believes the mayor.

### **Very willing but few succeed**

To survive over time, however, the municipality must have more to live from. Not everyone can be a municipal employee. The place is practically crying out for more private businesses.

Over the years, there have been many plans, big and small, to create jobs. But often, they have remained just plans.

Right now, the biggest plans are floating wind turbines at sea (the Utsira Nord project), traditional fish farming at sea (the company Mowi has been granted a license) and there are plans for a land-based fish farm.

The latter is controversial, but this is also the project that promises the most jobs for the island. There is a lot of talk about more tourism initiatives too.





*Anders Myklebost is one of several tourist industry workers. He believes in marketing Utsira as a green, sustainable island.*

In Nordevågen lies the local pub and restaurant Dalanaustet. We meet Anders Myklebost who has been running the place for the past ten years. He is originally from Sandnes and is also the chairman of the Utsira Business Forum.

“If you run a business out here, you cannot stick to one thing only. You have to be a jack-of-all-trades to make ends meet. You must be the caretaker, accountant and host all rolled into one.”

Dalanaustet is more than a pub and eatery. It serves as a cultural venue, meeting room and more. The building is originally from the 1800s and was renovated with support from the municipality, the county council and Innovation Norway, and it had several owners before Myklebost took over.

“It takes time to build something up out here,” he says.

Myklebost believes there is scope to grow tourism, but at a sustainable speed to avoid having too much, like what has happened in Lofoten.

“It’s a balance. The ferry is our bottleneck and relief valve. A full boat in the summer means our capacity is maxed out. We have to make sure guests and residents have a good experience.”

### **A small, green island**

Myklebost believes Utsira can put itself on the map as a green, alternative island. He is sceptical to some of the big industrial projects being considered, including the plans for an onshore salmon farm. He thinks that could be detrimental to the tourism industry.

He points out that experience shows big undertakings do not necessarily lead to more permanent residents or more children in the kindergarten.

“Perhaps we should create five jobs here and now and develop these,” he says.

Myklebost is more pragmatic when it comes to offshore wind power. This will be decided in Oslo and not on Utsira. But if floating wind turbines appear in the sea, he is in no doubt:

“Sunsets from the Utsira lighthouse will never be the same! But floating wind power will not have an irreversible impact on nature. For us, this is about securing local value creation – taxes and jobs that will actually benefit our local community.”



*If plans for floating wind turbines become a reality, the view will be different from today.*

He points out that there is a high barrier to moving to the island if you have no permanent job or a network.

He is a newcomer himself. He is married to the mayor. It is a small place. Which is mostly for the better, but sometimes for the worse.

### **Preparing for generations to come**

Back at the mayor’s office at the town hall, mayor Marte Eide Klovning says the dream for a small municipality like Utsira is indeed to have a cornerstone business that brings tens of jobs, securing growth and tax revenue.

“It is hard to say no to something that promises a lot of jobs, but we also have to ask ourselves: What is our breaking point as a society?”

The mayor and municipal director underline that Utsira municipality is in no way desperately looking for something new.

“We can run this municipality for many years still. But at some stage, we have to find something else to live from. We have to create opportunities for businesses and not only prepare to be preserved. We cannot become an institution out in the middle of the sea,” says municipal director Tommy-René Stordal.

### **Fourth generation merchant**

Talking about institutions – some might call the local shop Joker Utsira exactly that, but in a positive way.

The café at Joker is a popular meeting place, especially on the darkest and windiest winter days.

On this Monday, the sun is shining from a blue sky. And high up on the flag pole outside the shop is – a Newcastle flag!

A brief explanation: Merchant Kjetil Klovning is a committed Newcastle fan. The day before, his club won the English Cup finals beating Liverpool 2-1. Newcastle had never before taken that trophy home.

“Are you going to see Kjetil? Well, he’s in a very good mood today,” people tell me. Of course, “everyone” knows that the island’s merchant is a Newcastle fan.

“YEAH!,” shouts Kjetil, dressed in the right colours of course, when he is congratulated on the victory.

Joker Utsira is the island’s only shop and, for now, the biggest private company. It has four full-time equivalents spread across seven to eight people.



*Kjetil Klovning is a fourth generation merchant on Utsira. He was never in any doubt, he would take over the shop when his farther retired.*

“We desperately need private businesses. There is always something brewing, but it rarely leads to anything. It is hard to run things on Utsira partly because everything is more expensive here,” he says.

Klovning is a genuine *Sirabu*, as locals are known. He was never in any doubt that he would be a merchant.

“No, no, no, I never doubted that. I already knew when I was around four, following my father around the shop. It’s in my blood. I am the fourth generation. My great-grandfather set up shop in 1936.

“I’m not doing this to get rich. It’s no gold mine. I do it because it is my passion and because it is rewarding to be part of developing Utsira as a municipality and tourist destination.”

Tourism is important to Utsira’s economy, especially overnight tourism which brings money into the coffers. The

season runs from Easter until October. Klovning looks forward to it.

But most of the year consists of ordinary working days.

“The residents are very loyal. They are the backbone for our shop’s revenue.”

It is not surprising, says Klovning, that residents also do some of their shopping on the mainland.

“I can’t shout at the neighbour because he buys some loo rolls at OBS on the mainland. At our shop we have to concentrate on doing our job and be good at what we can offer,” he says.

### **Too high a price to pay?**

Klovning says goodbye to a colleague who leaves work a bit early this Monday. The colleague has to catch the next ferry to the mainland.

And when the ferry leaves the dock, there are more cars and passengers onboard than when we arrived on the island the day before. In the lounge, young boys sit on chairs tapping on their mobile phones.



*Fishing and smallholdings are still part of the economic foundation on the island of Utsira.*

They are going to the mainland for football practice. Mayor Marte is one of several parents driving the boys to practice on this day. When practice is over, they travel back across the sea to the island of Utsira.

This is the price you pay for living on an island with no mainland connection. People who live there will tell you it is worth it.





## Rich in iron ore, poor in inhabitants

In Pajala in Northern Sweden, the local authority is grateful for the mine but also struggles to maintain and recruit workers.

THEME

27.03.2025

TEXT: FAYME ALM

It is no exaggeration to say that Sweden is a major iron ore producer. In 2023, the country was responsible for 93 per cent of EU iron production.

That year, the Swedish mining industry's turnover was nearly 65 billion Swedish kronor (€5.9bn). Iron ore is used to produce steel, which has a wide range of applications.





The mining activities are controversial. When mining companies apply for permits for new or continued extraction, the decisions are appealed by Sami representatives and environmental and human rights organisations, among others.

This story takes a look at the labour market aspects, using the mining community of Pajala as an example.

### High dependency burden with consequences

“Everyone working in health and social care within the social services department has had their unsocial working hours allowance doubled as of January this year.

“That means everyone working evenings, weekends and nights gets around 12,000 Swedish kronor (€1,100) more a month before tax,” Carin Johansson, head of social services in Pajala municipality tells the Nordic Labour Journal.

This measure was introduced to try to keep and recruit assistant nurses in particular, who are in short supply in the municipality.

Pajala is not alone in facing the challenge of a high dependency burden with a declining population – the same goes for many Swedish municipalities. But in this instance, it is extreme.

The municipality is top of Statistics Sweden’s list measuring the “demographic dependency ratio from the elderly” – which indicates the number of people of pensionable age (65+) in relation to the working-age population (20 to 64 years).

In 2023, at the time of the latest measurement, the municipality’s dependency quota was 124.

“We notice this quite clearly,” says Carin Johansson.

“Around one year ago, we had around 150 home care cases. Now we have around 270. That’s not counting users who just have a safety alarm or get food delivered,” says Johansson.

While Sweden’s population is growing overall, it has been falling in Pajala since 1970. The current population is now below 6,000.

“Many of those who still live here are older people in need of care and support. We have 96 spaces in our care homes, which require a significant number of staff to provide around-the-clock care.”

Home services and care homes are staffed by assistant nurses and care assistants. The current number of workers from these professions is just under 200, which is not enough. The municipality depends on staffing agencies to cover the need, explains Carin Johansson.

“In the winter months, we need to hire between 15 and 20 assistant nurses a month. In the summer, we need many more to allow permanent staff to take their holidays. We then hire nearly 30 assistant nurses every month using staffing agencies.”

The municipality’s geography also means long journeys for home care workers. There are 80 different towns across an area of around 8,000 square kilometres that the municipality covers.

“Sometimes staff must drive nearly 150 kilometres to get home to a client.”

Carin Johansson has not seen any direct competition for staff between the mining industry and the care sector.



*Kaunis Iron AB is the company that extracts iron ore in Pajala Municipality. Photo: Kaunis Iron*

“The mining industry and its subcontractors benefit the municipality. If we didn’t have a mine, the municipality would empty of people. But of course, the competition is fierce. We cannot match their salaries.

“Our starting pay for a care assistant is 23,000 kronor (€2,100) and an assistant nurse gets just over 24,000 (€2,200). There is also a big difference between working with people and working with machines,” she says.

### **The mine is an engine**

Pajala’s business developer Robert Hawkins is also positive to the mine when the Nordic Labour Journal meets him.

“The mine is the engine in Pajala’s business community. It attracts businesses that would otherwise never move here – a niche industry like blasting for instance.

“Companies outside of the mining sector can now hire them locally instead of looking beyond the municipal borders. Another example is infrastructure, where road construction is happening thanks to the mine.”

Robert Hawkins also mentions the grocery stores, which are a direct consequence of the mining operations.

“They are to be found scattered around the municipality because we live so spread out. But they are still profitable because many who live outside of the municipality commute through here and stop to buy food.

“These shops mean many choose not to move or to do a weekly commute,” he says.

Since 2018, the total turnover for Pajala’s businesses has increased, according to Robert Hawkins. Last year was an exception when Pajala experienced a dip.

“It could be the global situation or because several of our businesses have made big investments here in property and

large, expensive machines like wheel loaders, tractors and trucks, which might reduce profit margins,” he says.

Only 64 people were registered as unemployed in Pajala in February 2025, according to the Swedish Public Employment Service. That is a luxury problem, believes Robert Hawkins who has no complaints about the mining industry, which he believes has a good dialogue with the municipality.

“Instead, we should look for a solution that makes it attractive to settle down in the municipality. And some of the corporate tax should go to the municipality as well. That is not the case today,” he says.

In Sweden, the municipality where people work does not receive any of the municipal income tax. It goes to the municipality where the person is a registered resident, in accordance with the Income Tax Act.

### **Several different professions in mining**

Kaunis Iron AB is the company that extracts iron ore in Pajala municipality. Their customers are mainly in China, but some are in Europe and the Middle East. The company has around 400 staff in Pajala municipality, says Lars Bogren, their head of HR.

“Around 70 per cent of those who work with us live locally and can commute daily from their home to their work in Kaunisvaara or Junosuando in Pajala municipality.



*Lars Bogren, head of HR at Kaunis Iron AB.*

“The others are people like myself, who live in Luleå or some other municipality in North Bothnia Province, and who spend parts of the week in Pajala or elsewhere in the municipality. Very few of our temporary staff live outside of North Bothnia.”

The mining sector employs people across a wide variety of professions. There are miners, process operators, truck drivers and mechanics. In line with the IF Metall trade union agreement, the starting salary is 36,801 Swedish kronor (€3,360) and for truck drivers without experience, it is 30,163 Swedish kronor (€2,760).

Within the service sector, there are positions such as finance, laboratory technicians, environmental coordinators, geologists, and engineers. The starting salary varies depending on their role and previous experience, explains Lars Bogren.

### **A wait-and-see situation**

Kaunis Iron does not currently see a great need to recruit. On 3 April, a ruling from the Land and Environmental Court of Appeal will be announced.

It concerns an application from the company from 2018 for the expansion of mining activities in Tapuli, Sahavaara and Palotieva, along with related activities at the processing plant in Kaunisvaara in Pajala municipality.

“We expect a positive decision. How this will impact our recruitment needs remains to be seen. The global situation with relatively low iron ore prices and a weak dollar has had a negative impact on our profitability, and means we are very careful about expanding our workforce,” says Lars Bogren.

### **The Public Employment Service's perspective**

“There’s a constant and significant labour shortage in Pajala and it will remain so,” Per-Anders Ruona, section head at the Swedish Public Employment Service in North Bothnia tells the Nordic Labour Journal.

He points to Pajala’s demographic development as well as external investments in the municipality, which have created jobs in labour-intensive industries.

“This creates good working conditions but it is also getting harder for the public sector to compete. A lot of teachers and nurses are now working in the North Bothnia mining industry. That’s where we are. And with falling population figures we cannot fill the vacancies with local labour.”

### **Fresh figures**

The national unemployment rate stands at 7.2 per cent according to the latest figures from the Public Employment Service. In North Bothnia, where the ore fields are, the figure is 4.1 per cent.

In some regions, including Skåne in the very south, the rate is 9.5. In Pajala it is 4.0 which equates to 90 - 100 people, says Per-Anders Ruona.

“There is a constant turnover of unemployed people here in North Bothnia. When some projects end, people sign up and a lot of them get a new job within 90 days. Businesses recruit from each other, in many ways.”



*The workforce at Kaunis Iron AB consists of a wide range of professional groups. Photo: Kaunis Iron*

Job seekers who lack the skills needed in the labour market are supported by the Public Employment Service to better meet employers' demands. However, among the unemployed, there are also older individuals.

“Recent and upcoming retirees represent the biggest challenge. There are recruitment challenges within any profession you can think of, because the numbers in Pajala municipality simply aren’t there,” he says, and makes a link to the Swedish economy.

“What happens in North Bothnia has a big impact on Swedish export revenues.”

Per-Anders Ruona believes that a rapid influx of new residents is necessary to reduce the labour shortage in the mining municipalities.

“As it stands, a large portion of the workforce in North Bothnia is not officially registered here. Many come from Finland and other parts of Europe as guest workers, living in temporary housing.

“We also have what is known as fly-in & fly-out, but in the long run, we need people to live in the communities where they work. We must focus on permanence to create a sustainable society.”

### **Finland is next**

So what are Pajala municipality’s plans for recruiting more staff to the health and care sector?

“We already have some Finnish staff. There used to be more but when the Swedish krona lost its value to the euro, they returned to Finland. Now that the krona has strengthened and we have doubled the unsocial hours allowance, we will launch a recruitment campaign in Finland. We have also been talking about how to reach people in Southern Sweden,” says Carin Johansson.





## Municipal Denmark to unite freedom and control

“Setting free” is the topic of the day in Danish municipal and national politics. It is seen as a possible key to delivering welfare services to citizens despite fewer resources and labour shortages. Helsingør municipality has had good experiences, but the upcoming local elections could throw a spanner in the works.

THEME

27.03.2025

TEXT: MARIE PREISLER

For nearly four years, leaders and staff in Helsingør municipality’s early childhood education services have been exempt from certain municipal and national requirements. This has been part of a national pilot project aimed at giving municipal employees greater freedom to set their own priorities.

It has enhanced professional standards and job satisfaction among nursery and preschool teachers, according to Vibeke Stær Juul, the union representative for educators in Helsingør municipality, who are organised in the BUPL trade union.



“Our union representatives in the institutions tell us that pedagogical and professional freedom has increased, allowing children to receive what educators, based on their expertise, deem necessary. Educators feel they have regained their profession,” says Vibeke Stær Juul.

#### **A phone call from the PM**

She has been involved in the setting free-initiative since its inception, which began with a phone call from the Danish Prime Minister Mette Frederiksen (The Social Democrats) to the Helsingør Mayor, Benedikte Kiær (The Conservative People's Party).

The Prime Minister asked Helsingør to become one of seven municipalities in a national pilot project aimed at freeing employees and local leaders in key municipal welfare services from state and municipal regulations.

That is what happened. Since 2021 and until 31 July 2025, the early childhood education sector in Helsingør municipality and one other municipality has been exempt from implementing new policies and regulations passed by the state and parliament, which municipalities are otherwise required to follow.

Likewise, two other municipalities have been freed from political regulations in the primary school sector. Another three Danish municipalities have been exempt in the third major municipal welfare sector: elderly care.

#### **Innovation**

The exemption was passed by a political majority in parliament back in 2020, driven by the need to rethink municipal welfare services to secure the future of welfare.

The pilot aimed to assess whether granting municipal workers exemption from new regulations and greater autonomy to develop local solutions close to citizens, with active involvement from employees, would result in more innovation.

An evaluation of the seven participating municipalities' experiences shows that politicians, leaders and employees have used the initiative to rethink approaches. This has led to the launch of various trial activities.

One early childhood education centre in Helsingør municipality has focused on reducing food waste and improving waste recycling. Another wants to enhance staff competencies to strengthen pedagogical quality.

A third has used the increased decision-making freedom to give educational staff more time to prepare, explains the union representative for educators in Helsingør municipality.

This was an important political safeguard that helped enable innovation and experimental activities, believes Vibeke Stær Juul. She urges the municipality to extend this temporary budgetary flexibility beyond the scheduled end in the summer of 2025.

#### **Rewarding and demanding**

The initiative has not led to obvious significant changes in the service quality for citizens. However, the evaluation shows that it has provided employees with a greater sense of professional freedom and job satisfaction.

“Employees in the three welfare sectors have experienced a slight increase in their sense of professional freedom during the trial period. They often report that this contributes to increased job satisfaction and motivation.

Local leaders also experience greater well-being when they are allowed to manage local services and initiatives. However, in early childhood education and elderly care, it has become evident that leadership responsibilities can be extensive and challenging when municipalities have more independence – and in the short term, not necessarily beneficial to leaders' well-being.



, the municipality's head of early childhood education, acknowledges that leading empowered employees is both rewarding and demanding.

"For the leaders in early childhood education and for me as their manager, it has been exciting to learn how to lead with fewer rigid control mechanisms while maintaining quality.

"It's about setting a direction without saying, 'You must do it this way.' Some leaders find this easier than others," says Helene Horsbrugh.

She believes the setting free-initiative has also freed employees' mindsets. They have been met with trust and high expectations, giving them greater confidence to challenge the usual way of doing things in pedagogical practice and explore whether something can be done in a new and better way.

Horsbrugh expects this to have a lasting impact.

"It has become part of the culture, and I believe it will continue, even though we don't yet know the political landscape after the local election on 25 November 2025," she says.

### **The need for a balanced approach**

Klaus Majgaard, who has worked for over 20 years in public administration and the governance of welfare services – both as a researcher and a practitioner at state and municipal levels – says that local freedom and central regulation must go hand in hand as a fundamental principle for municipalities.

"The municipalities are facing immense pressures – financial, recruitment issues, socially challenged housing areas, preventative health measures and the rehabilitation of older citizens after they've been in hospital.

"That's why we need to develop new welfare solutions, and employees must be allowed the freedom to help do this. But governance is also needed to ensure consistency and quality."

Over the past 50 years, the government and parliament have alternately given municipalities and public sector employees more freedom and imposed tighter regulations.



Now, there is a need for a balance of both, and municipalities must be very thorough in setting and communicating the boundaries of freedom for municipal employees and leaders. Otherwise, they will be subjected to immense pressure, argues Klaus Majgaard.

"It feels almost schizophrenic to be empowered to create local solutions when it means taking on responsibility for dilemmas that must be navigated through a forest of explicit and implicit governance demands.

"Many municipal leaders spend considerable energy trying to decode when political and administrative governance initiatives invite dialogue and joint reflection, and when they are a subtle hint to fall in line."

### **Possible intervention**

The politicians could in reality intervene at any time if they are not satisfied that the municipal leaders and employees are using their decentralised powers in the right way, points out Klaus Majgaard:

"Prime Minister Mette Frederiksen has, alongside the agenda of giving more freedom to municipalities, stated that she is prepared to directly govern municipalities when it comes to issues such as gender-segregated swimming lessons in schools and screen time in daycares.

"Ahead of local elections, candidates may also be very tempted to make promises to voters that limit local freedom."

It is crucial for municipal employees that control is not exercised under the guise of setting municipalities free. It must be made very clear what is within the freedom of local leaders and employees, and when structural power and governance will be applied, says Klaus Majgaard.

"With more freedom to municipalities, politicians and administrations can push complexity and dilemmas down the organisation, so that they end up with local leaders and employees. These individuals must have the opportunity to push the dilemmas back again," he concludes.

### **No miracle cure**

Minister for Children and Education Mattias Tesfaye (The Social Democrats) believes that other municipalities can draw many lessons from the setting free-experiments.

This includes governance models where the focus has been on trust-based leadership and the development of a new culture of governance and management.

"However, the evaluation of early childhood education and primary schools also shows that more freedom in decision-making is not a miracle cure that solves all problems overnight," said Mattias Tesfaye in a press release when the evaluation of the setting free-experiments was presented in February 2025.

From 1 August 2025, Helsingør municipality and the other municipalities involved in the experiment will again be required to follow the same national rules that apply to other municipalities in the country.





## Finland's April elections a test for local power structure

Finland holds municipal elections in April. At the same time, there are council elections in 21 so-called wellbeing services counties. After the healthcare reform, they will be responsible for social and healthcare services. But interest in running as a candidate and in voting seems to be falling. Perhaps due to a worsening economy and reduced municipal powers. Or because elections have become too frequent.

THEME

27.03.2025

TEXT: BENGT ÖSTLING, PHOTO: CATA PORTIN

Simultaneous regional and municipal elections is a model that used to exist in Denmark and Norway. Sweden holds three elections at once, as voters also vote in the parliamentary elections.

Yet Finland is not going that far. Instead, people have to vote more frequently, including in presidential elections every six years. In the Finnish system, people vote for a named candidate in all types of elections.

Finnish local government expert Siv Sandberg is often asked to provide background and explain new trends. Right now, she is celebrating the winners of the Swedish Eurovision Song Contest finals, the comedy group Kaj, who are turning their home municipality of Vörå in Finland on its head.



*Axel Åhman, Kevin Holmström and Jakob Norrgård performed at a party in their old home municipality of Vörå just one week after being crowned the Swedish entry to the Eurovision Song Contest. Photo: Vörå municipality*

Culture used to be a fairly “quiet” policy area, rarely sharing opinions. That is why we meet her at the Helsinki Central Library Ode, one of Finland’s most visible and most expensive libraries.

### **Finland deviates from the Nordic model – but the core values remain**

So, how important is the municipality as a unit in Finland compared to the rest of the Nordics?

“Finland has taken a step away from the traditional Nordic municipality with a strong service production. Once, we talked about the Nordic welfare municipality, but now not even elderly care is part of municipal services in Finland.”

That is a major deviation from the model that has grown in the Nordic region since the 1500s, points out Siv Sandberg.

Yet the core values remain, along with the view of the municipalities’ institutional role and municipal democracy. The municipalities are still responsible for education, land planning and culture, just like in the other Nordic countries.

Municipalities’ power and responsibilities have been reduced, but most have maintained the size of their municipal councils. The number of council seats follows the population size. The minimum is 17 seats, but the smallest municipalities can go as low as 13 seats.

### **Expensive fight for votes**

There is a lack of candidates in the smaller municipalities, which means all candidates get a seat. Larger places see an increased interest in taking part in decision-making, however.

In Helsinki, nearly 1,000 candidates are fighting for the city’s 85 city council seats. It can be difficult for voters to get to know and decide between so many candidates. This gives MPs a strong chance of being elected, for instance.

Celebrity factor and polarisation a threat to municipal democracy?

Critics have said the Finnish electoral system gives too much advantage to the celebrity factor, as voters pick a candidate – not the party. This means that factors other than competence and political views can influence the outcome, including a candidate’s ability to invest money in their campaign.



*Finnish local government expert Siv Sandberg at the Ode Library. She is also a lecturer at Åbo Akademi University.*

Another factor is how the polarisation of Finnish society impacts voter turnout. Voting activity has increased in municipal elections. But in Eastern and Northern Finland, turnout is below 50 per cent, which Siv Sandberg calls a peripheral issue.

The polarisation might have led to social indifference in the least populated regions, and to the opposite in cities in Southern Finland.

### **Sustainable municipal democracy**

Several political parties have failed to put up the maximum number of candidates in the Finnish elections on 13 April. It is particularly difficult to get younger candidates to engage. Debates have become tougher and politicians’ role less attractive.

In certain places, the majority of the candidates are retired people, points out Siv Sandberg.

“That means that many have a lot of time to spend on their mission, but it highlights a dilemma with our system. The job as a councillor demands personal sacrifice, and people who have jobs don’t have the time.

Sandberg refers to the debate in Sweden about how sustainable and effective the municipal democracy really is, whether there are enough local politicians – and the issues become increasingly complex.

### **Competence at the municipal office**

The high level of competence and expertise at municipal offices across the Nordics is a strength, underlines Siv Sandberg.



“The municipalities are pretty good at adapting to new realities and doing the best with what they have. We might be blind to this, but we have a very well-educated and professional management in the municipalities.”



*Money has been spent on culture in Helsinki. The Ode Library's book lending and reading rooms are situated in the "Book heaven" on the third floor. This is also where you find the citizens' balcony with a great view. There are meeting rooms, workshops, studios and games rooms.*

It is a good thing, because municipalities are facing significant financial problems with the downward spiral of a shrinking population.

The age demographics in Finland could lead to reduced state subsidies as there are fewer children in schools, says Siv Sandberg. Not having enough taxpayers still represents a dilemma on the expenditure side.

Yet the municipalities nearly always complain about not having enough money. There have been many warnings about falling growth and a declining population. Finland might be ahead of the rest of the Nordics here.

Siv Sandberg talks about a somewhat oversized infrastructure, for instance in the school sector. But it could also be that all possible school mergers have already happened.

### What do political parties want?

The ideological differences in municipal politics centre around the relationship between the state and the municipality as well as issues related to land use planning.

The National Coalition Party is the largest political party both locally in Helsinki and nationally, advocating for the conditions of local businesses.

The Greens are also a distinct urban party, focusing on traffic issues and urbanisation. The Finns Party has never been a strong municipal party and has gathered fewer candidates in this election.

They made progress in the latest local elections at the expense of the Centre party, which failed to break through in

the cities while being part of the government coalition. Now, the tables have turned.

The centre-right parties are now in opposition in parliament and have seen a rise in opinion polls. The Social Democrats and the Left Alliance are more in favour of keeping things under local municipal control, in contrast to the National Coalition Party, which wants to open up the market, explains Siv Sandberg.

The left-wing parties may be seen as promoting policies that secure resources for municipalities and welfare, making the municipalities secure workplaces for many employees.

### Parties in control, soon also in schools

Education remains a major political issue ahead of the municipal elections. Siv Sandberg observes that some politicians are keen to intervene.

There are talks of more detentions and restrictions on mobile phone use, and the Finns Party speaks vaguely about putting an end to "perversities" and about too much tofu in school meals.

At the municipal level, school boards already exist, so politicians are not completely outside the process even now. In Finland, there have not been many independent single-issue movements, unlike in Sweden, where a "healthcare party" emerged.

Large cuts in healthcare and maternity wards or controversial industry expansion decisions could have drawn criticism, but this has only occurred in isolated cases, says Siv Sandberg.

### Employment is now a municipal responsibility

Healthcare has been transferred to the wellbeing services counties, and municipalities have been handed responsibility for employment services instead. The state's labour and business services at the so-called TE centres were transferred to municipalities at the turn of the year, and the staff followed.



*The city of Vanda took over employment services in January. Director of Employment and Integration Susanna*



*Taipale-Vuorinen unfurls a banner about the objective: to provide vitality and employment services that are among the best in Finland.*

The main idea is to bring services closer to the clients in a service model where local characteristics are allowed and encouraged to shine. It also creates a collaboration with the voluntary sector and private employment agencies for better labour force matching and regional mobility.

According to the Ministry of Employment and the Economy, the reform has had a good start and employment could be a theme for the municipal elections since there are still things to do.

The reform was introduced by Sanna Marin's government, and the centre-right coalition has taken it on.

Siv Sandberg says it is too early to assess whether it has been a success.

"This was a significant and principled reform that really just passed without much debate, perhaps because everyone was tired of reforms," says Siv Sandberg.

Unemployment has increased since then, so there is a risk that the municipalities feel they have been tricked into taking over the state's responsibilities without being given the proper tools or money to solve the crisis.

#### **"Bara bada bastu"**

There have also been examples of new ways of working in the municipalities. Siv Sandberg mentions Vörå municipality as an example.

Just a few days after the comedy group Kaj won the Swedish Eurovision finals, their Finnish home municipality welcomed the members home with a huge party with 5,000 guests.



*Many of Kaj's songs are performed in a thick Vörå dialect, which is popular in their home municipality. Locals also hope for a good result in the international Eurovision finals in Basel in May. Photo: Vörå municipality*

"Bara bada bastu" (Just Take a Sauna) has become the municipality's signature tune, and the municipality can benefit

from "its" contribution – first in Sweden and then in the Eurovision finals in Basel in May.

The idea, of course, is to increase the sense of community and pride among the residents about their identity and dialect.

This is the kind of thing that can help a municipality's image and attract new residents, tourists and businesses to the little municipality in Ostrobothnia, population 6,000.



# Municipal Nordics face common challenges

Municipalities across the Nordic region are under pressure from ageing populations, labour shortages and rising costs. The challenge is to deliver quality services in line with residents' growing expectations, according to the Nordic municipal organisations.

THEME

27.03.2025

TEXT AND PHOTO: LINE SCHEISTRØEN

What exactly is the state of our municipalities? And what challenges are we facing?

The Nordic Labour Journal has been in touch with those who are working closely with these matters: the Nordic municipal organisations.

The short answer is that things are not terrible, but these are challenging times. How can the municipalities continue to deliver services to an increasingly demanding public?

## **Challenge number 1: We are getting older**

Everyone the Nordic Labour Journal has been in touch with argues the most significant challenge we are facing is demographic change:

- A strong increase in the proportion of older citizens, especially the 80+.
- A reduction or weak growth in the working-age population.
- More municipalities, especially smaller ones, are experiencing population decline.

In Norway, the number of people over 80 will double in the coming decades. Things are pointing in the same direction in Sweden, Denmark and Finland. Meanwhile, the working-age population is not growing as quickly.

“For the first time in modern history, the number of working-age people will not increase. At the same time, there will be a doubling of the over-80s, and many of them will need health and care services.



“Labour shortages increase the risk of an “all against all” struggle, but we can fight this through the Norwegian, or Nordic, model,” says Tor Arne Gangsø, Director of Labour Relations at the Norwegian Association of Local and Regional Authorities (KS).



*Kristian Vendelbo is the CEO of the Danish Local Government Association (KL). Photo: KL*

Kristian Vendelbo, CEO of the Danish Local Government Association (KL) also knows exactly what he should answer when we ask him to list the challenges facing the municipal sector. He believes there is only one challenge worth talking about in this context:

“The combination of an ageing population and considerable labour shortages is our greatest challenge going forward,” he says.

### **Challenge number 2: Labour shortages**

A key question is how to solve the demographic problems when there is also a shortage of labour. The Nordic countries share the following challenges too:

- Increased need for labour in the health, care and education sectors.
- Low availability of skilled labour makes recruitment challenging.
- Increased need for labour market policies to mobilise employable groups.

Chief economist Emelia Värja at the Swedish Association of Local Authorities and Regions (SKR), believes it is not possible to solve the staffing crisis through recruitment alone. Instead, municipalities must encourage people to stay in work for longer, increase full-time employment and rethink working methods.

“Demographic trends and weak population growth also point to a slow increase in the number of employed people, while the need for staff in the welfare sector remains high. This is one of the greatest challenges to our welfare societies.



*Chief economist Emelia Värja at the Swedish Association of Local Authorities and Regions (SKR). Photo: SKR*

“Groups who remain outside of the labour market are usually far from being employable. This calls for different labour market policy initiatives that can help match people to jobs,” says Emelie Värja at SKR.

### **Challenge number 3: More money is far from a complete solution**

Norwegian municipalities faced an acute economic crisis in 2024 because of high inflation and interest rates. The state set aside an extra 10 billion kroner (€868m) for the municipalities in 2025 and 2025, but they still saw a deficit of nearly 4 billion kroner in 2024.

More money is not enough to solve the municipalities’ challenges, argues KS in Norway.



*Tor Arne Gangsø, Director of Labour at KS. Photo: KS*

“We cannot hire or pay our way out of these challenges because there will simply not be enough labour. To secure sustainable welfare services in the future, the municipal sector must use its resources more efficiently and we must mobilise as much labour as possible.

“This will require major changes and we must rethink how we organise the services and work,” says Tor Arne Gangsø, Director of Labour at KS.



**Challenge number 4: A need for big investments**

Among the Nordics, Norway's municipal economy seems to be under the greatest stress. Yet there are challenges elsewhere, including:

- Tighter budgets as a result of high inflation, interest rate rises and unpredictable income streams.
- Significant investment needs, including infrastructure, maintenance, climate transition and preparedness.

Finland reports persistent deficits, mainly because of national reforms giving municipalities greater responsibility without sufficient funding.

"Successive governments have widened the municipalities' responsibilities, but attempts at reducing standards and easing the municipalities' economy have proven near impossible. Instead, the state has tightened its overall control over the public sector.

"The municipalities have launched their own transition measures to cut expenses and reduce services, which has eased the financial burden," says Chief Economist Minna Punakallio at the Association of Finnish Local and Regional Authorities (Kuntaliitto).

Chief Economist Emelie Värja at SKR says Sweden's municipal sector is generally strong.

"We have had two tough years with high cost increases, particularly in pension expenses. We are now past this and things are looking better. Despite strong investment growth, the sector's financial strength has remained stable or even improved, indicating that the municipal sector has managed to cope," she says.

Future investment needs in Sweden will, however, have a different kind of dynamics, according to Värja. Several smaller municipalities with falling populations are struggling to finance necessary investments.

**Challenge number 5: Big differences between small and big**

What is needed to secure sustainable municipal services in the future? There is often a focus on the need for modernisation and smart solutions. Technology, better planning and more cooperation between volunteers and businesses are highlighted as key tools.

At the same time, there are significant differences between small and large municipalities, which create different conditions for change.



*Chief Economist Minna Punakallio at Kuntaliitto in Finland.  
Photo: KL*

"Finland as a whole is heading towards economic growth, but some municipalities may need to realise that growth is not always the solution. Instead, it's about adapting wisely.

"One question is how we can organise high-quality services and ensure good quality of life across the country – even in areas with few residents," says Chief Economist Minna Punakallio at Kuntaliitto in Finland.

**Challenge number 6: Gaining acceptance for static service levels**

In Denmark, money is not the main problem as long as the municipalities manage their finances well, according to Kristian Vendelbo, CEO at KL. He is more worried about whether citizens actually accept the premise for the financial balance – the fact that the service level in the municipality remains unchanged.

"The question is whether Danes will accept that strict financial control will not lead to improved services," says Vendelbo. People's expectations rise in step with increasing prosperity, and the demands for public welfare too."

At the same time, he points out that good welfare is about more than financing – it is linked to access to skilled labour. There is already a labour shortage in the public and private sectors, and this challenge will grow in the coming years.



# Iceland's municipalities slashed in half in 25 years

Many Icelandic municipalities have merged, particularly since they assumed responsibility for compulsory education in 1996. Although the number of municipalities has been halved since the start of the century, there are still more than ten that have fewer than 250 inhabitants, and some remain unwilling to merge.

THEME

27.03.2025

TEXT: HALLGRÍMUR INDRÍÐASON

The merging of municipalities has been a hot political potato for more than 30 years. In 1993 the government decided to hold a national referendum on the matter.

If all of the mergers had been approved, the number of municipalities would have fallen from 196 to 43. This failed big time, as all the mergers except one were declined. In a few cases, however, they would be the beginning of a different type of merger a few years later.

The primary driver of this change was the transfer of primary schools from state to municipal control in 1996, along with

the belief that larger municipalities would be better equipped to manage them.

Since then, most mergers have been initiated by the municipalities themselves. At the turn of the century, Iceland had 124 municipalities; today, that number has been halved to 62.

## **A desire to create incentives to merge**

Arnar Þór Sævarsson, CEO of the Icelandic Association of Local Authorities, says the number of municipalities is clearly falling.



“There has been a lot of discussion among local authorities about how best to go about the mergers. There are two kinds of views – that the state should introduce a legal minimum population size for municipalities or it should incentivise merging, for example by offering certain benefits.”

Sævarsson says the Association is more keen on the second option.

“There have been mixed opinions on the best ways to do this. But forced mergers go a bit against the right of municipalities to control their own matters.”

When asked what incentives should be offered, Sævarsson names special local transportation projects or direct financial incentives.

He says simplified administration is one of the main benefits of the mergers.

“When administration units decide to merge, it often happens in a large area with a small population. When the unit is small it can be challenging to find the human resources needed to work in the administrations or the local councils.

“So when they merge, the service layer becomes thicker and you save money on fewer mayors and councils. These mergers also lead to fewer schools, since every municipality used to have a school.

“And that also means larger classes, which is more beneficial. Larger municipalities also have a louder voice when fighting for their interests, for instance, local road construction projects.”

However, the mergers still have their critics, according to Helga María Pálsdóttir, the Association’s head of administration.

“One criticism is that parts of the population become further removed from those who make decisions, especially when

smaller villages merge with larger towns. Some mergers from 20 to 30 years ago are still criticised on these grounds.”

### **Government wanted minimum population requirement**

In 2019, a parliamentary resolution set a minimum population requirement for municipalities: 250 residents in the 2022 elections and 1,000 in 2026.

“The purpose of re-legislating provisions on minimum population sizes is to strengthen local government, enhance the sustainability of municipalities and ensure their ability to fulfil statutory responsibilities.

“It is generally believed that larger municipalities are better equipped to manage their tasks. By reinforcing local government, the goal is for municipalities to become more sustainable administrative units, capable of providing the best possible services to residents and serving as active forums for democratic engagement,” said Sigurður Ingi Jóhannsson, then Minister of Municipal Affairs, in a written statement to parliament.

However, legislation setting the minimum population at 1,000 was voted down in parliament.

The suggested 250 population limit sparked quite a controversy. One of the smallest municipalities, Tjörneshreppur, even ended its membership in the Icelandic Association of Local Authorities.

They pointed out that they had always stayed in profit and cooperated well with a large municipality next to them, Norðurþing, on issues that were too big for them to handle on their own.

### **Two children in primary school**

At the time, in 2019, 55 people lived there and only two children attended the primary school. However, Katý Bjarnadóttir, the vice chair of the Tjörneshreppur council, said in an interview with RUV that they would eventually merge.

“We have no choice. As things stand today, we have to merge, whether we are part of the association or not. We therefore see no reason to be members while they don’t want us to exist,” she said at the time.

There can be many reasons why small municipalities are reluctant to merge – historical, emotional and financial. In some cases, the smaller municipality gains nothing economically from merging, and there are examples of the smaller unit contributing proportionally more to the merger than the larger one.

The way municipalities serve their citizens has changed a lot in the last few years.

“Today’s demands are in many cases totally different, like privacy, equal salary certification, education and so on. It is



harder for smaller municipalities to fulfil these demands. But the important thing is that they have to make their own decisions on what steps to take,” Pálsdóttir says.

Sævarsson believes that the number of municipalities will continue to fall, although he does not want to guess at a particular number. He points out that no merger has so far been rolled back.

“The only question is how fast the merging will happen. The public has increasingly high expectations for municipal services – whether in education, social services, waste management or other areas.

“And this matters a lot when people decide where to live, or if they want to stay in a certain area. The municipality has to be able to provide them with the services they need, for example young families.

“I don’t think we will reach that goal without more municipalities merging. But this has to happen on their terms and they have to find out what’s best for them.”



## The salmon millions keeping a small Norwegian island society alive

Millions of kroner from the fish farming sector contribute to the community and activities in Frøya – from carnival and language cafés to the downpayment of municipal debts. But with most eggs in one basket, the municipality is vulnerable.

THEME

27.03.2025

TEXT AND PHOTO: BJØRN LØNNUM ANDREASSEN

The aquaculture and fisheries municipality Frøya is made up of several inhabited islands and counts a total of 5,600 inhabitants. Most live in hamlets on the main island, a few hours' drive from Norway's third city, Trondheim.

The municipality's population grew by 22 per cent between 2010 and 2022, while the figure for Trøndelag County as a whole was 11.4 per cent.

Aquaculture employs a lot of people in Frøya.

The Aquaculture Fund is a Norwegian state fund that generates revenue from production fees, sales, and auctions relat-

ed to fish farming in the country. It was established by the parliament in 2015.

In 2024, the fund paid out more than 3.7 billion Norwegian kroner (€326m) to municipalities and county authorities involved in fish farming. Frøya municipality received 153.1 million kroner (€13.5m) last year.

### Clown parties

Treasure hunts, costumes and music often turn gatherings of young people and adults upside down during popular shows in the community halls.

Anne Sofie Kristoffersen is the leader of Flatval community association. She says the money allocated to the municipality from the Aquaculture Fund is of great value to the people in the hamlets.



*Full house with children in fancy dress and clowns when there is a party in the community hall.*

“Having the community hall as a hub means a lot. It is our local meeting place. The money from the municipality has made it possible for us to renovate the house properly, which has given young and old a place we can be proud of,” she says about the Svanheim community hall.

The money goes on buying new games and other equipment used by adults and children during the events which often draw full houses. The community halls are used for bazaars, parties, revue theatre, flea markets, bingo and dancing.

### **Strengthening the community**

The Frøya locals have 23 community associations and welfare organisations with high activity levels.

“Economic support has created an even more vibrant and including meeting place. We see how much the improvements mean to the local society. We feel that the municipality really sees the value in local engagement and that the economic support helps strengthen our community,” says Kristoffersen.

She believes the entire island society benefits from the Aquaculture Fund.

“The Husvatnet bathing area is another proof of this, which fills up with happy swimmers from May until August,” says Kristoffersen.

### **An important meeting place**

Frøya is Norway’s largest salmon-farming municipality. 28 per cent of residents are families of labour immigrants working in the salmon industry. Most come from Eastern Europe and live on the 152 square kilometre main island.

Husband and wife Stian Pachov and Milena Pachova are active in the community association and Norwegian People’s

Aid through the language café. They use several of the community halls.

“We apply for funding for the activities and the community association. Selling lottery tickets won’t cover the cost of hiring an electrician or other maintenance tasks. There are many visitors to our events too, because Frøya has more than 1,000 holiday homes,” says Milena Pachova.

She is active in local politics together with her husband. He is also a union representative at the cornerstone company, Salmar AS’ salmon processing plant, and the local LO leader.

Pachova highlights the importance of having social meeting places for the hamlets.

“There are no ordinary cafés outside of Frøya’s Sistranda centre. The village halls host weddings, birthdays and confirmations,” she says. Her day job is working with adult education for the municipality.

### **Film award**

Frøya was recently awarded the prestigious prize for Europe’s best film location during the Berlin Film Festival. This was partly thanks to the Netflix series “Billionaire Island” which has made Frøya famous.

The series describes the conflict arising from the fight for shares in the industry on a small island, and the environmental impact of fish farming is also a theme. It was filmed at several locations on Frøya.

Around half of the actors in the fictional series are from Frøya. Several of the local actors have a background from the community hall stages.

### **Enough to spend your money on**

Mayor Kristin Strømskag (Conservatives) is proud that Frøya is Norway’s largest aquaculture municipality.



*Kristin Strømskag is Frøya municipality’s proud major.*

“We have had to expand and renovate kindergartens and schools which means the municipality’s debt burden is high. 60 to 70 per cent of the money from the Aquaculture Fund is spent on savings or downpayments to help create a healthi-



er economy for the municipality. The money from the Aquaculture Fund provides investment opportunities,” points out Strømskag.

The money also benefits youths and businesses on Frøya.

“The aquaculture sector uses areas and resources that belong to the people, so it is important that money from the Fund goes directly to the inhabitants,” says Strømskag.

Several of the Frøya fish farming billionaires have moved to Switzerland.

### ***What will Frøya do if more salmon billionaires move to tax havens?***

“Personal wealth used to make up a large proportion of the municipality’s income. Last year, the government reformed the tax system and a substantially smaller share now goes to the municipalities.

“Most goes to the state, which means the economic impact on municipalities when someone moves is less significant. But Frøya is still undergoing a challenging transition after the reform,” the mayor admits.

### **Single-industry job market**

The Confederation of Norwegian Enterprise (NJO) ranks Norwegian municipalities in a “municipal championship”. In 2024, Frøya came 66th out of 356 municipalities.

“We rank that low because 1,750 of the municipality’s 5,600 residents work directly or indirectly in aquaculture. Frøya does not have many other industries to rely on if something were to happen to this sector.”

Salmar employs around double the number of people the municipality does, explains the mayor.

“It is unusual for a district municipality like us to have one employer with more staff than the municipal administration,” says Strømskag.

### **Choosing fish over municipality**

Frøya municipality sometimes struggles to recruit people. Many would rather make more money working in the salmon industry than in education and healthcare on lower municipal salaries.

A weak krone and improving living conditions in Eastern Europe also create challenges for recruitment to Frøya.

At times, the kindergarten has had to close for parts of the day because of a lack of staff. Two private kindergartens were recently bought by the municipality so they could continue to operate.

The municipality has managed to a certain extent to attract new staff for vacant positions using bonuses, explains mayor Kristin Strømskag.



## Who will look after Sweden's growing elderly population as birth rates fall?

Between 2013 and 2023, the number of people in Sweden aged 25 to 60 rose by 455,000. By 2033, that number is expected to grow by a further 13,000 people. There is a similar development in the rest of the Nordics and the EU, which for many municipalities means severe labour shortages.

THEME

27.03.2025

TEXT: GUNHILD WALLIN

For years, the impending labour shortage has been rumbling in the background. There has, of course, been talk about the coming need for assistant nurses, doctors and nurses, as well as labour shortages in many other professions – not least in the green investment schemes in the north.

There has also been talk about declining birth rates and an ageing population. But suddenly, the issue seems to have exploded, even as dramatic international news is fighting for people's attention.

On the same day, the Dagens Nyheter newspaper reported that 16 preschools in Norrköping were closing because there were simply not enough children.

"This demographic development is one of the greatest challenges I have faced as a municipal politician," Maria Sayele Behnam, a Social Democrat and chair of the education committee, told DN.

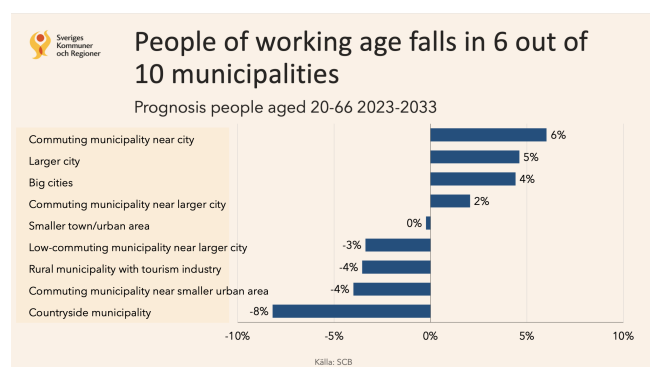
Later that day the same paper published a story titled "The skills shortage in elderly care – a major challenge."

“We have long been talking about the ageing population, so that’s not news. Birth rates have also fallen sharply in recent years and we are now really seeing the effects,” says Bodil Umegård, head of section for the employer policy department at the Swedish Association of Local Authorities and Regions, SKR.

### Slowing growth in the number of working people

One of her tasks is to analyse demographic changes from municipal and regional workforce supply perspectives. The figures fluctuate depending on who is considered to be part of the workforce.

If everyone between 20 and 66 is included, projections show an increase of 166,000 people by 2033. However, according to SKR’s latest economic report, the main population growth will occur in the age groups 20 to 24 and 61 to 66 – when young people are usually in education and the over-60s are working less.



*The increase in the working-age population is unevenly distributed between municipalities. In one municipality, for example, the working-age population is expected to grow by nearly 14 per cent by 2033, while in another municipality, it is projected to decrease by 11 per cent.*

*Illustration: SKR*

In reality, employment is the main activity for people aged between 25 and 60. In this group, the workforce is set to grow by just 13,000 over the next decade, according to SKR’s latest projections.

“The change that will occur between 2023 and 2033 is significant. There are various reasons, but one of the main ones is the changes to migration policies. Between 2013 and 2023, foreign-born citizens represented the entire growth of the working-age population while also contributing to an increase in birth rates.

“Now the increase of foreign-born people in the workforce has slowed down considerably as a result of a drop in the number of asylum seekers and work permit applications,” says Bodil Umegård.

### Big increase in foreign-born municipal employees

In the ten years before 2023, foreign-born citizens played a major role in increasing the labour force, not least in the elderly care and health sectors. Between 2013 and 2023, the proportion of foreign-born municipal employees rose from 13 to 22 per cent and from 14 to 19 per cent in the regions.

“Foreign-born citizens have been an important group in the labour market, not least in the elderly care sector in big cities. Today, 35 per cent of assistant nurses, nearly 50 per cent of care assistants and 40 per cent of doctors in Sweden were born abroad,” says Bodil Umegård.

Many municipalities are preparing for the coming labour shortages. Some already struggle to fill vacancies, especially in elderly care. And with an ageing population, the need keeps growing.



*Bodil Umegård, head of section, the employer policy department at the Swedish Association of Local Authorities and Regions, SKR. Photo: Hans Alm*

The baby boomers born in the 1940s are getting old and need more care. In the current ten-year period between 2023 and 2033, the number of people over 85 will increase by 60 per cent.

Many stay healthy for longer and their needs will be postponed, but sooner or later, municipal elderly care will have to step in to help most people.

“It is positive that we live longer and can enjoy more healthy years, but when the large groups born in the 1940s need care, it will be noticed not only in elderly care but in the healthcare sector in general,” says Bodil Umegård.

There is a significant need to recruit workers for the elderly care sector across the country but this is particularly pronounced in smaller municipalities that already struggle with an ageing population, less tax revenue, high retirement figures and young people moving out.

The working-age population will shrink in six out of ten municipalities by 2033. Northern municipalities are seeing the biggest drop, but municipalities further south, including



Blekinge, Gävleborg, Dalarna and Värmland, also see a fall in their working-age population.

Unless major changes are made, 75,000 more employees will be needed in municipalities to support elderly care, disability services, and upper secondary education during this period.

While the need for staff in preschools and primary schools is expected to fall by 47,000, many industries will still be competing for available workers. In parallel with the labour shortages, Sweden also has high unemployment figures.

### **What are the chances of finding workers among the unemployed?**

“Yes, Sweden has one of Europe’s highest unemployment rates. But the potential here is not as big as you might think. Many of the unemployed are full-time students. There is a certain potential among the others, the majority have weak connections to the labour market and do not have the skills for welfare sector jobs.

“Long-term measures are needed to make them employable, based on the employers’ skills supply needs,” says Bodil Umegård.

### **Working on a solution**

So what to do? Many Swedish municipalities are working on this, not least to secure labour in the health and social care sectors. The solution is not to hire more staff, those people will not be available. Instead, the municipalities are looking for ways of reducing the need for more staff.

It will be crucial to be able to make use of and develop existing employees and find new ways of working. One way would be to turn part-time positions into full-time ones. Today, one-third of staff in the elderly care sector work part-time, on average 29 hours a week.

“There’s a big potential here. A lot would be achieved by improving work environments and making it possible for part-time employees to work an extra three hours a week. We could also motivate more people to postpone their retirement,” says Bodil Umegård.

*If nothing changes, demographics – with the significant increase in the elderly population – will lead to a 32 percent increase in the need for employees by 2033 compared to the number of employees in 2023. Illustration: SKR*

One part of the strategy is to protect those who already work in the elderly care sector and offer them training and new ways of working, while also strengthening the managers’ ability to lead.

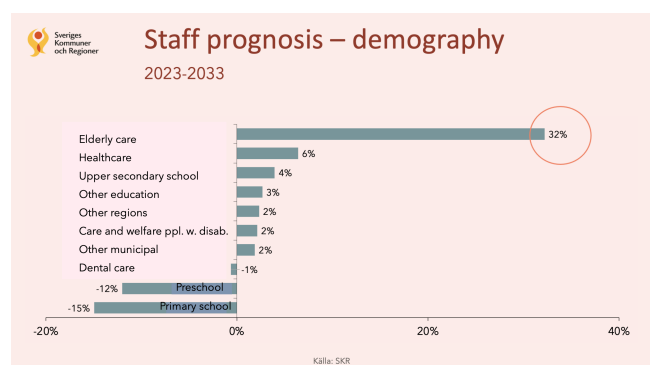
Many who work in elderly care have high sick leave rates and another strategy is to work with factors that promote health and prevent sick leave. There is also scope for improvement by investing in new technology and new ways of organising elderly care.

What role would increased wages play in getting more people to apply for jobs in the elderly care sector?

“Salaries are important for what professions and employers people choose, but there are other important factors like skills development and career opportunities. Municipalities need to show that they offer both meaningful jobs and collective agreements with good conditions and benefits.

“Making this visible to existing and potential employees is a strategy that can secure the supply of skills. In elderly care, there are secure jobs and meaningful work. This is highly valued by young people.

“In this sector, you can make a difference, which is something many young people seek,” says Bodil Umegård.





# How Nordic local authorities can create social sustainability

A new book from Kristin Reichborn-Kjenner describes how municipalities can create social sustainability in practice. “Sustainability is more than climate, Teslas and battery factories,” says the research professor from the Work Research Institute at OsloMet.

THEME

27.03.2025

TEXT AND PHOTO: LINE SCHEISTRØEN

Kristin Reichborn-Kjenner recently launched her book “Social sustainability in municipalities – planning, citizen involvement and local innovation”.

She argues that social sustainability has become the “stepchild” in municipalities’ sustainability efforts. She says this is because social sustainability is perceived to be difficult to understand and measure.

“It appears politicians and decision-makers find it easier to embrace battery factories and high executive salaries than to do something about issues like the food or clothing systems,” she said at the book’s launch.

## **Sustainability on paper only**

The Nordic report “The Nordic View on Sustainability” was launched during the July 2024 UN summit. It was written by Nordregio on commission from the Nordic municipal organisations, and highlights how municipalities in the Nordics work with the UN Sustainability Goals.

The report shows that a large proportion of municipalities integrate their sustainability goals in their governance documents, but also that this is often limited to goal formulations and overarching plans.



*Sustainable Development Goal 13 is about stopping climate change. Photo: UN Association/Eivind Oskarson*

For instance, 93 per cent of Finnish municipalities have implemented sustainability goals in their strategy documents, while only 35 per cent of municipalities in Iceland have done the same.

The municipalities' top priority sustainability goals are:

- UN Sustainable Development Goal 3: Good Health and Well-Being
- UN Sustainable Development Goal 11: Sustainable Cities and Communities
- UN Sustainable Development Goal 13: Climate Action

Many municipalities say they have limited capacity and resources to work with sustainability goals.

### How we are actually doing

So what exactly is sustainability? It is a wide term. When we talk about social sustainability, it often refers to the qualities of a neighbourhood, local community, or larger society related to social conditions.

It is an umbrella term for various factors that influence people's living conditions and quality of life.

The new book includes examples from projects such as "Buy Sustainably" at OsloMet, led by Reichborn-Kjenner. The project explored how municipalities can create sustainability effects through their purchasing practices.

Fourteen Norwegian municipalities participated. Buying and wasting less was a key issue, as well as incorporating sustainability requirements into contracts.

### Starting small

Reichborn-Kjenner underlines that sustainability efforts cannot succeed if it is not anchored in the municipality's leadership and with politicians. Changing procurement practices or working methods will require effort and resources.

"The municipality must know what it wants. You need a vision for what the local society should look like," she says.

Reichborn-Kjenner points out that the municipalities must avoid so-called sustainability washing – pretty words about sustainability without the action to back it up.

"Great websites listing sustainability goals are no good if the municipality buys chemically treated bananas and discards fully usable furniture," she says.

She recommends starting with the low-hanging fruit: Could you make the lunch more sustainable? Organise a free second-hand market?

### Look after the dedicated individuals

Another important point is to support employees and dedicated individuals, and avoid time-consuming application processes and documentation requirements.

Reichborn-Kjenner encourages the municipalities to listen to the local communities: What are people missing? What is already happening in terms of sustainability initiatives that could be given more space?

"Give those who are dedicated room to act," she says.

### Laws and regulations do allow for space to act

The book shows how legal frameworks like the planning and building act and procurement regulations can be used strategically to create good, socially sustainable spaces. It also describes a four-step research-based method for creating sustainable changes in organisations.

The public sector buys goods and services for nearly 800 billion Norwegian kroner every year (€69bn). The potential to steer societal development in a sustainable direction is enormous, but according to Reichborn-Kjenner, this is not currently being realised.

She refers to a report from the consultancy firm BDO, which shows that 84 per cent of Norwegian companies believe the municipalities should play a more active role in sustainable change – while just 21 per cent say they experience that this actually happens.

The researcher believes one of Norway's largest challenges now is that large, exclusive framework agreements make it difficult to buy from smaller companies.

"Many employees wish to act in a socially responsible way but fear sanctions if they prioritise anything other than budgets. So they carry on as before," writes Reichborn-Kjenner in the book.

She also provides a recipe for how contract design and follow-ups can be used to create environmental, social and economic benefits.