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National monitoring frameworks for public social spending

Finland

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European Social Policy Network (ESPN)

**ESPN Thematic Report on
National Monitoring Frameworks
for Public Social Spending**

Finland

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Contents

SUMMARY	4
1 COUNTRY-SPECIFIC MONITORING FRAMEWORKS FOR PUBLIC SOCIAL SPENDING.....	5
1.1 Country-specific dedicated monitoring framework(s).....	5
1.2 Separate monitoring framework(s) linked to schemes provided by employers	7
1.3 Distinction between current and capital expenditure	7
1.4 Type of monitoring: level and outcomes	7
1.5 Level of granularity of public social spending	8
1.6 Breakdown of public social spending	8
1.7 Timing and public accessibility of data.....	9
1.8 Sub-national frameworks	9
2 REPORTING/REVIEW TOOLS FOR PUBLIC SOCIAL SPENDING	9
2.1 Regular monitoring	9
2.2 Ad hoc monitoring	11
2.3 Sub-national review tools	12
2.4 European Semester	12
REFERENCES	13

Summary

Like the other Nordic countries, Finland has a long history of public finance control activities. There are several *ex ante*, *ex tempore*, and *ex post* monitoring practices dedicated to public social spending and to ensuring that fiscal policy is sustainable. Since 1991, the central government's budgetary process has followed a framework procedure. The framework budgeting procedure means that, at the beginning of each parliamentary term, the government decides on the ceiling for budget expenditure for the entire four-year parliamentary term. Separate ministries must adapt their spending items to fall within the ceiling. Framework budgeting is an efficient tool for monitoring public spending. The government's budget proposals also contain evaluations of macro-economic and employment effects, but they could provide more specific analyses on gender impacts and the impacts on children, older people, and other vulnerable groups.

Regarding social spending, the Ministry of Social Affairs and Health (MSAH) is responsible for co-ordinating and monitoring its development, future trajectories, the adequacy of benefits, and its impacts on poverty and income distribution.

The Finnish Institute for Health and Welfare (THL) collects data on social protection expenditure and its financing. The other key actors are the Social Insurance Institution (Kela), the Finnish Centre for Pensions (ETK), Statistics Finland, the Financial Supervisory Authority, and the State Treasury. These actors keep and update their statistics and monitor the development of spending on the social security items they are responsible for. At the local level, municipalities are important providers of information. However, there may be some problems in the comparability of data from 309 municipalities.

Regarding *ex post* monitoring, the Economic Policy Council provides independent monitoring of policy measures. The National Audit Office of Finland (NAOF) audits central government finances, monitors fiscal policy and public spending, and conducts audits on separate social policy issues.

One obvious strength of the Finnish monitoring system is the richness of data and the flexibility to use them. The data on public spending are reported annually at the national level, while the respective institutions provide information at the regional and municipal levels on the spending categories they are responsible for. The national data cover costs due to risks and needs, related to: illness and health, disability and incapacity to work, old age, survivors, family and children, unemployment, housing, and social exclusion. All central data are freely available online. In addition, organisations collecting information have developed online statistical tools to break down social spending to a more granular level and to create customised reports.

Micro-simulation models are widely used by ministries, research institutions, and researchers to provide the more granular information necessary for monitoring. They are also open to all Members of Parliament and parties, to enable the open access of information which is vital to democracy. The strength of micro-simulations is that they allow for the evaluation of the consequences of planned policy reforms. One weakness in the Finnish micro-simulation development is that there are no proper dynamic micro-simulation models that can take into consideration possible behavioural effects.

Most spending monitoring frameworks also involve wider assessments of different societal outcomes, such as levels of poverty, income distribution, and inequality. A strength of the Finnish monitoring practices is the legal obligation to evaluate developments in basic social security (pensions, social assistance, minimum unemployment and sickness benefits, child allowance, etc.) at the end of each government term. Non-governmental organisations are also important in evaluating the adequacy of basic security, poverty, and access to services. In the Finnish monitoring practice, there are many actors. This can be both a strength and a weakness. The different actors produce abundant, versatile, and useful information; but the consistency and efficacy of monitoring would benefit from improved co-ordination and collaboration between them.

1 Country-specific monitoring frameworks for public social spending

1.1 Country-specific dedicated monitoring framework(s)

In 1919, the external control of state finances in Finland was divided between parliamentary control by state auditors elected by parliament, and administrative control by the state's audit office. After the Second World War, the tasks and the official status of the audit office (the NAOF) were specified in the Act on the Audit of Public Finances (967/1947).

The Long-Term Economic Planning (*Pitkän tähtäyksen taloussuunnittelu* – PTS) procedure was implemented in 1963. Under the PTS, the Ministry of Finance issued instructions to all other ministries and their subordinate agencies on spending issues. Since 1991, the central government's budgetary process has followed a framework procedure (*kehysmenettely*). The reform of the framework procedure was based in part on the OECD's 2002 assessment of the Finnish state budgeting and financial management system.

The framework budgeting procedure is aimed at setting a total expenditure limit to guide the maximum amount of appropriations to be entered into the state budget, and the financial planning for the following years. Each ministry must adapt its spending to the framework given to the ministry in question. Thus, the framework budgeting process also monitors and regulates the development of social spending.

At the beginning of each parliamentary term, the government decides on the spending limits; that is, the ceiling for budget expenditure for the entire four-year parliamentary term. The allocation for each administrative branch under the spending limits is monitored annually in March–April as part of the General Government Fiscal Plan. Decisions are made based on the spending proposals of the ministries' administrative branches. For the administrative branches, the General Government Fiscal Plan serves as a guide for the preparation of the following year's draft budget. Spending proposals prepared by separate ministries include a baseline scenario stating the level of appropriations that have already been decided. In addition, each ministry may submit development proposals as well as an estimate of the administrative branch appropriations that fall outside the scope of the spending limits and revenue estimates (Ministry of Finance 2021).

When the government presents its budget, opposition parties usually present their own 'shadow' budgets. When preparing these alternative budget proposals, the opposition parties can utilise the Parliament's Information Service Unit. This unit helps all parties, MPs, and their assistants with information requests. When producing shadow budgets, the Information Service Unit relies on the micro-simulation models developed by Statistics Finland. The practices in these simulations are the same as in the models used by the Ministry of Finance. The goal of the Information Service Unit is to be an objective and impartial monitoring agency (Grönberg *et al.* 2016; Kärkkäinen & Mattila 2021).

In addition to the budgetary process, Finland has several *ex ante*, *ex tempore*, and *ex post* monitoring practices dedicated to public social spending in general and social spending in particular. These practices are centrally integrated into the overall total public expenditure framework. The MSAH is responsible for co-ordinating and monitoring social spending, its development, future trajectories, the adequacy of benefits, and its impacts on poverty and income distribution. As a rule, organisations that operate under the jurisdiction of the MSAH take care of the monitoring practicalities.

Regarding *ex post* spending, the THL collects data annually on social protection expenditure and its financing, based on the costs and financing of social activities by the central government, municipalities, non-profit associations, and other organisations. The data are reported at the national level. The statistics on social protection expenditure and financing compiled THL mainly follow the European System of Integrated Social Protection Statistics (ESSPROS) (THL 2021).

Social protection covers risks and needs related to illness and health, disability and incapacity to work, old age, survivors, family and children, unemployment, housing, and social exclusion.

Under the ESSPROS system, social protection expenditure does not include financial aid for students. Tax rebates and interest-bearing loans granted to households are not included in the core system. Employers' expenditure on employee benefits that are classified as compensation for work are also not considered as social benefits. Furthermore, the Finnish classification of social spending excludes all private insurance policies (THL 2021).

Social security expenditure is calculated as net expenditure; client fees for medicines and benefits in kind are not included. Healthcare expenditure is also recorded according to the System of Health Accounts (SHA). The SHA-based system has more extensive coverage of health expenditure than the ESSPROS, and includes spending on medicines and investment.

Key data sources for the THL statistics on social protection expenditure and financing are as follows.

- The Kelasto statistical database¹ compiled by Kela
- Statistics on employment-related pensions compiled by ETK²
- Statistics Finland³
- Financial Supervisory Authority⁴
- The State Treasury⁵

The five aforementioned institutions keep and update their statistics, monitor developments, and make prognoses on the social spending of the social security items they are responsible for (see e.g. Kelasto 2021; ETK 2021).

THL administers a specific social and healthcare database called "Sotkanet.fi" (Sotkanet.fi 2021). The online service is freely available for everyone and contains over 2,000 indicators on health, welfare, and the functioning of the service system. Data can be compiled using diverse regional categories, such as municipalities, healthcare districts, and all regional levels.

Finland's Economic Policy Council, established by a Governmental Decree adopted on 30 January 2014, provides independent monitoring of the chosen policy measures. The Council aims to improve the quality of economic policy decision-making and preparatory work, and to bring an independent and research-based perspective to the public discussion of economic policy and public spending. The Council publishes an annual report evaluating recent economic policy decisions – see Economic Policy Council (2021).

According to Finnish legislation, developments in basic social security (e.g. basic pensions, minimum illness and unemployment benefits, study allowances, and child allowances) must be assessed at the end of each government term (THL 2019). This four-year monitoring process includes evaluations of spending and benefit levels, the number of beneficiaries, and poverty-reducing and other distributional effects (see Section 1.4. below).

In addition to audits of central government finances, the NAOF also conducts separate evaluations on various social policy issues (see e.g. NAOF 2017 and 2021b).

¹ All child benefits, parental allowances, maternity and adoption grants, unemployment benefits, conscript allowances, housing allowances for pensioners, general housing allowances, the reimbursement of medical expenses, sickness benefits, occupational healthcare, and disability benefits.

² Including total expenditure on pensions, pension assets, and cash flow and rehabilitation provided by the employment-related pension system.

³ Finances and activities of local municipalities and joint municipal boards.

⁴ Expenditure on life and accident insurance.

⁵ Central government accounts and accounting.

1.2 Separate monitoring framework(s) linked to schemes provided by employers

In Finland, employers are obliged to provide occupational healthcare. Expenditure on occupational healthcare is included in the Kela statistics and they are part of public social spending (see Section 1.1, footnote 1)

Finland has a semi-public occupational (employment-related) pension scheme. It is fully legislated for and obligatory, but is run by private pension insurance institutions. Data on these pensions are compiled by ETK and are included in the public spending statistics (see Section 1.1, footnote 2).

These two schemes are subject to the monitoring frameworks described above. The same applies to employer-provided sick pay schemes.

1.3 Distinction between current and capital expenditure

Regarding the distinction between current and capital expenditure, there are differences between the monitoring frameworks in question. The state budgetary process distinguishes between the two forms of expenditure and records them separately. The monitoring frameworks based on the THL data (see Section 1.1) include spending on the benefits, wages, and salaries of public sector employees, but do not include capital expenditure.

The Association of Finnish Municipalities (*Kuntaliitto*) compiles registers of investment; however, they are not included in the social spending statistics THL produces at the national level.

1.4 Type of monitoring: level and outcomes

All monitoring frameworks provide data on social spending. Most frameworks also conduct a wider assessment of different societal outcomes, such as levels of poverty, income inequality, distribution of benefits among population groups (according to age, gender, type of household, municipality, etc.), and access to services and benefits.

In addition to the level of spending, the Ministry of Finance also produces *ex ante* and *ex post* assessments of incentive structures in relation to employment (e.g. effective marginal tax rates, and tax-benefit analyses), as well as the effects of the budget on income distribution and poverty reduction. The opposition parties can utilise micro-simulations produced by the Information Service Unit of Parliament to assess various impacts of their own shadow budgets and the government's proposals.

In their draft budget proposals, ministries provide a summary of their spending items that have a significant gender impact (see Elomäki & Ylöstalo 2018). The present centre-left coalition government (nominated on 10 December 2019) is preparing monitoring frameworks to better capture the gender- and child-related effects of the planned budget.

The Economic Policy Council carries out analyses of inputs (public outlays) and outputs (levels of poverty, income distribution, and inequality) (Economic Policy Council 2021b).

The evaluations of the adequacy of basic security monitor the outcomes of political decisions in terms of poverty, social exclusion, benefit levels (in relative and absolute terms, and for different family types), and in relation to minimum consumption packages (Moisio *et al.* 2017). The central goals of non-governmental organisations such as the European Anti-Poverty Network in Finland (EAPN-Fin) or the Finnish Federation for Social Affairs and Health (SOSTE)⁶ are to ensure the adequacy of benefit levels, fight poverty and social exclusion, and ensure access to essential services (EAPN-Fin 2021; SOSTE 2021); accordingly they contribute to the monitoring of levels and outcomes.

⁶ SOSTE is an umbrella organisation of 200 social affairs and health NGO members.

In addition to THL, Kela and ETK also regularly monitor the following outcomes: the costs of medicines for people on low incomes; population health; the costs and utilisation of healthcare; the effects of rehabilitation; retirement; and work dis/incentives of the present tax-benefit systems. Kela also monitors the ease and duration of the application process⁷, fraud, rejected applications, client complaints, and so forth.

1.5 Level of granularity of public social spending

The THL-based country-level data on social spending cover the costs of risks and needs related to illness and health, disability and incapacity to work, old age, survivors, family and children, unemployment, housing, and social exclusion. The main categories are illness and health, disability, old age, survivors, family and children, unemployment, housing, other social protection, and administration. Within all benefit categories, a distinction is made between benefits in kind and benefits in cash. Data for these categories are presented for each year in current prices, per capita, year-on-year percentage changes, expenditure by function as a percentage of GDP, and financing of social protection (THL 2021a).

Kela and ETK compile more detailed data on the spending categories they are responsible for. The Kelasto statistical database contains detailed information on the benefits that Kela pays out (see Kela 2021). Data are provided at the national, regional, and municipal levels, and cover total spending, spending per capita/household, number of clients, and so forth – for a more detailed description, see Kelasto (2021). ETK in turn publishes detailed data on Finnish pensions, which contain the following: pension expenditure, number of recipients, the level of pensions, effective retirement ages, pension contribution rates, and so forth – for a more detailed list, see ETK (2021).

1.6 Breakdown of public social spending

The published THL statistics are at aggregate levels; however, there are tools to break down social spending by any main population group. One can compile spending on different population categories (gender, age, income, etc.). Furthermore, the Sotkanet service provided by THL offers free online tools for everyone to compile diverse statistics on 2,000 different indicators on health and welfare at different administrative levels (state, municipality, healthcare district, and NUTS; see Section 1.1). It is also possible to combine different statistics and/or utilise micro-simulation models (Vaalavuo *et al.* 2018). The main tools for this are the “SOME” micro-simulation model mainly used by THL and the MSAH, and the “SISU” model mainly used by Statistics Finland, THL, Kela, universities, and other research institutions. Statistics Finland’s SISU micro-simulation model is a calculation tool intended for planning, monitoring, and assessing the outcomes of personal taxation and social security legislation – that is, determining the winners and losers, the poverty-reducing effects, macro-economic consequences, and so forth (Statistics Finland 2020; Ollonqvist *et al.* 2021).

Through Kelasto, Kela offers the possibility of analysing the distribution of benefits (amounts, spending, distribution by region, and main population groups: type of household, gender, employment status, etc.).

ETK has models, including the ELSI (*ELäkeSimulaatio*) simulation model, to evaluate developmental trajectories in spending on pensions. The individual-level output data produced by the model make it possible to study simulated pension distributions in detail and to analyse results in specific population sub-groups. In addition to cross-sectional analysis, simulated life courses and earning histories can be studied longitudinally (ETK 2020).

⁷ The target processing time for unemployment benefits is five working days, and for basic social assistance it is seven working days.

1.7 Timing and public accessibility of data

Aggregate social protection expenditure and financing statistics are produced annually by THL. Each year's statistics are published approximately 14 months after the end of the statistical year. In particular, the release date is affected by the publication dates of Statistics Finland's local government finance statistics (early November) and annual national accounts statistics (late January). The country-level THL data are available 14 months after the end of the year in question (i.e. T+14).

Most of Kela's data can be computed via Kelasto, and most data are available on a monthly, quarterly, annual, and longitudinal basis. All Kelasto data are online and publicly available to all. One can even construct their cross-tabulations. Furthermore, Kela publishes annual yearbooks and more detailed statistical analyses on specific spending items and their distribution. The same applies to the pension statistics produced by ETK.

Some central statistics are also available online via "Findicator", compiled by Statistics Finland (Findicator, 2021). Previously, the biannual/annual SOSTE barometers were published in a printed book, whereas now they are available in print as well as online.

1.8 Sub-national frameworks

Finland has 309 municipalities, which are responsible for providing basic social services for their residents. The Association of Finnish Municipalities compiles registers on information drawn from individual municipalities. Most social spending data are further transferred to THL for the compilation of total social spending at the national level. Based on the municipal data administered by the Association of Finnish Municipalities, it is possible to make comparisons between individual municipalities, evaluate their sustainability, compare cost structures (municipality-specific financial information including investment, gross or net costs, and healthcare spending either per capita or in absolute terms), municipal tax rates, and developments in social services. The database also contains a productivity index to monitor productivity and performance in different municipalities over time (Kuntaliitto 2021). These data offer municipalities the opportunity to learn from each other about effective practices regarding the provision of services to residents. The Sotkanet service offers the possibility of extensively monitoring outcomes (health, level of poverty, inequality, unemployment, etc.) at the municipal level.

2 Reporting/review tools for public social spending

2.1 Regular monitoring

The NAOF audits central government finances and monitors fiscal policy and public spending. The NAOF annually audits the financial statements of the central government and its accounting units – that is, ministries and other agencies and institutions (NAOF 2021). It also conducts audits on separate social policy issues – see e.g. NAOF (2017). These audits ensure that regulations on the state budget and central government finances are complied with, and that correct information on the expenditure and financial position of the central government and its accounting offices is provided. The NAOF also ensures that fiscal policy is on a sustainable basis. The NAOF's activities cover the entirety of central government finances, and it has extensive access to information under the Constitution of Finland (NAOF 2021a).

In Finland, there has been a constant development in the collection of information needed for monitoring purposes. The basic structure of statistical compilation has remained constant in the 2000s until recently, when there have been some new developments. First, data are increasingly available online and accessible to all (e.g. Kelasto and ETK data). Second, new and more easily accessible micro-simulation models have been developed. The SISU micro-simulation model was developed in 2011 by Statistics Finland in close co-operation with Kela's Research Department. Since then, SISU has been widely used in

ministries, THL, Kela, and research institutions to evaluate the impacts of past and planned reforms in social security. Furthermore, as indicated in Section 1.1, SISU is frequently used by Parliament's Information Service Unit to produce evaluations of the impacts of government budget proposals, of alternative shadow budgets produced by opposition parties, and of more specific social policy reforms. SISU provides excellent possibilities for monitoring effectiveness; for example, the comparison of at-risk-of-poverty (AROP) rates before and after basic security transfers (minimum unemployment benefits, housing allowance, and social assistance) shows that the poverty-reduction effect is 25.1% at the 60% poverty threshold, 48.0% at the 50% threshold, and 61.6% at the 40% poverty threshold (Kangas 2021). The next step is to develop dynamic micro-simulation models that take into consideration possible behavioural effects.

Statistics Finland produces annual analyses of the incidence of poverty (AROP), social exclusion, and the two combined (at risk of poverty or social exclusion, AROPE) among various population categories. These processes follow the Eurostat standards. The measures provide indirect possibilities for effectiveness analyses. The AROP and AROPE rates can be related to social spending data.

The ELSI micro-simulation model of ETK was released in 2014. The model, based on administrative register data, covers both earnings-related pensions and the national pension system of Finland. ELSI is a model with dynamic ageing, and considers behavioural changes resulting from would-be reforms. The results calculated by the ELSI model are reported regularly as part of the long-term projections of ETK. The model is also used to analyse the potential effects of policy proposals on pension benefits, the development of pension expenditure, and retirement trajectories (Tikanmäki & Lappo 2020; Salonen 2020). Monitoring developments in the pension sector is one of the legal tasks of ETK. ELSI provides possibilities for long-term cost-benefit analyses of future pensions.

In 2010, the law mandated the evaluation of the adequacy of basic security every fourth year, at the end of each parliamentary term. However, the key problem is defining a sufficient level of basic social security. In addition to developments in spending, real benefit levels, and poverty rates (AROP), the evaluations have also used the reference budgeting method to compute the reasonable minimum household consumption. The monetary value of the minimum consumption basket has been a yardstick to measure the adequacy and poverty-reduction effects of the benefits in question (THL 2019).

THL and Kela, separately or jointly, continuously monitor developments in social protection – the impacts of transfers, services, and service fees on income formation and poverty (see Section 1.1). Kela has not only a legal obligation to monitor the need for and distribution of reimbursements of medicines and evaluate the cost-effectiveness of new medicines, but also an obligation to contribute to reducing the misuse of medicines. Furthermore, Kela provides an annual assessment of its yearly activities to Parliament (benefits paid and total expenditure, clients, and the structure of services). The Sotkanet interactive database housed at THL allows rich possibilities for analysing the relationships between inputs (spending) and outputs – population health, AROP(E) rates, income inequality, etc. – at municipal, NUTS, and national levels.

The Economic Policy Council independently monitors economic policy decision-making and preparatory work, and provides its evaluation and recommendations annually. Notably, the Council's activities have a legal basis, in a Governmental Decree adopted on 30 January 2014: see Economic Policy Council (2021). Occasionally the Council comments on the effectiveness of income transfers.

SOSTE utilises two barometers. The Social Barometer, in use since 1991, measures the views and opinions of social and health managers, social workers, Kela managers, and employees, as well as the management of employment offices and those responsible for municipal employment. The themes are related to various aspects of income transfers and access to services. The Organisational Barometer collects information on the activities of the voluntary organisations that complement the social security provided by public authorities. Thus, the Organisational Barometer offers evaluations on the effectiveness and

efficacy of legislated social policy in providing adequate benefits for the groups represented by SOSTE. However, there is no legal basis for these barometers. Rather, they are undertaken as an established practice initiated by SOSTE and its predecessor.

2.2 Ad hoc monitoring

Different organisations and actors conduct various kinds of ad hoc monitoring. Effectiveness is sometimes discussed. Situational factors matter: the trigger is often an actual situation, political debate, or international initiative. For example, the 2017 evaluation of social spending by the NAOF was triggered by the political discussion on the welfare state's sustainability deficit, caused by the expansion of age-related social spending (NAOF 2017). The NAOF recommended improved co-ordination of spending monitoring between the Ministry of Finance and MSAH, including deeper co-ordination of micro-simulation models and increased open data availability. In its follow-up audit, the NAOF stated that the ministries had satisfactorily responded to the recommendations (NAOF 2018).

The COVID-19 pandemic has been a trigger for establishing ad hoc monitoring frameworks and tools. For example, THL published daily reports on health and healthcare issues. Kela constantly updated spending data and information on changes in the number of clients, and economists provided analyses of employment effects and changes in employment and income. Furthermore, most non-governmental organisations (e.g. SOSTE) created COVID-19-related special reports.

The Prime Minister's office is an important initiator and financier of ad hoc evaluations on various topics. Funding of the government's analysis, assessment, and research activities (*Valtioneuvoston selvitys- ja tutkimustoiminta – VN-TEAS*)⁸ is intended for short-term research activities on topics that support the government in its preparations and decision-making. The research activities funded often monitor the impacts of social security (the distribution and utilisation of benefits and their distributional impacts – e.g. an assessment of the impact of population ageing on social spending and public finances (Valkonen and Lassila 2021), and an analysis of the overlap of minimum-income transfer schemes (Jauhiainen and Korpela 2019) – or they offer practical tools for such analyses (e.g. Kangasniemi *et al.* 2021).

The VATT Institute for Economic Research is one of the most important producers of ad hoc analyses on social security. VATT specialises in analysing how changes in the social security system and ways to finance them affect the behaviour of employees and employers, and consequently, employment. VATT researches social security and its effects on taxes, income distribution, poverty, incentive structures, and employment (VATT 2021).

SOSTE also produces ad hoc measurements of the development of social benefits in real terms over time, and their distributional effects in terms of poverty and income distribution (e.g. Honkanen 2020). The latest ad hoc evaluation was initiated due to continual cuts in minimum-income transfer benefits, and in order to offer empirical material for the comprehensive social security reform planned by the government. This and the previous ad hoc report, together with the results from the evaluation of the adequacy of basic social security, offer material to improve the levels of the Kela-based minimum benefits.

Reforming the social security system always triggers extensive ad hoc evaluation and monitoring processes; for example, the 2017 pension reform (e.g. Reipas & Sankala 2015) or the ongoing committee work on reforms in the basic income transfers system (Ministry of Social Affairs and Health 2020). It is more difficult to find any single review or audit that has immediately triggered a policy change. The process is slower and more gradual. For example, Kela gathers data and monitors spending and the recipients of the benefits it is paying out. This kind of continuous monitoring often triggers amendments and sometimes

⁸ The aim of VN-TEAS grants is to fund analyses, assessments, and research activities co-ordinated by the government, and generate information that supports decision-making, working practices, and management through knowledge (Prime Minister's Office 2021).

also bigger reforms in the systems in question. The same is true for monitoring conducted by other institutions (e.g. THL and ETK).

Monitoring contributes to the process of the construction of 'social problems' (Spector & Kitsuse 1987). In this process, the conclusion may be reached that some social conditions are undesirable and unjust, and that something should be done about them.

2.3 Sub-national review tools

As shown in Section 1.8, the Association of Finnish Municipalities collects information from individual municipalities, and compiles and constantly updates different indexes, for example on population, sustainability, the production of services, and finances. Sotkanet.fi offers municipalities the possibility of evaluating and monitoring outcomes in their areas, such as population health, health behaviour, obesity, the distribution of welfare and health, poverty, income inequality, social exclusion, and the feeling of safety.

2.4 European Semester

According to the European Commission, Finland performs well on the Social Scoreboard (European Commission 2020). Income inequality and AROPE rates are among the lowest in the EU, for both the child and the adult populations. However, there are problems such as limited access to healthcare, as there is a large number of people with unmet healthcare needs. The obverse of the comprehensive social protection is work disincentives. Simplifying and streamlining the social security system is the main target of the parliamentary committee that is planning comprehensive reforms in the income transfer system. The benefits system reform process is expected to be implemented gradually over two government terms, and to be completed by 2027.

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