

International cities: case studies

Helsinki

Introduction

Helsinki, the capital of Finland, is located in the south of the country, on the coast of the Gulf of Finland (Baltic Sea). The population (621 thousand in 2015) is growing due to migration and a high birth rate. 20-30 year olds comprise the largest age group in the city. The City Council is keen to prevent the out-migration of the working age population in order to maintain the city's 'vitality' and tax income base. 14% of Helsinki residents speak a mother tongue other than the official languages: Finnish or Swedish.

The Helsinki Metropolitan Area (HMA) includes Helsinki and three other cities, bringing the total population to 1.1 million (2014). Although the HMA is home to 19% of Finland's population, it produces 30% of gross national product. Furthermore, 42% of Finnish national research and development expenditure is spent in the metropolitan area, where several universities and research institutions are located.

The most important sectors of the local economy are ICT, business services, tourism and hotel industries, recreation and culture. 88% of jobs are in services: notably health and social work; wholesale and retail, professional and scientific activities. Key sectors promoted in Helsinki's city strategy are life sciences, health and well-being; travel, tourism and events; design; smart digital economy; and clean tech and environmental services. Since 2008 there has been an atmosphere of crisis in Finland, underpinned by three key developments which represented a shock to a small national economy. First the paper and pulp industry, which had been a strong pillar of Finnish exports, underwent harsh restructuring associated with factory closures and job losses. Secondly, there was the downfall and self-off of Nokia, which previously had dominated the mobile phone market. Third there was the sanctions regime against Russia: one of Finland's major trading partners.¹ In this context promotion of enterprise is an important strategic priority for Helsinki.

The labour force participation rate of people aged 15-74 is 70% and the unemployment rate is 7%. The labour force is highly educated: 40% of the population aged 15+ hold a degree (2015). However, young people aged 15-24 and foreign born adults, especially those from African and Middle Eastern backgrounds, face difficulties entering the labour market.

Social inequalities within Helsinki are moderate compared to large cities in Europe and North America, but they are growing. This is linked to persistently high unemployment in parts of the city where manufacturing jobs were lost in the early 1990s; ICT related industries being concentrated in west Helsinki. The low level of employment among international migrants is also an issue – especially since as Helsinki grows it is becoming increasingly diverse.²

Governance

Multi-level governance in Finland has three levels: national, regional and local (municipal) level. Local authorities have strong self-government rights, and share some of their responsibilities (e.g. land use) with the regions.

At the local level, the most important decision making body is the City Council, which is elected directly every four years. Members of the City Board are elected from and by Councillors for two years, while the Mayor is elected by the Council for a seven-year term. These arrangements will change in 2017: the Mayor and Deputy Mayors will be directly elected and the Mayor will become Chair of the City Board – arguably, giving more power and political legitimacy to the Mayor. The city's administration is also being reorganised, reducing the number of departments and committees and concentrating the activities under four sectors: Urban Environment (planning, building regulation, public works, etc.); Education (schools and early childhood education); Culture and Free Time (museums, libraries, orchestra, etc.) and Social Affairs and Public Health (social welfare and health); with each sector having a Sector Committee with a Deputy Mayor as chairperson. Together with six other committees and four boards, this new administrative structure represents a major reorganisation and rationalisation (albeit civil servants will be redeployed rather than made redundant). Part of the rationale for the reorganisation is to make City services more efficient and more accessible.

The single largest political party in Helsinki City Council is the conservative National Coalition Party (NCP) (with 22 out of 85 members) with the Greens as the second strongest party and the Social Democrats as the third largest. The current Mayor is Jussi Pajunen of the NCP; he was first elected in 2005 and is serving a second seven-year term in office.

The City Council's responsibility is to create the conditions for well-being, economic development and a safe and attractive physical environment for its citizens. Issues around employment relations and wages are not overseen by the city: historically the pay and conditions of workers in Finland has been upheld by strong trade unions in a collective bargaining system. There is a view that union control over working conditions have been gradually weakened (albeit from a high benchmark) and in high profile discussions about expenditure cuts and tax increases in June 2016 a 'competitiveness pact' was agreed to extend the average worker's annual time at work by 24 hours at no extra pay, spread out over 215 working days per year.³ The City Council plays an important role in employment-related education, labour market activation programmes and supporting the long-term unemployed.

In Finland's Nordic social security and welfare systems municipalities provide most public services (the City of Helsinki is the largest employer in the whole of Finland), but the legal framework for service provision is set at the national level. Health and social protection makes up 48% of Helsinki's expenditure (in 2015). Helsinki City faces increased demand on its social welfare systems due to an ageing society, relatively high unemployment and migration – although some social and welfare provisions are co-ordinated within the Metropolitan Area. The majority of municipal income comes from local income and property taxes.

Finnish municipalities are free to work in cooperation with other local authorities, and the City of Helsinki takes advantage of this freedom. Helsinki is part of the Helsinki Metropolitan Area (HMA), which includes Helsinki and three other municipalities. The co-operation is based on an agreement, a common vision and a joint strategy and co-ordinated by the HMA Advisory Board. The Advisory Board is responsible for strategic cooperation and steering of the most important joint municipal organisations. The main pillars of the strategy are common welfare services, international competitiveness, land use, housing and transport. The metropolitan area has its own business / competitiveness strategy with its own regional development agency. There is an aspiration within Helsinki to merge these municipalities making up the Helsinki HMA into a single entity.

Helsinki is also part of the Helsinki-Uusimaa (H-U) Region (26 municipalities, 1.6 million inhabitants), which is led by the H-U Regional Council, a joint regional authority. Council officials,

including a Regional Mayor, are elected by the member municipalities every four years. Regional Councils are funded by the member municipalities and receive funds for regional development from the national government and the European Union. The tasks of Regional Councils include regional and land use planning.

Strategy, Vision and Leadership

As the capital city and the centre of the only metropolitan area in Finland, Helsinki is in a special position. The existence of three levels of governance (outlined above) yields a complex situation of overlapping strategies for economic development, innovation and urban development / land use.

There are two main drivers of strategies: first, the national 'metropolitan policy', which is designed especially for the HMA; and secondly, the City of Helsinki's leadership who are keen to reduce unemployment and welfare dependence and attract businesses as a source of income for the city. That said there is an underpinning desire to maintain high standards of (free) education (notably the term 'mental growth' is used in some strategy documents) and to maintain the relatively high level of equality that is typical in Finland, and so prevent social exclusion. Key concepts are well-being and competitiveness, as it is clear from the following statement by a senior elected official in the City:

"It is important that business blossoms in our city because it is connected to well-being and jobs".

In terms of key overarching strategies there are several strategic plans for Helsinki, the Metropolitan Area and the Region. These plans and visions are linked and need to be read together.

The *Helsinki-Uusimaa regional programme: vision and strategy 2040* (which also sets strategic priorities for 2014-2017) is motivated by nationwide regional development targets. The vision strapline for 2040 is: 'The Helsinki-Uusimaa Region – on top of the Baltic Sea Region'. This means 'creating and taking advantage of economic and mental growth, enabling a practical everyday life for the inhabitants and arranging activities in an ecologically and economically sustainable way'. There are three strategic development goals for 2040:

- 1) 'Platform for intelligent growth' is based on sustainable development and intelligent solutions;
- 2) 'Easy to reach and live and work in' – which puts an emphasis on effortless transport, working and functioning, and an agreeable living environment; and
- 3) 'Clean and beautiful Helsinki-Uusimaa Region', which emphasises a sensible use of natural resources, maintenance of natural diversity, and becoming carbon neutral.

The strategic priorities for 2014–2017 are:

- 1) 'Opportunities for Growth' – including open development environments and intelligent services, regenerating business and environmental business – clean tech;
- 2) 'Practical Everyday Life' – including smooth traffic, a comfortable housing and living environment; 'good work!' (which encompasses the quality of working life too: *"it is important to be able to combine studying, working and leisure"*⁴ as well as increasing the employment rate – see Table 1 for further details); immigration and integration; and localness, local democracy and youth participation'; and
- 3) 'Sustainable Ecology' – relating to natural resources and adoption of environmentally smart lifestyles.

Importantly, these goals and strategic choices highlight quality of life and well-being dimensions of inclusive / sustainable growth.

Table 1: ‘Good Work’ objective and measures

Objective
Employment ratio will be raised and the quality of working life improved.
Measures
1. Utilise workforce reserves effectively; develop services targeted at open job markets for international experts and for people who have lost their jobs due to the structural change; and promote the employment of people with partial working capacity.
2. Anticipate changes in competence needs and maintain workforce competence in job market changes
3. Promote operational models that improve the working culture and that are based on equal and wide-scale employee participation.
4. Improve educational offerings and their quality in growth industries and structural change industries.

Source: The *Helsinki-Uusimaa regional programme: vision and strategy 2040*, strategic priorities 2014-2017

The Competitiveness Strategy’ of the HMA, entitled *Prosperous Metropolis*⁵, published in 2009, is influenced by the national government’s metropolitan policy that focuses on land use, housing and traffic, promoting business and internationalisation and preventing social exclusion, but focuses on themes and issues that were deemed insufficiently integrated into previous strategies and programmes. This strategy is also connected to (national) innovation policy.

The four priorities of the competitiveness strategy are:

- 1) Improving top-quality education and know-how;
- 2) Building good quality of life as well as a pleasant and secure living environment;
- 3) Strengthening user-driven innovation environments and developing public procurements; and
- 4) Internationalisation of the metropolitan area and its connection to global networks.

At city level *The Common Strategies of the City of Helsinki* were first formulated in 1997 and represented a shift to more strategic thinking, compared to the earlier approach, which was based on

‘departments’ and their separate budgets. The current City of Helsinki Strategy Programme – 2013-2016⁶, which is the latest in a series of interlinked four-year plans, focuses on: 1) wellbeing for the residents; 2) Helsinki is full of life (i.e. attractive to visitors and residents); 3) functional Helsinki – focusing on making local services more efficient and the 4) a well-balanced economy and good management of the city’s own businesses. The objectives are broken down into targets and detailed actions and detailed quantitative indicators measuring the success of implementation are also given. The fifth, overarching theme of ‘democracy and participation’ is embedded in the other four objectives. The plan includes a list of actions under the strategic objectives and metrics / indicators. The strategy programme is closely linked to the city budget, which includes information on the moneys dedicated to the actions listed in the Strategy Plan.

Design, Implementation, Monitoring and Impact

Strategies are ‘top-down’, in the sense that elected leaders of the city and the Regional Council as the leaders of the strategies. However, there are public consultations and plans are implemented through partnerships and innovative, smart solutions are encouraged (as set highlighted with regard to design principles, as set out in the following section).

To some extent implementation of inclusive growth strategy is helped by the fact that the City of Helsinki is a dominant land owner. With regard to planning and urban development the municipality can exert their influence in plans with developers for 'living and working'. In order to "fight against segregation" (in the words of one interviewee) areas of new build there is a rule that only 40% should be private owned housing and 60% should be social housing.

Implementation and progress of city strategy is reviewed by the City Board: at least once a month there is a meeting after the regular Board session when specific strategy items and their implementation are examined in some detail. Additionally, several times a year the Board meets to discuss progress on implementation of the City Strategy. The Board in turn reports on the progress on specific measures to the City Council. The City Council's 'business committee', which includes representatives of the most important local companies and business associations, gives feedback to the Council on implementing the relevant elements of the strategy.

Exemplar themes and initiatives

Three inter-linked themes are highlighted in this section:

- Open Data
- Embedding design principles in everyday life
- Integrating complex work and training services for disadvantaged young people

Open Helsinki and open data

'Open Helsinki' refers to transparent decision making and leadership but also the implementation of new digital services based on the use of open data (information and records, electronic archiving systems of the city). Open data is a philosophy in which the collaboration between the public sector, citizens, web developers and other users is nurtured and made more efficient to produce greater common good (as outlined in the sub-section below on embedding design principles). It is a means of increasing citizens' knowledge and understanding of the city, of fostering participation and interaction, and of facilitating the creation and design of new services and business opportunities – in a context where, in the words of one interviewee: "*to connect to the internet is more or less a human right*".

The **Helsinki Region Infoshare (HRI) service**⁷ aims to make regional information quickly and easily accessible to all. It is concerned with fostering data production, accessing data, data sharing and data utilization. HRI provides a web service for fast and easy access to open data sources of the cities in the Helsinki Metropolitan Area as part of normal municipal operations. Data is freely available and ready to use. The HRI service is funded by the cities concerned, the Finnish Innovation Fund (Sitra), and (in the project planning phase) by a Finnish Ministry of Finance municipality cooperation grant.

Before data is made accessible to the public, it has to be checked and datasets from different agencies often need to be merged – this helps break down silos in the administration, although the data remains the responsibility of the organization that has gathered it. The data available is mainly statistical, providing information on city budgets, living conditions, economics and well-being, employment and transport, and much of the material provided is Geographic Information System (GIS) based. The data can be used in research and development activities, decision-making, visualisation, and in the development of apps.⁸ The data may be used by citizens, businesses, universities, academies, research facilities or municipal administration. The data on offer is ready to be used freely at no cost. There are no limitations on users; anyone interested in open data can participate.

A successful example illustrating use of open data is the 'BlindSquare'⁹ smartphone app, which helps blind people move around Helsinki. An app developer took the Helsinki region's data on public transport and services¹⁰, and combined it with location data from the social networking app Foursquare as well as mapping tools and the GPS and the artificial voice capabilities of smartphones. The product now works in dozens of countries and languages.¹¹ Another example for the use of open data is that an independent software developer has created a smartphone app, which makes it very easy for the public to access the minutes and the debates of Helsinki City Council, making it very easy to keep up with the decisions of the city leadership. The HRI service has won the European Commission's prize for innovation in public administration in 2013.¹²

Embedding design principles in everyday life

Helsinki aspires to be a design-oriented city. Design has long been important in Finland, but following on from early work on open data and a series of national and local design initiatives, Helsinki was the World Design Capital in 2012. Subsequently it has been awarded City of Design status in 2014 as part of the Creative Cities Network established by Unesco.

Using an approach that is both collaborative and practical, Helsinki uses design as a strategic tool to improve city life (i.e. to develop a more human centric city), by exploiting the added value of design in customer/user orientation and empathy, engagement and co-design, development through experimentation, visualisation and concretisation. The Helsinki City Strategy Programme 2013-2016 involves design from three different perspectives: (1) in how to become a competitive city; (2) as a tool to reinvent public services; and (3) as a way to enhance the competitive edge of companies operating in Helsinki.

In 2013 Helsinki launched the Smart Kalasatama project, which aims to make Kalasatama a model district for intelligent city development. The district is planned to house 20,000 residents and offer work to 8,000 people when it is completed in the 2030s. The area is being developed flexibly and through piloting, in close co-operation with residents, companies, city officials and other stakeholders (i.e. with them and for them).¹³ The goal of Smart Kalasatama is to manage resources and create services intelligently so that residents will gain an extra hour of free time every day (i.e. 25/7) to use as they wish (e.g. relaxing, studying, having more family time, etc.).

The value of design is illustrated through stories of how design has been used to improve services.¹⁴ For example, the New Central Library is being co-designed to take account of the perspective of different customers. In the case of Ohjaamo (an integrated service centre for young people) designers challenged service providers to create novel joint services to meet young people's needs more quickly and efficiently than the separate old services. In another example new city bikes were tested for usability, and the results from the tests fed into tendering.

Illustrating its commitment to design, Helsinki is appointing a Chief Design Officer within Helsinki City Hall to take charge of a project which aims to make design knowledge, digitalisation and interaction an increasingly integral part of the city development.

Integrating complex work and training services for disadvantaged and/ or young people in Helsinki

Key elements include Cockpit 'Navigator service' ('Ohjaamo') where young people who have completed their basic education can receive short- or long-term support for the planning of their future; 'Respa': a second project that implements the 'social guarantee for the youth' (i.e. unemployed Helsinki residents under the age of 30);¹⁵ and Handu – a project providing jobs through public procurement.

Cockpit Navigator service ('Ohjaamo'): This service integrates a wide range of services - counselling, longer-term guidance, advice about education and training, advice about rehabilitation services and in-work support and coaching - under one roof in a one-stop guidance centre for young people. It is staffed by youth workers, social workers, psychologists and employment services professionals. Young people can 'drop in' at any time (without a referral from another organisation): it is an 'on demand' service imposing no obligations. It is not easy to record outcomes, so 'social reporting' is used, with young people coming to Cockpit being asked whether they have got the right services to help them. In the first five month of 2016 the service had over 3,400 visitors.

Respa: Young people are referred to Respa by public employment offices and are assigned a personal career coach, who helps in planning an individual career path and in determining and reaching their goals; assists in mapping various training, education or other alternatives that promote entry into paid work; and assists in acquiring necessary skills through workshops and training, which may be customized according to the needs of a specific employer; and supports and motivates them throughout their journey. Respa services may be complemented with financial and debt counselling, health care services, study guidance, apprenticeship guidance, and leisure and sports services. Respa also supports cooperation between businesses and non-profit organizations – and thus provides young people with work experience.

Handu – jobs through public procurement: This is an ongoing European Social Fund (ESF) project, co-ordinated by a research and development institute under the Finnish Ministry of Social Affairs, which is developing an operating model to employ people who are vulnerable in the labour market through public procurement. Use of a social clause in public contracts is quite new in Finland,¹⁶ but given that the public sector accounts for approximately 25% of GDP in Finland there is plenty of scope for development.

Synthesis and Conclusion

Helsinki is in a unique situation, as not only the capital city, but the only metropolitan area in Finland. With a large public sector, free education, a Nordic welfare model and strong collective bargaining aiming to maintain the quality of work and wage levels on the one hand, and economic challenges on the other, there are ongoing debates about how to negotiate the ethos of equality and the welfare state with economic competitiveness and globalisation. Overall, the philosophical and political context seems quite different from that of the UK.

Yet there are important learning points from Helsinki for the UK. First, is the emphasis on human centric development, which implies putting individual people centre stage. This is linked to the strategic goals of 'creating a good city to live in' and 'making the city better for everyone'. Secondly, it is notable that one means of achieving this is to embed design concepts in economic strategies and to use design as a coherent force for citizen engagement and co-creation of services. Thirdly, open data and smart solutions assist in breaking down barriers between departments of the Helsinki local authority and between cities of the Metropolitan Area and providing more integrated services to the public– and so link both to human centric development and to design.

In relation to leadership, although the Mayor is elected by the City Council, Mayor Pajunen's leadership has brought a change to Helsinki. Under his leadership, the city has been branded and promoted as a global centre for innovation, focusing especially on functional design. The Mayor was influential in Helsinki's bid to become World Design Capital under the theme of Open Helsinki, and he continues to advocate for greater openness in the city administration.

¹ See <http://blogs.lse.ac.uk/eurocrisispress/2015/10/08/finnish-competitiveness-raising-policies-and-their-discontents/>

² Deputy Mayor Pekka Sauri has suggested that by 2050 about 30% of the population of the Helsinki region will speak languages other than Finnish and Swedish – as Russian, Estonian, English and languages from Africa, China and the Middle East become more important (see http://yle.fi/uutiset/helsinki_2050_-_diverse_and_tolerant_or_isolated_and_segregated/8935308).

³ See <http://www.sttk.fi/en/2016/06/15/competitiveness-pact-signed-covering-86-5-per-cent-of-employees/> and <http://www.uniglobalunion.org/news/finnish-unions-agree-competitiveness-pact>

⁴ See page 23: http://www.uudenmaanliitto.fi/files/13281/Helsinki-Uusimaa_Regional_Programme_A31-2014.pdf

⁵ See http://www.hel.fi/hel2/Helsinginseutu/Pks/PKS_kilpailukykystrategia_engl_011009.pdf

⁶ See http://www.hel.fi/static/taske/julkaisut/2013/Strategy_Programme_2013-2016.pdf

⁷ See <http://www.hri.fi/en/>

⁸ See <http://www.hri.fi/sovellukset/> (in Finnish).

⁹ See <http://blindsquare.com/>

¹⁰ See

https://servicemap.hel.fi/?municipality=helsinki&_rdr=Default.aspx%3Flanguage%3Den%26city%3D9

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Blind Square: <http://blindsquare.com/>

¹² Sulopuisto, O (2014) 'How Helsinki became the most successful open-data city on the world', *The Atlantic CityLab*, 29/04/2014. <http://www.citylab.com/tech/2014/04/how-helsinki-mashed-open-data-regionalism/8994/>

¹³ The Kalasatama Urban Living Lab quick experimentation programme @Smart Kalasatama involves quick piloting of different projects and not over planning.

¹⁴ See *Design stories from Helsinki.fi* <http://www.muotoilutarinat.fi/en/>

¹⁵ ESF funding supports both Cockpit and Respa.

¹⁶ It has been possible to do so since 2007 but municipalities have been reluctant to utilise social clauses previously for fear of legal consequences.