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Upgrading the Evaluation System
of Local Government Performance Efficiency

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The paper justifies the selection criteria of the evaluation indicators of local government performance efficiency in order to rank municipalities. It proposes to include the evaluation indicators of the development of municipalities in the ranking system to characterize a significant level of differentiation in socioeconomic development. The methodology for upgrading the system of indicators is based on the calculation of the average value of the evaluation indicator of local government performance efficiency and its comparison with the best indicator value achieved for urban districts and municipal areas; on the calculation of the coefficient of indicators' variation. The authors carried out the approbation of a group of economic development indicators, the average monthly nominal payable wage of workers of pre-school education, general and additional education.

Keywords: the system of the evaluation indicators of local government performance efficiency, the selection criteria of the indicators of the local government performance efficiency, the calculation of differentiation indicators of socioeconomic development evaluation.

Introduction

The evaluation system of local government (LG below) performance efficiency, being one of the tools for a program-oriented approach to socioeconomic development management of a territory, should become an effective tool not only for summing up of the annual work of municipalities' heads, but also the subjects of the federation as a whole. The ongoing monitoring of performance indicators is only a starting point to identify problems requiring a priority attention of both local government and regional authorities and to take the necessary measures for further improvement of municipal management.

For the first time the system of evaluation indicators of LG performance efficiency

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was introduced in 2008 by the Presidential Edict, and included 30 indicators with quite a complicated structure (Ukaz Prezidenta RF ot 28 aprelia 2008 g. No. 607). However, only after the changes in both a list of indicators, and a system of management decision-making based on the results of evaluation, such as the publication of the evaluation results of the Russian Federation state executive branches' and heads of the regions' performance efficiency and subsidizing the regions, we can assume that the system of decision-making at the regional level in respect of the application of the tools to evaluate LG performance efficiency changed as well.

Evaluation of local government performance efficiency is based on annual reports of the heads of urban districts' and municipal areas' local administrations on the achieved values of evaluation indicators of local governments performance efficiency, submitted to the highest executive state government body of a constituent entity of the Russian Federation (Postanovlenie Pravitel'stva Rossiiskoi Federatsii ot 17 dekabria 2012 g. No. 1317).

The evaluation is based on the achieved level and dynamics of the indicators of municipalities' socioeconomic development, and the results of opinion polls conducted in the municipalities. At year-end the rankings of municipalities in accordance with the methodology of evaluation are formed. The Krasnoyarsk Territory (Krasnoyarsk Krai) has developed its own evaluation system that takes into account the socioeconomic and territorial characteristics of the municipalities (Ukaz Gubernatora Krasnoiarskogo kraia ot 13.04.2009 No. 60-ug), and the actual practice already allows us to speak about the need to change the set of indicators to evaluate LG performance efficiency.

Methods and Approaches

When defining a set of indicators which are used to rank the territories and subsequently to provide grants to municipalities, it is advisable to calculate coefficients of indicators' variation. The coefficient of variation is in a certain sense the test of the homogeneity of population (in the case of normal distribution), if the coefficient of the indicator's variation is substantial, and the indicator is significant, it means the result on municipalities is heterogeneous, shows differentiation in development and the indicators' achieved values. Therefore, these are the indicators which should be included in the system of the calculation of a comprehensive evaluation of efficiency that will ensure the effectiveness of providing grants to municipalities in order to improve performance efficiency.

It is advisable to allocate the following criteria, on which the selection of the indicators of LG performance efficiency will be based:

– The average value of the indicator and its comparison with the best indicator value achieved for urban and municipal districts;
– The coefficient of variation.

If the value of the coefficient of variation is small, the indicator ceases to be informative, in the evaluation to determine grants the indicators that do not reflect the significant differentiation between municipalities should be excluded.

Here are the calculations for the groups of indicators of economic development (Tables 1 and 2), pre-school education (Table 3), general and additional education (Table 4).

Methodological Bases to Upgrade the Evaluation System of Local Government Performance Efficiency

When calculating a comprehensive evaluation of LG performance efficiency using

Table 1. Calculation of economic development differentiation indicators in 2012

Economic Development	Indicators	Urban Districts	Municipal Areas
The number of small and medium businesses (per 10,000 population)	Average	389,89	264,80
	Maximum	611,00	606,00
	Coefficient of variation	29 %	31 %
The average payroll count (without external part-timers) of small and medium enterprises in the average payroll count (without external part-timers) of all enterprises and organizations ratio	Average	39,95	29,44
	Maximum	76,57	54,90
	Coefficient of variation	47 %	38 %
The volume of investment in fixed assets (except for budgetary funds) per inhabitant	Average	38 498,05	202 337,30
	Maximum	240 277,90	4 883 000,40
	Coefficient of variation	158 %	371 %

Table 2. Calculation of differentiation indicators of the average monthly nominal payable wage values of employees in 2012

Economic Development	Indicators	Urban Districts	Municipal Areas
Average monthly nominal payable wage of employees:			
of large and medium enterprises and nonprofit organizations	Average	25 731,59	22 944,68
	Maximum	59 047,80	58 586,50
	Coefficient of variation	40 %	43 %
of municipal preschool educational institutions	Average	10 821,57	10 637,87
	Maximum	17 621,20	27 515,60
	Coefficient of variation	20 %	36 %
of municipal educational institutions	Average	17 640,59	17 199,12
	Maximum	29 192,30	35 389,50
	Coefficient of variation	22 %	25 %
of municipal educational institutions' teachers	Average	22 396,91	25 352,00
	Maximum	38 720,00	51 150,35
	Coefficient of variation	22 %	27 %

the methods developed by the Government of the Krasnoyarsk Territory (Krasnoyarsk Krai) (Postanovlenie Pravitel'stva Krasnoiarskogo kraia ot 25.04.2012 No. 182-p), only the three indicators of economic development are taken into account: the number of small and medium businesses, units per 10,000 population, the amount of investment in fixed assets (except for budgetary funds) per inhabitant , rubles, and the proportion of the length of local public roads that do not meet regulatory requirements in the total length of local public roads, percentage.

Should we consider the value of the coefficient of variation in terms of such an indicator as "The number of small and medium businesses (per 10,000 population)" to be a 29 % or 31 % significant level of differentiation? At the local level creating favorable conditions for development of small and medium businesses is one of the priorities of the socioeconomic development of the Krasnoyarsk

Table 3. Calculation of differentiation indicators of pre-school education values in 2012

Pre-school Education	Indicators	Urban Districts	Municipal Areas
1-6-year-old children receiving pre-school educational services and (or) a service to support them in municipal educational institutions ratio, in the total number of 1-6-year-old children	Average	60,59	46,43
	Maximum	78,60	75,90
	Coefficient of variation	16 %	32 %
1-6-year-old children in the waiting list of municipal pre-school educational institutions ratio. in the total number of 1-6-year-old children	Average	35,60	32,35
	Maximum	26,9	10,42
	Coefficient of variation	41 %	50 %
PSEI whose buildings are in poor condition and need a basic repair ratio, in the total number of municipal PSEI	Average	22,34	24,92
	Maximum	0,00	0,00
	Coefficient of variation	128 %	107 %

Table 4. Calculation of differentiation indicators of general and additional education values in 2012.

General and Additional Education	Indicators	Urban districts	Municipal Areas
Municipal general educational institutions' graduates who have passed the USE on the Russian Language and Mathematics ratio, in the total number of municipal general educational institutions' graduates who have passed the USE on these subjects	Average	98,53	96,11
	Maximum	100,00	100,00
	Coefficient of variation	1 %	4 %
Municipal general educational institutions' graduates who have not passed qualifications of secondary education ratio, in the total number of municipal general educational institutions' graduates	Average	1,58	4,23
	Maximum	0,00	0,00
	Coefficient of variation	65 %	93 %
Municipal general educational institutions corresponding to modern requirements of education ratio, in the total number of municipal general educational institutions	Average	73,15	56,02
	Maximum	100,00	100,00
	Coefficient of variation	41 %	51 %
Municipal general educational institutions whose buildings are in poor condition and need a basic repair ratio, in the total number of municipal general educational institutions	Average	24,75	8,53
	Maximum	0,00	0,00
	Coefficient of variation	143 %	107 %

Territory. In accordance with the indicator of the number of small and medium businesses, we can obviously trace inequal distribution of enterprises on municipalities, but the indicator can not be ruled out of a comprehensive evaluation of LG performance efficiency.

Similar arguments are for including the indicator "The average payroll count (without external part-timers) of small and medium enterprises in the average payroll count (without external part-timers) of all enterprises and organizations ratio" in a comprehensive evaluation. It should be noted that for urban districts, where there are large enterprises, the value of the rating will be lower, which will reduce the rating of a comprehensive evaluation;

these municipalities will "win" on such a group of indicators as "Municipal administration bodies", namely in terms of "Tax and non-tax revenues of the local budget ratio (excluding income tax revenues on additional statutory rates) in a total volume of own revenues of the municipality budget (excluding subsidies)", as total tax payments of large enterprises will greatly exceed the contributions of small and medium businesses.

The high level of differentiation in terms of "The volume of investment in fixed assets (except for budgetary funds) per inhabitant" is explained by the presence of the municipalities of new or existing large enterprises rather than the created conditions for investment. So Norilsk has been a leader on this indicator for many years due to the investment of the Norilsk Mining and Metallurgical Complex named after A.P. Zaveniagin (the indicator value is 240,277.9 rubles); in Turukhansk district, that is a leader on the indicator value (4,883,000.4 rubles), but the second in the ranking, the high level of investment is provided by the industrial development of the Vankor oil and gas field. Excluding of this indicator from the rating is possible.

Table 2 shows the calculation of differentiation indicators of average monthly nominal wage of workers that should not be used in determining grants. This calculation is performed as an example of the impossibility to eliminate differentiation, since due to the geographical location of the Krasnoyarsk Territory some of its territories are equated to the areas of the North and Far North.

The concept of the modernization of the Russian education system defined the importance and value of the education system, promoting the development of aptitudes, abilities and interests of social and professional self-determination of children and youth. The indicators of the coverage of children by preschool educational institutions allow evaluating the measures taken for the organization of services for pre-school education of children.

In the course of the monitoring and analysis of the indicator values, according to Table 3, we can identify the following problems in the field of pre-school education: the existing precession in preschool educational institutions (the average shows that more than 30 % of children are in the waiting list – a very high figure); pre-school educational institutions (PSEI below), which are in poor condition and need a basic repair.

The coverage of children by preschool educational institutions each year may increase due to the opening of new institutions and new groups in existing kindergartens, the resupply of the existing groups that happens in a number of constituent entities. If this indicator is introduced to a comprehensive evaluation, the substitution can occur: LG will not be interested in the elimination of the queues in PSEI, so this indicator should not be introduced to a comprehensive evaluation. However, it is important to introduce such an indicator as "PSEI whose buildings are in poor condition and need a basic repair ratio, in the total number of municipal PSEI"; according to the calculations, this is a significant problem in the Krasnoyarsk Territory, which requires a special attention from the municipal authorities.

The indicator of "Municipal general educational institutions' graduates who have passed the USE on the Russian Language and Mathematics ratio" used in distributing grants is absolutely not informative; it should not be used in the methodology to distribute grants in urban districts and municipal areas. This is evidenced by the coefficient of variation, calculated in Table 4, which indicates that the totality of the results is practically homogeneous. Such indicators as "Municipal general educational institutions corresponding to modern requirements of

education ratio, in the total number of municipal general educational institutions" and "Municipal general educational institutions whose buildings are in poor condition and need a basic repair ratio, in the total number of municipal general educational institutions" have to be introduced.

Conclusion

Evaluation of local government performance efficiency will continue to change and upgrade. Public authorities always solve the dilemma: on the one hand, they have to reduce the number of indicators, which significantly increases the objectivity of evaluation by eliminating the impact of secondary indicators; on the other hand, they have to focus the system of evaluation of local government performance efficiency on the indicators which actually depend on their work. Besides, the key tasks are expanding the use of information technology, increasing the exchange of information between municipalities, broadening the base of comparison, creating an effective system of practices to improve efficiency.

Since the main objective of the performance of the Russian Federation subjects' government authorities was and still is upgrading the quality and standard of living of the population, first of all, developing the system of evaluation indicators of LG performance efficiency, it is important to consider the dynamics in those fields which are differentiated and the most complex to solve.

The main task of the indicators used in distributing grants is to identify the most vulnerable places of the levels of government based on their roles and responsibilities in the fields. The indicators should fully contribute to strengthening the principle of a competitive type of

development, while the attention of the authorities should be paid to upgrading the dynamics of the indicators, as well as to consolidating the results of their multi-management activities.

The practice of reducing the number of indicators (compared with earlier regulations on the evaluation of efficiency) as a whole can be assessed as positive. But only in the case if the selected indicators are really important for the municipality.

The regulations for performance evaluation in terms of the end result are focused on the analysis of the management efficiency of the territories focused on socioeconomic development, the rational expenditure of budgetary funds, identifying unused reserves in the planning of the priority programs of further development, the development of measures aimed at improving the quality of the services provided to the population, the degree of the use of innovative methods in management, as well as the reduction of inefficient expenditure.

In general, the relevance of the rating is determined by the need to increase the information transparency of local government performance, as well as the demand for the information about the real situation in the regions by the federal government and business.

The methodology has recently undergone significant changes both in the list of indicators and the procedure for calculating them, but it is still early to talk about the perfection and completion of the changes of the evaluation system. Otherwise, the proposed methods for the selection of the evaluation indicators of LG performance efficiency may become just another direction or suggestion to upgrade the system as a whole and to develop a mechanism for subsequent management decisions in future.

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Совершенствование системы
оценки эффективности деятельности
органов местного самоуправления

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Обосновываются критерии отбора показателей оценки эффективности деятельности органов местного самоуправления для формирования рейтинга муниципальных образований. Предлагается включать в систему рейтингования показатели оценки развития муниципальных образований, характеризующие значительный уровень дифференциации в социально-экономическом развитии. Методология совершенствования системы показателей основывается на расчете среднего значения показателя оценки эффективности деятельности органов местного самоуправления и сравнении его с лучшим достигнутым значением показателя по городским округам и муниципальным районам; на расчете коэффициента вариации показателей. Проведена апробация по группе показателей экономического развития, среднемесячной номинальной начисленной заработной платы работников, дошкольного образования, общего и дополнительного образования.

Ключевые слова: система показателей оценки эффективности деятельности органов местного самоуправления, критерии выбора показателей эффективности деятельности органов местного самоуправлении, расчет показателей дифференциации оценки уровня социально-экономического развития.