

Local government finances

2018

Net costs of municipalities' social and health care activities grew in 2018

The data of Statistics Finland's statistics on local government finances show that the net costs of municipalities' operational economy amounted to EUR 31.4 billion in 2018. The change is especially affected by both the net costs of social and health care activities and of education and cultural activities being higher than in the year before. The net costs directed to social and health care activities increased by 2.9 per cent from 2017, totalling EUR 18.3 billion. The net costs of education and cultural activities grew by 3.9 per cent and amounted to EUR 11.0 billion. Data for the statistics were collected from all 311 municipalities and all 140 joint municipal authorities in Finland.

Operational economy of municipalities in 2018, EUR million¹⁾

	Municipalities				
	Operating costs	Operating income	Net costs	Change	Change %
Social services and health care, total	20 942	2 631	18 311	522	2,9
<i>Of which: Specialised health care</i>	7 110	221	6 889	156	2,3
Educational and cultural activities, total	12 029	1 015	11 014	408	3,9
<i>Of which: Primary education</i>	5 310	273	5 037	182	3,8
Other activities, total	11 286	9 164	2 121	51	2,5
Operational economy, total	44 257	12 811	31 446	981	3,2

1) Operating costs include operating expenses, depreciations and reductions in value as well as costs carried forward. Operating income includes operating income and income carried forward, change in inventory of finished products and production for own use. Net costs are the difference between operating costs and operating income. Changes in net costs are calculated compared to the previous year.

Operational economy of municipalities

In 2018, municipalities' combined operating costs amounted to EUR 44.3 billion and they grew by 2.9 per cent from the year before. Operating income totalled EUR 12.8 billion, which was 2.2 per cent more than in 2017.¹⁾ Thus, the net costs of the entire operational economy were EUR 31.4 billion. Net costs increased by 3.2 per cent from the previous statistical reference year.

1) A number of municipalities transferred the responsibility for the organisation of health care and social welfare services to the joint municipal authority they had set up, but municipalities were still responsible for producing the services. The municipalities applied the gross principle to record sales revenue and service purchases from joint municipal authorities, in addition to the expenses and revenue from their own service production. This recording procedure increased municipalities' operating costs and income,

A majority of the total net costs of municipalities' operational economy were directed at social and health care activities as in previous years. The share of these activities in the net costs of municipalities' operational economy was 58.2 per cent. In 2018, a total of EUR 18.3 billion on net were directed at these activities, which meant a 2.9 per cent overall increase from the previous year. The share of specialised health care was largest and that of primary health care second largest relative to the total net costs of social and health care activities. Municipalities spent EUR 6.9 billion on net on specialised health care and EUR 3.3 billion on primary health care services.²⁾

The second largest share of net costs in municipalities' operational economy or EUR 11.0 billion were recorded in education and cultural activities. Its share of the operational economy was 35.0 per cent. In total, the net cost of education and cultural activities were 3.9 per cent higher than in the previous year. The highest net costs in education and cultural activities came from arranging primary education and the second highest from arranging early childhood education. During the year, EUR 5.0 billion was spent on primary education and EUR 2.9 billion on early childhood education.

Measured in net, a total of EUR 2.1 billion, corresponding to a of 6.7 per cent in the entire operating economy, was directed at other activities, which include all other activities apart from social and health care activities and education and cultural activities. In an examination of costs on net, the costs of other activities increased by 2.5 per cent from the year before.

Operational economy of joint municipal authorities

In 2018, joint municipal authorities' combined operating costs on gross amounted to EUR 17.2 billion and, correspondingly, operating income to EUR 17.3 billion. In a gross examination, operating costs increased by 8.3 per cent or EUR 1.3 billion from 2017 and operating income by 7.7 per cent or EUR 1.2 billion.

A majority of joint municipal authorities' gross operating costs were directed at social and health care activities, whose share of the entire operational economy's gross costs was 75.2 per cent. The gross costs for the activities in question increased by 10.7 per cent from the year before and totalled EUR 12.9 billion. The gross operating income of social and health care activities grew by 9.9 per cent and amounted to EUR 12.9 billion.³⁾

In total, EUR 1.1 billion of joint municipal authorities' gross operating costs were directed at education and cultural activities, whose total share was 6.5 per cent of the entire operating economy. The gross income from education and cultural activities totalled EUR 1.1 billion. The costs of these activities contracted by 2.8 per cent from the previous statistical reference year, while the corresponding income declined by 1.5 per cent.

Information on the statistics

Statistics on local government finances contain data on municipalities' and joint municipal authorities' financial statements, operational economy, investments and activities. Data for the statistics are collected from all municipalities and joint municipal authorities in Finland.

but it did not have a net effect. On the level of the whole country, this procedure caused around one-third of the growth in municipalities' operating costs and roughly at least the entire growth in operating income. The effect does not extend to the time prior to the year 2018.

- 2) Primary health care services include outpatient care in primary health care, ward care in primary health care and oral health care.
- 3) A new social and health care joint municipal authority and the production of social and health care activities being transferred from some municipalities to joint municipal authorities, as well as the preparation of the regional government, health and social services reform by regional councils' joint municipal authorities raised both operating costs and operating income. In addition, the increase was affected by the changes in the allocation of premises and support services of some joint municipal authorities that resulted in more income and costs being directed at social and health care activities and correspondingly less at premises and support services. The changes in allocation also explain an estimated one-tenth of the growth in the operating costs of social and health care activities and an estimated one-seventh in the increase of operating income.

The data content and data collection of the statistics on local government finances were revised starting from the statistical reference year 2015, for which reason the data of the statistics on local government finances are not directly comparable with the data of statistics on finances and activities of municipalities and joint municipal authorities published in previous years. In the statistics on local government finances, municipal enterprises are combined with the data on basic municipalities and joint municipal authorities, while this was not done in the statistics on finances and activities of municipalities and joint municipal authorities. The revision also brought changes to the activity classification of municipalities and joint municipal authorities.

The data reported to Statistics Finland for the statistics are released as is at unit level in Statistics Finland's [Data on finances reported by municipalities and joint municipal authorities](#) database.

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	Municipalities			
	Net costs from social services and health care, EUR million	Net costs from social services and health care, EUR per capita	Net costs from educational and cultural services, EUR million	Net costs from educational and cultural services, EUR per capita
Whole country	18 311	3 318	11 014	1 996
Uusimaa	4 827	2 889	3 550	2 125
Varsinais-Suomi	1 607	3 357	907	1 895
Satakunta	779	3 565	394	1 801
Kanta-Häme	579	3 377	301	1 758
Pirkanmaa	1 678	3 258	1 027	1 994
Päijät-Häme	675	3 366	358	1 783
Kymenlaakso	678	3 912	336	1 940
South Karelia	455	3 537	220	1 709
Etelä-Savo	597	4 128	252	1 740
Pohjois-Savo	925	3 767	466	1 897
North Karelia	579	3 570	295	1 817
Central Finland	919	3 334	507	1 842
South Ostrobothnia	687	3 619	370	1 949
Ostrobothnia	618	3 418	409	2 263
Central Ostrobothnia	246	3 598	138	2 018
North Ostrobothnia	1 364	3 308	881	2 138
Kainuu	317	4 341	171	2 340
Lapland	726	4 066	357	2 001
Åland ²⁾	54	1 824	74	2 474

1) Data on residents 31 December 2018.

2) The health care of Åland is the responsibility of the Government of Åland.

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