

The Growth of Municipal Administrations versus the Demographic Decline

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SUMMARY

Although the demographic decline in Lithuania has lasted for over two decades, municipal administrations continue to expand. Since 2011, the ranks of the municipal administrative personnel have grown by 4%. This makes little sense, given that the population declined by 4% in the same period.

This comparative analysis of municipalities demonstrates a connection between the size of a municipality (measured by the number of inhabitants) and the number of administrative personnel per 1,000 inhabitants. Since a certain number of administrative staff is necessary to ensure basic municipal function, this ratio is higher in smaller municipalities. Therefore, a decrease in the number of administrative staff is recommended for Klaipėda District, Mažeikiai, Šilutė, Telšiai, Radviliškis, Ukmergė, Pasvalys, Lazdijai, Ignalina, Skuodas and Pagėgiai municipalities that have a relatively high number of administrative personnel compared to that of the other similar size municipalities.

Since 2011, the number of administrative personnel per 1,000 inhabitants has grown in virtually all Lithuanian municipalities. The biggest growth is observed in Ukmergė, Klaipėda, Akmenė and Skuodas municipalities. This is the result of both demographic decline and growth in municipal administrations. Therefore, the organisational structures should be reconsidered in the municipalities with the biggest growth in the municipal administrations. These are the municipalities of Akmenė, Birštonas, Druskininkai, Jonava, Jurbarkas, Klaipėda, Marijampolė, Mažeikiai, Tauragė, Trakai, Ukmergė and Utena.

However, a reduction in administration and an increase in efficiency should not constitute mere redundancies. These complex decisions should delineate clearly defined areas of activities for each of the departments, staff education and training, regular monitoring of the organisational structure, etc.

INTRODUCTION

The European Charter of Local Self-Government,¹ (hereinafter referred to as “the Charter”) which spells out fundamental principles regarding the organisation and the functioning of self-governing polities, took effect in 1999.² Under the Charter, the internal administrative structure and the resources of these governments should correspond to the needs of the local population as well as ensure effective governance.³ However, statistical data shows the growth of municipal bureaucracy despite demographic decline. The present analysis is aimed at spelling out this process in different municipalities, identifying which municipalities should responsibly evaluate their organisational structures and proposing measures for increasing organizational effectiveness.

The research data employed in this analysis was provided by the Civil Service Department of Lithuania. In this dataset, human administrative resources of municipalities fall under the following categories: occupied posts in municipal administrations (including elderships), municipal control and audit departments, and municipal councils. The number of staff includes both civil servants and persons employed under a contract. For the sake of convenience, these employees will be hereafter referred to as the administrative personnel.

When comparing the data of individual municipalities, the research employs a derived indicator – *the number of municipal administrative personnel per 1,000 inhabitants*. As regards human resources, it is the administrative burden indicator of a municipality. The analysis of the development of this indicator reveals the impact of both the demographic decline and the growth of municipal administrations on the administrative burden in municipalities.

Expert insights, recommendations and proposals are provided via consultations with municipal representatives, research assessments conducted by the Ministry of the Interior, and other resources.

¹ <http://www3.lrs.lt/pls/inter3/oldsearch.preps2?Condition1=48874&Condition2=>

² <http://www.savivaldybes.lt/savivaldybes/index.php?lang=lt&qr=savivaldosraida&id=121>

³ <http://www3.lrs.lt/pls/inter3/oldsearch.preps2?Condition1=48874&Condition2=> Article 6

PART I

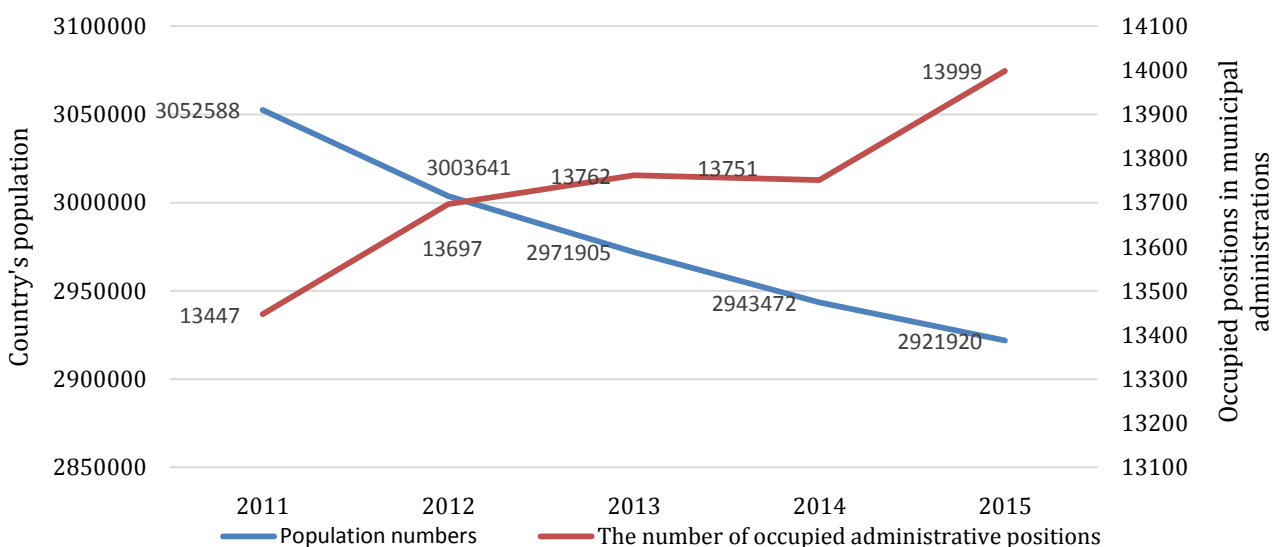
A comparison of the number of municipal administration personnel and the number of inhabitants

The demographic decline in Lithuania can be observed from 1992 onward. During the past five years, the drop in natural population growth coupled with an increase in emigration has caused the population to drop by over 130,000. In such a situation, in order to prevent an increase in the burden of the public sector, there is a need to decrease municipal administration personnel numbers. This is especially true as technologies advance, data transfer becomes faster, and innovative systems allow municipalities to perform their functions more effectively.

However, the data shows the opposite occurring. In the period between 2011 and 2015, the number of occupied posts in municipal administrations has increased. Moreover, if compared, the data of 2015 and 2011 show that only five out of sixty municipalities (Kaunas District, Klaipėda District, Neringa, Vilnius and Vilnius District) did not suffer from the demographic decline in the period under analysis. In fact, over two thirds of them had their administrations expanded over the four year period.

The Lithuanian population has decreased by 4% between 2011 and 2015, yet municipal administrative personnel have *increased* by 4% (see Figure 1).

Figure 1. Changes in the number of inhabitants and municipal administrations in Lithuanian municipalities in the period between 2011 and 2015

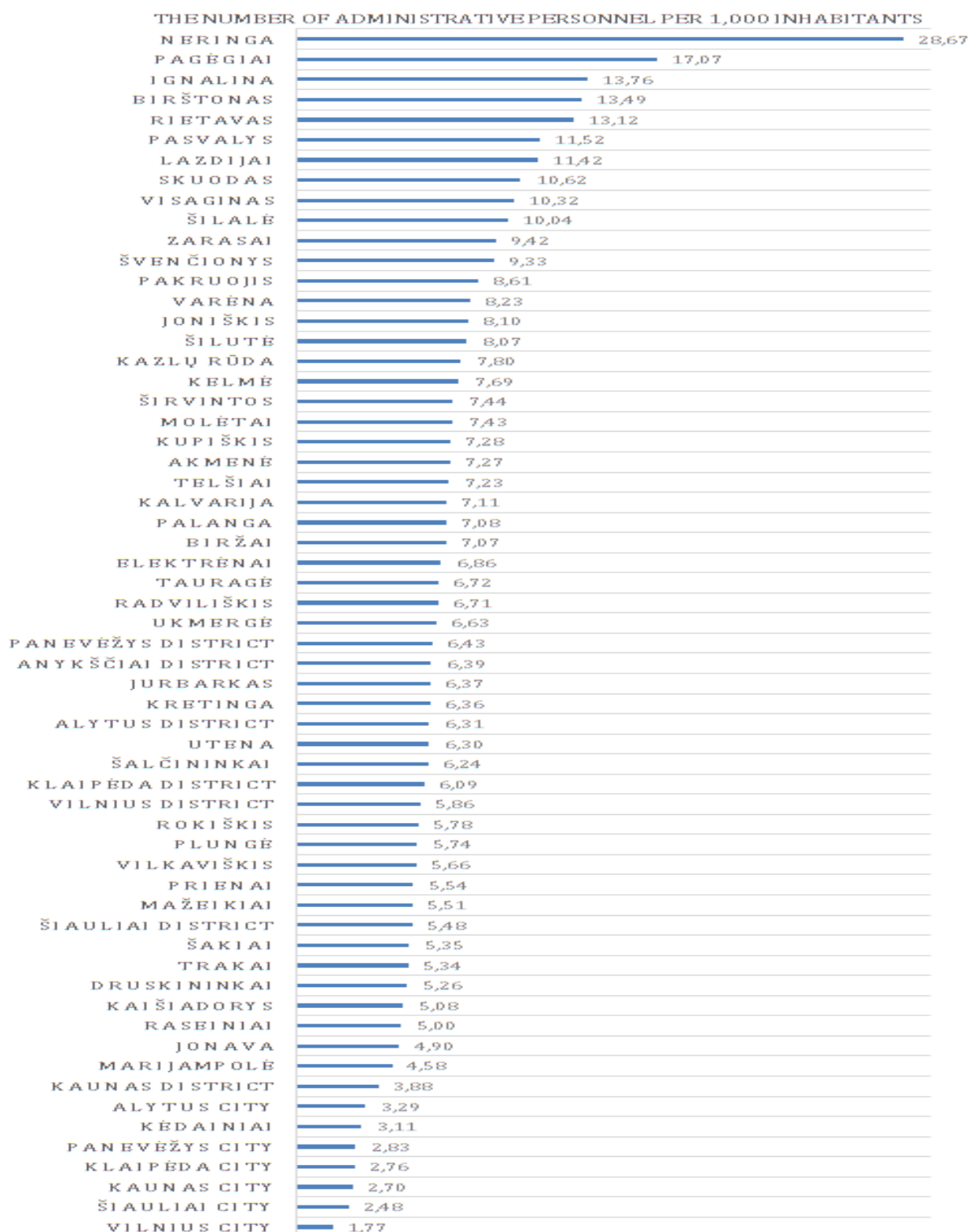


The growth in the number of municipal administrations may be the result of a number of factors. These include changes in the state-delegated municipal functions, departmental restructuring, and fluctuations in the efficiency of public administrations. The functions delegated by the State to municipalities (the provision of monetary social allowances, for example) should not be understated. However, there are municipalities that successfully perform the functions delegated to them with less human resources. Therefore, a contrastive analysis of municipalities is more informative in this case.

In order to evaluate the situation in each individual municipality, a cross-municipal comparison is conducted using the number of administrative personnel per 1,000 inhabitants. Figure 2 shows that the greatest administrative burden falls on Neringa (approx. 29), Pagėgiai (17), Ignalina (14), Birštonas (13) and Rietavas (13) municipalities. In contrast, the lowest administrative burden falls on Vilnius (2), Šiauliai (2), Kaunas (3), Klaipėda (3) and Panevėžys (3) municipalities.

As Figure 2 demonstrates, the number of municipal administration personnel per 1,000 inhabitants is higher in smaller municipalities, whereas larger (city) municipalities are characterised by a lower bureaucratic burden. Therefore, in order to provide a comprehensive analysis of differences between municipalities, the second part of the present research analyzes differences in the number of personnel among municipalities of a similar size.

Figure 2. The number of municipal administrative personnel per 1,000 inhabitants in 2015

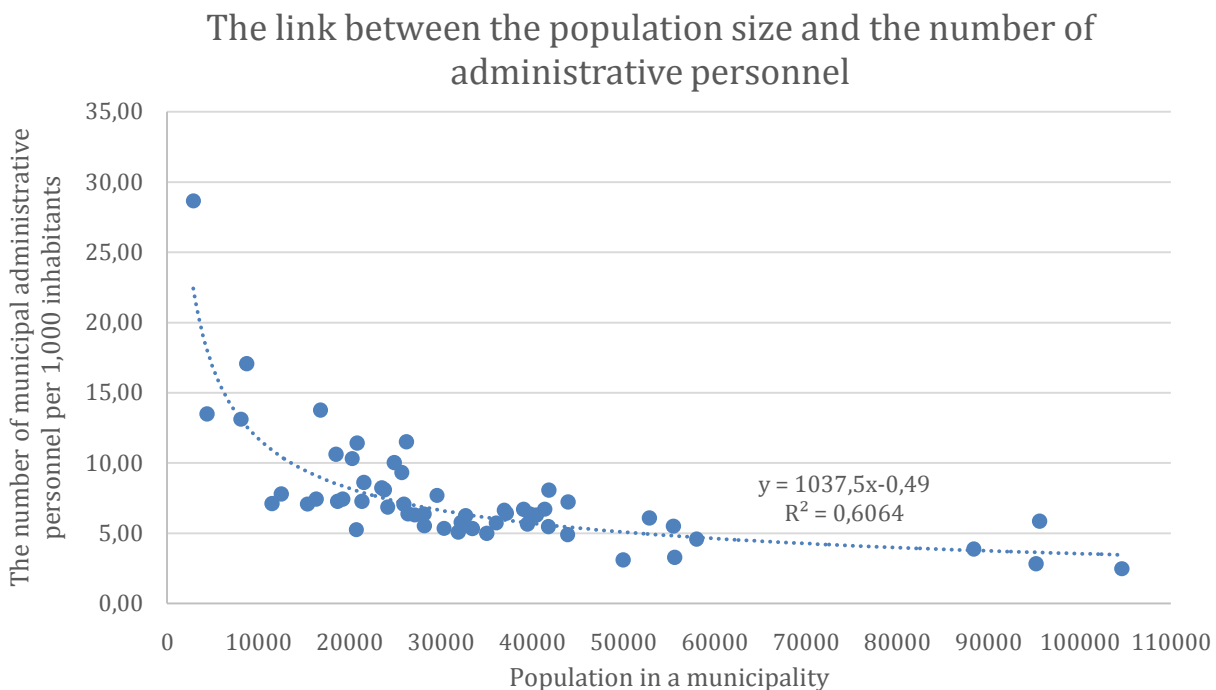


PART II

Differences in the number of personnel between the municipalities of a similar size

It is natural that a larger municipal population requires more human resources. However, the data suggests that more densely populated municipalities have a smaller number of administrative personnel relative to bigger administrations typical of smaller municipalities (see Figure 3). The reason is that municipal administrations perform certain basic functions that are carried out by workers. Here, worker volume is not proportionally linked with the number of inhabitants.

Figure 3. A scatter plot of municipality size and the number of municipal administrative personnel per 1,000 inhabitants in 2015 (excluding Vilnius, Kaunas and Klaipėda city municipalities)



There is no doubt that a certain number of administrative staff is necessary to ensure the basic municipal functions. Thus, the overall value of the indicator is higher in less populated municipalities. However, the evaluation of the size of municipal administrations of a similar population demonstrates differences in the relative administrative burden. Table 1 reflects the major differences between municipalities comprised of different numbers of inhabitants. Additionally, the table provides three municipalities of each group that have the highest relevant number of administrative personnel.

Table 1. Municipalities with the lowest and the highest relative numbers of administrative personnel in 2015

The number of inhabitants	Municipalities with the lowest relative number of workers	The average number of workers per 1,000 inhabitants	Municipalities with a high relative number of workers per 1,000 inhabitants	The highest relative number of workers per 1,000 inhabitants
Up to 10,000	Rietavas: 13	18	-	Neringa: 29
10,001-20,000	Palanga: 7	9	Skuodas: 11	Ignalina: 14
20,001-30,000	Druskininkai: 5	8	Lazdijai: 11	Pasvalys: 12
30,001-40,000	Raseiniai: 5	6	Ukmergė: 7	Radviliškis: 7
40,001-50,000	Kėdainiai: 3	6	Telšiai: 7	Šilutė: 8
50,001-60,000	Alytus: 3	5	Mažeikiai: 6	Klaipėda District: 6

The highlighted municipalities are those with a higher number of administrative personnel compared to municipalities of a similar population. These municipalities should reorganise their organisational structures and their performance as well as evaluate the changes available.

PART III

What are the factors that influence changes in the relative number of personnel?

Merely three municipalities have decreased the relative number of administrative personnel in the period between 2011 and 2015: Švenčionys (-9%), Neringa (-8%) and Šiauliai (-5%). This ratio has increased in all of the remaining municipalities. There are two possible reasons for this increase:

1. The number of municipal administrative personnel may be growing (numerator).
2. The population in different municipalities may be declining (denominator).

Table 2 presents the results of the analysis and not only shows the increase in the number of administrative personnel per 1,000 inhabitants, but also how this number was influenced by the demographic decline as well as the administrative growth. Thus, the sum of the population declines and the increase in the number of administrative staff equals 100% (see the last two columns).

Table 2. The change in the number of administrative personnel per 1,000 inhabitants and causal factors in the period between 2011 and 2015⁴

Municipality	The change in the number of administrative personnel per 1,000 inhabitants in the period between 2011 and 2015	The influence of the demographic decline	The influence of the growth of municipal administrations
Akmenė	23,20%	47,86%	52,14%
Alytus	5,24%	100,00%	0,00%
Alytus District	3,34%	100,00%	0,00%
Anykščiai	10,49%	87,12%	12,88%
Birštonas	13,70%	39,74%	60,26%
Biržai	2,25%	100,00%	0,00%
Druskininkai	11,64%	49,97%	50,03%
Elektrėnai	6,26%	60,49%	39,51%
Ignalina	2,58%	100,00%	0,00%
Jonava	18,42%	38,11%	61,89%
Joniškis	15,75%	69,84%	30,16%
Jurbarkas	17,34%	48,36%	51,64%

⁴ The table excludes municipalities whose administrative personnel per 1,000 inhabitants have declined (Švenčionys, Neringa and Šiauliai).

Kaišiadorys	3,72%	100,00%	0,00%
Kalvarija	4,07%	100,00%	0,00%
Kaunas	6,23%	86,09%	13,91%
Kaunas District	0,19%	The number grew	100%
Kazlų Rūda	0,50%	100,00%	0,00%
Kėdainiai	5,19%	100,00%	0,00%
Kelmė	16,00%	66,72%	33,28%
Klaipėda	23,40%	21,93%	78,07%
Klaipėda District	2,69%	The number grew	100%
Kretinga	7,86%	55,74%	44,26%
Kupiškis	18,01%	53,56%	46,44%
Lazdijai	5,99%	100,00%	0,00%
Marijampolė	15,96%	41,33%	58,67%
Mažeikiai	15,73%	37,17%	62,83%
Molėtai	10,98%	73,79%	26,21%
Pagėgiai	14,03%	69,80%	30,20%
Pakruojis	3,21%	100,00%	0,00%
Palanga	4,37%	57,23%	42,77%
Panevėžys	3,14%	100,00%	0,00%
Panevėžys District	7,34%	73,89%	26,11%
Pasvalys	10,92%	81,45%	18,55%
Plungė	10,20%	62,35%	37,65%
Prienai	9,03%	70,85%	29,15%
Radviškis	10,85%	84,80%	15,20%
Raseiniai	10,41%	73,19%	26,81%
Rietavas	4,22%	100,00%	0,00%
Rokiškis	5,74%	100,00%	0,00%
Skuodas	20,92%	61,21%	38,79%
Šakiai	7,74%	96,01%	3,99%
Šalčininkai	11,46%	54,85%	45,15%
Šiauliai District	10,52%	65,56%	34,44%
Šilalė	2,83%	100,00%	0,00%
Šilutė	9,30%	91,98%	8,02%
Širvintos	6,78%	100,00%	0,00%
Tauragė	19,79%	36,91%	63,09%
Telšiai	12,95%	59,73%	40,27%
Trakai	12,27%	26,61%	73,39%
Ukmergė	40,21%	28,86%	71,14%
Utena	16,33%	48,04%	51,96%
Varėna	14,52%	61,12%	38,88%
Vilkaviškis	4,43%	100,00%	0,00%
Vilnius	23,21%	The number grew	100%
Vilnius District	8,60%	The number grew	100%
Visaginas	15,15%	81,35%	18,65%
Zarasai	5,44%	100,00%	0,00%

Special attention should be paid to the municipalities with a high (above 20%) growth in the number of municipal administrative personnel per 1,000 inhabitants. These are Ukmergė, Klaipėda, Akmenė and Skuodas municipalities (marked by red values in Table 2). Although the increase of the indicator may be the result of the demographic decline, rather than the increase in the number of staff, these municipalities should adjust the public sector employment to reflect demographic changes.

Additionally, another risky group of municipalities is that in which the increase in the number of administrative personnel was the major influential to the increase in the overall value of the indicator (constituted over 50% of the influence on the indicator). These municipalities and their results are highlighted in red in Table 2.

In the light of the demographic decline, the growing municipal administrations pose an increasingly significant burden on taxpayers. Therefore, the improvement in the current system will be beneficial to both working efficiency and the fiscal landscape. It is estimated that the structural reform of Vilnius City Municipality will save around 15% on wage expenditures and state social insurance contributions, representing a total savings of 2 million EUR.⁵ If assessed at the national level, a decrease in the number of administrative workers roughly reflective of the post-2011 demographic decline would have saved a total of 28.5 million LTL (8.3 million EUR).

⁵ <http://www.vilnius.lt/lit/img/15336/8702531>

CONCLUSIONS AND RECOMMENDATIONS

The size of municipal administrations is growing despite a 4% population decrease since 2011. But Lithuanian municipality administrations have actually grown by 4% in that same time period. Moreover, two thirds of the municipalities have increased the number of administrative personnel since 2011. Given population declines and improvements in communication, data transfer, and processing technologies, municipal administrations should be decreased or, at least, maintained at the current level.

Municipalities are compared by measuring administrative personnel per 1,000 inhabitants. Smaller municipalities typically have a higher number of personnel since the number of workers that is required for performing the basic functions of a municipality is not directly linked to the population size. Therefore, the municipalities with larger bureaucracies are recommended to decrease the number of personnel. Municipalities with larger-than-average bureaucracies are the Klaipėda District, Mažeikiai, Šilutė, Telšiai, Radviliškis, Ukmergė, Pasvalys, Lazdijai, Ignalina, Skuodas and Pagėgiai.

Virtually all municipalities have increased the number of administrative workers per 1,000 inhabitants in the period between 2011 and 2015. The most significant growth (over 20%) is observed in Ukmergė, Klaipėda, Akmenė and Skuodas municipalities. This was the result of both the demographic decline and the increase in the overall number of personnel. The evaluation of administrative structures and the possibility of decreasing the number of personnel is recommended to the municipalities whose situations are mainly influenced by the administrative staff increases. These municipalities are: Akmenė, Birštonas, Druskininkai, Jonava, Jurbarkas, Klaipėda, Marijampolė, Mažeikiai, Tauragė, Trakai, Ukmergė and Utena.

However, the problems of these municipalities should not be solved merely by eliminating redundancies. These decisions should be complex and address many relative factors of bureaucratic growth. It is important to ensure that administrative activities increase their performance qualitatively rather than simply setting agency growth goals. A recent study commissioned by the Ministry of the Interior analysed the necessity of the administrative reform in municipalities. The survey undertaken by the study revealed that fundamental reform is necessary in order to improve the quality of municipal services. ⁶

⁶ <http://vakokybe.vrm.lt/get.php?f.426> (p. 65)

Therefore, the following efficiency measures should be taken in order to achieve a targeted decrease in the size of municipal administrations:

1. **The activity and responsibility areas of administrative departments and divisions should be clearly defined.** Overlapping activities should be eliminated. Public procurement, for example, should be the focus of a single division, rather than an entire department. A practical example of responsibility-oriented restructuring is the 2011 reorganisation of the Kaunas City Municipality, which resulted in the termination of seven departments as well as a decrease in the number of personnel.⁷
2. **Particular attention should be paid to the training and qualification of personnel.** An increase in qualification and skills would lay the groundwork for more effective municipal activities. This in turn will allow for more intensive, rather than extensive, utilisation of available human resources.
3. **Administrative structure must be comprehensively monitored.** It is crucial to regularly track the effectiveness of the chain of command, the necessary number of subordinates and the distribution of responsibilities across different areas. When necessary, the chain of command should be improved. It should be noted that a universal standard model of internal municipal structure does not exist. Each municipality must determine an individual structure with regard to recommendations on the appropriate practices.⁸
4. **Management systems driven by qualitative, rather than bureaucratic-ballooning, goals are direly needed.** This may come about through a certified framework (ISO standard, for example) or the Common Assessment Framework model recommended by the Ministry of the Interior. This tool is intended to improve the activities of public organisations throughout Europe.⁹
5. **New, innovative technologies must be utilized.** Employee productivity will increase with agency technological improvement. Research shows that municipal activities are mostly tied up in documentation.¹⁰ Therefore, the implementation of digital technologies will help to save human resources as well time needed to carry out tasks.

⁷ <http://kauno.diena.lt/naujienos/kaunas/miesto-pulsas/kauno-miesto-savivaldybe-valdininku-rojus-614200>

⁸ <http://www.vrm.lt/lit/Tyrimai-ir-analizes/221> > The Structural Analysis of Municipal Administrations

⁹ <http://vakokybe.vrm.lt/lt/bendrojo-vertinimo-modelio-esme>

¹⁰ https://www.mruni.eu/en/mokslo_darbai/vpa/archyvas/dwn.php?id=241050 (p. 14)