Policy advice report on the administrative capacities of the Finnish Wellbeing Services Counties

- economic, administrative, and political challenges -

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Executive Summary:

The present report summarises the findings of an extensive social research on the economic, administrative, and political challenges related to the Finnish health and social services reform (SOTE). The research conducted between March and May 2024 included desk research, qualitative research, and a survey. The desk research involved analysing previous studies, press releases, and other sources related to the health and social services reform in Finland. The qualitative research, carried out in Finland from 8-16 April 2024, included 17 in-depth interviews with 59 individuals representing diverse stakeholder groups. The research took place in several localities, with two interviews implemented online. The survey, conducted among WSC councillors using the CAWI method from 16 April to 7 May 2024, received 373 responses, representing 27% of WSC Council members. While not statistically representative, the survey results are consistent with the qualitative findings. The report presents a diagnosis based on diverse perspectives on the reform's impact, concluding with dilemmas and recommendations for improving legislative and organisational solutions.

The conclusions and recommendations presented in the report have been formulated *inter alia* with reference to the standards on good democratic governance promoted by the Council of Europe, as outlined in the following documents:

- European Charter for Local Self-Government[1]
- Recommendation CM/Rec(2023)5 of the Committee of Ministers to member States on the principles of good democratic governance[2]
- Recommendation Rec(2004)12 of the Committee of Ministers to member states on the processes of reform of boundaries and/or structure of local and regional authorities[3]
- Recommendation CM/Rec(2007)4 of the Committee of Ministers to member states on local and regional public services[4];
- Recommendation CM/Rec(2011)11 of the Committee of Ministers to member states on the funding by higher-level authorities of new competences for local authorities[5]; and also
- Council of Europe Guidelines for civil participation in political decision making – CM (2017)-83[6].

[1] https://rm.coe.int/168007a088
[2] https://search.coe.int/cm#{%22CoEIdentifier%22:[%220900001680abeb87%22],%22sort%22:[%22CoEValidationDate%20Descending%22]}
[3] https://search.coe.int/cm#{%22CoEReference%22:[%22Rec(2004)%22],%22Title%22:[%22processes%20of%20reform%20of%20boundaries%20and/or%20structure%20of%20local%20and%20regional%20authorities%22],%22sort%22:[%22CoEValidationDate%20Descending%22],%22CoEIdentifier%22:[%22090000016805dbeda%22]}
[4] https://rm.coe.int/cmrec-2007-4-on-local-and-regional-public-services/1680a43b5c
[5] https://search.coe.int/cm#{%22CoEIdentifier%22:[%220900001680afc97%22],%22sort%22:[%22CoEValidationDate%20Descending%22]}
[6] https://search.coe.int/cm#{%22CoEIdentifier%22:[%220900001680750dd%22],%22sort%22:[%22CoEValidationDate%20Descending%22]}

Key research findings

The need behind the reform:

- **Economic challenges:** The need to implement the reform was a direct result of the country's challenging economic situation. The rising costs of delivering public services, including the significant burden of medical and social services by municipal governments, necessitated the introduction of changes whose main objective was to optimise the spending of public funds.
- **Demographic and Societal Pressures:** Health challenges are closely linked with broader social and economic issues, such as aging population, declining birth rates, and internal migration. These factors contribute to increasing regional disparities and put additional strain on the social security and health systems.

General Assessment of the SOTE Reform:

- **Mixed Evaluations of the Reform:** Assessments of Finland's health and social services reform vary widely among different stakeholders. The lack of unanimous criticism or approval reflects the diverse impact of the changes. Those with prior experience in health service reforms tend to view the adjustments more positively, seeing them as evolutionary rather than disruptive. In contrast, those without such previous experiences tend to view the reforms as more problematic and with uncertain consequences. In light of these evaluations, it should be emphasised that nearly all participants in the study acknowledged that a reform of some kind was necessary and that its implementation had been unnecessarily delayed.
- **Challenge of Implementation Versus Expectations:** The reform, while necessary, has not aligned with societal expectations primarily due to its rapid implementation and the ambitious goals set against economic constraints. Stakeholders have expressed significant disappointment due to the divergence between the reform's ambitious promises and its actual effects, highlighting a need for more realistic planning and communication about the achievable outcomes.
- **Need for Long-Term, Sustainable Approaches:** The reform’s focus on immediate cost reductions and efficiency has been criticized for overshadowing the need for sustainable, long-term solutions that genuinely address local needs and promote equitable service delivery. The feedback suggests a call for a shift towards long-term strategic thinking that includes a gradual implementation to mitigate risks and enhance the reform’s effectiveness.

The appropriateness of the reform's foundations:

- **Resource Allocation Concerns:** Critics argue that the reform has not adequately balanced the focus between health and social services, with the latter often receiving less attention and funding. This imbalance calls for a more equitable approach to ensure that all aspects of social welfare are effectively addressed.
- **Regional Disparities in Service Implementation:** Significant variations in how services are implemented across different regions highlight the challenges of applying a uniform approach to diverse demographic and economic conditions. This suggests that reforms need to be more tailored to regional specifics to be truly effective.

- Economic Implications and Public Sentiment: The financial burden of the reform is a major concern, influencing both public opinion and policy debate. The emphasis on costly health service enhancements has sparked debates over resource distribution, with some stakeholders worried about the potential neglect of other critical public tasks such as social services and education.

Reform Implementation: Key Challenges and Practical Effects

- Persistent Issues and Delays in Implementation: The health and social care reform in Finland has faced repeated delays, exacerbating existing issues that could have been addressed sooner. Over the past decade, necessary changes and investments have been deferred in anticipation of political decisions, leading to inefficient use of time and resources.
- Regional Variability and Implementation Hurdles: The diversity in regional characteristics, such as urbanisation levels, population density, and existing health and social service frameworks, has led to uneven effects of the reform. Areas with previous integration experiences, like South Karelia, report smoother transitions and less disruption.
- Gap Between Expectations and Outcomes: There is a noticeable discrepancy between the anticipated benefits of the reform and the actual experiences, particularly regarding service accessibility and economic sustainability. This gap has resulted in public dissatisfaction and underscores the need for transparent communication and more realistic goal-setting.

Financial Constraints

- Underestimation of Financial Requirements: Despite the financial planning for the reform, notable budget deficits were recorded at the county level. Unanticipated factors such as demographic changes, the effects of COVID-19, inflation, and staffing challenges, have increased the financial strain, demonstrating that the initial cost projections were overly optimistic.
- Immediate and Ongoing Financial Strains: The need to standardize operations and integrate systems has imposed immediate financial burdens on the WSCs, with significant costs associated with salary harmonisation and IT integration. These ongoing expenses continue to exceed budget expectations, challenging the financial viability of the reform.
- Structural and Strategic Financial Issues: Achieving financial stability remains a major concern for WSCs given the scale of the reforms. The rigid budget timelines have proven unrealistic, leading to discussions about potentially merging counties to enhance economic efficiency, although this could introduce new costs and integration challenges.

Operational Challenges

- Workforce Shortages: WSCs face significant challenges in staffing, particularly in critical healthcare and social service roles. The reliance on temporary agency workers due to staff shortages has further strained financial resources.
- Complex Organisational Structures: The transition to a centralised system has not only increased labour costs but also added complexity in meeting statutory service standards, complicating service delivery and elevating administrative expenses.

Service Delivery

- **Economic and Organizational Constraints:** WSCs are under considerable economic pressure, compounded by workforce shortages. The focus on immediate cost-cutting rather than long-term service sustainability raises concerns about the stability and adequacy of health and social services.
- **Impact on Service Accessibility:** The centralisation of services has notably reduced accessibility, particularly affecting smaller communities and leading to widespread public discontent. Decisions driven primarily by economic considerations have had a disproportionate impact on vulnerable populations such as the elderly and those with limited access to transportation.
- **Strategic Responses and Public Perception:** In response to staffing and structural inefficiencies, WSCs are exploring solutions like improving working conditions and integrating digital technologies to streamline services. However, these long-term strategies do not immediately resolve the pressing issues of service reduction and accessibility, continuing to prioritise economic efficiency over enhancing public welfare.

Cooperation with Stakeholders

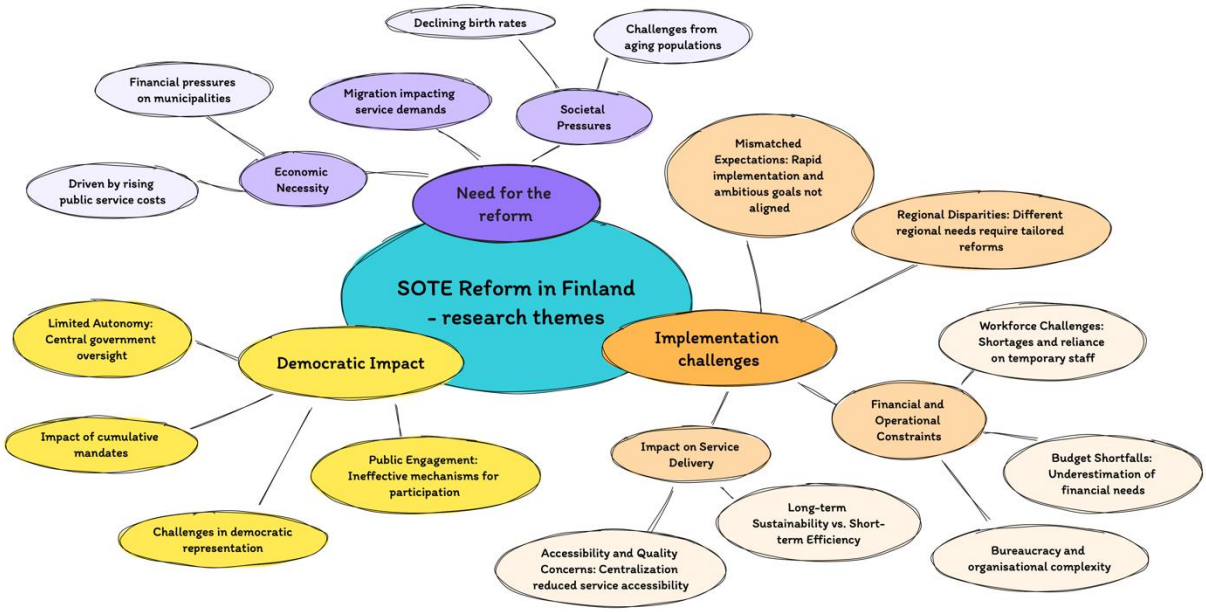
- **Shift in Service Delivery:** The reform has shifted substantial responsibilities from municipalities to regional Well-being Service Counties, affecting health, social, and rescue services. While there is some acceptance among municipal representatives, concerns about decreased authority and challenges in collaboration have arisen, reflecting diverse opinions about the reform's impact.
- **Challenges and Collaboration Efforts:** Efforts to foster positive relations between municipalities and WSCs face ongoing issues, such as disputes over rental payments and reductions in services to outlying areas. Collaboration with NGOs is also fraught, with limited success noted, emphasizing the necessity for robust collaborative frameworks amidst organizational changes. The role of regional councils in this cooperative landscape also needs further clarification and development.

Democratic Impact

- **Limited Autonomy and Central Control:** Despite Finland's ratification of the European Charter of Local Self-Government, practical uncertainties, and extensive top-down controls on WSCs raise concerns about their operational and financial independence, highlighting a discrepancy between the anticipated regional self-governance and the reality. Although Well-being Service Counties are theoretically autonomous, in reality, their decision-making capabilities are significantly constrained by central government oversight. This control extends to financial limitations and predetermined service standards, which restrict operational flexibility and the ability to tailor services to local requirements. The stringent regulations and absence of independent financial resources for WSCs underscore these limitations.
- **Challenges in Democratic Representation:** WSC councils (hereinafter also referred to as "county councils") are designed to serve as democratic bodies that oversee service delivery. However, their influence is severely limited by financial constraints and centralised control over service standards. This situation reveals a significant gap between the intended democratic governance and the actual operational limitations, where councils have restricted capacity to enact meaningful changes or make autonomous decisions. In response to the survey question, councillors acknowledged that their influence on WSC activities is very limited. More than half of the respondents in the quantitative study indicated that they either have no influence at all or have it rarely, with only 15%

feeling that they are able to effectively influence decisions regarding the implementation of tasks by county administration.

- **Impact of Cumulative Mandates:** The prevalence of cumulative mandates, where individuals hold multiple political roles, undermines the effectiveness of WSC governance. This scenario can lead to conflicts of interest and shifts focus from regional priorities to municipal or national concerns, adversely affecting the ability of officials to make decisions that align with regional needs.
- **Restricted Public Participation:** Although mechanisms exist for public involvement in WSC operations, the actual impact of citizen and advisory council input (such as from Youth Councils and Councils of the Elderly) is minimal. Bureaucratic complexities and economic pressures substantially limit meaningful public engagement in decision-making processes, thereby diminishing the responsiveness of WSCs to the distinct needs and voices within their communities.



Summary of recommendations:

The report, being analytical and evaluative, aims to highlight issues needing attention rather than providing a detailed strategy for resolving problems caused by systemic solutions. It identifies developmental barriers that require coordinated efforts and the creation of solutions for achieving redefined goals.

The research results led to two types of recommendations: those directly addressing participants' demands and those summarising conclusions from both interviews and the survey.

The primary general recommendation is to avoid hasty actions. Respondents emphasised the need for time to properly test newly created counties and public service delivery methods, as the initial implementation phase involved developing and optimising new solutions. Immediate changes could cause additional turmoil. It is also worth noting, in line with the Council of Europe Recommendation on the processes of reform of boundaries and/or structure of local and regional authorities

(CM/Rec(2004)12), that the effective implementation of any public sector reform requires proper preparation and testing. In the initial phases, it necessitates time to establish and agree on priorities, accurately define, and verify objectives, and develop agreed-upon methods of operation. This process generally cannot be completed in a short period, and hasty actions may lead to missed opportunities for testing and fine-tuning the implemented solutions. Furthermore, "any process of reform should in its preparation, decision-making, implementation and evaluation be based on institutional dialogue that meets the parameters of effectiveness, transparency, accountability, representativeness and efficiency" (CM/Rec(2004)12; II.17). **"Sustainability and Long-term Orientation" is one of the 12 principles of good democratic governance promoted by the Council of Europe**[7]. This principle means that management processes in the public sector, including implemented reforms, programmes, and legislative changes, should be designed and conducted in a way that ensures, among other things, the stability of institutions and social processes. Too frequent changes lead to social disorientation, chaos, and loss of trust in public institutions. Therefore, any ideas for modifying the SOTE reform should be approached cautiously, based on evidence and testing solutions, rather than solely on political decisions sometimes driven by different goals.

An important aspect of implementing the reform should be the utilisation of diverse experiences and best practices. As indicated in the Council of Europe recommendation on local and regional public services (CM/Rec(2007)4), the government should "encourage and create, as necessary, machinery for consultation, co-operation and co-management…in order to establish synergies and avoid duplication" (II.4). The participants in the study also suggested legislative changes **to improve coordination between sectors**, particularly regarding information sharing between healthcare and social care, to optimise operations and reduce costs. Moreover, there was **a call for better exchange of experiences between county administrative structures to share good practices** related to reform implementation and public service delivery. This includes competency development programmes for county administration and improved government guidance.

The following four specific recommendations have been formulated based on the collected research material:

1) Increase local autonomy and flexibility in task execution

Finland has extensive experience with decentralisation of public authority and autonomous municipal governance. These experiences should be leveraged in planning any changes to the tasks carried out by WSCs. The study showed that the current democratic model of county government structures is inefficient. The research consistently emphasised the significance of autonomy for newly formed institutional entities in financial and operational matters, as supported by the European Charter of Local Self-Government. According to the Charter, local self-government includes the right and ability of local authorities to manage a substantial share of public affairs under their own responsibility. However, despite Finland's formal ratification of the Charter, the current study reveals ongoing uncertainty regarding the practical extent of autonomy of the Well-being Service Counties. In a notification to the Council of Europe on 15 July

[7] https://search.coe.int/cm#{%22CoEIdentifier%22:[%220900001680abeb87%22],%22sort%22:[%22CoEValidationDate%20Descending%22]}

2021, Finland's Minister for Foreign Affairs stated that Finland does not consider itself bound by Article 4.2 regarding the establishment of "wellbeing service counties" (WSCs).[8] Article 4.2 gives local authorities the freedom to act on matters within their competence unless assigned to another authority. This notification raises questions whether WSCs are regarded by the government as full local self-government bodies.

Considering the research results, it is necessary **to strengthen the autonomy of WSCs** in deciding on local methods of service delivery. Counties should have the freedom to shape standards and define detailed implementation policies. Imposing solutions from above often proves ineffective.

Strengthening the democratic infrastructure is crucial to involve citizens actively in the reform process, thereby increasing transparency, accountability, and public trust in governmental actions. Citizen involvement should be carried out in accordance with good practices and standards promoted internationally, including by the Council of Europe. In the guidelines prepared by the latter[9], a key principle is that "Participation requires all involved to honestly and sincerely exchange viewpoints to ensure that the positions of civil society are effectively taken into consideration by public authorities with decision-making powers." It is worth emphasising that the results of the conducted study indicate significant shortcomings in the participatory processes related to the operation of WSCs, particularly in terms of genuinely considering citizens' voices in shaping public policies at the county level.

2) Review the financial assumptions and operational solutions.

The provisions of the European Charter for Local Self-Government place significant emphasis on the financial independence of local authorities. Article 9(1) of the Charter clearly states that "local authorities shall be entitled, within national economic policy, to adequate financial resources of their own, of which they may dispose freely within the framework of their powers." The results of the study indicate that the financial autonomy of the counties is questionable.

The financial model for WSCs needs a review, as many counties are driven by fear of termination rather than effective resource management. Counties manage government-provided funds, which does not always lead to efficient practices. The results of the study indicate, as it was already mentioned, that the costs of implementing the reform and providing services by the newly established counties may have been inadequately estimated. In this context, it is important to highlight the Council of Europe's recommendation CM/Rec(2011)11 on the funding by higher-level authorities of new competences for local authorities, which includes a directive that “the increase of net local costs stemming from a transfer of competence from a higher level to local authorities, not aiming to change the level of service to the user, should be compensated. Compensation should be based on estimates of the expected net cost of the new competence. The cost of the transfer of staff, including the estimated wages and conditions of employment, should be included” (3.1).

[8] https://www.coe.int/en/web/conventions/full-list?module=declarations-by-treaty&numSte=122&codeNature=0

[9] https://search.coe.int/cm#{%22CoEIdentifier%22:[%22090000016807509dd%22],%22sort%22:[%22CoEValidationDate%20Descending%22]}

A mechanism for bottom-up accountability based on local needs is required. The ability of counties to impose taxes is debated, but shifting financial responsibility to county administration could be beneficial. Until the funding model is revised, WSCs' funding structures should be re-evaluated to reflect actual service demand, including in low-density and seasonally fluctuating areas.

3) Improve communication and build public awareness of the reform

Acknowledging the disconnect between the reform's intentions and public perception, there is a strong call for improving communication and engagement strategies.

Effective communication is fundamental to public understanding of political and administrative processes. It is a prerequisite for social engagement and, consequently, for fostering public involvement and shared responsibility for decisions made at the local level. The Council of Europe, in its Guidelines for civil participation in political decision making (CM (2017)-83), emphasises the importance of public access to information and the quality of public communication. It highlights that “information should be easily accessible, transparent and available to the public” (IV.8) and that “at all stages of decision making, all appropriate information should be presented in clear and easily understandable language and in an appropriate and accessible format, without undue administrative obstacles” (V.20). Effective communication is essential for building public understanding of implemented reform processes and is thus crucial for gaining public support.

Therefore, recommended actions include launching comprehensive and transparent communication campaigns that clearly explain the reform's objectives, the expected benefits, and the roles of various stakeholders. Such campaigns should also provide platforms for public feedback and engagement, helping to build a sense of community ownership over the reform process and mitigating the impact of negative media portrayals.

4) Adopt a strategic orientation towards continuous evaluation and adaptation of the reform solutions

Continuous evaluation and adaptation of implemented reform solutions are crucial, as their effectiveness depends on certain assumptions, such as adequate financial support and democratic oversight mechanisms. Comprehensive monitoring beyond financial indicators only is needed to ensure reforms are substantive and beneficial, with reliable and impartial data collection being essential for effective public communication.

The proposals in this regard directly refer to the Council of Europe's principles of good democratic governance (CM/Rec(2023)5), the recommendation on the processes of reform of boundaries and/or structure of local and regional authorities (CM/Rec(2004)12) and the recommendation on local and regional public services (CM/Rec(2007)4(. In the first instance, the principle of "Efficient, effective and sound administration" is emphasised, which refers to management based on sound processes. The recommendations refer to performance management and comprehensive process monitoring based on using documented sources of information, effective planning, and result monitoring. “Monitoring the implementation of reforms is essential in order to identify bottlenecks at a timely moment and to allow for the comparison of experiences by the different local and regional authorities involved” (CM/Rec(2004)12 III.C.8).

Implementing the recommendations presented here will require coordinated action from both governmental institutions and county administrations. A suitable approach for a comprehensive political review and assessment of the reform's results, which should include **a reflection on the validity of the adopted assumptions**, would be to establish **a working group**. This group could, for example, with the support of experts from the Council of Europe, develop specific policy recommendations that should be introduced in the organisational solutions. The group should agree on the desired directions for change and propose a strategy accompanied with an action plan to implement these changes.

An important element that should serve as a starting point for the working group's efforts is **addressing the dilemmas** presented in the report related to the assumptions on which the reform was built:

Economic efficiency vs. equality and well-being: The reform aims to provide cost-effective and equal access to health and social care, but these goals have not been achieved. Simplifying the objectives to merely maintaining service quality at lower costs is deemed socially harmful and calls for a reassessment of the reform's assumptions and strategies. In addressing this dilemma, the Council of Europe Recommendation on local and regional public services (CM/Rec(2007)4) can be helpful. It states that such services "are one of the expressions of local and regional authorities' self-government and a powerful means at their disposal in the service of the public interest" (I.1.a); the concern of the local and regional public services should be «to tighten the links between residents, to prevent damage to the social fabric and to maintain solidarity in local and regional communities» (I.1.b).

- **Local autonomy vs. centralisation**: The reform's democratic mechanisms in WSCs are largely symbolic, as local authorities face significant financial and organisational constraints, suggesting that centralised control over service delivery may undermine genuine local governance and democratic empowerment. If WSCs are to be considered local government rather than deconcentrated agencies of governmental authority, the provisions of the European Charter for Local Self-Government, as well as the aforementioned Council of Europe's recommendations, should be applied.
- **Immediate effects vs. long-term perspective**: The pressure on WSCs to quickly balance budgets has created immense stress, leading to concerns that rapid implementation may compromise the reform's effectiveness, underscoring the need for a more strategic and gradual approach to ensure sustainable outcomes. The principles of good governance, adopted by the Council of Europe (CM/Rec(2023)5), clearly indicate that the planning and implementation of public sector reforms should prioritise long-term effects, supported by efficient, sustainable, and effective management mechanisms, transparency of institutional rules, and citizen engagement in shaping public policies.

1) Introduction

The largest administrative reform in Finnish history was launched on 1.1.2023. After over 150 years of municipal administration, health, social, and rescue services were transferred to the new self-governing Wellbeing Services Counties. A quarter of public spending and half of municipal staff was transferred from around 300 municipalities to 21 counties and the city of Helsinki.

Historical background

The financial crisis of 2007 and the resulting global recession hit Finland later but harder than most other European countries. The full effects were not felt in Finland until 2011, but they caused a major change in Finnish economic situation: if before 2011 political negotiations consisted of allocating extra funding, after 2011 they were about allocating funding cuts.

Between 2011 and 2015, the Katainen/Stubb government, despite internal difficulties, made many attempts to reform health care and social services. The first attempt was based on forming larger municipalities with tax and population bases large enough to cope. The government's original plan was to force councils into amalgamation, which would have had the effect of reducing their total number from 336 to around 70. The government believed that such larger units would be able to provide many public services while coping with the inevitable increase in their costs. However, a combination of factors, including leaks of the government's plans to the press, internal political divisions, and bad political timing, left the sole governmental party supporting it while the five other parties opposed forced mergers. The plan was duly abandoned.

Another attempt at reform was made in 2013. A government working group produced a three-tier system of municipalities and services based on the number of inhabitants. The constitutional committee rejected this model.[10] This was followed in 2014 by a parliamentary all-party working group, which proposed the forming of five health and social services regions made up of 19 municipal cooperation areas. This proposal was also deemed unconstitutional since it did not include regional elections and would also have curtailed municipal self-government. In early 2015 an attempt to salvage the failed proposal by amending the unconstitutional aspects of it was also rejected by the constitutional committee.

A centre-right coalition government formed in 2015 found itself in dire financial situation and with a mounting state debt. Sipilä's government set out to achieve major cuts in public finances, with the health and social services reform being expected to save an annual sum of 3 billion euros by 2029 when compared to the expected trajectory.

Sipilä's health and social services reform was based on a compromise. The government programme envisaged the creation of up to 19 self-governing regions. The reform was further detailed in difficult negotiations between governmental parties in November 2015, which almost resulted in the fall of the government. The resulting agreement included 18 self-governing regions forming 15 health and social

[10] In Finland, the constitutional committee of the parliament examines the constitutionality of laws in advance and there is no constitutional court. The committee, though made up of MPs in proportion to the size of the parliamentary groups, is expected to be non-political and aim for unanimous decisions.

services areas.[11] The agreement was criticised for the number of regions, which exceeded the 9-12 regions recommended by most experts. Some experts and the National Coalition Party advocated for as few as five regions. In April 2016, the agreement was further modified. Instead of 18 regions forming 15 health and social services areas, the 18 regions would each provide the services independently. Regions would also gain tasks in addition to health and social services, related for example to agriculture and water protection. Regions would also be forced to incorporate their public services, which was announced without preparations by officials.

Over the next two years, several attempts were made to amend the proposed reform plans. But they all failed. The direct costs of the unsuccessful reform were estimated to be at least 200 million euros, possibly much more, but this was not completely wasted as much of the preparatory work by officials and committees was utilised by the next government. There was, however, a wide dissatisfaction with the inability of the government to get things done, and the public quarrelling in the social and health committee did little to raise the prestige of the parliament or politics. Some ostensibly neutral institutions, such as the constitutional committee and to a lesser extent the chancellor of justice, were also seen to have become more politicised.

Parliamentary elections were held in April 2019. In June, a centre-leftist coalition government was formed by the SDP, The Centre, The Greens, the Left Alliance, and the Swedish People's Party, headed by prime minister Antti Rinne of the SDP. In December, a political scandal and a rift with The Centre forced Rinne to resign, Sanna Marin replacing him as the prime minister. Governmental programme remained unchanged.

Marin's cabinet faced unprecedented challenges in the form of COVID pandemic beginning just months after its inauguration in 2020, and the Russian invasion of Ukraine in 2022. Despite these and other difficulties, the Rinne/Marin cabinet managed to plan a health and social services reform which was approved in 2021 and implemented in 2023.

The planned reform was also based on a compromise between the two largest parties of the coalition. The Centre repeated its demands of a large number of small regions to safeguard both rural services and The Centre's power, whereas SDP replaced the National Coalition Party's market reforms with a strong focus on public services and a rollback of previous outsourcing done by municipalities. One lesson learned was the stripping down of the reform to its essentials: regions would start with only a limited field of health, social and rescue services, and there would be no other large reforms enacted simultaneously.

Rinne's governmental programme, also adopted by Marin, set out to create 18 self-governing regions with elected councils. Five collaborative areas would be formed to secure highly specialised healthcare services, based on the existing five special responsibility areas, each centred around a university hospital. A special arrangement would be devised for Uusimaa, the Capital Region and the Greater Helsinki area in cooperation with the relevant municipalities.[12] Services would be provided mainly by public providers, with only a supporting role played by private and third sectors. Regions would start

[11] The three smallest regions would collaborate with a larger neighbour. The autonomous region of Åland was not included in the reform.

[12] The Uusimaa region in Southern Finland is sui generis. It consists of the city of Helsinki and the municipalities of Espoo, Vantaa and Kauniainen forming the Capital Region, a further 10 municipalities belonging to the Greater Helsinki area, and 12 other municipalities. In parliamentary elections it forms two districts: Helsinki (the city of Helsinki) and Uusimaa (the other 25 municipalities). In Sipilä's reform plan, it would have formed a single region.

funded by state grants, but a system of regional taxation would be prepared by a parliamentary all-party commission, without raising the total tax burden.

The special arrangement for Uusimaa was presented in December 2019. Uusimaa would be divided into four self-governing regions, and the city of Helsinki would retain its independent services. These five entities would be grouped under the existing regional consortium, the HUS Group, in matters of specialized healthcare. This proposal was well-received by the affected municipalities, but the division of Uusimaa having not been previously assessed in the constitutional committee was seen as a possible problem. The arrangement also caused major cities outside of Uusimaa to demand special arrangements as well, which were rejected.

The reform plan was presented in June 2020. The 21 regions and the special arrangement in Uusimaa were confirmed, except for Eastern Savonia, which would be resolved later. Elections would be held in early 2022 and regions would begin their work on 1.1.2023. Regional taxation was still being prepared, so for the moment the regions would be funded by state grants and client charges. The plan was met with a broadly positive response, but in the following months there was also strong criticism from the largest cities, which accused the funding model of subsidising poorer areas too much at the expense of the richer areas and cities, and from private health companies unhappy with the proposed rollback of previous outsourcing.

In October 2020, the government held internal negotiations to modify the legislation based on some 800 external opinions received from experts and stakeholders. Some concessions were made on the funding model and outsourcing. The name of the self-governing regions was changed from regions (*maakunta*) to wellbeing services counties (*hyvinvointialue* lit. "wellbeing area"). The naming was considered temporary, and the term region would be adopted after additional tasks were transferred to counties. Eastern Savonia was to remain merged with Southern Savonia, and county taxation was to come into effect in 2026.

Parliamentary work on the reform legislation began in February 2021. In March, the commission for county taxation proposed not to implement the tax. In May the constitutional committee requested three major changes, concerning the exact status of city of Helsinki, outsourcing, and transferring municipal property, as well as several smaller changes. This led to an opposition motion of no confidence, which was defeated.

In June 2021 social and health committee made the requested modifications, though there was a slight delay related to the county taxation, which The Centre now opposed. After untangling last-minute constitutional issues, the Parliament finally approved the health and social services reform on 23rd June 2021. Immediate media reactions consisted mostly of relief that the reform was finally achieved and retrospectives of the previous failed reform attempts, mixed with cautionary reminders that much work remained to be done.

Below is presented a simplified table outlining the division of main tasks between the municipalities, the wellbeing services counties, and the various institutions on the national level after the implementation of the health and social services reform.

MUNICIPALITIES[13]	WELLBEING SERVICES COUNTIES[14]	NATIONAL LEVEL
Education (from early childhood to upper secondary)	Health services[15]	Higher education
Cultural, youth, library, and sports services	Social services	Pensions and social benefits[16]
Urban planning and land use	Rescue services	Foreign and security policy
Water and waste management		Internal security
Environmental services		Environmental and climate policy
Employment services (transferred from national level in 2025)		Agriculture, forestry, and industrial policy
		Transport and communications

Table 1: Division of main tasks between levels of government (simplified)

First county elections were held in January 2022 and the newly elected county councils began their work on 1.3.2022. During the next ten months the counties prepared for the kick-off day on 1.1.2023 by forming boards and committees, hiring chief executives and other directors, setting the necessary operating guidelines, and making budget plans, all of which was heavily reported in the media.

The first few months of Wellbeing Services Counties' (WSCs) operation have been characterised by organisational activities - testing the administrative arrangements adopted, implementing services in the revised structures and creating operational plans for the future. In mid-autumn 2023 health and social issues came back to the agenda as counties began announcing their planned spending, services, and staff cuts, demonstrating a realignment in the public discourse can be seen here. Throughout the Rinne/Marin reform, as well as Sipilä's failed attempt, the dominating discourse had been that the reform will safeguard the availability and quality of services. Already during the governmental negotiations some experts and editorials called for a new health and social services reform, either led by the government or more often implemented in the counties. Following this line, prime minister Orpo and other National Coalition Party's politicians have increasingly stated that only an administrative reform has been enacted, and now is the time to enact an actual service reform. Counties are characterised as a framework under which there is finally a chance to execute the unavoidable rationalisation of and reduction in services. Although there are sporadic mentions of new and better ways of doing things, especially digitalisation, the stringent financial conditions mean that the bulk of any service reform will consist of reducing and centralizing the service network.

Public perception of the reform

Citizens consider healthcare a major priority. In a January 2024 citizens' poll 65% of respondents named well-functioning healthcare as a major priority for the government, far outpacing all other concerns

[13] Municipalities can also assume other tasks. https://vm.fi/en/local-government-s-duties-and-activities
[14] Unlike municipalities, counties cannot assume other tasks. https://vm.fi/en/duties-and-other-activities
[15] The provision of certain treatments and operations is centralised on the national level to the university hospitals.
[16] Social assistance is divided between national level (basic social assistance) and counties (supplementary and preventive social assistance).

(second place was held by education, with 37%).[17] In a February 2023 poll citizens chose healthcare as the last sector where to make spending cuts in if they were necessary.[18]

A major survey conducted by the Finnish Institute for Health and Welfare in 2022-2023 reported **increased problems with access to health services**, especially due to long queues and high client charges. There were also **problems with the equitable access to services**, as people with better socioeconomical position were able to access services better. This effect was noted to be significant when compared to other countries, and a major reason for this was the occupational health services provided by employers.[19] More recent polling shows that **the public perception of the reform's successfulness is negative**. In a poll conducted in December 2023[20] only 1% of respondents considered the reform to be very successful and a further 10% considered it fairly successful. In contrast, 53% considered the reform to have succeeded very badly or fairly badly. Considering the future, only 6% expected their chance of receiving equal and high-quality services to increase, 24% to stay the same, and 56% expected it to worsen. Of the respondents, only 5% expected the availability and accessibility of services to improve in their own municipality as part of a county, while 23% expected them to stay the same and 58% to worsen. Perception of the reform and its future was better in urban areas. In rural areas 69% of respondents considered the reform to have succeeded very badly or fairly badly, and 81% expected services to worsen. In no age, social, party, or regional group was there a net positive perception of the reform or the future of services. Considering the priorities of health and social services, the majority of respondents chose primary health care (63%) as the main area where they would like to see improvements. Smaller numbers of respondents chose health promotion (13%), specialised health care (9%) or social services (4%). Results were broadly similar in different groups. Parallel results had been previously obtained by a poll conducted among municipal leaders, although specialised health care was much less favoured in this group, garnering only 1% of responses.

A survey conducted in Autumn 2023 investigated **the reputation of counties among the inhabitants**. On a scale of 1 to 5, the counties Central Ostrobothnia (3.24) and South Ostrobothnia (3.00) received the best results. The average was 2.79. The counties received best marks in accountability (3.01) and services (3.01), and worst in leadership (2.60), interaction (2.64) and finances (2.66).[21] It should be noted that the methodology used considers 3.00 as the low bound for moderate, so **the results were not particularly good for any county**.

A June 2023 poll among health and social services directors was much more positive than the public: 51% of respondents considered the reform good or somewhat good, 21% bad or somewhat bad, and 27% neither good nor bad. Opinions of directors were sharply divided between those who supported decreasing the number of counties (44%) and those who opposed it (42%). The reverse was the case in evaluating the financial resources: 7% of directors considered counties' funding adequate and 90% did not. Questioned on achieving the reform's aims, **the directors were most positive about safeguarding equal and high-quality services** (52% positive, 29% negative) and the availability of services (41%-35%). Views on responding to challenges of societal changes were tied (38%-38%). Net negative opinions were

[17] Kansalaispulssi January 2024. The most recent Kansalaispulssi poll in February 2024 had the figure for healthcare slightly lower (58%) but still far ahead education (36%).
[18] Kanta Public poll. 1010 respondents. 58% of respondents chose healthcare, with education again second with 49%.
[19] THL – Healthy Finland Survey 2023. 28 000 people were surveyed.
[20] KAKS (Kunnallisalan kehittämissäätiö – The Foundation for Municipal Development) poll. 1070 respondents.
[21] T-media, Hyvinvointialueiden Luottamus&Maine survey. 5134 respondents aged 15 to 65. Note that those older than 65 were not surveyed.

recorded on narrowing differences in health and welfare (29%-39%), managing costs (18%-55%) and especially on the availability of staff (13%-63%). The biggest change since 2021 was in the availability of staff, where positive opinion was halved, and negative opinions had doubled from 27% to 63%.

In the municipalities, views on the reform were mixed but restrained. Since health and social costs were inexorably rising, and the relative costs were the largest in municipalities with the smallest financial resources, there was wide agreement that some form of reform was necessary. Although the services transferred to counties accounted for well over half of municipal costs, many municipalities had already produced health and social services within a larger joint municipal authority, so the change was not as momentous as it might have seemed. This was especially true in small municipalities. A poll in early 2021 for municipalities and joint municipal authorities showed them **sceptical towards the reform**: a majority of the respondents did not think that the goals of restraining the increase of costs and safeguarding the availability of services would be achieved. A majority also felt that municipal views had not been given due consideration.[22] In a poll conducted in late 2023, social and health services reform was considered the most important challenge to municipalities.[23] One worry for municipalities is the fate of municipal property used by the counties. Property leases will run until end of 2025, but after that many properties may be left empty, especially considering the extensive cuts planned to the services network. Another worry was the lack of representation in small municipalities, as previously noted. In a survey of counties in January 2024 on cooperation with municipalities, 34% of respondents felt that cooperation had been good or very good, 48% neither good nor bad, and only 13% bad or very bad. According to the respondents, there had been many successes, but **cooperation was hampered** by a lack of clear points of contact, unclear division of tasks (especially in matters of employment, integration of immigrants and environmental health) and strategic cooperation.

Media coverage

A key part of media coverage is delivered at the local level. A 2022 survey of local and city newspapers reported increased cooperation between the newspapers due to the reform. One reported challenge was **the lack of local contacts between newspapers and the county officials**, as well as the concentration of communications within county organisations restricting local officials' ability to comment on local news stories. Increased workload and need to educate reporters on the complex issues related to counties were also cited as challenges.[24]

There was a spike in media coverage when the counties started their operations in January 2023. Much of this reporting concerned the potential problems related to payment of salaries, information systems and other practical changes, which for the most did not end up materializing. Space was also allocated for very general musings on the reform's future. **The attitude was broadly that of "wait and see"**, mixed with gloomy predictions of future problems.

After January, the amount of reporting ebbed until late 2023, when there was another spike in reporting. This was related to **the worsening financial situation of the counties**, and included extensive

[22] Kuntaliitto (Association of Finnish Municipalities) Kuntapulssi poll in March/April 2021. 213 respondents: 192 of 293 municipalities (66%) and 21 municipal joint authorities.
[23] Kuntaliitto (Association of Finnish Municipalities) Kuinka kuntasi sykkii? poll in November/December 2023. 1101 respondents. The share of respondents considering the reform a challenge had risen from 52% to 82% since early 2023.
[24] Suomen Lehdistö survey. 37 local and city newspaper editors in chief responded.

media coverage on the deficits, projected financial cuts, proposed cutbacks of the service network, and the planned and ongoing negotiations for temporary and permanent layoffs of staff. During early 2024, this coverage formed a significant part of county-related news and was almost completely gloomy in tone.

Little of the reporting is related to savings achieved by other means than cutting staff or services, such as the digitalisation of services, and when it is, the reporting is still often cases negative.

2) Methodology and scope of the research

The research and analysis carried out between March and May 2024 consisted of three main elements:

1) Desk research, including analysis of previously conducted social surveys, press releases and other sources related to the preparation and implementation of the health and social services reform in Finland.

2) Qualitative research, which was conducted in Finland between 8-16 April 2024. The research involved 17 in-depth individual and group interviews with a total of 59 people representing different stakeholder groups of Wellbeing Services Counties (hereafter: WSC) activities. Respondents included:

    a) WSC Chief Executive Officers (4 people)
    b) members of WSC Boards and administration staff (8 people)
    c) WSC councillors (20 people)
    d) Youth Council representatives (4 people)
    e) representatives of the Councils of Elderly (4 people)
    f) representatives of municipalities and municipal stakeholders (7 people; including 2 mayors and 1 representative of Kuntalliito (Association of Finnish Municipalities)
    g) representatives of NGOs (12 people, including SOSTE - Finnish Federation for Social Affairs and Health, umbrella NGO)

    The qualitative research in its main part was carried out in the following localities: Lappeenranta, Oulu, Kokkola, Vantaa-Kerava and Rovaniemi. Individual interviews were also conducted online.

3) Survey carried out among WSC councillors. The survey was carried out using the CAWI (Computer Assisted Web Interview) method and it was conducted between 16.04.2024 and 7.05.2024. A total of 373 questionnaires were received, representing 27% of the total population of WSC Council members. The achieved response rate does not allow the results obtained to be considered representative under statistical rules. However, it must be emphasised that **the survey results are consistent with the findings of qualitative research** and as such **should be regarded as credible and at least indicative**.

This report focuses on the opinions and attitudes expressed by the research participants. At the analytical level, however, it goes beyond the presentation of different views and offers a diagnosis resulting from the combination of often divergent perspectives on the assessment of the impact of the reform and the conclusions drawn from the confrontation of opinions. In the final part, the report presents dilemmas and recommendations for possible future actions, based on common European standards. It references the European Charter of Local Self-Government and other Council of Europe's legal instruments, with the aim of streamlining and improving the adopted legislative and organisational solutions.

When interpreting the survey data presented in the report, it is important to remember that, firstly, **they reflect councillors' opinions rather than facts**, and secondly, as is the case with all stakeholders in the WSC system, **they illustrate a perspective often determined by the fact of holding a specific position within the system**.

The report was prepared by **Dr Cezary Trutkowski**, Centre of Expertise for Multilevel Governance at the Council of Europe[25] expert. The information collected as part of the desk research (mainly contained in the introduction to this report) was compiled by **Juuso Suutari**, Finnish analyst in the domain of history and politics.

Quotations from those involved in the research are used throughout the report, to illustrate important themes in the discussions that took place and to represent the phenomena described in the report. Their selection was in no way selective or one-sided. The statements used come from interviewees with different positions and views on the reform that has taken place. In all cases where revealing the authorship of statements did not risk losing the anonymity of the interviews conducted, the quotes have been accompanied by a general identification of the stakeholder. It should be noted that the collective identifiers used in the descriptions of the quotations correspond to the statements of the many different respondents (as indicated above in the description of how the qualitative research was conducted).

The participants' statements are quoted in the form in which they were presented - in most cases, no linguistic corrections were made to preserve their natural character.

[25] The Centre of Expertise helps European countries deliver good governance at all levels of government and promotes European standards and best practice in the field. It continuously invests in research and expertise, creates partnerships with national and international actors, develops practical tools and enlarges its offer of programmes by adapting them to the specific needs of the countries. See more information at: https://www.coe.int/en/web/good-governance/centre-of-expertise

3) Perception and general assessment of the reform

In the view of many participants in the study, the reform of health and social services in Finland has been unduly delayed. It was repeatedly emphasised that many of today's problems could have been avoided if changes in the organisation of public services in the health and social sectors had been introduced 15 or 10 years earlier. The last decade was characterised by many interviewees as a time of waiting for change to come - a time that was lost unproductively, so to speak, as necessary investments were postponed while waiting for systemic changes. Necessary changes were not made, and innovations were not implemented while waiting for political decisions.

> *"You know this Netflix episodes and seasons - this was the sixth season! And it went through, but I think it went through because of COVID. And we didn't have so much energy to oppose it. Because it has been controversial, this reform, from the main objectives to how the reform is carried out."*[26] *[CEO]*

An important element influencing the actions taken (or not taken) in the health system was the reluctance of local authorities to invest in areas over which they knew they would lose control. As a result, local authorities cut back on spending beyond the day-to-day provision of services. Today, these accumulated backlogs pose a significant problem for many WSCs, which not only face rising service costs but also need to include necessary investments in their plans. However, with funds generally scarce and spending having to be cut (more on this later in the report), the necessary investments are often not made.

> *"Concrete thing is that the cities didn't invest. Currently the health centres and hospitals are in a very bad condition. And we don't have enough good working space for people and for the services. And of course, the cities didn't want to invest because they knew that the reform is coming." [WSC Board member]*

At the same time, unfavourable phenomena and problems have not only not diminished but have actually increased. Healthcare challenges during the recession of the 1990s and early 2000s, such as the shortage of medical staff and the resulting inadequate care of the chronically ill, were cited as key issues requiring a change in the organisation of system operations. Today, these phenomena are accumulating, with a ManpowerGroup report showing that 80% of medical institutions in Finland currently report difficulties in recruiting qualified staff, which directly affects the quality of health and care services provided.[27].

> *"We don't have enough resources to produce these services to our residents.* ***People are getting older, and they need more services.*** *And we have this urbanisation issue - people are living in big cities but we need to have the services everywhere. And increase in service needs is the biggest problem that we have now here in Finland. So,* ***we really needed this reform****." [NGO representative]*

Many interviewees expressed regret, mainly directed at the politicians, that the necessary solutions could not have been implemented earlier. It was argued that the period of political haggling,

[26] In this way, the statements of interview participants are presented in the report. Their role is illustrative and is intended to familiarise the Reader of the report with the way the participants of the study formulated their assessments. The selection of quotations was intentional, related to the theses discussed. However, they are not representative and should be treated as an illustration of certain views and not as a summary of the consensual opinion of the survey participants (as such does not exist).

[27] https://www.helsinkitimes.fi/finland/finland-news/domestic/23242-skills-shortage-in-finland-a-growing-challenge-amid-global-trends.html

procrastination, and overly protracted discussions had done much damage and meant that the conditions in which the WSC began its work were worse than they could have been if the reform had been implemented earlier. It seems that this note of regret to the political class is also worth highlighting because, as will be shown below, the current situation requires strong leadership to help calm the mood and give people hope that things will be handled properly and that all the effort to implement the reform will not be in vain.

> *"This have tried to be done so, so many years and all the political issues always stopped it. So in a way, as long as it came, it's a good thing. This reform could be much, much better." [CEO]*

At the root of the problems in the health sector are wider social and economic phenomena. Firstly, an important factor influencing the need for reform are the ongoing demographic changes associated with an ageing population and low birth rates. The ageing of the population in Finland is leading to an increased burden on social security, especially the pension system. In addition, internal migration is leading to the depopulation of rural areas and a disproportionate ageing of the population living there. Young people are migrating to the cities because of a lack of prospects and in search of better living conditions, which poses a particular challenge to public authorities in less urbanised areas. The result in many cases has been a widening of the development gap between different regions in Finland. The result is a kind of vicious circle: public services are cut in depopulated areas (due to their increasing costs and organisational problems), which in turn makes these areas less attractive to live in and thus accelerates the process of depopulation. This was pointed out by young people in one of the interviews:

> *"If you can't provide basic health care services, like a health centre or something like that, it's not a good starting point for people to move there. It doesn't really attract the migration of labour aged people there either. And the schools, if they're closing down the schools, there will be less people". [Youth council]*

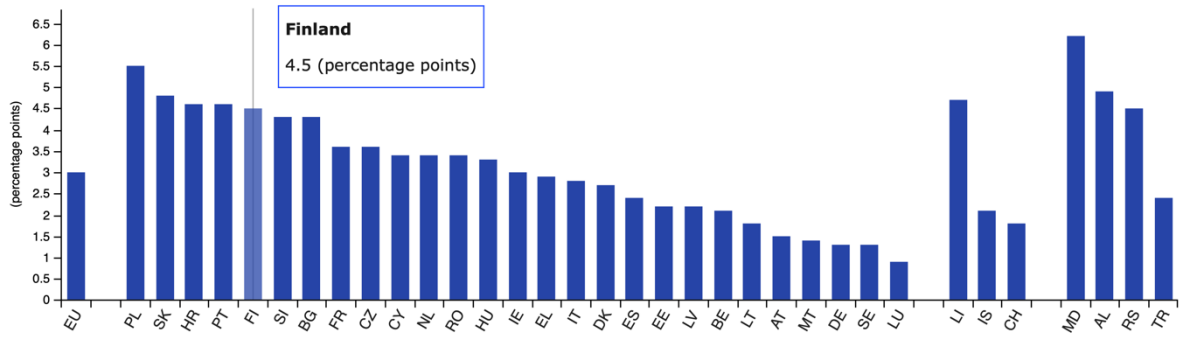
At the national level, unfavourable demographic trends are exacerbating economic problems. It is worth noting that, in addition to the obvious current burden on healthcare and social services (more on this later), their impact on public finances could be catastrophic in the future.

> *"There is a lot of elderly people here, so we have a lot of the services they need. And they need more services than the working-age people, and of course we would need the working-age people to take care of them." [CEO]*

Current statistics show an unexpectedly large decline in the proportion of young people, which could lead to an increase in pension contribution rates of up to 30% over the projected period from 2019 to 2085.[28]. At the same time, the birth rate in Finland is at a historically low level, which exacerbates the unfavourable trends. The declining birth rate leads to a reduction in the future labour force, which will put additional strain on economic growth and welfare systems. The ongoing demographic phenomena call for comprehensive strategies aimed at raising the birth rate, increasing labour force participation, and improving the efficiency of public services and pension systems in order to maintain economic and social stability.

[28] https://dsv-europa.de/en/news/2019/08/finnland-demografischen-wandel-gestalten.html

Increase in the share of the population aged 65 years and over between 2013 and 2023



EU, Poland, Bulgaria, Hungary, Serbia: 2023 break in time series.
EU, France, Romania: 2023 provisional/estimated.
Source: Eurostat (online data code: demo_pjanind)

An indirect consequence of these phenomena is the problem of skills shortages, with pronounced deficiencies in sectors such as IT, engineering and healthcare. Skills shortages are particularly acute in peripheral regions, affecting key industries and potentially hampering economic growth and innovation[29]. Measures to address these shortages include encouraging immigration and improving the quality of education and training programmes to better meet the needs of the current labour market [30]. However, constraints on the availability of public services may limit their effectiveness.

Another issue affecting both the need to implement health and social reforms and the way they are implemented is the economic challenge. The Finnish economy is in recession and GDP is expected to fall in the short term. This recession has an impact on the government budget deficit, which is expected to increase significantly from 1.6 per cent of GDP in 2023 to around 3.5 per cent in the following years[31]. Government debt is projected to increase from 75% of GDP in 2024 to 77% in 2025 and 79.2% in 2026. This increase is partly due to rising expenditure needs, including those related to the provision of public services in the health and social care sectors. Given the data presented here, the widespread awareness among respondents of the need to reduce public sector spending should come as no surprise, but this by no means implies acceptance of the processes currently underway.

> *"There's going to be all the time more and more elderly people. And there's not enough money. So, something has to be done. But maybe this is too fast? If you really cut that much, then you, you're going to have a huge problem. People are going to have huge problems." [municipal representative]*

Awareness of the exhausted utility of the old model of service delivery in health and social care appears to be widespread. While respondents clearly recognised the benefits of locating services close to where they live, they also expressed opinions that clearly indicate an awareness of the low effectiveness of the old model in the face of the challenges facing the country. Rising labour costs, increasing demand for health and social services due to demographic change and, not least, rising logistical and organisational costs meant that smaller local government units had serious difficulties in carrying out their tasks efficiently. The reform was intended to improve this situation by creating, as the interviewees put it, 'broader shoulders' - i.e. shifting responsibility for particularly problematic services to a higher and wider level and exploiting economies of scale.

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[29] https://www.helsinkitimes.fi/finland/finland-news/domestic/23242-skills-shortage-in-finland-a-growing-challenge-amid-global-trends.html#google_vignette
[30] https://www.investmentmonitor.ai/tech/helsinki-finland-fdi-investment-demographic/
[31] https://www.bofbulletin.fi/en/2022/4/finland-s-crisis-hit-public-finances-need-strengthening/

> *"The common phrase is broad shoulders. This was the basic idea behind the reform. We wanted to combine forces. It is believed that larger regions can integrate operations and achieve savings. By consolidating all health, social and emergency services under one operator, it was probably thought that it would be easier to control costs and scrutinise expenses more thoroughly." [Councillor]*

Previous efforts to solve the problem and heal the situation have not yielded satisfactory results. An attempt to create larger local government units at the basic level (merging municipalities) failed. According to some of our interviewees, this was due to both the fear of local communities of losing their identity and the resistance of local politicians who feared losing influence and power.

> *"It was about 2014 when we tried to do the reform and then one possibility was that we could have strong municipalities here in Finland. And I think that it would also be one possibility to do a better social and healthcare. Because if, for instance, in Finland, there would be about 20 to 30 municipalities, they would be much stronger, they would be much easier to manage." [member of WSC staff]*

In contrast, another change, the creation of so-called hospital districts, was formally successful but did not produce satisfactory results. Under this approach, municipalities were required to become part of larger structures responsible for the provision of specialised medical services, the costs of which were to remain part of the municipalities' funding for these services. In other words, the implementation and responsibility for service delivery was taken away from the municipalities, while the funding remained at the local government level. As a result, contrary to expectations, this reform did not contribute to reducing the financial burden on municipalities. And because they had lost formal control over the provision of health services, and their costs had not been reduced as a result, they began to protest against the de facto erosion of their autonomy and effective ability to carry out their remaining functions.

> *"**Small communities were not anymore able to provide services** and they had to belong to hospital districts. Specialised healthcare was already moved into like less than 20 hospital districts and for municipalities it was obligatory to join this. And then they said that this hospital district just sends bills to municipality, which has to pay, while it doesn't have money. Then it has less money for social services, which were left to municipalities, for primary healthcare and schools, and also other services." [CEO]*

Finally, the most important issue behind the changes that have been implemented has been the desire, but also the constitutional necessity, to ensure that citizens have equal access to public services. It cannot be denied that this is an issue that is only apparent on the surface. In the interviews, it was repeatedly emphasised that the Finnish Constitution guarantees equal rights to all citizens, including rights related to health care, social welfare or security. However, regional differences linked to place of residence, the nature of the infrastructural environment, urbanisation or the economic situation of the territorial units mean that this diversity cannot be guaranteed. Therefore, one of the objectives of the reform was to redesign the administrative structures in such a way that they would be able to carry out the tasks assigned to them with relatively equal effectiveness in the different parts of the country. The realisation of such an assumption in practice turns out to be highly controversial - respondents repeatedly stressed that administrative change alone, especially if it is accompanied by unresolved organisational and financial problems, will not contribute to the achievement of such a defined objective.

> *"Beforehand, we had over 300 municipalities which were responsible for social and health services. There was very big inequality between different municipalities and access to services. So, **that was completely against our constitution**, which sort of guaranteed equal social services for everybody." [Councillor]*

In summary, the worsening financial problems resulting from both the financial crisis and the rising costs of providing public services, as well as the increasing adverse demographic phenomena or, particularly relevant in recent years, issues related to security and social resilience, provide a plausible justification,

according to the interviewees, for the need for the current reform of health and social services. As one interviewee noted: "without the reform the situation would be even worse". On the other hand, a differentiated assessment of the structure of the reform - both in terms of the assumptions made and the forms of its implementation - remains a separate issue. The reform is generally seen as a necessary step towards financial stability, with a chance to eliminate long-standing inefficiencies and regional differences in service provision, which is crucial given Finland's economic constraints. However, the experience of its implementation so far has been disputed.

A general overview of respondents' perceptions of the reform.

In short, it can be said that **evaluations of the reform are mixed**. There is no clear criticism of the solutions adopted and implemented, nor is there unconditional satisfaction with the changes introduced.

The main factor that differentiates the views of the participants in the study is their previous experience with experimental or pilot solutions implemented in the medical services sector. These, in turn, generally allow for a moderately positive view of the future. In such places the changes introduced with the SOTE reform are not perceived as particularly acute, nor as overturning the established order of service delivery. On the contrary, the opinions expressed are dominated by reflections linked to beliefs about the temporary nature of current problems and calls for patience in overcoming them.

Another important factor that differentiates the evaluations are the different perspectives of its perception, resulting from the different roles played in the system. While the positions of managers (both CEOs and board members), although critical to a certain extent, are primarily characterised by their convictions about the need for reform and the necessity of its further implementation (which may, of course, be at least partly based on individually defined interests), the views of other stakeholders are already more diverse and characterised by uncertainty. The latter also resonate with beliefs about the critical attitude of some groups in society towards the changes being introduced.

> *"**We have succeeded in the transition**. And now **we are starting to make the structural changes** in the well-being services county, how we are producing the services. I would say that the reform is just a skeleton. And we have to build the muscles and organs on it." [WSC board member]*
>
> *"We have difficulties only in few areas, but those are manageable. Of course, **we always will have some areas that we have problems**, but the big picture is that we are doing really well." [CEO]*
>
> *"I want to be optimistic about that matter. I think that [our city] will grow and go in a good direction. But the **smaller municipalities will probably die out**. And I like to also think in a realistic way that they can't continue the respiratory kind of first aid for the smaller counties." [Youth Council representative]*
>
> *"If you would ask now the citizens if they are happy with the reform, I think they would be very, very critical." [NGO representative]*

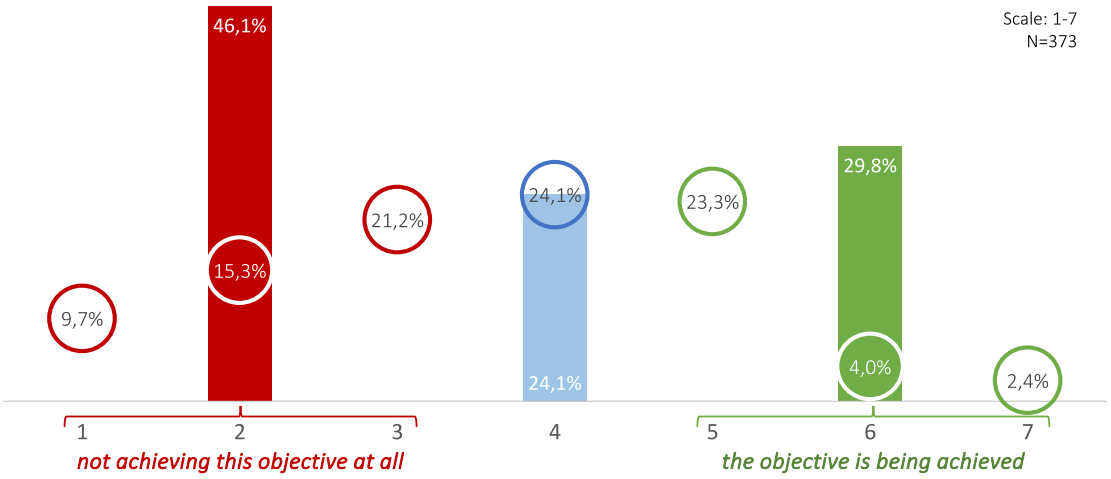
In a **quantitative survey**, councillors were asked to rate how effectively the planning and implementation of the SOTE reform met its stated objectives. In interpreting the forthcoming results, two key considerations must be kept in mind. Firstly, only a relatively small proportion of councillors (27%) participated in the survey, which may limit the representativeness of the results. However, the consistency observed across the data, achieved through triangulating qualitative and quantitative survey results, lends credibility to the findings. Secondly, it is crucial to acknowledge that **councillors have a distinctive perspective on reform perceptions, influenced by their roles as engaged, yet often critical, participants**. Additionally, as this report has consistently shown, the views of WSC administration

members and external stakeholders on the reform often diverge significantly from those of the councillors.

First of all, the surveyed councillors observed that the reform has had only a moderate effect on reducing inequalities in access to health services and improving community well-being. In this context, nearly half of the respondents voiced concerns regarding the achievability of this objective. Considering that 24% of respondents believe the reform has neither positive nor negative consequences, only 30% of councillors remain who view the reform as successful in achieving this objective.

OBJECTIVES of the SOTE reform. *Please indicate whether this objective is being achieved in your region?*

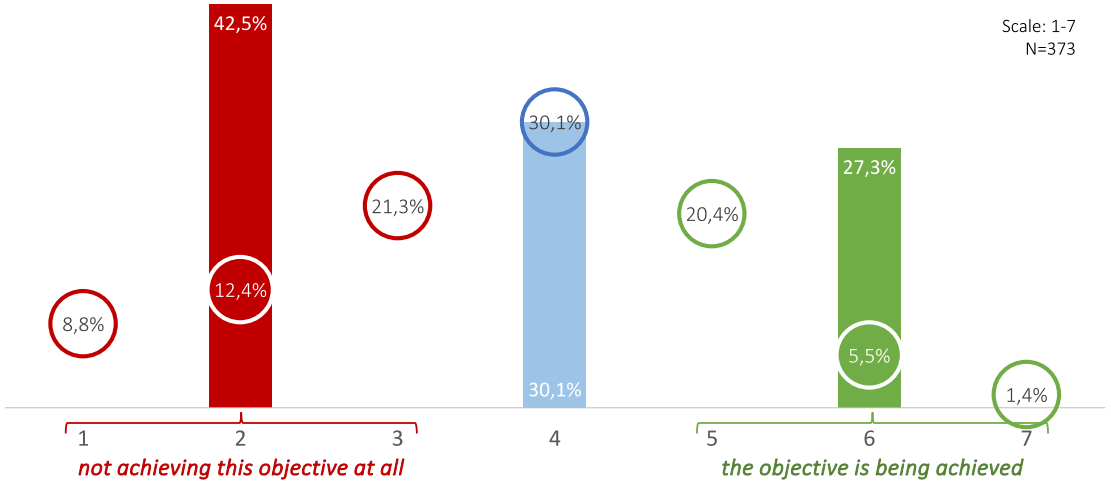
OBJECTIVE: Reducing inequalities in health and wellbeing



A review of responses to a subsequent survey question, about the impact of the reform on regional quality of life, where the WSC operates, reveals similar findings. A majority of councillors (42.5%) indicated that the reform does not contribute to this goal. Slightly less than 1/3 of respondents perceived the impact of the reform as moderate, while 27% believed that the reform has resulted in positive changes.

OBJECTIVES of the SOTE reform. *Please indicate whether this objective is being achieved in your region?*

OBJECTIVE: Improving quality of life of the region's citizens



Uncertainty significantly influences perceptions of the reform, with both temporal aspects—concerns about the future—and substantive aspects—fears regarding the quality and availability of services. It has frequently been noted, often based on information from the media, that **the continuation of the reform in its current form is in doubt**, and the method of service delivery is undergoing changes with unclear future outcomes. Additionally, it is important to note that concerns about service availability are often rooted in a lack of up-to-date knowledge or experience.

> *"It still seems a bit confusing to the local people, I would say, as it may seem to the municipality's employees as well. There are good things, but there are also things that need to be developed. (…) These services are still a bit of a question mark for them." [member of WSC staff]*

As mentioned in the report's introduction, the negative atmosphere surrounding the reform is partly fuelled by media coverage, which has often been sensationalist and possibly perceived as fear-mongering. In particular, **the focus on financial aspects and related service cuts has not contributed positively**. Respondents believe that while the media reports are somewhat accurate, they do not completely capture the impact of the measures implemented by the WSC.

> *They only ask about the money. They want to know how the money is being spent. And that's what people care about. Because the money is bad, they think everything is bad. But I think that people who actually work with SOTE and are into politics will see more of the good things that are happening and how we're building something new here. [NGO representative]*

> *And I'm a bit frustrated about the media when they are writing all the time that services are not getting better. [NGO representative]*

The appropriateness of the reform's foundations

The rationale behind the reform of health and social services sparked considerable debate. Firstly, it was noted that **the service areas being reformed have varying needs and face distinct challenges**. Medical services, particularly at the specialist level, were identified as the most costly, problematic, and challenging to manage effectively, placing significant strain on the entire system. There is a concern that during the complex process of implementing change, the issues within the medical sector may dominate, detracting from the necessary attention to social and emergency services. It is important to note that these concerns are partly based on actual experiences from organising the work within the WSC.

> *"The reality is that it has been built with the health care focus. And the social services are out. And the money is going in the future of building a new hospital nearby." [Council of Elderly]*

> *"In this reform the social side has always been left behind. The health side is so strong, and there is the money, and there are the strong spokespersons." [NGO representative]*

> *"From the very beginning, especially at national level, the focus has been on health issues. How to combine the special health services and basic health services. And I would like to say that social services have been lacking in the discussion. (…) That is one of the big risks in the reform, I think, that focus too much on health services. Not understanding that big part of the population needs both." [Councillor]*

> *"When you have that big reform, you have to concentrate for the big things, and your own things. Right now, it seems like all the effort is inside of the healthcare system." [municipal representative]*

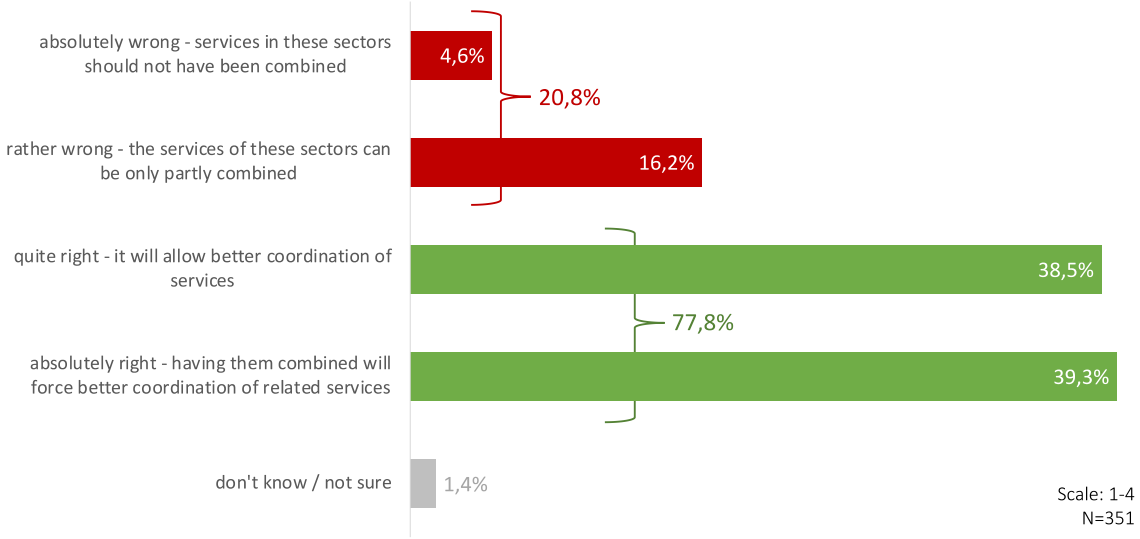
Some respondents noted that while there may be a current emphasis on health services, this focus is seen as temporary, linked to the challenging initial phase of the reform. They believe that **improved coordination and synergies among services will ultimately bring significant benefits**. However, it is difficult to determine the validity of these beliefs and whether they represent wishful thinking. At

present, **the risk of unequal treatment across the sectors affected by the reform appears tangible**. It is important to consider how, in light of the economic challenges discussed later in this report, future misallocation of resources to the narrowly defined needs of the health sector can be prevented.

> *"I thought about social and health services, that if they would be put under one roof there would be the benefit. Especially for the clients who need a lot of services. They have many kinds of problems which would be easier to deal with by social and health care personnel. But this welfare area (…) when this was introduced, we thought only about the health services in the front." [CEO]*

The survey results from councillors suggest that dilemmas regarding the structure of the SOTE reform are relatively uncommon among this group. The overwhelming majority of councillors believe that consolidating the three sectors into a single reform will achieve the intended outcomes.

In your opinion, **was it right when planning the reform that it should include services from different sectors** (health, social and rescue services)?



An interesting perspective on this issue emerged during one interview, where councillors were explicitly asked whether their focus on health sector problems, evident in their statements, might be diverting attention from other services that are currently less problematic. This question led the interviewees to engage in thoughtful reflection. It was noted that **there had been insufficient debate about whether the structure of the reform was fully justified**. The response of one interviewee was particularly telling in this context:

> *"For the last two years, **we've been trained to think that this integration is the key**. We've all heard thousands of lectures on why this integration is the key. And now you're asking us whether it should be the key. It's difficult for even us Finns, who are very quick to change our minds. I'm not able to say whether you could have done this differently. I understand that if all the medical doctors and all the social workers say that this should be integration, I have to believe them because I believe in professionals." [Councillor]*

Another critical factor affecting the feasibility of implementing the reform is **the diverse developmental conditions across different regions**. For instance, the southern region of the country has demonstrated promising economic growth and population expansion, whereas other areas have faced more complex challenges.

„I think that the reason why our wellbeing services county is more optimistic and positive of this reform is that we are the only county that is growing and developing. So [the reform] is a challenge but it gives us good positive action" [Councillor]

„The number of municipalities in this county is more than in any other place. All the different counties have different challenges." [Council of Elderly]

„In Lapland or southern Finland, the world is completely different. And yet people are quite happy to live in Lapland, for example. They are used to having services, like two hours to get the services." [municipal representative]

The varied conditions for implementing the reform across different regions may necessitate a re-evaluation of some of its fundamental assumptions. For example, it might be beneficial to **reconsider the importance of consistency in implementation across regions** and question the feasibility of standardising public service delivery in diverse circumstances. Respondents often emphasised one of the reform's primary objectives: ensuring that all Finns have equal access to quality services. However, practical discussions about the reform revealed some scepticism about these assumptions. Several respondents suggested that it might not be realistic to expect uniform service provision across different parts of the country. They proposed that the varied conditions surrounding service provision might require distinct approaches to delivering services. Imposing top-down regulations will not alter these disparities. Residents of cities and densely populated areas will inherently have access to a broader range of services than those in more remote regions. This disparity is one reason why many Finns choose to relocate from smaller towns to larger cities, adjusting their living situations to meet their individual needs.

*"The **lack of nearby services** is unacceptable. It is unfair to the municipal residents who have known the staff over the years and who are now left with no choice but to travel further afield. The criticism is coming from the residents. That is the biggest criticism." [member of the WSC Board]*

*"The purpose of the Well-Being Services County was to provide services to everyone. This is quite strange as a goal, especially if you live in a remote area, where you can't get the same kind of services. It's simply not possible. **These kinds of goals have been a pipe dream for a while now**." [NGO representative]*

"The services were in their municipality. Now they have to move here for a long time." [Council of Elderly]

It should be emphasised that constitutional issues lie entirely beyond the scope of the considerations presented in this report. However, it is also worth mentioning that, firstly, doubts regarding the possibility of ensuring the same access to public services in different parts of the country and under different settlement conditions were repeatedly questioned during the interviews. Secondly, in this context, it is essential to distinguish between the concept of equality, understood as identical conditions for the provision of services, and the concept of equity in access to adequate quality services despite differences in the ways they are provided. In the latter case, it is, of course, not about depriving anyone of the right to public services, but rather about different ways of providing them. Differences arising from the characteristics of the settlement network are, after all, objective and are partly (though not exclusively) the result of decisions made by individuals. Therefore, it is reasonable to ask, while emphasising that the answer lies beyond the scope of this report, whether issues related to access to public services should be part of the consequences of individual decisions regarding the choice of residence.

The respondents noted significant differences in the models used for implementing public tasks in rural versus urban areas. It appears **there was a discrepancy between the previously mentioned assumptions of the reform and the actual operational solutions that were ultimately proposed**. This led to certain deficiencies in the guidelines, the definition of indicators, and the assessment of factors that could

impact the system. It was emphasised that these processes cannot be simplified into mere Excel spreadsheets or even the most sophisticated financial calculations. Questions were raised about the number of regions, as well as the variations in their sizes, the nature of their settlement networks, and the needs of their populations. These points were made to argue that a rigidly imposed framework on the WSC might not optimise the solutions implemented. Moreover, the expected roles of the public and private sectors in addressing health issues were found to be inadequate in several aspects. Instead of fostering the anticipated synergies and collaboration, a competition for scarce human resources has emerged, increasingly challenging WSCs that are resource limited.

> *"It'll be interesting to see if this actually improves cost efficiency. The theory is sound – increasing the size of the units to regions will boost efficiency. However, this didn't happen everywhere." [Councillor]*
>
> *"One of the issues is that we have too many regions. Some of them are so small and their economies are so weak that it's clear they'll go bankrupt." [NGO representative]*
>
> *"You know about this service need index? It's wrong because it overestimates the service needs in rural areas and underestimates them here. Because here, people use so much private sector. And the data isn't shared with the national data bank, so it doesn't show the need. If there aren't any visits, there's no need. And since people use the private sector here, there's no need for visits. But now that people are actually using less private sector, because of the recession, our queues are bigger at the moment." [CEO]*

Finally, another significant concern for some respondents is the broader impact of the SOTE reform. It is evident from their statements that **the reform is attracting public attention not only because it alters the delivery of important services, but also because it imposes a significant financial burden**. The very fact that the reform is underway, coupled with the media coverage it receives, appears to have stimulated public interest and shaped the debate on the economic situation of the public sector. On multiple occasions, interviewees emphasised that the issues, particularly within the health service, have affected and will continue to affect the overall performance of the state and its agencies. However, these comments should not be seen as an assessment of the implementation of the reform, since, as noted above, the reform was a response to the growing problems and not a factor that caused them.

> *"If I'm seeing what happens to our children, our teenagers, I'm really concerned. I'm really concerned that our sector is taking so much money, and all the time less and less is giving to the schools. It's not okay. I'm really concerned as a citizen. I think we don't have time." [CEO]*

As the respondents emphasised, economic considerations and public financial shortcomings were key drivers behind the SOTE reform. It was widely recognized that these factors significantly influenced the assumptions of the proposed changes. While acknowledging that macroeconomic factors cannot be overlooked, respondents agreed that **any evaluation of the reform should account for these influences separately from the actions undertaken by the WSCs**. They concurred that under more favourable economic conditions, better outcomes in service development and the achievement of other reform objectives could have been possible. It is clear that the economic situation played a crucial role in shaping the reform process, much more so than the reform could have in improving the economic conditions.

In light of the foregoing, it is crucial to emphasise that discussions about the potential impacts of the reform should not overlook the human factor, especially given the sensitive nature of the sectors involved. An impartial evaluation of the consequences of the changes being introduced is essential. In the current public discourse, public services - often designed for people in challenging life circumstances - are predominantly assessed through an economic lens, overshadowing their social imperatives. Meanwhile, the recommendations on good democratic governance developed by the Council of Europe clearly indicate that one of the fundamental bases for all actions of public authorities should be "the

provision of high-quality public services and economic, social, and environmental wellbeing." These were also the publicly declared goals of the SOTE reform. However, it seems that these goals have not received sufficient attention in the course of action. It is important to remember that the primary focus of the reform should be on addressing relevant societal issues rather than merely the fiscal constraints of the state budget. While these aspects are undeniably linked, the ongoing discourse and future considerations of the reform need to fundamentally re-evaluate the core issues and faithfully reflect the original objectives, as embodied in the name of the new administrative structures, which are intended to foster conditions that enhance well-being.

> *"The decision-makers have forgotten the everyday life. The upper level is so far away from the lower level. These two levels speak completely different languages. It really feels like the decision-makers are very far and not experiencing the everyday life. So, the services and the people are not meeting." [NGO representative]*

4) Reform implementation: key challenges and practical effects

When considering the challenges of implementing reform at the regional level, it's essential to recognise **the diverse conditions under which these changes have occurred**. This diversity encompasses multiple dimensions, including territorial characteristics such as the degree of urbanisation, population density, and the development of communication infrastructure, as well as the size of the WSC. Other factors include the internal territorial division of the regions, which affects the number of municipal units, the existing complexity and specialisation of health and social service systems, and the forms of intersectoral cooperation present before the reform. Additionally, the experience gained from implementing various pilot projects and programmes has also influenced how the reform has been carried out and its subsequent impact.

It is crucial to address this final point, as analysing these experiences enables a preliminary assessment of current processes and the formulation of predictions about their potential consequences. The case of South Karelia is particularly noteworthy, as the measures implemented there in recent years have acted as a pilot for the SOTE reform. The feedback from respondents in South Karelia stands in stark contrast to opinions from other regions; in South Karelia, the reform is seen as less problematic, characterised by fewer uncertainties and more predictable outcomes. Additionally, the interviews conducted in South Karelia indicate that respondents are generally more optimistic about the reform's impact, although the current economic factors still pose a fundamentally new challenge.

> *"In this area the social and health care was already integrated, so that change was not as big as it was in other places. (…) There were a few pilot areas, we were one of them. So, I think that the administrational change was not very big. But I think that the financial goals that we now have, that is the change factor."*

A significant challenge in the planning and implementation of the reform has been **managing unrealistic expectations**. Respondents noted that **the public was given promises that proved difficult to fulfil**, leading to a harsh reality check between expected outcomes and the actual capabilities of the WSCs. It was repeatedly emphasised that unpopular and challenging decisions will need to continue, even if they are not socially palatable. Factors such as the economic situation, severe staff shortages in specialized sectors, and societal changes will necessitate the introduction of solutions to maintain system stability. **Instead of fostering unrealistic hopes for a miraculous recovery, it would be wiser to prepare the society for the inevitability of change.** Given these considerations, it would be beneficial for the public authorities to develop systemic solutions that could prevent the collapse of the public service system and help Finns successfully adapt to evolving health and social care conditions.

> *"We didn't have a clear idea what we could do with our funding or what we want to do with it.* ***We must make sure that our expectations match what we can actually do*** *with the funding we have". [CEO]*

> *"**Some of the promises made by the ministry at the outset were not realistic**. They promised very close services, and we can't provide them. There were a lot of promises made." [member of the WSC Board]*

> *"It's clear that people weren't aware of the extent of the cuts and the lack of health centres in small municipalities. This has undoubtedly come as a shock, given the political promise of a centre in every municipality. It's now evident that this isn't going to happen." [NGO representative]*

However, it has also been suggested that the promises in question were not always as concrete as perceived. While it is difficult to prove that specific commitments were unmet, it is important to

acknowledge that even these vague assurances contributed to the public's overly optimistic view of the reform's future.

> *"I think the key is that we promised that there will be some local services in every municipality. It's just a concept if it's a wide, middle or basic unit." [CEO]*

However, it would be a mistake to consider the comments presented here as the sole explanation for the criticism directed at the reform's effects. **It would be misleading to attribute social discontent solely to unrealistic expectations.** A significant proportion of the criticism comes from external stakeholders, who have pointed out practical issues that could lead to social protests. These issues include the closure of treatment and care services, reduced service availability, facility shutdowns, longer waits for doctors, and difficulty accessing specialists. Addressing these concerns thoughtfully and constructively will be important moving forward. Indeed, as one NGO representative rhetorically questioned in an interview: *When there is a clearly problematic reform, is it a question of slightly wrong expectations or poorly made structures?*

Another challenge that respondents identified as contributing to the difficulty of implementing the reform is, to some extent, **the lack of clarity in the legislation**. In particular, there seems to be a need for greater clarity on the division of responsibility between the newly created counties and the municipalities in whose territory particular operations are carried out. It is worth noting that some of the indicated problems may in fact not be the result of provisions that are not quite properly outlined, but rather an element of difficult negotiations conducted between parties interested in optimising their budgets. Regardless of which line of interpretation is emphasised, it should be noted that the reform at this stage is still in the process of developing solutions that will be in force in the future.

> *"There's still a lot of confusion. For instance, the municipalities are still hoping we'll provide more support to schools. This could be in the form of psychologists or other professionals to help young people in the classroom." [CEO]*

Facing a new reality

The initial stages of WSC operations, particularly in regions lacking prior pilot schemes, involved the transfer of responsibilities from municipal entities, the establishment of administrative frameworks, and the formulation of plans for upcoming tasks. It is crucial to acknowledge that the 15-month span from the inception of the WSCs to the implementation of this research was relatively brief. Consequently, viewing the research participants' responses as deeply entrenched in the routine activities of the newly established counties is challenging. These responses are more influenced by expectations (sometimes unmet), planning, and an awareness of challenges, rather than by established operational mechanisms. This observation is key to understanding the context. Firstly, **it is premature to regard the experiences accumulated thus far as indicative of the typical operations of WSCs.** The true effectiveness of their operational methods and strategic initiatives will only be evident when they are fully implemented and assessed over time. It is reasonable to expect that WSC management will continue to evolve and refine approaches that will eventually standardise the counties' operations. Secondly, the experiences and perspectives developed to date may prove inadequate as more time elapses. This could influence various elements discussed later in the report, such as the role of county councils, cooperation patterns with external stakeholders, administrative hurdles, and public perceptions of WSC activities.

> *"We have to organise everything and not to endanger the services that are going on. During that time, **we haven't had any real focus on changing anything**, but just to keep everything running." [Councillor]*

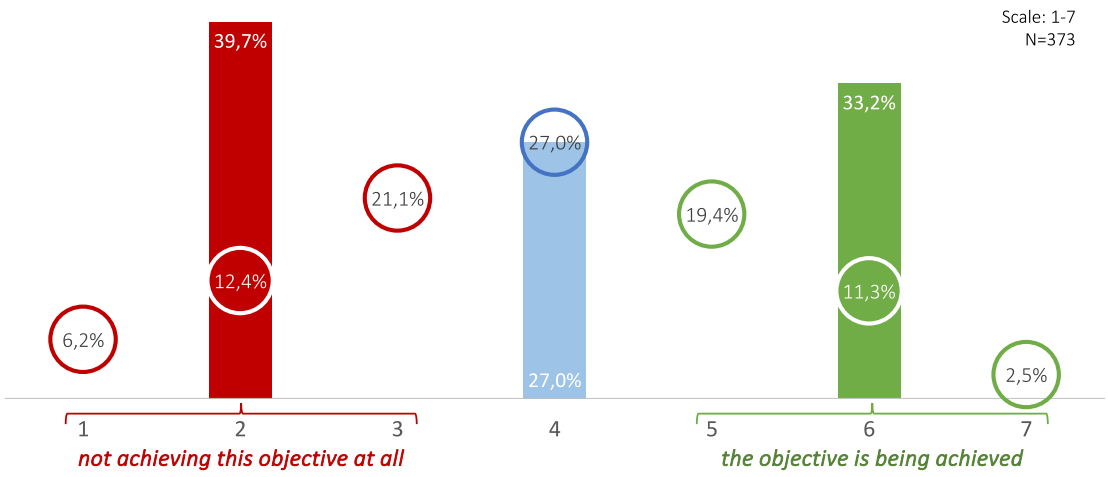
"So, this reform, it has cost a lot of work for us. ***We have spent the first year completely on building the administration*** *and finding out how things can be reorganised." [Councillor]*

*"****We are still in the middle of the process****. It's very difficult to say what has changed. Maybe we should ask the same after two or three years. At the moment it's very difficult to say what has been the impact, because so far* ***we see only a lot of work ahead****." [Councillor]*

Survey responses from councillors indicate **a lack of consensus on the broader impact of the reform**. Almost equal groups of respondents considered the reform to be a response to the problems experienced by society, as well as not being such a response. The mixed experiences to date, shaped by both the often-criticised changes and the recognition of existing problems the reform aimed to address, have not led to definitive conclusions. This underscores that the reform is still in its formative stage, rather than a phase where the introduced changes are being fully utilised.

OBJECTIVES of the SOTE reform. *Please indicate whether this objective is being achieved in your region?*

OBJECTIVE: Responding to the challenges of changes in the society



The initial implementation period posed a challenge for the WSC's administration, as it was not feasible to dedicate the entire period exclusively to planning operations. Instead, time had to be allocated to managing core tasks while simultaneously shaping future patterns of social service provision. External pressures, increasing social discontent, organisational challenges, and financial difficulties were the primary factors influencing the decision-making of the governing bodies in the newly established structures.

"I know there are people who think the strategy is important, but right now it seems like ***they're only focusing on so called 'crisis management'****. They're trying to cut costs, which is understandable, but for the system and the reform, that's not a good strategy." [municipal representative]*

"So far, there hasn't been much time for strategic thinking. That tends to happen after work or on weekends. So basically, from eight to four, it's more reactive and conducting meetings and so on. And that's not ideal for your work-life balance, but at least now, in the beginning, that's how it works, because the days are very, very busy, basically." [WSC board member]

Financial constraints

One of the most significant challenges WSCs have faced are financial constraints. In September 2023, the total deficit of the counties was estimated at approximately 1.2 billion euros, which increased to an

estimated 1.35 billion euros by February 2024. Although all counties are projecting deficits, there are notable variations among them. For instance, the per capita deficit in Southern Savonia is almost ten times larger than in Helsinki. An important cornerstone of the reform was the assumption that the changes would bring financial savings. The government allocated a three-year adjustment period for the counties, during which they should achieve financial stability and reduce, or rather completely eliminate, their financial deficits. The deadline was set for the end of 2026, with an indication that failure to achieve this target could result in the dissolution of the county, either through its merger with another administrative unit or its division into parts and the annexation of these territories to other units.

During the interviews, many participants indicated that the current financial problems faced by the WSCs stem not from their actions, but from the way the reform was prepared. They pointed out that **the financial needs of the WSCs were not fully understood**, and the data used was neither complete nor accurately interpreted, leading to the present difficulties. Moreover, **the initial assumptions failed to adequately account for several factors**: the impact of previous unsuccessful reforms, demographic shifts, the effects of the COVID-19 pandemic, rising inflation, and worsening staff shortages in the health sector. Another contributing factor is the deliberate underbudgeting by municipalities. Since funding was partly transferred from municipalities to counties based on the former's health and social services expenditures, there was an incentive for municipalities to minimise these costs to protect their future funding for other kind of activities carried out.

> *"**There's no money in the counties**. This means we acted in the wrong way. We should have assessed better what is the need for this aging population." [Council of Elderly]*
>
> *"**It all depends on where you set the benchmark**. It was set in the wrong years, not the usual ones. But that's the budget we get from the government, and that's the only money we get. So, for example, at the end of the year, we really need to think about taking a short-term loan to pay the bills." [CEO]*
>
> *"The pandemic years saw a reduction in operational expenditure, which formed the basis for the subsequent funding. This was not a sustainable position. As a consequence, **budgets were set at 6% to 10% below the actual operational costs**. This was a challenging period for the reform process." [CEO]*
>
> *"I was at the Finance Committee of the Parliament recently. They asked me if the lack of funding was due to the chosen model. I said no, it's not that. It's inflation and things like that. It's not due to the model." [WSC board member]*

Furthermore, **the WSCs encountered significant additional costs at the start of their operations**. These expenses were associated with harmonising separate operational processes, integrating IT systems, adapting infrastructure, relocating resources, and other similar activities. In essence, all costs linked to transitioning from the old system to the new one added extra pressure on WSCs budgets. A significant increase in initial county expenditures was also due to salary adjustments. When municipal employees transitioned to county employment, their salaries were aligned to the higher end of the scale. The estimated costs for this adjustment vary widely; in 2022, an advocacy organisation representing local government and county employers projected that the annual costs could reach up to 680 million euros.

> *"It is only natural that **when a new system is being created, it will require more resources**. When we had computer programs and other similar systems in place, we had 20 different programs. Everyone had their own, and we also had to coordinate and develop all other activities. In the beginning, we would have needed more money to support this." [Council of Elderly]*
>
> *"In a way, when we talk about a big fusion, a new organisation building, **a lot of resources and energy goes into the transition phase**. And we are still in the transition phase." [WSC board member]*

"The first couple of years, the costs will increase, because there is so much to do in changing the culture, and new business models, and also IT systems. If you have to change all the telephone numbers, and all the websites, and all the documents, and all that, ***there's so much extra work in any kind of merger****. And maybe it was forgotten, or did they just close their eyes? Or maybe they were just hopeful, that if you make a huge merge at one time the savings will come at once?" [NGO representative]*

It is important to note that the current challenges observed in the implementation of tasks (which will be discussed further below) should not necessarily be seen as a failure to achieve the targeted public service model. Respondents emphasise that **implementing any new policy requires time, and its effects might not be immediately apparent**. Consequently, it may be necessary to re-evaluate whether the three-year period set for stabilising the WSC's activities is adequate, particularly as regional authorities' capacity may be hampered by external factors. Several respondents have pointed out that this limited timeframe for balancing finances may not allow enough time to identify effective cost-control mechanisms without compromising service quality. They argue that **the goal of balancing the WSC budget by the end of 2026 may be overly ambitious and unrealistic**. One significant concern is the sheer financial cost of implementing the reform. Another worry is the insufficient time available to reorganise the health and social service delivery system more efficiently. Thus, some interviewees openly admit that achieving a balanced budget within three years is simply unfeasible.

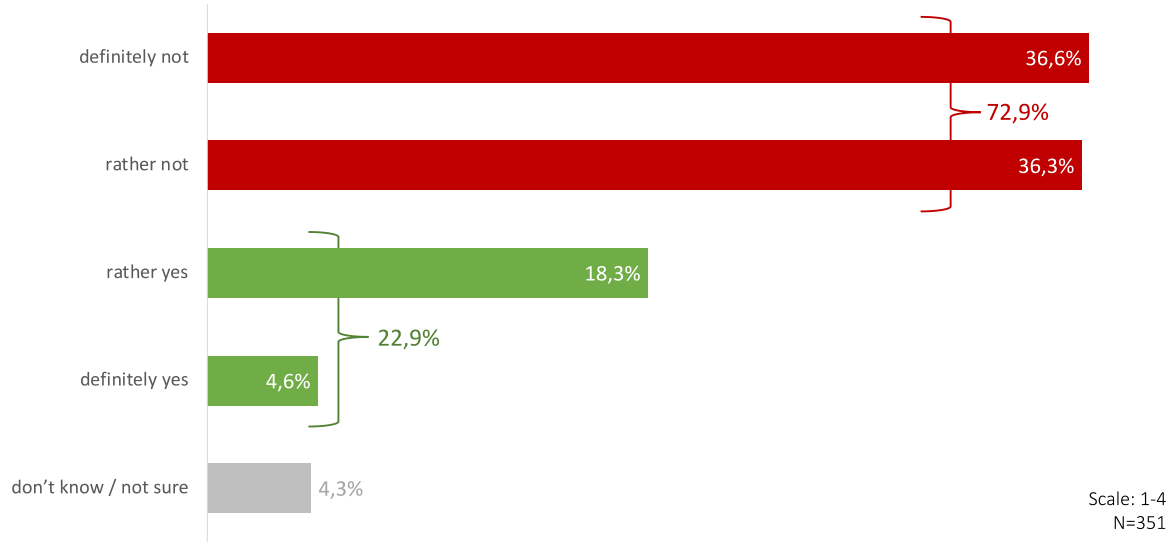
*"****The timetable is a bit too tight for this change****. For instance, in all areas, we have three years to get the budgeting right and get the baseline right. If we end up with a deficit, we have three years to make up for it." [CEO]*

"I have said to the government that I cannot [reduce deficit by 2026]. Nobody, only Helsinki is going to make it." [CEO]

"I don't think it's going to happen in most counties. We're not going to be able to balance our budgets. I think the Ministry of Finance knows that, but they're not willing to do anything to help. They're not saying it in public." [CEO]

When responding to survey questions, councillors expressed a similarly pessimistic view. They overwhelmingly indicated that closing the WSC deficit in their region by the end of 2026 was not feasible and would not be achieved.

In your opinion, will the financial deficit in WSC operations in your region be eliminated by 2026?



At the same time, there is high awareness that the current financial difficulties faced by the WSC might necessitate the organisation being split and either merged with other regions or absorbed by another county. Some experts suggest that such actions could lead to a more balanced distribution of larger population counties, potentially boosting their economic potential. However, many interview participants have expressed **reservations about the cost-saving potential of such mergers**, at least in the short term. They believe that merging counties would require further costly investments, amalgamation of systems, and harmonisation of salaries.

> *"It's a shame, but **we're really focusing on how to get this financial shock to be over with**. Because in our legislation, if you don't do it in three years, then you can lose your autonomy. So, this area could be split, or it could be joined to other areas. I don't know what the thinking behind that is? Maybe it's that two poor make one rich? I'm not sure, but **right now the financial shock is the main focus**." [CEO]*

In public debates, three main solutions to the financial challenges have been proposed: (1) increasing state subsidies, (2) extending the deadline to balance the budget, and (3) granting counties the right to levy taxes to raise additional funds. The government, however, has reservations about these suggestions. While the minister did not support an increase in direct grants to counties, he proposed a €350 million increase in grants for private healthcare to alleviate pressure on counties by diverting patients to private providers. Yet, this approach has sparked considerable disquiet among many survey respondents. Some argue that funnelling support to the private sector during a public sector crisis is both morally questionable and likely inefficient, with no clear evidence that it would benefit the WSCs. Furthermore, some commentators speculate that the combination of stringent timelines and inadequate budgets might be a strategic political manoeuvre to encourage county mergers, given that the current number of counties significantly exceeds the 5-12 recommended by most experts.

Currently, public discourse primarily focuses on the WSC's finances, relegating other issues to a less prominent position on the political agenda. Financial cuts are at the forefront of most statements made by research participants. It is crucial to recognise that this **financial-centric view could potentially impede the further implementation of the reform**. It is worth noting that the financial problems are not so much a result of the WSC's actions but rather a consequence of the previous model of public service delivery, which the WSC has somewhat inherited. Therefore, it is important to avoid the trap of unjustly evaluating the activities of the newly established structures, where past results are used to assess current actions.

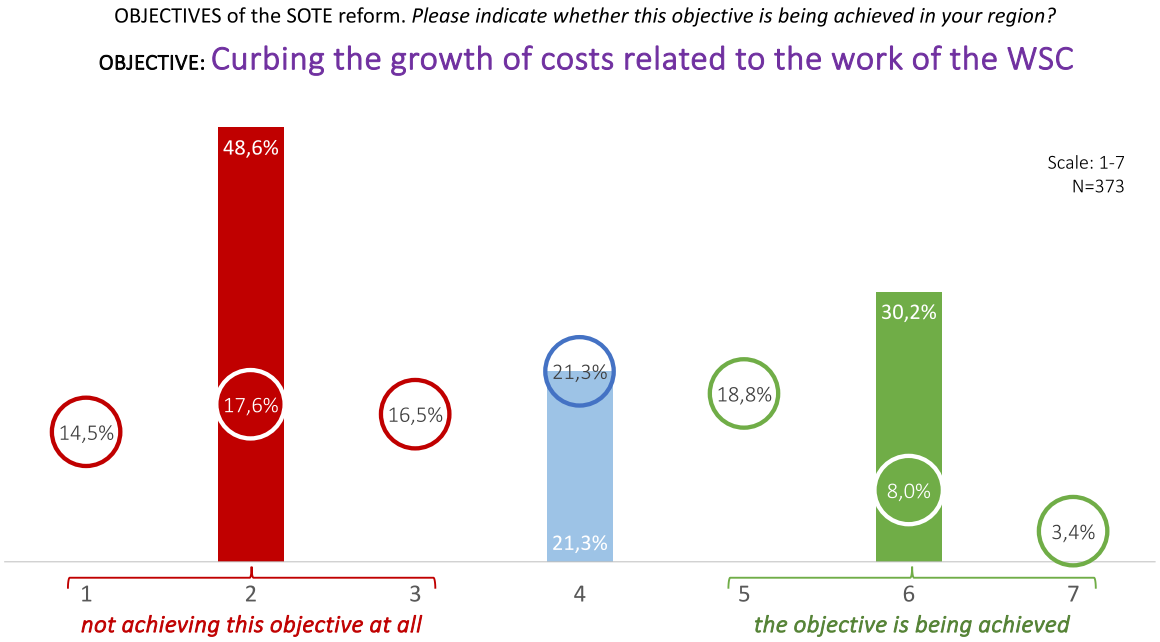
> *"**Now there is a panic**. A panic mode. Now we have to do something. And no one knows if they are good or bad decisions." [Councillor]*

> *"I think that's not connected so much to the reform, because **the problem would be also like this without this reform**." [WSC board member]*

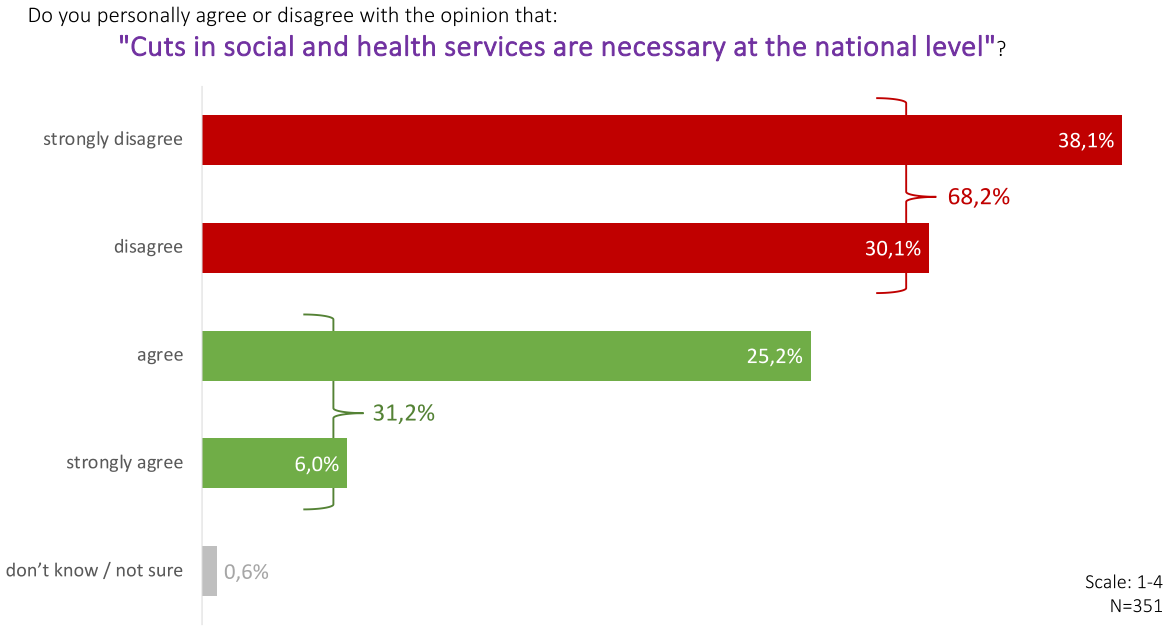
As previously mentioned, public expectations have been a driving force behind the changes. It appears that in 2022 many areas were still developing new implementation programmes during the planning period for WSC activities. While this planning looked promising and was carried out with the involvement of many stakeholder communities, in 2023 the WSCs were left to address the problem on their own, with the result that finances were cut drastically because of decisions coming from government circles.

> *"So, initially there was a message that we'd started some good projects, with lots of home management and support services for living at home (…). Then we got the message to start saving money! So, we had to cut back. But if we'd waited a little longer, we would have saved a lot more." [NGO representative]*

In conclusion to this discussion on the financial aspects, another finding from the survey of councillors is noteworthy. One question focused on evaluating how well the financial objectives of the reform have been met. The responses clearly show that, according to the councillors, the outcomes of the reform's implementation so far can scarcely be considered successful.



At the same time, in reference to the reform's objectives as perceived by the respondents, the councillors clearly questioned the rationale behind emphasizing cost containment. Two-thirds of the respondents stated that the reform should not primarily focus on economic issues.



Operational challenges

Several organisational factors are contributing to the current financial difficulties faced by the WSC. These include high labor costs, the upkeep of a large and often complex bureaucratic structure, and the need to adjust operations to meet externally imposed service delivery standards.

First and foremost, participants in the study highlighted a critical **shortage of staff in both the Finnish healthcare and social care sectors**. Current projections reveal substantial deficits across various professional roles, including practical nurses, registered nurses, and social workers. A significant portion of the existing workforce is expected to retire within the next decade, likely exacerbating these shortages. As a result, the remaining staff are facing increased stress and workloads, potentially leading to high turnover rates. This situation may compel counties to depend on expensive agency staff, further straining their financial resources.

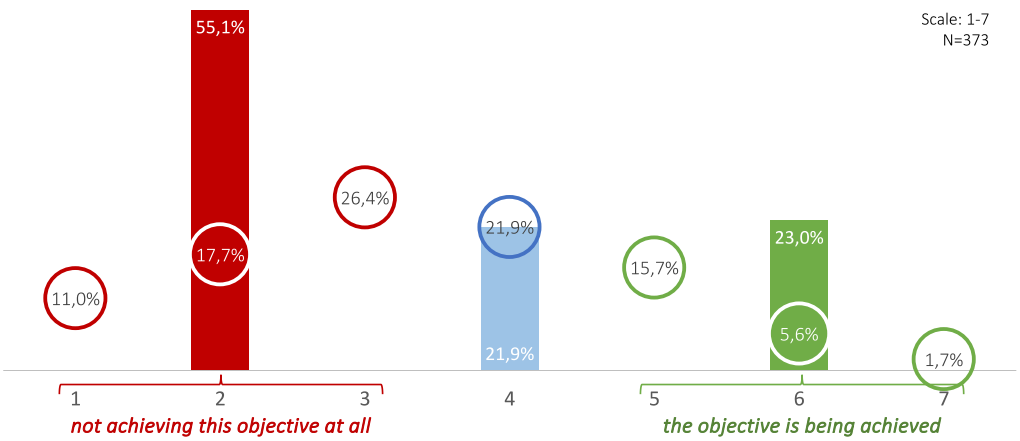
It is common for different WSCs to encounter distinct human resources challenges. In some units, the pressing issue is staff shortages, either currently experienced or anticipated due to looming retirements. Conversely, other units face overstaffing in certain sectors, often a result of organisational changes or initial staff transfers from municipal units. It is crucial to recognise the differences in staffing needs between the dispersed systems managed by municipal units and the centralised ones established post-reform. Despite these differences, all WSCs share the problem of high labour costs, as highlighted by respondents. This challenge is exacerbated by stiff competition from the private sector. Furthermore, the shortage of specialists and the significant growth in occupational health services have led to substantial costs for WSCs, with limited ability to control these expenses.

> *"**We need to buy doctors and specialists from private companies**, which are expensive. They cost three to four times more than our own employees." [CEO]*
>
> *"At the moment, one important obstacle is **the lack of a competent staff**. We do not have our own staff available. The rental agency is more expensive. **It has economic implications**." [Councillor]*

According to councillors participating in the quantitative survey, the reform's objective to optimise the use of human resources and ensure the availability of skilled workers in the health and social services sector is not being achieved. More than half of the respondents view this aspect negatively, while only about one quarter believe that this goal is being partially met.

OBJECTIVES of the SOTE reform. *Please indicate whether this objective is being achieved in your region?*

OBJECTIVE: Ensuring the availability of skilled labour force for sufficient availability of services



The method of filling management positions can significantly impact the performance of WSCs. It was somewhat surprising during our research to find that **some key administrative roles within the WSCs were held by individuals who had temporarily left or suspended their original professions, including doctors and specialists from various fields**. This observation can be supported by historical data from the 2022 county elections in Finland, which saw a significant representation of professionals from social, health, and rescue services— with one in five candidates and one in three councillors coming from these sectors. While this diverse background brought valuable perspectives to county governance, it also introduced both strengths and challenges.

On the positive side, these professionals brought specialised expertise and a deep understanding of their respective fields to the decision-making process. However, there were concerns about their potential reluctance to implement budget cuts and a tendency to advocate for maximised funding for their sectors. Moreover, the integration of these professionals into county councils exposed inconsistencies in governance practices, especially regarding recusal protocols. Some counties-imposed restrictions on staff members serving on county boards to prevent conflicts of interest due to their dual roles as both employees and decision-makers. This issue arose from a lack of uniformity in establishing separate committees, a practice commonly employed in municipalities, which sometimes led to boards inadvertently assuming employer functions. This oversight in the legislative framework underscored the need for clearer guidelines to manage potential conflicts of interest and ensure fair decision-making across all counties.

A further challenge facing WSCs is **maintaining motivation among administrative and support staff**. Employees are acutely aware of the organisation's struggles and are concerned about job security. Management recognises that fears about potential changes, including the possible liquidation of WSCs and job losses, are real and impactful. This issue is particularly significant because WSCs are often the largest employers in many regions, affecting a vast number of people and substantially influencing the local labour markets.

> *"Our workers worry a lot. What's our future? We go to those negotiations to change the organisation. We've cut 40% of the directors. That's my main concern at the moment. All the employees are worried about their work. Will they have work in the future?" [CEO]*

To address the staffing crisis, proposed solutions include increasing salaries, enhancing working conditions, and promoting immigration. Additionally, there is a push to expand educational opportunities in related fields. However, it is recognised that the effects of these measures are likely to be realised only over the long term.

Management costs associated with the WSCs, particularly the remuneration of senior officials and politicians in Finnish counties, frequently surface in public discussions, especially within the context of broader budgetary constraints. Although remuneration packages—including salaries and meeting fees—constitute a relatively modest portion of overall budgets, **their appropriateness during periods of financial austerity has been questioned**. Additionally, the distribution of 'democracy funds' to political groups within county councils, intended to enhance operational effectiveness and facilitate constituent engagement, has sparked debate. The varied responses to the allocation and use of these funds reflect nuanced public views on balancing necessary political support with fiscal responsibility.

Notably, discussions and meetings during the study revealed that executive salaries and the operating costs of the county councils attracted minimal attention. This lack of focus may stem from the perception that these costs are not significant relative to the total WSCs budgets, or from a belief that

substantial savings in this area are unachievable. Alternatively, it could be that respondents prioritised protecting their own interests. Determining the dominant factor is challenging; however, it is significant that this issue did not emerge as a primary concern in respondents' statements.

A further source of concern is **the extensive bureaucratic structure** that has inevitably accompanied the creation of centralised, comprehensive public service systems. While managing this bureaucracy might seem purely a managerial issue, its significant impact on the implementation of change should not be overlooked. This factor must be considered when evaluating the pace at which the reform's effects are realised. Over time, it is possible that these large, new structures will yield positive economies of scale in managing public resources. However, at this stage, the complexities introduced by extensive bureaucracy could be impairing the system's functionality.

> *"A patient needed a device that wasn't available at the health centre. The procurement office would have taken weeks to order it, whereas it would have been available immediately before." [Councillor]*
>
> *"**The organisation is too complex for the current system to be effective**. The system is too bureaucratic. As an example, I was in the hospital the other day. I discussed the reform with the nurses, who said it is terrible – 'previously, we could decide and enhance some way of treating patients. Decisions affecting our work would be made at the department head nurse level'. Now, they are made at a much higher level, at least six layers up." [NGO representative]*
>
> *"There have been a lot of new employees. The knowledge of their own areas is weak when the tasks have changed, and the areas have changed. I hope it won't take five years for the situation to improve. So, we learn right now to know how to manage things." [Council of Elderly]*

Finally, it is important to consider **the role of service delivery standards in influencing the effectiveness of WSCs**. These standards are often set by legislation and the decisions of supervisory institutions. Respondents have highlighted that there are instances where the government sets standards for operations while simultaneously pushing for cost economisation, **creating a kind of a conflict of interest**. The inspection service, which reports to the government, is then tasked with determining whether these standards are being met, abstracting from the government's explicitly formulated requirement to enhance the efficiency and cost-effectiveness of the WSCs' operations. If the guidelines are not met, penalties are imposed, which the WSCs have to pay to the state budget, which in turn transfers money to the operation of the WSCs. Some respondents expressed frustration about the restriction of their freedom of action and the illogical impact of government policies on the financial management of counties and their potential to enhance the efficiency of activities undertaken. They also complained that inspections achieve nothing but more bureaucratic work.

> *"Government has Valvira and AVI. (…) They give money to AVI and Valvira to increase the amount of outsider inspectors who are now giving every week tens and tens of inspections to do this and this and this. And we don't have any possibilities to respond that." [CEO]*
>
> *"They usually just say you have to explain what you do. Then again, they ask for another explanation a month later. **You end up writing and writing and writing different responses**. If they spent all that time asking for explanations, they could say, 'Hey, other areas are doing this. Could you do this?' Maybe they could help us more than just creating more work without any help." [CEO]*
>
> *"The first penalty was for two areas in Finland that hadn't followed some of the rules when they drew up the plans. They had to pay a fine of around one million euros. That was the first time Valvira had done it. But they're starting to do that more and more. **If you don't provide doctors, you're looking at a loss of millions. And then you don't have any money left to hire those doctors.** I'm not sure, I see the point of this." [CEO]*

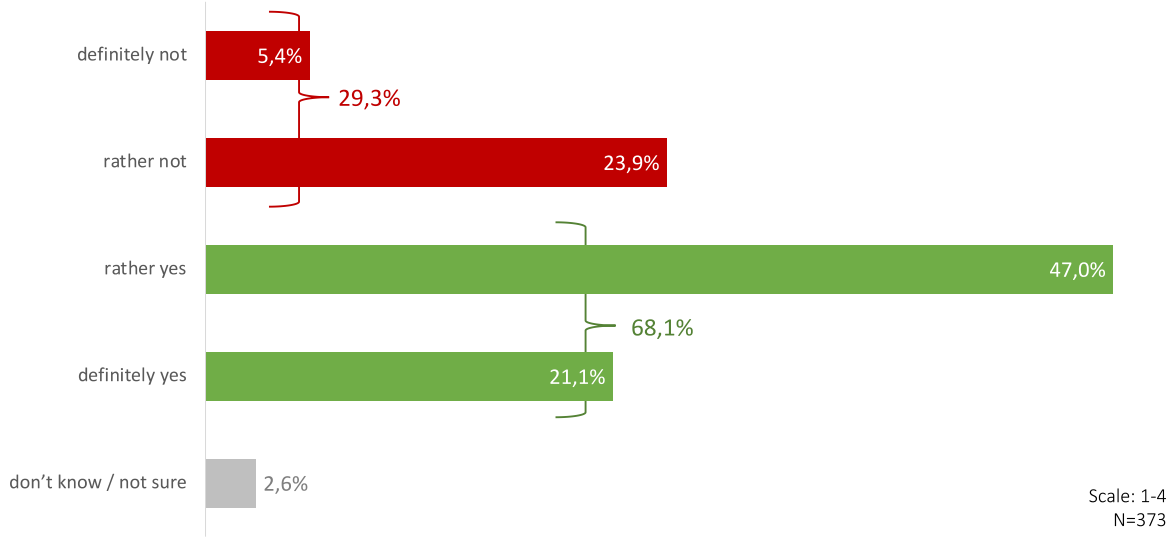
Service delivery

WSCs faced the significant challenge of maintaining the economic sustainability of their operations, constrained by tight budgets and strict service delivery standards. The reform required extensive changes, forcing county authorities to make critical decisions about the locations and methods of service delivery. Often, this led to cuts and reductions in the existing service structures, which had several implications. First, the initial stages of the reform were more focused on identifying cost savings rather than organising the new service delivery system. Second, amidst intense public debate and pressure from external stakeholders, some decisions proved to be temporary, contributing to a perception of chaos and social confusion.

> *"Once we've cut the services to the level that the Finnish government and the Finnish people can afford, we'll be in a position to start developing new things. Over the next three years, I think* ***we'll have to get used to the financial shock*** *and work out what level of services we can afford." [CEO]*

Despite the fundamental financial challenges mentioned earlier, councillors try to maintain an optimistic outlook on the issues for which they are partly responsible. This optimism is reflected in the survey results, where as many as two-thirds of respondents believed that the WSCs they represent are generally managing their assigned tasks effectively. However, these results starkly contrast with those from anonymous interviews conducted across various regions of the country.

In your opinion, is the Wellbeing Services County in your region, in general, EFFECTIVE in providing quality health, social and rescue services?



The most visible and simultaneously most criticised action by the WSCs was **the closure of existing health and social service facilities**. The research repeatedly emphasised that these closures caused widespread anxiety among both citizens and municipal authorities. At the same time, it was underscored that the reform aimed, among other objectives, to optimise service provision by addressing situations where a broad array of services was available in almost every small village, serving only a handful of interested residents.

> *"Last week, we did a round in all the municipalities and met the local people in every municipality. I think one of the main issues is the question of* ***how we'll be able to take care of our patients and clients when the counties are short of money?****" [WSC board member]*

"When you are concentrating something to get more cost efficiency, you will have to move services from smaller places to bigger. Because of that, the services are not as good as they used to be in some places." [CEO]

Two particularly contentious issues have arisen from changes in service delivery: **the relocation of service sites to larger centres** and **the perceived deterioration in the quality of services provided**. The first issue has the potential to disrupt established lifestyles in many local communities. The second primarily causes irritation and dissatisfaction, which could affect the overall perception of the reform.

During the interviews, respondents highlighted several ongoing changes within the health and social services sector. Facilities are undergoing reorganisation, with some being relocated or closed altogether. Notably, adjustments are being made to doctors' working hours and the overall number of doctors is being reduced. Similarly, nursing homes and social care centres are closing, with a reduction in available patient slots. These **changes have resulted in longer waiting times for specialists and increased travel distances for services**. Respondents pointed out, for example, cases where in Lapland the distance to the nearest hospital can be as much as 300 kilometres, while in cities in the south of the country most residents live within at most a few dozen minutes' drive from the nearest facility. Consequently, in less populated areas, many individuals, particularly the elderly who cannot easily travel and require care, are experiencing a substantial reduction in service accessibility. A specific challenge has emerged for young people with psychological needs; the closure of local services means they often depend on family members to access specialist care.

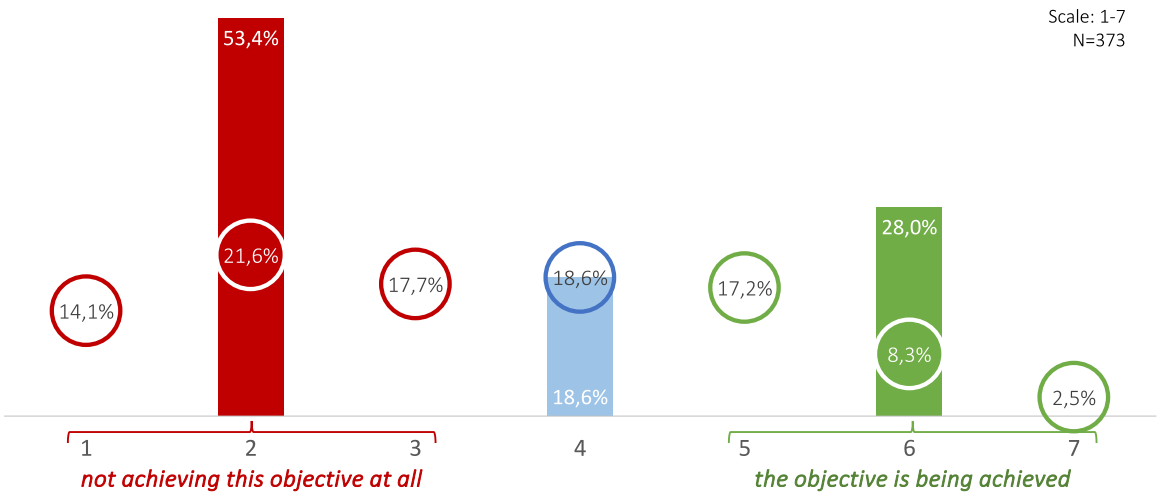
"I live in a small town, and we've recently lost our doctors from the local health centre. The opening hours are also more limited. People are stressed about it and worried about the future of the town." [Youth council]

"The services in our town were absolutely brilliant before we moved to a public area. Now, it's a little tricky that this situation has changed. So, there have been big changes in the availability of services for the elderly and that means the challenges are plenty for us to handle at the moment." [Council of Elderly]

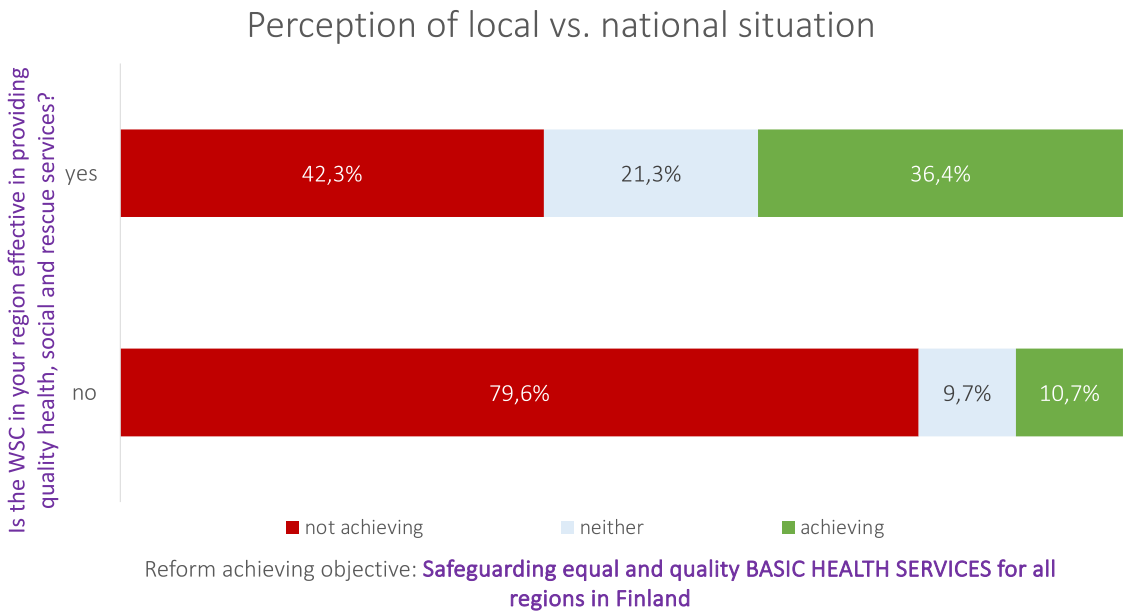
The problem of service reduction is starkly evident in the survey responses from councillors. More than half believe that the reform fails to ensure equal access to quality primary care services for all citizens.

OBJECTIVES of the SOTE reform. *Please indicate whether this objective is being achieved in your region?*

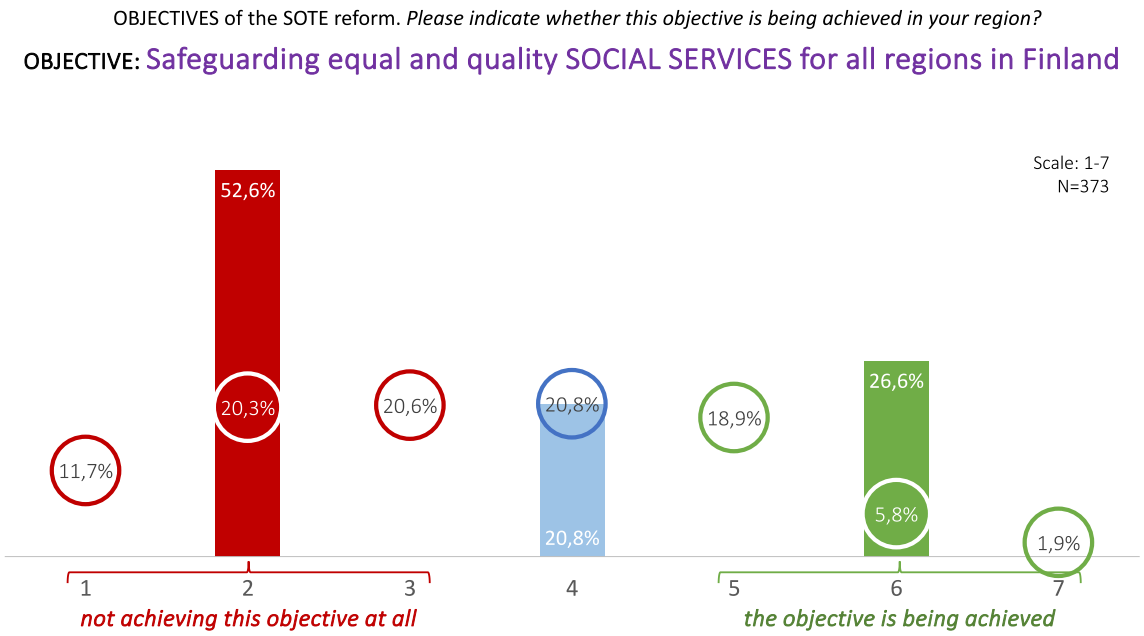
OBJECTIVE: Safeguarding equal and quality BASIC HEALTH SERVICES for all regions in Finland



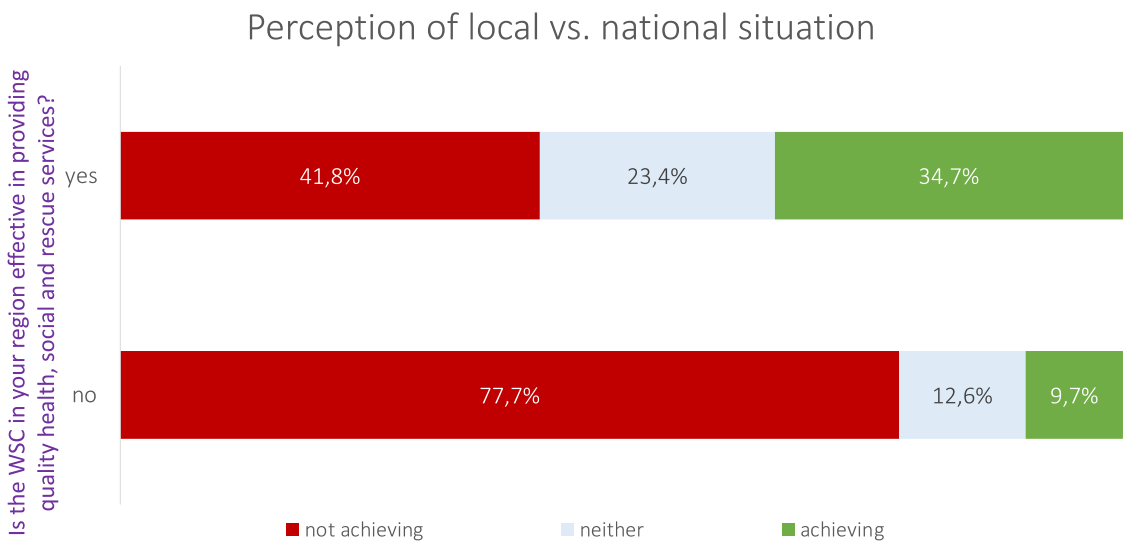
Interestingly, while the majority of councillors affirm their belief in the effective measures taken by their WSC, more than half also recognise that the reform has not improved the availability of basic health services in Finland. However, data analysis reveals a correlation possibly shaped by local experiences: respondents who rated the effects of their WSC more favourably were also more likely to believe that the reform's objectives related to basic health services were being achieved. The chart below clearly shows that local experiences seem to have a more significant impact on councillors' beliefs about the effects of the reform than the generalised opinions circulating in public discourse.



Simultaneously, the survey results show that at the basic level - closest to citizens and thus most visible to them - the issues extend beyond medical services. Councillors' evaluations of the reform's impact on improving the accessibility of social services in Finland are also overwhelmingly negative.



Positive evaluations of local conditions often led to an optimistic outlook on the broader impact of the reform on the social services sector as well. Councillors who viewed their WSC's delivery of public services favourably tended to have similarly positive opinions regarding the reform's influence on social services.



Reform achieving objective: **Safeguarding equal and quality SOCIAL SERVICES for all regions in Finland**

It is important to understand that **the reduction in services is not only a result of WSC actions**. Previously mentioned staffing issues, combined with the overall state of the labour market, have compelled WSC administrations to implement unexpected measures. While these decisions are not purely economically driven, they contribute to a wider pattern of transformations within the public sector. These developments represent a continuation of trends that predate the reform and have escalated recently. Many respondents have highlighted that practical constraints often prevent them from delivering services. This problem becomes especially severe when budget limitations restrict the use of resources from the private sector.

> *"One of the issues is **the shortage of services**, which is related to **the shortage of staff**, of nurses and doctors. They don't know how much this has to do with the reform, or if it has something to do with other reasons or backgrounds. But that's what they keep saying, that there are more shortages on the services now. I don't think that's really connected to the reform, though. The problem would be the same even without the reform." [WSC board member]*

The concentration of health services in larger urban centres appears to have a sound economic rationale. A larger number of patients can be served by fewer staff, the working time of professionals whose services are in high demand is better utilised, the costs of maintaining a dispersed infrastructure are reduced, and finally, there is the possibility of combining access to various treatments and health services in one place. However, from many patients' perspectives, these changes introduce several challenges, including **considerable complexities that are difficult to navigate**. Additionally, there is a need to adjust to the loss of previous benefits and the convenience of life that were previously available.

> *"I'm afraid that these services will be concentrated in the future. In a small village, all the medical services and residential services will be moved. (…) They're really concerned about how, especially those with young children, will be able to get to the doctor? In a taxi? It'll still cost €50. So where will the money come from? How are they going to make it work? So, it's like - if you don't need treatment, don't go. Wait and see. The situation is only going to get worse. This is the downside of it." [Council of Elderly]*

The **introduction of new working practices significantly contributes to the ongoing confusion** accompanying reform efforts. Recognising the influence of entrenched human habits in this scenario is crucial. Some individuals struggle to adapt to the new environment, often viewing the changes mainly as barriers to obtaining assistance. The real challenge, however, arises from the passivity of individuals in addressing issues, their clinging to outdated operational patterns, and adjusting to a reduced role of public agencies in community welfare. Clearly, poor communication about the ongoing changes also plays a role in exacerbating these issues.

> *"Just because the whole system has moved to a regional base from a municipality base* ***doesn't mean that people's minds have moved there****. So, we move and share services, but we don't share as much information as we should." [Youth council]*
>
> *"I know someone who's been diagnosed with diabetes. Before the reforms came in, she could go to the nurse for annual check-ups. Now there's been none of that. She hasn't been to the nurse for a check-up. Have you called them to find out why? Because the elderly people are used to everything coming to them, and they don't want to do anything. I said, "Well, everything's changed. Maybe you should call them and ask if you can go there." But she's used to someone calling her." [Councillor]*

One of the side effects of recent changes is **the rising cost for citizens to access services**. The above quote illustrates a particular issue: the expense of traveling to relocated facilities, which can be substantial due to increased distances. Another repercussion is the necessity to turn to services outside the public system. Those with access to occupational health services generally face fewer difficulties. However, the absence of readily available support from public sector organisations when needed compels some individuals to seek alternatives in the private sector. This predicament often results in increased frustration and concerns over the true accessibility of public services.

> *"Take women's healthcare, for instance. There's a real need for gynaecologists, but the queue to see the doctor is so long that* ***a lot of people turn towards the private sector****. And of course, there's a big exchange of money to get the help they need in time." [NGO representative]*
>
> *"All these* ***mental health services****. Young people don't necessarily dare to tell their parents about these things. They just want to go to professional help. And they don't necessarily give their parents so much information. They just want to take care of things themselves. So, how do you go there, 100 kilometres away, to the services, alone? Some people think that it's easier just to be alone with these things, and then things really get worse." [Youth council]*
>
> *"****You have to rely on your close ones****, and on a person who has a car, to get these services. This is the big problem. The distances are so massive." [Council of Elderly]*

In this context, **the situation for rescue services seems less problematic**. When queried about the risk of health sector demands overshadowing WSC resources, none of the participants perceived a high risk for rescue operations. This is largely attributed to the relatively small portion of the budget allocated to this type of services (about 2.5% in some areas), making them less vulnerable to broader economic cuts. However, the primary concern lies elsewhere. The integration of rescue services within the WSC's institutional framework, which also encompasses medical and social services, poses significant challenges. It was emphasised that **rescue operations and civil security are managed by a different ministry than health and social services, leading to coordination problems**. Some respondents observed that rescue services align more closely with military and police functions than with health care and social affairs. Efforts to enhance coordination among rescue services and their interaction with other public sectors have been ongoing. It was concluded that the inclusion of rescue services in the SOTE reform was driven more by political considerations than by practical necessity.

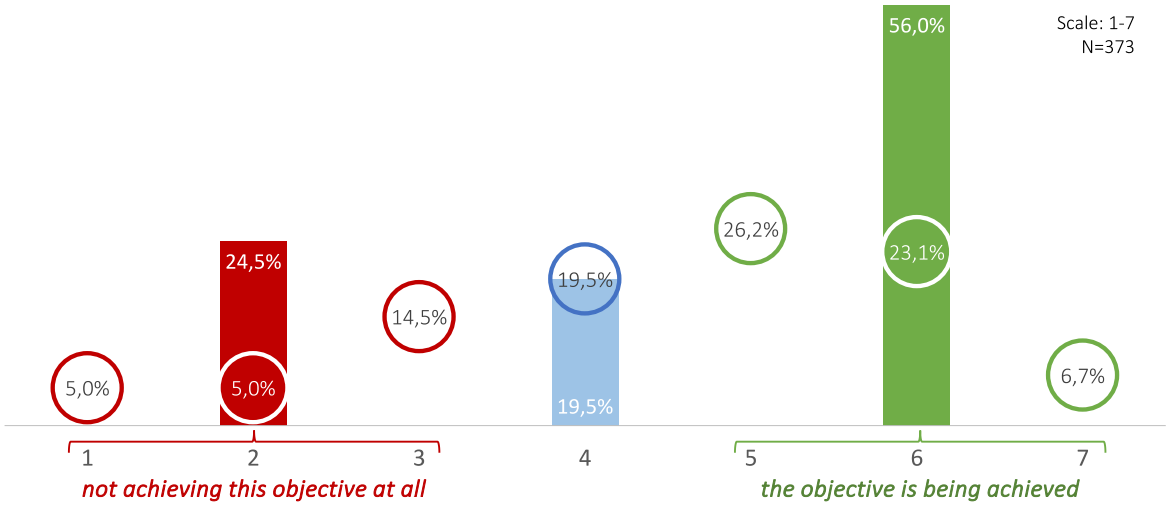
> *"If we look at the services, they are already extremely efficient. Because the integration was done already in 2005. So, it was 15 years of work. And regarding the financial picture with the 24 billion budget 400*

million is for the rescue operations. So, this is not an economic question. This is more of a desire question." [member of the WSC Board]

The survey responses from the councillors clearly reflect the consensus among participants in the qualitative research. Most councillors believe that, in its current form, the reform effectively ensures equal access to rescue services for citizens across all regions of the country.

OBJECTIVES of the SOTE reform. *Please indicate whether this objective is being achieved in your region?*

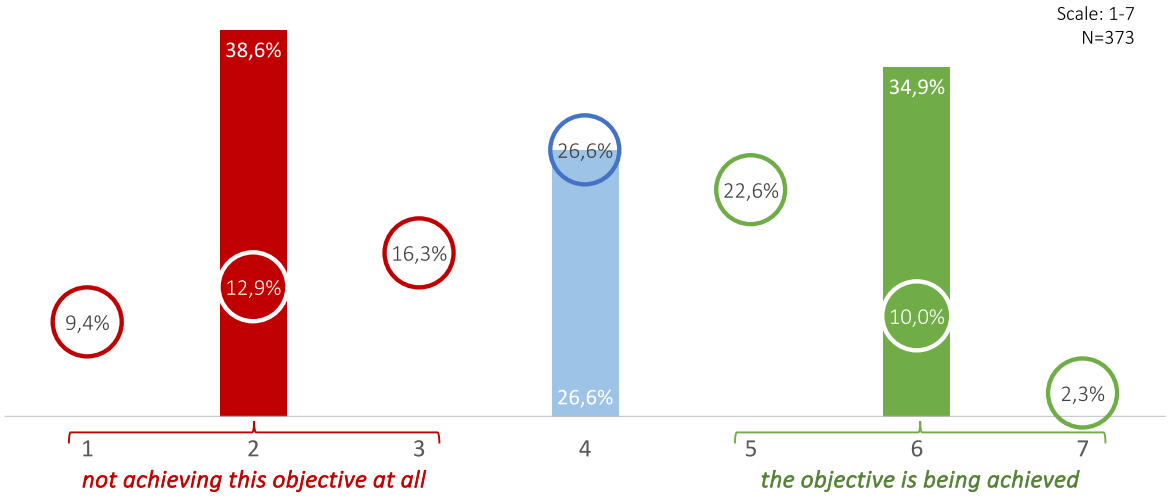
OBJECTIVE: Safeguarding equal and quality RESCUE SERVICES for all regions in Finland



However, responses to the next question highlighted existing issues with the reform's implementation, which were also discussed in the interviews. As noted, the need to cut costs have impacted emergency services as well, though to a lesser extent. Councillors monitoring these changes expressed concerns about the potential future problems that such cost-cutting could cause in the public safety sector.

OBJECTIVES of the SOTE reform. *Please indicate whether this objective is being achieved in your region?*

OBJECTIVE: Improving security of citizens



It became apparent from the interviews that representatives of WSCs management are aware of the challenging circumstances. At the same time, they emphasise that they have taken steps to ensure their actions are motivated not only by economic factors but also by a genuine concern for the wellbeing of citizens and the availability of resources to WSCs. Many highlighted that **the solutions in place before the reform, while beneficial for certain citizen groups, were often not the most rational**, either financially or organisationally. To illustrate, they provided examples of facilities that were underutilized or designed to accommodate occupancy rates far exceeding what local needs could justify. Simultaneously, they addressed the concerns by explaining their approach to adjusting services, emphasising a strategic and thoughtful process instead of mass, haphazard, or unstructured cuts.

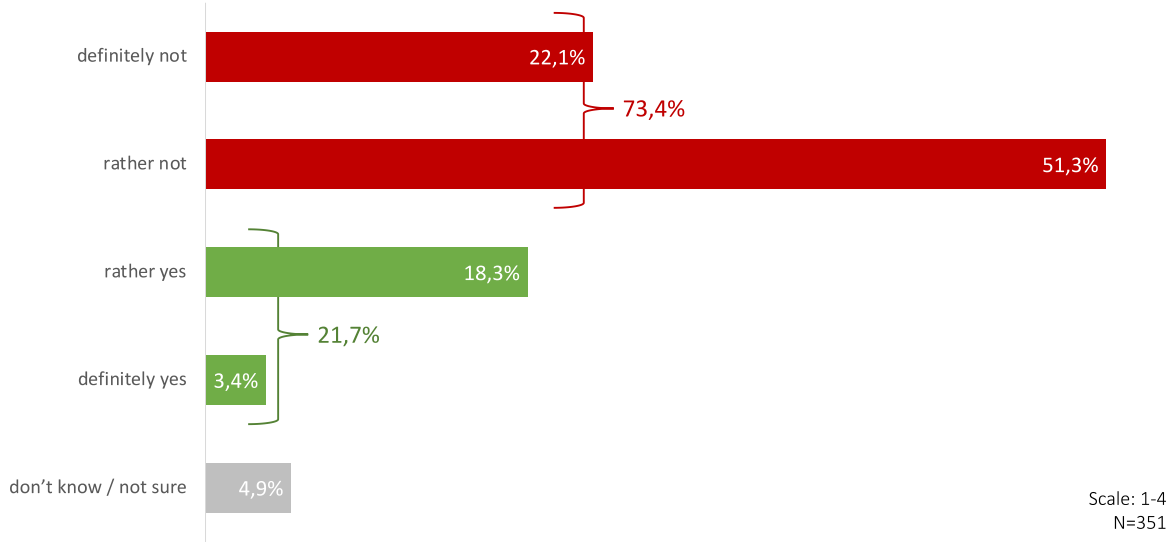
They argued that contrary to popular belief, achieving savings in the sector through minor adjustments is challenging. The majority of costs arise from maintaining an extensive network of both small and large hospitals. Therefore, it is worth considering that actions taken in some WSCs to reduce basic-level services may not always yield the intended benefits.

> *"If I close the basic healthcare, for example, I can save about 20,000 euros a year.* ***That's not a lot of money, but it makes people to be aggressive****, really concerned about who is taking care of them. They end up going to the special care. It would be a stupid move for me to close the cheap basic care, but to expand the really expensive special healthcare. That's my strategy. That's how I make the savings." [CEO]*
>
> *"[In other areas] they are closing small health centres. Health centres don't cost anything. Because there might be a village and two doctors live there, and they have this health centre. And when they close it these two doctors go to private sector. So, they lose the whole thing." [CEO]*
>
> *"****There are services that you need often and services that you need quite seldom****. For instance, if you need to meet a physician or a nurse or social worker, that should happen near home when that need is quite often. But if you need an operation for cancer or change your hips or whatever, that's not so. And you will you need to go away from home. So, if the distance is a little bigger, that's not such a big issue." [Councillor]*

On the other hand, the perspective of WSCs' managers **is that it is impossible to maintain all the services available to date**. In light of the current economic situation, changes are necessary. Where there is no sufficient economic justification for the provision of specific services (which is, among other things, a consequence of certain population indicators, the availability of professionals or the density of the settlement network), services will be reduced or reorganised. In this way of looking at the reform, society should prepare itself for further changes, which are simply unavoidable.

The councillors surveyed were reluctant to acknowledge that a future reduction in the range of specialist medical services might be necessary in their region. These findings are particularly significant considering the cost constraints, which respondents repeatedly highlighted during the interviews as a core element of the current situation. Thus, it is essential to explore **whether the high cost of specialist services is diverting resources from other sectors**, thereby limiting the growth potential of many WSCs.

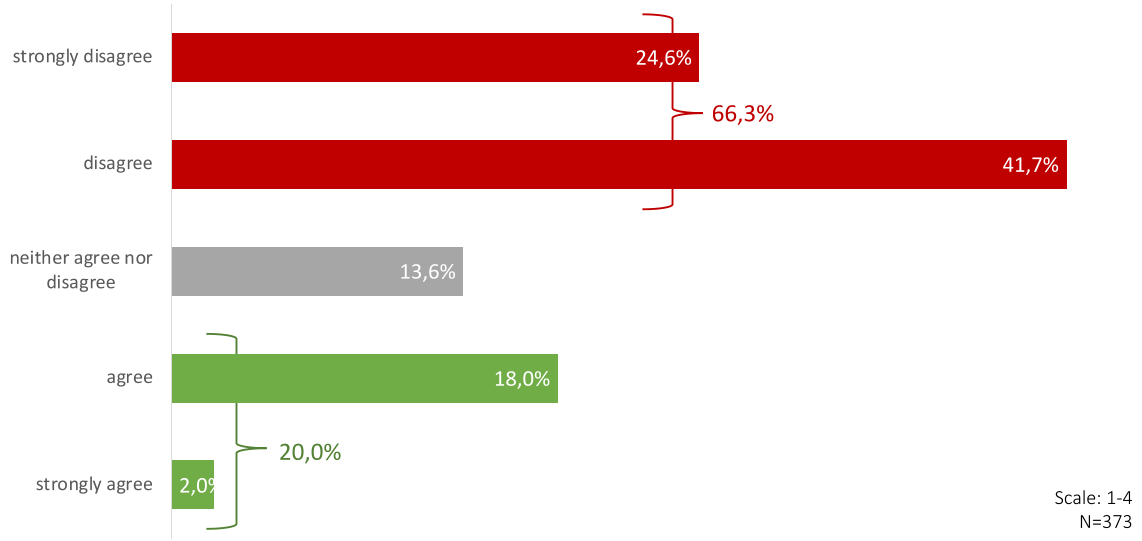
In your opinion, will it be necessary in the future to REDUCE the provision of SPESIALISED SERVICES in the HEALTH SECTOR in your region?



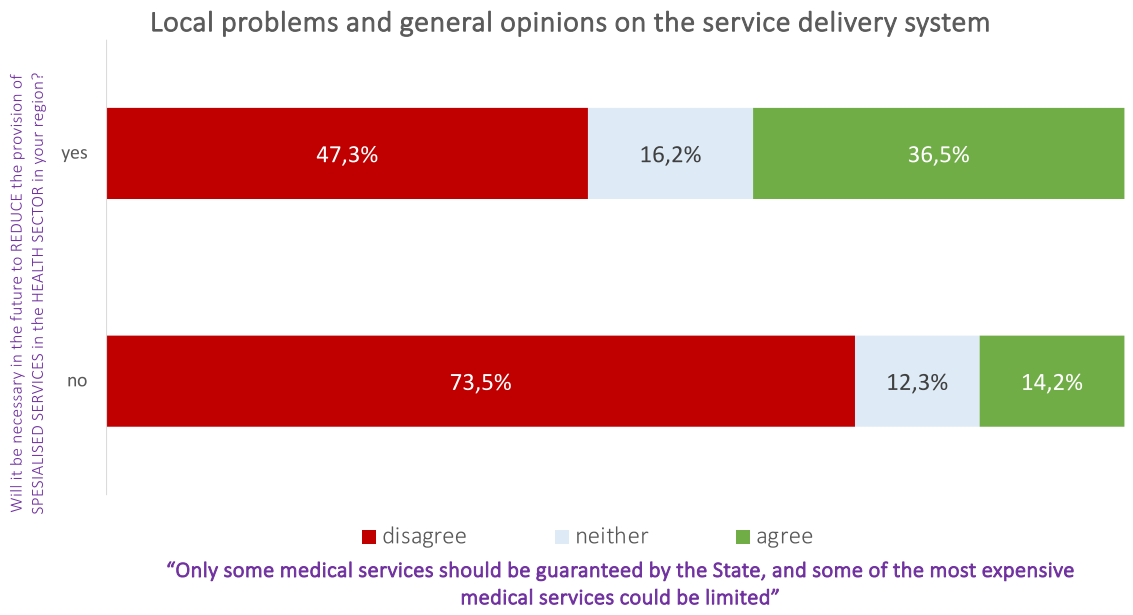
Simultaneously, councillors showed quite a strong support towards maintaining the current system for financing health services. Only one-fifth are open to the idea that the state should only oversee a limited range of health services. It should be noted, however, that this issue clearly has political significance. Therefore, it is possible that the responses of at least some councillors were motivated not so much by a genuine assessment of the current situation, but by the need to provide a politically correct answer.

Please specify whether you agree or disagree with the following opinion:

"Only some medical services should be guaranteed by the State, and some of the most expensive medical services could be limited"

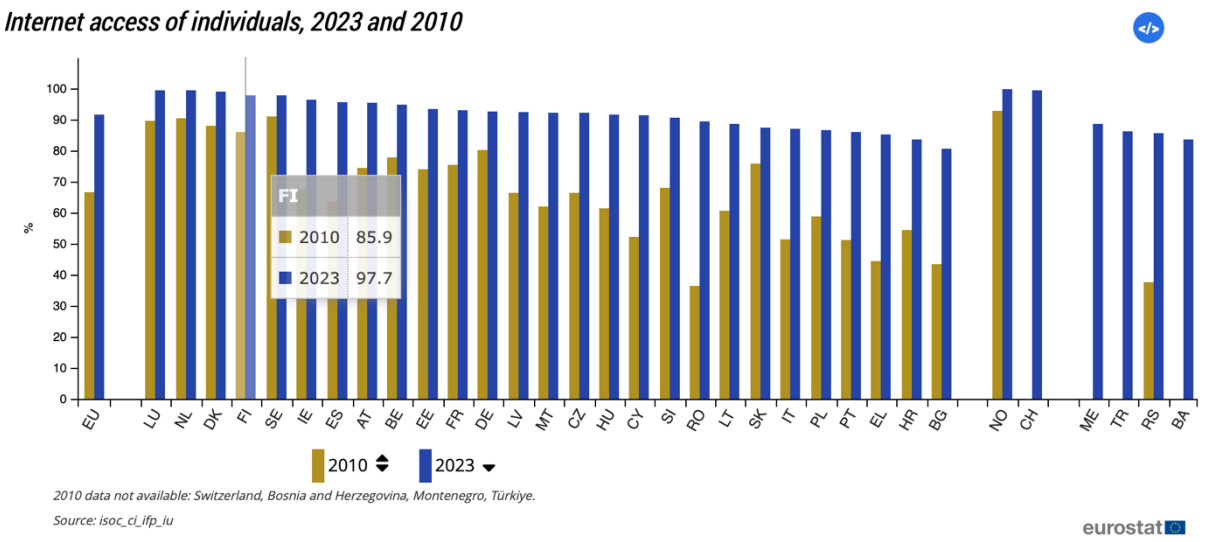


In the light of the above, it is worthy to understand that local experiences significantly shape views on the overall performance of the health system. Councillors convinced of a regional need to curtail the provision of costly specialist services tended to support the survey's viewpoint that the state's role in delivering such services should be restricted.



It was repeatedly emphasised that any changes to the scope and structure of the services provided must be accompanied by the introduction of new forms of service. In the interviews, the term 'digitalisation' was used in a variety of ways, with some expressing hope and optimism, while others expressed reservations and anxiety. Nevertheless, all interviewees demonstrated an awareness that the digitalisation of service provision is a matter of the near future. In this context, there was a great deal of discussion about the potential scope of activities that could be transferred to the virtual sphere. Furthermore, there was considerable debate about the extent to which such a change would bring benefits and to what extent it would create problems that are not yet apparent today. It was observed that younger generations are likely to adapt more readily to new forms of relationships with professionals (however, concerns were raised that this could potentially exacerbate mental health issues among younger individuals), conversely, elders may find these forms inaccessible. It is worth noting that, like other Scandinavian countries, Finland has one of the highest rates of internet usage in Europe. This is supported by various sources, including Eurostat, which regularly publishes data on internet usage across EU countries. According to their reports, Finland consistently ranks among the top countries for internet penetration and usage[32]. The Finnish Communications Regulatory Authority also highlights the widespread availability and usage of high-speed internet across the country, contributing to this high percentage of internet users. This suggests that, if the IT revolution is to be a success in Europe, Finland will be in an advantageous position to achieve this.

[32] https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Digital_economy_and_society_statistics_-_households_and_individuals



It was consistently emphasised that any changes to the scope and structure of the services provided must include the introduction of new service forms. During the interviews, the term 'digitalisation' evoked mixed reactions—some respondents expressed hope and optimism, while others shared reservations and anxiety. Nonetheless, all interviewees acknowledged that the digitalisation of service provision is imminent. There was substantial discussion about how many activities could be transitioned to the virtual sphere. Moreover, considerable debate focused on the potential benefits and the unforeseen problems such a shift might generate.

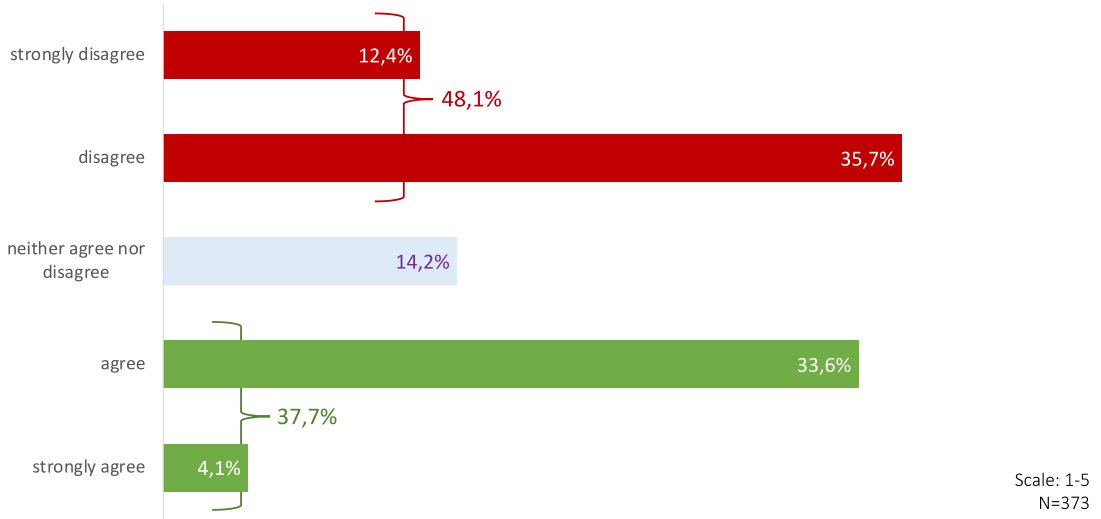
Observations were made that younger generations might more easily adapt to new forms of interaction with professionals, although there is concern about possible mental health impacts among this group. In contrast, older individuals might find these digital approaches less accessible.

> *„**This digitalisation is a problem**. And there is a huge fear that the services will disappear, and then these elderly people won't be able to find the services.' [Councillor]*
>
> *"We have technological, based on AI, kind of solutions. They have tablets that they put some daily measurements or the daily functions, and then we can kind of monitor." [CEO]*
>
> *"I believe that the new generation, they use laptops and so we have so-called digital clinics, also digital social and health care services." [WSC board member]*
>
> *„**The knowledge of using IT among the elderly is not high**. So, this creates problems." [CEO]*
>
> *„They wish they have a doctor every day there. But we don't actually need a doctor every day there. The operations have been changed already, and other professionals can take care of a lot of these things. And sometimes a doctor can be just over the phone or over the net.' [CEO]*

The survey results indicate considerable resistance from councillors towards the prospect of the changes discussed. The majority of participants expressed their negative view towards a future vision where services are primarily delivered remotely, and physical contact with a specialist requires travelling greater distances. However, it is worth noting that opinions on this matter are divided and not unequivocally negative – responses from just over one-third of those surveyed indicate that they accept such an outlined vision of the future.

Please specify whether you agree or disagree with the following opinion:

"In the future, services will primarily be provided digitally, and people may have to travel longer distances to visit a health care centre"

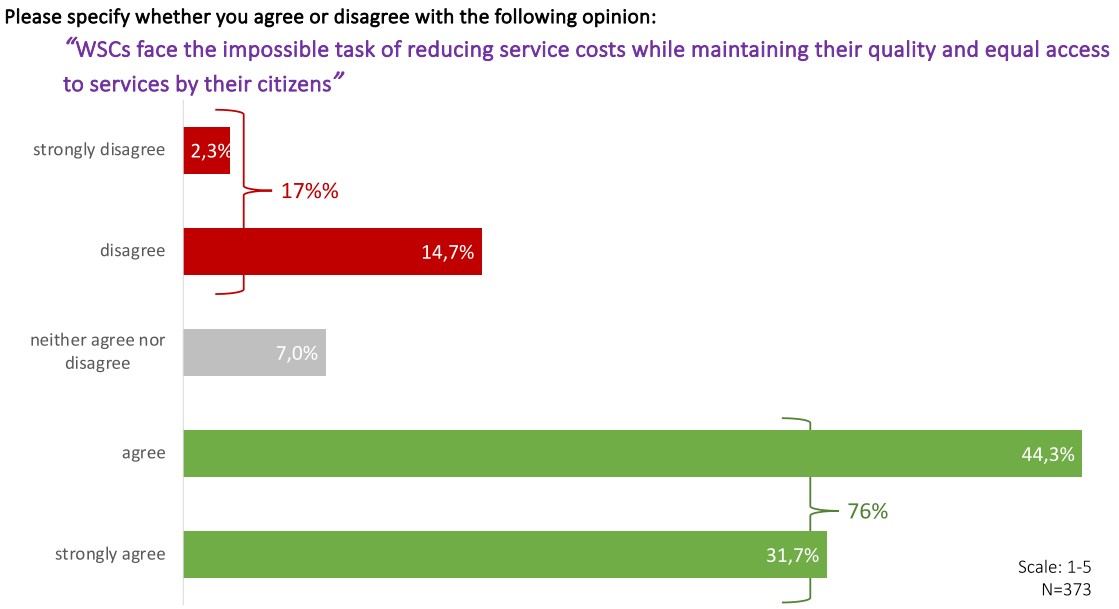


In conclusion, it is worth noting that the survey revealed a spectrum of opinions regarding the changes being implemented in the field of health and social service delivery. The prevailing sentiment appears to be one of pessimism and disappointment, yet in many instances, this is accompanied by an acknowledgment of the rationale behind the reforms. Nevertheless, participants of the interviews, especially those who observe the activities of the WSCs from the outside, have expressed some difficulty in accepting the effects of the reform. One of its main goals was to ensure that everyone in Finland had equal access to public services. The reform was supposed to eliminate regional differences and ensure that every citizen could receive the required benefits, as stated in the political declarations. Many respondents feel that this goal has not yet been achieved. In some places, the differences have even widened, and people are left with the impression that if they want to take care of themselves, they have to do it on their own. In every interview, people said that access to services was getting worse, and that the only thing that had been achieved was that **these problems had become equally shared by all**.

> *"One outcome of this reform is that **services are equally less available**." [Council of Elderly]*
>
> *„Where there was a good service, it was reduced. So, **everyone gets the same bad service**. I agree that the reform needs to be renewed. But in my opinion, somehow the money goes to the wrong places." [NGO representative]*

Many respondents have indicated that the objectives set for the newly established WSCs seem nearly like "mission impossible". On one hand, public expectations have been significantly raised, fuelled by electoral rhetoric and political promises, leading to widespread dissatisfaction as people face restrictions in public service delivery, including deteriorating access to doctors and social services. On the other hand, the government is urging WSCs to implement measures to improve the overall economic situation. However, it is worth asking: Are these two perspectives not only divergent but in such a fundamental way that they are irreconcilable? While not explicitly stated, respondents seem to be urging decision-makers to recognise the predicament they are in and to choose a direction. They argue that the goals set for the reform cannot be met under the current conditions and that decisive action is needed to rectify the situation. Simply waiting until 2026 will not suffice—social unrest, dissatisfaction, and demands for change are likely to worsen if fundamental issues remain unaddressed.

This view is echoed by councillors who, in response to survey questions, confirmed that the tasks set for the WSCs appear to be unachievable.



Cooperation with stakeholders

The reform introduced significant changes to the delivery of public services, particularly by shifting a large portion of responsibilities from the municipal to the regional level. Consequently, municipalities no longer manage health, social, and rescue services, with these duties now falling under the jurisdiction of the WSCs. An important question arises in analysing this shift: How has it impacted municipal activities, and how have relationships between the new regional administrative structures and municipal authorities evolved? The research suggests that the change has caused fewer problems than might have been expected.

Firstly, the perception of the reform by the representatives of the municipalities is ambiguous. On one hand, **the transfer of healthcare responsibilities to newly established organisational structures was met with some relief**. While one might expect resistance from municipal administrations due to the shift in competences, in many cases, objections were minimal (though there were exceptions). This acceptance was partly because the problems associated with delivering health services were also transferred. The research indicates that although there was a notable decrease in municipal budgets due to the reform, this **reduction primarily affected funds that were already insufficient and challenging to manage**. On the other hand, shifting services to WSCs did not necessarily alleviate the pressure on local authorities caused by public dissatisfaction with the reduced local services.

> *"Some municipalities are still looking in the rear-view mirror, hoping that we'll be back in the 80s. They're not discussing the lack of competence or lack of people. They're kind of looking back and trying to adjust to the fact that these operations are changing and developing." [CEO]*

In certain cases, the transfer of powers to WSCs was perceived as a loss of authority. The issue became contentious when local politicians began to leverage this fact in their pursuit of electoral votes. However, representatives from county administrations stressed that such cases were largely isolated.

They assured that this phenomenon never escalated to a level that could disrupt relationships with municipalities.

> *"Because* **the local politicians and mayors also lost a lot of power** *and their budgets. So, it's tough for those who used to have a lot of power and big budgets and now it's cut in half." [WSC board member]*

> *"Well, they have lost the power in health and social services and in rescue services. But they still have a self-governing organisation, and they still have big services. (…) And the employment and economic development services will be transferred to municipalities from the state. So, they are getting new big tasks now. [NGO representative]*

Secondly, it is evident that both **the municipalities and the WSCs administration are keen to maintain a positive relationship**. **However, certain contentious issues complicate this effort.** These include, for instance, the rent WSCs must pay to use premises in municipal buildings, and the expectation from municipalities that WSCs should invest in previously neglected infrastructure. Another significant area of debate, as previously noted, concerns the reduction of services in small towns and peripheral areas. There is also considerable emotion surrounding the differences in salaries between municipal and district administrations (following the reform, salaries in the latter were standardised, resulting in salary increases).

> *"The only kind of* **hard discussions we have are about money**. *For example, one of the discussions we have is that the municipalities own the buildings we're using for our operations, and the price of the rent is getting higher and higher. It's really painful." [CEO]*

> *"The municipalities and the well-being services counties* **have to negotiate and plan things together**. *But a big part of the cooperation should be done in a way that suits the region best. And sometimes they are not doing it." [NGO representative]*

> *"There is a cooperation structure between the municipalities and WSC. For instance, the mayors and the WSC leaders get together once a month. One of the topics on everyone's mind right now is resilience and preparedness. And we need to work together on this. We also have regular meetings with the municipalities to discuss health and social issues." [Councillor]*

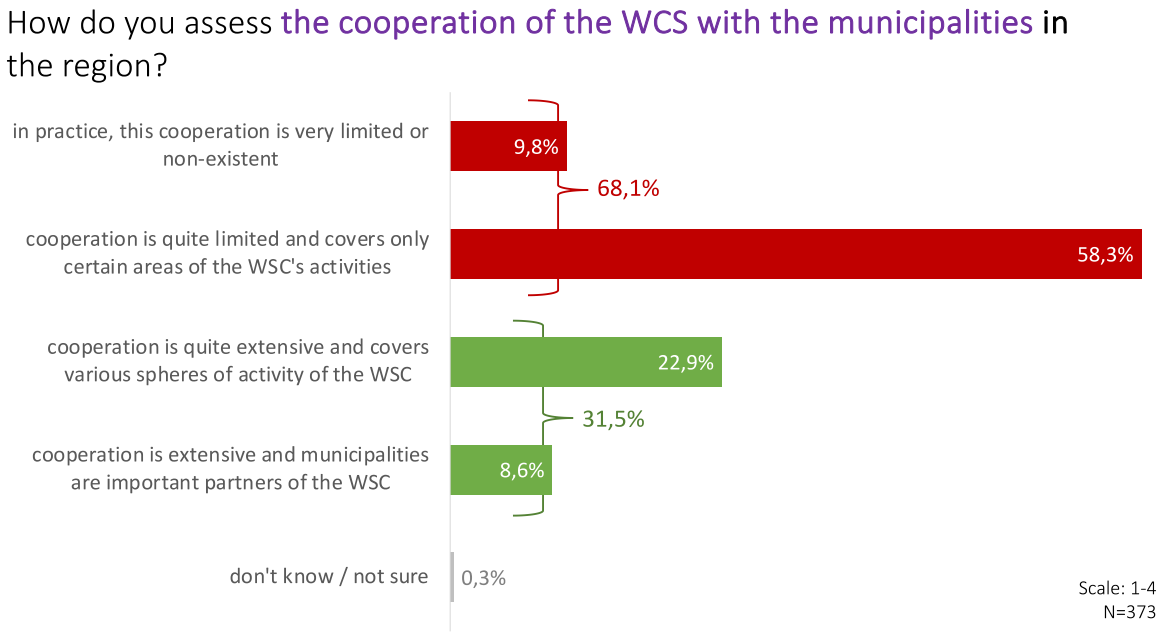
Some respondents noted that collaboration is often enhanced because, in a sense, **both parties are, to a certain extent, represented by the same individuals**. The issue of combining mandates is explored in greater detail elsewhere in the report. However, it is important to mention here that although this practice may lead to conflicts of interest, understanding the factors that influence various perspectives on WSCs' activities can aid in strategic planning.

> *"If municipalities work together with WSC, they can make a difference. And it's important to remember that* **they have the same decision-makers**. *Some of them are the same. This is something we need to keep in mind in our democratic system." [NGO representative]*

> *"Link? Here,* **80% of the decision-makers are the same**. *So, it's pretty straightforward: there are two boards and then there are things that can't be mixed. If there's a conflict of interest, some people must accept that they can't attend the meeting. But* **sometimes the municipalities think they're our principals**, *as if we have two supervisors. Then the municipality tells me that they want more people to work in the schools. So, they want to take the steering wheel. Sometimes this can lead to a conflict of interest. We do our best to avoid these situations." [CEO]*

The survey results among councillors yielded somewhat unexpected findings when compared to the conducted interviews. It appears that many councillors view cooperation with municipalities within their WSC territory as either limited or nonexistent. These findings raise concerns as the level of cooperation with municipal authorities could significantly influence the attainment of the reform's regional objectives. If public authorities within the same area fail to cooperate or only do so minimally, the

potential for achieving synergistic benefits becomes restricted. While drawing conclusive insights from a single survey question is challenging, this matter warrants further scrutiny and attention.

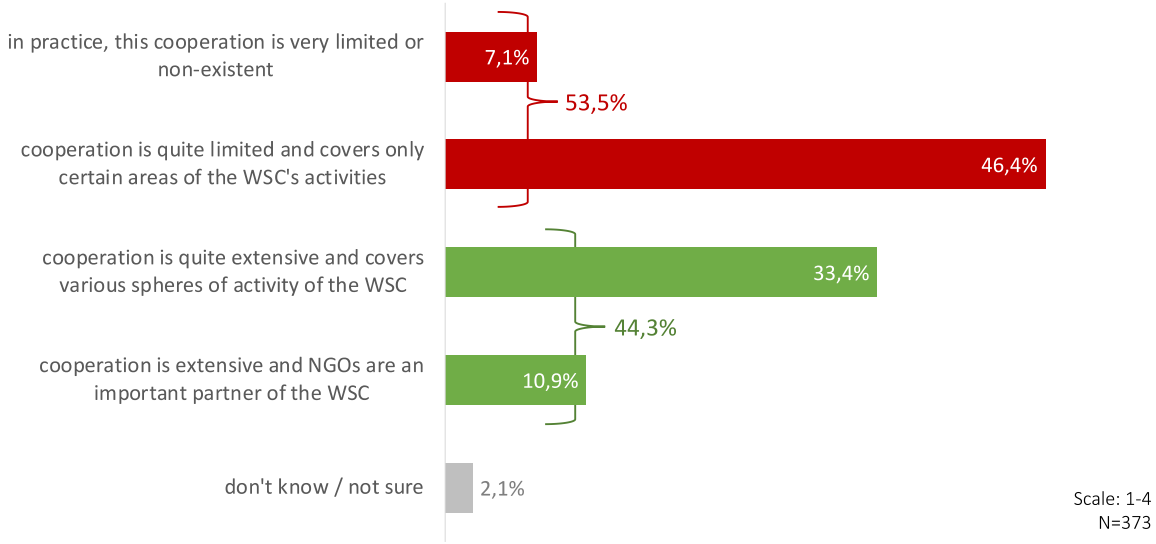


Collaboration between WSCs and NGOs in service delivery merits distinct consideration. Some services that were previously managed by NGOs in partnership with local municipalities have now transitioned to the jurisdiction of WSCs. Although the broader coordination within the WSC framework offers potential benefits, **there is a notable shift towards reducing costs and restructuring service delivery**, which has reduced the range of services previously available through municipal collaborations. The primary challenge is to develop effective cooperation models amidst ongoing organisational changes and a lack of established practices. Stakeholders emphasised **the importance of ensuring that financial constraints do not overshadow the benefits of leveraging community resources to tackle local issues**.

> *"It varies a lot between the different counties because the history is also different. Some counties, already before the reform, had cooperation between the municipalities and the NGOs. There were already structures. And some, because they are new counties, they don't have the history of this kind of cooperation, it's still being formed" [NGO representative]*
>
> *"The WSC provides a lot of support, and that has a big impact on what the third sector does." [municipal representative]*
>
> *"We have now thought a lot about what we can do so that we really have an impact. There is a very good cooperation with associations on the county level, like a larger level. It's very, very good. But there is a fear that they're putting a lot of work on the NGOs. On the other hand, they're not giving money." [NGO representative]*

The survey results shed some light on the extent of collaboration between WSCs and non-governmental organisations, and unfortunately, the picture is not overly optimistic. Councillors were specifically asked to rate the intensity of this collaboration in their region, and it appears that experiences vary widely. Over half of the respondents indicated that cooperation with NGOs is limited, while just over 40% acknowledged that the involvement of NGOs in carrying out tasks through WSCs might be considered as significant.

How do you assess the extent to which the WCS cooperates with NGOs active in the region?



One unresolved issue is the question of **the activities of the regional councils** (*maakuntien liitot*). Respondents were unable to identify why these structures were left out of the reform and what is their proper role in cooperation with WSCs. However, direct links between the regional councils and the municipalities were identified, which was seen as a benefit that the current reform, as it stands, cannot deliver.

> *„Those are not directly elected, they are appointed. But if the task was delegated in the regional development council level, that would mean automatically that cooperation among municipalities would have to increase so that they come to an agreement on the distribution of services." [municipal representative]*

5) The democratic impact – autonomy, subsidiarity, and public influence

One of the key assumptions underlying the SOTE reform was the implicit establishment of a regional governance level. However, the newly formed WSCs, initially envisioned as regional authorities with decision-making powers vested in an elected council and a board responsible for service delivery strategies, deviated from this plan in practice, as it was revealed by the interviews.

Organisational and fiscal autonomy

Throughout the research, the autonomy of newly formed institutional entities regarding financial and operational affairs was a recurring topic. In principle, Well-being Service Counties, functioning as regional local governments, should possess the autonomy to tailor public service delivery to local needs. This should be done in accordance with the prevailing legislation, which should not unduly impede their operational flexibility. WSCs should also be provided with the financial resources necessary to implement their activities. This is clearly stated in Article 3 of the European Charter of Local Self-Government[33], indicating, inter alia, that:

> **Local self-government denotes the right and the ability of local authorities, within the limits of the law, to regulate and manage a substantial share of public affairs under their own responsibility and in the interests of the local population.**

Furthermore, the principle of subsidiarity, as outlined in Article 4.4 of the Charter, is also pertinent to this context:

> **Powers given to local authorities shall normally be full and exclusive. They may not be undermined or limited by another, central or regional, authority except as provided for by the law.**

At this point, it should be noted that the status of the Charter within Finland's internal legal order remains unclear, despite its formal ratification in 1991. This issue was highlighted in the monitoring report prepared in 2017 by the Congress of Local and Regional Authorities of the Council of Europe[34]. While it is worth emphasising, as the cited monitoring report does, that Finland enjoys "*the overall positive situation of local and regional democracy*", it should also be noted that the Congress report was developed before the implementation of the SOTE reform and thus referred only to plans rather than actual changes at the regional (county) level. However, the results of the current study indicate that **there remains some uncertainty regarding the practical extent of the autonomy of regional (county) structures**.

[33] The European Charter for Local Self-Government (https://rm.coe.int/168007a088), adopted by the Council of Europe in 1985, aims to protect and promote local self-governance by establishing principles for democratic, effective, and efficient local administration. It mandates that local authorities should have the autonomy to manage public affairs, access adequate financial resources, and participate in decision-making processes affecting their communities. The Charter also ensures the legal recognition of local self-government and the protection of local authorities' territorial integrity. Finland ratified the European Charter of Local Self-Government in 1991.

[34] https://rm.coe.int/16806fbf0b

Firstly, it is worth noting that in the notification submitted to the Council of Europe on 15 July 2021 by the Minister for Foreign Affairs, Finland confirmed that in relation to the establishment of "autonomous regions larger than municipalities, i.e., the wellbeing service counties" **Finland considers itself not bound by Article 4.2**[35]. This article stipulates that "*local authorities shall, within the limits of the law, have full discretion to exercise their initiative with regard to any matter which is not excluded from their competence nor assigned to any other authority.*" Thus, the submitted notification might be understood as confirming that **WSCs are not local self-government bodies in the full sense of the term**. Consequently, this means they practically do not bear full responsibility for the public services they provide. Secondly, when considering financial aspects, it's important to note that WSC budgets are set at the government level, and **counties lack independent revenue sources**. Additionally, **government-imposed constraints affect how WSC-provided services are managed**. The government has made numerous provisions, including the introduction of mandatory nurse-to-patient ratios and reductions in waiting times for healthcare services. While these regulations have been met with some challenges, including the personnel and financial difficulties currently facing the health sector, the government has been reluctant to roll back these requirements, likely due to the political repercussions.

> *"**Actually, the government is controlling the whole system that heavily, that you could even question whether it's really the local government?**" [municipal representative]*
>
> *"Every year comes more and more laws that say that this is important, and now this is important, and this is important. And so, we don't have any things that we can give up." [CEO]*
>
> *"**We [the municipalities] have a lot more freedom. In fact, we have more freedom now than we used to.** Because before it was like, half the money was for the healthcare system, so you had to do things because of the law. (…) Even though there's still a schooling system and so on, you can have a local solution to do that. The situation is so different between any two municipalities in Finland - because of the population and distances between them." [municipal representative]*

An additional demonstration of **the considerable top-down impact on WSC activities** is evident in the previously mentioned control measures. The level of external control over county activities is highlighted by the separation between setting service standards by one party at the government level and funding provision by another. This effectively means that **most crucial decisions are made external to the WSC framework**. Consequently, county administrations are tasked with difficult decisions concerning budget cuts and optimisation, while their capacity to influence policies remains constrained.

> *"Money and control don't always go hand in hand. Control is about making sure we're meeting the legal requirements. I don't think they work with the finance ministry, which gives us the money. So, **it's a bit of a mess at the moment**. This steering body in the finance ministry doesn't have any power over other bodies that inspect and give us legally enforced requirements to keep up quality. [CEO]*
>
> *"**95% of what we do is actually enforced by the law**. The law says what we should do, what we have to do, things like health services, social services, and the fire department." [CEO]*

The statements made by respondents indicate that **the current model of delivery resembles <u>deconcentrated</u> forms of governance more than <u>decentralised</u> public authority and subsidiary levels of accountability**. The decision-making capacities, especially those at the disposal of representative bodies, are currently very limited. Economics is the primary concern, with most other needs and concerns being overshadowed. Funds are centrally distributed, and service delivery is largely regulated. WSCs authorities are primarily left with decisions about where to cut and how to reduce service delivery. In

[35] https://www.coe.int/en/web/conventions/full-list?module=declarations-by-treaty&numSte=122&codeNature=10&codePays=FIN

this context, many respondents have questioned whether **the objective of such a policy is merely to transfer responsibility for unpopular decisions to the local politicians**.

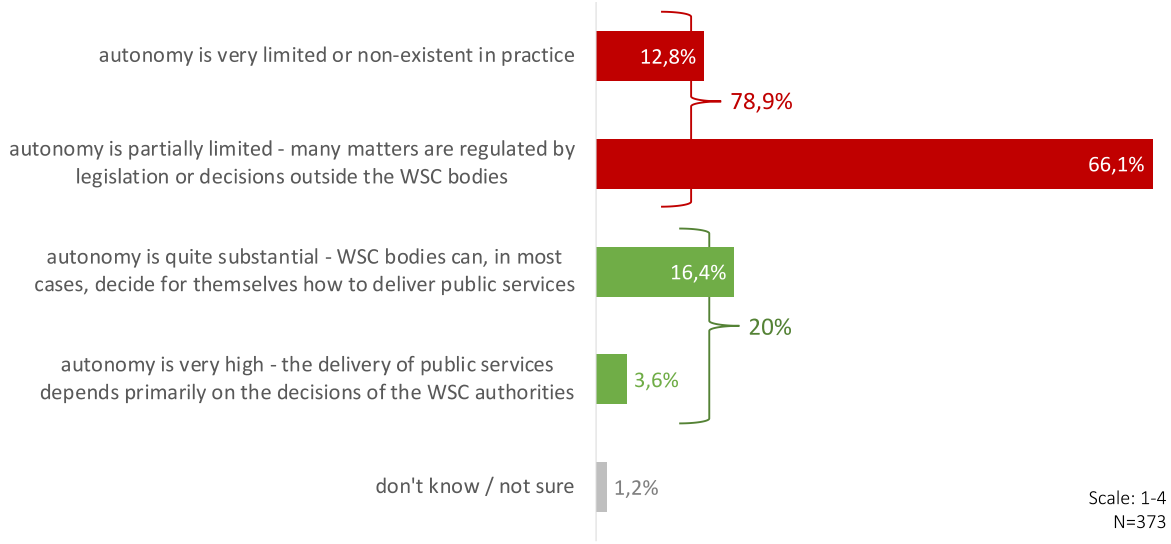
> *„What is the biggest difference? **Municipalities decided before the reform.** And they knew what was needed. **It was decided democratically.** Decision making was also a key feature." [Council of Elderly]*
>
> *"Those regions can organise their services so that the social services which people need very often are nearby. **It's not necessary to centralise everything**." [Councillor]*

There are serious concerns that **the reform will reduce local control and subsidiarity in decision-making**, which is key to tailoring services to the specific needs of different communities, especially in remote and peripheral areas. As previously noted, centralisation aimed at streamlining services results in a delivery approach that is less attuned to the unique needs of local communities. This further erodes the earlier promises regarding the transformative effects the reform was expected to have **in enhancing the well-being of local communities**.

> *„We know the local people better and understand the system here. If you think about the state level, for example, the minister or someone like that, I think they don't know exactly what is needed in different areas. This system we can have here can be much better." [Councillor]*
>
> *"If you compare two municipalities, the situations and the need of the services is totally different." [municipal representative]*

Confirmation of the interview results can be found in the responses provided by councillors to the survey question. The vast majority of them acknowledged that **the autonomy of WSCs in planning and delivering public services is limited or practically non-existent**. It is worth noting that only 20% of respondents believed that WSCs can enjoy independence in carrying out their tasks.

How do you assess the autonomy of the WSC in planning and implementation of public services?



The role and activities of WSC councils

The establishment of WSC councils should be seen as a crucial step in ensuring the democratic nature of the WSCs, with councils taking on a policymaking role and responsibility for determining the manner in which public services are delivered. Councillors, as democratically elected representatives, should

voice the concerns of citizens and guide the locally determined implementation of public tasks. Within this context, several key issues deserve attention. Firstly, it is important to evaluate the level of voter engagement in the creation of these new representative bodies. Essentially, this involves assessing the degree to which voters perceive a democratic element in the context of health and social services reform as important. Secondly, it is essential to gauge the actual extent of power and decision-making autonomy afforded to councillors. Lastly, it is crucial to acknowledge and address the challenges that councillors encounter in navigating their roles within different authority structures.

Democratic mandate

Although the turnout in the first county elections was less than half, only 47.5%, and the voter profile heavily skewed, public and media discussion on a possible democracy deficit was muted. The turnout was considered not ideal, but much better than the pre-election predictions. Reasons for low turnout were found in the COVID situation and the counties not yet being in operation, as well as the technical nature of their field of authority. Some observers also suggested that the voters see parliamentary elections as the "real health and social elections", since the funding is decided in the Parliament and not in counties. There were also some voices criticising the political parties and candidates of muddying the waters in the election campaign by talking about issues far outside the counties' authority.

Another democratic issue passed over with only sporadic mentions is the fact that the city of Helsinki was not included in the elections, as the city council elected in the 2021 municipal elections continued to direct health and social services. Some observers noted that the Helsinki voters had probably not seen the municipal elections as the moment of decision for health and social issues, but this was not seen as a major issue.

After the elections, some experts also noted that as voter turnout decreases, the socio-economic profile and well-being of the actual voter increases. This means that those most affected by health and social services are the ones who, due to electoral apathy, have the least influence in shaping their organization. For example, a study by the European Union's Agency for Fundamental Rights (FRA) highlights this disparity, showing that lower voter turnout tends to correlate with higher socio-economic status among voters, leaving marginalized groups underrepresented[36]. Additionally, research by the International Institute for Democracy and Electoral Assistance (IDEA) supports this observation, indicating that socio-economic factors significantly influence voter turnout and political engagement[37]. In Finland, however, long-term conclusions should not be made based on the first county elections due to the exceptional circumstances cited above.

Scope of impact

The interviews yielded some unexpected results. On one hand, the interviewees easily justified the necessity of county councils' existence. They described these councils as vital democratic mechanisms within the country's political culture, crucial for guiding how the WSCs perform their duties. However, when asked about the actual role and the extent of the councils' influence on county-level decisions, many respondents showed confusion. Typically, after a brief pause, they acknowledged that economic

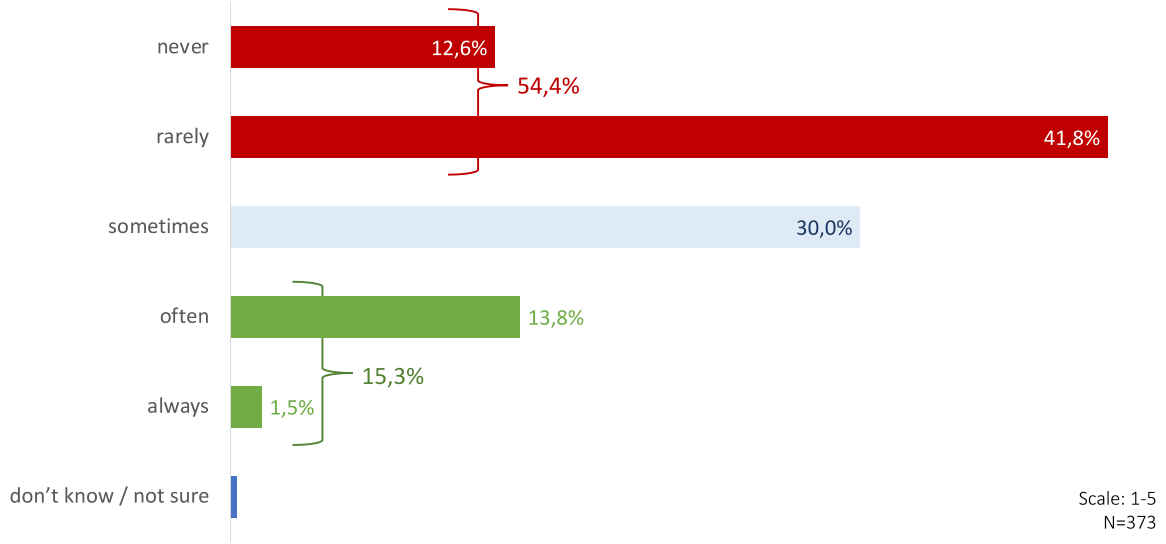
[36] https://fra.europa.eu/en/publication/2021/fundamental-rights-report-2021
[37] https://www.idea.int/data-tools/data/voter-turnout-database

constraints and externally imposed service standards significantly limit the councils' discretionary power. Although councils can decide on the locations and scope for service provision, their authority over how these services are actually delivered remains restricted. Economic limitations further constrain their capacity to expand or substantially improve services beyond basic delivery levels.

> *"I think **we do make decisions within the existing framework**. For example, we decide how the money is allocated between the services, which services are unpaid, and how the special care services are organised - who do we buy them from?" [Councillor]*
>
> *"But they have been saying that they are disappointed. That they cannot kind of choose anything. There's nothing to choose from. Because **the only things that we are doing is cutting and saving**." [CEO]*
>
> *„I don't know why we need it [democratic structure], but there is a lot of history in municipalities. They have used to be on top of power." [WSC board member]*
>
> *"Our politicians think they have power. But the finance minister wants to take it away. Then there are these health and social legislation and our ground law, our constitution, which also takes power away. So, it's very interesting, **this tension between these substance laws, the constitution, and then in the middle which is this local area**, this county management and our councillors." [CEO]*

In response to the survey question, councillors acknowledged that their influence on WSC activities is very limited. More than half of the respondents in the quantitative study indicated that they either have no influence at all or have it rarely, with only 15% feeling that they are able to effectively influence decisions regarding the implementation of tasks by county administration.

Do the Councillors in your area have a real and viable influence on the way Wellbeing Service County institutions carry out their tasks?



Some respondents sought to justify the role of the councils by pointing out the complexities of the legislation and emphasising that the law does not prevent councillors from making decisions. Councillors were keen to highlight that they have the freedom to express their opinions, put forward positions and make various proposals. Moreover, several respondents noted that the councils played a significant role during the initial stages of reform, especially in formulating strategies for the development of the WSCs. However, as it was acknowledged, this influence diminishes markedly once the transition to standardised service delivery is complete.

> *"The law says [that we need to provide]: 'sufficient social and health services'. And that gives us quite a lot of freedom to define what is 'sufficient'. In the region, we are always prioritising the services so that*

the needs of the residents who live here will be served. ***That is our role - to prioritise the resources in the region****." [Councillor]*

Other stakeholders, external to the councils but involved in the formation of the WSCs' activities have also noted the restrictions affecting the councils' operations. Their remarks appear to be more straightforward and untainted by attempts to rationalise the councils' effectiveness in challenging conditions.

> *"They are disappointed. I don't think that they are disappointed for us. But* ***they are disappointed for the reform*** *because they wanted to make changes, they wanted to make things better. They wanted to have a say to what part of the services we would kind of develop first. But now that we have the financial shock,* ***all the decisions they are making are mainly how to make the costs lesser****. And that's not what they came here to do. So, I think that a lot of the councillors are disappointed. [CEO]*
>
> *„The county board has a lot of power, the council not. But those people [councillors] bring their citizens' voices." [WSC boar member]*
>
> *"The councillor breaks his heart to make these decisions, because they are not according to his values. In Finland,* ***the councillors leave the regional government, because they can't stand behind their decisions****. So, it's a bit strange. (…) I would say that* ***they don't have much power****. Their hands are quite tied. (…) It's probably very difficult to move around there because* ***it's already decided by the government that they can't do anything on their own****. [NGO representative]*
>
> *"When this council was elected,* ***they had the idea that they could decide*** *on a lot of big things. But now the council gathers about three or four times a year." [NGO representative]*

During the interviews, a recurring reflection emerged that deserves further consideration. Respondents indicated that the current functioning of the WSCs raises **questions about the true intentions behind the proposed reforms in health and social services**. Considering the issues discussed in this report, it becomes clear that acknowledging the scarcity of financial resources, the need for cost-savings, service reductions, and overall economic optimisation prompts a critical inquiry into the role of democratic institutions in these processes. It might be argued that the pursuit of savings should be managed by technocrats, while democracy should focus on meeting societal needs. Meanwhile, democratic institutions face the challenge of implementing unpopular decisions that are hard to justify to the public, especially when these involve cuts and restricted access to demanded services.

> *"Our politicians are at least a little bit frustrated to the fact that* ***there is not so much that they actually can decide on****. Now the decisions that the councils are making is mainly how to balance the budget. And it means, at this situation,* ***how to cut down the services in local level****. Which are not very nice decisions to be made. And you can say also that* ***the state has given the dirty work to the local politicians to do****. And in that sense, it is not the best way to use the local democracy. [CEO]*
>
> *"The creation of the government agencies [instead of WSCs]* ***would make people blame the government*** *for everything. And right now,* ***there is this handy Well-being Service County responsible for everything****." [municipal representative]*

Cumulative mandates

The combination of low interest taken in county elections, as evidenced by the low voter turnout, the need for experienced representatives, and the incentives of political parties to utilise well-known politicians as candidates has caused a significant overlap in municipal, county, and national representation. The Finnish political system includes no official or unofficial limits to the cumulative political mandates a person can hold. A substantial number of MPs have traditionally served also in the municipal councils, their proportion steadily rising in every election since 1996. This double mandate

had already been periodically criticised, but the issue was further aggravated by the added third level of representation.

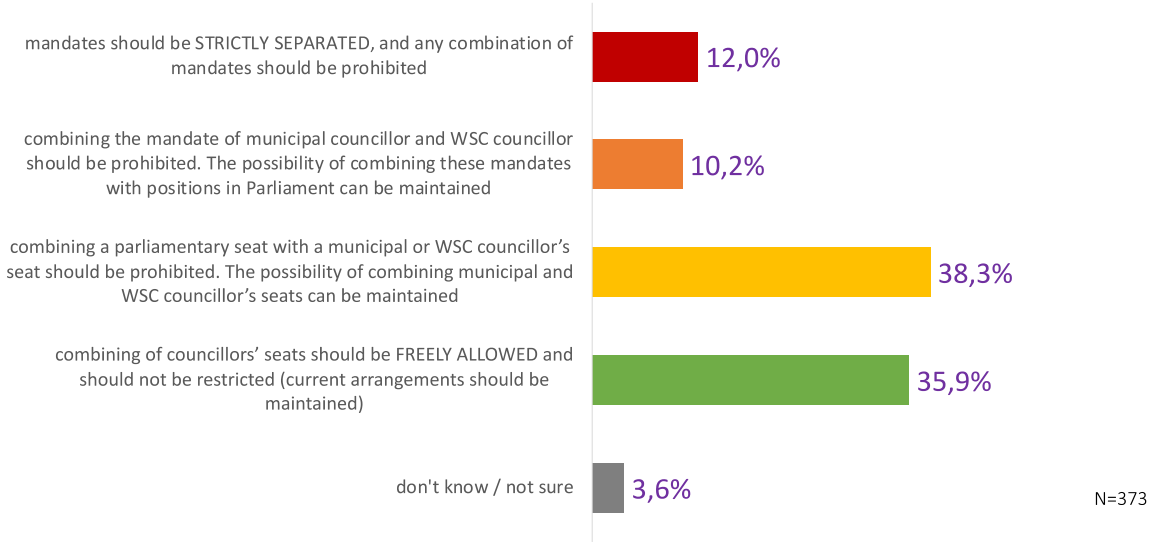
In January 2022, a total of 1379 county councillors were elected. Of them, 77% were already either MPs, municipal councillors, or both. Of the 176 MPs from the counties[38], a total of 107 stood as candidates and were elected to county councils. Of them, only seven were not also members of their respective municipal councils, so a total of 100 MPs held simultaneous positions on municipal, county, and national level. Six of them were also cabinet ministers, and two of them were also chairs of their respective parties. Of the ten candidates who got the most votes, six were MPs, with a further three elected as MPs in 2023. The sole non-MP of the ten was the mayor of Tampere, the largest city in the largest county. The number of cumulative mandates increased again in the 2023 parliamentary elections. Of the 200 MPs elected, 177 were municipal councillors and 114 county councillors. 111 MPs were both municipal and county councillors. Only 20 MPs were not members of either. A substantial number of MPs were chairs or vice-chairs of municipal councils or municipal boards (70 MPs) or of county councils or county boards (30 MPs). Five MPs held both municipal and county chairs.[39]

In much of the public discussion, especially by politicians and parties themselves, the issue is seen as a practical question of timetables, available hours, and concurrent meetings, rather than that of democracy and concentration of power. Even the MPs who resign their other positions frequently cite lack of time, simultaneous meetings, and personal situations, such as having children, as reasons for relinquishing some tasks. Only a minority alludes to democratic questions, or in the case of ministers, invoke conflicts of interests. The system is also adapted to cumulative mandates: the Parliament and its committees do not convene on Mondays, which is day of municipal council meetings, to give the MPs a chance to participate.

The overwhelming majority of councillors participating in the conducted survey lean towards a position that either allows complete freedom to hold mandates in different public administration structures or allows some possibility of holding at least two positions. Only 12% of respondents indicated that holding multiple mandates should not be allowed at all. 40% advocated for a ban on combining parliamentary functions with membership in regional and local representative bodies. **Only 10% of respondents opposed combining the roles of county and municipal councillor, while three-quarters of councillors see no objections to combining these roles.**

[38] Total number of MPs in the Parliament is 200, but county elections were not held Helsinki (23 MPs) or Åland (1 MP).
[39] Figures from Kuntaliitto (Association of Finnish Municipalities) report in April 2023. Other sources have slightly different figures, and there have been resignations as noted below, so the current number of cumulative mandates is slightly lower than presented here.

Which of the following sentences best reflects your views on combining mandates?

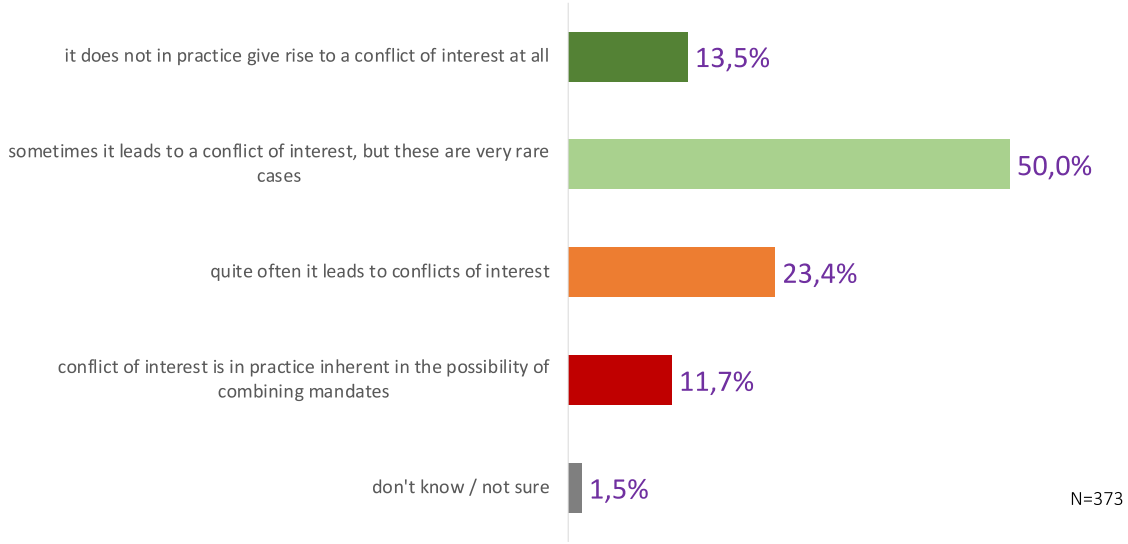


However, many interview participants expressed a different stance. They emphasised that **holding multiple mandates inevitably leads to a conflict of interest** that is difficult to resolve. Faced with the economic challenges confronting WSCs and the necessity of making tough decisions regarding the limitation of public service delivery, combining roles in municipal and county councils is often deemed irreconcilable, according to the opinions expressed. Similarly, the issue of combining parliamentary functions with activity in county councils presents challenges. Central authorities often have different objectives from those that county councils would like to pursue, as has been repeatedly highlighted. It has been emphasised that **the current binding rules constitute a significant barrier to the fulfilment of tasks by WSC administrative structures** – local (municipal) and regional (county) needs often conflict, and councillors who hold mandates in these structures are unable to make decisions aligned with the will and needs of different electorates.

> *"Many councillors do have double hats. From the municipal level, one hat, and then on the well-being county level, the second hat. With these double hats they are too much focused on the municipal level in their mindset, while **they should really be thinking of bigger things**." [NGO representative]*
>
> *"We have these top politicians who are members of parliament. They are also in the county council. And in the third place, in municipality. So, **which hat are they having on when they are making decisions?** (…) It's a **terrible conflict of interest**. And that makes the decision making very inefficient." [NGO representative]*
>
> *"How come they even have enough time to handle the whole system? And how come they can concentrate for the things which are happening in one place?" [municipal representative]*
>
> *"Our councillors are working in the municipalities also; they are the same people. Well, **you have two masters who to obey**. So, conflict of interest." [CEO]*

Only one-third of councillors consider the potential conflicts of interest resulting from holding positions in different public administration structures to be a significant issue. Two-thirds believe either that such conflicts do not exist or are minor. This contrast in viewpoints on cumulative mandates needs to be underscored: while some councillors view this matter as insignificant, many external stakeholders perceive it as essential for comprehending the predicaments encountered by WSCs.

Does the combination of seats in the representative bodies of municipal councils and the WSC councils **result in a conflict of interest in the decision-making** of councillors?



Citizen participation

One of the fundamental principles of good democratic governance promoted by the Council of Europe is the principle of "Democratic participation." This principle assumes that citizen involvement in public decision-making "should be effective and inclusive" and linked with "meaningful engagement by governmental and public institutions with those whom they serve." (Principle 1). Values related to public participation are clearly evident in the discourse and legislation concerning the functioning of WSCs. In accordance with the law, counties are obliged to ensure the availability of diverse and effective opportunities for public participation in their activities[40]. This encompasses the organisation of discussions and consultations, as well as the right to submit initiatives to the counties[41]. They may also appoint advisory councils, three of which are mandatory (for youth, elderly, and people with disabilities). So far, some counties have devised inclusion/participation programmes, and the Finnish Innovation Fund Sitra has been running experimental participation schemes for residents in several areas[42]. However, these efforts have received minimal exposure in national media or public discussion.

During the research interviews, **representatives of WSCs emphasised their commitment to collaborating with NGOs and involving citizens directly in policymaking**. The councils' activities, primarily centred around structured citizen involvement in decision-making processes related to WSC activities, were identified as a key feature of their operational framework. This highlights the importance of integrating effective mechanisms that enable citizens to actively participate in decision-making. However, when asked about the actual influence of citizens on administrative decisions and the specifics of these collaborations, responses from WSC representatives tend to be evasive. Some reluctantly acknowledged that **citizens' influence is somewhat limited**. They attribute this limitation to the specialised and complex nature of WSC services, which offer little room for significant input from ordinary residents. Additionally,

[40] https://vm.fi/en/opportunities-to-influence-and-participate

[41] A centralized online service for the initiatives was supposed to be launched by the Ministry of Justice in 2023, but this has been delayed to 2024. https://oikeusministerio.fi/en/right-of-initiative

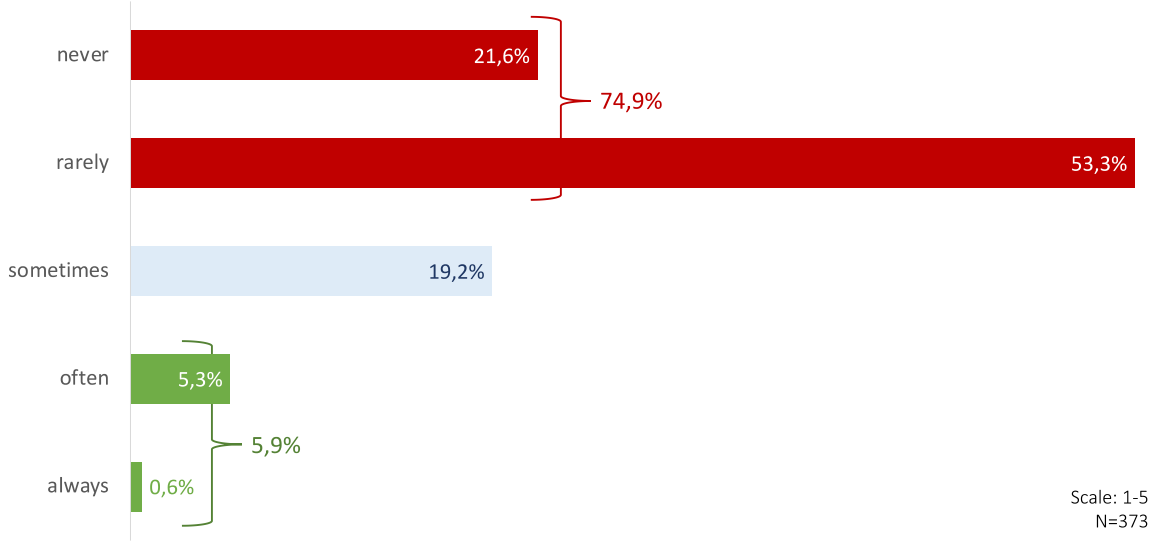
[42] Sitra conducts schemes of deliberative democracy in the form of citizens' panels in four counties and schemes of digital participation in seven counties. https://www.sitra.fi/hankkeet/asukasosallistuminen-hyvinvointialueilla/

the challenging economic conditions faced by the counties further constrain the administration's capacity to meet public expectations, severely restricting the extent to which citizens can influence WSC policies.

> *"If you're familiar with it [the services implemented by WSC] then it can have an influence. But otherwise, it goes by itself. Basic Matti and Maija probably don't have a big influence." [WSC boar member]*
>
> *"Right now, influence is pretty minimal. Everyone in the system says they don't have any power there. They just have to do the things because of the economic situation." [municipal representative]*

While the statements made by interviewees can still be considered nuanced, **the opinions expressed by councillors in the quantitative study leave no room for doubt: the influence of ordinary citizens on the activities of WSCs is minimal**. Only a marginal group of councillors were willing to identify signs of this influence in the functioning of their county administrative structures.

Do the CITIZENS in your area have a real and viable influence on the way Wellbeing Service County institutions carry out their tasks?



The issue of public involvement in shaping county-level public services has evoked strong reactions from various external stakeholders. They have pointed out that despite the launch of various initiatives, their impact often falls short of expectations. There is a sense of disappointment that the primary focus of WSC administration is on achieving economic efficiency, with citizen participation taking a backseat. While Youth Councils and Councils of the Elderly are mandated by law, their actual influence on county operations appears to be minimal. Past experiences have not fostered mutual trust, especially when many perceive discrepancies between official statements and actual practices. This sentiment was effectively captured by a representative of the non-governmental sector:

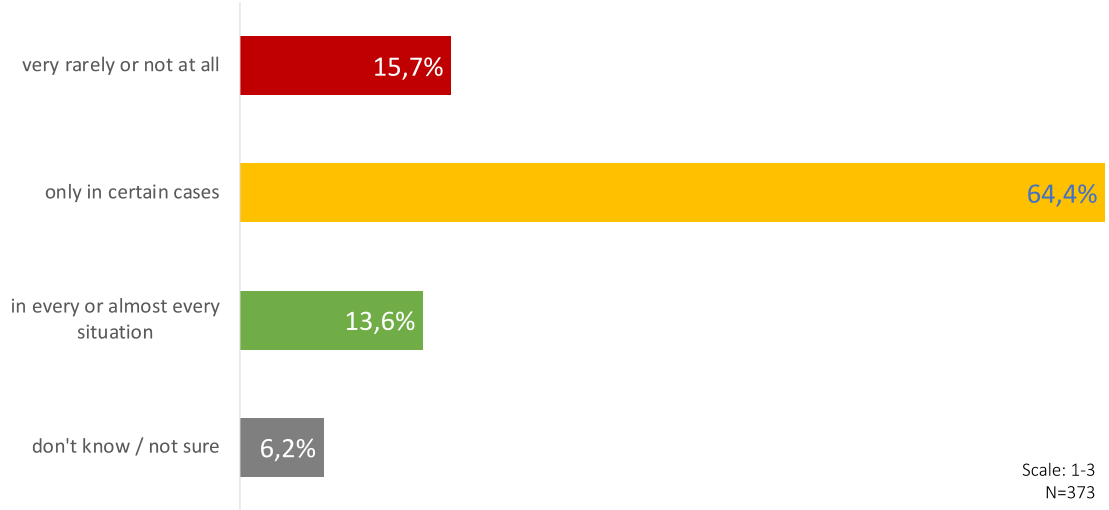
> *"I believe that **they want to give us a view, and the feeling that we can participate**. But from experience, every time you go and speak to them about something, like regarding our county, every time it goes always the same line, the meeting. First part is that they say, we're surprised, we don't understand why you feel this way. Then we explain it. Then they say, oh, we believe you now. And then we say, we have solutions. And they ignore that part. And then they say, we went to this meeting, and we've done the collaboration. But they don't actually do anything about it. We, as a youth association, are ready to tell you how we feel about this, we have a view on this. Just invite us. Tell us when you have time. **We want to speak to you, and we want you to listen to us.** But **hearing us isn't listening to us**, and I think that's the biggest problem. **We can say something, but it won't be heard.**"*

Similarly, some other respondents, such as representatives from the Council of Elderly, echoed this perspective.

> *"It's not seen. The Wellbeing Service County has held residential evenings in municipalities where services have been cut off. I've listened to them. There has been a lot of voice there. I understand a bit of the pain.* ***I see that it's not listened to****." [Council of Elderly]*

Also, cooperation with non-governmental organisations does not seem to have a significant practical impact on county administration activities. According to the majority of councillors, the opinions and demands of NGOs are only occasionally considered in action planning.

Is the position of NGOs actually taken into account in the ways in which the WSC delivers services?



County administrations' stance towards concerns about a lack of openness to citizen voices is generally defensive. They highlight that while citizens demand influence, they often lack proposals that could be considered, or even lack any specific ideas. Furthermore, the extensive bureaucracy itself poses a barrier to cooperation with citizens—its size prevents focusing on detailed, particular needs and solutions.

> ***"We try to listen to them****. We try to understand our citizens. We try to understand their needs. But at the same time, we very often tend to behave quite administrative, a little bureaucratical way. So, there is this kind of ambivalence." [CEO]*

Efforts related to engaging citizens in the activities of WSCs were particularly noticeable during the strategic development phase, which was a significant goal in the first operational year for many counties. These actions may have contributed to the belief, expressed by some administrative representatives, that citizens' voices are being recognised. However, also a less optimistic view emerged from interviews, suggesting that while some initiatives to engage the public are in place, they do not always translate into tangible impacts on administrative decisions[43]. An example of this can be found in the statement of one of the WSC administration representatives, who first asserted that a broad consultation process has been initiated for the county budget…

[43] In interpreting these findings, it is essential to recognise that the research was limited in scope and that a comprehensive examination of the attitudes of ordinary citizens was not its objective.

„We've got questionnaires online and, in the municipalities, for NGOs and with other stakeholders. They can give us their thoughts on the plan. It's a one-year process, for instance, for the budget."

… and then, when asked to what extent citizens' opinions are taken into account when planning activities, replied:

"Actually, very little. Well, I think they can bring their voices, and if the voices are very strong, we and the politicians hear them, and we are able to see the biggest resistances, and of course the politicians and the people preparing the budget also made some changes."

The democratic mechanism inherent in the WSC structure fails to address the core issue. Councillors are predominantly perceived as politicians rather than direct representatives of citizens' voices. Their efforts are mainly directed towards fulfilling the counties' objectives, which primarily revolve around financial austerity and deficit reduction. Ultimately, the continued presence of councillors within the WSC frameworks depends on the ability of these structures to demonstrate their effectiveness in achieving mandated tasks by 2026. Furthermore, insights from the study suggest that bodies like the Youth Council and Council of the Elderly serve mainly ceremonial and coordinative functions. Their members act as community representatives, facilitating interactions with WSC administration and external stakeholders. However, the research findings do not indicate a significant influence of these bodies on WSC operations or leadership decisions. While the extent of interaction with these councils varies across counties, participants generally perceive their influence as merely advisory or advocative at best.

„I go to many places. I meet elderly people. I visit orphanages. I take their challenges and problems. Yesterday I wrote a letter to the members of the WSC. I told them what to pay attention to in the next meeting. I read their list of issues." [Council of Elderly]

"I'd like to say that in the legislation it is required to listen to the Elderly Council. But then we don't have the power to make decisions. And it seems like what with listening, what does it matter. It is now being talked about there, but I don't think about the power to make decisions in practice." [Council of Elderly]

"We have our meetings not that often. So, I don't think we see right now the long-term development of what we can necessarily bring to the county. So, it's a bit open yet. But we do give statements to the council. [Youth Council]

"We don't get across as well as we would like to, which is unfortunate, but it's true. And I do think that the initiative that we exist as a council does show that there is some interest beyond the legal matters." [Youth Council]

To concisely summarise the topic, here is a segment from an interview that vividly illustrates the challenges related to public participation. It reveals that even with the best intentions and the most open attitudes, overcoming the broad administrative challenges faced by the WSCs can be challenging.

[CEO] But then the question would be, what change do you want? Where is the policy wrong? If you ask that, then they don't say.
[INT] Don't they say they don't want the cuts in services?
[CEO] Oh, but that's forbidden, because that decision comes from the top.

6) Conclusions and recommendations

The reform, while essential according to many economic models, has faced significant obstacles in its implementation, differing from one region to another. Key issues include handling economic pressures that impact service quality and availability, balancing centralisation with local autonomy and effectively incorporating various demographic groups into decision-making processes.

When analysing the implementation and consequences of the SOTE reform, it is worthwhile to refer to the **12 Principles of Good Governance** contained in Recommendation CM/Rec(2023)5 of the Committee of Ministers to member States[44]. In this context, special attention should be paid to the principles related to the practice of good administration:

- Principle 7 – **Efficient, effective and sound administration**: There should be efficient, effective and sound administration throughout government and public institutions, involving all public officials, in order to promote the well-being of all those they serve, without discrimination, including through optimising the use of public resources.
- Principle 8 – **Leadership, capability and capacity**: There should be consistent and sustainable efforts towards strengthening the organisational leadership of government and public institutions, and the capabilities and capacities of all public officials, so that the fundamentals of good democratic governance are effective.
- Principle 9 – **Responsiveness**: Government, public institutions and public officials should be responsive to the legitimate expectations and needs of those whom they serve.

All three mentioned principles directly apply to the context of the conducted study results. Although the administration of WSCs is still in its formative phase, it is important to note that some of their actions are not solely aimed at optimising service delivery for the "*well-being of all those they serve*" but rather at economic optimisation of the activities undertaken. Issues related to political leadership constitute a significant area of controversy connected with the practice of "cumulative mandates" and the resulting conflicts of interest. The report also repeatedly highlights that **the focus on economic goals overshadows the responsiveness of WSCs to citizens' needs** and combining services from different sectors within a single reform, results in unequal attention to resolving issues that arise in those sectors.

In the context of evaluating the effects of the reform, it is also important to refer to:

- Principle 1 – **Democratic participation**, which states that it "should be effective and inclusive, including regular, free and fair elections to legislatures, assemblies and other public institutions, in conjunction with meaningful engagement by government and public institutions with those whom they serve."

The conducted studies clearly identified a problem of democratic deficits, including limitations on public participation and the actual influence of citizens on the actions of WSCs.

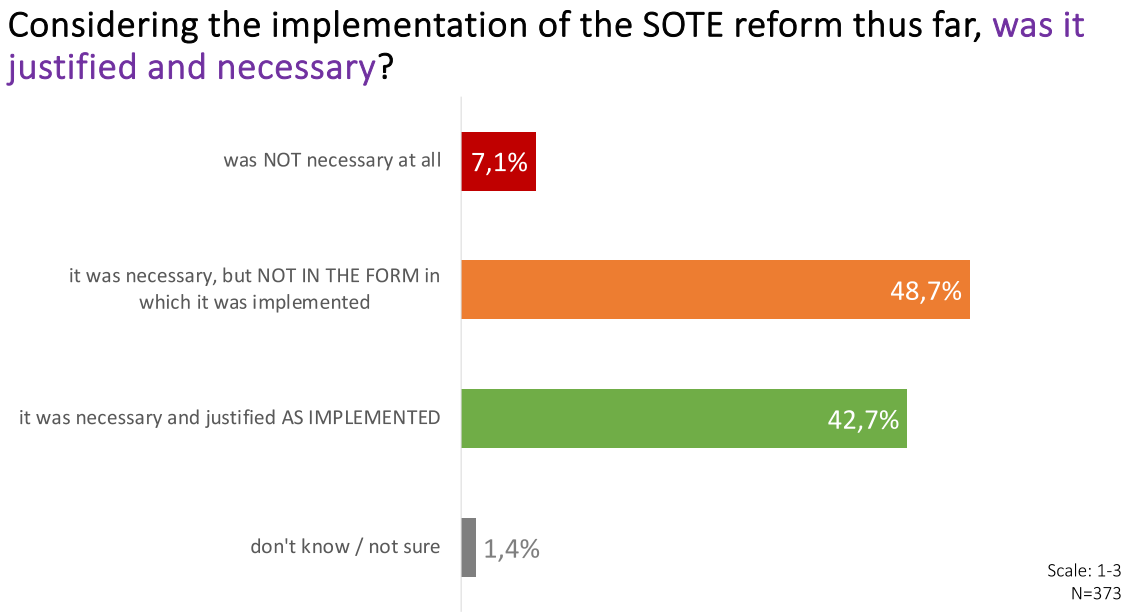
[44] https://search.coe.int/cm/pages/result_details.aspx?objectid=0900001680abeb87

Varied assessments of the reform

As frequently noted in the assessment report, the evaluations related to the implementation and outcomes of the reform are, at best, varied. On one hand, it was repeatedly emphasised that this change was necessary and anticipated. On the other, the majority of participants expressed a level of disappointment, ranging from mild to pronounced. It was observed that the promises significantly diverged from the visible effects, with many interviewees even venturing into very pessimistic predictions about the future of the entire initiative. However, it is also important to highlight another critical element. In the responses of many surveyed, there was a clear attitude of determination to accomplish the tasks set by this change. It was stressed that despite the setbacks, the efforts made so far should not be wasted and every possible action should be taken to ensure that the operations of WSCs achieve the desired outcomes in the future.

> *"I'm not a clairvoyant, but I'm predicting that **it will crash down**. This can't continue like this." [NGO representative]*
>
> *"We have built up here a very beautiful, and strong, **united spirit to make this work**. So, this is one achievement. (…) This has built up a quite astonishing spirit that **we must do it**." [Councillor]*

However, the reform, at least in the form in which it has been implemented, has more opponents than supporters among the surveyed councillors. Although only a small group of respondents felt that the reform was not needed at all, a significant number chose the answer that the reform was needed but the way it was implemented and the assumptions on which it was based proved to be wrong.



In the interviews, however, councillors highlighted that inaction could have led to far more severe negative consequences for the system, potentially resulting in a far worse situation than currently observed. Furthermore, they emphasised that the true impact of the reform remains to be seen, suggesting that the current turbulence might merely be the initial disruptions of change.

> *"If we wouldn't have done it, we would continue on the track of no development practically. So, **we have now much more opportunities** ahead than we would have without this reform." [Councillor]*
>
> *„We are still in the early stages. The work continues. And I believe that by refining this model, also through legislative means, **we can establish a good system**. At this stage, it's difficult to assess whether the reform has successfully achieved its set goals." [Councillor]*

As the report highlights, a critical aspect of evaluating the reform is examining the viability of its foundational assumptions. It is crucial to remember that the reform aimed to tackle the state's deteriorating economic conditions, which coincided with adverse demographic and social trends. These challenges included the ageing population, changes in settlement patterns, and shifts in behavioural norms. The reform sought to meet the healthcare and social care needs of citizens while also reducing the costs of operating the entire public service system. Essentially, it was intended to ensure the provision of high-standard services while reducing the financial impact on the state budget. A key issue now is determining whether such a transformation is realistically achievable.

> *„We should be honest about this. **It's not possible to make more and better at a lower cost**. That's not happened anywhere. So why would it be true in social and health care reform? [CEO]*

However, the issue might not stem from incorrect assumptions but from a deficient communication strategy. This could be due to concerns over the political fallout from the reforms and a reluctance to openly discuss harsh realities with the public. Research findings, based on observed changes and feedback from respondents, indicate that the narrative needs adjustment. Promising equal access to quality services for all might be an oversimplification. A more practical narrative would acknowledge that the nation cannot continue to operate as it has previously. Changes are essential, and it may not always be possible to implement them to everyone's satisfaction.

> *"I think I trust that Finnish people, **if we are honest, we have to cut the level of promises**. But we should decide what is the promises that we want to keep." [CEO]*

> *"I know that we are not in the goal in 2026. I know it already. I can say it now. It's not possible. We are not getting there. And if I'm doing the cutting as it's now demanded, then I'm breaking the promise for the Finnish people. So, I think **the only solution is to kind of lower the expectation and the legislation load** that we have for the services." [CEO]*

It is important to note that the above remarks should be taken without prejudice. It is often the case that reforms that change established practices, especially if they involve introducing restrictions, are difficult to implement and often meet with public resistance. The interviews, however, have yielded an important insight into the prevailing attitudes in Finnish society. This insight could prove to be of significant importance. Many of the interviewees' statements appear to reflect a perception of the reform, including its potential shortcomings, through the lens of a generalised trust in the state, its organisational structures and the collective effort involved in achieving positive results. It would be beneficial for the state to reciprocate in order to tap into this important capital. In particular, this should refer, as will be discussed further on, to a greater reliance on local self-governing structures in determining the appropriate response to locally conditioned social problems.

> *"Politics is a bit of a mess in the Parliament. But still certain patriotism is still visible in the people. We have our own Finland, our own country, **a country that tries to do something and it does something**. In some other countries they don't even try the effort to brings happiness." [Youth council]*

> *"**We don't have to be afraid of the state**. We **can kind of trust that they are doing what is good for the whole country**, and also good for all the regions." [Councillor]*

> *"I think that in Finland, society has a duty to take care of everyone. These days, people are taking more responsibility for themselves. Finns aren't rich, but we also use our resources for care. (…) **It's been built after the war that society will take responsibility**." [NGO representative]*

These perspectives should not be dismissed merely as collective naivety or a surrender of individual rights. Interviewees consistently confirmed that the constitution ensures all Finns have equal access to public services, and that the reform was designed to maintain these guarantees. However, there is recognition that geographical challenges cannot be overlooked, and achieving equal access to services

in cities like Helsinki or Oulu compared to remote villages remains a formidable task. Despite this, respondents noted that the actions taken by various stakeholders in implementing the reform unfortunately undermine its declared goals of equality. **The changes result not so much in ensuring equal access to services for all citizens as they do in equalising the restrictions on this access.** Significant controversy has arisen from the unequal access to occupational health services for certain segments of the population, which, given the public sector's shortcomings, significantly discriminates among citizens. It was also noted that cost reductions and service cuts, imposed by overarching decisions, predominantly impact those in less urbanised areas and individuals in disadvantaged situations. Ultimately, it was highlighted that the reform's long-term consequences will adversely affect many parts of the country and smaller urban areas, leading to depopulation due to restricted access to public services.

> *There should be something that is done with that kind of Nordic welfare - that we keep good care of those that have less than others. So, we give the possibilities for good life for everybody. (…)* ***We might get less, but we can choose what we get****, and we can still be kind of a good country to live in. [CEO]*

Although there was a general recognition of the need for reform, many respondents felt that the changes initiated did not align with societal hopes. This could be due to several factors, including unclear goals of the reform and disappointment from unmet previous expectations. Despite agreeing that modifications were essential for achieving the reform's goals more effectively, there was a lack of specific recommendations or clear guidance on the direction of these changes. Instead, a palpable sense of anticipation was present. Interviewees frequently mentioned that the upcoming parliamentary elections were expected to bring a shift in leadership, potentially leading to new solutions. It was often pointed out that the political landscape in Finland typically sees significant shifts every four years, affecting sectors like health and social services. However, it remains uncertain whether these changes will yield long-term benefits.

> *"**The legislature will decide next season**. Maybe in another way. But now the cuts have been made." [Council of Elderly]*

Pivotal queries: navigating crucial dilemmas

In light of the research findings, it is valuable to consider the key dilemmas concerning the objectives and implementation of the SOTE reform, which were identified through interviews and directly derived from data analysis. Properly addressing these dilemmas may aid in determining future modifications of the reform and the strategies WSCs use in their operations.

➢ Location of priorities: economic efficiency or equality and well-being

According to the findings of our research, the objectives of providing citizens with equal yet more cost-effective access to the health and social care system have not been met, nor are there solutions currently in place that are likely to meet these goals soon. Both reducing the costs associated with delivering public services and fulfilling diverse social needs have proven to be complex challenges. The report outlines numerous reasons for these difficulties. At this point, it is crucial to stress that simplifying goals to just maintaining current service quality at a lower cost to the state budget is socially harmful and requires reassessment. Therefore, it is crucial to emphasise again that reducing the reform's objectives in public communication to merely maintaining the existing quality of services with reduced

fiscal strain on the state budget is socially detrimental and warrants reconsideration. Additionally, certain underlying assumptions of the reform itself require re-evaluation. Such issues include the appropriateness of transferring entire service sectors from the municipal to the district level (perhaps municipalities should continue providing basic services?), the division between occupational and public sectors in healthcare provision (given limited human resources, this negatively affects the public sector), and the application of standardised solutions across different regions (while allowing for deviations in certain territorial units).

It is likely that it is not possible to provide a definitive answer to the questions posed without first defining the core values that should play a guiding role in the reform efforts undertaken. In this case, the situation is reminiscent of a thought experiment proposed by the French philosopher Pierre Simon de Laplace. According to Laplace, if there was an entity, a demon, that was aware of the precise location and velocity of every particle in the universe at any given moment and also possessed knowledge of all the laws of nature, it would be possible for it to predict the future in all its details. Similarly, a clear definition of the values that guide the reformers (or the essential needs that drive them) could allow the proper definition of the right set of actions needed to achieve the goals set by these values. In the absence of a clear definition of values or accurate identification and prioritisation of needs, the changes introduced may lead to unintended consequences. It has been confirmed by the research results that this is indeed the situation encountered.

In addressing this dilemma, the recommendations prepared by the Council of Europe should be examined. It is particularly worth highlighting those contained in the Recommendation on local and regional public services (CM/Rec(2007)4), which state that such services "are one of the expressions of local and regional authorities' self-government and a powerful means at their disposal in the service of the public interest" (I.1.a); and that the concern of the local and regional public services should be «to tighten the links between residents, to prevent damage to the social fabric and to maintain solidarity in local and regional communities» (I.1.b).

- Autonomy and self-government or deconcentration of governmental authority?

The outlined dilemma is closely related to the previous one. The central question is whether the focus should be on technocratic efficiency in achieving the reform's objectives—primarily cost-saving and optimisation - or on better tailoring the implementation methods and reform's goals to the needs of specific communities and local circumstances. Currently, as the report shows, the democratic mechanisms introduced alongside the operation of WSCs are largely artefactual. County councils exist but have very limited autonomy due to financial and organisational constraints imposed from above. Formal mechanisms for citizen involvement in county administration also exist, yet they are of little practical consequence. The research indicates that **the reform has established an ostensibly democratic structure, whose real significance is mainly symbolic**. The autonomy of the WSCs is severely restricted, the influence of representative bodies on administration is minimal, and citizens' voices carry little weight in the decision-making processes, which are predominantly concerned with cost reduction.

These observations should not be construed as diminishing the significance of democratic mechanisms in public decision-making. Instead, they highlight that, as implemented by the reform and currently functioning within the WSCs, these mechanisms do not fulfil their democratic purpose, which is to genuinely empower citizens. Furthermore, it remains unclear why the introduction of regional authorities has not resulted in a substantive transfer of decision-making power regarding the delivery

of public services. If the intention was to maintain governmental control over the reform's execution and, primarily, the use of public resources, it would have been more appropriate to establish a deconcentrated administrative structure rather than creating representative bodies whose democratic function is largely seen by the participants of the research as at least illusory. But then, of course, the responsibility for the changes made would fall on the government and not on the county authorities.

Another important aspect should be considered, relating to the principles at the heart of the values promoted by the Council of Europe. The European Charter of Local Self-Government, specifically Article 4.3, advocates that: "**public responsibilities shall generally be exercised, in preference, by those authorities which are closest to the citizen. Allocation of responsibility to another authority should weigh up the extent and nature of the task and requirements of efficiency and economy**." The performance of services, in the sense of the Charter, should also mean the freedom to decide how and to what extent different patterns of service provision are implemented. However, it seems that the SOTE reform is not that much aligned with the subsidiarity principle. The way in which the services are offered in the districts is largely decided by the central authorities imposing certain standards for their implementation and allocating a specific budget for their execution. This again raises a pertinent question about the reform's primary objectives: if they are primarily to economise on public spending, local democratic structures may not be the most effective approach. Currently, WSCs operate with government-allocated funds, likely spending whatever amount they receive. The scenario would be markedly different if county administrations controlled their own revenues to manage public services and fully assumed responsibility for local development and service delivery potential. Then perhaps they would be more willing to accept responsibility for their decisions and not shift it to decision-makers located somewhere else. And perhaps citizens would stop being fed the illusion that they are entitled to receive services of the same scope and quality in all regions of the country. Importantly, this does not necessarily imply granting counties the power to levy taxes, which remains a contentious issue. However, it is important to mention the recommendation contained in the previously cited monitoring report by the Congress of Local and Regional Authorities of the Council of Europe, which explicitly "invites the Finnish authorities to opt, in the framework of the reform of the regional authorities, for the creation of regions effectively autonomous (…) and to grant these new regions (…)a clear constitutional foundation, including their rights to levy taxes"[45].

- Immediate effects or a long-term perspective?

The report frequently cites the views of interview participants who believe the time allocated for WSCs to balance their budgets was excessively short. Consequently, they all highlighted the immense pressure they faced. On one hand, there is a necessity to maintain service delivery; on the other, there is an expectation for rapid results. This requires district authorities to not only ensure tasks are performed effectively but also to reorganise and optimise these tasks, aiming for cost reductions within a very limited timeframe. According to many interviewees, this can be described as mission impossible.

It was unanimously stressed that such a complex reform requires time. The focus on rapid budget optimisation can skew the implementation process and increase the risk that the changes will not yield the anticipated results—not due to poor planning, but due to rushed execution. There is a widespread call for more long-term, strategic thinking regarding the reform and its impact. There have been appeals

[45] https://rm.coe.int/16806fbf0b

to avoid overly radical modifications and to allow time for the changes to take effect. The experiences of regions that have experimented with various pilot forms of service reorganisation lend credibility to these arguments.

Recommendations

The survey results facilitated the formulation of two types of recommendations. Some directly stem from the demands articulated by the survey participants and address issues detailed thoroughly. Others serve as a comprehensive summary of all conclusions drawn from both the interviews and the survey.

The first and basic message formulated by the majority of respondents is a plea **not to take hasty action**. Newly created districts and new ways of delivering public services need more time. As mentioned, many times in this report, the initial period of implementation of the reform was a phase of developing and implementing new solutions, making administrative and organisational decisions and looking for ways to optimise operations. The impact of the implemented solutions will not become visible in the immediate horizon. It is necessary to wait for the new model of public service delivery to be properly tested. And since probably at least some of the implemented practices and processes will need to be changed, one has to accept the time that will be needed to adapt and modify the adopted patterns of action. The actual effects of implementing such a large reform will not be visible immediately; it is necessary to wait for the new structures to become established and to develop such ways of performing tasks that will bring the desired results. It is highly likely that **a rush to modify will only add to the turmoil**.

> *"I think that if we would have time for 2030, then we would be okay. Now it's a **risk that we make short-sighted decisions** that we cut services, that are actually really preventive but not legislated. And to see the results only in financial point of view is too strict." [CEO]*
>
> *"My fear is that we are cutting, cutting, and cutting on all these three sectors. And then, if the decision is that this reform was not good or useful, then building up those again might be very difficult. Because the damage has been done." [member of administration]*
>
> *"**We have to give them time**. If we are now changing this again, if we are doing these reforms all the time, I think that we are in a big trouble. So, we should really **give them peace to do this together**. I don't think we should go back. We have to go on." [NGO representative]*

The second proposal made was for **changes to legislation that would enable better coordination between different sectors**. A particularly significant issue is the limited ability to share customer-related information among various entities operating within WSCs. The exchange of information, intended to enhance the efficiency of individual services, should aim to optimise operations: improving resource utilisation and reducing the cost per unit associated with the services provided.

> *"We'd need to make changes to the legislation to enable **better coordination between healthcare and social care, especially in terms of sharing information**. That's a pretty difficult task. If we have administrative integration but not the knowledge integration, that we need from our partners." [CEO]*

Finally, the research participants called for **an improved exchange of experiences between county administrative structures across various regions**. It was highlighted that there exists a considerable number of good practices related to both the implementation of the reform and the administrative solutions that pertain to the delivery of specific public services. Sharing best practices and broadening the dissemination of experiences should involve not only administrative bodies but also political organs. Additionally, there was a demand for **the implementation of competency development programmes** aimed at enhancing the capacities of county administration. Examples of information exchange practices, including collaborations with the government, were cited; however, many interviewees believe these are too fragmented and insufficient.

> *"Every area wants to be independent and figure out how to do it on their own. But **why not try doing it together?** Something has to be done! Not so that every area tries to figure out their own way to do it. (…) It takes a lot of time if we do it this way and we don't have money. I think **the government should***

***guide more than at the moment**. If you want to get quick answers to the problem, you can't wait for every area to find a solution on its own." [CEO]*

The findings of the conducted study also led to several more general recommendations. The basis for these recommendations arises from both the responses of the participants and the compilation of observations and knowledge derived from the entire body of research material collected. However, it should be noted that **the presented report is primarily analytical and evaluative in nature**. That is why, the earlier section presented dilemmas rather than answers to the questions underlying policy choices, and for this reason, the recommendations presented here are primarily intended to highlight issues that require some form of addressing, rather than to develop a roadmap for improving the reform. In other words, the purpose of this report is not to formulate a strategy for solving the problems that have accumulated as a result of the adoption of specific systemic solutions, but to identify developmental barriers that will require coordinated consideration and the elaboration of solutions to achieve possibly reformulated goals.

1) Increase local autonomy and flexibility in task execution

Finland has extensive experience with decentralisation of public authority and autonomous municipal governance. These experiences should be leveraged in planning any changes to the tasks carried out by WSCs. The study showed that the current democratic model of county government structures is inefficient. The research consistently emphasised the significance of autonomy for newly formed institutional entities in financial and operational matters, as supported by the European Charter of Local Self-Government. According to the Charter, local self-government includes the right and ability of local authorities to manage a substantial share of public affairs under their own responsibility. However, despite Finland's formal ratification of the Charter, the current study reveals ongoing uncertainty regarding the practical extent of autonomy of the Well-being Service Counties. In a notification to the Council of Europe on 15 July 2021, Finland's Minister for Foreign Affairs stated that Finland does not consider itself bound by Article 4.2 regarding the establishment of "wellbeing service counties" (WSCs).[46] Article 4.2 gives local authorities the freedom to act on matters within their competence unless assigned to another authority. This notification raises questions whether WSCs are regarded by the government as full local self-government bodies.

Considering the research results, it is necessary **to strengthen the autonomy of WSCs** in deciding on local methods of service delivery. Counties should have the freedom to shape standards and define detailed implementation policies. Imposing solutions from above often proves ineffective.

Strengthening the democratic infrastructure is crucial to involve citizens actively in the reform process, thereby increasing transparency, accountability, and public trust in governmental actions. Citizen involvement should be carried out in accordance with good practices and standards promoted internationally, including by the Council of Europe. In the Guidelines prepared by the latter[47], a key principle is that "Participation requires all involved to honestly and sincerely exchange viewpoints to ensure that the positions of the civil society are effectively taken into consideration by public authorities

[46] https://www.coe.int/en/web/conventions/full-list?module=declarations-by-treaty&numSte=122&codeNature=0

[47] https://search.coe.int/cm#{%22CoEIdentifier%22:[%22090000016807509dd%22],%22sort%22:[%22CoEValidationDate%20Descending%22]}

with decision-making powers." It is worth emphasising that the results of the conducted study indicate significant shortcomings in the participatory processes related to the operation of WSCs, particularly in terms of genuinely considering citizens' voices in shaping public policies at the county level.

2) Review the financial assumptions and operational solutions.

The provisions of the European Charter for Local Self-Government place significant emphasis on the financial independence of local authorities. Article 9(1) of the Charter stipulates that "local authorities shall be entitled, within national economic policy, to adequate financial resources of their own, of which they may dispose freely within the framework of their powers." The results of the study however indicate that the financial autonomy of counties is questionable.

The financial model under which WSCs operate needs to be reviewed. At the moment, the driving force behind many counties is not so much a concern for proper management of resources, but a fear of being wound up. County authorities handle funds provided by the government, essentially managing resources that are not their own. A vivid illustration of how these mechanisms are perceived can be seen in a respondent's description of the scenario following a penalty for not meeting service delivery standards: *„if they give us one million fine, I can send it to finance ministry to be paid. Or then take back loan from the bank. So, it's a ridiculous system now.”*

A mechanism needs to be put in place that reinforces bottom-up accountability for resource management based on locally identified needs. At the moment, the message echoed more than once in the interviews is that "the cuts are due to government decisions - it is the government that cuts finances leaving us no choice or discretion".

A topic inherently linked to financial issues is the ability of counties to impose taxes. Among those surveyed, there was no consensus on this matter. However, it is worth considering whether some kind of a system of county financing, which would transfer financial responsibility from the government to the county administration, might be a desirable solution.

Until revisions are made to the county funding model, it is essential to re-evaluate the WSCs funding structures to accurately reflect the actual service demand across all regions. This should include areas with lower population densities and those experiencing seasonal population changes.

3) Improve communication and build public awareness of the reform

One of the key problems hindering the implementation of the reform was widespread criticism of the changes taking place. It is essential to emphasise that the success of such a fundamental reform, involving the introduction of a new level of public authority in service management and modifications in public service delivery, relies on building sufficient public support.

Effective communication is fundamental to public understanding of political and administrative processes. It is a prerequisite for social engagement and, consequently, for fostering public involvement and shared responsibility for decisions made at the local level. The Council of Europe, in its Guidelines for civil participation in political decision making (CM (2017)-83), emphasises the importance of public access to information and the quality of public communication. It highlights that “information should be easily accessible, transparent and available to the public” (IV.8) and that “at all stages of decision making, all appropriate information should be presented in clear and easily understandable language

and in an appropriate and accessible format, without undue administrative obstacles" (V.20). Effective communication is essential for building public understanding of implemented reform processes and is thus crucial for gaining public support.

Communication about the reform has largely been overtaken by sensation-seeking media (including well reputed publishers such as Helsingin Sanomat, Suomen Kuvalehti, etc.) and there has been a lack of a well-prepared and executed information campaign directed at citizens. The situation has worsened due to critical statements from government officials, which create a sense of uncertainty about the future, and contradictory messages from representatives across various administrative levels, including the government. The situation needs to be managed prudently. Coordinated informational efforts are necessary to clarify the reasons for the adopted organisational solutions and to highlight the intended outcomes of the changes. This approach should foster social co-responsibility for improving well-being and quality of life. As the report indicates, the basis of citizen trust in state actions exists but needs to be reinforced with well-crafted messages.

4) Adopt a strategic orientation towards continuous evaluation and adaptation of the reform solutions

No solution proposed here is definitive; each is contingent upon certain assumptions. For example, enhancing local autonomy in service delivery would only be effective if accompanied by robust financial support mechanisms for the counties. Furthermore, any expansion of financial authority would be justifiable only if accompanied by robust democratic mechanisms that provide effective oversight and enable citizens to influence decisions meaningfully. Additionally, granting tax powers to WSCs could be advantageous, provided it does not lead to a significant increase in the tax burden for citizens. **These examples underscore the complexity of the relationships involved, highlighting the need for comprehensive and systematic monitoring of the reform process.** This monitoring should extend beyond financial indicators to include a broader evaluation of the effectiveness of the measures implemented, aimed at fostering actions that are substantive rather than merely politically motivated. **Data should speak louder than newspaper headlines.** This in turn, requires the collection and processing of information in a reliable and impartial manner. Moreover, it is crucial that the results of these activities are communicated effectively to the public.

> *"When the reform was first introduced, there was a lot of discussion about the importance of evaluations. Without them, it was thought that problems would arise. And* ***now we're in a spot where we're facing problems because there isn't a proper evaluation of the things that really matter****, like how people get services and what the impact is in the long run. It's also about how people feel about their safety situation." [municipal representative]*

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