

Socially responsible Public Procurement for Social Services

Social Employers & EPSU thematic
meeting

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Value for public money and a strategic decision

- Core problem in the use of limited taxpayers' money in our point of view is that the Finnish public sector traditionally has not considered procurement as a strategic means to organize service providing
- Public authority's first choice is usually to provide the services themselves. Procurement comes into question "only when there is no other choice" (many exceptions obviously occur)
- If you never look around, what the other service providers have to offer, the result cannot be the best
- Ms. Anna Lupi from the Commission stated earlier that the Commission is focusing on enhancing strategic thinking in procurements – very good to hear

Procurement is not the only option: vouchers and personalised budgets

- Procurement is only one of the options to buy and to take the private sector's resources into use. It's not always the best, because:
 - Smaller service providers often have poor ability to take part in large tendering processes
 - The service user's possibility to influence in their care would often be essential, but poor in procurement processes (for example in residential care of elderly and disabled persons)
- We encourage the public authorities to consider using also service vouchers and personalised budgets
 - The smaller companies and third sector service providers would have better opportunities to participate
 - The person himself / herself would be able choose a service provider suitable for him / her
- It is crucially important in all of these means (procurement tendering, vouchers, personalised budgeting) to define the pricing / cost right
 - Pricing needs to match with the required services and good quality of them
 - And for this purpose the public authority needs to know its own costs. There are huge problems in this area

Pricing overemphasises

- So when the municipalities buy, generally speaking their economic situation is already bad. The need to focus on price overemphasises
- Also the know-how to buy is not the best in the municipalities
 - Very pleased to hear that the Commission focuses on this aspect as well
- The service providers naturally carry big responsibility when quality doesn't match the level it should. But it should be remembered that there are many points in a tendering process that should work better as well

Case: elderly care

- Now the problems in the Finnish elderly care has led to the Finnish government to tackle them very powerfully
- They are in process to tighten the regulation on how many care takers there should be per one inhabitant in elderly care facilities
- The objective is good of course. But the legislation is sort of tackling the symptom, not the disease
 - Also there's still the money issue. It is not clear that there are sufficient funding pointed
 - And the poor availability of work force. Where will we get all of these care workers?

So: quality and pricing should meet up first

- When organising service providing, the public authority should ask itself:
 - What kind of services we want to offer?
 - What are (really) our own costs of providing these services?
 - Who would be the best one to do this? Or at least: is there anyone doing this better than us?
- So the public authorities would first have to step out from the price first –thinking. Only after that it can be proceeded onwards to more complex criteria, like responsibility factors

What about responsibility?

- What is quality and what is responsibility in social services?
- In service providing, factors like ethical origin of products do not play such a big role. But factors that do play a big role in this sector are factors like
 - Obeying collective agreements and employment laws
 - Having sufficient licences to provide the services in the first place
- These things have to be in order in spite of procurement contracts. Also in subcontracting
 - So the legislation and it's supervision in Finland enforces this kind of responsibility already
 - So in our point of view there is no need to attach criteria like salary in procurement contracts. Quite on the contrary

Exclusion criteria on responsibility?

- The government states that responsibility should be enhanced in the public procurement contracts
 - Good thing in general
- Attention must be paid on how this is done. Now there are some "dangerous" statements in the government's action plan
 - "Misdemeanour" Not crime?
 - Further discussion should be carefully watched. For example the companies' tax paying. Discussion about this has a history to seriously derail in Finland, especially what it comes to social and health care companies. For example foreign ownership cannot be an exclusion criterion

Our general message for the European level as well

- **Main focus should be in enhancing procurements as strategic means to organize the services**
- **It should be taken care of at all times that quality requirements will meet up with procurement contracts' pricing**
- **Responsibility criteria are indeed very important**
 - But it should be recognized that the industry (in Finland at least) is already well regulated on basic responsibility questions
 - Therefore caution should be taken when the discussion touches adding new binding responsibility criteria