

Impact of the epidemic on Territorial Self-government Units operations

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***TSU - Territorial Self-government Units**

Impact of the epidemic on TSU operations

In December 2019, a disease caused by a new type of coronavirus, SARS-CoV-2, emerged in Wuhan. Covid-19 began to spread rapidly in China and by early 2020 had reached Europe. In February 2020, the Extraordinary Health Council, consisting of high-level representatives of EU health ministries, adopted conclusions on Covid-19, calling on Member States to be prepared and activating the first financial support mechanisms in case of the development of the epidemic. In early March, including in the light of the worsening situation in Italy, the EU Presidency launched the IPCR mechanism (EU integrated arrangements for political response to emergencies). The first case of COVID-19 in Poland was detected on 4 March in Zielona Góra, and on 14 March, a state of epidemic emergency was introduced in the country and border traffic was significantly restricted. Since March 20, an epidemic state has been in force in Poland. By May 2021, more than 2.8 million cases have been reported and more than 73 thousand people have died.

During the epidemic period, the government repeatedly introduced regulations and speculative laws aimed at limiting the spread of the virus and counteracting its negative, social and economic, effects. Universities and educational institutions, after a short period of suspension of their activities in March 2020, switched to the remote teaching mode, in which they remained for most of the last months. The activities of cultural institutions, sports facilities, service outlets, shops and shopping malls, and catering facilities were also significantly hampered. Public institutions and offices, especially those that receive visitors, were forced to operate under a stricter sanitary regime or remotely.

For local authorities, the epidemic period brought many new challenges: the need to organise public services under epidemic conditions, lower budget revenues resulting from government-imposed restrictions on economic activity, and additional expenditures necessary to ensure sanitary safety in subordinate facilities.

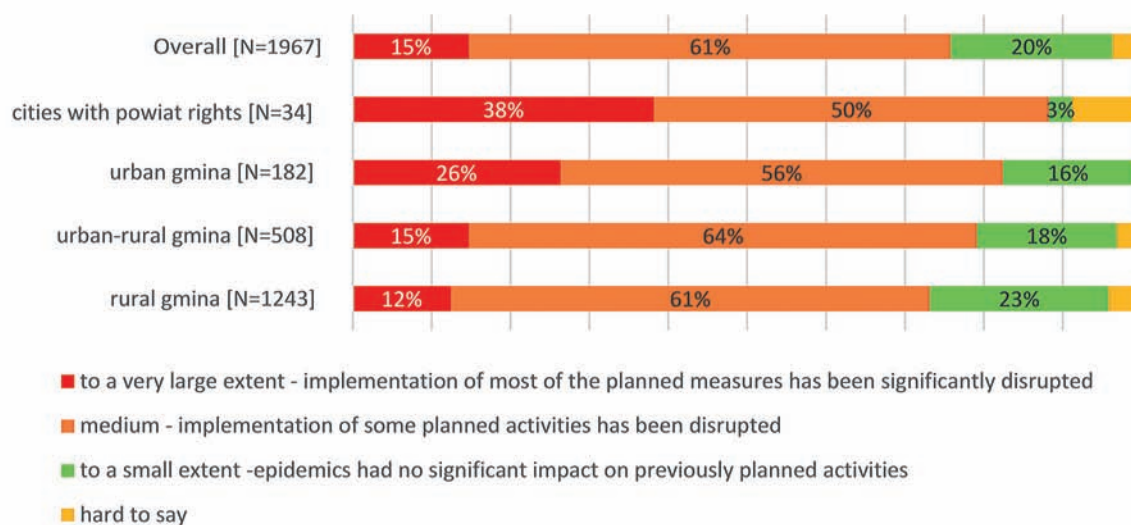
The survey carried out among representatives of local self-government units at the municipal level sheds some light on the effects of the epidemic on the implementation of TSU plans, the work of their officials, finances and the quality of services provided.

Implementation of TSU plans

We shall begin our discussion of the impact of the epidemic on the activities of municipal governments by presenting the general opinions of municipal secretaries on the impact of the situation on the implementation of activities planned in their units. More than 60% of those surveyed indicated that the implementation of some of the planned activities of their units had been disrupted. The percentage of respondents who felt that the epidemic had not had a significant impact on their planned activities was three times lower. A very high impact of the epidemic, which meant that most of the planned activities were disrupted, was indicated by 15% of all the municipal secretaries surveyed.

The negative consequences of the epidemic clearly vary depending on the type and size of the municipality. While 26% of secretaries from urban municipalities and as many as 38% of representatives of cities indicated disruption of most of the activities planned in their units, in rural municipalities such answers were given by only 12% of the respondents.

Figure 1. How has the outbreak affected the work of your local government office?



If we order the surveyed gminas from those with the smallest budget to those with the largest and divide them into 4 equal groups, it turns out that negative effects of the epidemic are more frequently observed among territorial self-government units from two extreme quartile groups. A similar, U-shaped relation can be observed in case of human resources¹ potential - where more frequent indications of disturbances in realization of plans were given in territorial self-government units with the highest and the lowest human resources potential (16% and 18% respectively) than in middle quartile groups (11%-14%). At this point, it is worth taking a moment to look at the staff potential index used in the analyses. The index was based on 10 questions concerning the evaluation of various aspects of civil servants' work (knowledge, quality of work, independence, innovativeness, motivation, teamwork skills, commitment, honesty, quality of customer service, efficiency in solving problems). Respondents evaluated the work of civil servants using a 5-point scale. The index is a subjective measure based on the respondents' ratings. It was calculated as a sum of marks awarded in all 10 mentioned dimensions. Higher values of the index result from higher partial ratings - they mean that the respondents evaluated better particular aspects of civil servants' work in their units. The human resources potential index values are positively correlated with the general evaluation of the local administration performance in territorial self-government units². The surveyed gminas were allocated to quartiles which indicated 4 levels of the index: very low staffing potential - values below the 1st quartile, low staffing potential - between the 1st and the 2nd quartile, high potential - between the 2nd and the 3rd quartile and very high potential - above the third quartile.

A slight over-representation of urban gminas (9.6% of all territorial self-government units surveyed and 12.8% of territorial self-government units with the lowest staffing potential) and of cities with powiat rights (1.7 of all territorial self-government units and 3% of territorial self-

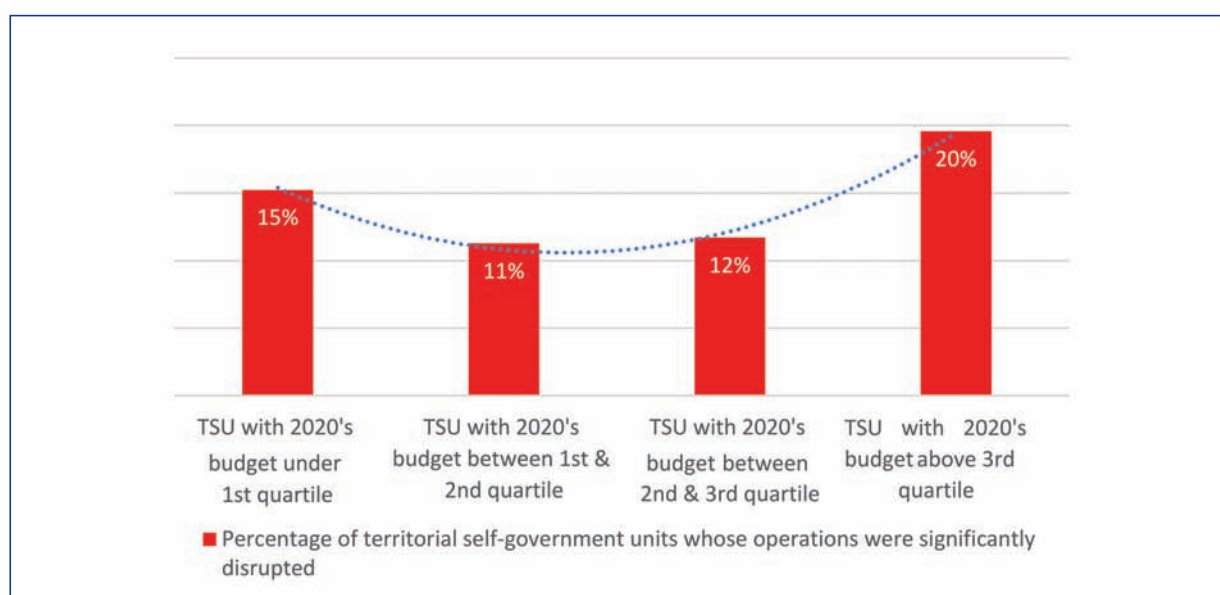
¹ The factor analysis carried out indicated a clear, one-dimensional solution - it can be assumed that the set of 10 questions refers to the same phenomenon, which, referring to the content of the questions, can be defined as the HR potential of the unit. The variables were used to create an index of staff potential - a single variable representing the sum of the values of the sub-indices, taking higher values for higher sub-assessments. Cronbach's alpha for the index was .882, indicating high reliability of the measure.

² The respondents rated the efficiency of local administration in their units using a 9-point scale. The Pearson correlation between the staff potential index and the ratings of local administration efficiency was -.421 and was significant at <000 level.

government units with the lowest potential) is evident among the gminas with the lowest staffing potential assessment. At the same time, respondents from rural gminas assessed the staffing potential of their units higher - rural gminas constituted 57.6% of units with the lowest staffing potential assessments and 67.3% of TSU with the highest assessments. Units with varied assessments of human resources potential do not differ significantly in terms of budget size, although even here, more critical assessments of respondents from urban gminas and cities resulted in a greater share of territorial self-government units with the largest budgets among units with the lowest assessments of human resources potential (27.5%) than in the group of territorial self-government units with the highest assessments of human resources potential (24.8%). The values of the HR potential index were highly diversified regionally - the share of territorial self-government units classified in the group of the highest HR potential ranged from 38% (świętokrzyskie) to 20% (dolnośląskie). On the other hand, the highest percentage of territorial self-government units assigned to the group of the lowest staff potential was found in Warmińsko-Mazurskie (35%), Podlaskie (34%) and Śląskie (30%).

Analyses using the HR potential index indicate that units with average financial and human resources potential are least affected by the crisis that the epidemic represented. Too modest financial and human resources may prove insufficient in the face of new challenges. On the other hand, the largest self-governments, despite having the greatest potential, also have to face a greater scale of difficulties which arise in more densely populated and larger local government units.

Figure 2. Percentage of territorial self-government units whose activity was significantly disrupted in quartile groups distinguished by the size of their budget in 2020

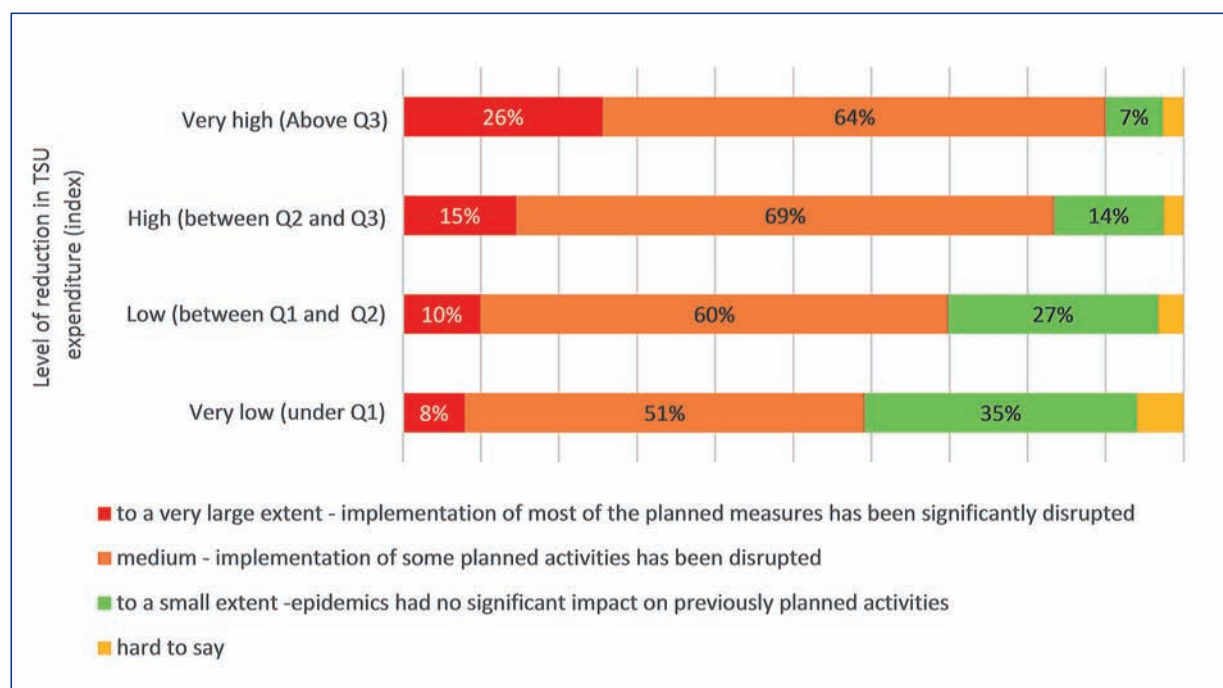


Disturbances in implementation of planned activities are directly related to the scale of necessary limitations on TSU expenditures. The respondents were asked about the scale of limitation of their self-government expenditures in 9 categories - on the basis of their answers an index indicating the total "depth" of budget cuts was developed. The index of the level of limitation of expenditures³ was calculated in such a way, that the higher the number of areas of savings and the higher the level of introduced savings, the higher its value. In self-

³ Respondents used a 4-point scale that recoded: 1 - no such savings were introduced, 2 - to a small extent, 3 - to a moderate extent, 4 - to a very large extent. 9 areas of spending restraint - on investment, promotion, staff training, culture, sport and recreation, support of community organisations, cleaning,

governments where the respondents indicated the highest level of expenditure restraint in comparison with other territorial self-government units, one may see at the same time a significantly higher percentage of respondents indicating that the planned activities were disturbed to a very high degree (26%).

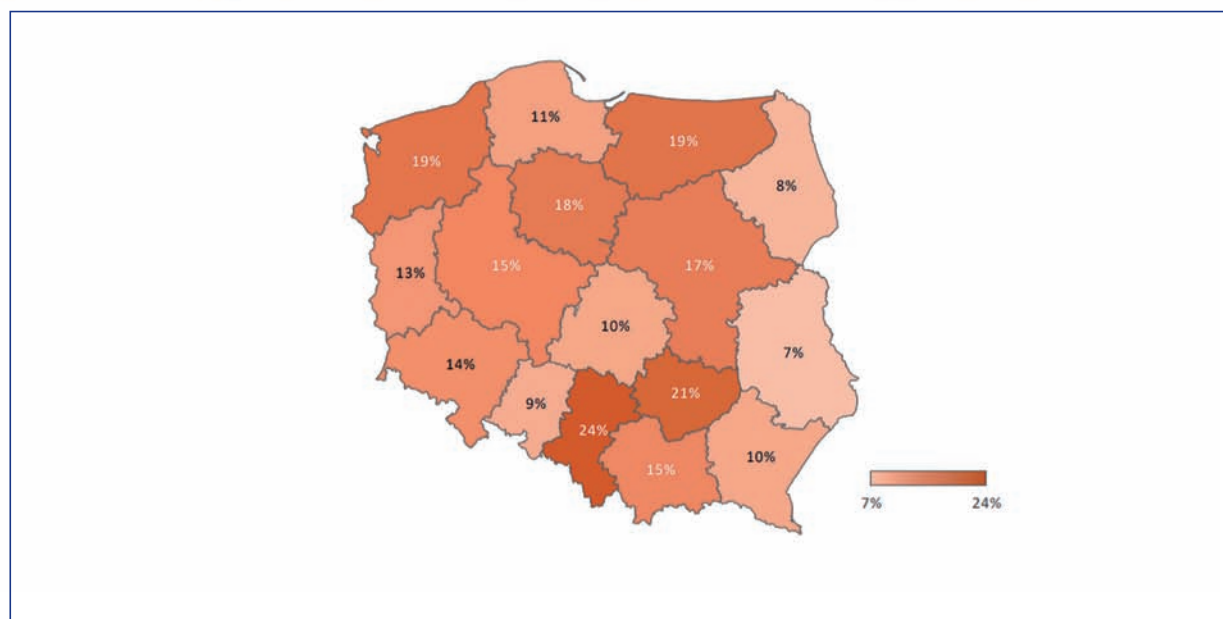
Figure 3. Level of reduction in TSU expenditure and impact of the epidemic



It is relatively easy to notice the territorial dimension of disturbances caused by the pandemic. While in municipalities from the "eastern wall" much less often the very high impact of the epidemic was indicated, respondents from the densely populated Silesia relatively more often felt significant disturbances in the activities of their territorial self-government units.

education, functioning of the city council. Cronbach's alpha for the index was .864, which indicates high reliability of the measure and justifies the decision to create a single measure of the level of expenditure restraint. However, factor analysis indicates that the nature of budget cuts was twofold - the first axis was savings on promotion, culture, sport/recreation and NGO support - the second axis was reductions in spending on investment, employee training, cleaning, education and the city council. Although both factors are correlated, it is worth being aware that TSU savings were of two-dimensional nature.

Figure 4. Cartogram - percentage of territorial self-government units (territorial self-government units) where the pandemic had a very high impact - implementation of most of the planned activities was significantly disrupted



In order to get a deeper insight into the structure of problems which the self-governments faced in connection with the epidemic, the respondents were asked to indicate no more than 3 greatest difficulties in the day-to-day management of their self-government unit. The comparison of the structure of answers given in two groups - local self-governments whose plans were slightly disrupted and those whose activities were significantly disrupted due to the pandemic - does not bring any revealing conclusions. In the second group the indication of "problems resulting directly from the SARS-CoV-2 epidemic" was twice as frequent (13% of indications). On the other hand, in the group of territorial self-government units which had not experienced any significant disturbances in the implementation of their plans, the instability of legal regulations was indicated slightly more often (24.5% against 21%), but in general the structure of difficulties in both groups remains similar.

Gmina secretaries were asked, how they assess from the present day perspective the level of their institution's preparedness for an emergency situation such as an outbreak of an epidemic. The percentage of answers indicating that the execution of territorial self-government units' plans was considerably disrupted was noticeably lower in case of those self-governments which were prepared in terms of staff competence and technical equipment. It is worth pointing out, however, that the differences observed (3-4%) turned out to be symbolic, which raises the question, whether any self-government had a chance to prepare for the crisis caused by the epidemic at all.

Figure 5. Preparation of the office in terms of staff competence in the face of an epidemic

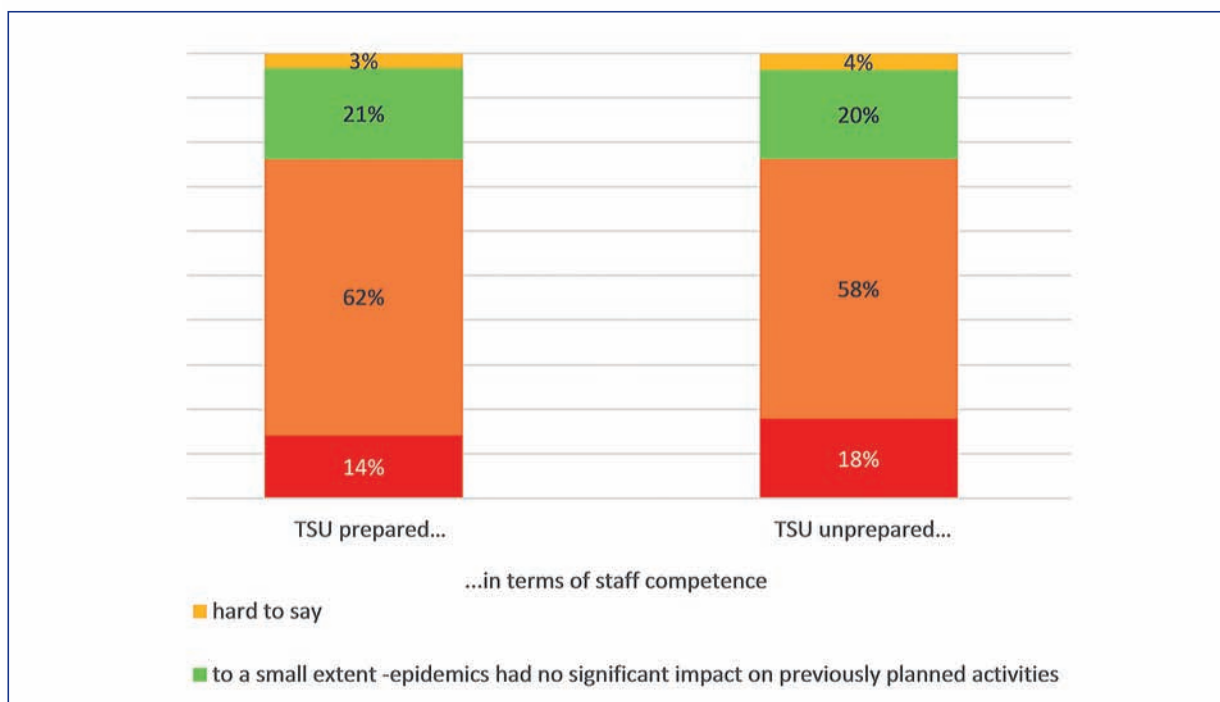
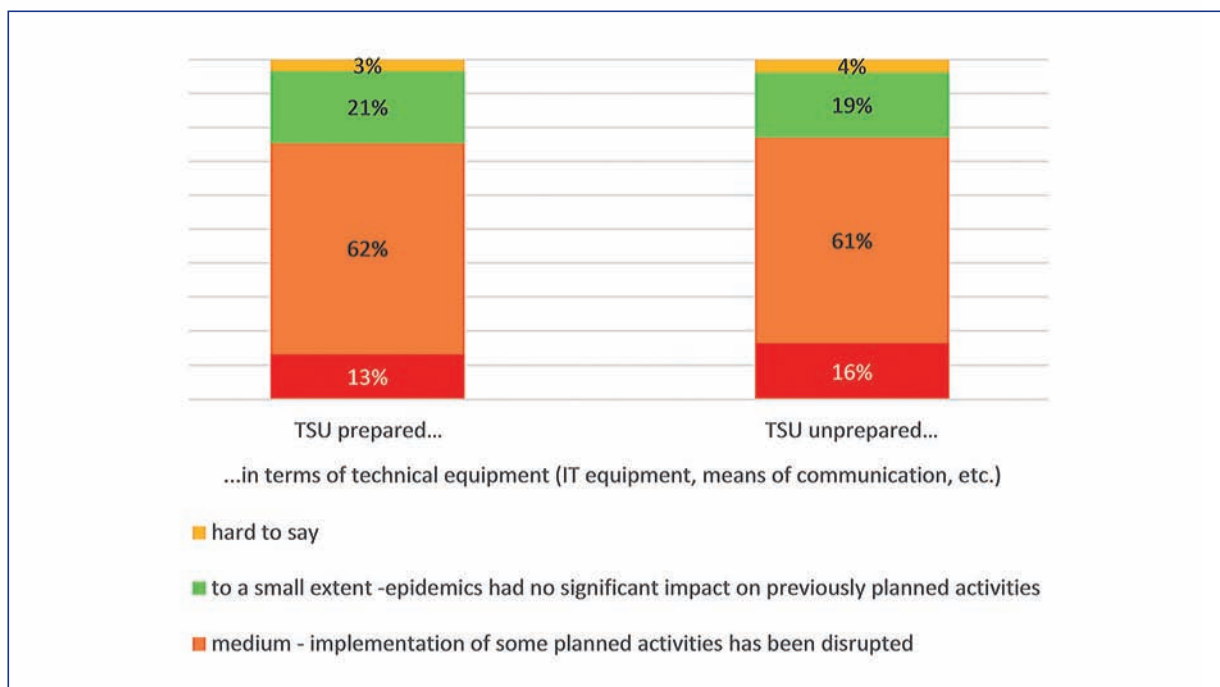


Figure 6. Technical equipment preparedness in the event of an epidemic

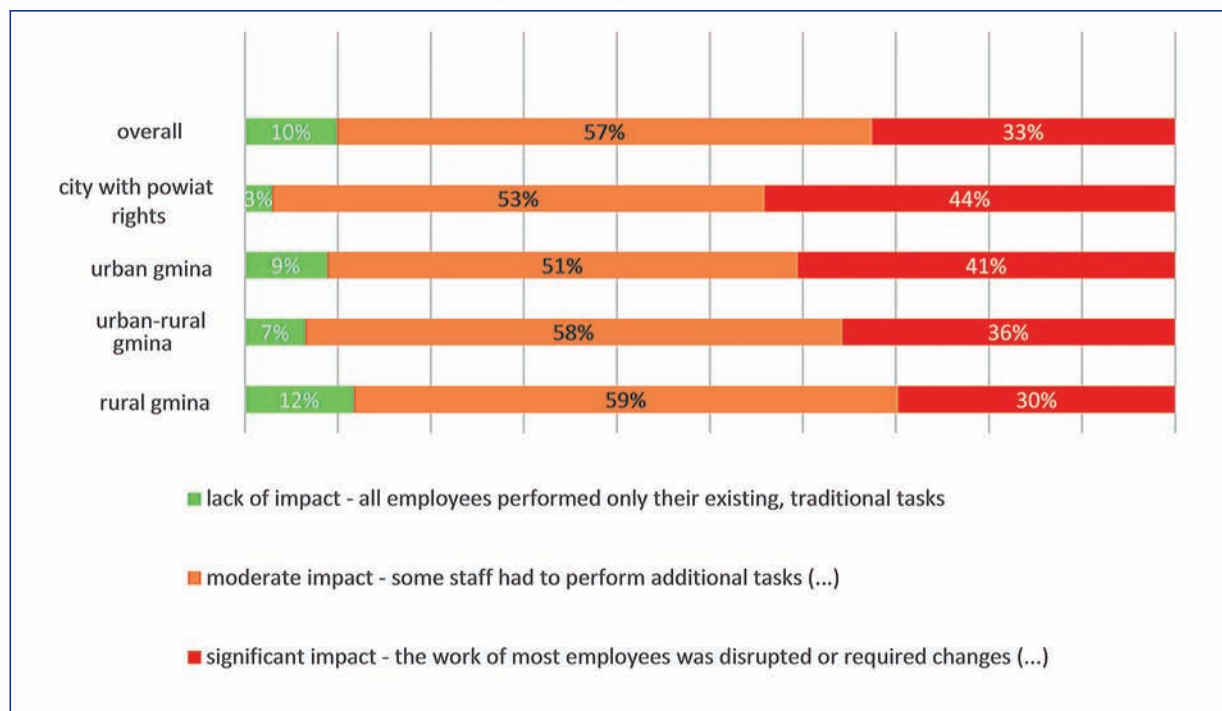


Work in local government offices

The secretaries of gminas were asked whether the employees in their offices had to perform additional tasks in connection with the outbreak of the epidemic in Poland. Only 16% of respondents indicated that there was no such need and 8% stated that the vast majority of employees had to perform additional tasks. More than 76% of the respondents (76%) said that some of their employees had to perform additional tasks to counteract the effects of the epidemic.

In the context of the additional tasks that fell on officials during the epidemic period the question arises as to how the epidemic affected the work of people in their units. One in three respondents felt that the outbreak had a significant impact on their work: the work of most employees was disrupted or required changes. For municipalities (41%) or cities (44%) this percentage was 11-14 percentage points higher than for rural municipalities (30%). Only a few of the surveyed municipal secretaries, i.e., depending on the type of municipality, from 3% to 12%, considered that all employees in the office performed only their existing, traditional tasks.

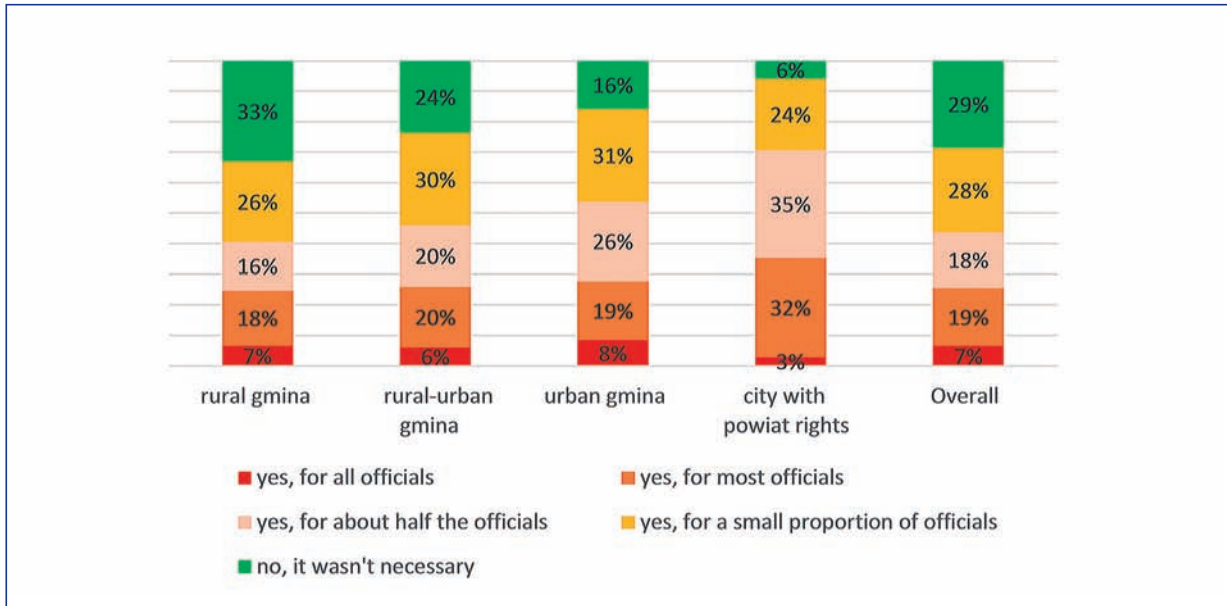
Figure 7. Impact of the epidemic on work in local government offices



Using the already referred to HR potential index, one may show that significant disorganisation of officers' work was most often indicated by respondents from territorial self-government units with the lowest, in comparison with other self-governments, HR potential. In the group of territorial self-government units with the lowest staff potential, 38% of respondents indicated the significant influence of the epidemic on officers' work, while in the group of territorial self-government units with the highest values of the staff potential this percentage was 8 percentage points lower.

Changes in work organization and its disruption may have been connected with the introduction of remote working in offices. According to answers given by gmina secretaries, such a solution was introduced in spring (before the holiday season) in 71% of all gminas. In urban or city gminas, it was a common solution - indicated by 84% and 94% of the respondents respectively, while in rural gminas, it was indicated by 67% of the respondents. Remote working was introduced slightly more often (69%) in the offices which, according to the respondents, were definitely prepared for the epidemic in terms of technical equipment, than in those which declared a definite lack of such preparation (65%).

Figure 8. Remote working in TSU in spring (before holiday months)



The level of use of remote work in offices varied by region. Remote working for most or all officials was more common in the Western provinces - especially Lubuskie and Wielkopolskie. On the other hand, respondents from central and eastern Poland (especially Lublin Province) more often indicated that remote work was not necessary.

Figure 9. Cartogram - Percentage of respondents indicating the introduction of remote working for most or all officials

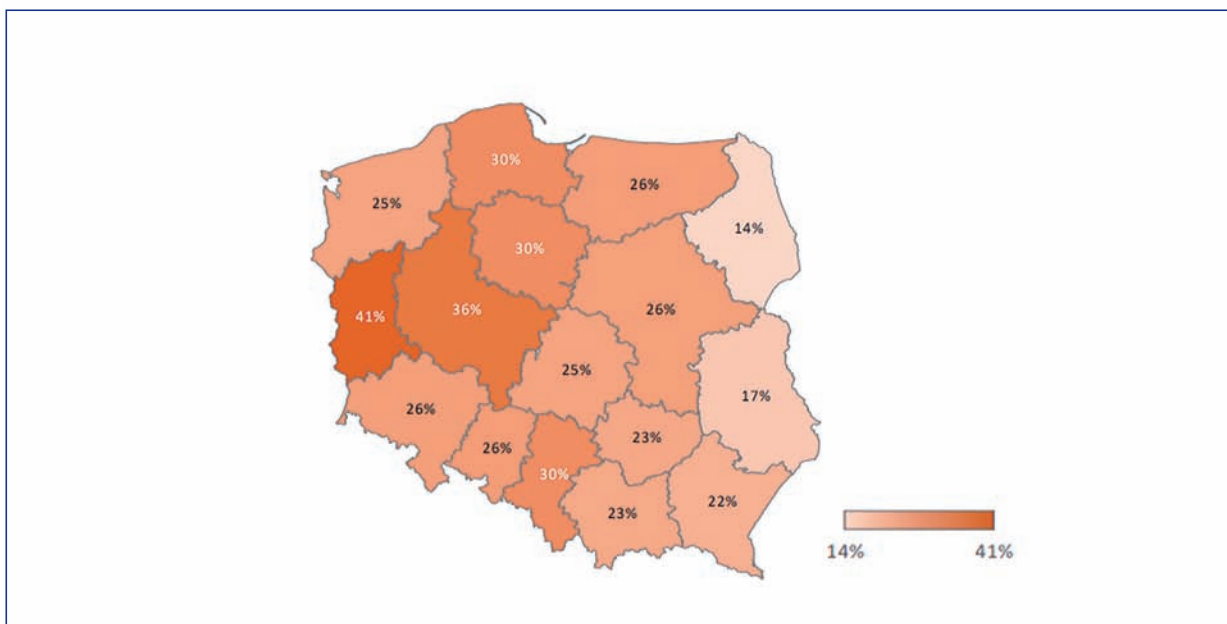
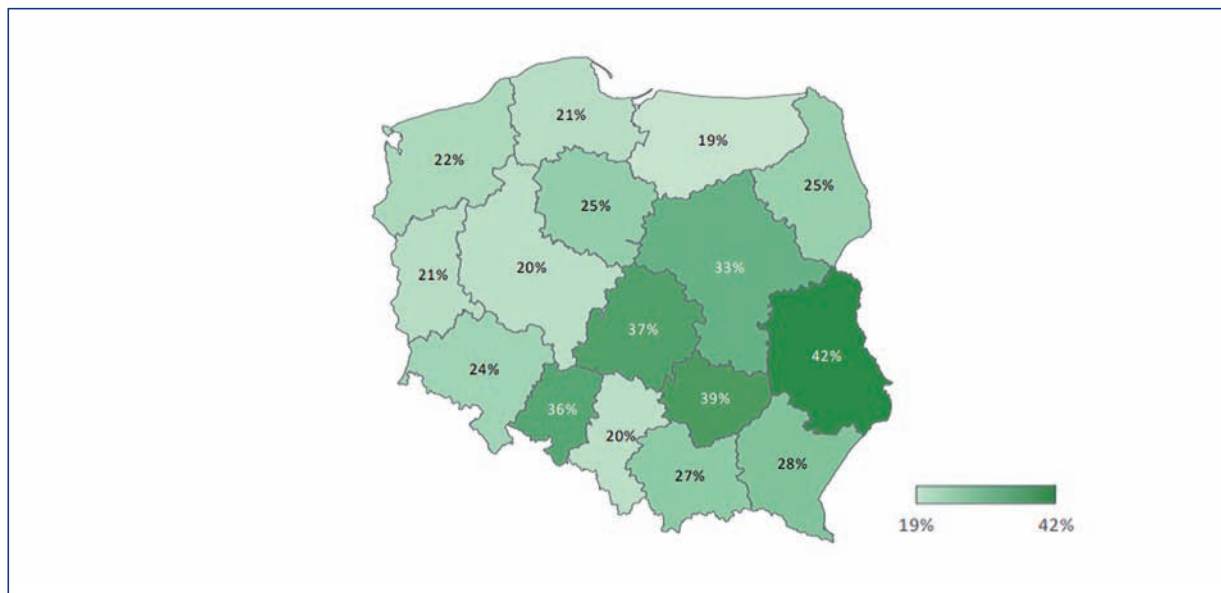
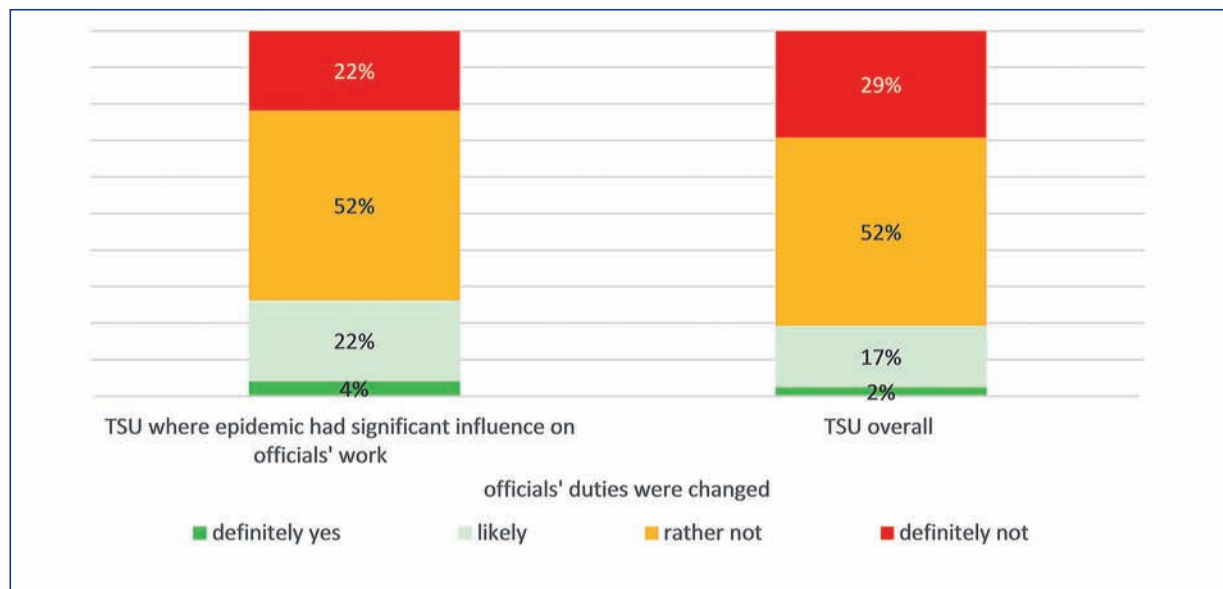


Figure 10. Cartogram - percentage of respondents indicating that there is no need for officials to work remotely



The impact of the epidemic on the work of officials was relatively rarely reflected in changes of the duties of employees. Such changes were indicated by 19% of the surveyed gmina secretaries. It is worth noticing, however, that in the group of territorial self-government units where the epidemic had a significant impact on the work of officials, the changes in the job descriptions were much more frequent - indicated by 26% of respondents.

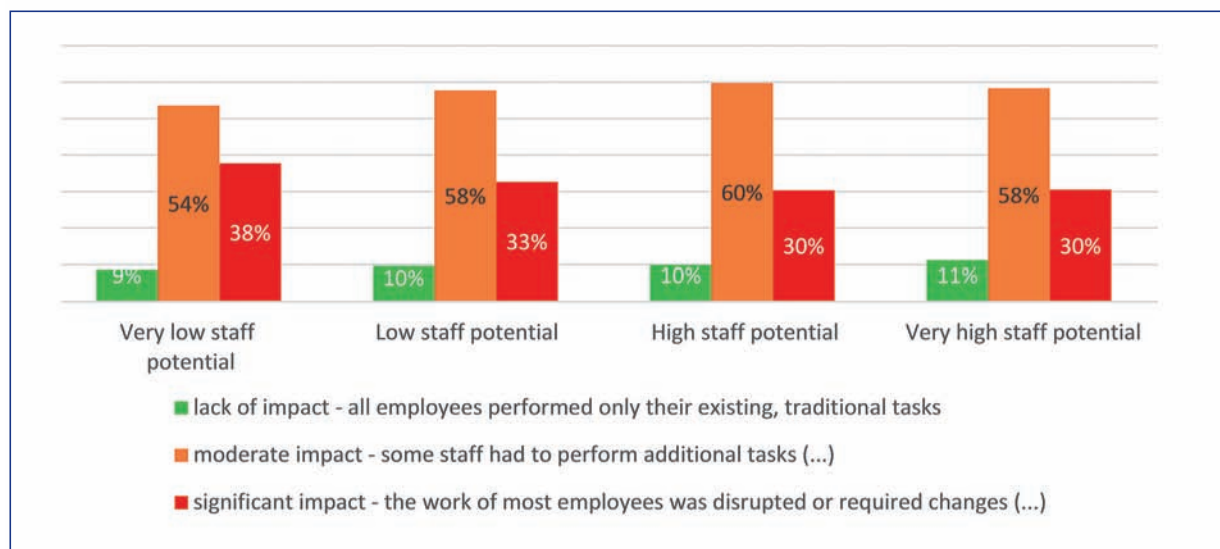
Figure 11. Influence of the epidemic on work in territorial self-government offices and changes in officials' duties



Changes in the scope of duties were indicated much more often (48%) in the narrow group of territorial self-government units, where a vast majority of officials had to perform additional tasks due to the epidemic. In the majority of territorial self-government units, where only

some officials had to perform additional tasks, changes in the scope of duties in connection with the epidemic were indicated by 19% of respondents. In the group of self-governments where there was no need to perform additional tasks due to the epidemic, such changes were rare - they were indicated by 3% of the respondents.

Figure 12. Effect of the epidemic on work in an office depending on the potential of a territorial self-government unit's staff



Differences in the impact of the epidemic on the work of public servants are also evident, depending on the level of preparation of self-governments - particularly in terms of the organisation of the office and the procedures in place. Thus in the group of territorial self-government units which were definitely not prepared for the epidemic in terms of procedures, the work of most employees was disrupted or required changes according to 49% of respondents. On the other hand, in the group of respondents, who assessed that their units were definitely prepared for the pandemic in terms of procedures - the percentage reporting a significant, negative impact on the work of officers was only 29%. A similar difference of 20 percentage points was observed in the case of offices that were definitely prepared (27% indicating a significant impact of the epidemic) and definitely not prepared (47%) in terms of organization. Preparation in terms of equipment and staff competence also reduced the chances of experiencing significant negative effects of an outbreak on the daily work of officials, but these factors were not as important as procedural and organisational considerations.

Figure 13. Effects of the epidemic on work in an office depending on preparation of territorial self-government units in terms of procedures and organisation

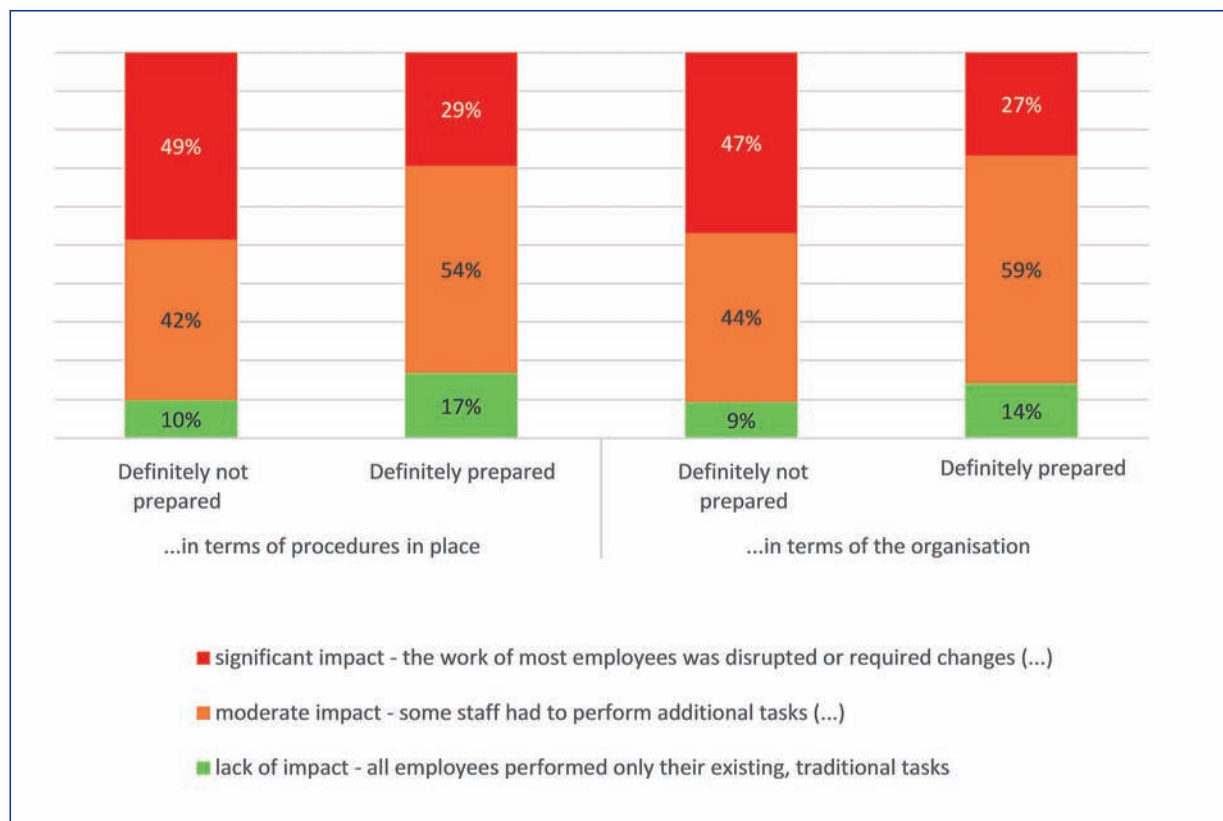
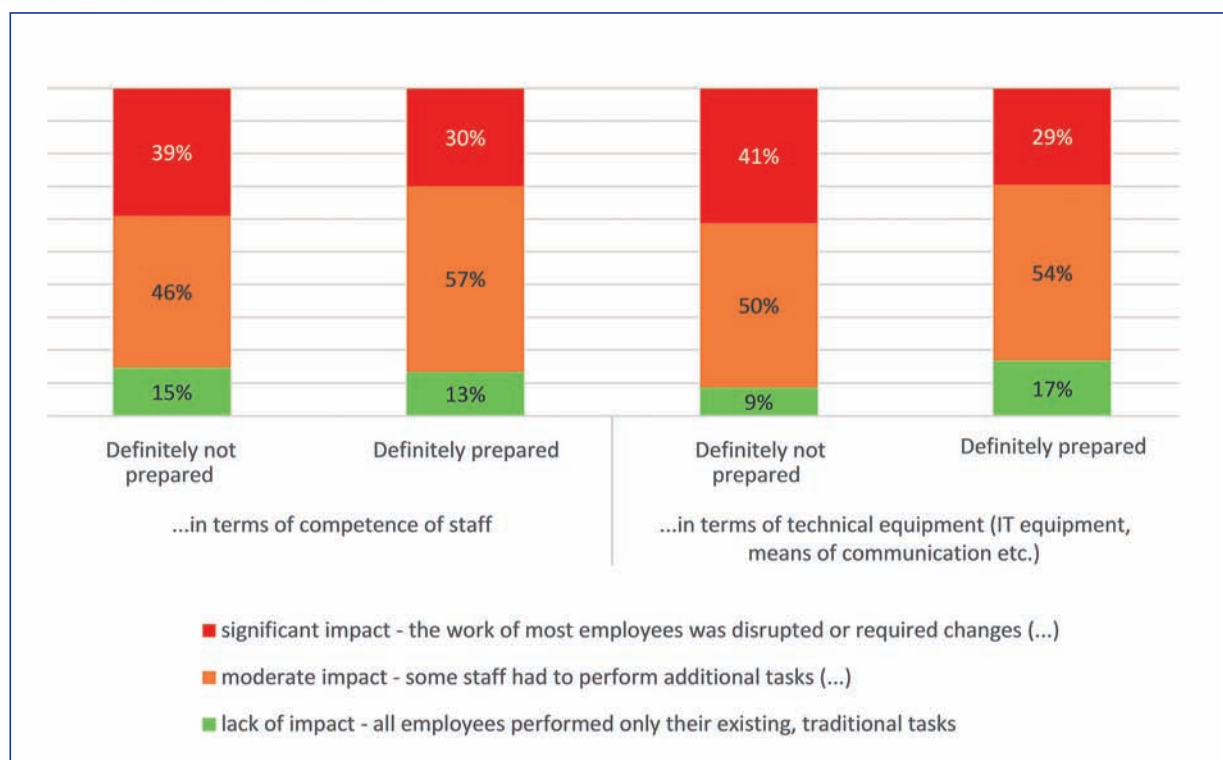
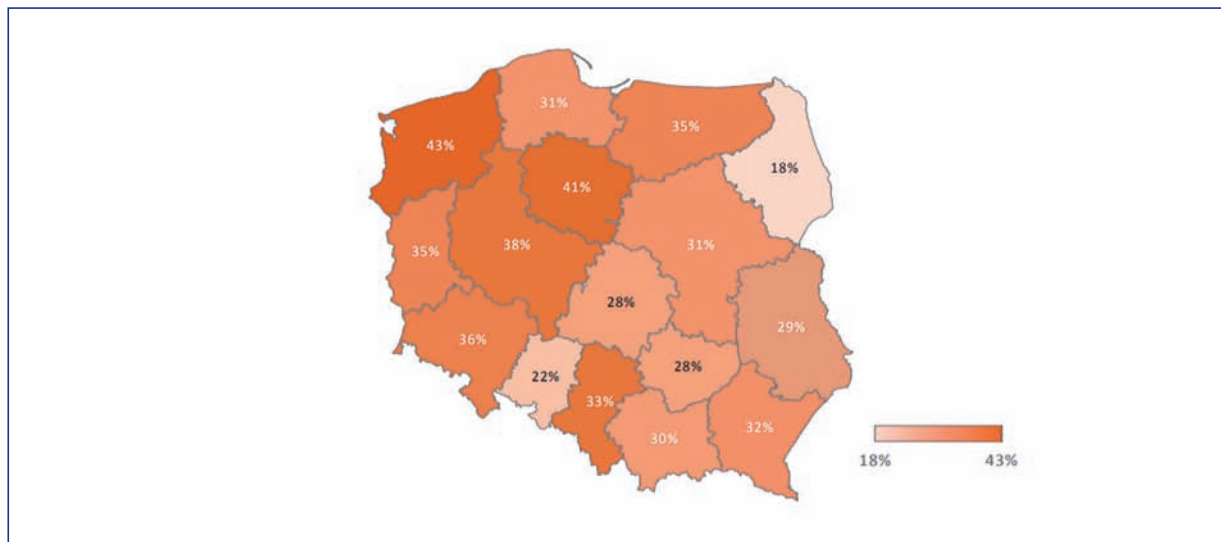


Figure 14. Effect of the epidemic on work in an office depending on preparation of territorial self-government units in terms of competence of staff and technical equipment



As indicated by the answers of the surveyed gmina secretaries, the epidemic disorganised the work of officials to a greater degree in local governments in Western Poland and in Śląskie voivodship. On the other hand, only 18% of the respondents from Podlaskie voivodship indicated, that the work of most of the clerks was disrupted or required changes.

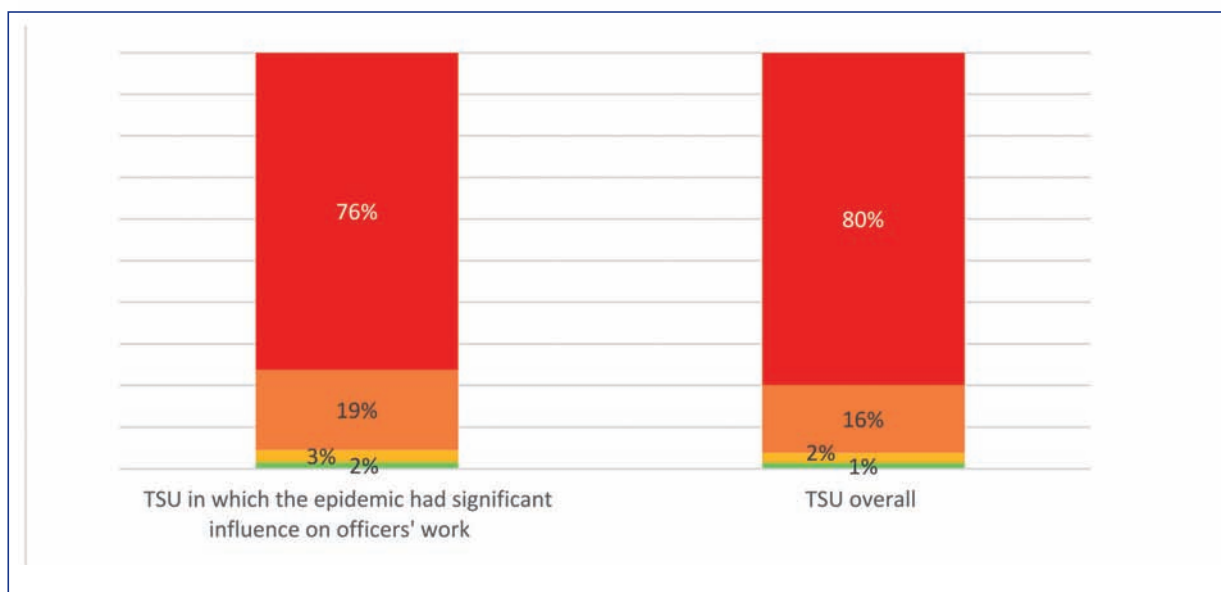
Figure 15. Cartogram - percentage of territorial self-government units, where work of most employees was disrupted or required changes



Personnel policy in offices

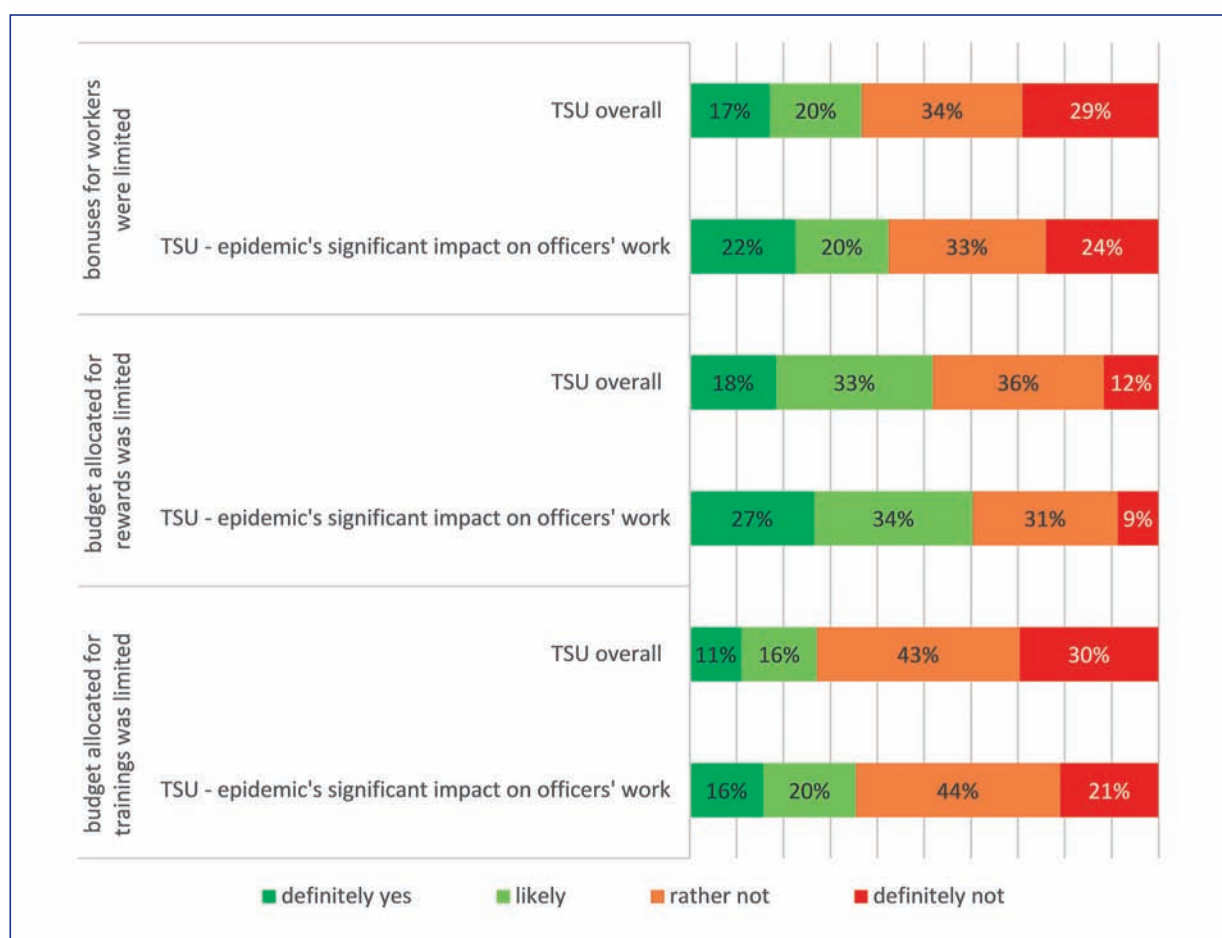
Almost 96% of the gmina secretaries denied that any redundancies had taken place as a result of the epidemic in their units. The difficulties caused by the epidemic in the vast majority of territorial self-government units also did not lead to any redundancies in those self-governments, where the work of the officers was most affected by the epidemic.

Figure 16. Impact of epidemics on dismissals



The challenges of working during an epidemic and the near-universal disruption of most offices were not infrequently accompanied by staffing moves aimed at building savings and rationalizing available resources. In practice, these moves did not necessarily translate into a better working atmosphere and motivation for officials struggling with the new tasks that the reality of the epidemic brought. About 27% of the interviewed gmina secretaries indicated that they had cut down on expenses for staff training - this percentage was 9 percentage points higher in the group of territorial self-government units that had experienced a significant impact of the epidemic on the work of their office.

Figure 17. Impact of the epidemic on the HR policy in TSU

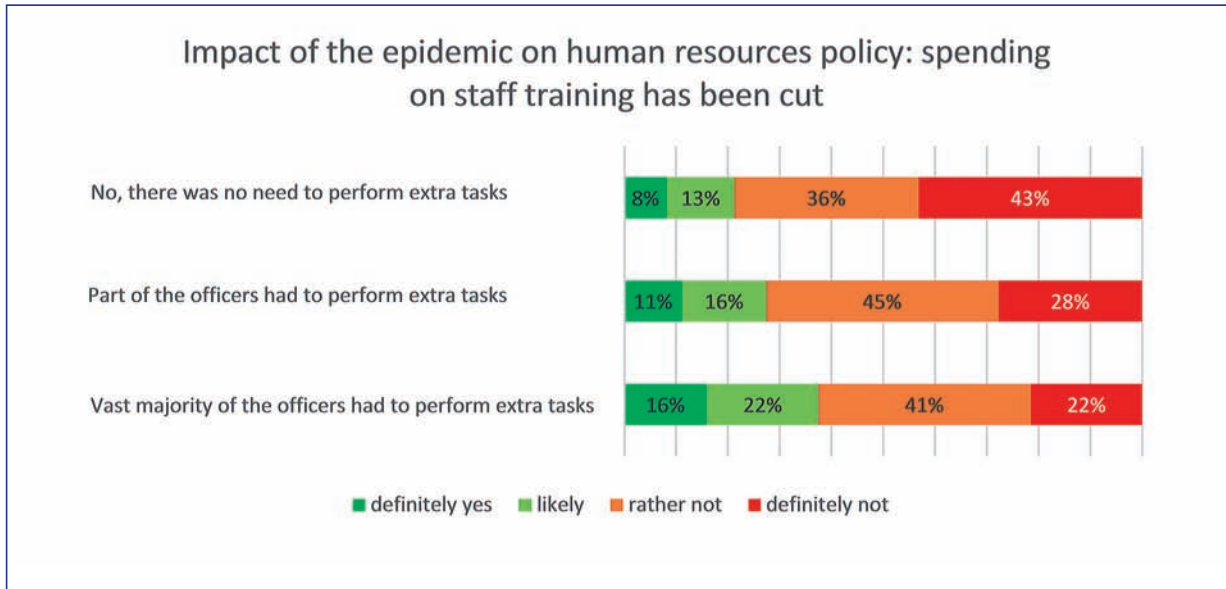


The limitation of expenses concerned also awards for employees in more than a half of the surveyed territorial self-government units and payment of bonuses in case of 37% of units. In the group of territorial self-government units where the work of most officers was disrupted or significantly changed due to the pandemic, limitations of expenses for training, bonuses and awards were clearly more frequent.

In local governments where municipal secretaries indicated that the vast majority of officials had to perform additional tasks related to the epidemic, reductions in spending on training and rewards appeared to be the most common. For example, for those local governments where there was no need for additional tasks related to the epidemic, 43% of respondents strongly denied that training expenditures had been cut in their units and only 21% admitted that such cuts had been made. On the other hand, in the group of local self-governments, where the vast majority of officers performed additional tasks, the reduction of training

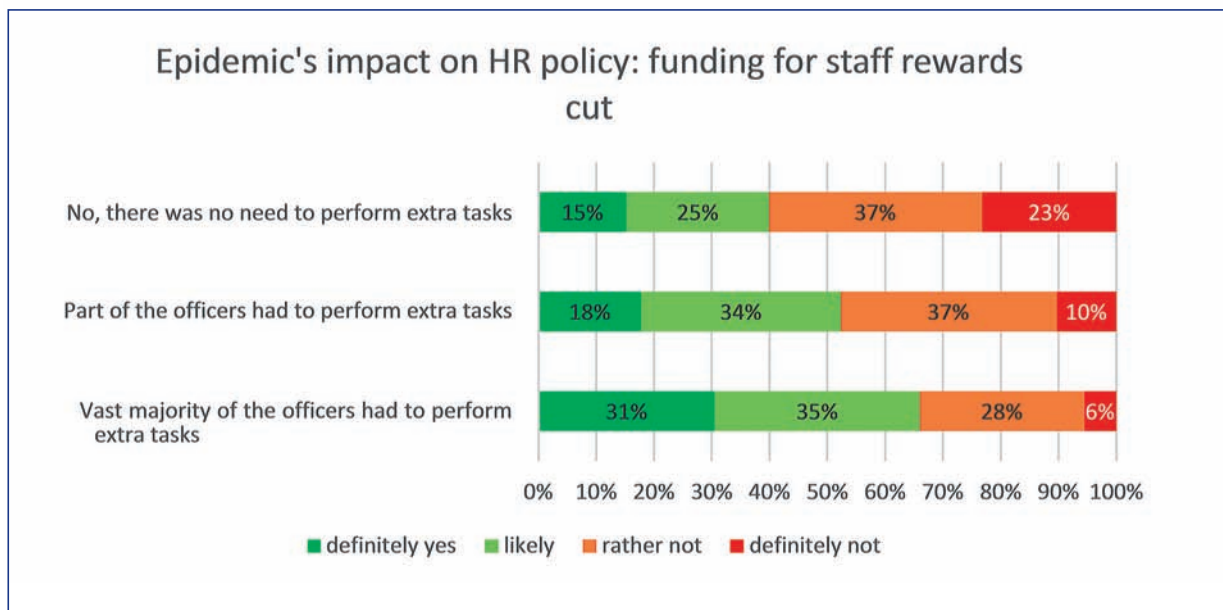
expenses was denied by only 22% of the respondents and confirmed by 38%. Perhaps the additional tasks related to the epidemic did not require training support for officers - nevertheless the survey results indicate that the officers who had to cope with them more often, had at the same time usually less opportunities to raise their competence.

Figure 18. Reduction in expenditure on training and additional tasks for officials



The analogy is between additional tasks and constraints on reward spending: the more additional tasks related to the epidemic, the - potentially - smaller the reward pool.

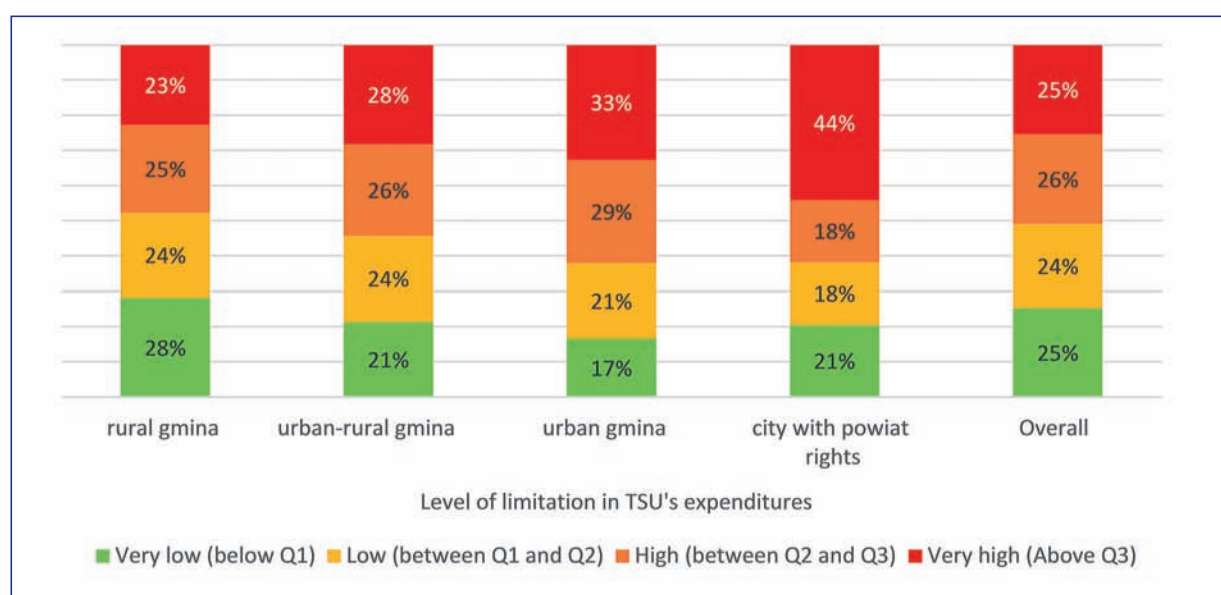
Figure 19. Restrictions on expenditure on awards and additional tasks for officials



Finances of TSU

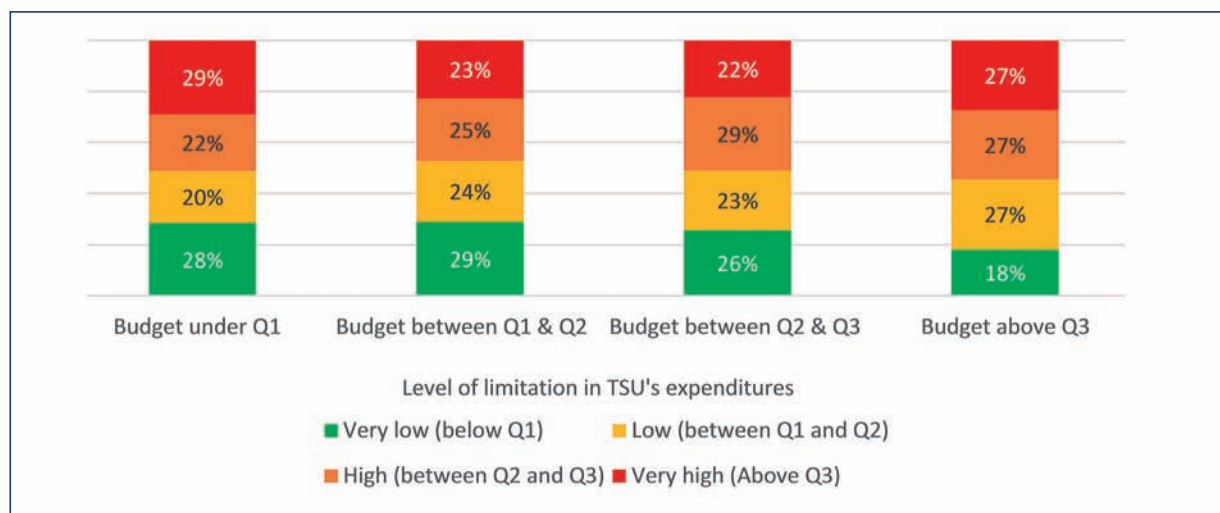
The state of the epidemic is also a great challenge for the public finance sector - lower tax revenues (especially in cities with powiat rights), new categories of expenditures and high uncertainty about the future have influenced decisions concerning financial management of territorial self-government units. The surveyed gminas' secretaries assessed the level of expenditure limitations in 9 main budget categories. On this basis, the index of the level of restrictions in territorial self-government units' expenditures, referred to earlier, was developed, which indicates both the "breadth" and the "depth" of budget cuts. The surveyed gminas were ranked in terms of the index value and divided into 4 equal groups - from TSU with a very low level of limitation of expenditures (index value below the 1st quartile) to the units with a very high level of limitation of expenditures (index value above the 4th quartile). The analyses carried out clearly indicate that the highest expenditure limitations were effected in cities with powiat rights, where almost 44% of units were placed in the category characterized by the highest savings. For all municipalities that percentage was lower by 19 percentage points. The lowest level of expenditure restriction was observed in rural gminas, whose budgets are less dependent on income tax revenues.

Figure 20. Level of limitation of territorial self-government units' expenditures in relation to the type of gmina



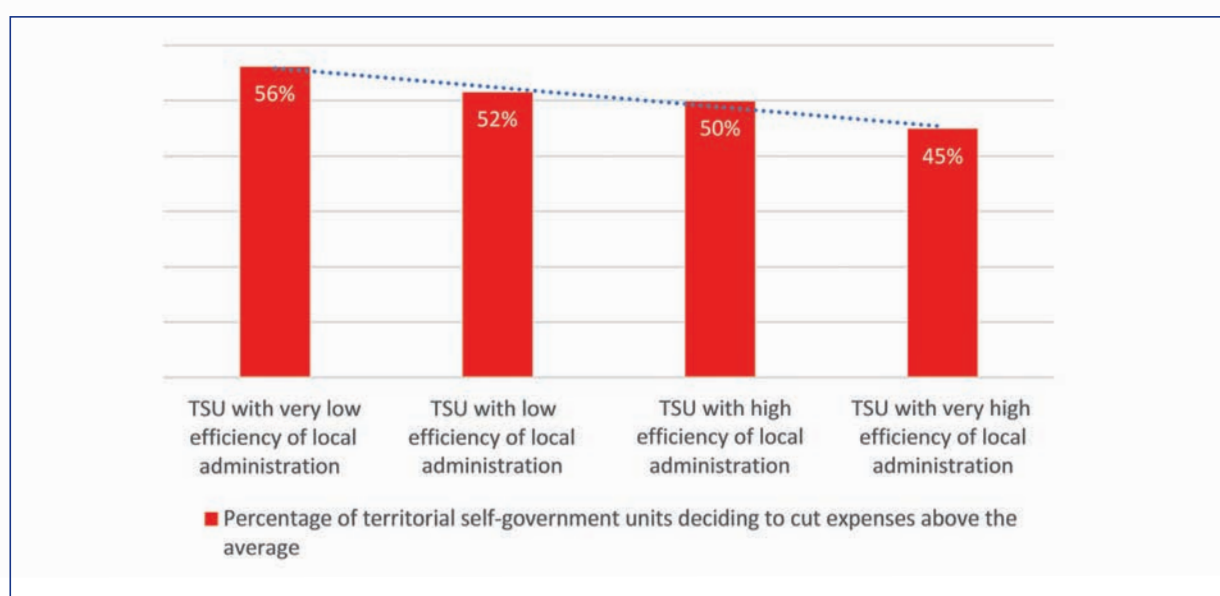
The relationship between the level of territorial self-government units' expenditure limitations and the size of their budgets resembles the already described U-shaped relationship between the level of interference in the implementation of plans of a unit and the size of its budget. The highest percentage of territorial self-government units (27%-29%) deciding on the largest expenditure cuts is visible in the two extreme groups - i.e. territorial self-government units with the smallest and the largest budgets. On the other hand, it is worth noticing that in the group of territorial self-government units with the smallest budgets, the highest percentage of self-governments was found (28%), which limited their expenditures to a very small degree. Most probably, this is at the same time the group of the smallest and the poorest gminas which could not afford any significant limitation of expenses.

Figure 21. The level of territorial self-government units' expenditure limitation depending on the type of gmina



The surveyed gmina secretaries were also asked to rate the efficiency of local administration in their gmina units using a 9-point scale. Quartiles were calculated for the responses, and the surveyed self-governments were divided into 4 groups with different levels of local administration efficiency. The scale of expenditure restraint correlates negatively⁴ with the measure of local administration efficiency. In the group of territorial self-government units with the highest self-assessment of the local administration performance, the percentage of those which classified the level of expenditure restraint as high or very high amounted to 45%. In the group of territorial self-government units with the lowest self-assessment of the local administration performance, the percentage of territorial self-government units which introduced above-average expenditure limitations was 11 percentage points higher. Whether more efficient local administration was able to avoid epidemic-related budget cuts to a greater degree remains a matter of debate.

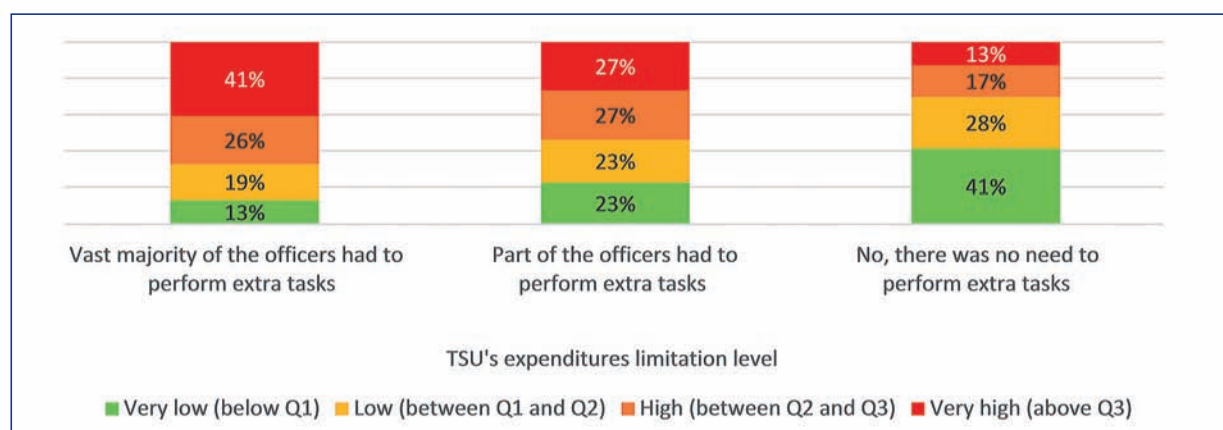
Figure 22. Level of territorial self-government units' expenditure limitation depending on the efficiency of local administration



⁴ Perason's correlation between the 'raw' index of the level of expenditure restraint and the 9-item measure of local government efficiency was -0.086 and significant at the <0.001 level.

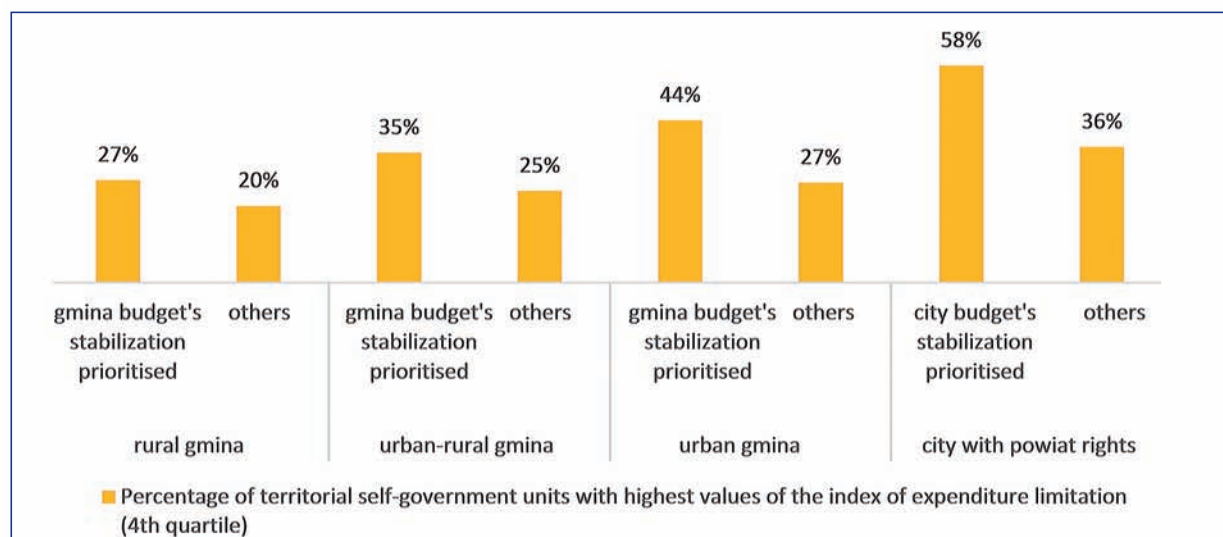
In the group of self-governments, where the interviewed gmina secretaries indicated that a vast majority of officials had to perform additional tasks related to the epidemic, the percentage of territorial self-government units which introduced a very high level of expenditure limitations was as high as 41%. In local self-governments where there was no need to perform additional tasks related to the epidemic this percentage was 28 percentage points lower. However, when interpreting this result it is worth remembering that the units with the greatest number of new tasks for their employees were also most probably the municipalities that were most severely affected by the multi-dimensional effects of the epidemic that forced them to introduce expenditure cuts.

Figure 23. Level of reduction in TSU expenditures depending on the burden of additional tasks related to the epidemic on public servants



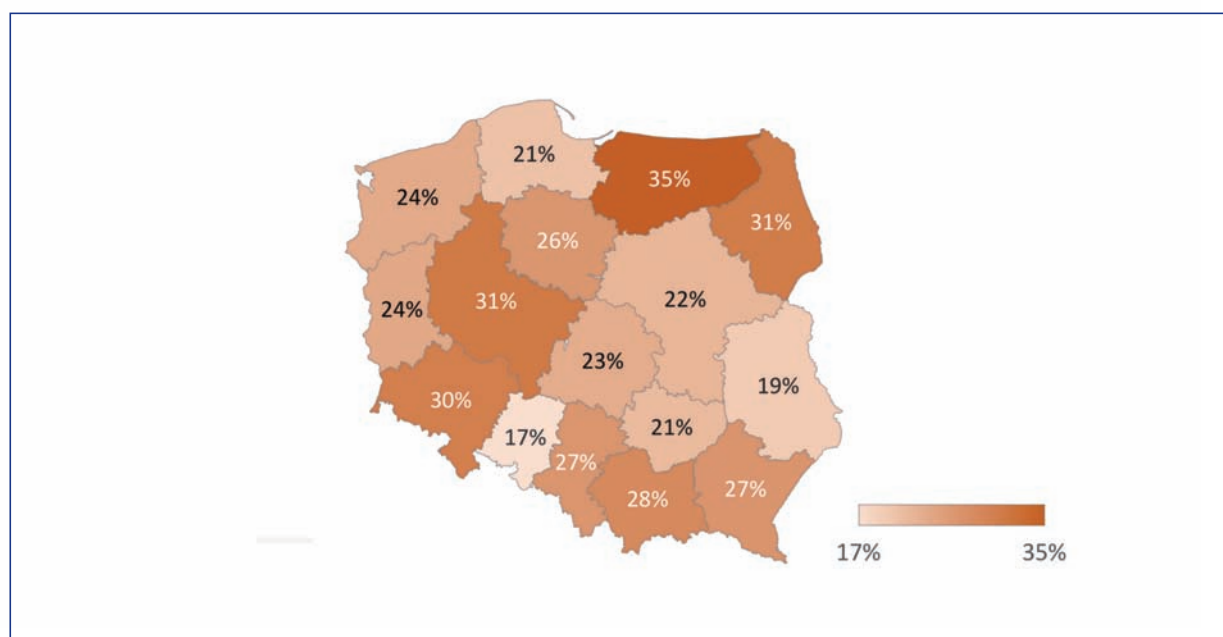
Gmina secretaries were asked about the self-government authorities' main priorities of the present term - one of them was "gmina/city budget stabilisation". In the group of territorial self-government units where this indication appeared, one can see an over-representation of those units (32% against 22% in the group where this was not a priority for the authorities) which introduced a very high level of limitations to expenditures due to the consequences of the SARS-CoV-2 outbreak. This relation was sustained irrespective of the type of territorial self-government unit. Nevertheless, in case of municipalities and cities with powiat rights, which indicated stabilisation of the gmina budget as one of their priorities, the percentage of territorial self-government units making the deepest savings was definitely the highest.

Figure 24. The level of territorial self-government units' expenditure limitation depending on priorities of self-government authorities



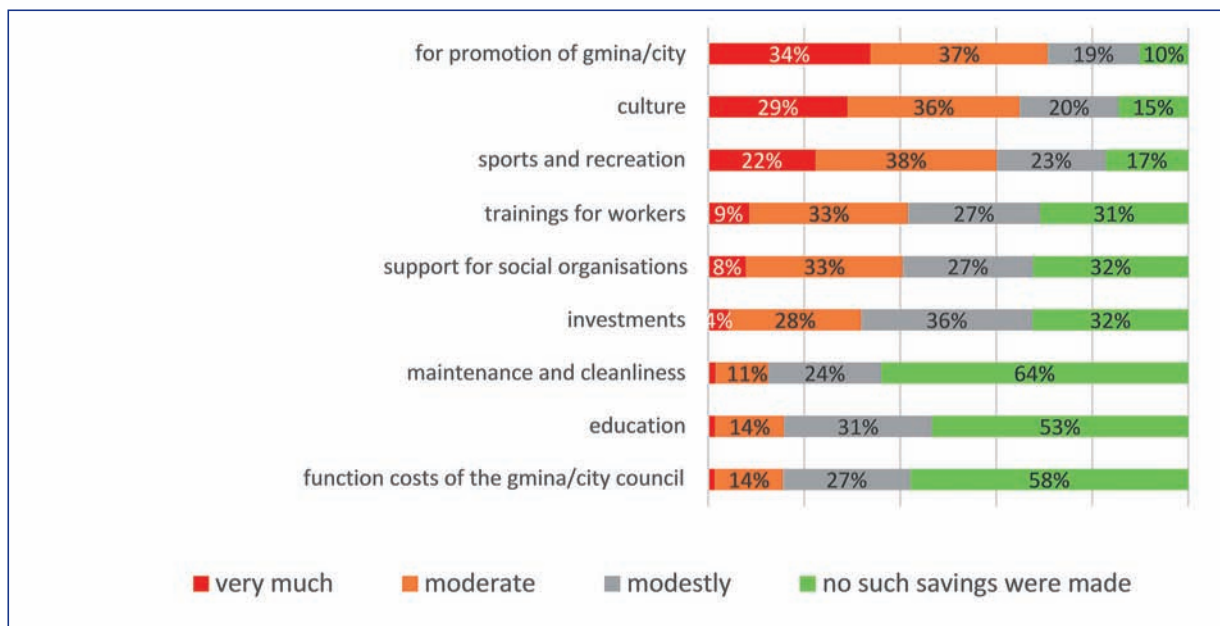
In the regional dimension one can see differences in the scale of the epidemic-related limitations on TSU expenditures. The percentage of gminas making the largest budget cuts was recorded in Warmińsko-Mazurskie (35%), Wielkopolskie (31%) and Dolnośląskie (30%). Representatives of territorial self-government units from the same voivodships indicated relatively more often that the work of most employees from their units was disrupted or required changes due to the pandemic. An exception is Podlaskie voivodship, where on the one hand the lowest percentage of indications of a significant, negative impact of the pandemic on officers' work was registered and on the other hand, a quite high percentage (31%) of territorial self-government units with a very high level of restriction of expenditures is visible.

Figure 25 Cartogram - percentage of territorial self-government units with very high level of expenditure limitation



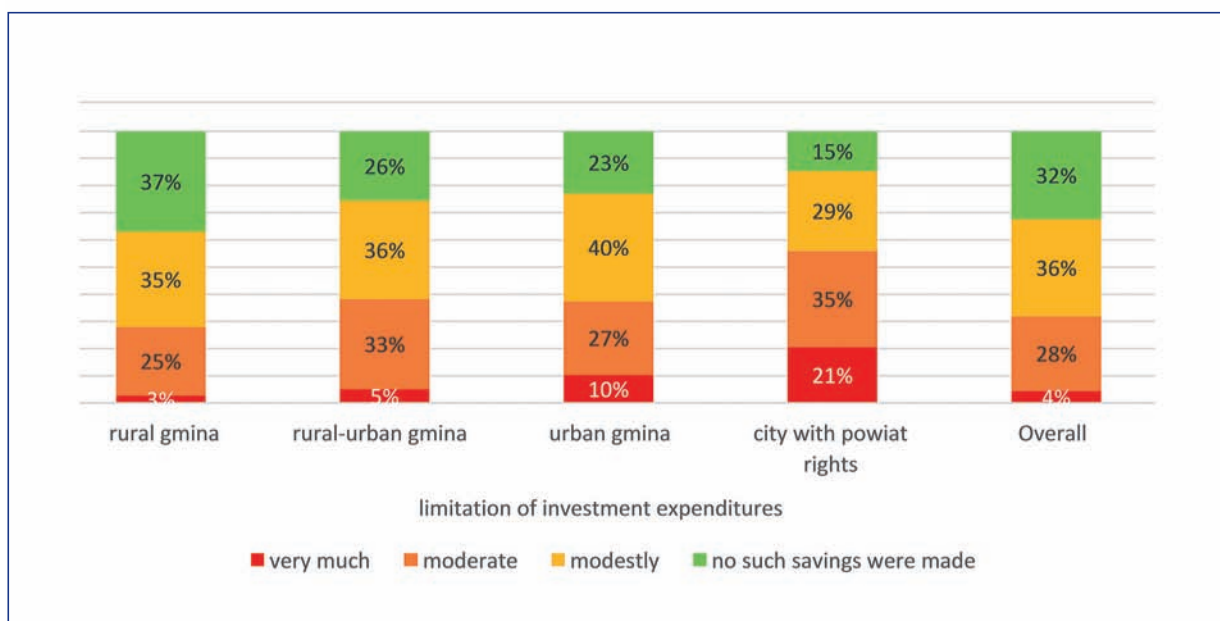
On the following pages of the report, we will look at the areas of spending cuts by municipalities which were introduced in the wake of the outbreak. The biggest cuts in expenditures were made in the field of gmina/city promotion (71% of municipalities reduced their expenditures), culture (65%), sports and recreation (60%). The necessity to reduce expenditures to a very high or moderate degree was indicated least often in the case of such items as: expenses for maintenance of cleanliness (which might have even increased during the epidemic), education (16% of territorial self-government units indicating savings in these categories each) and function costs of the gmina/city council.

Figure 26. The degree of reduction in TSU expenditure as a consequence of the epidemic, broken down by budgetary categories



The outbreak of the epidemic caused reduction of investment expenditures in nearly 1/3 of the territorial self-government units surveyed. However, this percentage varied depending on the type of gmina - investments were limited in 37% of municipalities, 56% of cities and 28% of rural gminas. It is worth noticing that respondents from more than one fifth of the examined cities with powiat rights indicated a very high limitation of investment expenditures.

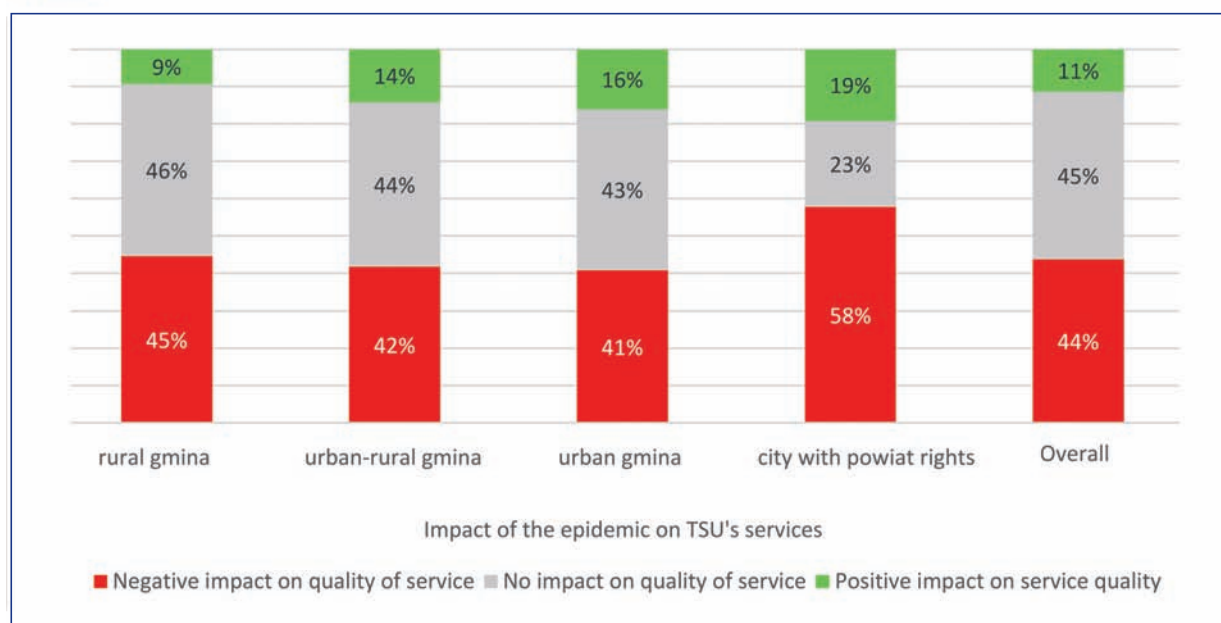
Figure 27. Limitation of investment expenditures depending on the type of territorial self-government unit



Quality of TSU service delivery

Representatives of gminas were asked whether the SARS-CoV-2 epidemic had affected the quality of public services in their self-government unit. It is hardly surprising that 44% of the respondents indicated that the epidemic had had an unambiguously negative effect on the quality of public services in TSU. It is worth noting that in urban gminas (41%) and cities (58%) the negative impact of the epidemic on the quality of services was indicated noticeably more often than in rural gminas (45%). At the same time, also in cities (19%) and urban municipalities (16%) the positive impact of the pandemic on the quality of services was indicated more often than in rural municipalities (9%). This may be related to the fact that the epidemic provided an additional stimulus to the development and dissemination of the provision of some services in digital form, i.e. in the form of e-services. For this reason, the impact of the epidemic on the functioning of Polish self-governments cannot be assessed only in negative terms.

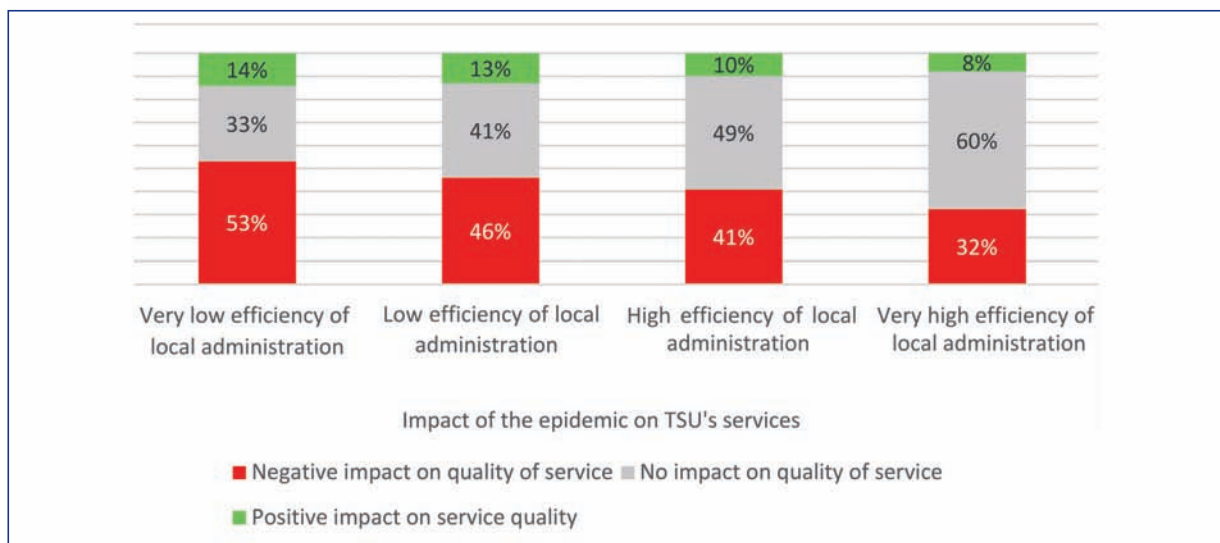
Figure 28. Impact of epidemics on the quality of public services in territorial self-government units depending on the type of gmina



The high efficiency of local administration was the factor which to some extent protected local governments from the negative consequences of the epidemic for the quality of their public services. At the same time, representatives of local self-governments which were assessed as the most efficient reported the least frequently positive effects of the epidemic on the quality of services provided in their units.

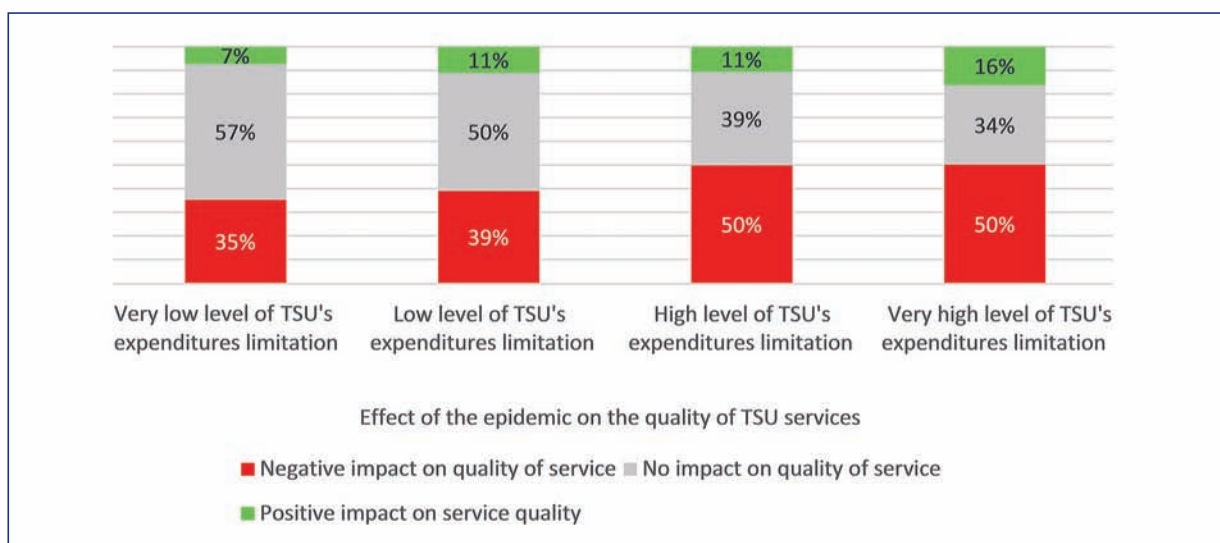
The percentage of territorial self-government units with the very high self-assessment of the performance of the local administration identified the highest percentage of indications that the epidemic did not influence the quality of services - it amounted to 60%, while in the group of territorial self-government units with the lowest self-assessment of the performance it was almost twice as low. On the other hand, for about 14% of local administration units with the lowest self-assessment of the performance, the epidemic provided a positive stimulus to improve the quality of services.

Figure 29. Effect of the epidemic on the quality of TSU services depending on the level of efficiency of local administration



The negative effects of the epidemics on the quality of public services were more evident in self-governments, which at the same time decided to cut down their expenses more. In the group of territorial self-government units which made the least cuts in their budgets, the deterioration of the quality of public services was indicated by 35% of the respondents. On the other hand, this percentage increased by 15 percentage points in self-governments which were forced to introduce the most far-reaching savings in connection with the epidemic. If we take a look at the group of territorial self-government units making the most significant savings, the percentage indicating the negative impact of the pandemic on the quality of services amounted to 53% in rural gminas, 47% in urban-rural gminas, 43% in municipalities and 50% in cities with powiat rights. However, the units with the furthest-reaching spending reductions were more likely to report an improvement in the quality of public services due to the epidemic.

Figure 30. Effect of the epidemic on the quality of TSU services depending on the level of efficiency of local administration



The percentage of municipalities that experienced deterioration in the quality of public services due to the epidemic varied by region. The negative influence of the epidemic on the quality of public services was most often indicated by respondents from the Pomorskie Province (57%) and the southern part of the country. Positive aspects of the epidemic's impact on the quality of public services provided by local administration were most often indicated by respondents from Podlaskie Province.

Figure 31. Cartogram - percentage of territorial self-government units experiencing a negative impact of the epidemic on the quality of public services

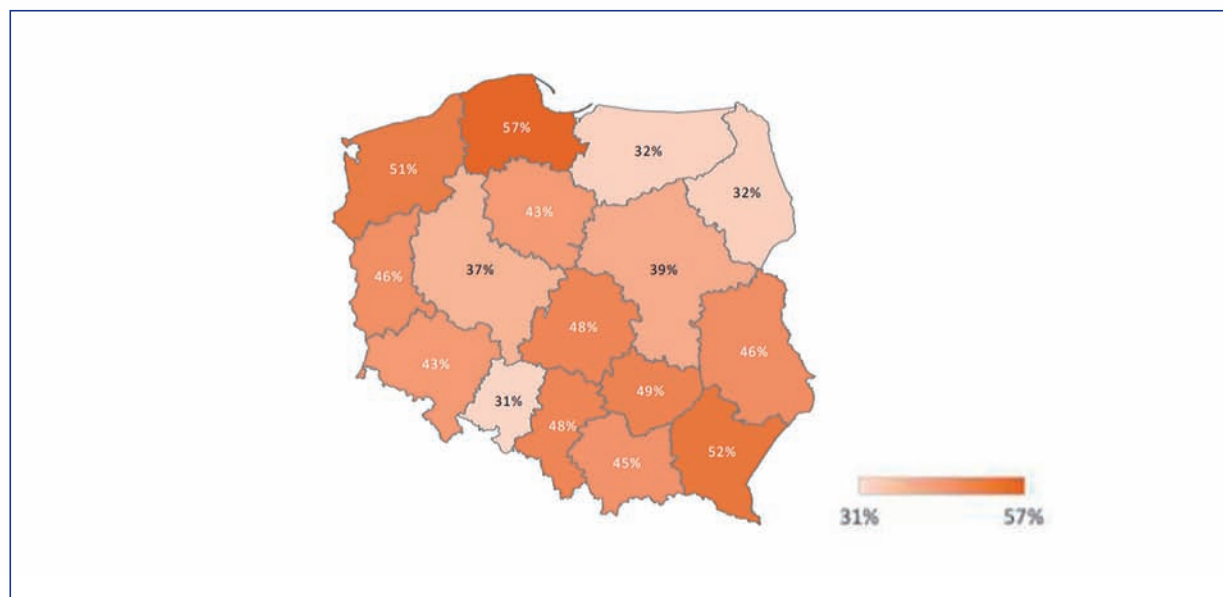
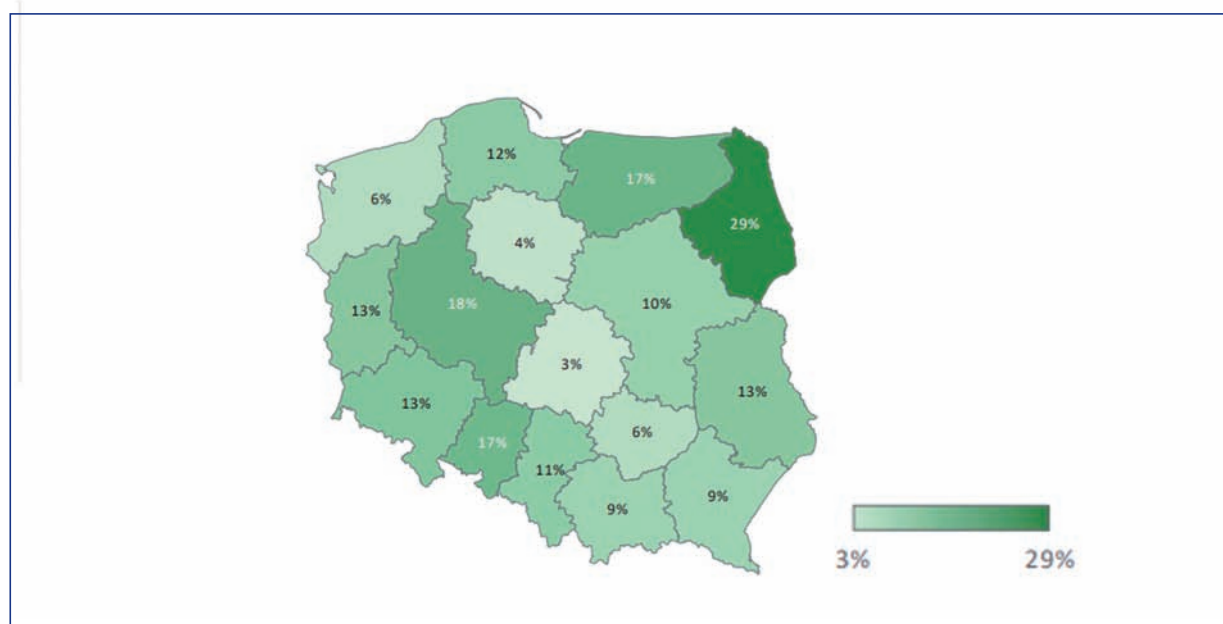


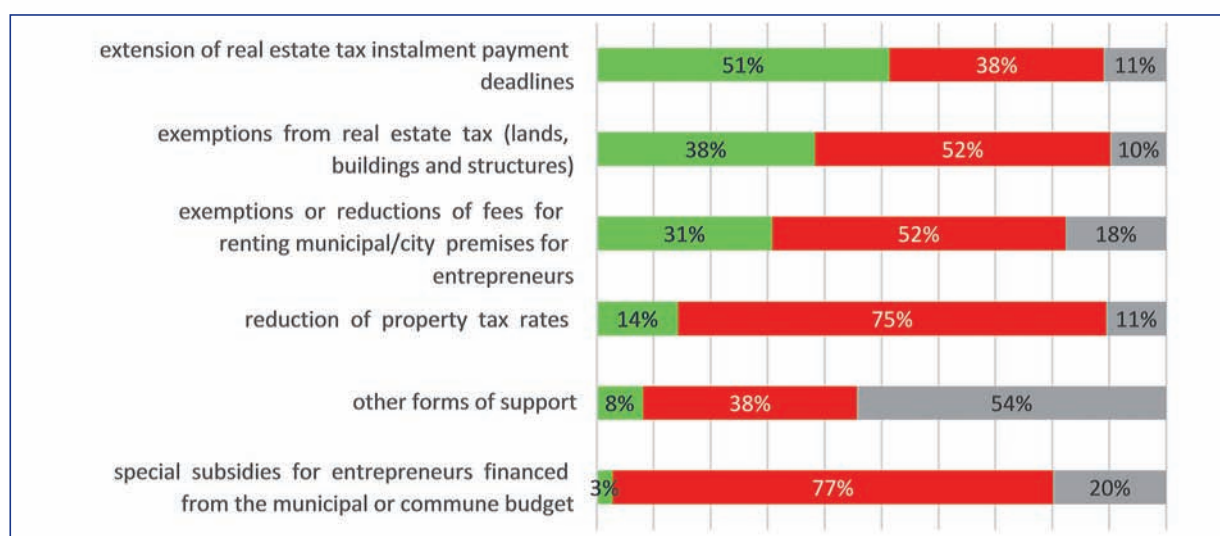
Figure 32. Cartogram - percentage of territorial self-government units experiencing a positive impact of the epidemic on the quality of public services



Support for entrepreneurs during the epidemic

The epidemic has proved to be a difficult time for many businesses in Poland. Entrepreneurs in the industries most affected by the restrictions related to attempts to limit the spread of the virus suffered severe financial losses and many companies went out⁵ of business. Local government units tried to support companies operating in their areas, using available tools - exemptions from property taxes or fees for renting premises or extending the period for repayment of debts.

Figure 33. Forms of support for entrepreneurs applied by territorial self-government units during the epidemic

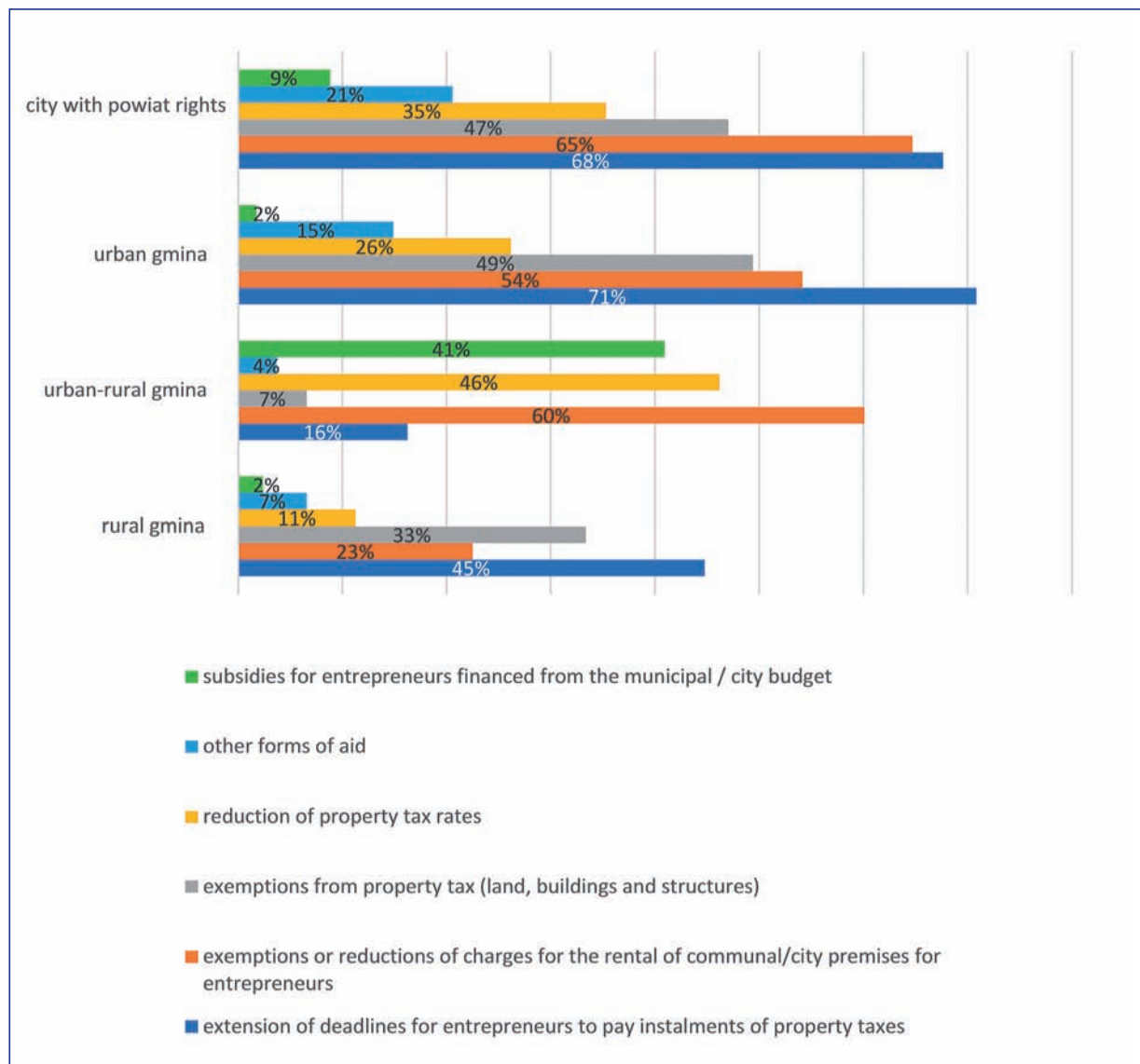


The most common form of assistance for entrepreneurs used by half of the surveyed gminas and cities was extension of real estate tax instalment payment deadlines. Also popular were exemptions from real estate tax (38%) and exemptions or reductions of fees for renting municipal/city premises (31%). Reduction of property tax rates was rare - only 14% of respondents indicated this form of assistance. Special subsidies for entrepreneurs financed from the municipal or commune budget turned out to be a marginal form of assistance.

The use of each of the forms of support for firms was much more frequent in urban and city gminas than in rural gminas. This regularity is particularly clear in case of exemptions or reductions of fees for the lease of municipal premises, where the difference between the use of this form in cities and in rural gminas is 42 percentage points. This observation is not surprising, considering that leasing municipal premises to entrepreneurs is more common in urban local governments. In both urban and rural gminas, extensions of real estate tax instalment payment deadlines were used much more frequently than in rural gminas.

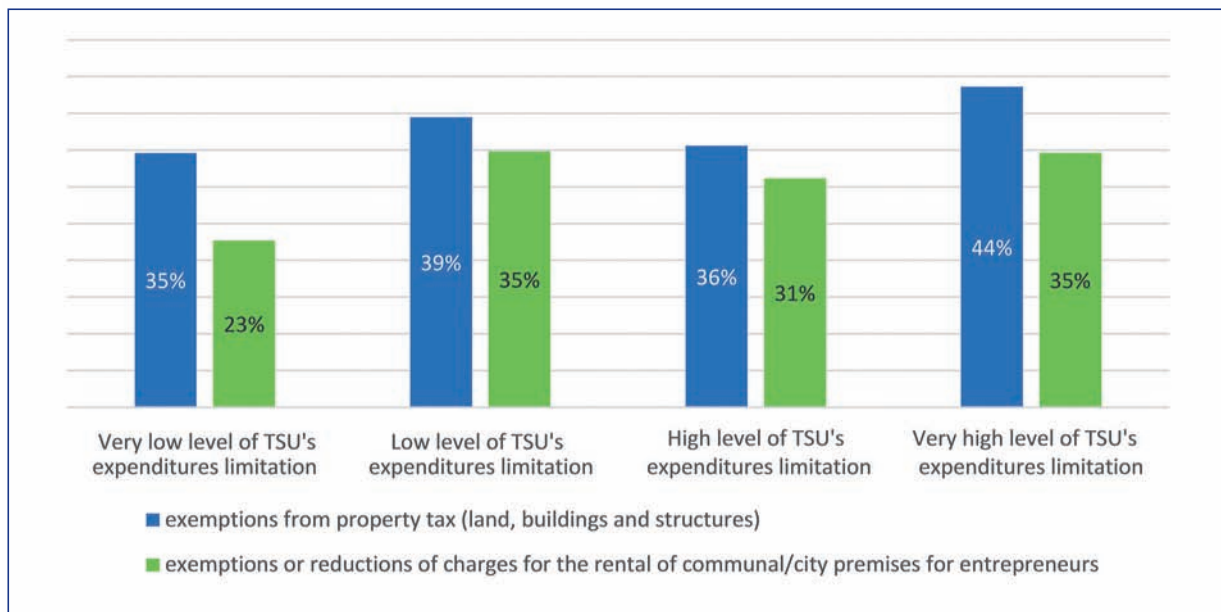
⁵ According to the report COFACE: Insolvencies of companies in Poland in Q1 2021, the number of company insolvencies increased by 122% compared to the previous year. According to the authors of the report, the scale of the increase in insolvencies 'reflects the market situation connected with tightening and subsequent lockdowns'. -the most affected industries are: transport, services and trade. Read more: COFACE press release, April 7, 2021

Figure 34. Forms of support for entrepreneurs applied by territorial self-government units during the epidemic depending on the type of commune



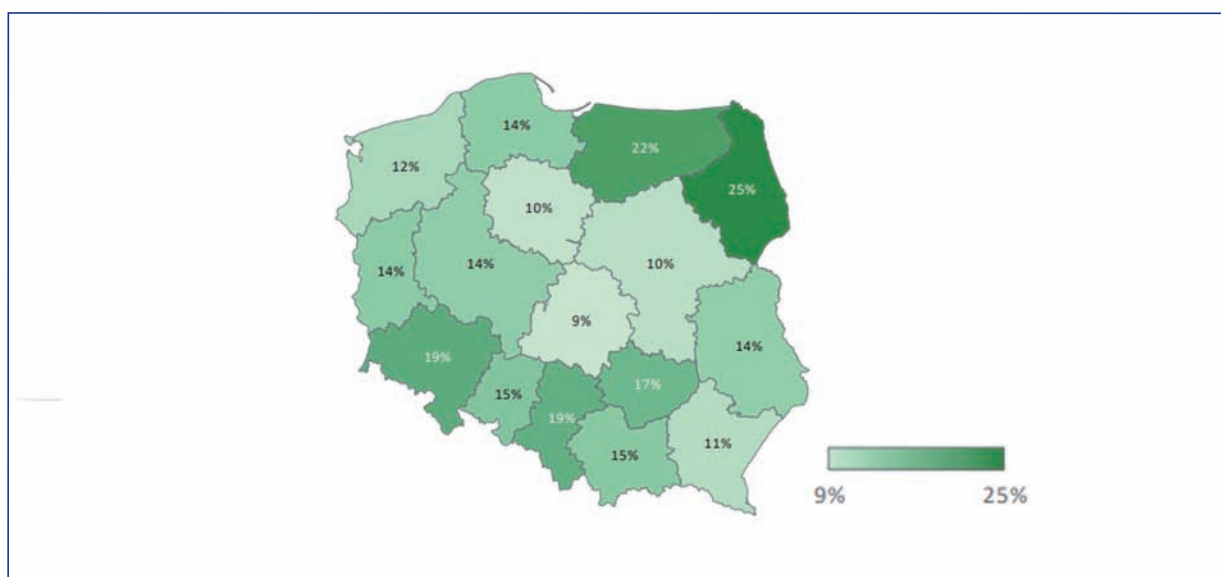
In local governments which found themselves in the group of units introducing the most extensive expenditure limitations at the same time, the application of property tax exemptions and exemptions from lease payments was reported more frequently. The reduction of revenues to municipal budgets evidently required greater expenditure cuts.

Figure 35. Exemptions from property tax and rental fees according to the level of limitation of expenditures in territorial self-government units



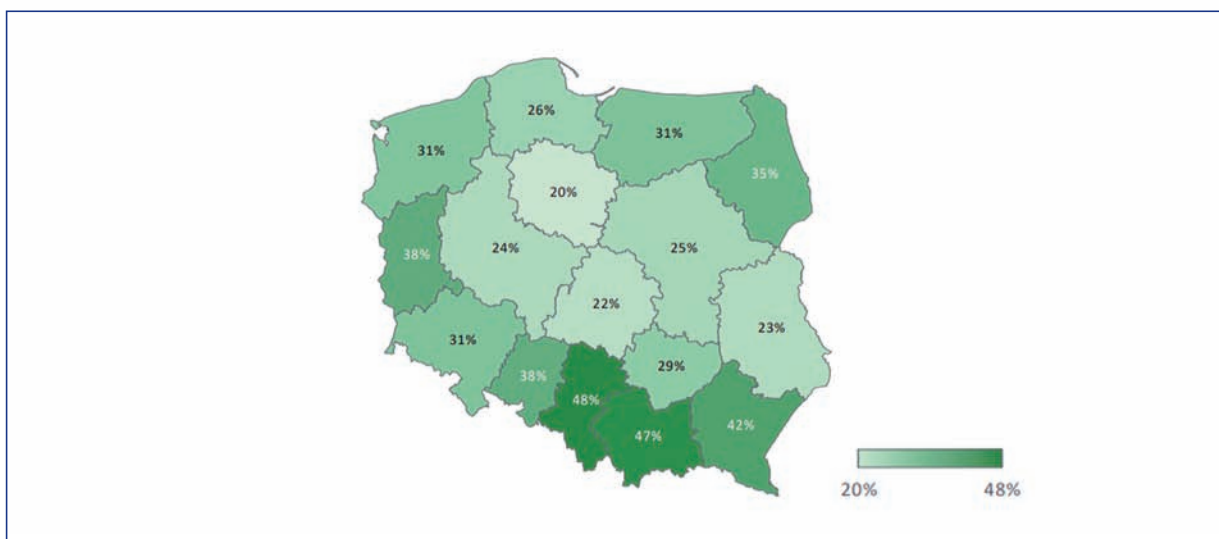
The frequency with which local governments applied both forms of aid to local entrepreneurs varied by region. The use of real estate tax exemptions was most often indicated by surveyed representatives of gminas from north-eastern voivodships, especially from Podlaskie voivodship (25%).

Figure 36. Cartogram - percentage of territorial self-government units applying the reduction of the property tax rate



On the other hand, exemptions or reductions of fees for the lease of municipal/city premises for entrepreneurs were much more popular in municipalities from the southern voivodships - especially Śląskie (48%) and Małopolskie (47%).

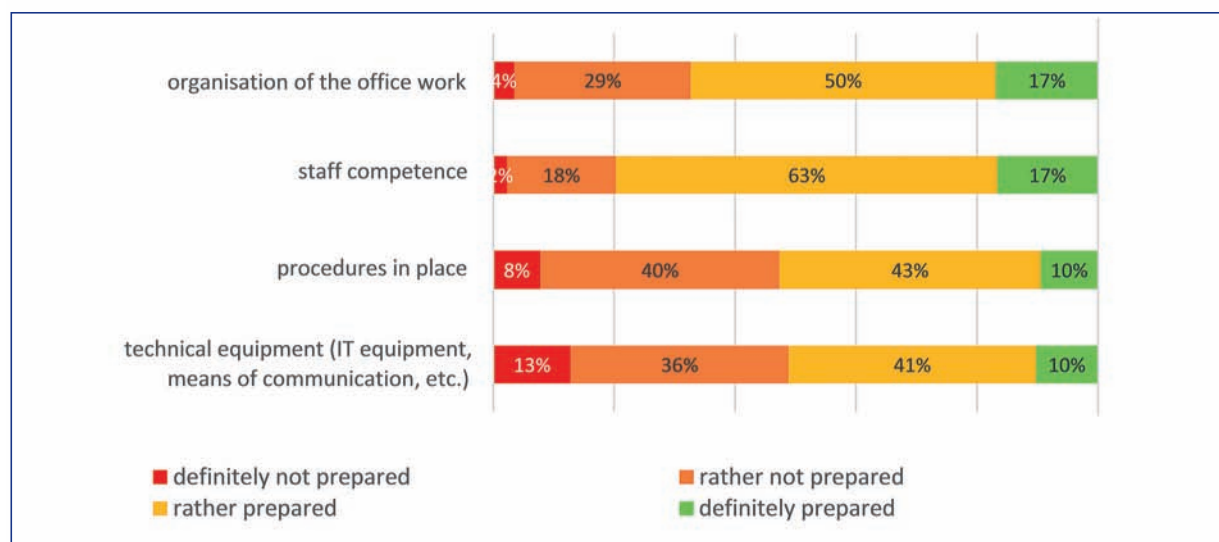
Figure 37. Chart - percentage of territorial self-government units applying exemptions or reductions of charges for rental of commune/town premises for entrepreneurs



Assessment of territorial self-government units' preparedness for an epidemic

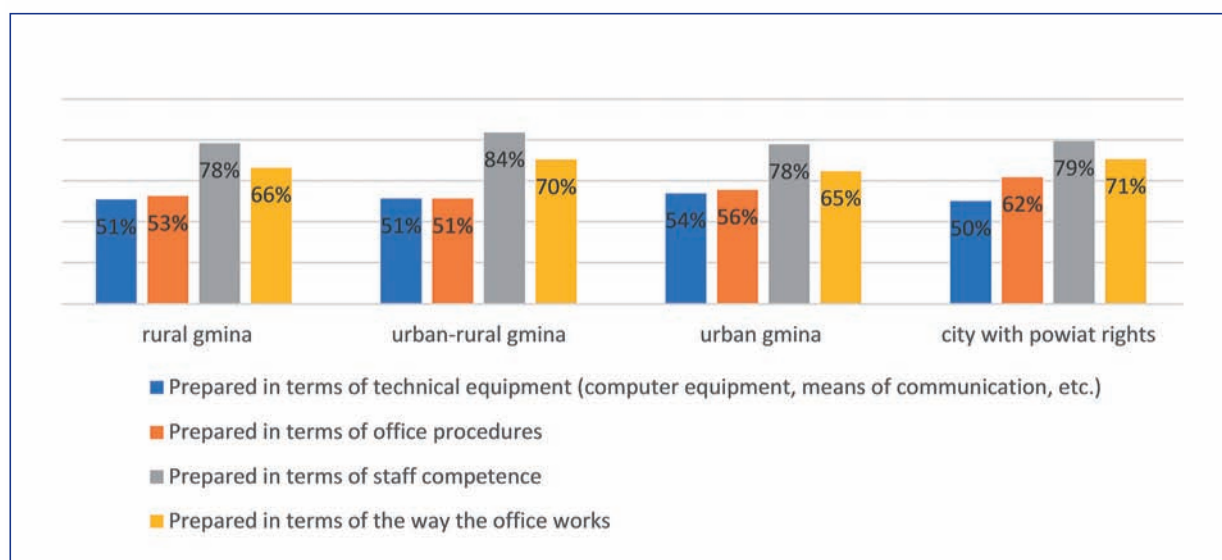
The answers of gmina secretaries to the questions about their assessment of the level of territorial self-government units' preparedness for an epidemic revealed two areas of deficits. Almost half of the respondents stated that their self-government units were not prepared for an epidemic in terms of procedures in their offices and technical equipment.

Figure 38. From today's perspective, to what extent was your office prepared for an emergency situation such as an outbreak in terms of...



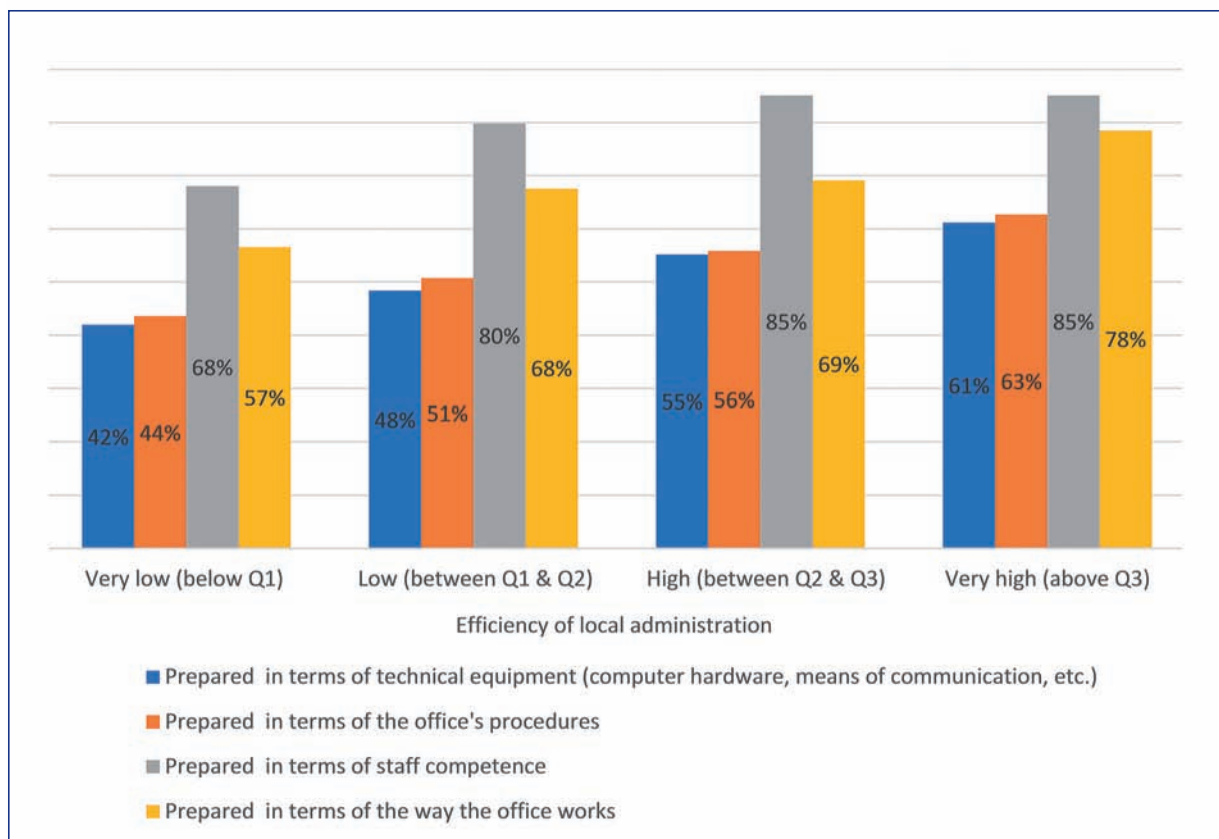
Respondents from cities with powiat rights, more often than representatives of other types of territorial self-government units indicated that their units were prepared for the pandemic in terms of the organisation of the office work and the procedures in force. On the other hand, representatives of urban-rural gminas more often than representatives of other types of territorial self-government units indicated that their units were prepared in terms of staff competence. In urban gminas, more often than in other types of territorial self-government units declared that their units were prepared for a pandemic in terms of technical equipment (computer equipment, means of communication).

Figure 39. Preparation of territorial self-government units for an epidemic versus the type of self-government unit



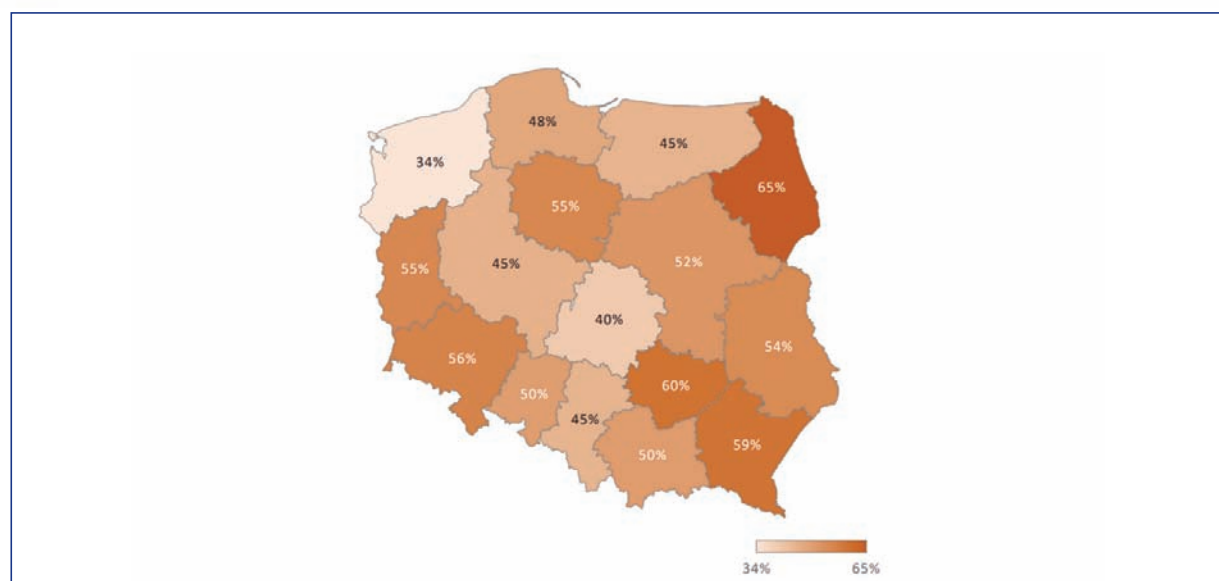
When analysing the level of territorial self-government units' preparedness for the pandemic, it is worth referring to the already used quartile measure based on self-assessment of the local administration performance. Offices which were assessed as the most efficient were also the best prepared to face the challenges of the epidemic, the strongest aspects of their preparedness being staff competence and the organisation of their work.

Figure 40. Preparation of territorial self-government units for an epidemic versus efficiency of local administration



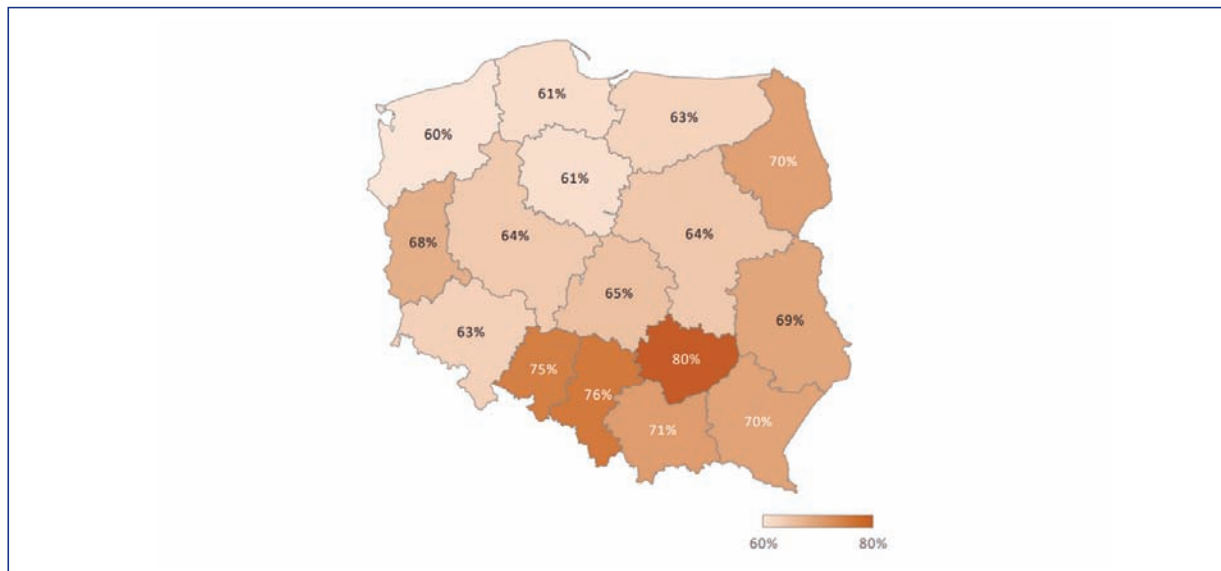
It was also interesting to notice the territorial diversification of the level of territorial self-government units' preparedness for an epidemic outbreak. Technical preparedness for a pandemic was most often declared by representatives of gminas and cities of Podlaskie, Świętokrzyskie and Podkarpackie voivodships. Municipalities from Zachodniopomorskie and Łódzkie voivodships were least prepared in terms of computer equipment and access to means of communication.

Figure 41. Cartogram - percentage of territorial self-government units which were prepared to a pandemic in terms of technical equipment



In terms of work organisation, respondents from southern voivodships - especially Opolskie, Śląskie and Świętokrzyskie - were most positive about their preparation for the epidemic.

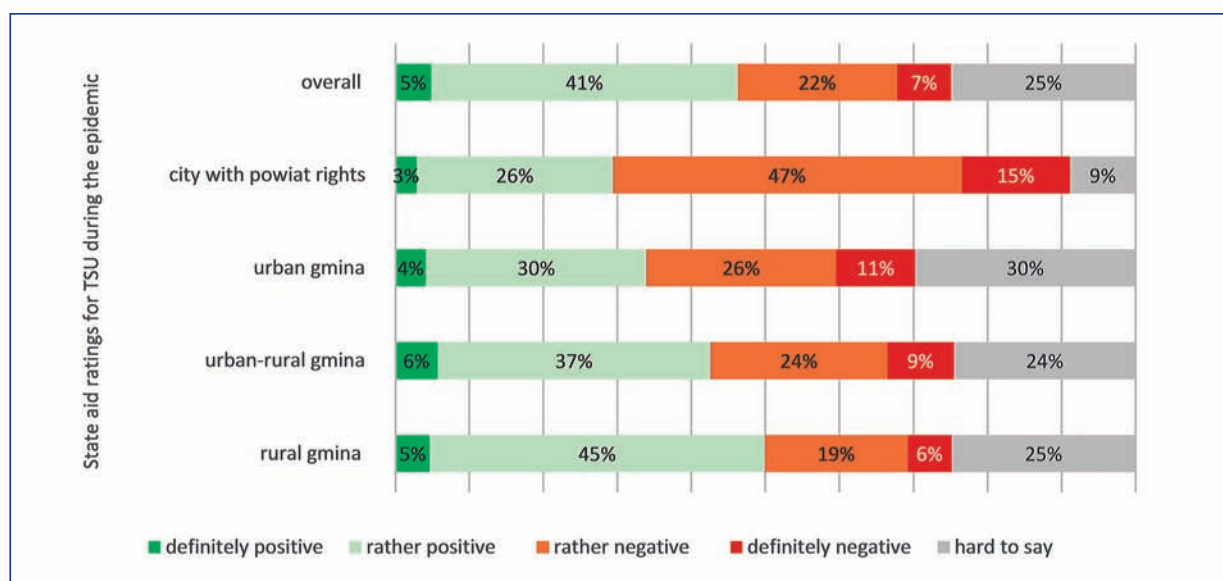
Figure 44. Percentage of territorial self-government units which were prepared to a pandemic in terms of the way of organising their office work



State aid to local authorities during the epidemic

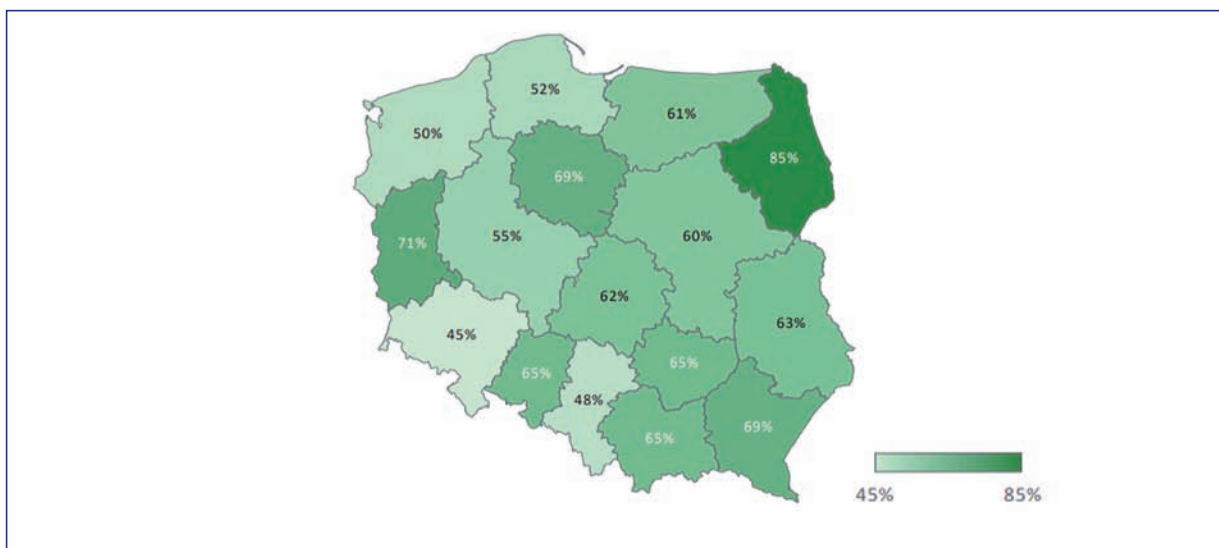
The secretaries of gminas/towns were asked how they evaluate the support of the state (including provincial structures) for local government units in the situation of the SARS-CoV-2 epidemic. **Every fourth respondent had a problem with answering this question.** In general, positive answers prevailed (46%), **in particular among representatives of rural gminas (50%) which, as shown in previous analyses, were least affected by the negative consequences of the epidemic.** Representatives of cities with powiat rights were most critical - as much as 15% of them assessed the government support during the epidemic as definitely negative (in rural gminas this percentage was 6%) and as much as 47% as rather negative.

Figure 45. State aid ratings for TSU during the epidemic according to the type of municipality



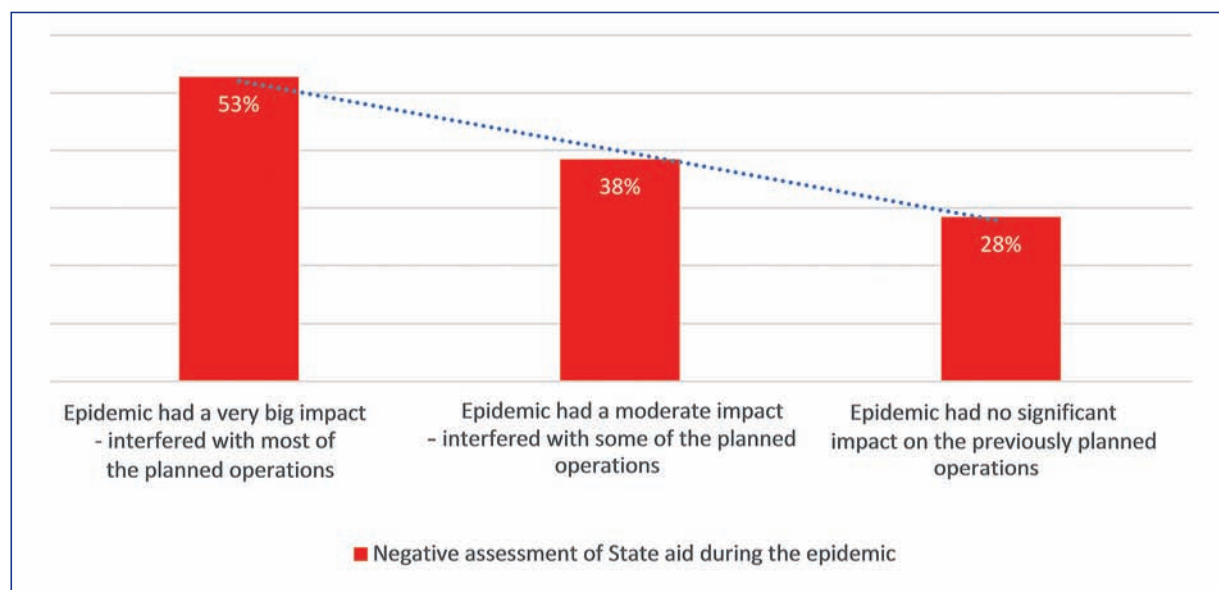
There are clear territorial differences in respondents' assessment of government assistance to territorial self-government units affected by the epidemic. Record-high percentages of respondents who were positive about government support to self-government units during the epidemic were noted in Podlaskie (85%) and Lubuskie (71%) voivodships. Respondents from Dolnośląskie (45%) and Śląskie voivodships (48%) were least satisfied with the State aid in that period.

Figure 46. Cartogram - percentage of positive assessments of state aid during the epidemic



The respondents' critical attitude towards the State aid their self-government units received during the epidemic clearly depends on the extent to which the epidemic disrupted the actual operations of territorial self-government units. This explains the phenomenon of Podlaskie voivodship, whose gminas and cities relatively least frequently experienced a significant negative impact of the epidemic on implementation of planned activities.

Figure 47. Negative ratings of state aid according to the scale of disruption to TSU plans caused by the epidemic



Summary

The survey made it possible to present the opinions of representatives of communes and towns on the impact of the epidemic on the realization of plans of territorial self-government units, the work of their officials, finances and the quality of provided services.

Implementation of plans

- The pandemic disrupted implementation of planned activities in most of the territorial self-government units surveyed - its effects were particularly severe in urban gminas and cities with powiat rights.
- In the opinion of more than 60% of the respondents, the pandemic disrupted implementation of some of the planned activities in their units. The serious consequences of the pandemic for territorial self-government units' activities were indicated by 15% of all interviewed gmina secretaries. Nevertheless, the scale of disturbances depended on the type of self-government: among representatives of cities with powiat rights, 38% of the respondents indicated the disruption of most of the planned activities, much more than in case of rural gminas (12%).
- Disturbances in implementation of planned activities are directly related to the scale of territorial self-government units' expenditure limitations. In self-governments, where the respondents indicated the highest level of expenditure limitations, when compared with other territorial self-government units, one can see at the same time a significantly higher percentage of respondents indicating very high interruptions in implementation of their plans.
- The analysis results show that the pandemic disrupted to the least degree the plans of units with average financial and human resources potential. Representatives of territorial self-government units with the lowest staffing potential and the most modest financial resources and those with the largest budgets and the largest staffing potential more often indicated more serious disturbances in their activities. Too modest financial and human resources may prove insufficient in the face of challenges brought by the pandemic. In turn, the largest local governments, despite the greatest potential, must also face a greater scale of difficulties that arise in more densely populated and larger local government units.
- The scale of the negative consequences of the pandemic for the execution of self-government units' plans was clearly territorially diversified. In particular, respondents from self-government units in Eastern Poland (Podlaskie, Lubelskie and Podkarpackie voivodships) were relatively least likely to indicate that most of the planned activities would be significantly disrupted in their units. Respondents from Śląskie, Świętokrzyskie or Mazowieckie voivodships more often indicated that the epidemic had a very large negative impact.

Work in local government offices

- Above all, the pandemic had a negative impact on the work of officials from cities and municipalities. According to 33% of respondents, the work of most of the employees of their units was disrupted or required changes due to the pandemic. For urban municipalities (41%) and cities (44%), this percentage was much higher than for rural municipalities (30%). The respondents from units with the lowest, in comparison with other self-governments, staff potential indicated a significant disorganization of the work

of officials more often (the difference amounted to 8 percentage points) than from units which in terms of the value of the staff potential index were in the highest quartile.

- As indicated by the answers of the interviewed secretaries of municipalities, the state of the epidemic disrupted the work of officials from Podlaskie Province to the least extent. Respondents from north-western Poland and from Śląskie voivodship most often indicated that their work in their offices was seriously disrupted due to the pandemic.
- In the vast majority (71%) of TSUs, remote work was introduced in the pandemic period. While this solution was used by 84% of municipalities and in cities with powiat rights it was practically a common solution (indicated by 94% of the respondents), remote work was used less frequently in rural gminas (67%).
- Remote work was introduced slightly more often (69%) in offices which, according to the respondents' declarations, were definitely prepared for the epidemic in terms of technical equipment, than in those which declared a definite lack of such preparation (65%). There is also a clear territorial diversification in applying this solution in territorial self-government units - remote work for most or all officers was introduced in 41% of surveyed territorial self-government units from Lubuskie, 36% from Wielkopolskie and only 14% of territorial self-government units from Podlaskie and 17% from Lubelskie.
- In case of 76% of territorial self-government units covered by the survey, some of their employees had to perform additional tasks relating to counteracting the effects of the epidemic. However, changes in the scope of duties were indicated much more often (48%) in the narrow group of territorial self-government units, where a vast majority of officers had to perform additional tasks due to the epidemic. In the majority of territorial self-government units, where only a part of officials had to perform additional tasks, changes in the scope of duties in connection with the epidemic were indicated by 19% of respondents.
- In the context of coping with the challenges which the pandemic brought to territorial self-government units surveyed, earlier preparation in terms of adequate procedures proved to be particularly important. In the group of respondents who stated that their territorial self-government units were definitely prepared for the pandemic in terms of procedures, the percentage reporting a significant, negative influence of the crisis on officers' work amounted to 29%. In the group of territorial self-government units which were assessed by the respondents as unprepared for the pandemic in terms of procedures, the percentage was 20 percentage points higher.

Personnel policy in offices

- Almost all (96 %) of those interviewed denied that staff had been made redundant in their units as a result of the epidemic. However, the challenges of working during the epidemic and the almost universal disruption of work in most offices were accompanied by reductions in spending on personnel policies. About 27% of the surveyed territorial self-government units' secretaries indicated the limitation of expenses for training of employees, the limitation of bonus payments concerned 37% of units and the limitation of awards concerned 51% of territorial self-government units.
- In case of local government units where there was no need to perform additional tasks connected with the epidemic, 43% of the respondents denied definitely that they had limited expenses for training of employees. On the other hand in the case of local governments, where the vast majority of officers performed additional tasks, the reduction of training expenses was confirmed by 38% of the respondents.

Finances of TSU

- In the case of many local government units, the pandemic forced expenditure cuts. The greatest reductions in expenditures were made in cities with county rights, where almost 44% of the units were in the category with the greatest savings. For all municipalities that percentage was lower by 19 percentage points. The lowest level of expenditure restraint was observed in rural gminas. In the regional dimension, differences in the scale of the epidemic-related restrictions in TSU expenditures are evident. The percentage of municipalities making the largest budget cuts was recorded in Warmińsko-Mazurskie (35%), Podlaskie (31%), Wielkopolskie (31%) and Dolnośląskie (30%) voivodships.
- The greatest expenditure cuts were made in relation to gmina/city promotion (71% of gminas cut down their expenditures), culture (65%), sports and recreation (60%). The necessity to reduce expenditures to a very high or moderate degree was indicated least often in the case of such items as: maintenance of cleanliness (which might have even increased during the epidemic), education (16% of territorial self-government units indicating savings in these categories each) and gmina/city council functioning costs.
- Investments were limited in connection with the pandemic most often in cities (56%) and urban gminas (37%) and least often in rural gminas (28%). It is worth noting that respondents from more than one-fifth of the examined cities with powiat rights indicated a very high limitation of investment expenditures.

Quality of TSU service delivery

- As many as 44% of respondents indicated the unambiguously negative effect of the epidemic on the quality of public services of their territorial self-government units. It is worth noting, however, that the negative impact of the epidemic on the quality of services was indicated much more often in cities (58%) than in rural gminas (45%).
- The factor, which to some degree protected self-governments from the negative consequences of the epidemic for the quality of their public services was the high efficiency of the local administration. In the group of territorial self-government units classified as those with very high efficiency of the local administration, the negative impact of the pandemic on the quality of services was declared by 32% of respondents and in the group of territorial self-government units with the lowest values of this index, the percentage of such declarations was 21 percentage points higher.
- The negative influence of the epidemic on the quality of public services was most often indicated by respondents from Pomorskie (57%) and Southern part of the country. Positive aspects of the epidemic's impact on the quality of public services provided by local administrations were most often indicated by respondents from Podlaskie Province.

Support for entrepreneurs during the epidemic

- The most common form of assistance for entrepreneurs used by half of the communes and cities was extension of real estate tax instalment payment deadlines (indicated by 51% of the respondents). Also popular were exemptions from property tax (38%) and reductions in fees for rental of gmina/city premises (31%). Reductions of property tax rates were rare - only 14% of respondents indicated this form of assistance. Special subsidies for entrepreneurs financed from the municipal or commune budget turned out to be a marginal form of assistance (3%).
- The use of each of the forms of support for firms was clearly more frequent in urban and city gminas than in rural gminas. In case of exemptions or reductions of fees for renting municipal premises, the difference between the use of this form in urban and rural gminas amounted to 42 percentage points.

- The use of real estate tax exemptions was most frequently indicated by respondents from gminas in the north-eastern voivodships, particularly in Podlaskie (25%). On the other hand, exemptions or reductions of fees for the lease of municipal/city premises for entrepreneurs were much more popular in the municipalities of the southern voivodships - especially Śląskie (48%) and Małopolskie (47%).

Assessment of territorial self-government units' preparedness for an epidemic

- Almost one in two of the municipal secretaries surveyed felt that their unit was not prepared for an outbreak in terms of office procedures or technical equipment.
- Respondents from cities with powiat rights, more often than representatives of other types of territorial self-government units indicated that their units were prepared to the pandemic in terms of organisation of the office's work (71%) and procedures applicable there (62%). In cities gminas, more often (56%) than in other types of territorial self-government units (50%-51%) declared that their unit was prepared to the pandemic in terms of technical equipment (computer equipment, means of communication).
- In technical terms, territorial self-government units of Podlaskie (65%), Świętokrzyskie (60%) and Podkarpackie voivodships (59%) declared their preparedness for the pandemic most frequently. The gminas least prepared in terms of computer equipment and access to means of communication were those of Zachodniopomorskie (34%) and Łódzkie (40%).
- Opinions on the best level of preparation of TSU in terms of office procedures were most frequent in gminas of Podlaskie (61%), Świętokrzyskie (67%) and Opolskie (63%). At the same time, these were the voivodships in which the surveyed gmina secretaries indicated the negative consequences of the pandemic less frequently.
- The respondents from Lubuskie voivodship (87%) most often declared that the officials were well prepared for the challenges posed by the epidemic, while the representatives of gminas from Warmińsko-Mazurskie (75%), Zachodniopomorskie (75%) and Dolnośląskie (74%) were the least prepared.
- In terms of organisation of work, respondents from southern voivodships - especially Opolskie (75%), Śląskie (76%) and Świętokrzyskie (80%) - were most positive about their preparation for the epidemic.

State aid to local authorities during the epidemic

- The secretaries of municipalities/cities were asked how they evaluate the state assistance (including provincial structures) to local government units in the situation of the SARS-CoV-2 epidemic. Positive answers prevailed (46%), especially among representatives of rural municipalities (50%).
- Representatives of cities with powiat rights were most critical - as many as 15% of them assessed the state aid during the epidemic as definitely negative (in rural gminas this percentage was 6%).
- The critical attitude of respondents to state aid received by their self-government units during the epidemic clearly depends on the extent to which the epidemic disrupted the actual activities of territorial self-government units.
- High percentages of respondents positively evaluating government support for local government units during the epidemic were noted in Podlaskie (85%) and Lubuskie (71%) voivodships. Respondents from Dolnośląskie (45%) and Śląskie voivodships (48%) were least satisfied with the state aid in that period.



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