Evaluation of municipalities’ competence in the building sector in selected regions of the SR: Case Study

Ivana Lichnerová*, Eleonóra Marišová

Slovak University of Agriculture in Nitra, Faculty of European Studies and Regional Development, Department of Law, Nitra, Slovakia

ABSTRACT

The original competence of state authorities - competence in the building order sector, was transferred by Act No. 416/2001 Coll. to municipalities (effective from 1 January 2003). Each municipality became a building office. The conditions, staffing and range of the state's participation in the financing of the delegated competence were strictly determined by the legislation in force, the basis of which still applies today. The aim of the article was to evaluate the performance of building competencies by quantitative and qualitative research methods in selected regions of the Slovak Republic (SR), using available data from a sample of building offices in Nitra (NR) and Košice (KE) Regions. The quantitative analysis was applied to joint building offices [JBOs] and single building offices [SBOs] within the NR and KE Regions, which are an administrative umbrella of 745 municipalities of the SR. In the analysis, there are data for 2014, 2015 and 2016 (jointly and separately for the NR and KE regions), examined. We analyzed that the building offices were able to perform 69,902 operations/acts in examined years. The amount of allocated state transfer for the municipalities (745), depending on the number of inhabitants, was on average 1,114,363.82 EUR (own processing) per year for the performance of building competence. The number of acts of building offices of the NR and KE Region increased by 15.35% (in 2016 compared to 2014). The qualitative analysis was carried out through controlled interviews with representatives of 58 JBOs and SBOs in NR and KE Regions. We identified opinions on the implementation of competence in the field of building order, its financing and investment activities in territorial districts of selected sample of building offices in NR and KE regions. From the point of view of the top employees of the building offices, it seems that the financing of this delegated power is financially undersized and investment activities are progressing.

KEYWORDS: transfer of competencies performance of delegated competencies, municipality, Building Code, qualitative and quantitative research

JEL CLASSIFICATION: D20, D40, M10

INTRODUCTION

Fragmentation of the settlement structure [6], which is associated with a very large variability in the size of municipalities in Slovakia [12], can be solved by merging municipalities or

* Corresponding author: Ivana Lichnerová, Slovak University of Agriculture, Faculty of European Studies and Regional Development, 949 76 Nitra, Slovakia, e-mail: xlichnerovai@is.uniag.sk
Inter-municipal cooperation [8]. Forms of inter-municipal cooperation are a natural part of the functioning of self-governments, which aim is to more effectively secure the competencies of municipalities in different areas of everyday life [3].

Inter-municipal cooperation in the territory of the Slovak Republic (SR) began to expand due to the decentralization of public administration, which emphasized the democratic values of society. The Constitution of the Slovak Republic established powers that passed from state authorities to self-government. The municipalities had to ensure the competencies entrusted to them by law and for which funding the state has guaranteed [10].

In 2003, the process of decentralization of public administration caused that the competence in the field of building sector were transferred to municipality. The transfer of this competence from the state to self-government was preceded by the effort of the Slovak Republic to reform the public administration. Specifically, Act No. 416/2001 Coll. on the Transfer of Some Competencies from State Administration Bodies to Municipalities and Higher Territorial Units, was adopted. By this Act, in 2002, 63 [11] competencies and later more than 300 competencies have been transferred from the state authorities to the self-government [7].

Within the meaning of the above Act (which is an amendment to the Building Act – Act, No. 50/1976 Coll.), each municipality of the Slovak Republic became a building authority.

The Slovak Republic is relatively a small but highly fragmented state – for example as the Czech Republic. The Czech Republic, that faced a large number of municipalities, who were obliged to provide delegated powers from state authorities, solved this situation by categorization of municipalities [5].

In the territory of the Slovak Republic, there was no categorization of municipalities, although in the past, Klimovský [5] outlined this possibility for Slovakia as of 2018/12/31, in the territory of the Slovak Republic 2,927 municipalities [1] were registered.

The problem is that due to the objective reasons (size of municipality, number of population, qualified employees, budget of financial resources, material and technical equipment of offices), especially the small municipalities are not able to ensure fully competence for their inhabitants in the building section. Municipality’s needs are financed from its own funds and from state subsidies. The principal task of a municipality in the exercise of self-government is to provide care and general development of its territory and its population’s needs [9].

On the basis of the mentioned above, municipalities started to use the possibilities to their competencies in the building section by establishment of joint building offices. The Joint Building Offices are created, according to the §20 Act No. 369/1990 Coll. as amended. However, in the Slovak Republic not all municipalities are part of the Joint Building Offices (2 649) but they are Single Building Offices (278).

Within the research project VEGA 1/0190/17, we tried to identify, by means of a quantitative survey of a selected sample of building authorities located in the Nitra (NR) and Košice (KE) Regions, whether the competence in the building section are performed more efficiently by Joint Building Offices or by Single Building Offices. As a part of the research, we also focused on identifying of the amount of the state transfer, which is every year allocated from the state budget to the building offices.
The quantitative outputs/conclusions of this paper are supplemented by information obtained through qualitative research executed in a selected sample of building offices of the NR and KE Region and related to the building competencies performance. The paper points out the possible solution of future provision of competence by municipalities in the area of building sector.

MATERIAL AND METHODS

With the financial support of the VEGA 1/0190/17 - research project, in 2014-2016 we were able to collect quantitative data on the number of issued: building permits, occupancy permits, zoning decisions, additional decisions and a group of other operations sample of building offices located in Nitra (NR) and Košice (KE) region. In a sample of the mentioned circle of building authorities, we realized controlled interviews with the top representatives employers of building offices.

In article, we analyze aggregate data (but also concrete data about acts of building offices in NR a KE Regions) on acts of building offices and answers from managed interviews within the sample files of building offices located in the NR and KE Regions.

Analysis of quantitative data is realized by: descriptive statistics – specifying by determination of percentage ratio of operations/acts (1.1) (percentage increase/decrease (1.2)).

\[ b = 100 \times \left( \frac{n}{\Sigma n} \right) \]  

(1.1)

where: \( b \) = percentage, \( n \) = number of municipalities sample files, \( \Sigma n \) = total number of municipalities (aggregate data) SR/ respectively NR and KE Region

\[ h = 100 \times \left( \frac{\tilde{b}-\tilde{a}}{a} \right) \]  

(1.2)

where: \( h \) = percentage increase/decrease, \( \tilde{b} \) = new measured value, \( a \) = original value,

and average value (1.3)

\[ \text{Average value} = \frac{\sum_{i=1}^{n} p^i}{\Sigma n} \]  

(1.3)

where: \( p \) = number of acts of individuals building offices/amount of state transfer for building sector for individual building offices, \( n \) = number of analyses sample files of building offices.

Analysis of quantitative data is realized by acquired data, where data are processed through the multidimensional - complex, non-parametric DEA analysis (Charnes – Cooper – Rhodes, 1978 in [2], [4]).

The next, through qualitative analysis we identify opinions of the top representative employees of the building offices in the Nitra and Košice Regions for performance of competence in the building sector.
The amount of state transfer, which was in the reference period of years 2014-2016, allocated for building offices in the NR and KE Regions, we expressed by the next formula (1.4):

\[ \text{Amount of state transfer} = p \times 0.93 \text{ EUR} \]  
(1.4)

where: \( p \) = number of population with permanent residence in the territory of municipality (Building Offices) as 12/31 of the previous calendar year (according to data by Slovak Statistical Office).

Question, whether the sample of building offices we have analyzed, can be considered as a quota sample, was verified by online sample size calculator. Expression Sample size (1.5):

\[ \text{Sample size} = \frac{2 \times 0.93 \times (1 - p)}{e^2} \]  
(1.5)

where: \( N \) = population size, \( e \) = margin of error (percentage in decimal form), \( z = z\)-score (The \( z\)-score is the number of standard deviations a given proportion is away from the mean.)

We worked with the sample of building offices from which we have data on the activities of building offices (745) in relation to the total number of municipalities NR and KE region (815) in quantitative research.

The qualitative research was analyzed by structured interviews with top representative employees of building offices, which was a concrete sample of the top representative employees from 58 joint and single building offices located in the NR and KE regions.

RESULTS AND DISCUSSION

In the Nitra (NR) Region, there are 354 municipalities located, which represent 12.09% of the municipalities of the Slovak Republic. These municipalities are located in the cadastral territories of 7 districts. In the NR Region, 96.89% of the total number of municipalities took advantage of the possibility of contractual cooperation in the building sector and became part of 26 joint building offices (JBOs), but on the other hand 3.11% municipalities (from the NR Region) perform the competencies in the building sector single-handedly, municipalities are single building offices (SBO).

Košice (KE) Region, including 22 city districts has a total of 461 municipalities – it is 15.74% of the municipalities of the Slovak Republic. These municipalities are located in the cadastral territories of 11 districts. Total number of municipalities, without city districts in the KE Region, is 439. In the KE Region, from the total number of municipalities (439), 89.06% municipalities took the possibility of contractual cooperation in the building section and became part of 28 joint building offices (JBOs). Other number of municipalities (48), what is 10.94% – from the total number of municipalities (without city districts) in the KE Region, are single building offices (SBO) – they don’t cooperate with other municipalities in the building sector. The transferred building competence, in the 22 city districts of the Košice is performed by employees of the building offices in 4 building offices in city of Košice.

From the total number of municipalities of the Nitra and Košice Regions (815) we have quantitative data for 745 municipalities, which represents 91.41%. As of 31 December, 2016, 22.04% of the total population of the Slovak Republic (5 435 343 inhabitants) lived in selected municipalities, which were subjected to quantitative research as of 31 December.
2016 [4]. Quantitative data represent the number of issued: building permits, house building permits, zoning decisions, additional decisions and a group of other acts of building authorities.

For correct conclusion, based on the analysis of performance of competencies in the building sector on 95% confidence level, it is important to have quantitative data for 262 building offices (from 815 building offices) together for the NR a KE Regions. This criterion is met in our analysis, because we have already mentioned that we have data for 745 building offices located in the Nitra and Košice Regions.

The total number of acts of building offices of the NR and KE Regions (745 building offices) is shown in the following Table 1.

**Table 1** The number of acts of the building offices together for NR and KE Regions in the period 2014 – 2016

| Year  | Number of building permits | Number of occupancy permit decisions | Number of zoning decisions | Number of additional decisions | Number of additional operations | Total (Aggregate) |
|-------|-----------------------------|-------------------------------------|---------------------------|-------------------------------|--------------------------------|------------------|
| 2014  | 5 182                       | 4 608                               | 922                       | 784                           | 10 439                         | 21 935           |
| 2015  | 5 554                       | 4 017                               | 1 078                     | 791                           | 11 222                         | 22 662           |
| 2016  | 6 374                       | 4 550                               | 1 128                     | 901                           | 12 352                         | 25 305           |
| Total (Aggregate) | 17 110                       | 13 175                               | 3 128                     | 2 476                         | 34 013                         | 69 902           |

Source: Own processing (2019)

In the period from 2014 to 2016, the number of acts of building offices (745 building offices) in the sample of building offices of the NR and KE Regions, slightly increased. In 2014, there was an average of 29.44 acts per building office, in 2015 it was 30.66 act and in 2016 exactly 33.96 act. On the basis of the above, the average percentage of increase in the activities of building offices NR and KE Regions in 2016 is compared to 2014 – 15.35 %.

As already mentioned, Table 1 shows the total number of acts performed by a sample of building offices within NR and KE in the region, regardless of whether these acts were carried out on building offices belonging to the joint building offices or the single building offices. However, the paper also points to a more specific analysis of building offices. The building offices are specifically analyzed within the NR and KE regions and we also specify whether the building offices perform the competence in the building sector together (JBOs) or single-handedly (SBOs).

In terms of average absolute outputs (analyzed building offices – separately in NR and separately in KE Regions) there are considerable differences between building offices located in NR and KE Regions. In the NR Region on average, there are 497 acts per 1/JBO and 326 acts in the KE Region. The opposite ratio was found in SBO 119 to 277 acts in favor of KE Region. However, the results of the multidimensional DEA analysis show that there is no statistically significant difference in the effectiveness of building offices in the NR (whether they are single or joint building offices). As the size of the served population increases, overall efficiency decreases, but in this case the decrease is not statistically significant [4].
Total, number of acts of the sample of building offices located in the NR and KE regions in the monitored period of 2014 – 2016, increased. Through qualitative research, we performed questions-driven interviews with employees of the designated building offices (33 building offices in the NR Region, from this – 24 JBOs and 9 SBOs and 25 building offices in the KE Regions and from this 9 JBOs and 16 SBOs) and identified the reasons for increased activity of building authorities. The operations mainly concerned the development of investment activities, namely:

The qualitative research shows that in the NR region 17 JBOs and 5 SBOs agreed with the fact that their territorial district is investing in the construction of new buildings and civil engineering constructions and 7 JBOs and 4 SBOs did not record any investment activity in their territorial districts. Remarkable was the note obtained in the survey in the NR region, which implies that in the NR region the investment activity is mainly focused on expanding the premises of the original buildings.

In the KE region, investment activity was recorded in 6 JBOs and 11 SBOs, while in their territorial districts there are mostly low-standard apartment buildings, apartment buildings up to 20 flats, sewerage system, water supply system and other buildings. No investment activity was recorded in 3 JBOs and 5 SBOs.

Despite the fact that the number of acts of building offices was increased in the period under review, the financial amount of state transfer for transferred competencies from the state-government to municipalities (competence in the building sector) remained unchanged. According to the Decree of the Ministry of Transport, Construction and Regional Development of the Slovak Republic of 21 December 2010 No. 20786/2010-SRVS / z. 54145-M on the provision of subsidies from the state budget to municipalities to cover the costs of the transferred performance of state administration in the section of the Building Code and Housing was 0.93 EUR / inhabitant. This financial amount was applied from 2011 till 1st April 2018.

The following table 2 expresses the amount of state transfer, which was collectively allocated to the analyzed sample of building offices in the NR and KE Regions (745 building offices) in the range of 2014-2016 depending on the number of residents residing in the municipality as of 31 December of the previous calendar year (it is average amount of state transfer).

**Table 2** The amount of state transfer determined for a sample (analyzed) set of building offices NR and KE Region

| Year 2014  | Year 2015  | Year 2016  |
|-----------|-----------|-----------|
| Number of populations | 2013/12/31 | 1 198 963 | 2014/12/31 | 1 197 652 | 2015/12/31 | 1 198 107 |
| Amount of state transfer | 1 115 035.59 EUR | 1 113 816.36 EUR | 1 114 239.51 EUR |

Source: Own processing, data of the Slovak Statistical Office [13] and Decree of MT Cand RD³ SR (2013-2015)
Despite the fact that the amount of the state transfer was in comparison with the original wording of Decree no. 20786/2010-SRVS / of 544145-M increased by 0.18 EUR / inhabitant and its new measure under Notice No. 84/2018 Coll. which, in the meantime, this notification has been amended by Notice of the Ministry of Transport, Construction, No. 392/2019 Coll. with effect from 1 December 2019 (it does not stipulate the specific financial amount of the state transfer per inhabitant, but verbally expresses the amount of the transferred money for performance of state administration in the sector) from the state budget. Based on the qualitative research, we can state that the amount of state subsidy is insufficient for building offices.

The employees of the building offices agreed that the amount of the state transfer doesn´t take into account all the actual expenditures of municipalities (building offices) for the exercise of competence. Municipalities have to complement the state financial transfer from their own resources (municipal budgets), which ultimately means a violation of the Act on Municipal Establishment No. 369/1990 Coll. as amended.

At the beginning of this paper, we indicate that each municipality of the Slovak republic is a building office according to the § 117 of Act no. 50/1976 Coll. - Building Act, as amended. As we have inferred the qualitative research, based on the responses of the employees of the building offices, especially small municipalities have a particular problem with ensuring competence in part of the building sector. These municipalities solve this problem by inter-municipal cooperation in accordance with § 20 of Act No. 369/1990 Coll. on Municipal Establishment as amended. The reason is insufficient financial coverage of the costs of operating building offices. However, in NR and KE Region as well as the whole territory of the Slovak Republic, the joint building offices are created chaotically [11] (even without the establishment of a registered office according to the legislation).

To eliminate this chaotic inter-municipal cooperation, we propose to determine the seat of building offices in exact municipalities by a special law [8]. Similarly nominal, Registry offices perform the registry competence transferred from state. This regulation was done by Act No. 154/1994 Coll. as amended and this act namely stipulates all the seats of the registry offices. In our opinion, new statement of the seats of the building offices would be more organized and transparent, which could ultimately have a more effective impact on the performance of the building competence.

CONCLUSIONS

Purpose of this paper was to examine the performance of building competencies by quantitative and qualitative research methods in selected regions of the Slovak Republic (SR). We made this research in the period of 2014 - 2016 using available data from a sample of building offices in Nitra (NR) and Košice (KE) Regions.

Since 1st January, 2003 the original competence of state authorities in the building sector was transferred by Act No. 416/2001 Coll. as amended to the scope of self-government. This way each municipality of the Slovak Republic (2,927 municipalities) became a building authority.

Given that especially small municipalities in the Slovak Republic failed to provide services in the building order, they began to use the regulation of amendments to the Act on Municipal Establishment No. 369/1990 Coll. as amended - the possibility to conclude
contracts among themselves for the purpose of implementing the issuance of building, occupancy permits and zoning decisions and started to create joint building offices (JBOs).

There are 815 municipalities located in the territory of the NR and KE regions. We tried to assess the performance of the competency in the building section in a quota sample (together 745 JBOs and SBOs).

The qualitative research was analyzed by structured interviews with top representative employees of building offices, which was a concrete sample of the top representative employees from 58 joint and single building offices located in the NR and KE regions.

Financial support by the Slovak state budget relating to the transferred competencies to municipalities is regulated by §6 par. 2 of Act No. 523/2004 Coll. on budgetary rules of public administration, however, these financial resources are not sufficient, which leads municipalities at the level of the building competencies to merge into the joint building offices serving for numerous municipalities (JBO).

In the period from 2014 to 2016, the number of acts of building offices (745 building offices) in the sample of building offices of the NR and KE Regions, increased by 15.35% (2016 compared to 2014).

In spite of the increasing number of building offices activities, the state has remained unchanged the state subsidy in the monitored period. The increase of the financial subsidy has been gassed by the factor of increasing the number of residents with permanent residence in the territorial districts of individual building offices (municipalities) in the NR and KE regions.

By qualitative research, we have analyzed the mentioned investment activity and identified the dissatisfaction of the building offices with insufficient allocation of financial resources transferred to the municipalities.

As the current creation of joint construction offices is possible in the territory of the Slovak Republic only by voluntary inter-municipal contractual cooperation according to the §20 of Act No. 369/1990 Coll. on Municipal Establishment as amended, nowadays the joint building offices are created chaotically and uncontrollably. Controversially, in case of the registry offices, a precise legislation stipulates their seats and districts. The number and seats of registry offices are determined by Act No. 154/1994 Coll. - on registers, as amended.

In this paper, we have shown the possibility of building competencies problem solution by adoption of a new law that should define the seats of the building offices. The voluntary cooperation of building offices should be substituted by new legislation regulating all the seats and territories of building offices. We suppose that this way their activities could affect the future more efficient building competencies execution.

ACKNOWLEDGEMENTS

The paper has been prepared with the support of the VEGA grant no. 1/0190/17 – “Analysis of models of public services delivery in the field of construction order performance from the aspect of technical, size and spatial allocation efficiency of local governments.”
REFERENCES

[1] Bačík, V. (2019). The Slovak Republic – summary data. [online]. Retrieved 2019-01-15 from http://www.sodbtn.sk/obce/index_kraje.php

[2] Charnes, A., Cooper, W.W. & Rhodes, E. (1978). Measuring the Efficiency of Decision Making Units. European Journal of Operational Research, vol. 2, 429–444, 1978.

[3] Daško, M. (2018). Current State and Aspects of Inter-municipal Cooperation. Municipal self-government in Slovakia from the perspective of public policy. Trnava: UCM in Trnava, pp. 59-70.

[4] Fandel, P., Marišová, E., Malatinec, T. & Lichnerová, I. (2019). Decentralization policies in public administration in Slovakia and the Czech Republic, and their impact on building offices’ scale efficiency. Administrative Sciences, Vol. 9, 4(2019), art. number 89 [15 p.]. DOI: https://doi.org/10.3390/admsci9040089

[5] Klimovský, D. (2010). Self-governments in EU – Czech Republic. Košice: TU. Local Self-government, pp. 32-37 [online]. Retrieved 2019-01-15 from https://archiv.vlada.gov.sk/krajina/data/att/24361_subor.pdf

[6] Klobučník, M., Bačík, V., Matiašová, M. & Fila, R. (2018). Negative aspects of municipalities mergers within the framework of Communal Reforms - perspective on the example of the Slovak Republic. Sociológia, Vol. 50, No 4, 448-481. [online]. Retrieved 2020-02-03 from https://doi.org/10.31577/sociologia.2018.50.4.18

[7] Leško, D. (2015). Formation of regional level of self-government in the process of transformation in Slovakia. Journal for universal excellence, September 2015, Vol. 4, Issue 3, pp. A1-A11. [online]. Retrieved 2020-01-14 from http://www.fos-umn.si/media/pdf/RUO/2015%203/8.pdf

[8] Lichnerová, I. (2020). Competencies and municipal cooperation in the building order sector in Slovakia and the Czech Republic. Theory and practice of public administration. Reviewed proceedings of the 5th scientific conference of PhD students. Košice: UPJŠ, pp. 19-33 (e-publication).

[9] Marišová, E. et al. (2010). European Union public administration and development policies and variations in V-4 countries. Nitra: Slovak University of Agriculture, 221 p.

[10] Papcunová, V., Urbaníková, M. & Korenková, M. (2016). Financing of Transferred Execution of the State Administration in the Field of Registry Offices on the Local Self-Government in the Slovak Republic. Proceedings of XIX. International Colloquium on Regional Sciences, Čejkovce, 15.-17.6.2016, pp. 788-795. [online]. DOI: https://doi.org/10.5817/CZ.MUNI.P210-8273-2016-101

[11] Slavík, V., Giráč, R. & Klobučník, M. (2010). Reflection on the functioning of common municipal offices in the Slovak Republic. GEOGRAPHIA CASSOVIENSIS IV, 2(2010), 193-200. [online]. Retrieved 2020-02-04 from http://www.humannageografia.sk/clanky/slavik_grac_klobucnik_2010.pdf

[12] Sopkuliak, A. (2016). Expenditure Structure of Local-Government in Slovakia 2012-2014. Proceedings of XIX. International Colloquium on Regional Sciences, Čejkovce, 15.-17.6.2016, pp. 774-780. [online]. DOI: https://doi.org/10.5817/CZ.MUNI.P210-8273-2016-99

[13] Statistical Office of the Slovak Republic. (2017). Number of population. [online]. Retrieved 2019-01-23 from http://statdat.statistics.sk/cognosex/cgibin/cognos.cgi?b_action=cognosViewer&ui.action=run&ui.object=storeID%28%22i362DCE4D88EC4E13A9EE8526B286D18B%22%29&ui.name=P0%C4%8Det%20obyvate%C4%BEov%20pod%C4%BEa%20pohlavia%20-%20SR%20%20oblasti%2C%20kraje%2C%20okresy%2C%20mesto%2C%20vidiek%20%20%20ro%C4%8Dne%29%20%5Bom7102rr%5D&run.outputFormat=runrun.prompt=true&cv.header=false&ui.backURL=%2Fcognosext%2Fcps%2Fportlets%2Fcommon%2Fclose.html&run.outputLocale=sk. Last data update: 12.03.2020.