

Long-Term Planning and Forecasting Problems at Municipal Management Level

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Abstract. Municipal long-term programs and development strategies for regional municipalities are generated in compliance with a set of program documents of the higher management levels, federal and regional regulatory acts, social&economic growth plans and forecasts. The process of developing long-term municipal plans and programs is complicated because of the need to take into account and coordinate a high number of key performance indicators characterizing all the social&economic system of municipality management alongside with the forecasts for companies and organizations operating in the studied territory. The methodology of program document development, defined by regional ministries and agencies and presented in corresponding approved methodical recommendations, generally have significant drawbacks relating to vague requirements towards the contents of the data applied, incomplete list of indicators, program structures, etc. In the article the authors consider the problems of planning and forecasting identified on the basis of the analysis of the expertise the authors have in the development of municipal programs and developments strategies for the municipalities of the Republic of Sakha (Yakutia).

1. Introduction

The problems of municipal planning, evaluation of social&economic development of municipal education, forecasting the trends of territory development are studied by many national researchers and presented in the papers of foreign scientists (Mintzberg H., Ahlstrand B., Lampel G. [7], Wilson I.[13] et al.) and national researchers (Animitsa Ye.[1], Granberg A. [4], Odintsova A. [9], Rokhchin V.[10], Shvetsov A. [12] et al.). Various forecasting&planning systems, tools and methods were accumulated and evaluated at the municipal education level. However, oftentimes one can observe negative and skeptical attitude of local authorities to the long-term planning and forecasting results at the municipal level; target program implementation is complicated; no uniform methods for evaluation and forecasting the social&economic state of municipal education exist. Undoubtedly, these circumstances limit social&economic development of municipalities. In this article the authors consider strategic management problems and strategic management application results at the level of municipalities of the Northern region of Russia - the Republic of Sakha (Yakutia).

2. Materials and methods

Planning and forecasting problems at the municipal management level are stated on the basis of the results of development processes of more than 20 municipal programs and the strategies of social&economic development of the districts (uluses) of the Republic of Sakha (Yakutia) in 2005-

2018 where the authors took active part. In the research process the authors also use the materials of the territorial body of the Federal Service of State Statistics for the Republic of Sakha (Yakutia), websites of municipal districts of the Republic of Sakha (Yakutia). Development of programs and forecasts was based upon a set of federal, regional and municipal regulatory acts, target sectorial programs of the Republic and other forecasting and planning materials of federal and republican public authorities. The authors collected and analyzed forecasting and planning documents of companies and organizations located in the territory of studied municipalities. In the course of research the authors continuously conducted polls (questionnaire surveys and interviewing) of the population, management of companies and organizations to specify the list of social&economic development problems to be solved.

On the basis of the analysis of the economic&social development of municipal education for a 5-year period the authors defined strategic purposes and development scenarios, characterized the priority projects and development areas in detail. Further, the authors developed a system of purposes, tasks and indicators of social&economic development. The calculation of KPIs of the programs (strategies) was conducted with the account of the possibility of implementing three development scenarios: “no change”, basic and innovative.

3. Research results

The process of developing a municipal program document can be presented in the form of the following key stages:

1. Preliminary stage
 - setting the purposes of program document making and developing the statement of work by the municipality administration;
 - organizing a contest (auction bidding) for research and development works on the development of a long-term social&economic development strategy (program);
 - conclusion of the agreement on R&D.
2. Program document development.
 - setting purposes and objectives, defining the program structure, stating social&economic development problems, conducting the analysis of the municipal education state;
 - developing the strategy (program) of social&economic development and the action plan on its implementation with the account of all plans and projects, companies and organizations existing in the territory of the municipality, development indicators on all social&economic activity areas, local self-government performance indicators;
3. Program draft defense
 - coordinating the program draft in the municipal education administration in presence of companies and organizations,
 - coordinating the draft program with regional management bodies;
 - public hearings of the draft program;
 - program draft defense at the Council of Municipal Education Deputies.
4. Program document fulfillment.

Analysis of the processes of development and approval of municipal programs and strategies of long-term social&economic development revealed the availability of organization, methodical and information problems.

3.1. Overview of organization problems

Over the last years the municipal management institute has changed its status from being a “relatively independent” on the superior management level to virtually complete returning under directive management forms; local problems are solved not in compliance with their relevance but in compliance with federal and regional priorities. Many municipalities in Yakutia (Neryungrinsky, Vilyuiskiy, Mirninskiy districts, etc.) are now in the situation when federal companies implement mega projects in the territories while the decision making centers of these companies are beyond the

municipality boundaries and the Republic in particular. The projects implemented by them often change the district economic state not for the better, but municipalities have limited or sometimes no opportunities to influence the situation.

The average period of concluding the agreements on the development of program documents was equal to 6 months, but due to the necessity of coordinating a lot of detail most agreements were not fulfilled in time, and addenda conclusion was required. The coordination process in regional management bodies lasts at least one month providing for high intensity of efforts on accelerating this process. Also, everything is complicated by the necessity of meeting the scheduled terms of public hearings and project defense. Nevertheless, the municipality administration set limited terms in the statement of work in which one can reveal lots of drawbacks under close analysis.

3.2. Overview of information problems

In the process of data collection the authors of the research continuously reveal information unreliability and misrepresentation, discrepancy between statistical data at municipal, regional and federal levels. Actual municipality population size never corresponds to the statistical data. But this indicator is the simplest to be used in any analysis.

One of the main problems of any municipality is not sufficiently active cooperation between state and private sectors. The authors revealed the lack of accurate information and statistical data on large city-forming companies in municipalities, and this become one of the key obstacles at the development of the strategy and definition of key long-term trends of economic development. For most municipalities of the Republic with a diversified economic nature the basis of the forecast should consist of the forecasts and plans for the development of city-forming companies. It is important as such companies define a total amount of the specific tax charged in the municipal territory, solve social problems and influence the infrastructure. The similar difficulties the authors faced at forecasting the development indicators of small and medium sized companies.

3.3. Overview of methodical problems

Today municipalities have an urgent need in the acquisition of new management technologies, transition towards a more efficient use of the organization proprietary limited resources. However, to efficiently manage social&economic development of the territory, it is not enough to understand a planning process in the conditions of complicating municipal problems and know its regulatory basis. To do this, it is necessary to form a complex planning and forecasting system supported by a successful expertise and necessary methodological materials. In many federal entities, including Yakutia, for municipal entities methodical recommendations on strategic planning implementation were developed. However, these recommendations show only a general approach towards forecasting while the forecast methodology itself depends on the strategy developers. Particular results of long-term forecast development on municipalities are presented in the strategies with a various set of social&economic indicators. In terms of their content the presented forecasts are developed on the basis of various methods and with the use of various model tools. There is no clear established structure of a program (strategy) where each part should be connected with a set of corresponding social&economic development indicators. There is a real risk of not being able to make head or tail of the abundance of planning and accountable figures used in the municipalities. Thus, for example, there are more than 100 indicators in the housing and utilities sector. The program should also consider the social sphere indicators (health care, education, sport, culture, social aid, youth policy, etc.), production industry, transport and power industry, etc. The attempts to identify main indicators were taken by the authorities multiple times and at present there is a set of performance indicators of municipal management on which various municipalities are compared. Within the district the indicators are quite applicable, however, its structure sometimes needs to be changed in compliance with the sectoral specifics and the wishes of district authorities.

Planned indicators are deliberately reduced to the optimistic ones which are usually “optimized” in compliance with positive forecasts of federal and regional authorities as well as overstated social indicators on the industrial projects. In such a way the authorities try to get the approval of investment projects at municipal and regional management levels. Dividing forecast indicators into three blocks in compliance with three development scenarios allows fulfilling these requirements. At this the difference in the evaluation of a total of capital investments (funds for the program implementation without the account of large investment projects of companies and organizations) between the “no change” and innovative scenarios according to our estimates was equal to 12% on average but it can grow multiple times if we consider investment projects.

4. Conclusion

The problems and conclusions presented in the article are aimed at revealing the drawbacks and the provision of rationale for the unique function planning and forecasting have at the municipal management level and the need to continue the process of planning method and procedure enhancement. We suggest regional authorities recommending municipalities to take into account the minimum period of works conduct on the development of program documents of social&economic development. This period must be at least 8-9 months (or even a year which is better). One should consider three scenarios of territory development and perform the calculation of corresponding indicators on populated areas included in the district without being limited by general territorial ones. Inside a district one can make a rating of settlements both in terms of generally accepted social&economic indicators (population, employment, production scope) and the number of private cars per head or by the results of polls characterizing a social&psychological attitude of people.

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