

A comparative study of institutional frameworks for local public service partnerships in Finland and Scotland

Paula Sonja Karlsson, Pekka Valkama and Darinka Asenova

Abstract

This research presents a cross-national comparative review of the institutional arrangements for how local public service partnerships are regulated and governed in Finland and Scotland. Both legal and administrative differences of partnership policies are analysed in order to explain the nature of the incentives and obligations for local governments to collaborate with external partners. Institutional theory and conceptual partnership approaches are utilised in the analysis. The Scottish institutional framework provides defined requirements for public-private partnerships. The partnership term is not recognised in the Finnish legal framework; instead it operates with the general concept of co-operation. Both Scottish and Finnish municipalities have more institutional obligations than incentives for partnerships or collaboration. The Scottish institutional framework requires municipalities to partner with external organisations, while in Finland, the legislature has not been proactive in promoting or encouraging public-private partnership. While the political incentives for partnerships are stronger in Scotland, Scottish municipalities have limited financial incentives to look for budgetary savings from partnership arrangements. In contrast, in Finland such financial incentives exist. However, the fixed forms of municipal-municipal collaboration may inhibit the search for more effective forms of partnerships.

Keywords: Local government, service partnerships, regulation, Finland, Scotland

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Introduction

For decades, many European local governments have used some collaborative

service delivery systems, whether they are public procurements, contracted-out services, or joint ownership arrangements entered into out of free will. Municipal financial constraints are one of the main reasons for increased collaborative working, as cost and budgetary savings can be achieved (McQuaid, 2009; Nelson & Zadek, 2000). Small local governments find it particularly difficult to achieve cost effectiveness (CIPFA, 2010) and economies of scale (Valkama et al., 2016). However, institutional settings provide critical opportunities and limitations for sharing resources, knowledge, production capacity, and risks between public, private and third

sector organisations (CIPFA, 2010; McQuaid, 2009; Nelson & Zadek, 2000).

Increasingly, local councillors find new opportunities to take advantage of the capacity of grass roots and nongovernmental organisations when dealing with societal problems (Choi & Choi, 2012). Partnerships with associations and charities could provide more flexible, tailored and responsive local services. For instance, third sector organisations are sometimes much closer to the service users and therefore may be better placed to plan customer services. Such services are likely to be better received by some groups of service users (McQuaid, 2009; Nelson & Zadek, 2000).

Much of the scholarly literature on service partnerships originates in the UK. Sullivan and Skelcher (2002, p.1) argued that partnership is “*the new language of public governance*” and this is demonstrated with increasing focus placed on public-private partnerships (PPP), community engagement, co-production, and health and social care integration, amongst others. They also highlight that while the expansion in partnership working is an international phenomenon, in the UK it has been encouraged by deliberate central government policies. Indeed, Matthews (2014, p. 451) noted the “*growth of partnership government*”, such as the PPPs in the late 1980s and more recently the English Local Strategic Partnerships (LSP) and the statutory Scottish Community Planning Partnerships (CPP). Voluntary partnerships have been created in addition to such statutory strategic partnerships. In contrast, formal PPP models have not been widely used in Finland, and PPP related regulations have not been introduced (Valkama et al., 2015).

This research presents a cross-national comparative review of the institutional arrangements for how local public service partnerships have been regulated and governed in Finland and Scotland. Both Finland and Scotland are Northern European welfare ‘states’ within the European Union. They are sufficiently similar from a comparability perspective (Hyyryläinen, 2000). The aim of this study is to analyse existing legal and administrative differences

of partnership policies in order to explain what kinds of incentives and obligations have been given to local governments to collaborate with external partners.

Methodological foundations of the study

The methodological challenge of this comparative study is to define partnerships in a way that is manageable in the analysis. The narrower the definition of a concept is, the more it is designated to just one system, and thus the concept needs to be broad enough to apply to the Finnish and Scottish circumstances (Hantrais & Mangen, 1996; Hyyryläinen, 2000; Salminen, 2000). In this research, the term local public service partnership refers to a long-term collaborative arrangement between a local government and other organisations, which may be public, private, or non-profit organisations. Local partnership applications may include partnership working, partnership organisations, co-production, contracting out, and various other types of collaborative practices.

Niemi-Iilahti (2000) has stated that there is increased interest in the differences in the division of labour between local, regional, and state level governments in European public policy. Particular areas of interest include how the service responsibilities and funding functions are divided between the governmental units, and what types of reforms could help improve efficiency and effectiveness of public services. This study reveals differences in the fundamental duties and roles of local governments in Finland and Scotland in order to illustrate how the Nordic model and the Anglo-Saxon model provide alternative foundations for collaborative partnerships.

However, the dynamic nature of local governments poses further methodological challenges for researchers in this field. As recommended by Niemi-Iilahti (2000), this study starts with descriptive but comparative reviews. The idea is to illustrate how regulatory and system level differences frame administrative duties, necessities and

freedoms of Finnish and Scottish local authorities. More detailed analyses are directed on the legal requirements of partnerships with a special focus on social and health care services. Partnership arrangements are analysed via categorisation of applied models. Furthermore, the institutional frameworks are reviewed by evaluating the impacts of recent administrative reforms, and by highlighting some practical partnership cases.

Conceptual and theoretical interpretations of partnerships

Conceptual approaches to partnership working have been suggested by Sullivan and Skelcher (2002), and developed further by Dickinson and Glasby (2010). This conceptual framework, which consists of optimist, pessimist, realist,

pragmatist, and mimetist approaches to partnership working, may improve understanding of motivations and rationales for various types of partnerships. However, it can be argued that an important supplementary approach is needed in the case of local public service partnerships, since features and finances of public services are controlled by the bureaucratic tradition and the logic of a modern administrative state. This approach, which can be described by a legalist mind-set can be used in explaining the requirements for local authorities to follow and prioritise legal requirements (see Table 1, below).

The predominant rationale for an organisation being involved in a collaboration is likely to have an impact on how committed the partners deliver outcomes and how successful the partnership is in the long-term. For instance, the pessimist, pragmatist and mimetist approaches are somewhat

Table 1. Partnership approaches

Partnership approaches	Optimist	Pessimist	Realist	Pragmatist	Mimetist	Legalist
Why collaboration happens?	Achieving a shared vision	Maintaining or enhancing position	Responding to new environments	Partnership sounds like a positive concept, and it is hard for potential critics to argue against proposed changes	Becoming an automatic policy response to a problem – other people are doing it and it seems to be generally expected	Required by law
Key assumptions about other partners	Altruistic	Seeking personal or organisational gain	Realise need to change as society changes	Other stakeholders may object if the real organisational drivers were ever stated	Although not quite sure about specific outcomes, working together in some way must surely be a good thing	Partners are involved for statutory reasons (with the exception of potential non-statutory partners, who may have a variety of the characteristics of the five other elements)
Key factors at work	Role of charismatic leaders	Power of individual partners and desire for survival	Ability to adapt to changing environment	Political and organisational drivers justified in terms of positive outcomes for staff and/or service users	Desire to improve services, but imprecise and slightly naïve approach without being clear about desired outcomes	The law gives a framework for the partnership but does not prescribe how exactly the partnership should operate

Sources: Adapted from Sullivan and Skelcher (2002) and Dickinson and Glasby (2010)

problematic in this regard. Contrary, legalists are in a sense forced to be committed, whether the organisation prefers to or not. Vangen (1998) stated that collaboration is often a *necessary* working arrangement in targeting difficult social problems in local communities. Notably, this would suggest that organisations are not necessarily wanting to collaborate, but are required to do so out of necessity, for instance, due to external factors, assuming a realist perspective. In a sense, optimists are the only ones truly willing to collaborate, and perhaps as a result, partnerships based on such approaches are the only ones that can lead to real success, as they are by nature genuine partnerships.

This interpretative framework can be combined with some elements of institutional theory and used together in order to explain the origin and nature of the administrative settings of partnership arrangements. Indeed, institutional theory is appropriate as a theoretical perspective in administrative science research in that it addresses the processes used by organisations to adapt to the political, cultural, and social demands of their environment and gain legitimacy in the eyes of stakeholders (Luhman & Cunliffe, 2013; Salminen, 2000). Generally, institutions are thought of in terms of structure, but institutions can also be described in terms of basic processes through which decisions are made (Peters, 2011).

According to historical institutionalism, once policies are adopted and organisations are created, the structures will be maintained until some major event occurs, punctuating the equilibrium (Peters, 2011). Thus, institutions adapt and conform. The pressure to conform comes from many sources, with there being three isomorphic pressures, which we describe in the context of local government. Coercive pressures can possibly explain the emergence of partnership arrangements in local public services, as local authorities have to follow legislative requirements and administrative uniformity. Secondly, public authorities face normative pressures due to cultural expectations: for example, as users' pressure groups expect

them to be more responsive. Thirdly, there are mimetic pressures from a desire to belong, as local authorities legitimise their actions by demonstrating that they have abilities to deal with social problems and co-operate with relevant community stakeholders (Luhman & Cunliffe, 2013).

The specific institutional competence of partnership arrangements is rooted in the combination of the complementary capabilities of governmental and non-governmental actors. While cross-sector relationships are associated with many benefits, they may be problematic in terms of governance as the actors involved may have different goals and values about the policy problem they are addressing (Peters, 2011). Similarly, the partnership approaches described above can create further governance challenges. Peters (2011) argued that the governance challenge may require the creation of a distinct set of institutional arrangements so that the patterns of interaction between governmental organisations and non-governmental actors can be routinized, thus becoming more predictable. He further noted that it is impossible to provide effective governance with very low levels of institutionalisation. However, the more structures become overly institutionalised, the more innovation is inhibited and the same decisions tend to be replicated over time.

The structure and funding mechanisms of Scottish and Finnish local governments

Fundamentally, the extent of partnership arrangements utilised by public authorities depends on the nature of the welfare state model. However, the increasing complexity of social problems facing European societies motivates political parties to reconsider the roles and resources of the state (Sullivan & Skelcher, 2002). Countries with a liberal welfare system, such as the UK, promote a mixed market of welfare provision. Countries with a social democratic or a statist welfare system have seemed less inclined to promote

a partnership approach, where it is more likely to have government agencies as the main service provider (Geddes, 1998).

Table 2, below, summarises the administrative and legislative foundations of local governments in Scotland and Finland. Finland is an independent country, whereas Scotland is a part of the UK. The devolved Government of Scotland is responsible for all such matters that are not specifically reserved to the UK Government, including health, education, justice, rural affairs and transport, which cover the daily concerns of the people of Scotland. Further devolvement of powers is likely after the independence referendum from September 2014 and the UK Parliamentary election held in May 2015 (Scotland Office, 2015).

Scotland previously had a two tier local government system including larger Regional Councils and smaller District Councils, which have been abolished and the powers of each have been merged into new local authorities: Councils (The Scottish Government, 2014). It can be argued that Finland also has a one-tier system of local government, but on the other hand, Finnish local governments collaborate strongly on regional levels. Both countries

have roughly the same amount of inhabitants, but the difference in local government structure means that the population that Scottish local authorities provide services to is much greater.

Local self-government is safeguarded in the Finnish constitution (Oulasvirta & Turala, 2009). A written and comprehensive constitution is absent in Scotland (and the UK), with all formal political power coming from the UK Government. Scottish councils must act *intra vires*: all local authority actions must be based on a legislative requirement or have legislative permission (McConnell, 2006). This is a significant difference between the two countries.

Another difference that follows closely from this is how public services are funded. Finnish municipalities collect proportional personal income taxes, and property taxes and get a share of the national corporate tax revenues. Municipalities can influence their income tax revenues by increasing or decreasing the income tax rate since there are no national caps. Wide taxation powers guarantee the local fiscal autonomy in Finland. Government grants, less than 20% of municipal income, are no longer earmarked

Table 2. A comparative overview of the foundations of the Scottish and Finnish local governments

Key comparative factors	Scotland	Finland
Constitutional position of local governments	No comprehensive and codified constitution	Local self-government is safeguarded in the constitution
Nature of local self-government: General competence	A very limited general competence	Yes
National government	UK Government	Finnish Government
Intermediate government level	Scottish Government	One small autonomous province (i.e. Åland), but no regional governments
Local government	32 Councils	317 Municipalities
Principal source of local government funding	Centrally-determined Scottish government grants to councils	Locally-determined income tax revenues

Sources: McConnell (2006) and Oulasvirta and Turala (2009)

for specific issues; therefore, municipalities are expected to use them efficiently in responding to local needs (Oulasvirta & Turala, 2009).

In comparison to Finland, local authorities in Scotland have significant central constraints placed on their income and expenditure. Local authorities can charge fees on some limited services, such as council house rents, school meals and leisure facilities, yet much of revenue finance is dominated by Scottish ministers, with centrally determined grants the main source of council funding. The tendency for allocating grants for specific purposes has increased, or allocating grants that have certain conditions attached to them, constraining their use and thus limiting the freedom of local authorities (McConnell, 2006). McConnell (2006) argued that there would be political repercussions for the Scottish ministers if they were to increase Scottish local authority powers via for instance introducing local income tax (which has been proposed by some political parties). This is due to the public opinion regarding who charges high taxes, the centre or the local level. Instead, they have a non-domestic tax (for business properties), and a domestic tax (council tax, where the ministers set the property tax bands). Although this may all change in the near future if the Scotland Bill¹ comes to fruition, as it would give Scotland a much wider range of financial powers, including the power to set rates for income tax (Scotland Office, 2015).

Scottish councils lobbied for many years to be given a power of ‘general competence’ (as with Nordic countries), giving them more

freedom to pursue their own policy activities, as long as they were not explicitly prohibited by the centre. Eventually, an alternative to the general competence that Finnish municipalities have was given to Scottish councils via the introduction of the Local Government in Scotland Act 2003: councils were given the power to advance *well-being* (McConnell, 2006; Sandford, 2014). This power extends to anything that is likely to promote well-being of the local authority area and/or its people. It can relate to entering into an agreement with residents, and co-operate with, facilitate or co-ordinate the activities of residents (Local Government in Scotland Act 2003).

Although a ‘general competence’ appears to have been given with this power, McConnell (2006) argued that it is diluted with many limitations put on these powers, and evidence suggests that it has rarely been used by local authorities (Sandford, 2014). The power to promote well-being cannot interfere with statutory obligations or overlap with the work of other public bodies, and sanctions are placed on councillors if they are deemed not to uphold the law. Furthermore, a service can be removed wholly or partially from local authority control by the Scottish Government if the powers are considered exceeded. As such, the policy autonomy of local authorities appears on surface to be possible legally, yet the reality seems different. In contrast, the well-being power was cancelled in the English Local Government Act and replaced with a general power of competence in the Localism Act 2011, yet this does not apply to Scotland and no similar changes have been made in Scotland. Even then, the Localism Act 2011 does not allow local authorities in England to raise income tax, so in this sense it might have been redundant in Scotland in any case.

Regulation of social and health care partnerships in Scotland and Finland

Local public service provision in Scotland relies on a variety of public agencies, whereas

¹ On 18th September 2014 the people of Scotland voted to remain part of the United Kingdom. However as a result it was agreed that further powers should be devolved to Scotland, particularly more financial, welfare and taxation powers, strengthening the Scottish Parliament and the Scottish Government within the UK. The objective of the Bill is to increase the Scottish Parliament’s ability to make autonomous choices that benefit the people of Scotland and to be accountable for those decisions.

in Finland local services are more likely to be provided by the municipalities, and in some cases, by the joint municipal boards (Valkama et al., 2016). This is illustrated in Table 3, which provides a comparative review of the responsibilities of the main social and health care services. This table is not exhaustive and

it should only be used as an indicative source of information regarding some of the specific legal requirements.

The small population size of Finnish municipalities facilitates inter-municipal collaborative arrangements. Joint municipal boards, as a form of inter-municipal co-

Table 3. Statutory responsibilities for social and health care services in Scotland and Finland

Service responsibilities	Scotland				Finland	
	Municipalities: Pre-2015	Municipalities: Post-2015	Other: Pre-2015	Other: Post-2015	Municipalities	Joint municipal boards
Kindergarten and nursery	Limited	Limited			√	
Children and family services (e.g. child protection)	√	√			√	
Elderly services	√			Health & Social Care Partnerships	√	
Disability services	√			Health & Social Care Partnerships		√
Substance misuse intervention and services			Alcohol & Drugs Partnerships	Health & Social Care Partnerships, Alcohol & Drugs Partnerships	√	
Primary care			Community Health Partnerships	Health & Social Care Partnerships (GP contracts remain with NHS Health Boards)	√ Small municipalities have to collaborate in order to achieve a catchment area of 20,000 residents typically via a so called 'Host Municipality Model'	
Hospitals			National Health Service	Health & Social Care Partnerships (Aspects of hospital services)		√
Health Protection			National Health Service	National Health Service	√	

Sources: Association of Finnish Local and Regional Authorities (2011), Family and Childcare Trust (2015), Ministry of Social Affairs and Health (2012), NHS Scotland (2012), Robson (2011), The Scottish Government (2006, 2014, 2015a, 2015b), and Valkama et al. (2016)

operative organisations, have been made obligatory in special health care, disability services, and regional planning and development. Voluntary joint municipal boards also exist, especially in vocational education. Furthermore, local governments own some joint venture corporations operating at the regional level (Valkama et al., 2016).

The term ‘partnership’ is not used in the Finnish legislation or in the local government legislation. Some recent law drafting materials include references to the increased local service partnerships, although such terminology does not appear in final legislation (HE 20/2009; HE 258/2014). Hence, the juridical meaning of the term partnership in these contexts is not clearly defined. Instead, the Finnish Local Government Act 2015 states that local authorities can co-operate with each other and contract out services to public or private service producers, and indeed, public-public-partnerships are now common between municipalities (Valkama et al., 2016). So the key term of the legislation is co-operation including specific references for outsourcing, joint organisations, and shared municipal employees.

Contrary, Scottish local authorities have a compulsory duty to initiate, maintain and facilitate a process called *community planning*, with Community Planning Partnerships having received statutory basis in the Local Government in Scotland Act 2003 (The Scottish Government, 2015c). Community planning refers to public services which are planned and provided as a result of consultation between all public bodies that are responsible to provide a particular service (including councils) and other appropriate bodies and individuals. After such consultation, the local authority must also invite and encourage other appropriate public and community bodies to participate in community planning. Two or more councils may also work together on community planning if a public service function seems to be in the interest of the residents of both or all these local authority areas. Therefore, this duty can be performed as a joint operation. In

any case, the duty to participate in community planning is placed not just on the council, but the Scottish Police Authority, the Scottish Fire and Rescue Service, and some transport, health and enterprise authorities, hence joint working is at the core. All of these bodies have a duty to assist the local authority in achieving its duty in terms of community planning (Local Government in Scotland Act 2003). Examples of community planning priorities are strategies to make a community safer and to reduce inequality (Edinburgh City Council, 2015). The community planning process acts as the key over-arching partnership framework and it should help to co-ordinate other initiatives and specialised partnerships. For instance, responsibility for alcohol and drugs services has been devolved to Alcohol and Drugs Partnerships, which are closely linked to CPPs (The Scottish Government, 2015b, 2015c).

The implications of recent local government reforms on partnerships

In Scotland, the Public Bodies (Joint Working) (Scotland) Act was introduced in 2014, which concern, among other, public-public joint services, and public-third sector joint services, aiming to promote high quality health and social care services by integrating these at a community level. As of 2015 Local Authorities and NHS Health Boards in Scotland have joint responsibilities to better integrate adult health and social care services. This duty replaces the work of Community Health Partnerships, which were sub-committees of the Health Boards (The Scottish Government, 2015a).

In Finland, the much debated Municipal and Service Structure Reform Act (169/2007) generated voluntary municipal amalgamations (Ministry of Finance, 2015; Ministry of Social Affairs and Health, 2015), which scaled up the average size of municipalities. Furthermore, a few top-down amalgamations were imposed. The same reform also introduced a compulsory requirement for

small local governments to create collaborative arrangements in social and health care in order to achieve sustainable catchment areas. Andersson and Sjöblom (2013) discussed the potential negative impact of such reforms on local democracy as wide-ranging municipalities cover significant geographic areas. They argue that these developments represent a significant paradigm shift, whereby localism is being abandoned. Localism refers to recognition of municipal autonomy that allows for local variations and expressions of local identities via the local democratic system (Andersson & Sjöblom, 2013). Indeed, the authors argue that for local democracy to take place, local institutions need to have autonomy or power.

In contrast, Scotland has focused on a place-based approach and community empowerment. In 2015 the Community Empowerment (Scotland) Act (2015) was introduced. Its objectives are to reform community planning and promote involvement of communities in public service delivery and the partnership process. Although, Matthews (2014) questioned whether legislative efforts would be successful in delivering genuine community engagement and empowerment. Therefore, it is noteworthy that while community planning has been further embedded in Scotland, the similar arrangement in England (Local Strategic Partnership), is no longer required to be led by local authorities. The UK Coalition Government removed this requirement in 2010 as it took the view that LSPs as a part of the state structure would inhibit civic entrepreneurialism, which would counteract the desired outcome of localism (Matthews, 2014).

Matthews (2012) argued that area-based initiatives were the primary tool used by UK governments to tackle problems of concentrated deprivation and dereliction for forty years, yet the last decade saw these initiatives end, being replaced by the likes of Community Planning Partnerships. Matthews (2013) indicated that there was evidence to suggest that place-based working was misguided and failed to achieve the desired

outcomes. However, Scotland has seen a return to a place-based focus in socio-economic policy, even though past experience shows that such policies cannot be relied upon to deliver lasting change. Although criticising place-based policies, Matthews (2013) highlights that they are not all negative, and that for instance by helping to reinvigorate Community Planning, some public service outcomes can be improved with a place-based focus.

On the one hand, the recent amalgamations of the Finnish municipalities have reduced the need for municipal-municipal partnerships in selected areas. On the other hand, the Municipal and Service Structure Reform created many new contract based partnership arrangements, especially in the areas where amalgamations were not implemented. In Scotland, the small scope of municipal service activities have created needs for service integration via ‘municipal-other-public-body partnerships’. Although the Public Bodies (Joint Working) (Scotland) Act 2014 requires local authority and Health Board partners to enter into integration arrangements, the term ‘partnership’ is not strictly mentioned. However, as a result of the strong institutional tradition, many of these integration schemes have started using the term ‘Health & Social Care Partnerships’. Hence, the recent reforms in Scotland have further emphasised the importance of localised collaboration and have steered municipalities into partnership working.

Practical policies and examples of partnerships

‘Municipal-pro-profit-enterprise’, ‘municipal-non-profit-organisation’, and ‘municipal-state partnerships’ have not gained much serious political support in Finland (Valkama et al., 2015). There have been some expectations that private finance initiatives would emerge in the country, but so far the use of them have stayed extremely limited. As there is no obligation for municipalities to engage in partnership arrangements with private and

third sector providers, it is not surprising that new and innovative partnership models have not been actively tested. In fact, in previous research it has been found that some Finnish municipal civil servants seem to consider contracted-out services as a form of partnership working, whereas their private and third sector partners often do not (Karlsson et al., 2012). Indeed, research on contracted-out services has suggested that different expectations exist between service providers and municipalities, with service users wishing for closer co-operation (Karlsson et al., 2012; Tynkkynen et al., 2013). This may be somewhat complicated to achieve in the current legislative environment as the contracting-out process emphasises regular competitive bidding, equal opportunities and fair treatment of all candidates in the framework of public procurements (Tynkkynen et al., 2012).

It is important to note that competitive-based public service delivery have received strong criticism: desired cost reductions can easily be offset by higher transaction costs; the service efficiency argument does not always link well with service quality; service improvements are not considered from the user perspective; and there is the risk of opportunistic behaviour in service production (OECD, 2011). When combining this with the notion that public suppliers have many advantages over private and third sector suppliers in Finland (OECD, 2014), it appears to be a complex environment, which is not strongly promoting municipalities to look for long-term partners. In the lack of legislative basis for partnerships, much of the work relies on various partnership guidance documents (e.g. Association of Finnish Local and Regional Authorities, 2005; Association of Finnish Local and Regional Authorities & The Church Council, 2002).

Tynkkynen and Lehto (2009) argued that there has not been much room for partnership arrangements particularly in the Finnish

health care system. Even where the possibility to procure services from private providers exists, it has rarely been used. Some rationale for this can be attributed to the traditional Nordic welfare state ideology whereby responsibility for providing welfare services belongs to the public sector.

Arguably, some Finnish municipalities have taken a different approach than relying purely on contracted-out services, having combined their efforts with local stakeholders, as is the case in the Torin Kulma-approach developed in the City of Turku. Torin Kulma provides a non-statutory preventive service that targets at-risk families before they potentially need to resort to child protection services. This service has developed as a direct result of a local need that was identified by the third sector partner, who also identified that they could not provide the service on their own, but required the support (both skills and resources) of the municipality. It started as a project, but was rolled out as a part of municipal services due to its success (Karlsson et al., 2012). Figure 1, below, presents a summary illustration of the regulatory environment of Finnish partnerships.

Lately, the institutional environment of Finnish local service partnerships has been rather unclear. Further radical reforms have been expected in social and health care services, involving new regional authorities being established. These would be tasked with service delivery duties, as opposed to municipalities providing these services. This would result in regionalisation of local service systems.

However, also the compulsory partnerships in Scotland might not always be effective due to their very nature: they require leadership of the local authority and engagement from the other partners. Not all Scottish CPPs seem to be working as actively as others. However, some CPPs have even developed further initiatives within the CPP

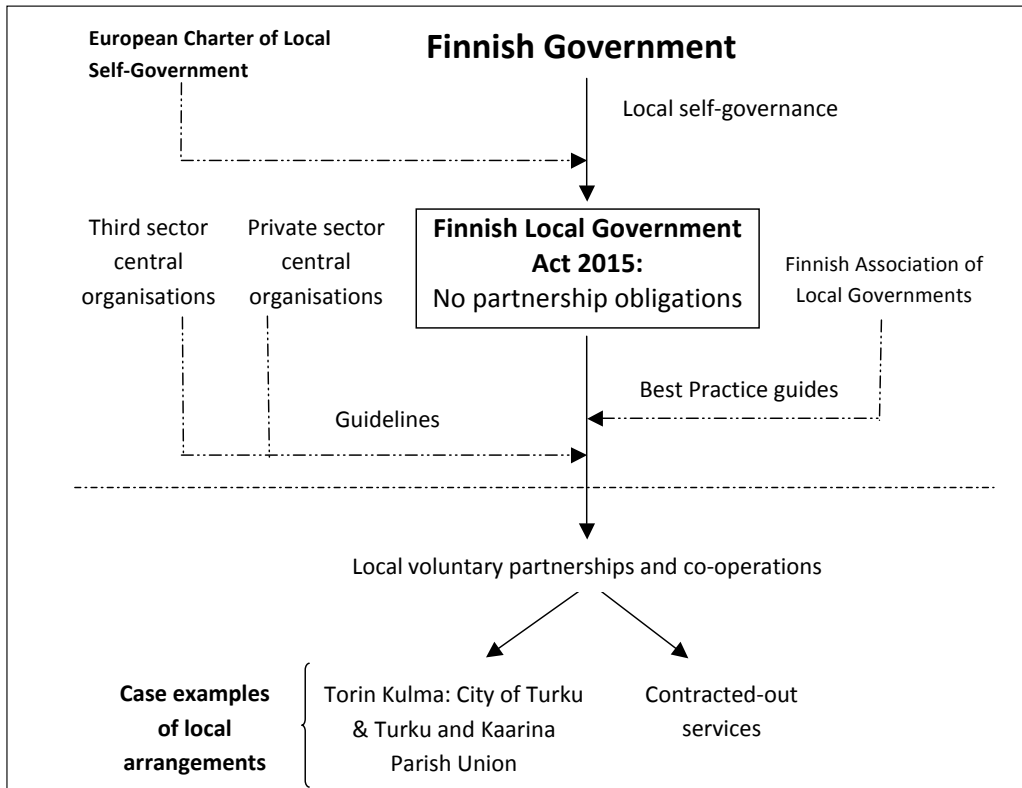


Figure 1. The regulatory environment of Finnish partnerships

framework, such as place-based service delivery called Total Place initiatives.²

The thinking about place-based working and increased focus on the outcomes of local communities has been prominent in Scotland, exemplified by CPPs. The Scottish Government (2011) identified that most social problems in Scotland are more acute in a small number of areas. Consequently, service providers need to design and deliver services which meet the specific needs of local communities, and as such help these areas to

build up their own community assets and capacity. For instance, in areas where substance misuse is a persistent problem, this can be targeted via the CPP, therefore enabling distribution of local resources for a specific local concern. But this requires an explicit effort from those involved.

From a theoretical perspective, the Total Place approach has been argued as the logical conclusion to the emphasis that has been placed on partnership working in terms of local governance (Willis & Jeffares, 2012). A number of local authorities are undertaking initiatives based on the broad ideas of the initial Total Place pilots, such as the City of Edinburgh (Building Safer Communities, 2014). Total Craigroyston is thematically based, focusing on improving outcomes for children and families in the Craigroyston area. It is specifically looking at achieving higher educational attainment in a geographical area that has long had a bad reputation in terms of this. It has received a small pot of funding to

2 Total Place was a policy initiative piloted in England in 2009, giving local authorities the role to look at how public money is spent in their local area and how this could be done more efficiently, as well as meeting the needs of the local area. Under this initiative, local services were delivered based on a geographic place as opposed to the traditional service provision or functional basis. Thus, local budgets could be pooled together to avoid service duplication (Jones & Stewart, 2012; Willis & Jeffares, 2012).

help deliver part of its work. Contrary to this, Total Neighbourhood East is a neighbourhood-based approach, where the geographical area has a high level of deprivation. No additional funding has been awarded for the work that they do. Hence, it is clear at the outset that no single way to implement this approach exists. Figure 2, below, presents a summary illustration of the regulatory environment of Scottish partnerships.

Discussion

As indicated in the methodological section, cross-national comparisons are challenging to complete, as policies and regulation on local governments imposed by central governments are under constant evolution, and the developments of partnership arrangements are particularly dynamic. A methodological operationalization of the term ‘partnership’ is complicated. For example, in some studies, it refers only to PFIs and similar contracts. In this study, it refers to long-term collaborative

arrangements, including PPP/PFIs, but also wider forms of collaboration and joint ventures. However, the idea of longevity is a severely definable measure. From a comparative perspective our definition should be feasible as it can be expected that the legislative basis for partnerships in both countries can be considered to provide long-term policies and practices. Yet, some partnership creations may be relatively short-term as a result of current reform proposals, especially in Finland.

A subtle difference in the institutional framework for public service partnerships is the terminology. The concept ‘partnership’ is used much more readily and extensively in Scotland as opposed to Finland, but the Scottish way to understand partnerships is not necessarily the same as in continental Europe. However, based on our findings, it is possible to recognise differences between *partnership working* and *partnership organisation*. The method of partnership working refers to long-term collaboration without intermediate actors or a special purpose organisation (i.e. a joint

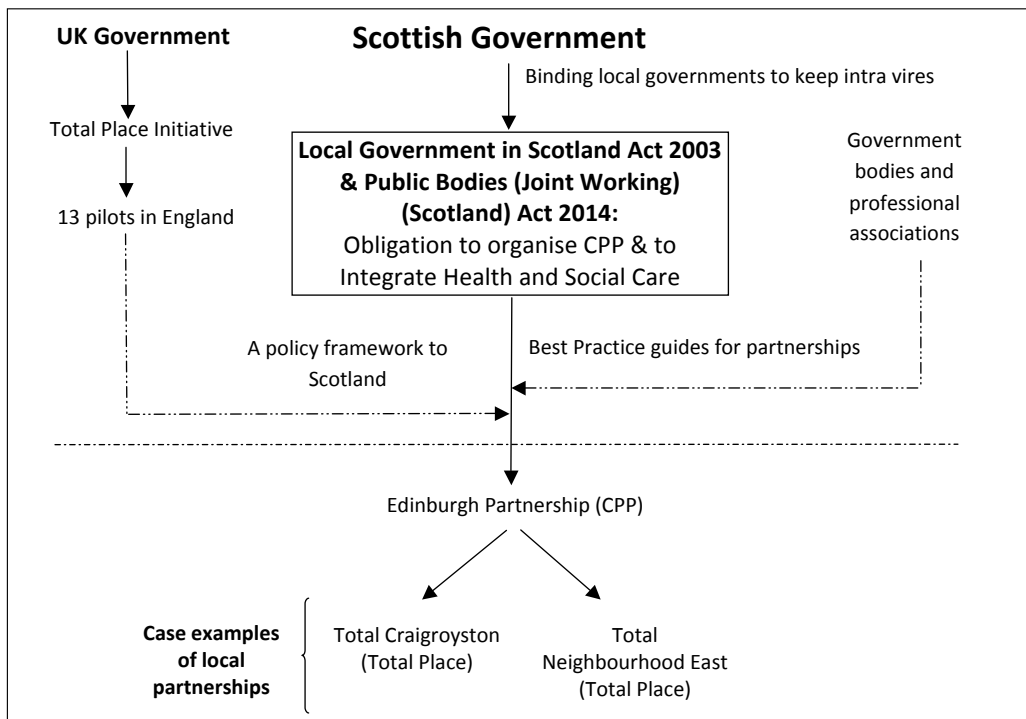


Figure 2. The regulatory environment of Scottish partnerships

venture type organisation). In partnership working, the participating organisations get together in order to do something jointly, which can be planning, co-ordination, evaluation or other types of specific joint working. The partnership organisation refers to a special purpose organisation incorporated by two or more parties and the idea is that the partnership organisation carries out partnership duties on behalf of the parent organisations. Figure 3, below, illustrates how Finnish and Scottish local public service partnerships can be categorised.

In Finland, joint municipal boards are partnership organisations, yet some of them are compulsory while others are voluntary. There are also partnership arrangements that can be called a host municipality model. In this model, one local government (i.e. a host local government) has a responsibility to provide services that are needed jointly and other local governments of the model participate in the decision-making processes and funding. The Scottish CPP model has to be considered as a partnership working method as no new organisational bodies are formed with this, although governance boards may exist. The situation for the new Health &

Social Care Partnerships appears to be similar. Both are also statutory partnership working methods. In this review we have not come across models of partnership organisations in Scotland.

There are similarities in terms of the voluntary partnership working methods in both countries, in that joint efforts between sectors exist. Due to the many but small municipalities in Finland, it is likely that more collaboration occurs on a voluntary basis among Finnish municipalities compared to Scotland. However, the PPP/PFI model has never quite become established in the same way as it has in Scotland. Though Finnish municipalities have strong local self-governance, and there has been an increased trend with experimental working, which could lead to significant variations in implementation of local collaborative service models (Niemi-Iilahti, 2000), Finnish municipalities seem passive in using their autonomy for municipal-private partnership purposes. Partnership types, such as Torin Kulma, are not typical across the public service sector.

Some of the problems in conducting comparative research are the lack of

		Method of partnership	
		Working	Organisation
Nature of partnership	Compulsory	FIN: Host municipality model SCO: Community planning partnerships; Health & Social Care Partnerships	FIN: Statutory joint municipal boards
	Voluntary	FIN: Outsourcing between local governments; Joint efforts between municipalities and private/third sector organisations SCO: Typical Private Finance Initiatives; Joint efforts between municipalities and private/third sector organisations	FIN: Voluntary joint municipal boards

Figure 3. An illustrative typology of partnerships in Finland and Scotland

comparable data and generalizability of findings. For example, in this study there was no statistical data to draw from, as no statistics are kept regarding partnerships contracts and joint ventures in either country. As such, the generalisations made are less substantiated, as they are based on anecdotal evidence, utilising local partnership examples. Therefore, some of the findings of this study are tentative.

Consequently, it is appropriate to consider the findings also in the context of the conceptual and theoretical framework. Following the conceptual model discussed earlier, The Scottish Government approach to partnerships can be described as pragmatist-legalist, with 'partnership' seen as a positive concept and is therefore enforced through CPPs. This is in contrast with the Finnish approach, which can be considered as realist-legalist. Finnish Joint Municipal Boards are mainly compulsory partnerships, due to demographic issues such as sparse population, long distances and small local governments. A further distinction could be made in terms of CPPs, which allow various partners to join in, while the Joint Municipal Boards exclude enterprises and charities.

The legalist elements of the Scottish partnership arrangements reflect the old administrative tradition of the Scottish governmental system, where local governments direct their activities under strict control of state authorities. Scottish local governments understand partnerships as opportunities that can provide sustainable mutual benefits for societal stakeholders. Meanwhile, Finnish councillors prioritise outsourcing, utilising competitive tendering especially in social services. Total Place and Torin-Kulma are relatively rare voluntary arrangements, which can be described as the realist-optimist framework.

In Scotland, recent legal reforms have promoted joint working between public authorities while also opening up new or enhanced opportunities for charities and other associations to collaborate with public authorities. These reforms demonstrate that British public policy makers incorporate many positive shades of meaning in political

rhetoric while ideal models of partnerships are discussed. Considering the widespread use of various public-private finance initiatives Scotland has already tested various local partnership models. However, there needs to be recognition that the legalist partnership approach entails risks that partnership operations may turn into overly formal or customary practices since local authorities do not have a way out of these partnerships.

The Finnish local government system prioritises the statutory responsibilities of municipalities and joint municipal boards, as well as clear competence and duties of authorities. If typical public procurements and outsourcing arrangements are not considered forms of partnership, the institutional framework implies that genuine partnerships are accidental. Municipal-private partnerships are usually very small-scale projects associated with unique local political choices and active efforts of community organisations.

However, Finnish local governments have stronger financial incentives for collaboration. If local governments find scope for productivity improvements via partnership working and are able to make savings, then the local governments are primary winners, as they have to finance the biggest part of the revenues of their budgets via their own income sources. In Scotland, the possible savings of local government expenditures provide more advantages to the Scottish Government, as it is the primary funding body of Scottish local authorities.

Finnish municipal councillors, can with their powers of self-governance, take more ad-hoc and opportunistic decisions as to whom they prefer to partner with and why, when creating joint use service systems, joint ventures and other joint ownership arrangements. Municipalities can make specific choices and openly prioritise selected charities, co-operatives and associations. Scottish local authorities do not have to follow the principles and practices of public procurement in partnership arrangements, but they have to enable local community bodies to join community planning partnerships in an equal way. In this respect, their Finnish counterparts have more freedom to be selective.

Yet, the incentives for Finnish municipalities to collaborate in the area of social and health care can be significantly jeopardised with the forthcoming social and health care reform. Currently the institutional framework is contributing to uncertainty on local level as the reform is taking a long time to finalise and this may lead to local collaborations disappearing. Certainly, private and third sector organisations may need to turn to the new regional authorities, should they wish to partner in the future.

In a way, it could be argued that a distinct institutional arrangement has been created in Scotland with the CPP framework, making this specific method of partnership working more routinized and established. Consequently, one could consider it a less uncertain form of partnering than ad hoc forms. Though, this is not necessarily an advantage. Peters (2011) alluded to a dilemma in collaboration: a higher level of institutionalisation may lead to less creativity in partnerships, whereas lower level of institutionalisation may lead to partnerships being ineffective. Our findings support this notion.

Innovative practices already occur in some Finnish municipalities, such as the Torin Kulma-approach, which could be considered a genuine partnership. It can be characterised as being in line with both the optimist and the realist perspectives. Nonetheless, the partnership is insufficient in its reach and does not concern statutory services. It also has a limited client base. The Scottish CPPs offer benefits in this regard, since all local authorities must facilitate community planning. However, although institutional pressures exist, the values and norms are not necessarily adopted consistently by all organisations. Luhman and Cunliffe (2013) suggested that while standardised management systems and tools are used due to isomorphic pressures, they may be implemented differently as a result of internal norms, needs and practices. This can be observed in the implementation of CPPs, which differ across the Scottish councils in terms of level of activity. It can also be debated whether a partnership required by law

is a genuine partnership or not, as it is no longer based on a voluntary will to partner. For the same reasons, the potential for success in the Scottish CPPs can be questioned: legal requirements may affect their ability to adapt quickly to changes. Conversely, the Total Place approaches have emerged more organically, assuming more optimist and realist-type characteristics. Emerging within the framework of the CPPs may have given them legitimacy. Indeed, community planning has been described as the framework that helps co-ordinate partnership initiatives as they tailor to local needs. Hence, CPPs can promote and enable local partnership working.

Conclusion

The fundamental necessity of public-public partnerships comes from the fact that the service scope of Scottish local authorities is limited and several local public services are provided by independent but sector-based public bodies. The institutional pressures for public-private partnerships seem stronger in Scotland where much of partnership working is framed by legislation and instructed by governance guidance given by central government bodies and professional associations. Therefore, the key aim of the Scottish institutional framework for partnerships is to conduct, control and co-ordinate local inter-organisational actions, and increase service integration.

In contrast, the institutional pressures for uniform and cross-sector partnerships are less dominant in Finland. The fundamental necessity of public-public partnerships is based on the combination of small local governments with exceptionally extensive service duties, in contexts where regional governments do not play a role. Legislation frames and regulates both compulsory and voluntary municipal-municipal partnerships, but the legislature has not been interested in promoting public-private partnership in any special ways, although PPPs are legally enabled systems. As the governance guidance for public-private partnerships comes from central organisations of associations and local

governments, there is a strong flavour of a corporatist welfare policy system.

It can be concluded that both Finnish and Scottish municipalities have more institutional obligations than incentives for partnerships. Before anything, institutional partnership obligations are binding statutes imposing local governments to carry out defined partnership operations without local choice. In Scotland, the CPPs are top-down partnership creations made by the legislature. In Finland, the compulsory joint municipal boards are equivalent creations. Moreover, the voluntary boards are also governed on the basis of peremptory provisions. Secondly, softer partnership regulation is carried out by best practise guidance: its juridical nature is supplementary and recommendatory. The aim of guidance is to harmonise and streamline detailed partnership activities, thus, bureaucratic administrators looking for standardised governance models for public-private partnerships welcome it.

Scottish municipalities have very small financial incentives to look for budgetary savings from partnership arrangements. In Finland these financial incentives are higher. However, the compulsory requirement to use joint municipal boards is inflexible and is not encouraging municipalities to look for effective and productive partnership models. It seems that there have been higher political incentives for public-private partnerships, such as PPPs, in Scotland compared to Finland, as partnership terminology and rhetoric have been popular widely in the UK.

The Scottish legal obligations require municipalities to carry out partnership working methods, whereas Finnish municipalities are instructed to apply both partnership working and create and run joint organisations. The political leeway of Scottish municipalities to develop local partnership models is narrower, out with the scope of CPPs, even though municipalities have been given powers to advance well-being of local residents. However, the impression of strong local self-government may be partly delusional in Finland, if the central government is going to implement the

preliminary plans to take away social and health care duties from municipalities. This could result in abolishment of all local social and health service partnerships in the current form.

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