

ANALYSIS OF EXISTING APPROACHES TO THE ORGANIZATION OF THE PROVISION OF MUNICIPAL SERVICES BY BUDGET INSTITUTIONS AND EVALUATION OF THEIR QUALITY

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Abstract

Currently, there is no single list of municipal services or a system of quantitatively measurable characteristics of their quality, which hinders the overall objective assessment of the activities of local governments in this direction. In municipalities, no systematic monitoring of the results of municipal services and no analysis of the ratio of costs for their provision to the income received and to satisfaction of recipients. Uncertainty in assigning responsibility centres for the production and provision of municipal services leads to a decrease in the receipts of funds to local budgets, which causes a fall in the efficiency of the municipal economy. Goal: to create the organization of the provision of municipal services by budget institutions through the development of practical recommendations that develop and complement existing approaches in this area. The work is based on the system approach and methods of statistical and logical analysis. Practical significance consists in developing a set of methodological guidelines for improving the organization of the provision of municipal services by budget institutions in order to improve its effectiveness.

Keywords: municipal services, budget institutions, local self-government

JEL Code: H 73, G 20, H 53

Introduction

The quality of life and the competitiveness of the territory depend on how comfortable a person feels in the territory of the municipality (Lee & Lee, 2014). Consequently, the cost of providing municipal services is an important item of the expenditure of the municipality, but researchers record a low effectiveness of the social function of municipalities (Gonzalez et al., 2013; Kwok & Warren, 2005). Local self-governments reduce administrative costs (Forrester

& Spindler, 1990, Honadle et al., 2004, Kodrzycki, 1998), and postpone capital expenditures to balance the budget, but they also often have to reduce the volume of basic municipal services (Higgins, 1984, Maher & Deller, 2007; Trussel & Patrick, 2012).

The relevance of the topic is determined by the need to develop conceptual approaches and methodological guidelines for improving the organization of the provision of municipal services as one of the most important elements of the municipal economy, as well as increasing the requirements for quality and accessibility of these services by both the society as a whole and individual consumers. Despite the huge social significance of providing services to the population, the solution of this problem is now complicated by the problems associated with lack of a unified methodology of service management at the level of the municipality, state social minimum standards, not fully resolved issues of the division of powers and responsibilities between levels of government (Frolova et al., 2017). It should be understood that the provision of services to the local population is, among other things, the basis for multiplicative development of the economy of the municipality.

The aim is to form the organization of the provision of municipal services by budget institutions through the development of scientific-methodological and practical recommendations that develop and complement existing approaches in this area (Panova, 2011). Tasks:

- to reveal the contents, to identify features and to specify on this basis the definition of notion "municipal services", to define the specifics of the organization of providing this type of services and the signs that allow carrying out their classification;
- to determine the place and role of municipal institutions in the organization of municipal services, to identify features of the organization of the provision of municipal services by budget, public and autonomous institutions;
- to generalize domestic and foreign experience in the organization of the provision of municipal services through the network of budget institutions in order to identify tools for regulating their quality and accessibility.

1 Methods

The study is based on the system approach, methods and means of statistical, economic and logical analysis. These tools were used in different combinations at different stages of the study, which allowed ensuring the scientific reliability of the outcomes, conclusions and recommendations.

In the analysis of the organization of the provision of municipal services by budget institutions the methods of analysis, synthesis, as well as the methods of comparison and generalization are used.

2 Results and discussion

The largest category of budget funds recipients are institutions-organizations established by bodies of state authority or local self-government for the implementation of administrative, socio-cultural, scientific and technical or other functions of a non-commercial nature, the activities of which are financed from budgets on the basis of income and expenditure estimates. Accordingly, institutions are regular recipients of budget funds and are included in the registers of budget funds recipients (Abadgidi et al., 2010; Gorlova, 2013). However, the Budget code does not clearly and precisely enough regulate the structure of the budget network and the order of interaction of its various elements (Kozlova & Kapelistaya, 2016).

The analysis of the existing structure of the budget network at the federal level conducted in terms of its compliance with the requirements of legislation, as well as the principles of rational organization, is given to illustrate the problems noted (Kabanova & Vetrova, 2017).

At the federal level, measures to optimize the budget network are carried out in practice. Thus, in order to create an information base for such events on December 19, 2003 the Ministry of Finance of the Russian Federation approved the Procedure for monitoring the budget sector (On the Procedure for Monitoring the Budget Sector, 2003). In accordance with this document, monitoring of the budget sector is carried out by the main managers of the federal budget. Monitoring data is submitted twice a year to the Ministry of Finance of the Russian Federation for analysis and preparation of proposals on their account when forming projections of federal budget expenditures for the next financial year (Budget code of the Russian Federation, 1998). As of mid-2017, 755 autonomous institutions (AI), including 472 state (63%) and 283 municipal ones (37%), were operating at the regional and municipal levels in the Russian Federation (see Table 1).

Tab. 1: The number of autonomous institutions (AI), established in the constituent entities of the Russian Federation (RF) and municipalities, in terms of spheres of activities (as of July 1, 2017)

Sphere (branch)	Constituent entities of the RF	Municipalities	Total number
Science	16	1	17

Education	274	632	906
Health care	22	6	28
Culture	132	76	208
Social protection	227	6	223
Population employment	34	2	36
Physical education, sports, tourism, recreation	90	60	150
Other spheres	639	120	834
In total	1434	903	2337

Source: Gubanova et al., 2014

At the same time, the share of AI in the total number of state and municipal institutions operating in the regions and municipalities of the Russian Federation remains extremely low.

The largest number of AI among the regions and municipalities of the Russian Federation on July 1, 2017 acted in Tyumen. Altogether, 190 autonomous institutions, including 119 kindergartens, have been established in Tyumen. In addition to Tyumen, the Republic of Tatarstan (84 AI), the Novosibirsk Region, the Krasnoyarsk Region and others are among the top ten leading territories in terms of the number of established AI at the regional and municipal levels (see Table 2).

Tab. 2: 10 leading regions by the number of regional and municipal autonomous institutions established in their territories (as of July 1, 2017)

No.	Constituent entity of the RF and its member municipalities	Number of AI	Types of institutions
1	Tyumen region (Tyumen)	191	Kindergartens, sports schools, children's activity centers, art schools, libraries
2	Republic of Tatarstan	84	Colleges, specialized schools, technical schools, boarding schools
3	Novosibirsk Region	62	Editorial offices, sports schools, specialized schools, cultural centers
4	Krasnoyarsk Region	40	Editorial offices, sports schools
5	Kirov Region	36	Editorial offices
6	Penza Region	29	Editorial offices
7	Republic of Buryatia	17	Boarding houses, psychoneurological boarding schools
8	Republic of Khakassia	16	Leshozes
9	Tambov Region	15	Leshozes
10	Kursk Region	13	Editorial offices
	In total	503	2/3 of the total number of AI established by regions and municipalities

Source: Gubanova et al., 2014

The emergence of autonomous institutions as an alternative to the budget ones has led to a change in the nature of the interaction of bodies of state authority and local self-government with state (municipal) institutions (Gorlova, 2013). By establishing an AI, bodies of state authority and local self-government can organize the provision of services to consumers and the execution of works in different ways (Bokareva & Egorova, 2014).

The comparative analysis of the legal status of municipal budget, autonomous and public institutions (according to the Federal law of May 8, 2010 No. 83-FZ on all positions specified above can be presented in the form of a table (Tab. 3).

Tab. 3: Comparative analysis of characteristics of municipal budget, autonomous and public institutions

Comparison criteria	Budget institution	Autonomous institution	Public institution
Possible areas of action	Any spheres relevant to the authority of the municipality	Education, health care, culture, science, social protection, employment, physical education and sports, other in cases established by law	Any spheres relevant to the authority of the municipality
Limits of responsibility of the institution	Responsible for its obligations by cash	Responsible for its obligations by all property, except for the real estate and especially valuable personal estate fixed on the right of operational management	Responsible for its obligations by all property, except for especially valuable personal estate and the real estate fixed on the right of operational management
Owner's responsibility	The owner is not responsible for the obligations of the institution		Subsidiary (in case the institution lacks funds, the owner is responsible for the obligations of the institution)
Sources of financing	Subsidies from the budget for implementation of the municipal assignment (including payment of taxes on real estate and land), subsidies for other purposes, funds from the budget for execution of public obligations, income from rendering paid services	Subsidies from the budget for implementation of the municipal assignment (including payment of taxes on real estate and land) taking into account the activities aimed at the development of autonomous institutions, the list of which is determined by the founder, income from the provision of paid services	The estimated financing from the budget Income from revenue-producing activities shall be credited to the budget.
Accounts for accounting of budget funds and business income	Personal accounts in the Treasury and an account in the credit institution (foreign exchange)	Personal accounts in the Treasury and an account in the credit institution	Personal accounts in the Treasury
The spread of action 94-FZ	Spread in full	Not spread (regulated by 223-FZ)	Spread in full
Independent audit	Not conducted	Conducted annually	Not conducted
Control bodies	Head, collegiate bodies (Arts Council, etc.)	Head, supervisory board, collegiate bodies	Head
Accountability	Budgetary accountability, statistical reporting Report on activities and on the use of property	Budgetary accountability, statistical reporting Report on activities and on the use of property	Budgetary accountability, statistical reporting Report on activities and on the use of property
Financial control and control of the founder	Mostly – the final (control of accomplishment of the municipal or state assignment) Preliminary (in terms of subsidies for other purposes and performance of public obligations)	Final (control of the performance of a municipal or state assignment)	Preliminary for all expenses (Treasury inspection of the existence of a monetary obligation), current and final control
Consequences of liquidation	Obligations are executed only at the expense of the property to which the institution is responsible	Obligations are executed only at the expense of the property to which the institution is responsible for the	In case of insufficient funds of the institution, the owner fulfils obligations to creditors

	for the obligations. The owner is not responsible for the unfulfilled obligations of the institution. The owner receives a property complex as part of especially valuable personal estate and real estate which were assigned to the institution on the right of operational management	obligations. The owner is not responsible for the unfulfilled obligations of the institution. The owner receives a property complex as part of real estate and especially valuable personal estate which were assigned to the institution on the right of operational management	
Openness	Data on the institution and its activity, is published in open access on the Internet on the all-Russian site which will be created by Federal Treasury and started since January 1, 2012 (Art. 32 of the Law 7-FZ)		

Source: Panova, 2012

The obtained results can be used to systematize and unite the norms of Federal legislation regarding the creation, reorganization, change of type, liquidation and approval of charters of state and municipal institutions of all types (Morozov & Khavanova, 2015).

As of July 1, 2017, there were 93 chief managers of the federal budget, 3,220 managers of the federal budget and 44,700 budget recipients (Department of Intergovernmental Relations of the Ministry of Finance, 2017).

At the same time, there were significant vertical and horizontal imbalances in the budget network. Of the 3,220 federal budget managers, 337 were not under the authority of the chief managers (ministries and departments). For example, 255 managers were in charge of the RF constituent entities, as in the respective regions ministries and departments did not have their own territorial bodies. Of the 44.7 thousand recipients of the federal budget, 7.7 thousand received funds not through the structures of federal bodies.

In the structure of recipients of the federal budget funds, by the chief managers there is a considerable number of the federal state institutions which are not relating to profile activity of the corresponding chief managers¹. As of July 1, 2017, they included 1,800 educational institutions (of the total number constituting 5,273 institutions, only 3,473 belonged to the Ministry of Education of the Russian Federation), 176 rest homes and health resorts (total number – 230, of them the registry of the Ministry of Health of the Russian Federation included only 54), 517 hospitals, clinics and hospitals (685 institutions in all, 168 entered the register of the Ministry of Health of the Russian Federation) and 286 kindergartens.

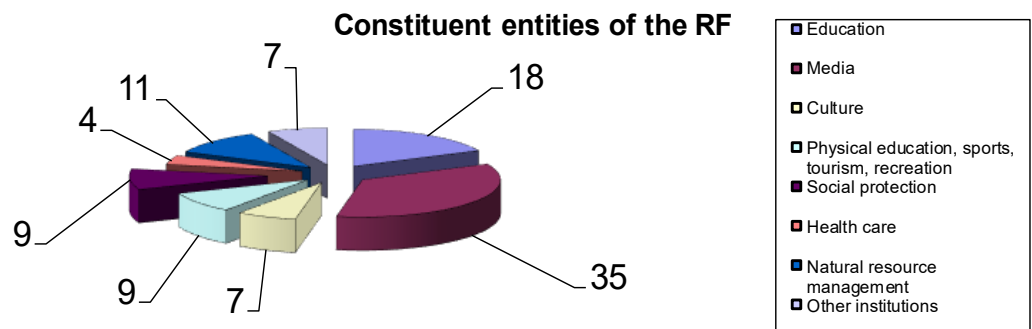
The Ministry of Energy had 92 non-core subordinate institutions, including 90 educational institutions and 2 health care institutions; the Ministry of Railways – 770,

¹ Without taking into account information on the chief managers of the federal budget funds, whose registers of budget recipients are closed.

including 90 educational institutions and 2 health care institutions; the Culture Ministry – 203, including 66 educational institutions; the Ministry of Transport – 84, including 79 educational institutions and 2 health care institutions; the State Committee for Construction and the Housing and Utilities Complex – 94, including 91 educational institutions; the Ministry of Internal Affairs – 305, including 204 educational institutions and 64 health care institutions; the Federal Department for Bio-Medical and Extreme Problems under the Ministry of Health – 160, including 6 educational institutions and 154 health care institutions.

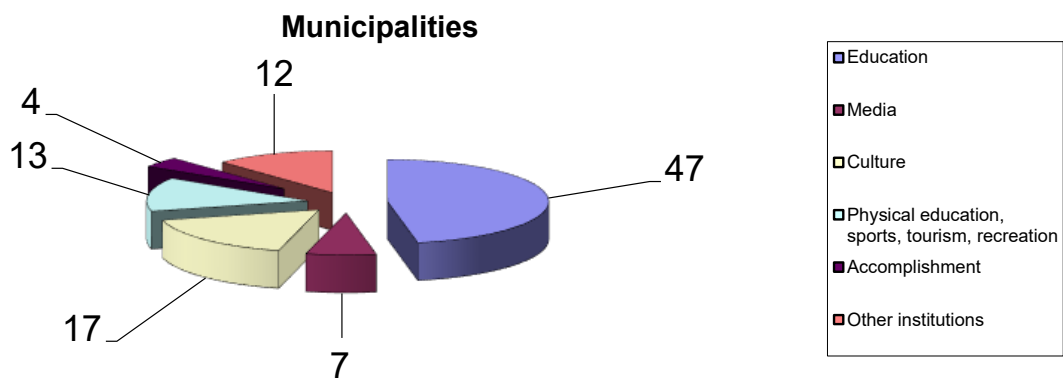
The largest number of AI at the regional level has been established in the media and education. At the municipal level, the AI are established primarily in the spheres of education (134 institutions, including 119 – kindergartens of Tyumen), culture (49), physical education, recreation, sports and tourism (36), as well as the media (19) (Fig. 1, 2).

Fig. 1: The experience of the RF constituent entities on the AI establishment, in terms of a branch (as of July 1, 2017)



Source: Department of Intergovernmental Relations of the Ministry of Finance, 2017

Fig. 2: The experience of the RF constituent entities on the AI establishment, in terms of a branch (as of July 1, 2017)



Source: Department of Intergovernmental Relations of the Ministry of Finance, 2017

3 Conclusion

Building an integrated system of municipal services management is one of the most important priorities of the municipal economy restructuring, which takes place simultaneously with the reform of inter-budget relations and the entire system of local self-government. Despite the fact that a number of the Russian Federation constituent entities and municipalities have already adopted legislative and other normative legal acts regulating relations in the provision of municipal services, the transformation affects only certain subsystems of the municipal economy, which is aggravated by the imperfection of the differentiation of powers between regional and municipal levels of government (Morozov et al., 2017).

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