

Child-oriented budgeting of municipalities and wellbeing services counties, and the monitoring and reporting of outturn data

Policy brief

Report by Rapporteurs Juha Aho and Mika Penttilä

In order to build a child- and family-friendly Finland that respects the rights of the child, a National Child Strategy was drafted during the term of Prime Minister Sanna Marin's Government. The policies of the National Child Strategy have been put into practice in the implementation plan for the National Child Strategy. This Ministry of Finance project was part of the implementation plan: Carrying out an investigatory project for the development of the monitoring and reporting of outcome data in municipalities and wellbeing services counties, and promoting their child-oriented budgeting efforts. The rapporteurs of the project were Head of Development Juha Aho and Director of Education and Cultural Services Mika Penttilä from the City of Oulu. The survey was carried out from March to August in 2022.

Child-oriented budgeting is based on Article 4 of the UN Convention on the Rights of the Child. The UN Committee on the Rights of the Child has stated that states parties should take all children's rights into consideration throughout all stages of their budget processes and administrative systems at the national and subnational levels. In the Budget, child-oriented budgeting was first piloted in the 2022 budget proposal, and a standardised version will be introduced for the 2023 budget proposal. A few individual municipalities have been developing child-oriented budgeting for years, but the approach has not yet been standardised on the national level. Knowledge management processes, on the other hand, have been developed more extensively. The knowledge management challenges facing municipalities and the forthcoming wellbeing services counties will principally relate to data being reliable and tied to specific systems. Analysis processes are often deficient, for example, because financial and operational data are analysed separately. Municipalities and wellbeing services counties should reconcile the reporting of their outturn data in the national Aura service classifications, which will be divided from the beginning of 2023 in to the municipalities' and wellbeing services counties' own Aura service classes, with the reporting obligation beginning on 1 January 2023.

Definition of terms

Child-oriented budgeting refers to examining the budgets and financial statements of municipalities and wellbeing services counties from the perspective of the rights of the child. Child-oriented budgeting makes it possible to track the portion of the budgets of municipalities and wellbeing services counties allocated to children and young people and to assess the impact of activities. Child impact assessment means anticipating and

monitoring the impact of decisions or measures targeting children. A joint analysis of child-oriented budgeting and child impact assessment in different fields can be used to evaluate whether resources are sufficient in relation to needs and whether funds are allocated to measures that reduce the need for more expensive services later. An overall picture provides information on how spending promotes the wellbeing of children and young people and the realisation of their rights. Outturn data refers to the gathering and reporting of data on finances and activities, including data on costs, service use, customer numbers and effectiveness. Outturn data can be collected, for example, on education, social and healthcare services that are allocated to children and young people.

Knowledge management means the organisation of data, in other words, the processes and practices through which data is collected, refined and utilised within an organisation in communication between sectors. Knowledge-based management means using data as the foundation for management, decision-making, planning and operations. At best, child-oriented budgeting, child impact assessment and the monitoring of outturn data all form a part of knowledge-based management in municipalities and wellbeing services counties.

Effectiveness means changes in the health, functional capacity or wellbeing of clients or the population, in other words the measurable benefit that activities provide to clients. The objective of knowledge-based management should be to ensure that the resources allocated by municipalities and wellbeing services counties are as effective as possible and that services are provided in a timely manner.

Data collected during the project

During the project, data was collected from municipalities, joint municipal authorities, hospital districts, wellbeing services counties and a wide range of experts. Data was collected through an online questionnaire, interviews and online idea generation. Data was refined in two workshops. A monitoring group and a network of experts supported the work of the rapporteurs. The members of the monitoring group and expert network worked in financial, child and family services positions in municipalities and wellbeing services counties. In addition, a survey on children's opinions on the use of public funds was carried out among 10–17-year-old children living in Finland. The conclusions of the rapporteurs with regard to outturn data and child-oriented budgeting have been derived from the collected data and prior reports on the topic.

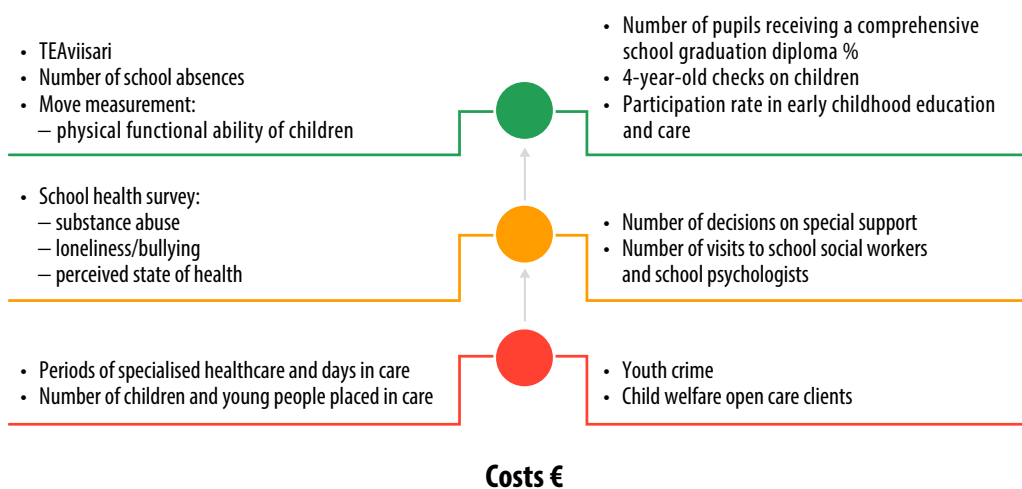
Monitoring and reporting of outturn data

Based on the report data, municipalities and the newly established wellbeing services counties have sufficient outturn data, but the data is in silos in several different systems, and the analysis of the data is insufficient from the perspective of knowledge management. Knowledge-based management needs to be developed, because the wellbeing services county reform will significantly alter the operating environment. Joint wellbeing objectives, effectiveness indicators and multi- and cross-sectoral measures are needed for municipalities and wellbeing services counties. The central government should not establish additional reporting obligations. Reporting should be based on the current knowledge base. Municipalities and wellbeing services counties should allocate resources based on wellbeing data. Reaching joint wellbeing objectives will require the commitment of senior elected officials and senior local government officials. Reaching the objectives will also require the structures formed by each wellbeing services county and its constituent municipalities.

The rapporteurs propose that municipalities and wellbeing services counties establish cooperation groups on the regional level. The regional cooperation groups would be tasked with preparing joint wellbeing objectives and indicators for the county and local governments, for reconciling operational information and for preparing a joint analysis of the operating environment for wellbeing reports and budget proposals based on identified phenomena.

In addition, the rapporteurs propose the following operational indicators, which would be monitored as part of child-oriented budgeting and child impact assessment.

Improving the wellbeing of children and young people as the objective



With respect to indicators, it is worth noting that no single indicator directly describes improvement or deterioration. The underlying causal relationships must be identified for each indicator as well as the different developmental paths of children and young people between indicators, for example, links between school absences, receiving a comprehensive school graduation diploma and juvenile crime. The chosen indicators will be used to seek to support the effectiveness of services in universal services and to prevent the need for burdensome corrective services in the future. Municipalities and wellbeing services counties should be increasingly seen as enablers of wellbeing rather than solvers of problems. National happiness indicators should be prepared alongside traditional indicators to monitor the realisation of wellbeing tasks. It is crucial to communicate and share successes and to discuss factors that reinforce and protect wellbeing.

Child-oriented budgeting in municipalities and wellbeing services counties

The rapporteurs propose a joint child-oriented budgeting model for municipalities and wellbeing services counties based on a traffic-light classification: green is for universal preventive services, yellow is for services that require temporary support and red is for corrective services that require full-time support. Child-oriented budgeting will be limited to people under the age of 18, with a few exceptions. For example, the costs of outreach youth work and upper secondary education will be taken into account in their entirety. In the proposed model, the appropriations allocated by municipalities and wellbeing services counties to children and families with children will be classified according to the service classification of the Aura automated financial reporting system in order to avoid the formation of a new reporting obligation for municipalities and wellbeing services counties.



Enabling the healthy development, learning and education of children and young people in their own growth and development environments.

Expert services and support for the promotion of health and wellbeing in municipalities, 1120
 School healthcare services, 2532
 Student healthcare services, 2534
 Maternity and child health clinic services, 2538
 Low threshold activities for people with substance abuse and mental health problems, 2484
 Substance abuse prevention, 2488
 Expert services for the promotion of health and wellbeing, 2930

Centre-based early education activities, 3021
 Family-based daycare activities, 3022
 Open early childhood education and care activities, 3023
 Pre-primary education, 3041
 Primary and lower secondary education, 3051
 Morning and afternoon activities, 3052
 General upper secondary education, 3101
 Vocational education and training, 3151
 Vocational education and training, other activities, 3152
 Adult education centres, 3251
 Basic education in the arts, 3351
 Folk high school education, 3451
 Other education and ECEC activities, 3455

Library services, 3501
 Sports and outdoor recreation services, 3551
 Youth services, 3601
 Museum services, 3701
 Visual arts services, 3702
 Theatre, dance and circus services, 3751
 Music services, 3851
 General cultural services, 3901
 Parks and green spaces, 4701
 Integration and immigration services, 5605
 Public transport and other mobility services, 6301



Enabling the healthy development, learning and education of children and young people in their own growth and development environments.

Child welfare social work and open care, 2131
 Social work and guidance for families with children, 2181
 Home services for families with children and family work, 2182
 Child and family counselling services, 2183
 Family law services, 2191
 Services supporting mobility under the Social Welfare Act, 2233
 Personal assistance, 2281

Housing support and services for persons with disabilities other than housing services with 24-hour assistance and support, 2282
 Services supporting mobility of people with disabilities, 2283
 Family care for persons with disabilities, 2284
 Tjänster inom socialt arbete och social handledning för personer med funktionsnedsättning, 2285
 Home care for people other than families with children and older people, 2325
 Health services for substance abuse rehabilitation clients (outpatient care and rehabilitation), 2476
 Health services for mental health rehabilitees (outpatient care and rehabilitation), 2480

At-home hospital care, 2531
 Basic medical non-residential rehabilitation services, 2535
 Basic reception services, 2536
 Oral healthcare services, 2545
 Emergency social services, 2902
 Social services ombudsman and patient ombudsman, 2906
 Services of school social workers in student welfare, 2188
 Services of school psychologists in student welfare, 2580
 Integration and immigration services, 5601



Responding to the special needs of children and young people, including demanding or 24-hour services.

Professional family care in child welfare, 2121
 Institutional child welfare services, 2122
 Family care in child welfare, 2123

Housing services for families with children, 2185
 Institutional services for people with disabilities, 2251
 Service housing with 24-hour assistance for people with disabilities, 2261
 Prehospital emergency medical services, 2606

Specialised child psychiatry and adolescent psychiatry care, 2606
 24-hour services, 2607
 Specialised somatic healthcare, 2612

Child-oriented budgeting to be launched through pilots

The rapporteurs propose a staggered adoption of child-oriented budgeting based on pilots. In the first stage, child-oriented budgeting would be applied to the financial statements of municipalities and wellbeing services counties. The rapporteurs emphasise that wellbeing services counties and their constituent municipalities should cooperate to prepare pilots of child-oriented budgeting. From the beginning of 2023, services for children and families will be divided between two self-governing entities. Social welfare and healthcare services will be transferred to wellbeing services counties, and education and leisure services, which are important to children, will remain with municipalities. Joint child-oriented budgeting by municipalities and wellbeing services counties will increase the understanding of the direction in which the wellbeing of children and young people has developed as a whole and of how client processes function at the interface between municipalities and wellbeing services counties. In the first stage, it would be essential for municipalities and wellbeing services counties to compile a joint “financial statement of the wellbeing of children, young people and families.” Welfare reports would be a good context for this.

The rapporteurs recommend that the Ministry of Finance and the Finnish Institute for Health and Welfare jointly coordinate the pilots of child-oriented budgeting in municipalities and wellbeing services counties. The actual operative development work would be carried out by experts in the municipalities and wellbeing services counties. The pilots will be divided into three phases:

1. Child-oriented budgeting in the financial statements stage and communications
2. National effectiveness indicators for wellbeing, additional Aura reporting hierarchies for municipalities and preparation of a phenomenon-based budget
3. National introduction of child budgeting in municipalities and wellbeing services counties.

In child-oriented budgeting, it is essential to increase the understanding of how data obtained through the methods of child-oriented budgeting will guide future financial planning. As part of the process for preparing the budget, there should be an understanding before the budget proposal is published of what benefits and disadvantages the selected budgetary measures will provide children and young people. In addition, it would be important to carry out an ex-post evaluation of the effectiveness of the measures. Child-oriented budgeting and monitoring of outturn data will make it possible to allocate public resources more effectively and improve the realisation of the rights of the child.

Rapporteurs recommend ten measures

1. Work together to improve wellbeing and inclusion.
2. Strengthen a multi-sectoral operating culture and create a structure to promote wellbeing.
3. Municipalities and wellbeing services counties should allocate resources based on wellbeing data.
4. Use open interfaces and data pools to create a national enterprise architecture.
5. Develop the effectiveness of public funding by improving coordination and interaction.
6. Incorporate child impact assessment into the budget preparation process in municipalities and wellbeing services counties.
7. Develop and implement the child impact assessment process as part of UNICEF's child-friendly municipality model.
8. It is proposed that child-oriented budgeting in municipalities and wellbeing services counties be based on the classification of services of the automated financial reporting handbook of municipalities, joint municipal authorities and wellbeing services counties (AURA). It is proposed that the service classification include a traffic-light classification, which can be used in the financial statements, analyses and setting of budget targets of municipalities and wellbeing services counties.
9. It is proposed that the responsibility for coordinating the development of child-oriented budgeting in municipalities and wellbeing services counties be assigned to the Ministry of Finance in cooperation with the Finnish Institute for Health and Welfare.
10. Improve knowledge management, child impact assessment and child-oriented budgeting competence in municipalities and wellbeing services counties and increase educational opportunities.

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Implementation plan for the National Child Strategy

UN Committee on the Rights of the Child General Comment No. 19 (2016) on public budgeting for the realization of children's rights (art. 4)

UN Convention on the Rights of the Child