

Local government finances

2020

Net costs of municipalities' social and health care activities continued growing in 2020

The data of Statistics Finland's statistics on local government finances show that the net costs of municipalities' operational economy grew by 2.9 per cent to EUR 33.8 billion in 2020. The growth was mainly due to the higher net costs directed at social and health care activities than in the year before. The net costs of social and health care activities were 4.2 per cent higher than one year previously and they totalled EUR 20.0 billion. Data for the compilation of the statistics on local government finances were collected from all 310 municipalities and 136 joint municipal authorities in Finland.

Operational economy of municipalities in 2020, EUR million¹⁾

	Municipalities				
	Operating costs	Operating income	Net costs	Change	Change %
Social services and health care, total	22 138	2 093	20 045	808	4,2
<i>Of which: Specialised health care</i>	7 579	236	7 342	112	1,5
Educational and cultural activities, total	12 465	961	11 504	53	0,5
<i>Of which: Primary education</i>	5 616	309	5 306	40	0,8
Other activities, total	11 455	9 232	2 222	91	4,3
Operational economy, total	46 058	12 287	33 771	952	2,9

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

The total operating costs of municipalities amounted to EUR 46.1 billion in 2020 and they grew by 1.5 per cent from the previous year. The operating income of municipalities amounted to EUR 12.3 billion and it decreased by 2.0 per cent from the previous year's level. As a combined effect, the net costs of the entire operational economy amounted to EUR 33.8 billion and they increased by 2.9 per cent. When examining the operational economy, the net costs of each task entity, that is, social and health care activities, education and cultural activities and other activities, were higher in euros than in the previous statistical reference year.

As in previous years, most of the net costs of the entire operational economy were directed at social and health care activities, where municipalities recorded 59.4 per cent of the net costs of the entire operational economy. Thus, the total net costs of these activities amounted to EUR 20.0 billion, which meant a 4.2 per cent growth from the previous statistical reference year. The biggest and second biggest shares of net costs of social and health care activities were formed by specialised health care and primary health care. In total, EUR 7.3 billion on net was used for specialised health care and EUR 3.7 billion for primary health care services.¹⁾

Municipalities spent EUR 11.5 billion net on providing education and cultural activities last year. This meant that the activity in question was the second largest in the entire operational economy measured by net costs. The share of net costs of education and cultural activities in the operational economy was 34.1 per cent, and the combined net costs grew marginally by 0.5 per cent from the level one year ago. The biggest net costs in education and cultural activities were generated from the provision of basic education and the second biggest from the provision of early childhood education. During the statistical year, municipalities spent EUR 5.3 billion on basic education on net and EUR 3.0 billion on early childhood education.

A total of EUR 2.2 billion on net were allocated to other activities of municipalities, which in the statistics on local government finances include all activities of municipalities apart from social and health care activities and education and cultural activities. The share of other activities in the net costs of the entire operational economy was 6.6 per cent. In examination of the statistics on local government finances, the net costs of other activities grew by 4.3 per cent from the comparison year.

Operational economy of joint municipal authorities

The gross costs of joint municipal authorities' operational economy amounted to EUR 19.0 billion and the corresponding operating income was also EUR 19.0 billion in 2020. In comparison to the preceding year in gross, operating costs grew by 3.6 per cent and operating income similarly by 3.6 per cent.

As in the previous years, a majority of the operating costs of joint municipal authorities were directed at social and health care activities, which accounted for 76.2 per cent of the gross operating costs of the entire operational economy. The gross costs of these activities grew by 3.5 per cent from the previous year's level and totalled EUR 14.5 billion. Gross operating income was realised almost at the same magnitude as gross operating costs. Gross operating income amounted to EUR 14.5 billion and increased by 3.6 per cent from the year before.

In the operational economy of joint municipal authorities, gross costs directed at education and cultural activities totalled EUR 1.1 billion, so the combined share of these activities in all costs of the operational economy was 5.8 per cent. The accrual of gross income from education and cultural activities amounted to EUR 1.2 billion by the end of the statistical reference year. Operating costs decreased compared with the level of the previous year by 1.4 per cent while corresponding income grew by 3.5 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.

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

1) Primary health care services include outpatient care in primary health care, ward care in primary health care and oral health care.

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.

The release for the statistical reference year 2020 is Statistics Finland's last release on statistics on local government finances. Starting from data for 2021, the data on local government finances will be collected and published by the State Treasury. Statistics Finland would like to thank all the data providers and stakeholders for long continuous cooperation in the production of the statistics.

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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	20 045	3 622	11 504	2 079
Uusimaa	5 540	3 253	3 826	2 247
Southwest Finland	1 719	3 570	935	1 943
Satakunta	816	3 789	400	1 855
Kanta-Häme	617	3 620	305	1 785
Pirkanmaa	1 823	3 500	1 065	2 045
Päijät-Häme	712	3 575	377	1 895
Kymenlaakso	713	4 208	345	2 036
South Karelia	512	4 032	228	1 799
South Savo	635	4 514	249	1 775
North Savo	1 017	4 176	483	1 983
North Karelia	623	3 888	295	1 843
Central Finland	986	3 587	526	1 913
South Ostrobothnia	747	3 978	379	2 021
Ostrobothnia	657	3 643	427	2 369
Central Ostrobothnia	260	3 830	143	2 104
North Ostrobothnia	1 504	3 634	908	2 193
Kainuu	343	4 788	173	2 407
Lapland	765	4 328	364	2 059
Åland ²⁾	58	1 936	75	2 501

1) Data on residents 31 December 2020.

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

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