Finland: municipalities bring services back in-house

(August 2013) A survey by the Soste social sector organisation aimed at senior employees in the mainly municipal social and health care sector, found more than a third saying that during the last two years their municipalities have been taking back some outsourced services.

The most common reasons for this remunicipalisation are the benefits to be derived in terms of price and quality. Services provided by the municipal themselves are seen as better than private services especially when it comes to the customers' rights, and in knowing the needs of customers and developing services.

Only 12 per cent of social sector directors and 14 per cent of health care centre directors believed that costs have been reduced due to the use of private services.

Thirteen per cent said that outsourced social and health services were initially offering lower cost options but later raising the cost of services.

More than half also mentioned problems with quality with this figure rising to three out of four in larger municipalities - those with more than 30,000 inhabitants.

A survey by EPSU affiliate JHL in 2011 produced some comparable findings with one out of five saying that their municipality was going to reclaim some privatised services.

The union found that it was not only a question of price and quality but also that work done by the municipality is easier to monitor and thus a barrier to the black economy and a good way of preventing taxpayers' money going to tax havens.

Fundamentally, the union also pointed out that ultimately the public authority still bears the risk and if private service providers find themselves in economic difficulties the responsibility once again falls back on the municipality.

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