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# Network of agencies and real estate in local governments after the administrative- territorial reform

*How has the network of agencies managed by local authorities and the use of real estate been organised from 2018–2024?*

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## How has the network of agencies managed by local authorities and the use of real estate been organised from 2018–2024?

**The administrative reform of 2017 was intended to improve, among other things, the economic efficiency of public services of local authorities, one of the prerequisites for which is a network of agencies and the use of real estate adapted to needs and capacities. It is now evident that local authorities have reorganised the structure of the agencies as well as their real estate portfolios in recent years.**

- **Following the administrative reform, the number of agencies managed by local authorities has decreased by 613, or ca 30%.** The number of managed agencies was 2070 in November 2017, but has dropped to 1457 in May 2025. The operations of 743 agencies were terminated and 130 new agencies were established. The number of area managers has decreased and the increase in staff costs of managers has slowed down in the local authorities that reduced the number of agencies.
- **Although the number of separate managed agencies has been reduced, the provision of services has mostly continued in the existing locations.** For example, the number of agencies providing library services has decreased the most in local authorities. In 2025, the number of libraries operating as a separate agency was ca three times smaller than in 2017. A large share of libraries operating as separate agencies were converted into service points and in 91% of cases the service point has been maintained.
- **96% of the local authorities that have undergone the reform have reduced the number of their agencies and 50% of those that have not undergone the reform have also done it.** Changes have been made mainly on the grounds of improving the quality and management of services, as well as to reduce duplication. A significant share of sites have been made multifunctional (31%), i.e. several services have been grouped together.
- **85% of the buildings of 2016 were still in the buildings portfolio of local authorities in 2024.** In the meantime, 14% of buildings have been sold or demolished in the local authorities that have undergone the reform and 10% in the local authorities that did not undergo the reform. At the same time, the number of buildings in most local authorities (58%) has increased somewhat in recent

years. The reasons for this are varied: new buildings have been built, old ones have been acquired for refurbishment, ownerless assets have been registered, etc. In part, this is a sign that the need for new, modern premises is being met faster than disused buildings are sold. The share of disused buildings was generally 4–6%, but in some places it was considerably higher (e.g. in Ida-Viru County).

- **€1.2 billion has been invested in the refurbishment of the building stock in local authorities from 2018–2024.** The rate of investment has averaged 6–8% of the acquisition cost of buildings and exceeded depreciation. €450 million of support for investment has been received, of which 75% is EU funds and 20% money from sales of CO<sub>2</sub> quota. The debt burden of local governments has also increased, but mostly moderately.