

SERVICE PROVIDING BY LOCAL GOVERNMENT IN CZECH REPUBLIC IN THE 1990 s

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Providing services for citizens is one of the principal tasks of Czech and Moravian municipalities. Both mandatory and facultative services are implemented through several systems, especially by communal enterprises, associations of municipalities and through the cooperation with the private sector. The responsibility of individual municipal bodies for services is explained in the article.

Structure and operation of local administration

There is a general consensus in the Czech Republic in the idea that the important prerequisite of the effective everyday execution of the local government in municipalities is the existence of its democratic form based especially on the principle of political pluralism. The municipality in the Czech Republic like in the vast majority of European countries has not only the right but also the duty to administer and manage its community in favour of it and in accordance to competencies exactly determined by law. The municipality creates its own elected bodies composed of its citizens.

Tasks and duties of the local government are executed by the municipal assembly, the council and their members, first of all the mayor, vice-mayor (vice - mayors), councillors. The commissions of the council and the municipal office also play an important role. Members of the assembly and the council are elected for a four-years-term. The current tasks and duties are fulfilled by the staff of the municipal office.

The citizens are authorised to take part actively in the management of municipal affairs, especially through the meetings called regularly by the elected representatives which are opened for every inhabitant of the municipality. Other important instrument of the democratic local government performance are local referendums used, first of all, for making decisions concerning the most important questions of the municipality development.

The paragraph Nr. 36 of the Municipality Act Nr. 367/1990 underlines that the **municipal assembly** approves:

- the plan of the long-term and medium-term development of the municipality,
- the municipality budget as well as the final year account of all activities financed from this budget.

It makes further decisions aimed at:

- the change of the municipality border,
- the foundation or extinction of municipality legal persons and facilities (so called „budgetary“ and „contributory organizations“).

The assembly elects the mayor, deputy-major or deputies-major and other council members and recalls them. It determines the number of the municipal council members as

well as the mayor and municipal council members salaries. The assembly also determines rewards of its other members and costs of the municipal office activities.

The municipal assembly makes decisions concerning the municipality membership in the association or (associations) of municipalities, decides about the creation of the municipal police, awards the „freedom of the city“ on behalf of the municipality, and it approves planning documentation of quarters and zones of which the municipality is composed of.

The assembly makes decisions concerning the achievement and transfer of municipal real estate. It decides whether the municipality will apply for a bank credit, makes decisions concerning the payment of debts, the utilisation of grants from the state budget, issuing the emissions of municipal obligations (according to the paragraph 20 of the Act Nr. 530/1990 about obligations- in accordance with this Act- the municipality is allowed to issue the communal bonds only with the Ministry of Finance approval). The first communal bonds were issued by towns Ostrava and Šumperk in 1993.

The municipal assembly also makes decisions concerning the investments into the trade companies and into the association of municipalities, the mortgage of real estate properties or rights in the value exceeding 5 000 CZK and bank instalment with the term of maturity longer than 18 months.

The **municipal council** is the executive body of the municipality responsible to the municipal assembly. It is authorised for making decisions in the self-government as well as the „transferred competence „ of the state administration execution . The number of its members is always odd and it can not exceed one third of the municipal assembly members (from 5 to 13 members). Their regular meetings are not accessible for the general public (in comparison with the meeting of the municipal assembly).

The council is responsible for the preparation and the implementation of the current economic activities which must be developed according to the budget approved. It also approves salaries of mayor and deputies and the secretary of the municipal office. The council is further authorised to the making decisions concernig the organisational structure of the municipal office. It creates and annualise the commissions as well as the control boards of the municipality. The council approves the generally binding regulations of the „transferred competence“. The another municipal council authority is imposing the penalties.

Council creates different commissions subjected to it. There are financial and control commissions in all municipalities as a minimum. Number of commissions and their members is determined by the legislative body. Commissions are authorised to work out decisions of the council and to participate in the control of their implementation. Chairpersons of commissions have a direct contact with the heads of departments of municipal office responsible for the similar profile. The municipal council creates special working groups of municipal office.

It is further stressed in the Act Nr. 367/1990 that the municipal council plays the role of the founder and the creator of legal persons and facilities - institutions and companies run or directly controlled by the local government - which are established on the basis of the municipality assembly decisions. The council establishes the municipality office departments, appoints and recalls their heads - on the basis of the secretary of the municipality office proposal - and also appoints and recalls the chairpersons of the commissions. The council determines the total number of the employees of the municipality office. The secretary of the office is appointed and recalled by the council with the approval of the head of the district office (as the secretary carries out the execution of the state administration in the municipal

level). According to the Municipalities Act the secretary is appointed in offices which are internally divided at least into two departments. The level of the mayors, his or her deputies and secretary salaries is determined by the municipal council according to the special regulations.

The council also makes the decisions concerning the internal structure of the municipality office and it determines the salaries of heads of office departments - on the grounds of the proposal made by the secretary. In small municipalities which have not the position of a secretary, the salaries and wages of the municipal office employees are fixed by the municipal council in accordance with special regulations.

The mayor is both political and administrative head of the local authority. He (she) represents the municipality in all contacts with the outer world. Mayor is elected together with his (her) deputies - by the municipal assembly. The mayor together with the deputies or some other councillor sign all legal acts and decisions of the municipality. Mayor is responsible to the assembly.

The mayor manages the office, decides all principal matters and makes recommendations on the internal organisation of the office. In municipalities that have not secretaries, the mayor appoints staff members and exercises the rights of the employer in record to the staff.

The secretary of the municipal office is responsible to the council and the mayor. In the execution of the „transferred competence“ he (she) is responsible only to mayor. The secretary exercises the rights of the employer in regard to the staff.

The municipal office is formed by the mayor, deputy (deputies) of mayor the secretary (in municipalities where the council created at least two departments) and the staff. It is headed by the mayor. The council is authorised to form departments of the municipal office. The office is responsible for the execution of resolutions and decisions made by the municipal assembly and the council. Simultaneously it is responsible for providing state administrative functions delegated to municipality.

The number of departments of the municipal office depends on the size of the municipality and on the decisions made by the elected representatives. The most frequent departments of the Czech and Moravian municipal offices are: the municipal budget department, the department of the local territorial planning and the municipality development, the department of the organisation and management, the department of entrepreneurial activities, the human resources department and the public relations department.

The municipal budget department is responsible for the proposal of the next year's budget, as well as, its presentation in the municipal assembly in order to be approved. It is in charge of control of the implementation of all decisions related to the budget. Another duty of this department is to prepare the final municipal account report providing information about the duties and tasks implementation which were adopted together with the budget.

The department of local territorial planning is generally responsible for the balanced development of the municipality as the whole and its individual territorial parts in accordance with the priorities determined by the long-term municipal plan of the territorial development. The department plans building and reconstructions of the infrastructure, the development of educational, social and cultural activities and services. It is oriented towards the permanent possible increase of the effectiveness and the efficiency of all economic and other activities also developed by the municipality.

The activities of the **organisation and management department** are predominantly oriented to the improvement of the knowledge and skills of the elected representatives and the municipal office staff relating with the management of the municipality. The other department tasks are the striving for the maximum effective organisation of the office and the minimalization of costs paid for the municipal office activities. The department is professionally interested in the up-to-day information techniques and technology utilisation in the municipal office.

The **department of business activities** is oriented towards the assistance to the municipality economic and social development through the co-operation with the private sector. It usually prepares and assesses different variants of effective services providing based on the detailed analyses of their financial and other consequences made both by its employees and by the private consultants. One of its duties in the larger towns is the effort for obtaining the foreign capital investments.

The main duty of the **human resources department** is the recruitment and the assessment of the staff, the organisation of different requalification and qualification courses and seminars, the organisation of round tables in larger towns with the participation of specialists from the public and the private sector. This department is also authorised to collaborate closely with groups and associations of active citizens and to investigate and evaluate citizens preferences.

The **public relations department** provides the information about the elected representatives and the municipal office activities as well as activities of its individual departments. It co-operates with the human resources department in the research of citizens interests, wishes and preferences. As it enables the regular contacts with different groups of the municipality inhabitants this department plays the important role in the strengthening of the citizens participation.

What concerns the decision making process inside the municipality, generally there is a principle that the decisions made by the council on the basis of prepared recommendations and administrative decisions are worked out, first of all, by the staff of the municipal office. The office workers submit proposals prepared with their assistance to the commissions members who negotiate the materials and the draft version of resolutions.

The elective bodies with the highest formal authority - municipal assembly, council and the mayor - are almost without exception placed as the most influential ones with regard to the municipal decision-making. The overwhelming majority of decisions concerning the local government is made by the municipal assembly and the council. After discussions in commissions the decisions are adopted during the sessions of the municipal assembly or the council.

A great attention in the everyday organisation of the municipal life is also paid to the co-operation with other municipalities, especially through the activities of the association of municipalities. This co-operation is regulated mainly by the Municipalities Act. It is underlined in Chapter Two of the Municipality Act (§20a - §20e) that municipalities are authorised to form their voluntary unions (§20a) called the Associations of Municipalities. Their creation, function and the end of their activities are regulated by the Act. Associations have their own finances, they form their budgets and develop regular accounting activities.

The co-operation among local governments is considered to be important both in a solution of concrete legal and administrative problems and for citizen's services providing.

The significance of such a type of a co-operation is underlined by the necessity to solve different problems of an unprecedented nature represented, first of all, by the privatisation in municipalities and the necessity to collect material and financial funds for providing concrete services. As already explained, there is lack of qualified specialists for a solution of the tasks, especially in small municipalities. The co-operation of the local governments is therefore one of the ways of the effective solution of cumulated problems.

System of Local Service Delivery

Czech and Moravian municipalities are responsible for the delivery of a greater number of services which are partly mandatory and partly facultative. As it is specified in the Municipalities Act the local government in the Czech Republic is generally responsible for satisfying needs of inhabitants for the public services.

Many of these services are not cheap and their prices have been increasing during the 1990s from different reasons. This fact became a source of growing problems that had to be solved especially in smaller municipalities. Some of them are finding the necessary financial resources for services providing through the selling of the municipal property, first of all buildings, through credits acquired from banks as well as partly from the state grants. This is however only a temporary solution and smaller municipalities must investigate more effective methods of the allocation of financial resources for services now and in the near future.

Several larger towns are issuing municipal obligations to have money for investments as well as for services providing. The capital Prague, for example, issued obligations for the improvement of the public transport quality, first of all for further construction of the underground generally considered to be the most effective way of public transport in this town.

All services provided by municipalities can be divided into mandatory and facultative. The mandatory services are prescribed to the municipality by the Municipal Act. They are - similarly as the facultative services - generally divided into the so called „public services“ (financed mainly on the principle of citizens solidarity) and the „technical services“ (financed according to the consumption by individual clients).

The most usual mandatory services are the maintenance of local streets and roads, maintenance of municipal building ensuring the pre-school and school education, social services including the care for elderly and disabled people, health service (ensured by some municipal hospitals in larger towns and medical doctors working mainly as private entrepreneurs), safeguarding the security in the municipality (through the municipal police in larger towns and by the co-operation with the state police in other municipalities) and the activities of the municipal fire brigades.

Except of these „public services“ several other (technical) services are also prescribed to municipalities as mandatory. They are:

- waste management,
- drinking water supply,
- waste water disposal,
- public transport,
- care for public parks and flora.

All these services are provided either by the communal enterprises (budgetary institutions) in a relatively small part of municipalities, or in the co-operation with the private

sector and through the associations of municipalities. The co-operation with the private entrepreneurs is implemented on the basis of contracting.

Like facultative services are delivered those which are required by the majority of citizens in case that there are money for them in the municipal budget. The other important precondition for facultative services delivery is the certain amount of qualified specialists ready to work for the community. Considering these facts it is understandable that more facultative services can be delivered in the larger towns. The most frequent among them are the maintenance of recreation facilities as well as the support of cultural activities in the municipality.

There are several rules for mandatory services delivery valid in the Czech Republic. All of them must have the uninterrupted character which means that they have to be provided permanently. If there is some breakdown - especially in technical services providing like drinking water supply, waste water disposal and waste management - the municipality is obliged to mobilise immediately the reserve capacities and/or to implement the alternative solutions. The another important rule emphasises that those services must be continuously adapted to the municipality and its citizens needs. It means, for example, that such a service must be provided in all parts of the towns including quite new housing estates areas.

As mentioned the so called „public services“ are paid in the harmony with the principle of solidarity of all citizens living in the particular community. The technical service delivery is based on the client system. The „client system“ is applied generally for services which could be exactly measured. Those clients that do not settle their bills in the longer period is then possible to exclude from such a service delivery.

The basic criterion of the price level determination for technical services providing is the effectiveness of the particular service measured by the cost loads exerted for its ensurance. The other implemented criteria are the service efficiency connected with the amount and the quality of its delivery. The another implemented criterion is the real need to provide some service in the interest of the majority of citizens like (for example, the local streets and roads maintenance, public transport).

The size of services delivery (an important criterion from the point of view of the decision - making process made by the municipal council and the municipal assembly) is influenced predominantly by several key factors, especially by:

- the demographic situation in the municipality , the natality and the mortality rate, number of permanent inhabitants and number of owners of weekend houses in the municipality, number of pre-school and school - age children, number of people in the post-productive age - pensioners etc.,
- the number of people in the social need,
- the economic criteria (the cost of particular services, requirements for the capacity of the local public transport, for the number of telephones and other means of communication, etc., the extent of the particular service utilisation by the citizens, the quality of the delivered service),
- the level of citizens satisfaction with the particular service providing.

These criteria are not utilised fully in all municipalities till now but in general they play the ever growing role especially in the larger towns. For smaller municipalities they represent , among others, signals for the urgency to create of the association of municipalities aimed to the more effective and efficient providing of services.

The state is given grants to municipalities for the execution of some tasks of the state administration execution by the municipality in their „transferred competence.“

Concerning the **forms of services delivery** both mandatory and facultative technical services are provided - as it was already mentioned - by the municipal enterprise in smaller part of municipalities and in the co-operation with private entrepreneurs as well as through the associations of local governments. The municipal enterprises are the budgetary institutions financed from the municipal budget. As these enterprises are not considered to be very much effective way of services delivery (what was often proved by the results of their activities in the 1970s and the 1980s) there is the tendency in this group of services provided by municipalities through their own enterprises to increase their self-sufficiency, to reduce the number of employees to the most possible effective level and to implement some other steps aiming at the growing efficiency and effectiveness of all municipal enterprise activities. These enterprises are active mainly in the public local transport, in the maintenance of local streets and roads as well as in the care for public parks and plants.

The fact that municipal enterprises continue in some municipalities in their activities (in the more efficient way in comparison with the previous period) is influenced not only by economic calculations but also by some social aspects. Those enterprises are able to play some social affairs stabilising role because they create the limited number of work places. This role is appreciated especially in regions with the higher level of unemployment.

One of the most characteristic features of the services delivery in municipalities and by municipalities in the Czech Republic in the 1990s is the ever growing participation of the private sector in this important sphere of the municipal economic and social life. Many municipalities accumulated a good experience from the co-operation with small and medium - sized enterprises that are their principal partners in services delivery. The contracts with their owners or management are signed by mayors and other entrusted councillors on the basis of the results of the public competition organised in accordance with the Procurement Act paragraphs approved by the Parliament of the Czech Republic in December 1994 and amended in 1996. The medium- term and longer- term contracts are preferred both by municipalities and by the owners of private enterprises.

The co-operation of municipalities with the small and medium- sized enterprises generally play a very important role which influences many spheres of economics and social relations and directly and indirectly also the sphere of cultural and other activities developed in municipalities. The owners and managers of these enterprises are active in the local political and cultural life as councillors and other active citizens. They sponsor among others different cultural and sports activities.

Municipalities developing all - round contacts with the private sector appreciate especially the fact that this category of business subjects is able to create jobs for the citizens more rapidly and more effectively than the vast majority of municipalities and other entities of the public sector. Most of small and medium-sized enterprises are relatively very flexible and they are able to adapt themselves to the rapidly changing economic conditions. As these firms are considered to be long-term partners especially of larger towns these municipalities provide different guarantees for them to the banks when the owners of these enterprises are applying for credits (sometimes it is unfortunately the source of great troubles if the owners of the enterprises do not fulfil their duties).

The main sphere of public - private partnership on the municipal level is the delivery of such services like waste management, drinking water supply and waste water disposal

(ensured by private companies in which municipalities have usually some shares), streets and roads cleaning and in the part of municipalities also other care for, municipality lighting systems maintenance, the care for creeks and small rivers in the territory of the municipality, the care for communal housing and its improvement as well as the care for other municipal infrastructure.

As far as the concrete forms of private companies participation in the municipal services delivery is concerned they are represented first of all by contracts, the rent of some municipality real estate property, guarantees for bank credits afforded to companies owners and by local fees reduction. Several larger towns develop in co-operation with the private entrepreneurs the activities of business incubators and they care for the scientific parks as well. Last but not least they also participate in different regional business centre activities.

The growing number of the Czech and Moravian municipalities is involved in such a way in the implementation of the global European Union strategy represented by the all-round support of the small and medium-sized enterprises.

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