



Intermunicipal cooperation

Legal adviser, Trude Seland Nyberg



Legal framework – intermunicipal cooperation

- The Local Government Act - Section 17-1

“Municipalities and county authorities may perform joint tasks through intermunicipal cooperation.

Intermunicipal cooperation shall take place through an intermunicipal political council, municipal task community, host municipality cooperation, intermunicipal company, limited liability company or cooperative, an association or in any other way that is legally permitted.”



Statutory models for company formation and intermunicipal cooperation

Increasing degree of independence

Municipality

Municipal undertaking
(KF)

Host municipality
(§ 20-2)

Intermunicipal
political council

Municipal task
community

Intermunicipal
company
(IKS)

Limited
liability
company

Foundation

The Local Government Act

Special legislation



Host municipality cooperation

Section 20-2

- **Separate legal entity:**
 - No
 - **Management:**
 - The authority to make decisions is delegated to the administration (matters that are not of a principled nature) or to a joint elected committee (all types of cases).
 - **Financial liability:**
 - The business is legally and financially one integral part of the host municipality. Not separate accounts (part of the municipal accounts).
 - **Recommendation**
 - cooperation on statutory tasks, including the exercise of public authority (child welfare)
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Intermunicipal political council

Section 18-1

- **Separate legal entity:**
 - Yes, if determined in the cooperation agreement
 - **Management and authority:**
 - The board of representatives is the supreme body of an intermunicipal political council. All participants in the council shall be represented by at least one member on the board of representatives. Each municipal council shall elect its members.
 - Not authorised to make individual decisions
 - Can establish other bodies to govern the task community
 - **Financial liability:**
 - Each participant has unlimited financial liability for its share of the council's obligations. In total, the shares constitute the total obligations of the council.
 - **Recommendation**
 - Cooperation on matters that cross municipal boundaries (Advisory Regional Council for matters of a regional nature)
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Municipal task community

Section 19-1

- **Separate legal entity:**
 - Yes, if determined in the cooperation agreement
 - **Management and authority:**
 - The board of representatives is the supreme body of a municipal task community. All the participants shall be represented by at least one member on the board of representatives. Each municipal council shall elect its members.
 - Not authorised to make individual decisions
 - Can establish other bodies to govern the task community
 - **Financial liability:**
 - Each participant has unlimited financial liability for its share of the council's obligations. In total, the shares constitute the total obligations of the council.
 - **Recommendation**
 - less extensive cooperation to solve common tasks (HR, Archive)
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Intermunicipal company

- Act relating to inter-municipal companies
 - Separate legal entity:
 - Yes
 - Management and authority:
 - The board of representatives is the supreme body of an Intermunicipal company. All the participants shall be represented by at least one member on the board of representatives. Each municipal council shall elect its members.
 - The board of representatives shall elect a board of directors. The board of directors is responsible for the management of the company.
 - General manager – responsible for the day-to day management of the company
 - The municipal council can instruct its members in The board of representatives
 - Financial liability:
 - Each participant has unlimited financial liability for its share of the company obligations. In total, the shares constitute the total obligations of the company.
 - Recommendation:
 - Cooperation to solve common statutory tasks and business tasks (Fire and rescue, renovation, and In-house support services)
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Limited liability company

- The Limited Liability Companies Act
 - Separate legal entity:
 - Yes
 - Management and authority:
 - The general assembly is the supreme body of the company. All the participants is represented in the general assembly.
 - The board of directors is responsible for the management of the company.
 - General manager is responsible for the day-to day management of the company
 - The municipal council can make decisions on how the municipality should vote in General assembly. But it can't instruct the board of directors, only elect a new board of directors.
 - Financial liability:
 - Each participant has financial liability for its share of the company's share capital.
 - Recommendation:
 - collaboration on business tasks, and want to limit the financial situation the risk or open to non-municipal partners (Business development, Energy, transport)
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Foundation

- The Foundations Act
 - Separate legal entity:
 - Yes
 - Management and authority:
 - The board of directors
 - General manager
 - A foundation is self-owned. The municipal council shall elect the members of the board of directors if the statutes of the foundation says so.
 - Financial liability:
 - None
 - Recommendation:
 - Used when (one or more) municipalities have an asset value that is to be disposed of for a specific purpose
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Benefits and challenges of inter-municipal cooperation

Benefits

- Larger and more robust professional environments
- Better quality of services
- Better use of resources
- Economies of scale in common task solving

Challenges

- Governance and democracy
 - The municipalities are politically responsible for ensuring that citizens receive the services they demand and are entitled to.
 - Long distance from the voters to the practitioners of inter-municipal cooperation
 - The participating municipality may not instruct the cooperation on how it shall perform its duties or exercise its authority.
 - The participating municipalities can only influence through their participation in the governing bodies of the cooperation.
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Our intermunicipal cooperations

- **Host municipality cooperation - Section 20-2:** Emergency health care, educational psychology service, shelter for families, shelter for children.
 - **Intermunicipal political council - Section 18-1:** Sør-Østerdal Intermunicipal political council.
 - **Municipal task community – Section 19-1:** None.
 - **Intermunicipal company:** Fire and Rescue, Waste management from households and industry, Municipality Auditing.
 - **Limited liability company:** Most of them companies owned 100% by Elverum Municipality (energy, business development), some with partners (university center, specific companies for business development).
 - **Foundation:** The Elverum Music Festival.
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