

# *Public Governance, Social Services and Social Assistance Benefits*

## *Public governance, sociální služby a dávky sociální péče*

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LADISLAV PRŮŠA

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### **Abstract**

This paper aims to characterize the problems that hinder the effective functioning of social services and social assistance benefits in terms of powers of public authorities. By analyzing the current state of selected elements of these systems are design solutions that would lead to the elimination of existing problems.

### **Keywords**

public governance, social services, social assistance benefits

### **Abstrakt**

Cílem příspěvku je charakterizovat problémy, které brání efektivnímu fungování systému sociálních služeb a dávek sociální péče z hlediska kompetencí jednotlivých orgánů veřejné správy. Na základě rozboru současného stavu vybraných prvků těchto systémů jsou navržena řešení, která by vedla k odstranění současných problémů.

### **Klíčová slova**

veřejné vládnutí, sociální služby, dávky sociální péče

### **Introduction**

Suitable architecture setup, that is the optimal fine-tuning of relations between individual entities that are involved in its functioning, is one of the key aspects influencing the effective functioning of each system. In addition to the Ministry of Labour and Social Affairs, regions and municipalities act, both in their self-governing and delegated competence, in the area of social services. The experience with the application of Act 108/2006 Coll., on Social Services, as amended, has shown so far that in many cases there are conflicts regarding the application of the self-governing roles and roles of the state. This results from the implementation of the II. phase of public administration reform when competencies were, in connection with the abolition of district authorities transferred on the delegated competence of regional authorities and newly established municipal authorities with extended powers. The merger of the role of the state with the self-governing one of these entities contradicts the long term concepts of the Ministry of Labour and Social Affairs incorporated in the script for social reform, according to which it is necessary to separate the role of the state and the role of self-governing bodies so

that each citizens should know what is the outcome of his/her activity resulting from the insurance, what he/she receives from the state and what is a result of activities of self-governing bodies of municipalities, towns and regions<sup>1</sup>.

## 1 Current Legal Status, Issues and Impacts

The crucial competencies of municipalities and regions in their self-governing and delegated competence concerning the issues of creating and fulfilling of the mid-term development plan of social services, registration of social services providers and system of financing of social services are laid down in Act 108/2006 Coll., on Social Services, as amended, in many Sections:

- Under Section 7 (4) a municipal authority of a municipality with extended powers shall decide on the allowance; the specific procedure concerning the allowance proceedings is given in Section 25,
- Under Section 78 a regional authority in its delegated competence shall decided on the registration of the social services providers,
- Under Section 94 a municipality in its self-governing competence:
  - Shall research needs in of social services provision to persons in its territory,
  - May prepare a medium-term plan of social services development in cooperation with a region, social services providers and with participation of persons to whom social services are provided,
  - Shall cooperate with a region when preparing and implementing the medium-term of development of social services in the region,
- Under Section 95 a region in its self-governing competence:
  - Shall prepare a medium-term plan of social services development with participation of social services providers and representatives of persons to whom social services are provided,
  - Shall monitor and evaluate its fulfilment,
  - Shall arrange for availability of social services in accordance with the plan,
  - Shall inform the Ministry about its fulfilment,
- Under Section 101 a regional authority in its delegated competence shall submit an application for subsidy for the provision of social services for providers who are entered in the register,
- Under Section 105 a municipality or region may, in its self-governing competence, provide a specific subsidy to social services providers, who are entered in the register, to fund their current expenditures relating to the provision of social services.

Conflicts concerning the application of self-governing competencies of municipalities, towns and regions and state roles can mostly be seen in the following areas:

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<sup>1</sup> Please refer to e.g. *Návrh na zřízení Národního úřadu pro zaměstnanost a sociální správu a vymezení jeho působnosti*. Praha: MPSV, 2007.

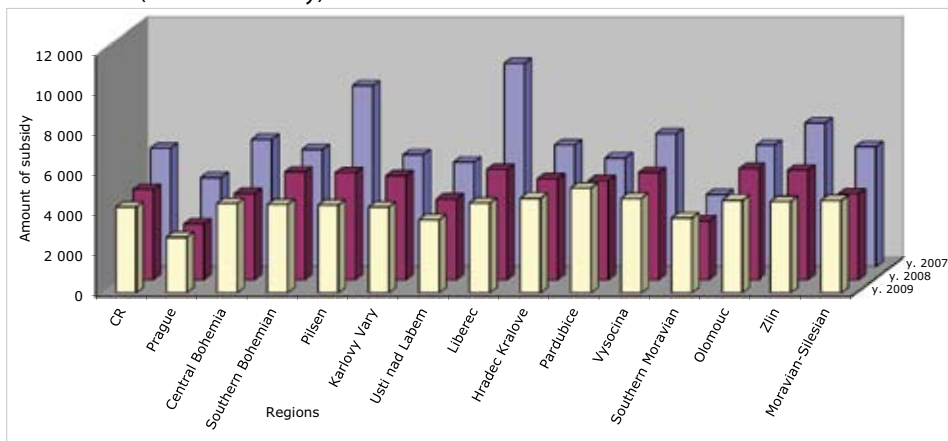
- The decision on care allowance lies with a municipality with extended powers, and while at the same time the municipality itself, in its self-governing competence, is the founder of some social services, it therefore has an interest to award the applicant the allowance of the higher grade so that it would reduce the claims of an organisation providing the services, whose founder it is, for the provisions of subsidies from the municipal budget,
- The regional authority, when drafting an application for the subsidy from the state budget prefers providers, where it acts as a founder in its self-governing competence, as the award of subsidy from the state budget for those providers shall, in the higher grade, reduce the pressure on funding the social services from regional budget.

These conflicts are even more serious, because no implementation law have yet been drafted (a decree of the Ministry of Labour and Social Affairs), which would have set more detailed rules of how the amount of subsidy, purpose of subsidy, its structure and manner of provisions should be determined. The existence of such law is envisaged in Section 101 (7) of Act No. 108/2006 Coll., as amended. For the time being, the subsidies have been provided on the basis of an annually updated order of the Ministry of Labour and Social Affairs.

What are the consequences of the above mentioned conflicts and facts?

1. In the first place, it should be noted that the absence of implementation regulation results in the fact that the amount of the subsidy provided in relation to, e.g. one place in the nursing home is highly differentiated by individual regions (For instance in 2009, the highest subsidy was provided in Pardubice region – and amounted to CZK 5 218 per one place monthly, while the lowest subsidy was granted in the capital city of Prague – and amounted to CZK 2765 per one place monthly; for more detailed information please refer to figure 1).

**Figure 1:** A comparison of the amount of the state subsidy per bed in nursing homes in 2007 - 2009 (in CZK/monthly)



Source: Průša, L. a kol. (2009) *Poskytování sociálních služeb pro seniory a osoby se zdravotním postižením*.

2. The other impact of this is the different amount of subsidy from the state budget awarded to social services providers depending on the type of provider in comparison with the amount of the original request. While in 2007 the claims of the allowance organisations established by regions were satisfied from 82.7%, the claims of religious legal entities were satisfied only from 59.0%, allowance organisations established by municipalities from 49.8%, citizen associations from 49.6% and public utility companies from 49.5%<sup>2</sup>.
3. Another consequence of this is that some crucial elements of new system of social services are not interconnected – in this regard it means mostly interconnectivity concerning the drafting of the medium-term plans of development of social services, registration of social services providers and the system for their funding. However, many deficiencies can be seen in the drafting of individual elements. For example, when planning the social services, a minimum attention is given to:
  - Analysis and forecasting of the changes concerning the structure of the population,
  - Analysis of the facilities available in the field of social services in a given region and the justification for the variances found from the national or regional average or from the facilities available in the neighbouring regions,
  - Interconnection of social services with related or follow-up areas, in particular the medical care, education, housing and transport services.
4. With regard to the effectiveness of the system for funding social services, maybe the most significant flaw in the whole system of social services can be seen in the absence of interconnectivity between the two crucial activities – on one side, it is the award of care allowance and on the other side, it is the provisions of social services as such. The reason for this is the fact that the payment of care allowance is not conditioned by the necessity to receive the care from the registered provider of social services, or a listed relative who provides the care, or by other relatives. The result of this is that e.g. in December 2009, the total of 70% of the recipients of care allowance received did not receive any service from the registered provider<sup>3</sup>, which, as a consequence, causes economic problems to social services providers and increases the pressure to provide subsidies from the state budget.

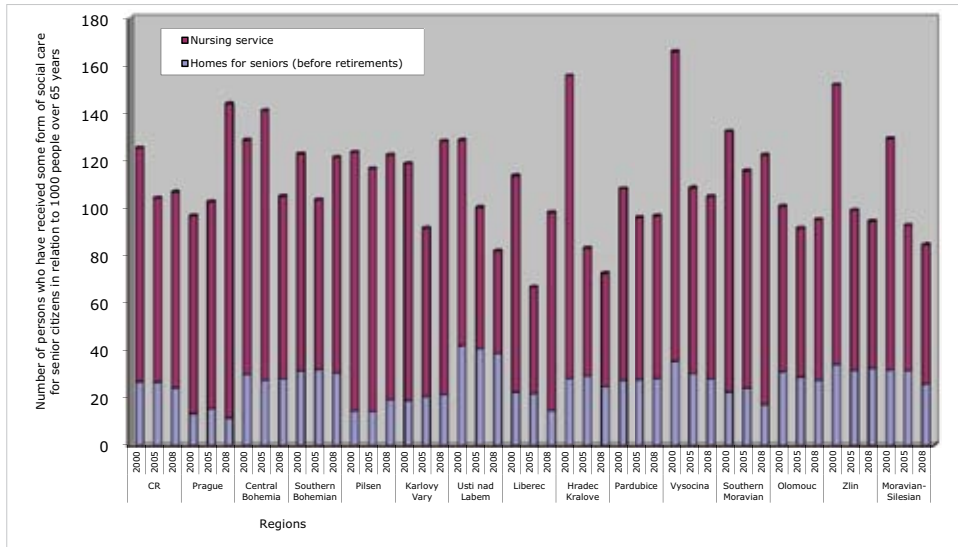
However, many issues result from the fact that the role of the Ministry of Labour and Social Affairs is not fulfilled within the system as a whole. Under Act 108/2006 Coll., on Social Services, as amended, the Ministry of Labour and Social Affairs, is supposed to prepare the medium-term national development plan of social services with the participation of regions, representatives of the social services providers and representatives of persons, to whom the services are provided. This plan has not been approved yet, and there are more versions of the plan, which naturally in return does not contribute to a positive environment for the development of social services in individual regions.

2 Please refer to PRŮŠA, L. *Zamyšlení nad dosavadními výsledky dotačního řízení v oblasti poskytování sociálních služeb. Rezidenční péče č. 1/2007.*

3 In more detail please see: MERTL, J. *Přístupy k hodnocení efektivnosti sociálních služeb v národním hospodářství, 2007.*

Among others, the result of this is that fact that there are still, in the long run, unjustified differences regarding the facilities available for social services in individual regions<sup>4</sup> (The selected characteristics are given in diagram 2). It cannot also be neglected that there is no development in the desirable field and ambulatory forms of care, mostly for seniors, which is, with a view to foreseen demographics trends, a very alarming fact.

**Figure 2:** The development facilities of regional social care services for seniors in the years 2000 - 2008 in relation to 1000 people over 65 years



Source: Průša, L. a kol. (2009) *Poskytování sociálních služeb pro seniory a osoby se zdravotním postižením*.

However, the issues, which have been identified regarding the “interconnectivity” of the roles of public administration and self-government at municipalities with extended powers and regions in their delegated competencies in the area of social services, also concern the area of social care allowances. The social care allowances granted on the grounds of assistance in material need are paid by the commissioned municipal authorities, and social care allowances granted on the grounds of disability are paid by the municipalities with extended powers. Both authorities have no interest in the effective provision of these allowances, all expenditures are reimbursed to these authorities from the state budget. The municipalities are neither motivated to save funds for these expenditures nor to chose alternative ways of assistance (The provisions of service is often much more effective, because by this the reasons why a difficult social situation arose can be addressed, while by providing the allowance only consequences can be addressed). As a result of this, social allowances are often abused, as the social workers are practically in many municipalities understaffed, which as a consequences leads to the underestimation of the importance of social work when addressing difficult social situations of the applicants for social allowances.

4 PRŮŠA, L. a kol. *Poskytování sociálních služeb pro seniory a osoby se zdravotním postižením*. Praha: VÚPSV, 2009.

## 2 Possible Solutions to Existing Problems

When drafting the proposal for action aiming at the elimination of the existing problems we must come out from assumptions that social services shall be seen as an economic category, and therefore set such system for its funding, which would lay down basic pre-conditions for its effective provision.

It is clear that when evaluating the effectiveness of the system of funding and provision of social services, other perspectives must be taken into account concerning the evaluation of effectiveness of social care services, and views regarding social prevention and consulting services. At the same time, we should remember that other aspects regarding the evaluation of the effectiveness of the system of funding and provision of social services are applied by the state, other by regions, towns and municipalities as founders of the vast majority of individual facilities, other by non-government non-profit organisations, and other aspects are applied by the clients as user of individual social services<sup>5</sup>. These facts must be reflected in the different arrangement of each type of social services.

We should pay attention to the concept of effectiveness in economic theory. We must realize that "effectiveness means an absence of wasting the economic resources in order to satisfy needs and desires of the people"<sup>6</sup>, and "such use of economic resource, which would bring the maximum satisfaction achievable given the inputs and technologies"<sup>7</sup>. In this sense, we cannot forget that "an effective market is such where participants can quickly absorb all new information and immediately include them in the market prices"<sup>8</sup>.

From the regional point of view, an important aspect limiting its capacity to influence the effectiveness of the entire system of the provision of social services is the fact that the state (the Ministry) sets by legal regulation (by a decree in this case) the maximum fee for accommodation and board in residential and ambulatory facilities and the level of fee for individual actions of field and outpatient services. In situation when:

- social services are provided by organisations established mostly by self-governing authorities of regions, towns and municipalities and non-governmental non-profit organisations,
- social services are provided under the contract made between the providers and the users,
- level of fee by the client for some actions mostly in the area of field and outpatient services does not reflect the amount of the costs incurred,

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5 In more detail please see: MERTL, J. *Přístupy k hodnocení efektivnosti sociálních služeb v národním hospodářství*, 2007.

6 SAMUELSON, P.A., NORDHAUS, W. D., *Ekonomie*, 1991, p. 27.

7 SAMUELSON, P.A., NORDHAUS, W. D., *Ekonomie*, 1991, p. 968.

8 SAMUELSON, P.A., NORDHAUS, W. D., *Ekonomie*, 1991, p. 252.

this is basically only other protective instrument of the client used by the state, while it should be noted that for this purpose, the state has other instruments prescribed by law (Registration of the social services providers, social services quality standards, inspections of social services, an obligation of lifelong education for social workers). The level of these fees is set in such an amount that it ex ante assumes the participation of other entities on funding the social services through subsidies. However, there is no legal entitlement for subsidy according to the budget rules, which puts limitations on development programs of individual social services providers and as a result leads to stagnation of the whole system.

In this sense, the analysis of effectiveness undertaken in the past concerning the individual elements of the system of provision of social services recommended to implement the following actions<sup>9</sup>:

- To change the system for the payment of care allowance so that the recipients in the I. and the II. grade of dependency shall receive the payment (namely in filed and stationary facilities) in the form of vouchers (The citizen shall be awarded care allowance in the form of the allowance in kind – vouchers for services and registered providers, whose services were chosen by the citizen, would be reimbursed by the municipality with extended powers), or to implement a combined method of payment of the allowance where its major portion (Approx. 2/3 – 3/4) would be paid in the form of vouchers and the rest in cash,
- To modify the system for the payment of care allowance in residential facilities so that, according to the law, the provider of the services would be the recipient of care allowance,
- To simplify the administration procedure (Respectively, to implement special regulation of some provisions) so that, in order to improve the effectiveness of the care provided, the period from the moment when an application for care allowance is filed until it is disbursed should be reduced,
- To establish a register of persons – family members who provide care for their close relatives in their households (Among other, because the duration of this care is an alternative time period for the purposes of pension insurance.) and to apply more strict inspections concerning the care provided in this way,
- To revise the level of dependency of persons who received the entitlement for care allowance by reversing the increase of infirmity pension and care allowance received when looking after the close relative.

At the same time, it was noted that effectiveness of the system suffers from the fact that:

- the members of the resistance who are provided, according to the relevant laws, social services for free, can be the recipients of care allowance, which means there is duplicate fulfilment of their claims, an abuse of the allowance respectively,
- the current wording of the Act allows the user of each types services to be ex offa provided even the services, which they do not request.

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<sup>9</sup> PRŮŠA, L. *Efektivnost financování sociálních služeb v domovech pro seniory*, 2008.

The dependency on the provisions of the subsidy prevents the independent development of social services. Therefore, all actions proposed must be seen in the removal of the dependency of social services providers (particularly of the social services for senior citizens and people with disabilities) to be awarded the subsidy from the state budget or from the budget of the founder. Thus, in addition to the above mentioned proposal concerning the modifications of care allowance, the following solutions can be particularly taken into account:

- The lifting of maximum fee for accommodation and subsistence in residential and outpatient facilities and for individual actions in the area of field social services,
- The strict application of maintenance obligation of children towards their parents so that the users of services – mostly in nursing homes – pay for the services provided together with the granted care allowance and the payment for nursing and rehabilitation care from resources of health insurance companies the real amount of costs on operation of a given facility (including the reasonable profit),
- The provisions of material assistance in the form of a loan as part of the system of assistance in material need to those users of social services who live alone and whose children do not have enough funds to pay for the costs of the social services needed (After the death of service user the commissioned municipal authority acting in its delegated competence shall become the party to the inheritance proceedings and if the above mentioned facts were established, the loan would be, from the accounting point of view, be “transferred to an allowance”, in other case the loan would have to be paid up by the heirs, up to the amount of the funds available),
- The strict creation of the “mirror” in the rules for the provision of social services in health care facilities and nursing and rehabilitation care in residential facilities of social services (obligatory registration of health care facilities for the provision of social services and defining quality standards for their provision, the payment of care allowance to clients who have to stay in the registered health care facility for extended periods of time.

If all of the above mentioned actions were taken, it would undoubtedly establish an environment for the development of all types of social care services and for wider involvement of new entities (including the foreign ones) into the system of provision of these social services. There would be a liberalisation of the entire system of social care services, by awarding care allowance and conditioning of its payment by the provision of social service (at least its major part) from the registered provider, there would be a demand for services, which would, according to the market principles, create supply of new social services, and the services would be differentiated (For instance, in the area of residential services, from poorhouses to modern “single bed hotels” with comprehensive services when complying with the legally prescribed newly defined minimum standards).

This differentiation will require a provision of wider range of information on services provided in the territory of individual regions to users, in accordance with modern European trends and therefore new job role shall be established at social service departments with the commissioned municipal authorities, or municipalities with extended powers – care manager – which shall provide the recipients of care allowance with more comprehensive information concerning the offering of social services in the given region, taking in



account the social impact resulting from the adverse health condition or the age of users and their financial means.

The interconnection of the system to the area of planning, registration and financing of social services would also contribute to the development of social services and strengthening of roles of municipalities in their provision (not only in the area of social care services for senior citizens and people with disabilities, but mostly in the area of provision and financing of social prevention services and consulting. Possible action can be seen in the system of planning of social services, in which the municipalities with extended competence shall be included. As part of the social demographic analysis undertaken in the given territory there should be a detailed mapping of the need for provision of individual social services, including the detailed study of the envisaged development of demographic structure of such age groups of the population, which are most concerned by the individual social services. These needs should be, during the preparation of the medium-term plan of development of social services, confronted with opinions of providers and users (eventually with potential users) of individual social services and then the priorities of the social services development should be set, not only in the medium-term, but also in the long run (that for the next 15 years), which should be further broken down in more detail into individual implementation steps and phases.

These steps and phase should be followed by the reassurance of the providers (even potential providers) during their registration process. When financial balance sheet of the services provided is submitted as part of this process, which should clearly show the exact structure of its financing (i.e., how many funds the service provider expects to receive in the coming term from towns or regions, but also from the Ministry of Labour and Social Affairs as part of the subsidy proceedings), the completion of registration process should also mean that this financial balance sheet is binding and that the funds, which are claimed by the social service provider from the founder or the state are guaranteed by the registering entity to the service provider. If:

- subsidies for social services are to be distributed by regions since 2012,
- registration of organisations established by municipalities and non-governmental non-profit organisations is done by regions, and
- registration of organisations established by regions is done by the Ministry of Labour and Social Affairs,

there would be an interconnection of the system of planning and financing of social services, which shall also contribute to the considerable improvement of the transparency of subsidy process, reassurance of social services providers (From more long-term perspective of financing the social services provided) and improvement in the effectiveness of the funds incurred.

In addition to the above mentioned measure, which directly concerns the area of social services, we must pay attention to many other actions that would be necessary to take in the relating or conditioning areas. In this sense, it is of utmost importance that:

- the individual towns and municipalities shall seek to pay attention, as part of their housing policy, to the development of small area and barrier-free flats, in which the senior citizens and people with disabilities would be effectively provided field social services so that the need for the provision of care in the residential facility would be postponed,
- when setting the amount of rental in municipal flats, the individual towns and municipalities, in particular taking into account the income standing of and the property owned by senior citizens and people with disabilities, should determine in a way to set basic preconditions for the provision of needed field services in their households environments and that there would not be early pressure on the provision of services in residential facilities of social services,
- the building authorities, as part of the approval proceedings shall strictly pay attention that the obligation of having barrier-free access points in all stores, cultural facilities and other buildings providing public services be observed,
- individual regions and commissioned municipalities continually map the transport services in their catchment area so that the senior citizens and people with disabilities, who predominantly rely on the public transport would not be jeopardized by social exclusions (in its most broad sense) as a result of the insufficient quality of such transport.

The implementation of all of the above mentioned measures in its complexity shall contribute to the much needed development of social services and to the removal of all current issues in the area of public administration.

## Conclusions

The systems of social services currently face, from the organisation arrangement point of view, many problems, which significantly reduce their effectiveness. The joint model of public administration, which was pushed through as part of the reforms of the public administration with noticeable success at the level of commissioned municipalities, municipalities with extended powers and regions for the provision of social services and social care allowances allow for conflicts between self-governing roles of these authorities and roles, which they perform for the state as part of their delegated competencies. In order to remove these conflicts, it is necessary to implement a whole set of measures, which will also contribute to a significant increase in effectiveness of both systems.

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## **Contact address / Kontaktní adresa**

**doc. Ing. Ladislav Průša, CSc.**

CESTA University of Finance and Administration / CESTA Vysoká škola finanční a správní  
(ladislav.prusa@vsfs.cz)

Research Institute of Labour and Social Affairs / VÚPSV, v.v.i.  
(ladislav.prusa@vupsv.cz)