

European Data and Data Protection Regulation from the Perspective of the Municipal Sector in Finland

The Finnish local government sector welcomes the European Commission's initiative on the European Data Union Strategy. The main objectives of improving the availability of data for the development and use of artificial intelligence and simplifying the regulatory framework are positive. **However, the primary focus should be on the simplification and clarification of the regulation governing data and data protection. Furthermore, it is essential to ensure that the EU's complex regulatory framework is workable at the local level.** The impacts at the local government level must be recognised, and sufficient support for the implementation and application of the regulation must be provided.

Finland's cities and municipalities increasingly see opportunities in the utilisation of data and, for example, artificial intelligence. On top of the existing data regulation clearer guidelines and well-defined boundaries for data processing should be developed, not only for businesses but also for the municipal sector. The EU's General Data Protection Regulation (GDPR) must also allow for a margin of flexibility to accommodate the needs and specific characteristics of data processing at the local government level. The EU's diverse and multifaceted data landscape should be mapped out at EU level, while also specifying the relationships between the various legislative instruments.

Key Observations

A complex regulatory framework

A significant body of new data regulation, which also affects the local government sector, has been created in the EU. **In addition to these regulatory measures, it is vital to ensure that the practical capacity to apply the regulation exists at the local level.** The implementation of all data regulation should be supported by guidance that is **based on concrete use cases** and takes into account the operating environment of local government. Moreover, EU funding should be channelled to support the implementation to ensure that the objectives can be met effectively.

Assessment of impact on local authorities

The EU's data protection and other data regulation sets limits for municipal activities but also opens up opportunities for improvement. However, assessing the impacts of the regulation at the local level is resource-consuming and currently slows down the development of digital services in municipalities. For instance, Finland's municipalities have a considerably broader range of responsibilities compared to their counterparts in Central Europe.

Re-use of data

Opening up data requires resources from municipalities, yet its benefits are difficult to measure against the expenses. Furthermore, opening up data is associated with uncertainties related to, for example, data protection and security, which should be resolved during the preparation of regulatory measures and clarified through guidance. Priority should be given to data sharing between trusted partners rather than simply opening up data. In addition, it would be beneficial to focus on building a harmonised foundation of high-quality data.

Application of the General Data Protection Regulation (GDPR)

Support in implementing the GDPR

To ensure the responsible processing of personal data, the GDPR should include mechanisms that guarantee sufficient implementation guidance and advice in all EU Member States. To increase legal certainty, national supervisory authorities should be required at the EU level to provide sufficient ex-ante support, provide regulatory sandboxes, and promote data protection certification mechanisms. This would support all actors, including local authorities, in complying with the regulation. Furthermore, the guidance from the European Data Protection Board (EDPB) should account for the specific characteristics of local government level.

Reducing the administrative burden on municipalities

The alleviations for SMEs being considered in the GDPR are justified, but the regulation should also be adapted better to the needs of public authorities of different sizes and provide them with the flexibility to choose the most appropriate means of complying with data rules.

Potential for preventive services

Article 22 of the GDPR complicates the provision of user-centric, preventive services, impacting several city and municipality level services where it would be possible to support people's well-being, health, and work capacity through preventive and early-stage interventions. Such preventive services could, for example, be used to prevent segregation and for the early identification of pupils at risk of dropping out of school. The necessary legislative amendments must be explored at the national level, but support for the application of the GDPR should also be provided from the EU level.

Legal bases for processing personal data

There are ambiguities in the local government sector on the application of the legal bases for processing personal data, stemming in part the regulation itself. Within the municipal group, interpretative challenges relate in particular to the scope of the legal bases of legal obligation, public interest and the exercise of public authority, vital interest, and consent, as well as the interplay between them.