Normative Basis for Regional Economy of Social Service Provision

G I Zhurukhin¹, I V Illarionov², A G Mokronosov³
¹The Ministry of Social Policy of the Sverdlovsk Region, 620144, 105 Bolshakova st., Yekaterinburg, Russia
²ANO SON Nash Malakhit, autonomous non-commercial organization of social services for population, 16A Danilovskaya st., Yekaterinburg, Russia
³Ural State University of Economics, 620144, 62/45 8 Marta/Narodnoy Voli st., Yekaterinburg, Russia

Abstract. The article states the growing interest in social services that aim to satisfy individual preferences of a consumer. According to many social studies, the interest in higher quality commercial services is also steadily increasing. The commercial services are demanded by the representatives of the middle class that take care of their elderly relatives and disabled children or support the dependents; and by the other categories of disadvantaged citizens. As the reform of pension provision develops, the share of population that demand social servicing and are able to pay for preferred social services will also rise.

The authors have defined the key elements of the organizational economic mechanism of adaptation of the regional system of social servicing of the population to the market conditions of functioning: regional standards of social servicing of the population that determine the typology of social services, standard cost of a service, standards of targeted funding of non-commercial organizations that create the supply chain as an alternative to governmental organizations of social protection. The results of statistical study of the scope and structure of social services, assessed cost of social services with regard to their various types, forms of provision, and categories of consumers are shown by the example of the operational analysis of organizations of social protection of the population in the Ural region. The authors have brought forward arguments to apply standard methods to the formation process of basic economic standards in social economy. It has been proved that while formation of consolidated standard cost of social services, classified according to the categories of consumers, forms of provision, and types of social services, their resource intensity averages out with the coefficient of variation at a standard error rate (of 33%).

1. Introduction

Social studies show the growing interest in commercial social services, services of higher quality among representatives of the middle class that have elderly relatives to care of, disabled children or they support the dependents; and among the representatives of the disadvantaged category of the population. As the reform of pension provision is being implemented, the number of those that have need for social services and are able to pay for required social services is going to increase.

The provision of commercial services has been formed as a system in the fields of public health service, housing and utilities services, and domestic services. Favorable preconditions and existing
clear terms in the field of social servicing will provide local step-by-step introduction of the market elements in view of the experience in commercial service provision in the fields mentioned above.

In his annual President’s Message to Federal Assembly of the Russian Federation, Vladimir Putin has set the task to expand the market of social services by its replenishment with other social fields, traditionally concerned as ‘gap’ ones, the fields of social servicing of the population at high risk social level. Additionally, particular tasks have been set to create competitive environment by involving non-governmental suppliers of social services in the regions. The specific weight of non-governmental organizations that provide social services of the total number of organizations of all forms of ownership should reach at least 7% in 2017, and at least 10% by the end of 2018 [2]. Consequently, the improvement of living standards of disadvantaged people and those with uncomfortable life conditions requires an in-depth study, theoretical methodological aspects in order to create competitive environment in the field of social services.

As social economy concerning social services is based on methodological principles of targeted funding of a service provided for a particular consumer, organizational economic mechanism of functioning of the social service system considers containing such basic elements of targeted funding of social services as social service standard cost, social service tariffs, standard lists of social services, per capita funding standards of social services.

2. The structure of social services in the Ural region

In 2014-2016 the representatives of the science community of Yekaterinburg in cooperation with the specialists from the Ministry of Social Policy of the Sverdlovsk Region carried out a statistical research on the scope and structure of the social services; analyzed and estimated the cost of the social services for the population [4,5].

The stages of the research included:

preparation process with the participation of all social service providing organizations in the Sverdlovsk oblast; feed data on amount and cost of the social services; expenses of organizations in 2014-2016;

representational selective check on compliance of the formats of provision and estimation with the forms and instructions on filling-in; correction, summarizing and transformation of the feed data into the database;

generation of the database that has amounts, structure and costs of the social services provided.

The complete list of social services is quite long where the scope and, consequently, the costs for a similar type service (socio-domestic, socio-medical etc.) can be very different depending on the type of the service, category of a consumer, form of servicing, geographical location of the objects of servicing (in urban and countryside areas), organizational and technical level of social service suppliers, and infrastructural features of territorial entities.

The typological structure of social services provided for each category of the population of the Sverdlovsk oblast determined as the population in need of social services is presented in Figure 1.
The structure of social services has the most representative services like socio-domestic and socio-medical – the most important ones for disadvantaged people. At the same time, preferences among the categories of consumers of the services provided in various forms differ a lot; thus, it has resulted in the typology of social services, differentiated according to the categories of consumers and the most representative forms of servicing (Figure 2).

3. The standard methods used in economy of social services
Depending on the purpose of planning, feed data, legal framework, different means to obtain and coordinate the target figures while planning, the following can be used: method of balancing, standard method, extrapolation method, factor method, and economic-mathematical method. The Standard
method implies the development of target figures and grounds for planning solutions based on the system of norms and standards. The norm is a reasonable resource costs (maximum-permissible or average) per unit (work, service) produced of a required quality in terms of the planned period.

Using this method, standard costs are determined in a way of multiplying of the unit cost of a group of expenses (working hours of personnel, consumable materials) by the number of the units of a group of expenses, required for social service provision.

The expenses can be divided into two types:
- direct costs of a social service provider;
- household costs

Direct costs associated with the provision of social services can be divided into the following groups:
- basic and extra salary with the other payments made to the main staff involved in the process;
- required costs for communication services;
- required costs for transport services;
- stocks of materials consumed (applied) in the process.

The Household costs include salary payments to the personnel indirectly involved in social service provision (management personnel, operating and supporting staff), costs for communication service, costs for transport services; utilities and other services, in other words, these are expenses indirectly associated with the social service provision.

In the field of social servicing of the population the standard method is applied to determine basic (direct) expenses of a social service supplier.

Without any possibility to determine the items of expenses by counting-up, they are defined when the standard costs of a service supplier, regarding a particular group of expenses, are disposed proportionally to a selected ground, for instance, labor costs (the structured method).

In order to define the possibility to apply the standard method while generating standard cost of social services that provide true figures of average expenses among the organizations that deliver social services, an analysis has been conducted in 2014-2016. The typological and statistical analysis investigated the scope and the structure according to the amounts of services provided and their cost.

The following statistical calculation procedures were performed: classification, aggregation, correlation, average weighted cost of social services with regard to the types of social services, categories of consumers, and resource intensity of the services [4]. The condition of application of the standard methods in planning and funding of social services is proved by the results of the statistical research. It speaks in favor of application of the standard methods while determining consolidated standard cost of social services according to the typological groups, formed depending on the categories of consumers, forms of servicing, types of social services, their resource intensity; their amount and economic characteristics that has been averaged out with coefficient of variation at a standard error rate (error rate of 33%) [4].

Due to the results of the analysis of the typological scope, structure and amount of social service provision in the Sverdlovsk oblast, the departmental lists of social services have been created to generate government orders and to perform targeted funding of a service supplier, according to aggregated positions of social services regarding classifying features of the regional standard of social servicing, including resource intensity supplemented with the positions specified for the most popular services.

The regional system of social protection of the population can be illustrated by the example of the Sverdlovsk oblast in a joint monograph edited by G.I. Zhurukhin, elaborated by the board of scientists of the Ural institutes of higher education and the specialists of the Ministry of Social Policy [3]. The organizations of social servicing perform planning, accounting and monitoring of the amount of the services provided, according to the government task. The generation of the government task is regulated by the Decree of the Government of the Sverdlovsk oblast No.999-PP of August 31, 2009 ‘On the procedures of formation and financial provision of the government task in the Sverdlovsk oblast’. The Decree stipulates units of measure, methods, terms and the order of distribution of social
services, defined by the government task for a planned period for subordinate organizations of social protection. The government task can be in force for one year in case of budget approval for the next financial year, and up to three years in case of budget approval for the next financial year and a planning period. Government tasks are usually formed by the major regional budget holders of the Sverdlovsk oblast for every government service (work) registered as one of the government services (works) accepted by the Government of the Sverdlovsk oblast in view of their provision amounts. The monograph describes methodological approaches to the determination of the standard cost of social services, aggregated within the limits of the nomenclature positions in the departmental list of social services [3, p. 128-137].

The research [4] presents the results of the analysis of the typology of social services from the perspective of their typological diversity; the statistical study on the structure of service cost, methodological approaches defined to generate social service standard cost.

Using labor intensity, as an additional grouping feature of resource intensity, within the limits of 0.5 h or higher than 0.5 h has ensured better affinity of the service cost figures and has shown the spread in value characteristics of the services with the variation coefficient within the limits of permissible error rate of 33%.

Some of the results of affinity estimation of the representative search of social service cost figures, aggregated with regard to classifications of the regional standard of social servicing in the Sverdlovsk oblast (the first version), and the other one, with regard to resource intensity, as the additional classifying feature, are shown in Tables 1, 2.

**Table 1.** The coefficient of variation of socio-domestic service cost figures (Version 1).

| Name                                                                 | Average cost with 30% emissions (rub) | Average of variation Figures | Variation, % | Share of the service % |
|----------------------------------------------------------------------|--------------------------------------|------------------------------|--------------|-------------------------|
| Childhood education service on proper behavior at home and in public places, self-control and other forms of social activity | 31                                   | 4                            | 16           | 12.9                    | 0.06                        |
| Water delivery, firepot, fuel provision for those who live in private premises without central heating and (or) water supply system | 154                                  | 90                           | 104          | 58.4                    | 11.08                       |

The fixed separate positions of expensive and inexpensive services among the most popular social services let us obtain more reliable results of formation of social service standards (Table 2).
Table 2. The coefficient of variation (COV) of socio-domestic service cost figures (Version 2).

| Name                                                                 | Average cost with 30% of variation (rub) | COV, % | Share of the service % |
|----------------------------------------------------------------------|------------------------------------------|--------|-------------------------|
| Water delivery, firepot, fuel provision for those who live in private premises without central heating and (or) water supply system | 11,8 |                          |
| Cost < 0,5 standard hour                                             | 172                                      | 31     | 24,4                    |
| Cost > 0,5 standard hour                                             | 136                                      | 73     | 30,0                    |
| Average cost of 1 standard hour < 0,5 standard hour                  | 846                                      | 36     | 4,3                     |
| Average cost of 1 standard hour > 0,5 standard hour                  | 152                                      | 45     | 29,9                    |

Using this approach, the variation of the studied figures declines, so it means that the statistical data is more reliable within the limits of the chosen typological groups of social services (1st group contains the services with low labor intensity and 2nd group has those with high labor intensity), and closer connection of service cost figures.

4. Methodological basis for targeted funding of non-commercial organizations as social service suppliers

In order to define the amount of subsidies that cover expenses of social service suppliers, according to the Order of subsidies provision for non-commercial organizations [1], the following information is necessary: standard cost of social service, its amount and scope determined for a year by an individual program of social service provision (IPSSP further), consumers of a service; social service tariffs, amount of the government task, standards of targeted funding of the services.

According to the recommendations of the Ministry of Labor of the Russian Federation on the definition of the amounts of the subsidies that cover expenses of service providing organizations, the following formula is used:

\[ n \ Ni = \text{SUM} \ G_j \]  (1), where \( j = 1 \)

\( n \) -standard costs associated with the provision of i as a government service (work) in a particular financing year and a planning period;
\( G_j \) -standard costs, defined for j-expenses per unit of a government service (work) for a particular financing year.

The expenses associated with the provision of the government services (works) include:
- costs directly associated with the government service provision;
- household costs.

There are 6 administrative divisions in the Sverdlovsk oblast: Northern, Western, Eastern, Southern, and Gornozavodskoy, and the other territories like administrative districts of Yekaterinburg city, where economic conditions of servicing differ due to various factors: geographical, demographical, condition of property complexes of social protection organizations etc. Thus, with regard to the differences of economic conditions of social sectors in the administrative divisions, the following scheme of financing of the expenses of non-commercial organizations, confirmed by the
results of the competition among social service suppliers. The scope and amount of social services accepted by the government task for a planned calculation period are defined as follows:

The amount of funding of a particular service from the governmental list is defined as a multiplication of social service financing standard (multiplication of the direct standard costs for an individual (for a particular organization) overhead costs coefficient) by the amount of social services, defined according to the government task for a calculation period.

The figures of the direct standard costs are defined by the proportion of the standard cost of social service of a particular kind (socio-domestic, socio-medical, socio-psychological etc.) to the territorial coefficient of overhead costs.

The figures of the territorial coefficient of overhead costs among organizations of social servicing on the territory of the administrative divisions are defined as an average figure of overhead costs coefficient of the organizations.

Table 3 has the example of coefficient calculation figures of average industry overhead costs in the Eastern administrative division of the Sverdlovsk oblast.

| Name of the social servicing entity (arranged according to the divisions) | Administrative division | Overhead costs coefficient of the entity | Average industry coefficient of overhead costs |
|---|---|---|---|
| Complex center of social services of Turinsk division | Eastern | 1,142 | 1,38 |
| Complex center of social services of Tugulym division | Eastern | 1,142 | 1,38 |
| Complex center of social services of Pyshma division | Eastern | 1,5 | 1,38 |
| Complex center of social services of Alapaevsk city | Eastern | 1,22 | 1,38 |
| Complex center of social services of Artiomovsk division | Eastern | 1,36 | 1,38 |

The next stage after the average industry coefficient of overhead costs of the organizations of social protection in the administrative divisions has been defined is the calculation of direct standard costs, determined by the performance of social service suppliers for the people that live on the territory of the administrative division. The sample result is given in Table 4, the following formula was used:

\[
C_{d.c}^{s.s.} = \frac{C_{d.c}^{s.s.}}{K_{av.\text{inf}}^{o\text{v}.c}}
\]

(2), where

- \(C_{d.c}^{s.s.}\) – direct costs included in social service standard cost;
The direct standard costs of social service provision.

| Social service (socio-domestic type) | Standard cost of a social service according to the basic group of organizations, rub | Average industry coefficient of overhead costs | Direct standard costs (c.1 × c.2), rub |
|-----------------------------------|-----------------------------------|------------------------------------------------|-----------------------------------|
| Purchase and home delivery of food products and cooked meal: with labor intensity lower than 0.5 h | 172 | 1,38 | 124,6 |
| with labor intensity up to 0.5 h | 136,0 | 1,38 | 98,5 |

The calculation of the financing of standard costs of a social service supplier in general terms is made with the following formula:

\[ C_{f.s.}^{s.s.} = C_{c.}^{s.s.} \times k_{ov.c.}^{spp} \]  \hspace{1cm} (3)  

\[ k_{ov.c.}^{spp} = 1 + \frac{ov.c}{c.ex} \times \frac{ov.c}{c.ex} \], where the proportion of overhead (household) costs to current expenses of a service supplier for a calculation period (month, quarter, year).

In order to find the amount of subsidies to cover costs of a service supplier, the following calculation can be made:

\[ F = C_{f.s.}^{s.s.} \times A - D \]  \hspace{1cm} (4)  

\[ F \] – amount of subsidies;

\[ A \] – amount of the government task (quantity of services);

\[ D \] – payment for social services provided in a form of home social servicing, with regard to the right of a citizen to be provided with social services for free and in terms of full or partial payment.

The example of the calculation of subsidies for a particular socio-domestic service is displayed in Table 5.
### Table 5. The calculation of subsidies to cover expenses of a social service supplier.

| Social service: Purchase and home delivery of food products, cooked meals (type – socio-domestic) | Average standard cost of a social service with labor intensity up to 0.5 h | Coefficient of overhead costs acc. to suppliers in the division | Government task on the amount of service provision | Financing volume of organizations that provide social services, rub |
|---|---|---|---|---|
| | 98,5 | 1,5 | 4000 | 591000 |
| | 124,6 | 1,5 | 400 | 74760 |

The methodological approach to targeted funding of a social service, stipulated with regard to the new way of generation of group standard cost of services, where the coefficient of overhead costs is suggested to be defined according to the territory (administrative divisions), it helps to define the amount of financing of social services objectively in view of aggregated positions of the departmental list.

As a result, the departmental list of social services has been specified, and serves as a basis for generation of the governmental tasks that provide the amount of services considering individual positions of mass services differentiated as inexpensive (labor intensity up to 0.5 h) and expensive (labor intensity more than 0.5 h); standard cost and targeted funding standards of social services have been defined, and they serve as a basis for generation of subsidies to cover expenses of suppliers: the government organizations of social protection, non-commercial organizations that provide the population with social services that form the competitive environment in the field of social servicing, modern regional social service supply chain.

### 5. References

[1] Decree of the Government of the Sverdlovsk region No. 50-PP dated 01.02.2018 “On approval of the procedure for granting subsidies from the regional budget to non-profit organizations that are not state (municipal) institutions to provide financial support for costs associated with the provision of social services in the form of social services at home, urgent social services”

[2] Plan of measures of the Ministry of Labor and Social Protection of the Russian Federation for the implementation of the Set of measures aimed at ensuring the phased access of socially-oriented non-profit organizations operating in the social sphere to budgetary funds allocated for the provision of social services to the population for 2016-2020 (Order Ministry of Labor and Social Protection of the Russian Federation of June 30, 2016 No. 324)

[3] Zhurukhin G I, Illarionov I V 2016 Regional standards of social services for citizens Journal of Economics and Entrepreneurship 7 pp 584-587

[4] Zhurukhin G I, Illarionov I V [and others] 2013 Organizational and economic aspects of social protection of the population in the region: monograph (Ekaterinburg: Publishing house Ros. state. prof.-ped. University) 165 p

[5] Elaboration of methodological bases of targeted financing of social protection institutions of the RSHPU Report on contract No 3162 - 11117 as of 01.09.2014 Customer - Sverdlovsk Regional Public Fund "Urals Fund for Social and Economic Development" (SROF "FONDROS")

[6] Zhurukhin G I, Illarionov I V 2012 "Methodology of formation and practice of application of norms of cost of services in the sphere of social services for the population" Rhodes Publishing House, Journal of Economics: Yesterday, Today, Tomorrow 4
Merkulova A, Zhurukhin G I 2015 Integration of market mechanisms into the sphere of social services; Actual issues of economic development and professional education in modern society: Proceedings of the XII International Youth Scientific and Practical Conference Ekaterinburg, Almaty, Kharkov, Yelabuga: in 2 tons of (Yekaterinburg: the Russian State Pedagogical University) Vol 2 530 p

Volkova E, Zhurukhin G I 2015 Normative bases of the system of social services for the population in the region: Actual issues of economic development and professional education in modern society: Proceedings of the XII International Youth Scientific and Practical Conference (Ekaterinburg, Almaty, Kharkov, Yelabuga: in 2 tons. Ekaterinburg: RGPPU) Vol 2 573 p

Medvedeva A, Zhurukhin G I 2016 Problems and measures to improve social services for the population at the regional level International Scientific and Practical Conference "The Current State of Science and Technology" International Youth Forum "Youth: Science and Technology" in Sochi p 217