



DRAFT

BUDGET 2013

	2011	2012	2013	2014	2015
Milers d'euros	Liquidat	Estimació	Previsió	Previsió	Previsió
RESULTAT CORRENT					
RESULTAT CORRENT (ORDINARI)	2.011.701	2.387.946	2.326.075	2.367.532	2.444.444
(+) Ingressos corrents	1.886.366	1.944.835	1.956.517	1.968.532	2.021.490
(-) Despeses corrents (*)	125.335	443.111	369.599	398.999	422.953
(=) Estalvi brut	6,2%	18,6%	15,9%	16,2%	17,8%
% Estalvi brut s/ingressos corrents					
RESULTAT DE CAPITAL (INVERSIONS)					
(+) Ingressos de capital	143.885	58.716	38.774	20.000	20.000
(-) Despeses de capital	661.814	463.466	357.591	380.395	404.512
(=) Superàvit (dèficit) de capital	(517.929)	(404.750)	(318.817)	(360.395)	(384.512)
Ingressos no financers totals	2.155.586	2.446.662	2.364.850	2.387.532	2.474.490
Despeses no financeres totals	2.548.180	2.408.301	2.314.104	2.348.928	2.425.902
(=) CNF (Capacitat (Necessitat) de Finançament)	(392.594)	38.961	50.742	38.604	38.541
% CNF s/ Ingressos no financers	-18,2%	1,6%	2,1%	1,6%	1,6%
CAPACITAT / (NECESSITAT) FINANÇAMENT -CNF					
FONTS DE FINANÇAMENT DE CNF					
(-) Ingressos financers	36.094	166.232	104.293	130.800	156.850
(+) Despeses financeres	112.085	95.577	107.301	131.496	157.484
(=) Operacions financeres netes	(75.991)	70.655	(3.008)	(696)	(634)
(+) Excedent (dèficit) de finançament anual	(158.430)	109.016	47.734	37.947	37.907
Excedent (dèficit) de finançament anual acumulat (Any base 2000)	1.090.101	1.165.101	1.161.376	1.160.680	1.160.046
ENDEUTAMENT	64,2%	48,6%	45,9%	45,6%	47,5%
Endeutament previst a 31/12					
% Deute s/ Ingressos corrents					
% Deute de contingència					

* Dades consolidades en termes SEC-95, Sector Administració Pública de l'Ajuntament de Barcelona

(*) Inclou Fons de contingència

Detailed report

October 2012



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Foreword

The budget is the cornerstone of the City Council's policy-making process. Its purpose is to establish priorities, allocate resources and set the political agenda for the year. It is therefore a key document affecting the life of every citizen of Barcelona.

The road map used to define these goals and priorities is the Barcelona City Council's 2012-2015 Strategic Framework. This document establishes the city's main policy pillars and targets, its strategic and functional targets, measures and investments.

The 2013 budget presented here has been prepared within the framework of new legislation on budgetary stability and against the background of an extremely complex economic and social climate.

The current economic and social situation means that policy priorities must focus first and foremost on reactivating the economy and on services to people. Barcelona is well positioned to be at the forefront of the economic recovery. The Barcelona brand is a prestigious one and, in spite of the economic climate, the city continues to attract companies and business. We must build on this competitive advantage and focus the efforts of the entire organisation on kick-starting the economy. This can be done through boosting the economy directly but also through a wide range of measures such as promoting cultural activities, attracting sports events to the city, supporting universities and research establishments, and ensuring the city is clean and safe in order to develop a high quality, sustainable tourism industry. Meanwhile, looking within the organisation, we must ensure all its employees, processes and procedures are at the disposal of those who want to do business in our city. Making things easier. At the same time, we must support our most vulnerable citizens, those who have been hardest hit by the economic crisis. We must help those who have the greatest difficulty finding work to improve their chances of getting a job. Meanwhile, the number of people and families losing their homes is one of the greatest problems we face. The City Council must work to help those who find themselves in this situation through measures such as reception centres and emergency social housing. Poverty, and in particular new poverty, is another key issue, especially where it affects children. It is essential to ensure that families' basic needs are met, and so we will be providing more places in social canteens, giving out more canteen vouchers and working in the hardest hit districts to help them recover. Although the gravity of the situation means we must focus on the immediate problems, we must not lose sight of our vision of the future we want to build for Barcelona. Urban regeneration is, therefore, another key priority. The city of the future is a clean, sustainable, smart city which serves its citizens, has a metropolitan outlook and takes pride in its role as Catalonia's capital.

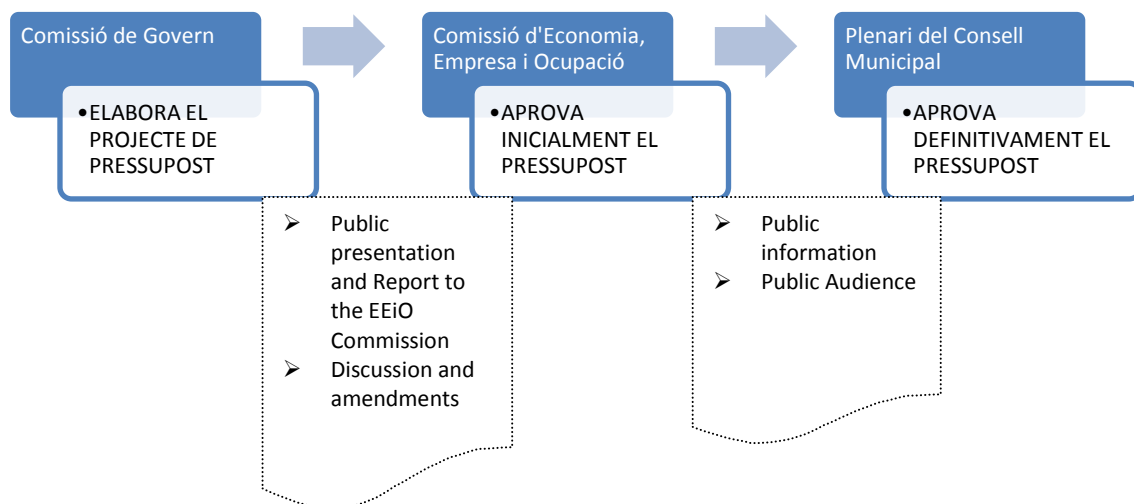


1. Executive summary

The City Council may perform the duties assigned to it, such as safety, cleaning, culture, education and economic development, either directly (through the Council itself or through its own bodies, companies and other entities) or through service sector entities and private companies.

The information contained in Barcelona City Council's general budget includes the Council's own budget and that of all the organisations and entities in which the Council is a majority shareholder. Information is also included in the appendices on investment plans for 2013-2015 and on the City Council's staff.

The budget is prepared by the City Government and initial approval is given by the Municipal Council's Commission for the Economy, Enterprise and Employment (CEEiO). It is then available for the public to examine for 15 days, during which time any objections may be lodged. The relevant dates must be announced beforehand in the Official Gazette of Barcelona Province. A Public Audience will be held during this period. The Plenary Assembly of the Municipal Council will approve the final version of the budget.



The cornerstone of the 2013 budget is **transparency** and **the three main objectives** kept in mind throughout the drafting process are:

- Rigour, confidence and economic growth
- Guaranteeing the fulfilment of strategic priorities
- Guaranteeing stability, sustainability and financial liquidity

A budget prepared with **rigour, intended to generate confidence and promote Barcelona** as a capital city with an international outlook, one which is associated with rigour, confidence and economic growth.

A budget focusing on **clear public goals**, with a defined strategic direction based on three pillars: reactivating the economy, public services and urban regeneration. Barcelona City Council's 2012-2015 Strategic Framework sets out seven target groups, 40 city-wide objectives and 146 strategic objectives, which are converted each year into specific measures and investments with resources assigned to them in the city's budget.

This budget is designed to comply with **financial targets**.

- Stability: zero deficit Capacity / Financing Need (*) ≥ 0
- Sustainability: debt $< 60\%$ of ordinary income
- Investment capacity:
- gross savings (ESA adjusted (*)) = 15% ordinary income
- Liquidity: guarantee payment at 30 days

To sum up, a rigorous budget for a city that looks inward to its people and outwards to Europe, generating confidence.

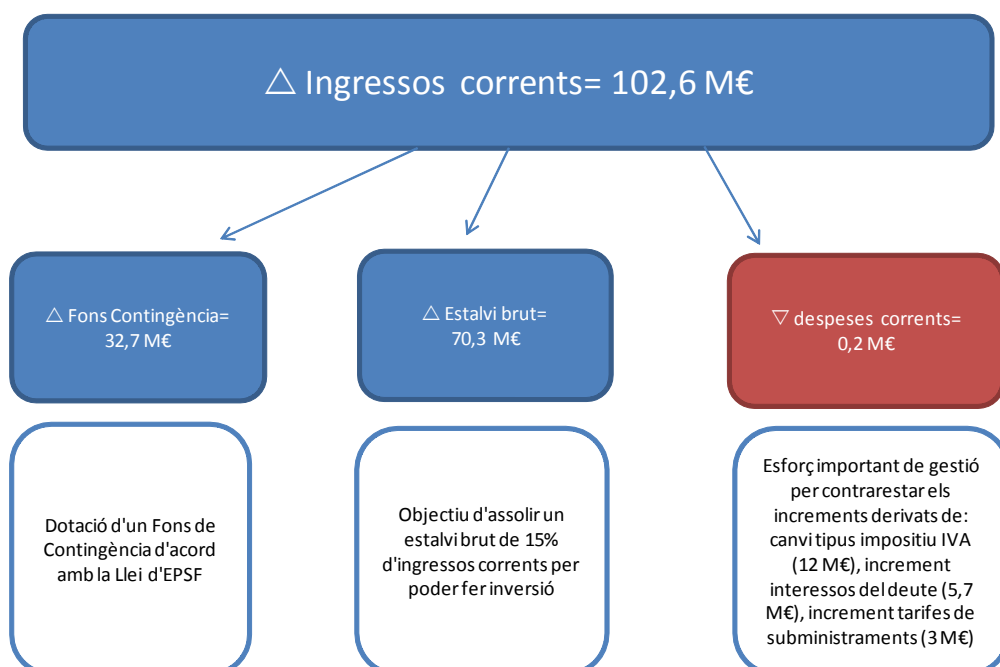
Section two of the report contains a brief review of the general economic context and that of Barcelona in particular. In section three we outline how policy-makers and managers work together to align the administration of the city with political aims and how the executive budget and strategic maps facilitate this. The executive budget is based on strategy and is consulted for the purposes of allocating resources. In section four the general vision for the city is set out, the City Map, together with the political goals contained in the 2012-2015 strategic framework and road map, on which the annual budgets are based. The City Council's key income and expenditure figures are set out in section five, while section six contains the consolidated budget figures for both the public administration sector (in accordance with the European System of Accounts) and the consolidated accounts as required by the Law Regulating Local Finances.

The City Council's total budget for 2013 is 2,328.3 million euros, up 1.4% on the initial budget for 2012.

Forecast non-financial income totals 2,226.5 million euros, of which 2,196.7 million euros are ordinary income and 29.6 million euros are capital income. The figure for ordinary income is 4.9% higher than in the 2012 budget while capital income will fall by 16.9% (6 million euros).

Non-financial expenditure will total 2,215.1 million euros, 0.8% higher than in 2012. Ordinary expenditure is estimated at 1,834.6 million euros, almost exactly the same as the initial budget for 2012. Capital expenditure (investments) will total 347.8 million euros, down 3.9% on the previous year.

The figures for the ordinary expenditure budget demonstrate the considerable efforts made to improve management. Although ordinary income is increasing, growing by 102.6 million euros compared with 2012, in accordance with the Law on Budget Stability and Financial Sustainability, resources must be allocated to a contingency fund. 32.7 million euros have been set aside for this fund, which must be deducted from ordinary expenditure. Meanwhile, a gross savings target equivalent to 15% of ordinary expenditure has been set, funds which will be reallocated to investments. This means reducing ordinary expenditure by 70.3 million euros compared with the initial budget for 2012. Finance expenses (the interest payable on debt) will also increase by 5.7 million compared with 2012. Other ordinary expenditure must, therefore, be reduced across the board, requiring improvements in efficiency and prioritising spending to focus on areas with the greatest impact on our desired objectives and on the most urgently needed services, setting aside less important projects or reducing spending on them for the moment.



In strategic terms, the beneficiaries of 42.2% (935.3 million euros) of total expenditure, including ordinary expenditure and investments, will be the city's people and families, entities and associations, economic agents and knowledge centres (under the Beneficiaries heading in the City Map). These include activities and services for people and families (education, culture, sports, social care, health, public protection and security, promoting employment and attending to the public), which account for 35.5% of current expenditure and investments. Resources transferred directly to associations and entities (cooperation and aid, participation, etc.) are shown under the target group "entities, associations and sports, social and cultural agents". This target group refers to expenditure on promoting cooperation between the entities and associations involved in the life of the city. In practice this cooperation is mainly reflected in the objectives linked to people. Service sector entities, for example, participate in the provision of cultural services and social measures aimed at people and families. A total

of 125.7 million euros is allocated to the target group "economic agents and knowledge centres" and includes services to promote trade, municipal markets and tourism, business support services, services to promote strategic sectors for the city (mobile telephone, electric vehicles, agro-food, biomedicine, etc.), raising the city's profile via fairs and congresses or major sporting events.

37.2% of ordinary expenditure and investments (823.6 million euros) is allocated to structural issues, covering the essential services to ensure the city functions, and is aimed at developing a new model for a healthy city where environmental services, town planning, infrastructures and ICTs are fully integrated. This includes cleaning services, waste collection, water supplies, sewers, and lighting together with environmental services (green spaces, environmental education, energy resources), public transport and mobility, town planning and housing.

The target groups included under the resources heading include those related to budgeting and finances (economic administration, finances, fiscal management); to the management of assets (rentals, utilities and the maintenance of administrative buildings); interest payments on debt; the general administration of support services (human resources, procurement, legal services, etc.); the governing bodies and, finally, the cost of ICT and collaboration with other government bodies (principally the Barcelona Metropolitan Area). These activities account for 20.6% of total ordinary expenditure and investments (456.2 million euros), of which interest charges account for 50 million euros and transfers to the AMB some 82 million euros.

2. The economic context

Macro-economic indicators for 2012 show that the global economy is once more slowing down, although at notably different rates in different regions. While the US and Japanese economies are picking up, the main emerging economies are expanding less quickly and economic activity is declining in the euro zone and expectations remain poor. The IMF has reduced its global GDP growth forecast to 3.3% for 2012, half a point lower than the 2011 figure, and it forecasts growth of 3.6% in 2013.

The main factor behind this slowdown is the worsening sovereign debt crisis in the euro zone, with Greece and Spain at its epicentre. GDP in the euro zone shrank in the second quarter of 2012 by 0.5% year-on-year due to ongoing financial pressure, uncertainty as to the future of the single currency and declining economic activity in the countries at the periphery of the EU. The European Commission forecasts that the region's economy will shrink slightly in the year (by 0.3%) and recover slightly in 2013, growing by 1%. The deal agreed by the European Council on 28 June represented a major change in the management of the crisis, combining steps towards a banking union with a 120 billion euro EU growth agenda.

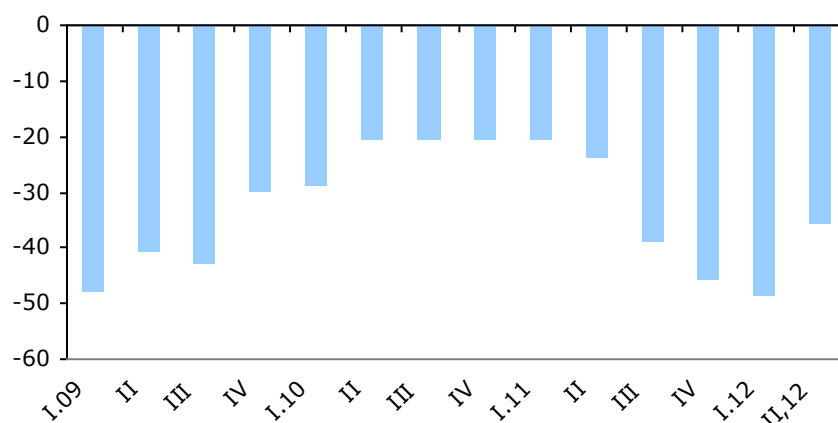
In Spain, as in other countries, the financial downturn resulting from the vicious circle between bank debt and public debt has been transmitted to the real economy, which in 2012 is once more in recession. GDP fell 1.3% year-on-year in the second quarter and the IMF predicts a further significant decline for the year as a whole (-1.5%), with the recession expected to last into 2013. Despite the policies put in place by Spain's central government since the summer, in particular the request for financial aid from Europe to recapitalise the banking system and the implementation of a broad range of fiscal consolidation measures, markets remain under significant pressure and there is great uncertainty over the likelihood of a rescue of the entire Spanish economy, and of the risk of contagion to other countries in the euro zone.

The Catalan economy is also in recession, with GDP shrinking year-on-year for three successive quarters, and by 1.1% in the second quarter of 2012. Weakening internal demand caused the Catalan economy to shrink by 3.1%, with drops in both private consumption (retail sales, new cars registered etc.) and capital investment (especially in plant and equipment, which fell by 5.8% year-on-year). Declining economic activity was partially offset by an improved trade balance, with exports growing and imports decreasing, resulting in a positive contribution to GDP of 1.9%. This was not sufficient however to halt the contraction of industrial activity (down 1.2% year-on-year) and of the construction sector (-6.3%) in response to reduced demand in the real estate market, together with the stagnation of the service sector (-0.2%). Access to credit also remains restricted, affecting the decision-making processes of all economic agents.

The economy of the city of Barcelona has been similarly affected. According to a Business Climate Survey carried out in the first half of 2012, businesses in the Barcelona Metropolitan Area regard the economic climate as unfavourable, expecting turnover, employment and investment to fall in the short term in the key sectors of the economy.

Situation of businesses in the Barcelona Metropolitan Area (AMB)

(% Change)

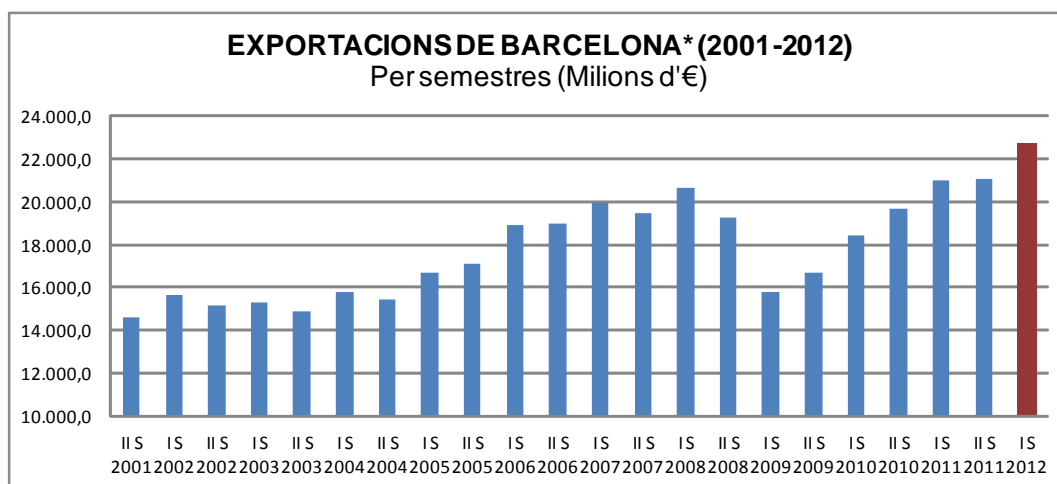


Source: Business Climate Survey in the Barcelona Metropolitan Area, Barcelona Chamber of Commerce and Statistical Institute of Catalonia (IDESCAT)

The labour market in 2012 is, once again, one of the main victims of the recession. The city has continued to lose jobs in net terms, with 983,273 individuals registered to pay Social Security at the end of the second quarter of 2012, down 0.3% year-on-year and representing a loss of around 2,800 jobs. At the end of September 112,088 people were registered with the Catalan Employment Service (SOC) while, according to the Active Population Survey, the city's unemployment rate stood at 17.5% in the second quarter, up 3.2 percentage points year-on-year. Overall, employment in Barcelona has not declined as sharply as in Catalonia and Spain in general. The employment rate in Barcelona (65.7% in the second quarter) is higher than the European average of 63.6% and 9.2 percentage points higher than the Spanish average.

The typical profile of an unemployed person in Barcelona is a man of 45 years or older, with secondary school education, having previously worked in business to business services, retail or construction. By age, the over 45s and the 30 to 45 age groups have been the hardest hit by the recession, together accounting for over four fifths of the city's jobless. High youth unemployment is, however, a major issue, reaching 47.1% in the second quarter of 2012. Over one fifth of the people registered as unemployed in Barcelona are non-Spanish nationals. The number of foreign residents in the city has fallen due to the recession, while the number of long-term unemployed has risen and now accounts for 37% of the total.

In this difficult context, the internationalisation of the city's economy has become one of the main drivers of growth, and demonstrates some of the most optimistic indicators at present. The growth of exports from the province of Barcelona is particularly significant, exceeding 42 billion euros in 2011, while the figures for January to June 2012 broke historic records for a six-month period, rising 8.6% year-on-year. The Barcelona area is the highest ranking region in Spain for exports, with 20.7% of the total, and its leadership is even more pronounced for high- and medium-technology goods (27.1% of the total).



*Dades provincials.

Font: Ministerio de Economía i Competitividad.

The tourism sector is also performing well, with all-time high figures reported for the main indicators in 2011, while overnight stays, visitor numbers, passenger numbers at the airport and credit card spending by tourists all increased in the first half of 2012. Barcelona also continues to attract congresses and trade fairs, achieving third place in 2011 in the rankings of the International Congress and Convention Association (ICCA). This ranking is a clear demonstration of the city's international prestige, supported by Cushman and Wakefield's ranking of Barcelona as Europe's sixth best city for businesses. The Economist's Intelligence Unit recently ranked Barcelona as the world's 9th city for global appeal and physical capital and joint fifth with other cities for its social and cultural character.

Another key competitive advantage lies in increasing levels of entrepreneurship compared with the early years of the recession. The rate of entrepreneurial activity in the Barcelona area, based on the resident population aged between 18 and 64, rose for the first time in five years in 2011 to reach 7%, higher than the rate for Catalonia as a whole (6.8%), Spain (5.8%) and benchmark countries such as Finland (6.3%), France (5.7%) and Germany (5.6%). The figures for the first half of 2012 show a noticeable increase in the number of new companies being set up in the city and in their share capital, while Barcelona's ratios of new companies per 1,000 inhabitants and of companies incorporated to companies dissolved are among the highest for major urban areas in Spain.

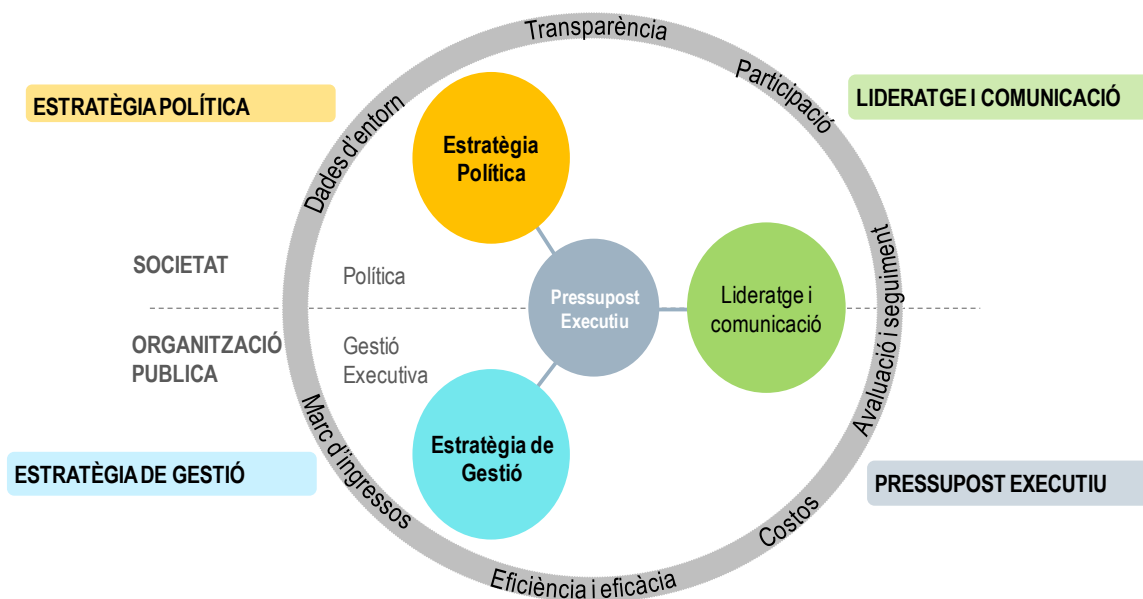




3. Policy-makers and public managers working together: the executive budget at the heart of the new model

The current socio-economic climate, with declining levels of economic activity and high unemployment, and the social problems these bring, makes it more necessary than ever for government bodies to reconsider their role, a role defined during a long period of economic boom. They must be capable of putting at the top of the public agenda those areas where they can best help economic recovery and protect those hardest hit by the crisis. Declining economic activity has a negative effect on both public income and public expenditure. It is therefore vital to optimise resources and allocate them where the best outcomes can be obtained. The challenge is to meet today's immediate needs while continuing to look forward in order to ensure a bright, sustainable future for the city.

Barcelona City Council has developed a management model which aligns political targets to management, using the executive budget and strategic maps to align the organisation of policy and facilitate its execution. The ultimate purpose of this is to improve services to Barcelona's citizens through the formulation and implementation of appropriate strategies.



The model covers the following areas:

- **Political strategy.** Defining a global strategy linked to the political programme, in accordance with the organisation's economic and financial framework.
- **Leadership and communication.** The government team initiates and leads the cultural change required by the new management model.
- **Management strategy.** Defining the management strategy in line with the political strategy and aligning the entire organisation to that strategy.
- **Executive budget.** A tool for facilitating dialogue between political leaders and the executive, and for allocating and monitoring resources.

The **executive budget** is a budgetary tool intended to link the assignment and management of resources with the Council's strategy (priorities and desired outcomes). This system is intended to facilitate decision-making processes and the management of public resources in compliance with the municipality's strategy set out in the 2012-2015 Strategic Framework and summarised in the next section.

The aims of the Executive Budget are:

- To assign resources in accordance with priorities and outcomes (strategy)
- To provide a strategic explanation of the budget
- To provide strategic monitoring of the budget
- To ensure transparency and accountability
- To analyse and assess outcomes
- To optimise the performance of programmes, assets and services

Within the Executive Budget, the **budgetary programmes** provide the link between strategy and budget, and are defined as all those goods, services and measures whose final purpose is to produce a specific outcome in terms of benefits to the community. The programmes are broken down into sub-programmes, which form the lowest budget level and represent lines of action or the provision of a range of goods and services within the programmes.

Through the allocation of goods, services and measures designed to achieve certain results or outcomes, these programmes enable budgetary resources to be strategically managed. This ensures the budget is structured along strategic lines and facilitates the strategic allocation of resources, budget monitoring and accountability. The objectives set out in the 2012-2015 Strategic Framework are structured into relatively similar levels, allowing them to be linked to the budget programmes.

To achieve this, the following actions have been taken in respect of the 2013 budget:

- Review of the budgetary programme structure. Budget programme codes (4 digit) and sub-programme codes (5 digit) defined. Programme management is carried out at this last level.
- Preparation of programme reports as a tool to explain the link between resources and outcomes. These reports set out the planning associated with the resources allocated to a budgetary programme for the financial year, showing the relationship between objectives and outcomes (measured using indicators) and the goods, services and measures used to achieve them.

Three planning levels are required to develop the Executive Budget:

A. Defining priorities:

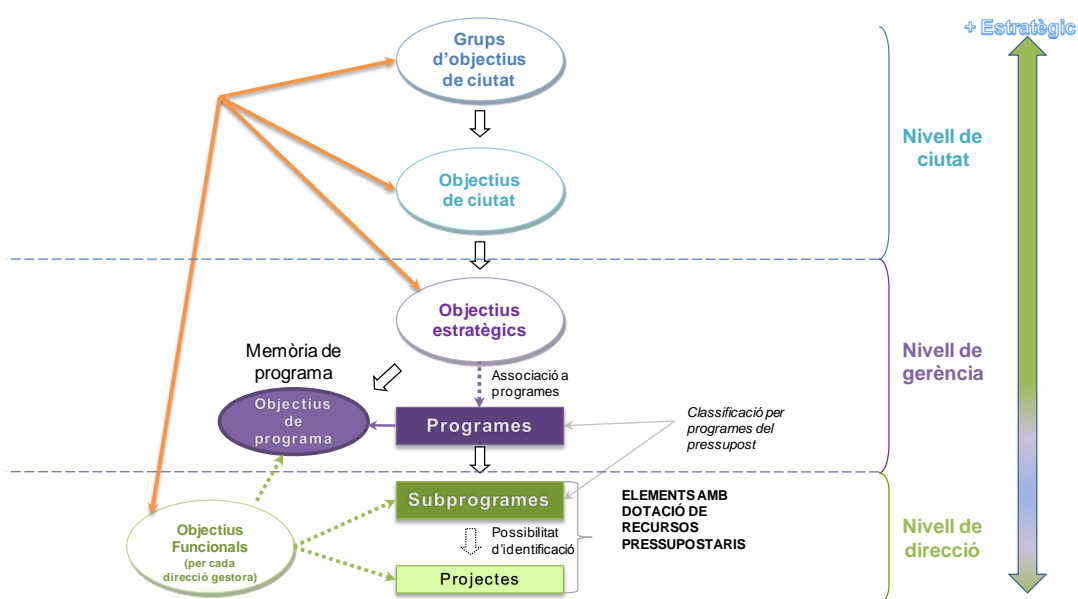
1. Government Plan: The city's objectives (City Map)
2. Management Plans: Strategic objectives for sector managers

B. Execution of the strategy:

3. Functional Plans: Functional objectives. Defining current activities and investments. Timetabling, assignment of responsibilities and allocation of resources (human, material and financial) within the framework of the annual budget. Linking strategy to day-to-day management.

These three planning levels correspond to the division into political level, management level, and executive and technical administration level.

Architecture of the executive budget: bridging strategy and budget.





4. Barcelona City Council's 2012-2015 Strategic Framework

Barcelona City Council's 2012-2015 Strategic Framework¹ sets out the Council's vision and aims for the city during its period of office.

The **vision** of the Mayor and the City Council team is to make Barcelona a **city that puts people first**. The Strategic Framework focuses on **three priority areas**: reactivating the economy, caring for people and urban regeneration.

- **Reactivating the economy.** Barcelona, Catalonia's driving force, generator of employment, export capital of southern Europe and a model of economic rigour. The driving force behind an economy that generates opportunities for all, where creativity, innovation, knowledge and economic activity can flourish.
- **Caring for people.** Barcelona, a leader in caring for people, providing services and ensuring quality of life. A city for people and families who value equality, quality of life and safe surroundings, where education and culture are key.
- **Urban regeneration.** Barcelona, a sustainable, smart urban model which services its residents. Metropolitan Barcelona, a sustainable economic, regional and urban strategy.

These priorities have been developed into a strategic map, known as the **City Map**. The map sets out the **political strategy** and main objectives that the Mayor and the City Council team hope to achieve. It contains **40 City Targets**, broken down into **seven main groups**, under **three headings**:

- **Beneficiaries:** the Council's targets in terms of impacts on different groups of beneficiaries.
- **Structure:** the targets contained in the City Map concerning facilities, the urban environment, communications and other infrastructures needed to meet the Council's commitments to the various beneficiary groups.
- **Resources:** targets related to budgeting, human resources, technological resources and other less tangible concepts (e.g. knowledge), and to cooperation with the other government bodies that the City Council relies on to deliver its services.

¹ The Strategic Framework and the 2012-2015 route map. Municipal Action Programme were approved by the Plenary Council on 5 October 2012.

The **seven target groups** in the City Map are:

Beneficiaries	1. People and families	2. Entities, associations and sports, social and cultural agents	3. Economic agents and knowledge centres
	"The city of choice for those who value safety, equality and quality of life"	"A City Council which cooperates with and participates in society"	"An economy that generates opportunities for everybody"
Structure	4. Urban habitat "A new model for a healthy city where the environment, urban planning, infrastructures and ICTs are fully integrated"		
Resources	5. The budget	6. Government, directives and human resources	7. Knowledge, technology, innovation and cooperation
	"From an expense culture to a cost culture that prioritises results"	"A competitive institution, motivated by the pride of belonging and oriented towards its citizens"	"Barcelona, open innovation in public management"

Each sector manager will indicate the priorities for each city target during the Council's term in office, selecting the main targets on the basis of the current situation and the problems or issues to be addressed. Various managers may contribute to each city target. The **city targets** are broken down further into **strategic targets**.

The **40 city targets** are listed below for each of the seven target groups described above.

Beneficiaries	
Group 1. People and families	
City objective / description	
1.1.	Guarantee accessibility, quality and equity in services <i>Ensuring that services, especially social services, are of a high quality and meet the needs of the city's residents. Promoting fair access to services in accordance with the specific needs of each beneficiary.</i>
1.2.	Prioritise care for the most vulnerable sectors of society and persons in a dependent situation <i>Paying special attention to the welfare of society's most vulnerable members: children, adolescents, the homeless, dependent persons.</i>
1.3.	Develop measures to support and protect families and children <i>Measures to support, protect and care for families and children and to encourage a better work-life balance.</i>

1.4.	Make education and culture key factors of well-being and success <i>Education and culture are fundamental for the development of cities, for social cohesion, reinforcing identity and for social and economic growth, representing a commitment to the future.</i>
1.5.	Barcelona Salut: developing a healthy city <i>Encouraging and promoting healthy lifestyles, preventing illness, promoting the health of Barcelona's residents, ensuring public health is protected and making health a transversal element of all the city's policies.</i>
1.6.	Promote the social function of sport <i>Promoting sports from both the educational and competitive perspectives, keeping in mind the benefits for health, human relationships and cohesion.</i>
1.7.	Guarantee citizens' safety <i>Ensuring people feel safe in public spaces, in their homes and throughout Barcelona, encouraging civic behaviour.</i>
1.8.	Guarantee neighbourly living and preserve social cohesion so that nobody is discriminated against or sees their fundamental rights undermined <i>Encouraging the development of a unified, Catalan community in Barcelona which all of the city's residents feel part of.</i>
1.9.	Promote equality between men and women based on respect and fairness <i>Developing transversal policies to make gender equality a reality in the city of Barcelona.</i>
1.10.	Promote stable, quality employment for all <i>Promoting the development of stable employment with decent conditions in coordination with the city's social and economic agents, emphasising training as one of the keys to entering the labour market.</i>
1.11.	Create channels for all citizens to communicate with the Council, listening carefully to what they say and providing an effective response <i>Giving citizens the tools to get more involved and transfer this involvement more effectively to the City Council's political action.</i>

Group 2. Entities, associations and sports, social and cultural agents

City objective / description

2.1.	Strengthen and regulate the channels for real and effective interaction between the City Council and the various entities, associations and sports, social and cultural bodies <i>Giving entities, associations and sports, social and cultural agents the tools to get more involved and transfer this involvement more effectively to the City Council's political action.</i>
2.2.	Develop a model for the city based on cooperation, involvement and shared responsibility between the City Council and the diverse social agents <i>Establishing new ways for organisations to work with the City Council based on co-participation, mutual support and the principle of subsidiarity.</i>
2.3.	Strengthen the city's associative network to ensure it fulfils its purpose of identifying and tackling citizens' problems and needs <i>Strengthening associations so that they are effective and representative.</i>

Group 3. Economic agents and knowledge centres

City objective / description

3.1.	Make metropolitan Barcelona the logistics capital of southern Europe <i>Improve Barcelona's transport connections and develop new areas of economic activity in order to create a logistics node with access to the markets of southern Europe, the Mediterranean, Asia and Latin America.</i>
3.2.	Promote emerging sectors with high added value, strengthen already developed economic sectors and establish Barcelona as a benchmark for quality <i>Including the health and biomedicine sectors, social welfare and ICT, the green economy, energy, trade and tourism.</i>

3.3.	Generate the conditions for attracting capital to invest in the city <i>Developing effective policies to attract capital to the city, including both attracting funding for local companies and entrepreneurs' projects and making Barcelona an attractive place for foreign companies to set up business.</i>
3.4.	Support international contributions to Barcelona's economy <i>Barcelona already enjoys a high level of international prestige. Now we must build on this competitive advantage, so that it generates greater economic returns: more international events, more multinational companies setting up business in Barcelona, more exports by local companies, etc.</i>
3.5.	Support small businesses and the self-employed, and encourage entrepreneurship <i>Creating a more favourable environment for the creation and development of businesses through support for SMEs and entrepreneurs, including social entrepreneurs, with access to offices and premises, grants and financial support, etc.</i>
3.6.	Make Barcelona a business-friendly city <i>Ensuring that the City Council is a factor in making the city more competitive, and not an obstacle. Streamlining procedures and eliminating bureaucracy are vital for the establishment of new companies.</i>
3.7.	Make Barcelona a city of culture, knowledge, creativity and science by generating a favourable environment to attract and retain talent <i>Creativity, culture, education and research are all aspects of one goal: knowledge. We want to create a knowledge-based city and society as a driver of social and economic progress in Barcelona, developed with a metropolitan vision through cooperation between the city's institutions and entities.</i>

Structure

Group 4. Urban habitat

City objective / description

4.1.	Promote the re-greening of the city and the development of green corridors <i>Making the city greener and protecting its open spaces as part of the restructuring of the city.</i>
4.2.	Guarantee excellence in urban design and building design by promoting quality architecture <i>Ensuring quality urban design, focusing on regenerating the city's neighbourhoods and making Barcelona a city without barriers where people can do all types of sport.</i>
4.3.	Promote a responsible environmental policy, guaranteeing air quality and the sustainability of water cycles, materials cycles, and energy efficiency <i>Optimising the quality of the environment as the basis for ensuring a healthy city, guaranteeing citizens' quality of life and achieving sustainable development.</i>
4.4.	Take the lead in developing a new concept: Smart Cities as driving forces behind a new economy based on urban services <i>Using ICTs to provide the city with technological infrastructures of high added value for Barcelona.</i>
4.5.	Promote access to quality housing and ensure its correct use <i>Implementing a range of policies (subsidised rentals, cooperation with the private sector, acquisition of land, refurbishment grants, etc.) to ensure Barcelona's residents have access to decent housing.</i>
4.6.	Develop self-sufficient city blocks and redevelop urban energy infrastructures <i>Working to achieve sustainable energy self-sufficiency in the city, prioritising measures to improve quality of life and ensure our energy model remains competitive, based on principles of energy saving, cost-effectiveness and efficiency to make Barcelona an international benchmark in the field.</i>
4.7.	Develop productive neighbourhoods where people both live and work <i>Promoting an urban model based on finding the right balance between residential, business and social spaces in neighbourhoods.</i>



4.8.	Improve urban mobility sustainably while guaranteeing the same opportunities for access throughout the city <i>Developing a new, balanced model of mobility for all forms of transport which puts safety first and protects pedestrians.</i>
4.9.	Promote new urban attractions which give each district a focal point and bring tourists to all parts of the city <i>Ensuring that every neighbourhood has distinctive features (squares, important buildings, stations, etc.) that give it a focal point, generate commercial activity and attract tourism to the surrounding area.</i>
4.10.	Promote the metropolitan area, integrating the port, airport and Zona Franca (industrial district) and developing spaces for opportunity <i>Consolidating new areas of economic activity in the city and using major infrastructures to boost the development of the metropolitan area.</i>

Resources

Group 5. The budget

City objective / description	
5.1.	Manage according to an executive budget designed to ensure the city meets its targets <i>Implementing a new model for preparing the municipal budget based on first defining the city's needs, so that resources can be allocated in line with the priorities identified. The continuous monitoring of objectives and management of the budget will enable us to evaluate to what extent the desired outcomes have been achieved.</i>
5.2.	Guarantee capacity for investment <i>In a climate where credit is extremely difficult to obtain, it is vital to identify areas where current expenditure can be cut back in order to finance investments.</i>
5.3.	Improve efficiency, avoid duplication and release resources for other more important programmes <i>Implementing measures to review and optimise the City Council's infrastructures, processes and services to improve efficiency and release resources.</i>
5.4.	Encourage a culture of austerity which focuses on results <i>Applying principles of rigour and austerity to spending, building indicators of competitiveness and productivity into management processes and cutting any expenditure that does not correspond to specific targets and outcomes.</i>

Group 6. Government, directives and human resources

City objective / description	
6.1.	Guarantee quality of service to citizens while preserving transparency and ethics in public administration <i>The City Council must be seen to be transparent in everything it does and achieves, ensuring that ethics and honesty are the cornerstones of political management.</i>
6.2.	Develop employees' skills, experience and capacity to innovate, encouraging them to be motivated and committed <i>Developing measures to motivate staff and make them more committed to the organisation, continually improving skills and assessing performance to ensure efficiency.</i>
6.3.	Guarantee that all levels of the organisation are productive and work towards the same goals <i>Ensuring that everyone in the organisation is working productively and in a coordinated manner, is focused on the same goals and that targets are clearly defined.</i>



Group 7. Knowledge, technology, innovation and cooperation

City objective / description

- | | |
|------|---|
| 7.1. | Work proactively with other government bodies to ensure improved outcomes
<i>Developing proactive measures to establish agreements with other government bodies and monitoring to ensure they are implemented.</i> |
| 7.2. | Improve ICTs to make the Council more responsive and effective
<i>Using information and communication technologies to make services better, more efficient and effective and save time and paper.</i> |

5. Financial Framework 2012-2015

Barcelona City Council's 2012-2015 Financial Framework is designed to ensure outcomes that guarantee the institution's solvency and liquidity. These outcomes are the tools for ensuring that the targets established in the City Council's Strategic Framework and route map are achieved.

The 2013 budget is the first to be prepared in accordance with the directives set out in Organic Law 2/2012 on Budget Stability and Financial Sustainability approved on 27 April 2012 (henceforth the LOEPSF). This Law was approved following the reform of article 135 of the Spanish Constitution. It imposes a fiscal limit on structural public deficits and limits public debt to the reference value specified in the Treaty on the Functioning of the European Union. Three key aims are established in the preamble to the LOEPSF: to ensure the financial sustainability of public services; to bolster confidence in the stability of the economy, and to reinforce Spain's commitments to the European Union regarding budget stability. Achieving these aims should contribute to the development of a political and economic framework focused on economic growth and job creation.

This new Law means local bodies have had to introduce substantial changes to their budget plans. In addition to the need to comply with budgetary stability targets, local bodies must also comply with fiscal rules, debt targets and submit a medium-term budgetary framework.

Budget Stability Targets

Article 15 of the LOEPSF states that in the first half of each year the Spanish Government will set, via an agreement of the Council of Ministers, budgetary stability and public debt objectives for all government bodies for the next three years. The proposed targets will be accompanied by a report containing economic forecasts including the expected reference value for the Spanish economy, which will be used to determine expenditure rules. Once these objectives are approved, government bodies must incorporate them into the preparation of their budgets.

The objectives for local government bodies set as per the Council of Ministers Agreement of 12 July 2012 and later approved in Parliament are as follows:

	2013	2014	2015
Objectiu d'Estabilitat Pressupostària [Capacitat (+) Necessitat (-) de Finançament, SEC-95, en % PIB	0,0	0,0	0,0
Objectiu de Deute Públic, en % PIB (*)	3,8	3,8	3,8
Regla de despesa, en %	1,7	1,7	2,0

(*) The debt limits applicable to each local body are, nevertheless, those specified in the Revised Text of the Law Regulating Local Finances, taking into account the provisions of Royal Decree Law 8/2010 governing short-term operations and the eighteenth final provision of Law 2/2012 governing long-term credit operations, and are set at 75% of ordinary income.

The Budget Stability objective set by the Spanish Government is in line with the mandate of the LOEPSF, article 11.4 of which establishes that local government bodies must ensure their budgets are balanced or in surplus.

Ceiling on non-financial expenditure and compliance with expenditure rules governing Barcelona City Council for 2013

Article 30 of the LOEPSF establishes that local government bodies must approve an upper limit to non-financial expenditure, in line with the budgetary stability objective and expenditure rules (article 12), which represents a ceiling on the allocation of resources in their budget plans.

The ceiling on non-financial expenditure for Barcelona City Council in consolidated terms (ESA 95) for 2013 is **2,315.7** million euros. This ceiling is based on applying the rule limiting expenditure to expected non-financial income and will enable the Council to comply with the established budgetary stability and debt objectives.

The expenditure ceiling is calculated as follows:

Imports en milions d'euros	2013
Ingressos no financers	2.326,9
Objectiu de dèficit	0,0
Ajustos SEC-95	40,0
Despesa no financera màxima	2.366,9
Restricció Límit Regla de despesa	-51,2
Sostre despesa no financera	2.315,7

Breakdown of ESA 95 adjustments:a) Income:

Income from local taxes and charges are estimated on a cash basis in accordance with ESA 95 criteria, and no adjustment is therefore necessary.

As a general rule, transfers between government bodies must agree, if they are to be included in the calculation of financing capacity. Thus, if an entity includes a transfer in its budget or recognises the right thereto and the paying entity has not included it in its budget or recognised a liability, the receiving entity must deduct said amount from its calculation of its financing capacity. Nevertheless, transfers from the State for local entities' share of national taxes are treated on a cash basis, i.e. as income rather than as a recognised right, as higher public authorities do not use funds earmarked for payment as financing transfers.

Income from State transfers for the Council's share of national taxes have been adjusted upward to reflect withholdings by the State in respect of negative settlements in 2008 and 2009. The amount of this adjustment is 37.9 million euros, corresponding to one tenth of the amount due to be repaid at 1/1/2012 as established in the 2012 General State Budget.

b) Expenditure:

No adjustment has been made to expected financial expenditure as the amount included in the budget is considered to agree to the amount accrued.

A positive adjustment of 9.8 million euros corresponds to the annualisation in 2013 of investment assets purchased in 2011 for a deferred amount, and which involved a negative adjustment in that year.

A negative adjustment of 7.7 million euros corresponds to expenditure planned under heading 8 "Financial assets". The capital increases taken into account refer to Barcelona City Council's commitments in 2013 to make contributions to the equity of Fira de Barcelona and to acquire shares in Fira-2000. This adjustment is applied when capital contributions are intended to offset losses, as they represent a transfer of capital.

Calculation of the expenditure rule

Article 12 of the LOEPSF establishes that variances in local corporations' eligible expenditure may not exceed the benchmark rate, established as the medium-term growth rate for Spain's GDP.

To determine compliance with this rule we need the figure for eligible expenditure for the preceding financial year. For the purposes of the expenditure rule, eligible expenditure is understood to be non-financial expenditure excluding interest on debts and expenditure financed with funds received for that purpose.

Barcelona City Council's eligible expenditure for 2013 may not exceed the preceding year's eligible expenditure by more than 1.7%. Nevertheless this threshold may be adjusted upward or downward in the event of regulatory changes which result in permanent increases or decreases in income, by the amount of said increases or decreases.

Eligible expenditure for **2012** is calculated as follows:

Imports en milions d'euros	
Despesa no financera aprovada 2012	2.306,5
(-) Despeses financeres	46,5
(-) Despesa finançada amb fons finalistes	279,1
Despesa computable 2012	1.980,9
(x) Taxa referència Δ PIB a mig termini per 2013	1,70%
Límit màxim despesa computable per 2013 (=)	2.014,5

Applying the approved medium-term GDP growth rate of 1.7%, Barcelona City Council's maximum eligible expenditure for 2013 is **2,014.5 million euros**.

Calculating the ceiling on non-financial expenditure

This ceiling must be in line with the budgetary stability target and the expenditure rule. It can be calculated on the basis of forecast non-financial income, subsequently verifying compliance with the expenditure rule, or vice versa, i.e. based on maximum eligible expenditure, subsequently verifying that it complies with the budgetary stability target set.

Based on the maximum eligible expenditure, the calculation is as follows:

Imports en milions d'euros	
Límit màxim Despesa computable 2013	2.014,5
(+)/(-) Canvis normatius amb variacions permanents de recaptació	8,0
(+) Despeses financeres	52,3
(+) Despesa finançada amb fons finalistes	240,9
Sostre despesa no financera 2013	2.315,7

The total consolidated non-financial expenditure included in the 2013 budget for Barcelona City Council's Public Administration Sector as per the definition contained in the European System of National and Regional Accounts (ESA 95) is 2,314.1 million euros, complying with the ceiling on non-financial expenditure.

Financial Framework 2012-2015 Medium-term financial framework

This financial framework forms the reference for the next three years' budgets and delimits the availability of future resources on the basis of best estimates of income and the financial targets set.

Scope of consolidation

The scope of consolidation includes Barcelona City Council's Public Administration Sector, comprising the City Council and subsidiary entities in which the City Council holds more than 50% of the share capital and majority voting rights, and appoints most of the members of their governing bodies and/or the majority of their directors, which are principally financed through non-market income and which the Spanish Government's Auditor General has classified as a Public Administration Sector body.

Financial objectives

The City Council's strategic objective for 2012-2015 is to be a city that puts people first and is based on three pillars: reactivating the economy, caring for people and urban regeneration.

Achieving these aims has to be balanced against its commitment to meet the targets set in the LOEPSF for 2013-2015 and its commitment to guarantee the institution's solvency and liquidity to ensure it can meet the objectives established in the Strategic Framework and Route Map.

Based on the above, the financial objectives established are as follows:

- a) To comply with the targets set by the LOEPSF.
- b) To finance planned investments through gross savings in current expenditure of over 15% in accordance with national accounting standards i.e. applying the criteria of the European System of National and Regional Accounts (ESA 95).
- c) In accordance with the Protocol on Excessive Deficits to stabilise debt levels at below 60% of ordinary income.

The macroeconomic background

The report on the state of the Spanish economy issued on 20 July 2012 includes the latest macroeconomic scenario published by the Ministry of the Economy and Competitiveness. It includes the following forecasts:

Variació, %	2013	2014	2015
PIB real	-0,5%	1,2%	1,9%
PIB nominal	1,2%	2,6%	3,5%
Deflactor del PIB	1,6%	1,5%	1,7%

International organisations' estimates of real GDP growth vary from -0.8% (OECD) to -0.3% (European Commission) and 0.1% (IMF, April 2012) with the GDP deflator increasing by 1.4% and 0.7%, respectively, for the first two figures.

Given that Barcelona City Council's income and expenditure structure are closely linked to how State income is distributed and to the macro-economic forecasts built into the General State Budget, this is the scenario used to estimate income for the next few financial years, together with an estimate that GDP will grow by 2% per year on a straight-line basis during the period.

Budget scenario 2012-2015

BARCELONA CITY COUNCIL'S PUBLIC ADMINISTRATION SECTOR

(as per LOEPSF)(millions of euros)

	2012 Estimació	2013 Previsió	2014 Previsió	2015 Previsió
RESULTAT CORRENT (ORDINARI)				
(+) Ingressos corrents	2.387,9	2.326,1	2.367,5	2.444,4
(-) Despeses corrents (*)	1.944,8	1.956,5	1.968,5	2.021,5
(=) Estalvi brut	443,1	369,6	399,0	423,0
% Estalvi brut s/ Ingressos corrents	18,6%	15,9%	16,9%	17,3%
RESULTAT DE CAPITAL (INVERSIONS)				
(+) Ingressos de capital	58,7	38,8	20,0	20,0
(-) Despeses de capital	463,5	357,6	380,4	404,4
(=) Superàvit (dèficit) de capital	-404,8	-318,8	-360,4	-384,4
Ingressos no financers totals	2.446,7	2.364,9	2.387,5	2.464,4
Despeses no financeres totals	2.408,3	2.314,1	2.348,9	2.425,9
(=) CNF	38,4	50,7	38,6	38,5
[Capacitat (Necessitat) de Finançament]				
% CNF s/ Ingressos no financers	1,6%	2,1%	1,6%	1,6%
FONTS DE FINANÇAMENT DE CNF				
(-) Ingressos financers (1)	166,2	104,3	130,8	156,9
(+) Despeses financeres (1)	95,6	107,3	131,5	157,5
(+) Operacions financeres netes	70,7	-3,0	-0,7	-0,6
(=) Excedent (dèficit) de finançament anual	109,0	47,7	37,9	37,9
ENDEUTAMENT				
Endeutament previst a 31/12 (PDE ₂)	1.165,1	1.161,4	1.160,7	1.160,0
% Deute s/ Ingressos corrents	48,8%	49,9%	49,0%	47,5%

(*) Includes contingency funds

(1) Includes income and expenses from town planning applications and dropped kerbs for vehicle access.

(2) PDE. Debt levels in accordance with the Protocol on Excessive Debt. Includes debt incurred by Barcelona City Council and its subsidiary undertakings for the purposes of the LOEPSF.

Forecast income and expenditure 2012-2015

The figures for 2012 correspond to those included for this year in the 2010-2012 Consolidated economic and financial plan, approved by the Plenary Assembly of the Municipal Council on 25 May 2012. The figures for 2013 correspond to those included in the draft municipal budget presented here, adjusted where necessary to bring the figures in line with national accounting rules as per the Revised Text of the Law Regulating Local Finances (TRLRHL) and with the rules on the presentation of financial statements contained in the European System of National and Regional Accounts (ESA 95). Projected from the budget approved for 2013, the forecast income and expenditure for 2014 and 2015 are as follows:

Income:

a) Local taxes:

Income from property rates are forecast to increase by 1.5% in 2014 and 1.2% in 2015. These increases are based on the effect of caps set to offset the impact of a revision of rateable values carried out in 2001. The forecasts do not factor in any change in the tax rate or in the coefficient used to update the rateable value of properties.

Income from other local taxes are expected to remain stable during the period.

b) The Council's share of State income:

For 2014-2015 it is estimated that interim transfers from the State Taxes Cession Fund (CTE) will increase in line with nominal GDP. Estimated income includes the effect in each year from 1/1/2012 of the repayment of one tenth of the negative settlements in 2008 and 2009 (3.4 million euros per year).

Interim payments from the Supplementary Financing Facility are also estimated to increase in line with nominal GDP. Estimated income includes the effect in each year from 1/1/2012 of the repayment of one tenth of the negative settlements in 2008 and 2009 (34.5 million euros per year).

In both cases the final settlement of the Council's share of State taxes for 2012 and 2013 will have a neutral effect on the budgets for 2014 and 2015, respectively. The 2013 budget does not contain any income derived from the final settlement of the Council's share of State taxes for 2011, which is also expected to have a neutral effect.

c) Taxes & other income:

Taxes and other income are expected to grow in line with GDP in 2014 and 2015.

d) Equity income:

Equity income is expected to grow in line with GDP in 2014 and 2015.

e) Other transfers:

Current transfers, excluding current transfers from the Supplementary Financing Facility, are expected to remain stable in 2014 and 2015. The forecast figures are projected from the 2013 budget, with reduced contributions from the State for the financing of cultural institutions and from the Government of Catalonia for education and employment services.

Expenditure

Estimates for expenditure in the period 2014-2015 have been made subject to the requirement, from 2014 onward, to achieve gross savings equivalent to at least 15% of ordinary income, in line with the established financial objectives.

In accordance with this premise, and based on the ordinary expenditure envisaged in the budget approved for 2013, the distribution of ordinary expenditure by headings has been effected in line with the following hypotheses: a) personnel costs are expected to remain stable for the period 2014-2015 as staff retiring or leaving will not be replaced, which will offset possible increases for changes in category and salary revisions; b) financial expenditure is based on the amount and structure of debts envisaged, allowing for an average cost of 5% for debt in 2014 and 5.5% in 2015; c) it is estimated that expenditure on ordinary goods and ordinary services and transfers will increase by around 0.5% in 2014 and 3.6% in 2015 on average, in line with the increases in ordinary income; d) a Contingency Fund will be maintained, in accordance with the guidelines in article 31 of the LOEPSF.

Estimates of capital expenditure for 2014-2015 are based on the gross savings expected to be generated over the period, plus an estimate of capital income envisaged, plus a factor to allow for the change in net debt anticipated.

Capital income is expected to be constant at around 20 million euros per year derived from the management of assets (the sale of land, buildings, car parks and areas adjoining roads) and the transfer of capital to finance investment.

Estimate of debt (2012-2015)

The following table shows consolidated debt for the Public Administration Area of Barcelona City Council broken down in two parts: (i) Barcelona City Council; (ii) Barcelona City Council entities which depend on the Municipal Budget, i.e. which provide services mainly financed through ordinary transfers by the Council.

Consolidated financial debt, at 31 December

Imports en milions d'euros	2012 Estimació	2013 Previsió	2014 Previsió	2015 Previsió
Ajuntament de Barcelona	1.165,1	1.161,4	1.160,7	1.160,0
Ens dependents	0,0	0,0	0,0	0,0
Endeutament (PDE)	1.165,1	1.161,4	1.160,7	1.160,0

Meeting public debt goals

The public debt target for all local corporations has been set at 3.8% of GDP for the period 2013-2015. However, the limits applicable to each local entity are those established in the TRLRHL, taking into account the provisions of article 14.3 of Royal Decree Law 8/2010 regarding short-term operations and the 18th Final Provision of Law 2/2012 regarding long-term credit operations to finance investment, which is fixed at 75% of ordinary income.

Imports en milions d'euros	2012 Estimació	2013 Previsió	2014 Previsió	2015 Previsió
Endeutament financer(a 31/12) (PDE)	1.165,1	1.161,4	1.160,7	1.160,0
Imports pendents de devolució per liquidacions negatives PIE's 2008 i 2009	328,5	303,3	265,4	227,4
Deute (als efectes TRLRHL)	1.493,6	1.464,6	1.426,0	1.387,5
% Deute s/ ingressos corrents (rati TRLRHL)	61,3%	64,0%	61,2%	57,7%
Avals financers	0,3	0,3	0,2	0,2
% Deute (incloent avals) s/ ingressos corrents (rati TRLRHL)	61,3%	64,0%	61,2%	57,7%



6. City Council Budget

The main features of the Barcelona City Council budget are presented in this section. The figures refer to the initial 2013 budget and comparisons with the previous year, where these are made, refer to the initial 2012 budget. It should be borne in mind, however, that the comparisons may be affected by the changes which have taken place in the formulation of the executive budget. These mainly involve variations in the structure of programmes but may also have affected the economic and organic structure.

The explanation of this draft budget focuses on providing information which is as comprehensible as possible about i) where the money available to the City Council comes from, ii) where the money goes, iii) why it is spent in a certain way and iv) who manages it. Comparing simple increases and decreases may often be misleading because of the changes that may have taken place and because they may conceal improved management and increased efficiency, leading to a decrease in the amount allocated to a particular service or programme without a reduction in the level or quality of service provided. In moving towards an outcomes-based budget via the executive budget, the aim is for the budget to include information about services, targets and outcomes, so that any evaluation of government and the money assigned to it will not be in strictly economic terms but will have a more comprehensive focus. The path towards this goal is not easy and there is still a long way to go. As with other benchmark public administration systems we need to develop a culture of measurability, transparency and accountability and persevere in its implementation.

The City Council's total budget for 2013 is 2,328.3 million euros, up 1.4% on the initial budget for 2012.

Forecast non-financial income totals 2,226.5 million euros, of which 2,196.7 million euros are ordinary income and 29.6 million euros are capital. The figure for ordinary income is 4.9% higher than in the 2012 budget while capital income will fall by 16.9% (6 million euros).

Non-financial expenditure will total 2,215.1 million euros, 0.8% higher than in 2012. Ordinary expenditure is estimated at 1,834.6 million euros, almost exactly the same as the initial budget for 2012. Capital expenditure (investments) will total 347.8 million euros, down 3.9% on the previous year.

It should be borne in mind that these figures reflect a considerable effort to improve management. Although ordinary income is increasing, growing by 102.6 million euros compared with 2012, in accordance with the Budgetary Stability and Financial Sustainability Act resources must be allocated to a contingency fund. 32.7 million euros have been set aside for this fund which must be deducted from ordinary expenditure. Meanwhile, a gross savings target equivalent to 15% of ordinary expenditure has been set, funds which will be reallocated to investments. This means reducing ordinary expenditure by 70.3 million euros compared with the initial budget for 2012. Finance expenses (the interest payable on debt) will also increase by 5.7 million compared with 2012. Other current expenditure must, therefore, be reduced across the board,

requiring improvements in efficiency and prioritising spending to focus on areas with the greatest impact on our desired objectives and on the most urgently needed services, setting aside less important projects or reducing spending on them for the moment.

Compte financer de l'Ajuntament. Dades pressupostàries

Imports en milions d'euros		Pressupost inicial 2012	Pressupost inicial 2013	Variació % PI2013 / PI2012
RESULTAT CORRENT (ORDINARI)				
A	Ingressos corrents (cap. 1,2,3,4 i 5)	2.094,1	2.196,9	4,9%
B	Despeses corrents (cap. 1,2,3,4)	1.834,8	1.834,6	0,0%
C	Estalvi brut (A - B)*	259,3	362,4	
	Estalvi brut / Ingressos corrents	12,4%	16,5%	
RESULTAT DE CAPITAL (NO FINANCER)				
D	Ingressos de capital (cap. 6 i 7)	35,6	29,6	-16,9%
E	Despeses de capital (cap. 6 i 7)	361,9	347,8	-3,9%
F	Superàvit / (dèficit) de capital (D - E)	-326,3	-318,2	
	Fons de contingència FC (despeses cap. 5)	0,0	32,7	
G	CNF Capacitat o necessitat de finançament (C+F - Despeses del Fons de contingència)	-67,0	11,5	
FONS DE FINANÇAMENT DE LA CNF				
H	Ingressos de capital financers (cap. 8 i 9)	166,2	101,8	-38,8%
I	Despeses de capital financeres (cap. 8 i 9)	99,2	113,2	14,1%
J	Superàvit / (dèficit) de capital fin. (H - I)	67,0	-11,5	
	Excés / Defecte cobertura CNF anual (G + J)	0,0	0,0	
<i>Pro memòria</i>				
	Estalvi brut (A - B) tenint en compte el FC	259,3	329,7	27,2%

Allocation of funds to objectives: the city map in figures

Prioritising spending in this context is therefore relevant. The prioritisation criteria are defined by the guidelines of the Strategic Framework 2012-2015 and importance has been attached to end-user services – over and above support activities – that can help achieve the three basic objectives: reactivating the economy, caring for people and urban regeneration.

The map below shows how the 1,834.6 million euros of the 2013 budget are to be allocated (**ordinary expenditure**: individuals, purchase of goods and services, ordinary transfers and debt interest) to the city's basic objectives.

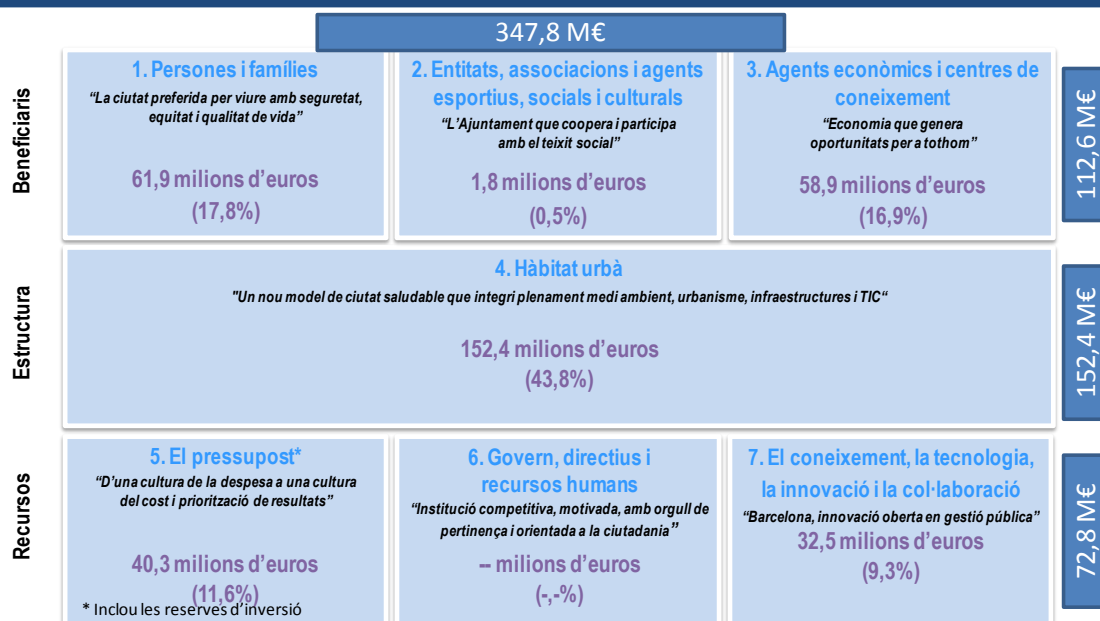


The bulk of the resources (42.3%) are allocated to **beneficiaries** (individuals and families, groups and organisations and economic agents and knowledge centres). Resources budgeting covers activities and services for people and families (education, culture, sports, social care, health, public protection and security, job creation, citizen's advice) which account for 39.3% of the total ordinary expenditure. Resources transferred directly to associations and entities (cooperation and aid, participation, etc.) are shown under the target group "entities, associations and sports, social and cultural agents". This target group refers to expenditure on promoting cooperation between the entities and associations involved in the life of the city. In practice this cooperation is mainly reflected in the objectives linked to people. Service sector entities, for example, participate in the provision of cultural services and social measures aimed at people and families. A total of 66.8 million euros is allocated to the target group "economic agents and knowledge centres" and includes services to promote trade, municipal markets and tourism, business support services, services to promote strategic sectors for the city (mobile telephone, electric vehicles, agro-food, biomedicine, etc.), raising the city's profile via fairs and congresses or major sporting events.

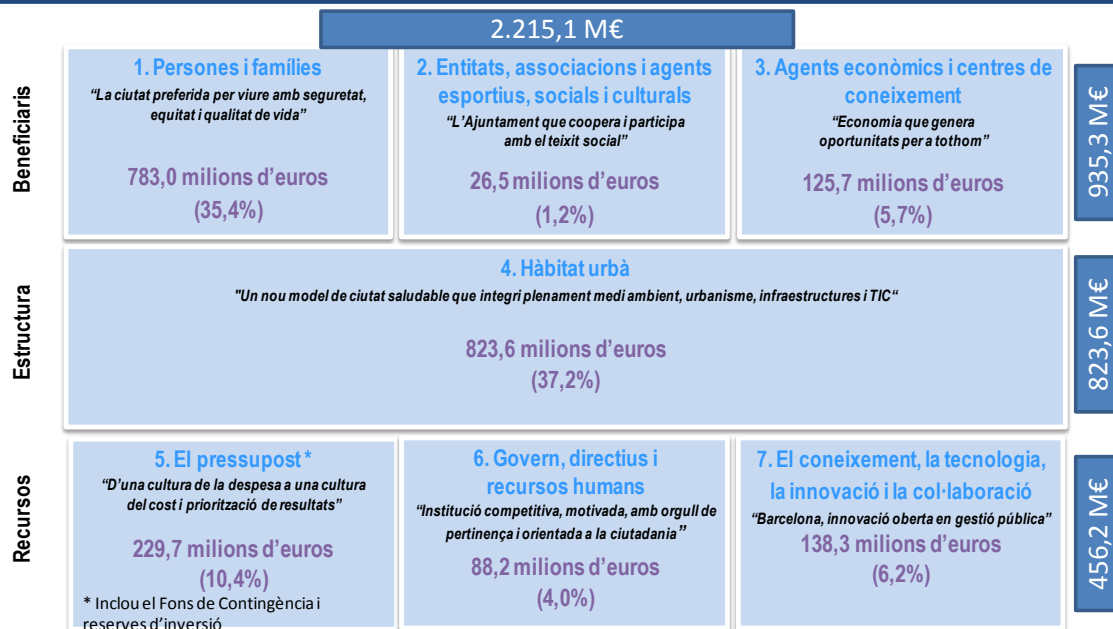
36.6% of ordinary spending is allocated to **structural issues**, covering essential services to ensure the city functions, and is aimed at developing a new model for a healthy city where environmental services, town planning, infrastructures and ICTs are fully integrated. This includes cleaning services, waste collection, water supplies, sewers, and lighting together with environmental services (green spaces, environmental education, energy resources), public transport and mobility, town planning and housing.

The target groups included under **resources** include those related to budgeting and finances (economic administration, finances, fiscal management); to the management of assets (rentals, utilities and the maintenance of administrative buildings); interest payments on debt; the general administration of support services (human resources, procurement, legal services, etc.); the governing bodies and, finally, the cost of ICT and collaboration with other government bodies (principally the Barcelona Metropolitan Area). These activities account for 19.1% of total ordinary expenditure and investments (350.7 million euros), of which interest charges account for 50 million euros and transfers to the AMB some 82 million euros.

The **investment proposal** in the draft budget for 2013 can be seen as strategic and explained on the basis of the city map. Logically, a significant part of the investment, 152.4 million euros, 43.8% of the total, is allocated to the city's structure budgeting, which includes housing, urban development and lighting projects. 112.6 million euros is assigned under people, and covers projects for cultural and educational centres, social facilities, markets, etc. to provide end-user services to people and families, entities and economic agents. Lastly, budgeting for resources includes investment in government facilities and information and communication technologies, together with investments that cannot yet be allocated to a specific objective (reserves).

**DESPESES DE CAPITAL PER GRUPS D'OBJECTIUS DE CIUTAT DEL MARC ESTRATÈGIC 2012-2015**

The figure below provides a view of the city map with all **non-financial spending** (ordinary expenditure, investment and contingency fund).

DESPESES NO FINANCERES PER GRUPS D'OBJECTIUS DE CIUTAT DEL MARC ESTRATÈGIC 2012-2015

Forecast income of the City Council

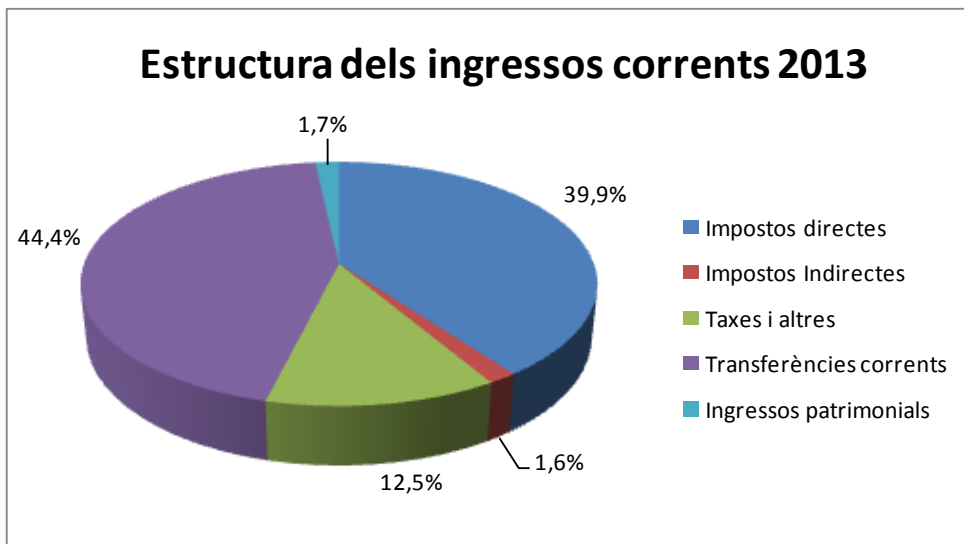
The budgeted income for 2013 amounts to 2,328.3 million euros, of which 2,196.9 million euros are ordinary income (94.4%), 29.6 million are capital income (1.3%) and 101.8 million are financial income (4.4%).

INGRESSOS PER CAPÍTOLS

Imports en milions d'euros	Pressupost inicial 2012	Pressupost inicial 2013	Variació % PI2013 / PI2012
1 Impostos directes	828,9	876,0	5,7%
2 Impostos indirectes	51,6	34,2	-33,6%
3 Taxes i altres ingressos	270,5	273,6	1,1%
4 Transferències corrents	904,3	974,8	7,8%
5 Ingressos patrimonials	38,7	38,3	-1,0%
Operacions corrents (cap. 1 a 5)	2.094,1	2.196,9	4,9%
6 Venda d'inversions reals	12,2	11,3	-7,8%
7 Transferències de capital	23,4	18,3	-21,7%
Operacions de capital (cap. 6 i 7)	35,6	29,6	-16,9%
Operacions no financeres (cap. 1 a 7)	2.129,6	2.226,5	4,5%
8 Actius financers	0,0		--
9 Passius financers	166,2	101,8	-38,8%
Operacions financeres (cap. 8 i 9)	166,2	101,8	-38,8%
Total ingressos	2.295,9	2.328,3	1,4%

Ordinary income

With regard to the structure of ordinary income, chapter 4, ordinary transfers, accounts for 44% of total ordinary income, with a total of 974.8 million euros. This is followed by chapter 1, direct taxes, with 876 million euros, representing 39.9% of the total. Taxes and others account for 12.5%, emoci ni ytiueq elihw, with a much lower quantitative weight, represents 1.7% and indirect taxes, 1.6%.



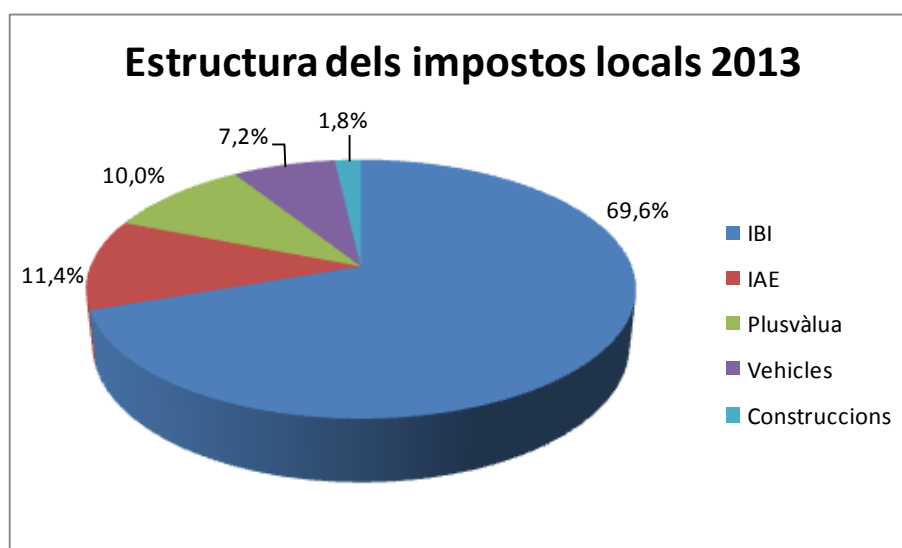
Local taxes, contributions and other chapter 3 income

As in 2012, the revenue from local taxes, contributions and other chapter 3 income is forecast in line with national accounting standards, which, for these figures, is equivalent to the cash approach. In other words, the contributions expected to be collected during the year are considered, regardless of whether these apply to the current or previous fiscal years. The initial forecast for this income is 1,106.7 million euros, representing a variation of 1.7% from the settlement forecast and 3.2% from the initial forecast for 2012.

Local taxes

The initial forecast for local taxes is estimated at 833.16 million euros, an increase by 1.7% on the settlement advance of 2012 and 3.9% on the initial forecast. For property tax (IBI), the simulation is based on the applicable regulation parameters and the property register as of June of the current year, with a forecasted 580.28 million euros, of which 572.99 million are for urban property tax and 7.29 million for tax on property with special characteristics (BICE). The urban IBI forecast indicates a 2.4% increase on the settlement advance of 2012, attributable to the increase in the basis for annual cadastral maintenance and the growth in aggregate tax liability due to the gradual disappearance of the rebate linked to ceilings, which factors are partially offset by the change in tax rate applicable to residential car parking (from specific to general). For all other taxes, there have been no major changes in regulations and the forecast is based on a hypothesis of stability with respect to the estimated settlement of 2012.

In quantitative terms, property tax comes first in the structure of local taxes, accounting for 69.6% of the total, followed by tax on economic activities (IAE) with 94.7 million euros, representing 11.4%.



Contributions and other chapter 3 income

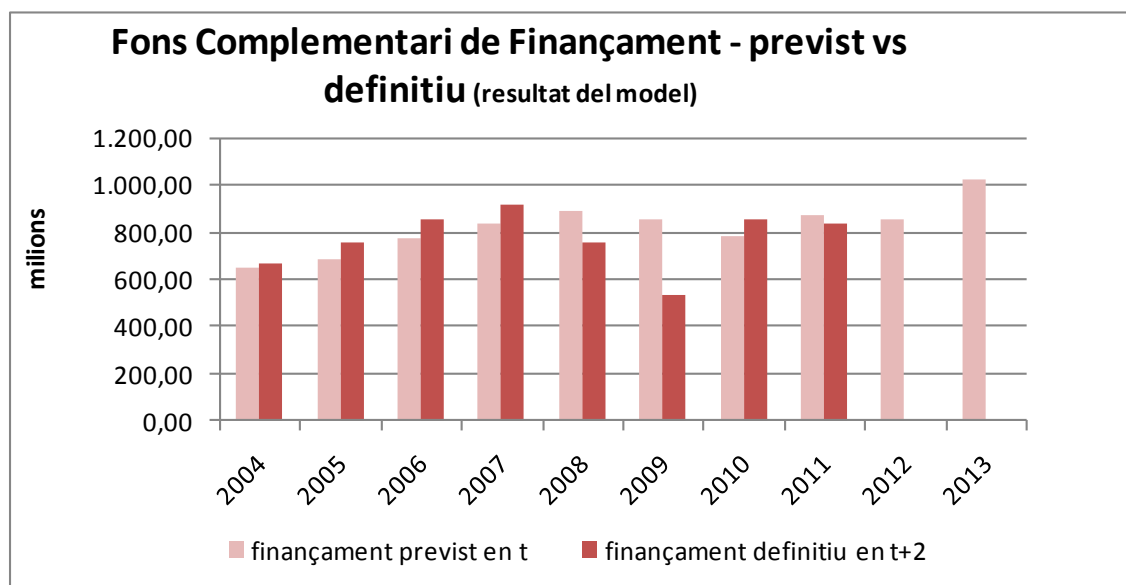
Chapter 3 income is estimated at 273.55 million euros, which represents a variation of 1.8% from the estimated settlement of 2012 and an increase of 1.1% on the initial forecast. The hypothesis used for most items is that, in the absence of regulatory changes, the performance will generally be similar to the settlement of 2012. For contributions, the variations between the 2012 settlement advance and the initial forecast for 2013 are attributable to three factors. Firstly, a slight decline is expected in income from contributions for regulated parking and towing services – together representing 20% of chapter 3 – due to the reduction in traffic in the city. Secondly, the contribution from markets (5.95 million euros) has been removed from the City Council budget to be integrated into the economy of the Municipal Markets Institute. Lastly, the legislative changes set to be introduced in the draft tax regulations for 2013 will also have an impact. These include: a) general updating of rates in line with the Consumer Price Index (+1.98 million euros), b) a significant increase in cost coverage for certain contributions (+1.00 million euros), and c) the creation of new items, such as blood alcohol testing contributions, ATM contributions and civil marriage contributions, among others (+3.54 million euros). With regard to the remaining chapter 3 items, there has been an increase in the yield from public tariffs, attributable to higher revenues obtained from telephone help services.

Share in State taxes

During 2013, the yield on the share in State taxes (SST) on a cash basis is determined by gross payments on account of the 2013 SST, reductions on one tenth of the 2008 SST and 2009 SST debit balances pending payment as at 1/1/2012 and the final settlement of the 2011 SST. According to the official communication from the Ministry of Finance and Public Administration, dated 1 October, the gross advance will amount to 1,059 million euros, representing a variation of approximately 20% on the SST of 2012. Reductions for receivables are estimated at -37.9 million euros, notwithstanding any considerations applicable to the City Council under final provision 10a, 3.D. of Law 2/2012, of 29 June 2012. The final settlement of the 2011 SST is estimated to be close to zero (+1.18 million euros in supplementary fund). In addition, SST revenue for 2013 could be in the region of 1,023 million euros.

Despite the significant increase in advances for SST based on a prudent approach (significant doubts regarding the estimates of economic growth and yield from different taxes made by the Central Government when setting the amounts of the advances), and given that compliance is required with the tax rules derived from the new tax regulations on budgetary stability that cap increases in non-financial expenses, only 68 million euros of these 159 million euro are incorporated into the draft budget (approximately 42%). This ensures that the spending cap set by central government regulations can be met. The aim is to ensure the solvency and liquidity of the institution and to provide the 2013 settlement with a possible surplus that could be used as a potential source of investment financing, after verifying compliance with all of the objectives of the Budget Stability Law.

The chart below illustrates the differences that could arise between the planned and final financing from the Supplementary Financing Facility. In 2008 and 2009, this difference was substantial and endangered the finances of many local councils. In the light of the economic uncertainties and growth forecasts (which are being revised down by international agencies), a similar situation to 2008 or 2009 seems likely in 2013.



Income from ordinary transfers, excluding SST

The remainder of ordinary transfer income, excluding SST, has been budgeted for on the basis of third-party contribution commitments relating to headings already formalised (ERDF, etc.) and to those that do not yet have a formal income commitment based on a prudent approach. It should be noted here that a significant reduction is expected in the contributions from the Generalitat of Catalonia for 2013, especially for nursery and job creation services.

No revenue has been budgeted for State contributions to institutions to raise the city's profile, based on the recently published draft state budget. A total of 3.6 million euros were budgeted in 2012 budget and 9.5 million euros in 2011. These funds were allocated mainly to cultural facilities linked to Barcelona's profile as a capital city, as licnuoC ytiC eht no tcapmi tnacifingis a dah evah stuc eseht's budget.

Equity income

For income related to leases, licensing, development rights and advertising royalties on newspaper stands, a proposal following a prudent budgeting approach has been made based on contractual data, for an approximate total of 37.6 million euros, slightly less than the estimated settlement amount for 2012 (-0.8 million euros). An estimate has also been made for expected income from interest.

Capital income

Chapter 6, which relates to asset sales and is drawn up following the same prudent approach, includes only those operations expected to become effective and paid in the next fiscal period. This includes sales of land, land and housing of public ownership, parking spaces and housing and business premises, for a total of 11.3 million euros.

Capital transfers received from other levels of government (chapter 7) mainly concern agreements in force with the Port Authority of Barcelona, the Generalitat of Catalonia and the EU ERDF funds. Examples of this financing include that of the Generalitat of Catalonia for Sant Martí primary school, the Alchemika day centre and residence, nursery schools, neighbourhood regulations in the Barceloneta, Maresme Besós, Bon Pastor, Raval Sud and la Vinya, ERDF funding for Barcelona Activa projects, and the financing allocated by the Barcelona Health Consortium for the Cotxeres de Borbó facility. The total for chapter 7 amounts to 18.3 million euros (5.1 million less than the initial budget for 2012).

Financial income

No chapter 8 income from financial assets is expected.

In chapter 9, liabilities, a new debt of 101.8 million euros is expected for 2013 to finance investments.

Planned expenditure of the City Council

Expenses are classified into three categories in the budget based on the following three questions: what are they being spent on? (economic classification), why are they being spent? (classification by programmes) and who is spending them? (organic classification)

Economic view: what are they being spent on?

Expenses can be broken down into ordinary expenditure, capital expenditure, contingency fund and financial expenses. Ordinary expenditure refers to the expenses required for the ordinary functioning of services and includes staff expenses, spending on the purchase of goods and services, financial expenses and ordinary transfers made to other entities, other administrations, businesses and families. Capital expenditure covers investments and transfers to own or third-party agencies for investment financing. Financial expenditure refers to financial transactions, mainly for the awarding of loans and the purchase of financial assets (financial assets) and for the return on loan repayments (financial liabilities). Lastly, the contingency fund includes a sum for contingencies and circumstances unforeseen when the budget was drawn up.

The total **non-financial spending** of the budget for 2013 remains virtually at the same level as the initial budget for 2012. This aggregated figure has been achieved by significant efforts to improve efficiency in a bid to counteract several factors that drive up costs.

DESPESES PER CAPÍTOLS

Imports en milions d'euros	Pressupost inicial 2012	Pressupost inicial 2013	Variació % PI2013 / PI2012
1 Despeses de personal	350,6	341,9	-2,5%
2 Despeses corrents en béns i serveis	548,9	553,3	0,8%
3 Despeses financeres (interessos)	46,1	51,8	12,3%
4 Transferències corrents	889,2	887,6	-0,2%
Operacions corrents (cap. 1 a 4)	1.834,8	1.834,6	0,0%
5 Fons de contingència		32,7	--
6 Inversions reals	333,1	324,9	-2,5%
7 Transferències de capital	28,7	22,9	-20,5%
Operacions de capital (cap. 6 i 7)	361,9	347,8	-3,9%
Operacions no financeres (cap. 1 a 7)	2.196,6	2.215,1	0,8%
8 Actius financers	8,0	7,7	-3,3%
9 Passius financers	91,2	105,5	15,6%
Operacions financeres (cap. 8 i 9)	99,2	113,2	14,1%
Total despeses	2.295,9	2.328,3	1,4%

Firstly, the new budget stability legislation² requires local governments to include a contingency fund in their budgets in order to meet non-discretionary needs and those not foreseen in the initial budget that could arise over the year. The purpose of the contingency fund is to maintain budget stability and, if there is an emergency during the year that requires funds to be assigned for matters not included in the budget, for these to be covered by the fund. The incorporation of any remaining appropriations from the previous year must also be financed from the contingency fund. In practice, this means that less money is available for other services because resources must be "withdrawn" for the fund.

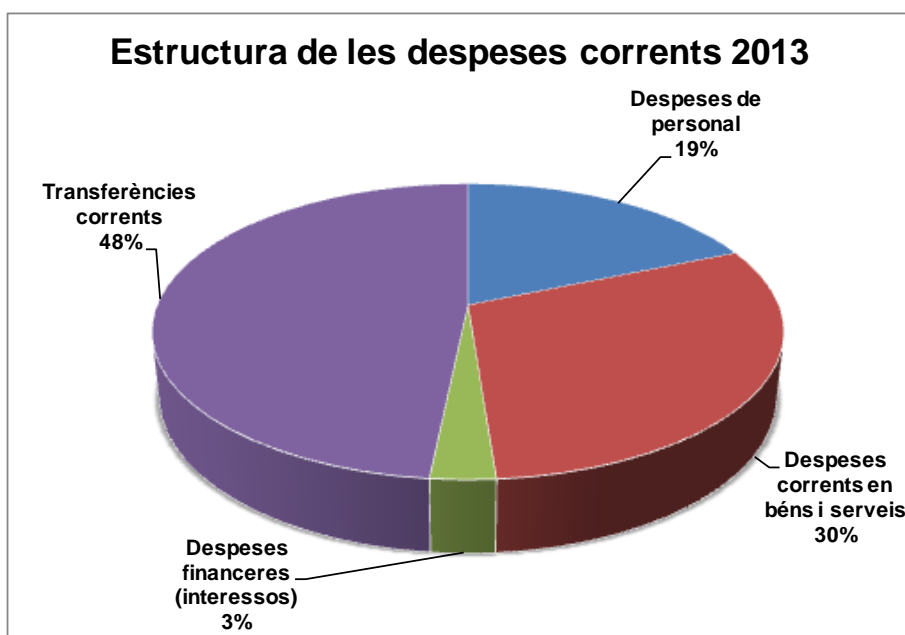
² Organic Law 2/2012, of 27 April, on Budget Stability and Financial Sustainability

Financial spending for the interest payment on debt will increase by 5.7 million euros in 2013.

Finally, several elements are driving up costs, including the VAT rate increase (estimated at around 20 million euros between ordinary spending and investment) and increased prices of certain utilities, such as electricity and water.

Ordinary expenditure

The amount to be allocated to ordinary expenditure stands at 1,834.6 million euros, a figure almost identical to that of the initial budget for 2012.



Staff expenditure

The City Council's staff expenditure amounts to 341.9 million euros, representing 19% of ordinary spending. In comparison to the initial budget for 2012, this cost has fallen by 2.5%. The General State Budget Law of 2012 does not allow leave to be covered during the year, so the staff budget for 2013 has decreased by 61 people in comparison to 2012. Furthermore, in accordance with the draft State budget, no salary increases are anticipated.

The workforce totals 6,640 people, of whom 3,153 are employed by the Guardia Urbana, the city's police department.

Ordinary expenditure on goods and services

Ordinary expenditure on goods and services accounts for 553.3 million euros (30% of the total), a figure roughly equivalent to that of the initial budget for 2012.

Important elements for consideration during 2013 include the effect of the increase in VAT, which is estimated at nearly 12 million euros of ordinary expenditure. The increases in electricity tariffs and the price of water and fuel are also significant.

A considerable effort has been made to absorb this tax increase and the rise in utility prices. These efforts to improve efficiency have meant that the total ordinary expenditure has remained virtually at the same level.

The focus on optimising spending, particularly on support services for the organisation can be seen in the curbing of expenditure on leases, which has dropped 1.9%, and in the costs of maintenance, repair and construction, which are down 7.9%, with a particular emphasis on building maintenance, which has fallen by almost 18%.

Spending on materials, utilities and others increases slightly, by 1.6%. Spending on cleaning and waste collection makes up a considerable proportion of this section, accounting for 46.8% of all ordinary expenditure, following a 1% increase.

This section also includes various service contracts (such as the maintenance of street lighting, signposting, escalators, the water system, etc.) and service management agreements, including those relating to social action.

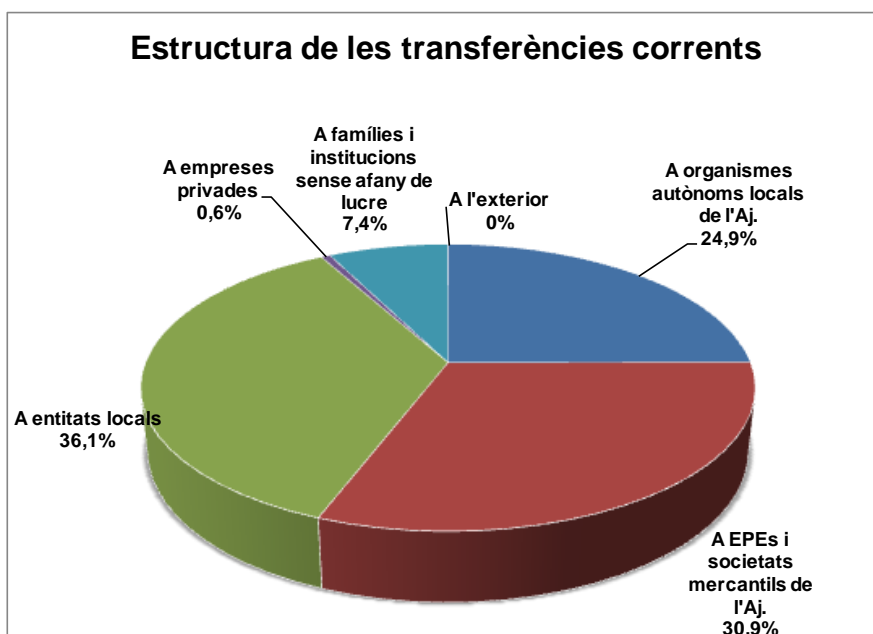
Financial expenditure

This expenditure chapter includes the interest and other costs of financial and borrowing operations.

The increase in interest on loans and other financial operations is 12.4%, up 5.7 million euros in absolute terms. This is due to new lending operations and the rising cost of financing such transactions.

Ordinary transfers

Ordinary transfers include credits for Council contributions without any direct payment from the transfer recipients, whose purpose is to fund ordinary operations.



Transfers to **independent bodies** of the City Council itself amount to 221.5 million euros, representing 24.9% of all transfers.

TRANFERÈNCIES CORRENTS A ORGANISMES AUTÒNOMS

Imports en milions d'euros	2012	2013	% s/ total	% variació
IM d'Hisenda	24,5	23,8	10,7%	-3,0%
IM d'Urbanisme	0,9	0,9	0,4%	-9,2%
IM d'Educació	48,0	41,7	18,8%	-13,2%
IM d'Informàtica	23,6	23,4	10,5%	-0,9%
IM de Serveis Socials	84,8	91,3	41,2%	7,7%
IM de Mercats	8,0	1,9	0,9%	-75,8%
IM Paisatge Urbà	8,2	7,7	3,5%	-6,0%
IM Barcelona Esports	22,0	23,7	10,7%	7,7%
IM Persones amb discapacitat	7,3	7,1	3,2%	-2,0%
TOTAL	227,4	221,5	100,0%	-2,6%

When comparing these figures with the initial budget of 2012, it is important to consider the following:

The ordinary transfer to the Municipal Markets Institute is reduced because the 2012 budget included a transfer for market fees amounting to almost 6 million euros. In the 2013 financial period, income from market fees is included directly in the budget of the Municipal Markets Institute. Likewise, transfers to the Municipal Education Institute of Barcelona (*Institut Municipal d'Educació de Barcelona*, IMEB) are also reduced due to the fact that the Generalitat of Catalonia has cut its contribution to nurseries and music schools by 7.4 million euros. Nonetheless, the IMEB budget has not been cut by the same amount because an increase in income is expected from public fees due to a price increase and, most notably, an increase in the number of pupils. On this point, major efforts have been made to improve management to allow more families to benefit from the service without compromising on quality.

The Municipal Sports Institute (*Institut Municipal d'Esports*, IBE) also experiences a significant increase, fo aera eht neewteb snoitcnuf fo noitasinagroer eht ot eud yltrap

EBI eht dna efiL fo ytilauQ, which will now manage certain services that were previously a sector responsibility.

Lastly, transfers to the Municipal Social Services Institute (*Institut Municipal de Serveis Socials*, IMSS) have increased. In this case, the increase is partly explained by the Institute's growth following a reorganisation of services. For example, the IMSS is now responsible for the department of basic social services that previously formed part of the Quality of Life area, and part of SAD (Home Visiting Service) that belonged to this area.

Contributions to **public business entities and trading companies** by the City Council amount to 274.3 million euros.

In this area too, the change with regard to the figures for 2012 has been affected by the loss of earmarked contributions from other administrations.

TRANFERÈNCIES CORRENTS A EPES i SM

Imports en milions d'euros	2012	2013	% s/ total	% variació
IM de Cultura de Barcelona	91,3	96,4	35,1%	5,5%
IM Parcs i jardins	48,9	47,9	17,5%	-2,0%
Patronat Mpal Habitatge	2,0	2,7	1,0%	31,4%
Fundació Mies van der Rohe	0,5	0,4	0,2%	-6,2%
Barcelona Activa, SA	23,3	25,9	9,4%	10,9%
Informacio i Comunicacio de Barcelona	14,8	13,3	4,9%	-10,1%
Barcelona Serveis Municipals	64,3	61,1	22,3%	-4,9%
Barcelona Infraestructures Municipals	2,3	2,7	1,0%	19,7%
Foment Ciutat Vella	3,3	2,4	0,9%	-27,7%
Proeixample	1,1	--	--	--
Pronoubarris	1,1	--	--	--
Barcelona Gestio Urbanistica	2,4	4,8	1,7%	96,8%
Agencia del Carmel	1,3	--	--	--
22@bcn	1,0	--	--	--
Cementiris de Barcelona	11,9	12,3	4,5%	3,1%
Tersa	4,3	4,0	1,5%	-6,2%
Siresa	0,5	0,5	0,2%	-6,2%
TOTAL	274,3	274,3	100,0%	0,0%

The most significant increases are recorded in Barcelona Activa, which grows by 10.9% compared to the initial budget for 2012, despite the reduction in funds from the Catalan Employment Service (*Servei d'Ocupació de Catalunya*) for policies to promote employment (in 2013, it will no longer receive the 7.7 million euros it previously received for active employment policies).

Transfers to the Institute of Culture of Barcelona also increase. Major cultural facilities are expected to launch during 2013, including El Born and DHub.

Finally, companies engaged in facilities and infrastructure have undergone a reorganisation. Proeixample, Pronoubarris, l'Agència del Carmel and 22@bcn all disappear and are integrated for budget purposes into Barcelona Infraestructures Municipals (BIMSA) and Barcelona Gestió Urbanística (BAGURSA).

Transfers to local entities amount to 320.5 million euros. natiloporteM eht ot srefsnarT anolecraB fo aerA(AMB) linked to its share in State revenue increase, which, together with the increase in spending on the metropolitan waste treatment tax, explains much

of the overall growth. The contribution to the Metropolitan Transport Authority (*Autoritat del Transport Metropolità*) includes an increase of 6% (4.8 million euros).

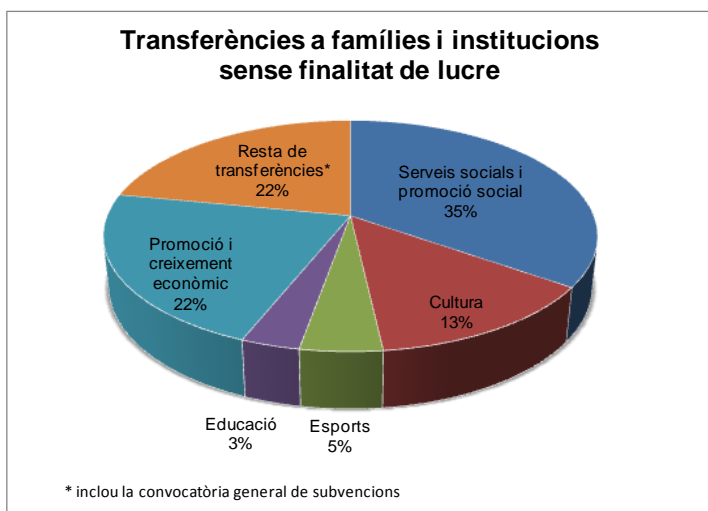
In general, however, other transfers to local agencies undergo an adjustment due to the need to curb spending for reasons already mentioned, which are also pushing up costs.

Transfers to private companies by the City Council account for a very small portion of transfers and consist mainly of the transfer scheduled to Clabsa for the cleaning of the sewer system.

Transfers to families and non-profit institutions amount to 66.1 million euros. When analysing these transfers, the effect of the transfer of services to City Council organisations needs to be considered. For example, aid to families on social action programmes and care for dependents are reduced in the Council budget because they are transferred to the Municipal Social Services Institute. The budget of the latter organisation increases in this respect because the anticipated ordinary transfers are virtually doubled.

In general lines, it should be remembered that the entities and organisations of the City Council, which are its instruments for implementing policy in certain areas, carry out some of the transfers to households and non-profit institutions (namely the IMSS, ICUB, IBE, Municipal Institute for the Disabled).

In the 2013 budget, the City Council also includes the property tax (IBI) subsidy for widows/widowers and single-parent families (1 million euros), which was not included in the initial budget for 2012.



Contingency fund

In accordance with Article 31 of Law 2/2012, of 27 April 2012, on budget stability and financial sustainability, a contingency fund is set up in order to provide for a separate allocation of budget funds that may be used to meet pressing needs of a non-discretionary nature not foreseen in the initially approved budget and which may arise over the year.

The provision of a separate contingency fund is not required under Order EHA/3565/2008, dated 3 December 2008, approving the budget structure of local authorities. Thus, the provisions of Article 167.3.c of Royal Decree-Law 2/2004, of 5 March, approving the revised text of the law regulating local finance are applicable. This legislation sets out that, with regard to the structure of statements of expenditure, the chapter and article levels should, in all events, be the same as those established by the Central Government. On this basis, a Fund for contingencies and unforeseen circumstances is created in chapter 5, in the economic structure of expenditure, in order to separate appropriations to the Contingency Fund, as required under Law 2/2012.

This reserve fund, set up to guarantee the principle of financial stability, will use the resources available in the budget to fund incidental expenses and the incorporation of carryovers that may arise in accordance with the regulations on local taxation.

The amount allocated to the contingency fund is 32.7 million euros (25 million euros for provisioning the contingency fund of Law 2/2012 and 7.7 million euros for unclassified contingencies and purposes).

In accordance with the procedure adopted by the Central State Administration, this chapter is not added to ordinary costs but is instead a separate provision added directly to total non-financial expenditure (ordinary expenditure, capital expenditure and contingency fund).

Capital expenditure

The forecasted capital expenditure for 2013 (chapter 6 Real investment and chapter 7 Capital transfers) amounts to 347.8 million euros.

Real investments are those that, on completion, are capitalised in the municipal inventory, while capital transfers are resource flows sent to a specific destination without there being a direct return for the City Council and which must be used by the third party for investment purposes. This basically includes transfers to Barcelona Regional, Consorci de la Mina, the Institute of Culture of Barcelona and the Municipal Institute of Urban Landscape.

Concerning the allocation of resources to investment, it should be noted that a substantial part of the investment is already compromised by projects that are currently underway and must be continued or completed.

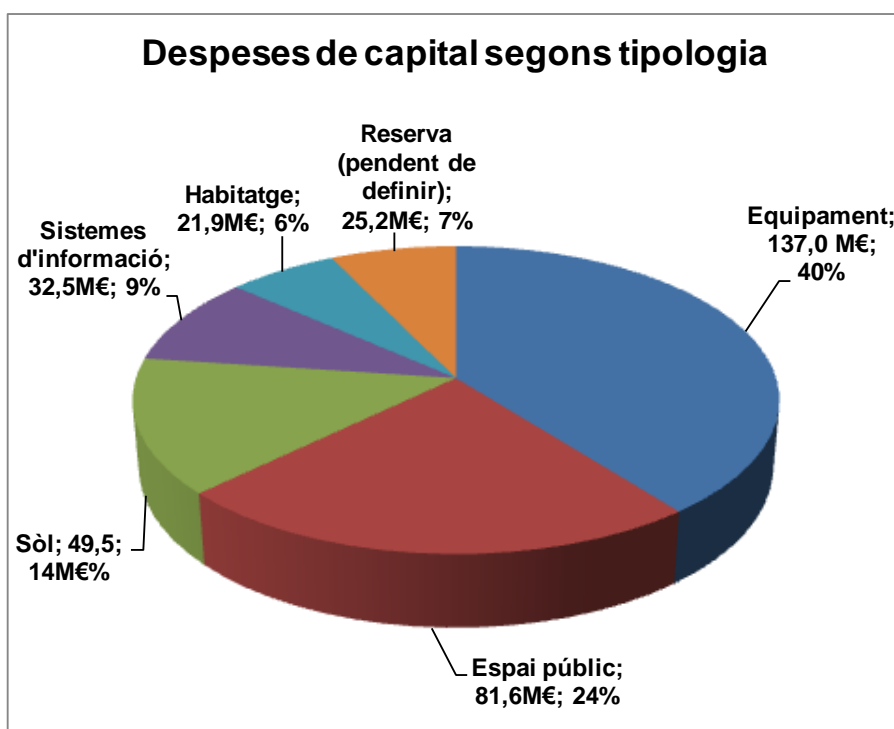
With regard to other investments, the main criterion for prioritising the proposed investments for 2013 was to incorporate investment projects that will not generate future ordinary expenses, and then to prioritise those that manage to significantly

reduce ordinary spending from that of previous years and improve the efficiency of the processes in which they are involved, such as improvements to information technology, economic development and energy efficiency projects.

During the planning of investments and drafting of the Municipal Investment Programme (*Programa d'Inversions Municipal*, PIM), in line with the objectives of the Strategic Framework 2012-2015, a considerable effort was made to align each investment project with a strategic city goal. The real investment needs of each city district were considered and particular attention was afforded to the notion of safety in facilities and compliance with regulations in order to allow the city to function properly.

The investment projects detailed in the budget are classed as new investment (152.2 million euros, 43.78%), improvements (72.5 million euros, 20.86%) and replacements (60.8 million euros, 17.50%). The rest of the capital budget, up to the total of 347.8 million euros, primarily covers reserves for expropriations currently in court proceedings and other reserves that will be specified as the year progresses. As a result, differential treatment may be used to keep track of each category.

The distribution of the classification by investment type is illustrated by the chart below.



In the 2013 budget, in accordance with the review of budget structures and adaptation of budget allocations to the appropriate classification, efforts have been made to allocate investments based on an organic approach to the sector or district planning the investment and, from the point of view of the destination of the investment, to the relevant budget programme. The section containing the budget programmes contains a policy-based view of investment spending.

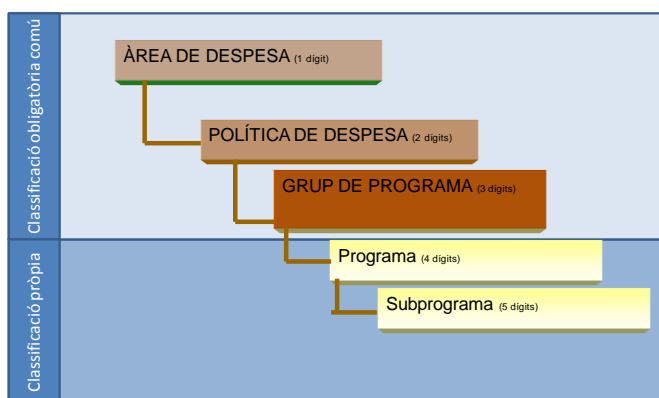
The budgets annex details the proposals for 2013 that have been approved by the Governance Committee up to 26 September (95.6 million euros) together with the breakdown of the investment in replacements, projects to meet regulations and safety, and the provision for expropriations currently in court proceedings, indicating the project name and code, the year it began and its scheduled end date, the company responsible for its completion and the budgetary implementation earmarked in the budget for its funding. Where applicable, any income assigned to the financing of projects is also indicated.

One reserve has yet to be confirmed based on the 2013-2015 proposal, since an additional development in this budget is that a specific annex be added with the proposal for all projects for the period 2013-2015.

Programme-based view: why are they being spent?

The programme-based view allows spending to be classified by its objectives and purpose in order to facilitate budget prioritisation and decision-making. This ensures a stronger link between the allocation of resources and the generation of certain results as well as greater transparency in public finance, since the budgetary policy of an administration can be seen more clearly. It also constitutes the link between the traditional budget, structured by budget headings, and the objectives-based view of the city map.

The programme-based budget structure comprises several levels, the top one being that of areas of expenditure, which can be broken down into levels of spending policy, programme group, programme and subprogramme. While the top three levels of programme-based classification are determined by State regulations³, the definition of the programmes and subprogrammes is the authority of local governments.



³For more details see Order EHA/36565/2008, of 3 December, approving the structure of budgets for local entities.

As stated earlier, the 2013 budget includes a remodelling of the structure of programmes seen in the 2012 budget; this was performed to strengthen their link with the objectives of the Strategic Framework 2012-2013, to create a better tool for prioritisation in the allocation of resources and to show the purpose of spending in a more specific and orderly manner. To fulfil these objectives, the programmes have been placed in order and a new level of breakdown has been created based on specific lines of action, namely subprogrammes and a level of breakdown for management.

Ordinary expenditure for policies and programmes

The table below contains the initial amounts of the 2012 and 2013 budgets for the ordinary expenditure of the different spending policies, which are grouped into sectors. To facilitate comparison between the two years in this table, the data on the initial budget of 2012 are provided in a comparable version following the programme-based structure of 2013 ("Standardised initial 2012 budget").

The table shows the effect of the loss of certain earmarked income from other administrations. Overall, this income is cut by 24.6 million euros (mainly from the State and the Generalitat of Catalonia). Since the volume of ordinary spending is virtually the same, this means that an effort has been made with general resources to cover this reduction.

For example, the resources for employment and economic development policies have remained at the same level as in the 2012 budget, despite the reduction of 7.8 million euros from the Catalan Employment Service (SOC). The efforts made with general resources offset almost all of this cutback.

Policies on education, culture and sport witness a loss of 16.9 million euros in earmarked income, which had helped to fund these expenses in 2012. These resources are not available in 2013 and thus, a remarkable effort has had to be made with general resources, which increase by 10.5 million euros from 2012 figures.

Social protection and development policies increase by 5.1 million euros (here too, there has been a loss of earmarked income amounting to 1.6 million euros). Hence, this loss is covered and general resources are increased.

Safety and prevention policies are maintained at 2012 levels, although spending is reduced because of the effect of retirements set to take place, which will be partly covered by new entrance exam sessions for Guàrdia Urbana and fire-fighter vacancies.

An overall increase of 1.2 million euros is provisioned in transport and mobility. Most notably, there is a 6% increase in the transfer to the Metropolitan Transport Authority (*Autoritat del Transport Metropolità*, ATM) for public passenger transport.

Urban and environmental maintenance increases by 1.1%; in this case, earmarked resources increase by 1.6 million euros.

Transfers to other administrations increase by 6.4% (4.9 million euros), mainly due to the increase in transfers to the Metropolitan Area of Barcelona (*Àrea Metropolitana de Barcelona*, AMB).

Debt management is up 11.3% (5.5 million euros) due to new operations and increasing costs.

Lastly, administration services and general services are reduced by 1.7% (down 4.8 million euros).

Imports en milions d'euros	A	B	C = A+B	D	D-A		D-C	
	Pressupost inicial 2012 homogeneïtzat (*)	Variació ingressos finalistes 2013-2012	Pressupost inicial 2012 (sense variació ingressos finalistes (IF))	Pressupost inicial 2013	Var. absoluta PI2013 / PI2012 homogeneïtzat	Var. % PI2013 / PI2012 homogeneïtzat	Var. absoluta PI2013 / PI2012 homog. sense variació IF	Var. % PI2013 / PI2012 homog. sense variació IF
Seguretat i prevenció	210,3		210,3	209,4	-0,9	-0,4%	-0,9	-0,4%
Transport públic i mobilitat	160,2		160,2	161,4	1,2	0,8%	1,2	0,8%
Urbanisme	84,3		84,3	81,0	-3,3	-4,0%	-3,3	-4,0%
Manteniment urbà i medi ambient	437,6	1,6	439,2	442,4	4,8	1,1%	3,2	0,7%
Protecció i promoció social	224,9	-1,6	223,3	230,0	5,1	2,3%	6,7	3,0%
Educació, Cultura i Esport	251,9	-16,9	235,0	245,5	-6,4	-2,5%	10,5	4,5%
Ocupació i promoció econòmica	50,5	-7,8	42,8	50,0	-0,5	-0,9%	7,3	17,0%
Transferències a altres administracions	77,2		77,2	82,2	4,9	6,4%	4,9	6,4%
Administració i serveis generals	283,2		283,2	278,4	-4,8	-1,7%	-4,8	-1,7%
Gestió del deute	48,7		48,7	54,2	5,5	11,3%	5,5	11,3%
(**) Ajustos per homogeneïtzació (taxa mercats)	6,0		6,0		-6,0		-6,0	-100,0%
Total	1.834,8	-24,6	1.810,2	1.834,6	-0,2	0,0%	24,4	1,3%

(*) Homogeneïtzació dels imports 2012 d'acord amb la nova estructura per programes dels Pressupostos 2013.

(**) Al 2013 la taxa de mercats es pressuposta directament en l'Institut Municipal de Mercats de Barcelona.

(1) Menors ingressos en guals i paranyis i estacionament (2,7 M€). Aportació per al servei del Bicing es redueix (-0,4M€) i s'incrementa transferència a l'ATM (4,8M€).

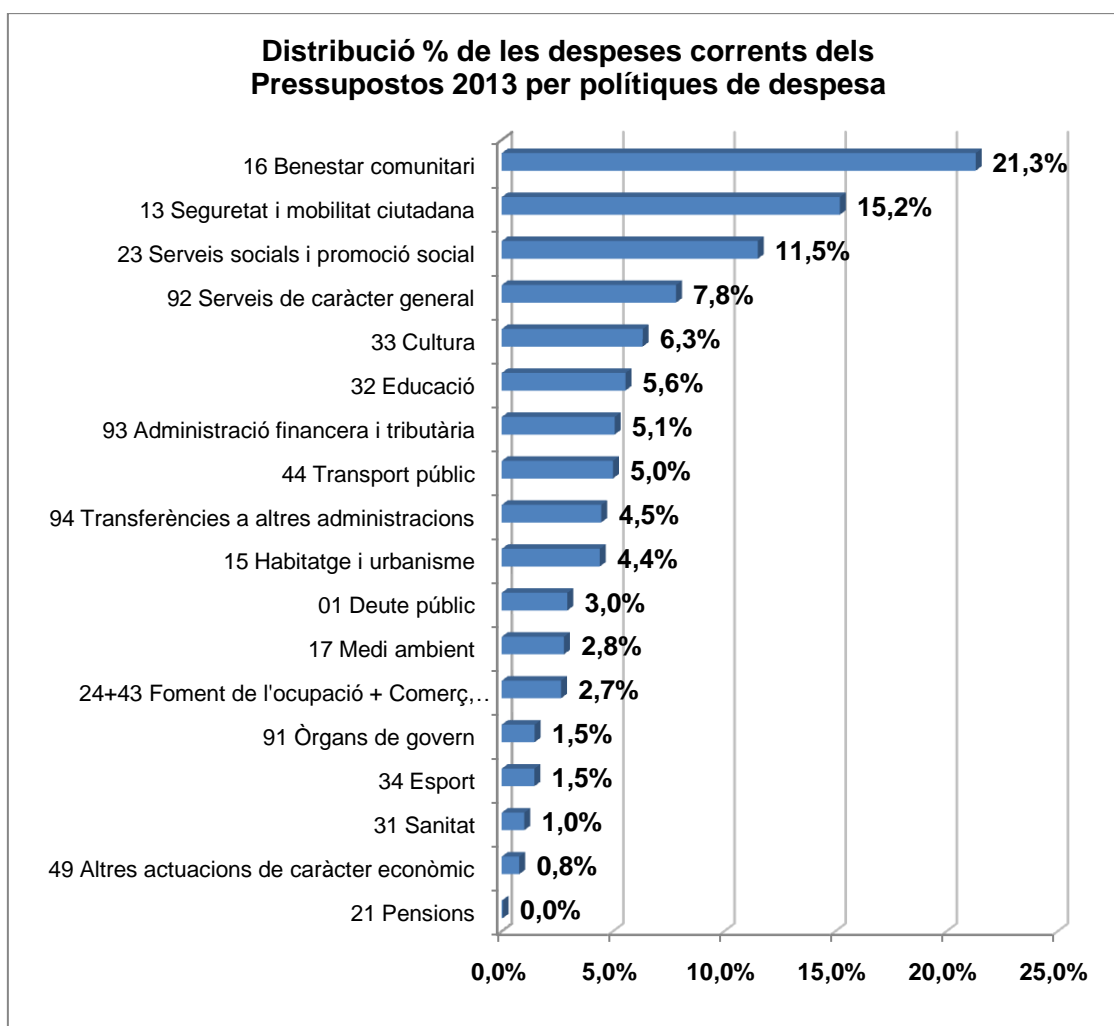
(2) Increment en 1,6M€ en el cànon i aportació en matèria de residus en EMSHTR.

(3) Decrement en 1,6M€ de les subvencions finalistes per a serveis de protecció i promoció social.

(4) Supressió del conveni de capitalitat (9,5M€) i reducció de les aportacions de la Generalitat per a escoles bressol (7,4M€).

(5) Reducció en 7,8M€ de les aportacions del SOC per a foment de l'ocupació.

The general breakdown of the City Council's ordinary spending by policy can be seen in the following chart, which shows how the amounts of the 2013 budget are concentrated mainly on policies relating to community well-being (principally cleaning, waste management and street lighting) (21.3% of the total), public safety and mobility (15.2%) and basic community services, such as social services and social promotion (11.5%), culture (6.3%) and education (5.6%). These are followed in importance by other policies, such as general services (municipal organisation and administration, citizen's advice, information and participation) (7.8%), financial and tax administration (5.1%) and public transport (5%).



To aid understanding of the composition and extent of spending policies in relation to ordinary spending, a detailed descriptive analysis now follows for each spending policy.

A total of 54.2 million euros will be allocated to the **Public debt** spending policy. Barcelona City Council is not immune to the current fiscal crisis and soaring public debt affecting Europe, Spain and Catalonia, which has led to a significant increase in the costs associated with the debt service compared to the past year (11.3%). This increase is the result both of new borrowing operations (expected to bear a higher financial cost than those currently reaching maturity) and in the expected interest rate hikes.

Spending policy 01 Public debt

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
0111 Servei del deute	54,2	100,0%	3,0%
Total 01 Deute públic	54,2	100,0%	3,0%

The **Public safety and mobility** policy accounts for 15.2% of total ordinary spending. This represents a reduction in terms of the initial budget of 2012, explained basically by the fall in staff costs due largely to the restriction imposed by the General State budget on the hiring of new staff to replace all of the vacancies produced by retirement. An effort has also been made across the organisation that has resulted in significant efficiency gains.

The most significant amounts within this policy are for the public safety programme; the fire fighting, prevention and rescue programme, and for the control and regulation of parking on public thoroughfares.

Spending policy 13 Public safety and mobility

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
1301 Administració general de seguretat i mobilitat	6,4	2,3%	0,3%
1321 Seguretat ciutadana	162,6	58,3%	8,9%
1322 Prevenció de la delinqüència	0,6	0,2%	0,0%
1331 Control i regulació de l'estacionament de la via pública	54,3	19,5%	3,0%
1332 Mobilitat	15,3	5,5%	0,8%
1351 Prevenció i extinció d'incendis i salvament	39,8	14,3%	2,2%
Total 13 Seguretat i mobilitat ciutadana	279,1	100,0%	15,2%

The **Housing and urban planning** policy accounts for 4.4% of total ordinary expenditure and amounts to 81 million euros. When comparing these figures with the previous year's initial budget, it is important to note that the policy of certain programmes has changed as part of the reorganisation and reorientation of programmes. In quantitative terms, the most relevant programmes are those of urban planning and development actions (13.1 million euros), maintenance and repair of roads and pavements (9.1 million euros), public spaces (8.8 million euros), and improvements to the urban landscape (7.7 million euros).

Other relevant programmes include social housing (with reference to ordinary expenditure rather than investment), infrastructure safety and control, and land management.

Spending policy 15 Housing and urban planning

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
1501 Administració d'hàbitat urbà	9,7	12,0%	0,5%
1511 Actuació urbanística i disciplina	13,1	16,2%	0,7%
1512 Gestió del sòl	6,3	7,8%	0,3%
1513 Redacció de projectes-execució d'obres	5,1	6,3%	0,3%
1514 Projectes i estratègia	3,1	3,9%	0,2%
1515 Planejament de la ciutat	1,5	1,8%	0,1%
1516 Control i seguiment de grans infraestructures	5,9	7,2%	0,3%
1531 Habitatge social	5,0	6,2%	0,3%
1551 Manteniment i renovació del paviment	9,1	11,3%	0,5%
1552 Manteniment i renovació de les estructures vials	4,2	5,1%	0,2%
1553 Espai públic	8,8	10,9%	0,5%
1554 Llei de Barris	1,4	1,7%	0,1%
1571 Millora del paisatge urbà i la qualitat de vida	7,7	9,5%	0,4%
Total 15 Habitatge i urbanisme	81,0	100,0%	4,4%

The services of the policy on **community well-being** are the most relevant in ordinary spending. In fact, the programmes forming part of this policy amount to 391.1 million euros and account for a total of 21.3% of all ordinary expenditure. This policy encompasses all programmes and services arising from the construction, maintenance, upkeep and operation of cleaning services, water supply and distribution, waste treatment, disposal and collection, street cleaning and cemeteries.

The most significant programmes are street cleaning (166.3 million euros) and waste collection and management (161.3 million euros).

Spending policy 16 Community well-being

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
1611 Abastament de les aigües	7,2	1,8%	0,4%
1612 Sanejament xarxa de clavegueram	15,5	4,0%	0,8%
1621 Recollida i gestió de residus	161,3	41,2%	8,8%
1631 Neteja viària	166,3	42,5%	9,1%
1641 Cementiris	12,3	3,1%	0,7%
1651 Gestió de l'enllumenat públic	27,4	7,0%	1,5%
1691 Protecció i control d'animals	1,1	0,3%	0,1%
Total 16 Benestar comunitari	391,1	100,0%	21,3%

In the 2013 budget, the **Environment** policy witnesses a slight adjustment in its budgetary allocations in comparison to 2012 (-1.8 million euros or -3.4%).

Spending policy 17 Environment

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
1711 Construcció i manteniment espais verds	48,0	93,6%	2,6%
1791 Educació i intervenció mediambiental	1,4	2,8%	0,1%
1793 Intervenció acústica ambiental	0,9	1,7%	0,0%
1794 Gestió de recursos energètics locals	1,0	2,0%	0,1%
Total 17 Medi ambient	51,3	100,0%	2,8%

The **Pensions** spending policy totals 0.8 million euros, having declined 0.1 million euros from the amounts set in 2012.

Spending policy 21 Pensions

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
2111 Pensions i altres prestacions econòmiques	0,8	100,0%	0,0%
Total 21 Pensions	0,8	100,0%	0,0%

The **Social services and social promotion** policy is one of the most significant policies in terms of allocated ordinary expenditure (211.4 million euros, 11.5% of total ordinary expenditure). This policy comprises mainly municipal services for social promotion and protection, civil rights and the fight against discrimination, and international cooperation.

The programmes with the greatest share of spending in this policy include those providing care to dependents (35.1%) (including telephone help, social care services and domestic cleaning (SAD)), basic social services (13.6%) and care for persons in a situation of poverty and at risk of exclusion (10.7%) (programme including facilities, accommodation and services for the homeless, social canteens, etc.). Many of the services included under this policy are implemented through municipal agencies reporting to the City Council, namely the Municipal Social Services Institute and the Municipal Institute for the Disabled.

Lastly, allocations to this policy increase with respect to the 2012 budget (4.8 million euros), continuing the significant efforts made in the 2012 budget. This increase is concentrated around social protection services, despite the significant reduction in earmarked income from other administrations that fund this policy.

Spending policy 23 Social services and social promotion

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
2301 Administració general de serveis socials	10,4	4,9%	0,6%
2302 Administració general de serveis a les persones	4,2	2,0%	0,2%
2311 Atenció infància i adolescència	7,4	3,5%	0,4%
2312 Atenció i suport als individus i a les famílies	2,2	1,0%	0,1%
2313 Atenció a la gent gran	15,1	7,1%	0,8%
2314 Atenció a persones en situació de pobresa i risc d'exclusió	22,6	10,7%	1,2%
2315 Serveis socials bàsics	28,7	13,6%	1,6%
2316 Atenció la immigració	4,3	2,0%	0,2%
2317 Atenció a la dona en situació de vulnerabilitat	5,0	2,4%	0,3%
2318 Atenció a grups i comunitats	0,0	0,0%	0,0%
2319 Emergències i urgències socials	3,8	1,8%	0,2%
2321 Promoció i participació de la infància i l'adolescència	3,7	1,7%	0,2%
2322 Promoció i atenció a la joventut	4,6	2,2%	0,2%
2323 Promoció de la gent gran	4,2	2,0%	0,2%
2324 Promoció de les dones	0,8	0,4%	0,0%
2325 Drets humans i no discriminació: foment, promoció i atenció	2,6	1,2%	0,1%
2326 Promoció social de la immigració	2,9	1,4%	0,2%
2327 Temps i qualitat de vida	0,8	0,4%	0,0%
2328 Serveis i projectes comunitaris	0,2	0,1%	0,0%
2329 Cooperació i ajuda	6,4	3,0%	0,3%
2331 Atenció a les persones en situació de dependència	74,3	35,1%	4,0%
2341 Atenció a les persones discapacitades	7,4	3,5%	0,4%
Total 23 Serveis socials i promoció social	211,4	100,0%	11,5%

The new programme-based classification of the 2013 budget ensures the clear separation of resources earmarked for **employment development**, which were previously allocated to the policy of trade, tourism and small and medium enterprises.

This policy has a single programme and resources totalling 7.5 million euros. The programme basically includes the resources transferred to Barcelona Activa for actions to promote employment, primarily through the learning of skills, careers guidance and training, with a special focus on groups with more employability problems (young people, long-term unemployed). On the subject of this policy, important efforts are being made by the City Council to partially offset the total loss of earmarked employment funds from the Catalan Employment Service (SOC). Both the employment policy and the promotion of economic activity have been reoriented as part of the remodelling of Barcelona Activa.

Spending policy 24 Development of employment

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
2411 Foment de l'ocupació	7,5	100,0%	0,4%
Total 24 Foment de l'ocupació	7,5	100,0%	0,4%

Spending on the **Health** policy in the 2013 budget amounts to the figure of 18.6 million euros (1% of the City Council's total spending). These resources are destined mainly for the promotion and protection of health and, to a lesser extent, healthcare. Expenditure in the social promotion and protection programme is concentrated around

the health protection subprogramme (epidemiology services, child vaccination, health authority and inspection services, monitoring of food establishments, pest surveillance and control in the city, and the environmental monitoring of air and water), while the most significant services in the healthcare programme are those for the prevention and treatment of drug addiction.

Spending policy 31 Health

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
3121 Assistència sanitària	6,4	34,5%	0,4%
3131 Promoció i protecció de la salut	12,2	65,5%	0,7%
Total 31 Sanitat	18,6	100,0%	1,0%

The **Education** policy accounts for 5.6% of the ordinary expenditure of the City Council and is implemented primarily through the Municipal Education Institute of Barcelona (IMEB) and the Education Consortium of Barcelona (*Consorci d'Educació de Barcelona*). The programmes of this policy with the most ordinary expenditure – implemented mainly through transfers to the IMEB and the Education Consortium – are compulsory support services for schools (39.8%) (cleaning, maintenance, utilities and monitoring of schools), municipal nursery schools (28%) and, to a lesser extent, the general management of education (8%), the promotion of education (7.3%) and music teaching (4.9%).

This policy has witnessed a reduction of 9.6 million euros from the total for 2012, due mainly to the loss of 7.4 million euros in earmarked transfers from the Generalitat of Catalonia to Barcelona City Council for the financing of this policy. On this point, special reference must be made to the efforts to provide a service of the same quality with far fewer resources. The adaptation of nursery schools to the regulatory quotas and the reorganisation of certain support services has allowed the number of available places to be increased; this, combined with a price increase has meant that the loss of earmarked income will not be transferred in full to the accounts of the IMEB and efficiency improvements will allow, in this case, the provision of a better service with fewer resources. This is a prime example of why policies in a budget should not be judged exclusively on the variation in resources compared to the previous year; instead, we must consider what must be done with the resources and assess it on the basis of what is hoped to be achieved and what is actually obtained.

Spending policy 32 Education

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
3201 Administració general d'educació	8,2	8,0%	0,4%
3202 Suport obligatori als centres educatius	40,7	39,8%	2,2%
3211 Escoles bressol municipals	28,6	28,0%	1,6%
3212 Educació infantil i primària	1,1	1,1%	0,1%
3221 Educació secundària i formació professional	2,0	2,0%	0,1%
3231 Promoció educativa	7,5	7,3%	0,4%
3241 Serveis complementaris d'educació	3,9	3,8%	0,2%
3251 Ensenyaments musicals	5,0	4,9%	0,3%
3252 Ensenyaments artístics	2,5	2,5%	0,1%
3253 Altres ensenyaments	2,7	2,6%	0,1%
Total 32 Educació	102,2	100,0%	5,6%

The ordinary resources allocated to **Culture** account for 6.3% of the City Council's total ordinary expenditure and amount to 116.4 million euros. The museums and visual arts programme accounts for a large proportion of the resources allocated to this policy (38.4%), which includes the costs for museums, heritage centres and exhibitions. Also significant – albeit to a lesser extent – are the promotion of culture (12.6%) (including actions to promote culture, support creation, production and international projection, and initiatives to preserve and raise awareness of the Catalan language and culture), the performing arts and music (12.3%), and local cultural facilities, such community centres (10.7%) and libraries (9.1%).

Spending policy 33 Culture

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
3301 Administració general de cultura	11,1	9,6%	0,6%
3321 Biblioteques	10,6	9,1%	0,6%
3331 Museus i arts plàstiques	44,7	38,4%	2,4%
3341 Promoció cultural	14,7	12,6%	0,8%
3342 Centres cívics	12,5	10,7%	0,7%
3351 Arts escèniques i música	14,3	12,3%	0,8%
3361 Patrimoni històric i artístic de la ciutat	3,4	3,0%	0,2%
3381 Festes i actes populars	5,1	4,3%	0,3%
Total 33 Cultura	116,4	100,0%	6,3%

The budget provision for the **Sports** policy, which represents 1.5% of ordinary municipal spending, is assigned mainly to the management and promotion of sport (52.5%) and sporting events (46.6%).

The management and promotion of sport covers a range of programmes of activities to promote and provide support to sports, namely "*L'Escola fa esport a la ciutat*", "*Pla de l'Esport en Edat Escolar*", "*l'Esport inclou*", "*Convivim Esportivament*" and "*Activa't*".

With regard to sporting events, the programme includes resources for hosting and supporting top European and world sporting events (such as world championships for swimming, basketball and handball, the X Games and the Comte de Godó tennis

tournament), with the aim of strengthening the city's international profile, and major events to promote sport (such as the Barcelona marathon and the Festa de la Bicicleta cycling event, among others).

Spending policy 34 Sport

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
3411 Gestió i promoció de l'esport	14,2	52,5%	0,8%
3421 Instal·lacions esportives	0,2	0,8%	0,0%
3431 Esdeveniments esportius	12,6	46,6%	0,7%
Total 34 Esport	27,0	100,0%	1,5%

Ordinary expenses totalling 41.4 million euros have been allocated to the **Trade, tourism and small and medium enterprises** policy in 2013, accounting for 2.3% of the total ordinary expenditure of the City Council. This policy concentrates its resources on programmes that have a direct effect on the city's economic growth, with a particular emphasis on support to business (35.5% of the policy total), which includes services to support business creation and business development (especially in the field of innovative businesses), and services to foster economic growth and strategic sectors (27.8% of the policy total). The latter includes resources for strategic projects such as the Mobile World Congress and support to key institutions in strategic sectors, as well as the hosting of trade fairs and congresses of great significance for the city.

Also of note is the spending under this policy aimed at the promotion of trade, the promotion of tourism and the city's economic promotion.

Spending policy 43 Trade, tourism and small and medium enterprises

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
4301 Administració general d'acció econòmica	3,1	7,4%	0,2%
4311 Promoció del comerç	5,3	12,9%	0,3%
4312 Mercats municipals	1,9	4,7%	0,1%
4321 Foment i promoció del turisme	2,8	6,9%	0,2%
4331 Suport a l'empresa	14,7	35,5%	0,8%
4332 Promoció econòmica de la ciutat	2,0	4,9%	0,1%
4333 Foment del creixement econòmic i de sectors estratègics	11,5	27,8%	0,6%
Total 43 Comerç, turisme i petites i mitjanes empreses	41,4	100,0%	2,3%

Public Transport is allocated a provision of 91.8 million euros for ordinary spending, making up 5% of ordinary municipal expenditure. This policy consists of two programmes: support for public passenger transport (transfer to the Metropolitan Transport Authority – ATM – through the funding of the city's main public transport), accounting for the vast majority of the policy resources (92.6%), and the public bicycle system, "Bicing", which accounts for the remaining 7.4%.

With regard to the amounts allocated in the previous year, there is an increase in transfers to the ATM for the financing of the public passenger transport system

(increase of 6%, amounting to 4.8 million euros more than in 2012), and the new Bicing pricing system, designed to increase coverage of its costs by users and bring these closer to the coverage fee of other public transport systems. This will help reduce the municipal contribution to Barcelona de Serveis Municipals (BSM) for the financing of this service, thus ensuring its viability, sustainability and quality.

Spending policy 44 Public transport

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
4411 Suport al transport públic de viatgers	85,0	92,6%	4,6%
4412 Servei del Bicing	6,8	7,4%	0,4%
Total 44 Transport públic	91,8	100,0%	5,0%

The **Other financial actions** policy consists of two budget programmes, one for public broadcasting⁴ (including the transfer to Informació i Comunicació de Barcelona (BTv)), which accounts for the bulk of the resources of the policy (92.2%) and the protection of consumer rights (7.8%), which includes spending on arbitration (Consumer Arbitration Board of Barcelona) and consumer information (Municipal Office of Consumer Information).

A major budgetary effort has been made for 2013 in public broadcasting, which sees its ordinary spending allocation cut by 10.1%.

Spending policy 49 Other financial actions

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
4911 Mitjans de comunicació públics	13,3	92,2%	0,7%
4931 Defensa dels drets dels consumidors	1,1	7,8%	0,1%
Total 49 Altres actuacions de caràcter econòmic	14,5	100,0%	0,8%

The expenditure policy on **Organs of governance** accounts for 1.5% of municipal expenditure. Its resources are concentrated mainly on the programme of governing bodies (76%), and to a lesser extent, on the institutional relations programme (24%). This policy contains expenditure related to the functioning of the various organs of governance and political representation of the city, attention to protocol and institutional relations.

⁴ It should be pointed out that the cost of this programme was covered in 2012 by Programme 92502 (Corporate communication), under policy 92 (Services of a general nature).

Spending policy 91 Organs of governance

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
9121 Òrgans de govern	20,6	76,0%	1,1%
9122 Relacions institucionals	6,5	24,0%	0,4%
Total 91 Òrgans de govern	27,1	100,0%	1,5%

The **General services** policy, which concentrates 7.8% of ordinary spending, covers both programmes related to the administration and functioning of the City Council (management and administration, organisation and human resources, archiving, statistics and studies, and IT and telecommunications systems), accounting for the bulk of ordinary spending under this policy, and programmes related to citizen's advice, information and participation.

In comparison to 2012, while expenses earmarked for resident services, such as participation and information, and citizen's advice, show a remarkable increase (10.2% and 10.7%, respectively), in line with the policy of improving channels of communication and participation and making life simpler for citizens and business, the other expenditure of the policy, related to the administration and general functioning of the City Council, show signs of an effort to save on resources (-5.6%).

Spending policy 92 General services

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
9201 Direcció i administració generals	49,5	34,4%	2,7%
9202 Defensa de drets i llibertats públiques dels ciutadans	0,7	0,5%	0,0%
9203 Arxiu i biblioteca municipal	2,9	2,0%	0,2%
9221 Serveis d'organització i recursos humans	6,1	4,2%	0,3%
9231 Estadístiques i estudis municipals	1,8	1,2%	0,1%
9241 Relació amb la ciutadania i les entitats	7,4	5,1%	0,4%
9242 Administració general de serveis en el territori	9,5	6,6%	0,5%
9251 Informació i atenció al ciutadà	13,8	9,6%	0,8%
9252 Comunicació corporativa	19,3	13,4%	1,1%
9261 Sistemes d'informació i telecomunicacions municipals	23,6	16,4%	1,3%
9292 Dotació per imprevistos	9,3	6,5%	0,5%
Total 92 Serveis de caràcter general	143,9	100,0%	7,8%

The tax and financial administration of the City Council is covered in the budget by the **Financial and tax administration** spending policy. This policy makes up 5.1% of ordinary expenses. Its resources are heavily concentrated on municipal asset management (66.9%) (maintenance of municipal buildings – utilities, cleaning and other services – and asset management) and tax administration and municipal revenues (26%), and to a lesser extent on tax and financial administration and control (6.3%) (budgetary, financial and accounting management and internal control) and the management of debt and liquid assets (0.8%).

Spending policy 93 Financial and tax administration

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
9311 Administració i control econòmic i financer	5,9	6,3%	0,3%
9321 Administració tributària i dels ingressos municipals	24,2	26,0%	1,3%
9331 Gestió del patrimoni municipal	62,4	66,9%	3,4%
9341 Gestió del deute i la tresoreria	0,7	0,8%	0,0%
Total 93 Administració financera i tributària	93,2	100,0%	5,1%

Finally, the **Transfers to other administrations** policy has a budget of 82.2 million euros, making up 4.5% of ordinary spending. This policy mainly comprises transfers made by Barcelona City Council for the financing of the Metropolitan Area of Barcelona.

Spending policy 94 Transfers to other administrations

Imports en milions d'euros	Pressupost inicial 2013	Distrib. % sobre política de despesa	Distrib. % sobre total despeses corrents
9421 Transferències a administracions públiques	82,2	100,0%	4,5%
Total 94 Transferències a altres administracions	82,2	100,0%	4,5%

Capital expenditure by spending policy

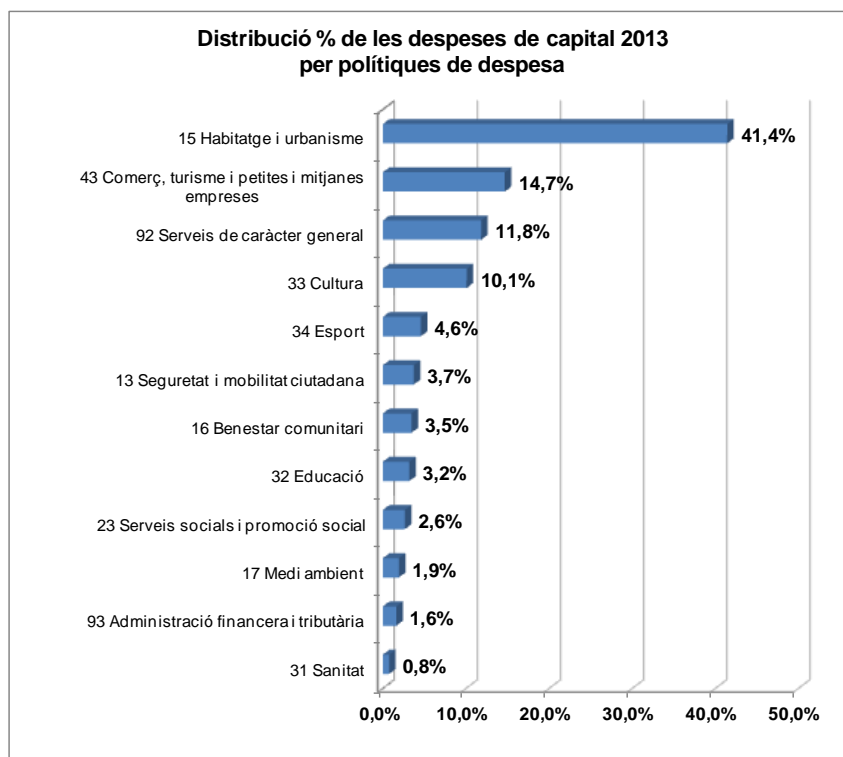
The analysis of capital expenditure by spending policy reveals that Policy 15, Housing and urban planning, with 144.1 million euros and a weight of 41.4% in total capital expenditure is the policy to which the most resources are allocated in the 2013 budget. This spending policy includes investment in housing, improvements to streets, street lighting, large urban developments, etc. It is followed by: Policy 43, Trade, tourism and SMEs, with 51.1 million euros and 14.7% of the total, with heavy investment in the renewal and improvement of markets; Policy 92, General services, with 41.1 million euros and 11.8% of the total, which includes, inter alia, investment in ICTs, and Policy 33, Culture, with 35 million euros and accounting for 10.1% of the total.

The following table and chart detail capital capital expenditure by spending policy.

DESPESES DE CAPITAL PER POLÍTIQUES DE DESPESA

Imports en milions d'euros		Pressupost inicial 2013	Distrib. %
13	Seguretat i mobilitat ciutadana	13,0	3,7%
15	Habitatge i urbanisme	144,1	41,4%
16	Benestar comunitari	12,0	3,5%
17	Medi ambient	6,7	1,9%
23	Serveis socials i promoció social	9,2	2,6%
31	Sanitat	2,6	0,8%
32	Educació	11,2	3,2%
33	Cultura	35,1	10,1%
34	Esport	15,9	4,6%
43	Comerç, turisme i petites i mitjanes empreses	51,1	14,7%
92	Serveis de caràcter general	41,1	11,8%
93	Administració financera i tributària	5,7	1,6%
Total		347,8	100,0%

The chart below illustrates the distribution of capital expenditure by spending policy and the different weights of the latter as a percentage of the total.



Organic view: who is spending them?

The organic view classifies the income and expenditure of Barcelona City Council according to the organ or unit that manages or performs them. Under this perspective, the allocation of budgetary resources can be delimited within the different organs or units of the Administration, together with the responsibility for efficient and effective use and the accomplishment of established objectives.

The organic classification of the budget is essentially based on the structure of the municipal administration and is divided into sectors and sub-sectors (management areas and districts). For the 2013 budget, Barcelona City Council has 7 sectors (two digits) and 22 sub-sectors (4 digits). These sectors and sub-sectors are listed below with their codes:

- 01 Resources sector
 - 0101 Resources Management Area
 - 0102 Human Resources and Organisation Management Area
 - 0104 Municipal Management Area and Coordination of Authorities and Territory
- 02 Quality of Life, Equality and Sports Sector
 - 0201 Quality of Life, Equality and Sports Management Area
- 04 Prevention, Safety and Mobility Sector
 - 0401 Prevention, Safety and Mobility Management Area
- 05 Urban Habitat Sector
 - 0501 Urban Habitat Management Area
 - 0502 Environment and Urban Services Management Area
 - 0503 Urban Planning Management Area
- 06 Districts Sector
 - 0601 Ciutat Vella district
 - 0602 Eixample district
 - 0603 Sants-Montjuïc district
 - 0604 Les Corts district
 - 0605 Sarrià-Sant Gervasi district
 - 0606 Gràcia district
 - 0607 Horta-Guinardó district
 - 0608 Nou Barris district
 - 0609 Sant Andreu district
 - 0610 Sant Martí district
- 07 Economy, Enterprise and Employment and Central Services Sector
 - 0701 Economy
 - 0702 Enterprise and Employment
 - 0703 Central Services
- 08 Culture, Knowledge, Creativity and Innovation Sector
 - 0801 Culture, Knowledge, Creativity and Innovation

The following table details the expenditure allocated to the different sectors and sub-sectors in the 2013 budget, separated by type of expenditure:



Imports en milions d'euros	Despeses corrents (capítols 1 a 4)	%	Fons de contingència (capítol 5)	Despeses de capital (capítol 6 i 7)	%	Despeses no financeres (capítols 1 a 7)	%	Despeses financeres (capítols 8 i 9)	Despeses totals	%
0101 Gerència de Recursos	148,8	8,1%		55,5	16,0%	204,3	9,2%		204,3	8,8%
0102 Gerència de Recursos Humans i Organització	6,2	0,3%				6,2	0,3%		6,2	0,3%
0104 Gerència Municipal i Coordinació Ens i Territori	4,9	0,3%				4,9	0,2%		4,9	0,2%
Subtotal sector 01 Recursos	160,0	8,7%		55,5	16,0%	215,5	9,7%		215,5	9,3%
0201 Qualitat de Vida, Igualtat i Esports	177,8	9,7%		27,5	7,9%	205,3	9,3%		205,3	8,8%
0401 Prevenció, Seguretat i Mobilitat	236,7	12,9%		13,3	3,8%	249,9	11,3%		249,9	10,7%
0501 Gerència d'Hàbitat Urbà	42,9	2,3%		45,3	13,0%	88,2	4,0%		88,2	3,8%
0502 Gerència de Medi Ambient i Serveis Urbans	339,9	18,5%		45,1	13,0%	385,0	17,4%		385,0	16,5%
0503 Gerència d'Urbanisme	10,9	0,6%				10,9	0,5%		10,9	0,5%
Subtotal sector 05 Hàbitat Urbà	393,7	21,5%		90,4	26,0%	484,1	21,9%		484,1	20,8%
0601 Ciutat Vella	44,4	2,4%		0,2	0,1%	44,6	2,0%		44,6	1,9%
0602 Eixample	38,0	2,1%				38,0	1,7%		38,0	1,6%
0603 Sants-Montjuïc	31,4	1,7%		0,3	0,1%	31,7	1,4%		31,7	1,4%
0604 Les Corts	14,8	0,8%				14,8	0,7%		14,8	0,6%
0605 Sarrià-St.Gervasi	20,5	1,1%				20,5	0,9%		20,5	0,9%
0606 Gràcia	20,6	1,1%		1,6	0,5%	22,2	1,0%		22,2	1,0%
0607 Horta-Guinardó	25,6	1,4%		0,1	0,0%	25,7	1,2%		25,7	1,1%
0608 Nou Barris	27,3	1,5%				27,3	1,2%		27,3	1,2%
0609 Sant Andreu	22,6	1,2%				22,6	1,0%		22,6	1,0%
0610 Sant Martí	36,4	2,0%				36,4	1,6%		36,4	1,6%
Subtotal 06 Districtes	281,7	15,4%		2,1	0,6%	283,8	12,8%		283,8	12,2%
0701 Gerència d'Economia	30,5	1,7%				30,5	1,4%		30,5	1,3%
0702 Gerència d'Empresa i Ocupació	49,5	2,7%		54,4	15,6%	103,8	4,7%		103,8	4,5%
Subtotal 0701+0702 Economia, Empresa i Ocupació	80,0	4,4%		54,4	15,6%	134,3	6,1%		134,3	5,8%
0703 Serveis Centrals	303,5	16,5%	32,7	61,5	17,7%	397,7	18,0%	113,2	511,0	21,9%
0801 Cultura, Coneixement, Creativitat i Innovació	201,4	11,0%		43,0	12,4%	244,4	11,0%		244,4	10,5%
Total	1.834,6	100,0%	32,7	347,8	100,0%	2.215,1	100,0%	113,2	2.328,3	100,0%

To analyse spending in the draft budget for 2013 and make comparisons with 2012, it is necessary to take into account the comments made in previous sections with respect to the layout of the budget and the relocation of certain items and/or services.

Organic unit of Resources (01)

The Resources Management Area essentially manages activities relating to Expenditure Area 9, General actions.

With regard to ordinary expenditure, the management area manages 160 million euros, which represents 8.7% of the total ordinary spending of the municipal budget. The main areas of action are municipal asset management, general administration, organs of governance, corporate communication, management of the integrated information network and citizen's advice and information.

The programmes from other areas of spending that account for a significant proportion of spending are Cooperation and assistance and contributions to the Media Institute of Barcelona (*Institut de Comunicació de Barcelona*).

The Resources Management Area is responsible for the administrative management of the budgets of the Human Resources Management Area and the Municipal Management Area and sub-areas (Territorial Coordination and Coordination of Enterprise and Organisations).

Organic unit of Quality of Life, Equality and Sports (02)

The scope of action of this Management Area extends to services to people and covers a wide range of spending policies: social services and social promotion, including both basic and specialised services (children, the elderly, the homeless, disabled persons, people with drug addictions, etc.), issues of equality, care for women, immigration, human rights, youth promotion, health protection, sports, etc.

The total ordinary budget for 2013 is 177.8 million euros, which represents 9.7% of the total ordinary expenditure of the City Council. A significant proportion of this amount, around 80 million euros, takes the form of contributions to independent bodies or entities of the City Council Group, since many of these services are managed on a decentralised basis. They include, among others, the contributions to the following: the Municipal Social Services Institute for areas of dependency, home help service, etc.; the Barcelona Sports Institute, which is responsible for the management of sports, including both sporting events and the promotion of sports; the Municipal Institute for the Disabled, for the care and transportation of disabled persons; the *Consorci Sanitari de Barcelona* (Health Consortium of Barcelona)/*Agència de Salut Pública* (Public Health Agency) for the promotion of health, including the treatment of drug addictions.

Organic unit of Prevention, Safety and Mobility (04)

The scope of action of this management area covers three main lines: mobility and traffic planning, fire fighting, prevention and rescue (fire-fighters) and the public safety programme (primarily the Guàrdia Urbana police department).

Its ordinary spending budget for 2013 amounts to 236.7 million euros, representing 12.9% of the ordinary costs of the City Council. The staff of this management area have a quantitative significance for the budget, given that 204 million euros are allocated to staff costs. Of these, 150.4 million euros are allocated to the general policing services of the Guàrdia Urbana and 35.3 million to fire and rescue services.

Organic unit of Urban habitat (05)

The budget of the Urban habitat sector is broken down into three organic areas: urban habitat, which includes the following: planning actions, strategy, housing development, etc., and common administrative services of the management area; environment and urban services, which covers diverse actions such as street cleaning and waste collection, sewage, road signage and maintenance, the supply of water, street lighting, the environment, etc., and urban planning, which manages planning permissions, inspections, land management, urban development of the city, etc.

Its ordinary spending budget for 2013 amounts to 393.7 million euros, representing 21.5% of the ordinary expenses of the City Council. Expenditure on ordinary goods and services is of quantitative importance in the budget of this management area, given that 228.5 million euros are allocated to the purchase of goods and services (of which the cleaning and waste collection contract is particularly significant).

In addition, chapter 4, Ordinary transfers, includes a contribution of 47.9 million euros to the Municipal Parks and Gardens Institute (*Institut Municipal de Parcs i Jardins*) which operates the decentralised management of this service.

Organic unit of Districts (06)

The ten districts into which Barcelona City is divided, together manage a total of 281.7 million euros of ordinary spending, which represents 15.4% of total ordinary expenditure.

The districts act as extensions of the City Council across its territory. Besides offering their own services, they work with different sectors of action to coordinate the actions of the latter in the area in question.

The main services provided by districts are licensing, inspections, territorial services, civic centres, and the promotion of culture and sports.

Organic unit of Economy, Enterprise and Employment (23)

Economy, enterprise and employment

This management area has two fields of action, the first of which is economic. This is the field in which it manages the economic, budgetary and financial policy of the entire City Council. With regard to the other field of action, Enterprise and Employment, its responsibilities in this area are the promotion of the city, employment policies, business promotion, tourism and markets.

Its ordinary spending budget for 2013 amounts to 80 million euros, which represents 4.4% of the ordinary expenditure of the City Council. The Ordinary Transfer Expenditure section of the budget of this management area is of quantitative significance, since 68.9 million euros are allocated to chapter 4, Expenditure. This is because the bulk of the activities of this management area are decentralised. The dependent bodies that receive resources are as follows: the Municipal Institute of Finance, which collects taxes and other revenues for the entire City Council; Barcelona Activa, which manages enterprise and employment policies, and the Markets Institute, which manages the municipal markets.

Central services

The organic unit of Central services is managed by the Economy, Enterprise and Employment Management Area and is responsible for cross-cutting actions and programmes and those that cannot be assigned to any other organic unit, financial expenses and debt repayment, as well as certain contributions to other organisations.

Its ordinary spending budget for 2013 amounts to 303.5 million euros, which represents 16.5% of the ordinary expenditure of the City Council.

The main headings under this organic unit include the payment of municipal debt interest, scheduled debt write-offs, contributions to the metropolitan area of Barcelona for its share in State taxes and for Property Tax (IBI), the contribution to the Metropolitan Transport Authority for the financing of public transport, the contribution to BSM for regulated car parking, the towing and Bicing services, and IBI subsidies for widows and widowers and single-parent families, etc.

Contingency fund expenses are also charged to this subsector.

Organic unit of Culture, Knowledge, Creativity and Innovation (08)

The main policies managed by this management area are those related to culture, education and knowledge. The ordinary spending budget for 2013 amounts to 201.4 million euros, which represents 11% of the ordinary expenditure of the City Council.

The Ordinary transfer expenditure section of the budget of this management area is of quantitative significance for the budget, given that 201 million euros are allocated to chapter 4, Expenditure. This is because the bulk of the actions of this management area are decentralised. The dependent organisations or consortium bodies managing the majority of these resources are as follows: the Institute of Culture of Barcelona,



which deals with culture, libraries, museums and heritage centres, performing arts, etc.; the Municipal Education Institute, which manages nursery schools, music teaching and the promotion of education; the Education Consortium of Barcelona, which is responsible for the upkeep of pre-school facilities and primary and secondary schools, school meals vouchers, adult education and artistic teaching.



7. Consolidated budget

The consolidated budget of Barcelona City Council is the aggregated sum of the budgets of Barcelona City Council and its dependent bodies less any internal transfers made between the latter. The scope of the consolidated budget provides a view of all income and expenditure actually obtained and executed by the set of institutions and organisations that comprise the Barcelona City Council Group.

Pursuant to current regulations, Barcelona City Council submits a consolidated budget, both in accordance with the Organic Law on budget stability and financial sustainability (*Llei Orgànica d'Estabilitat Pressupostaria i Sostenibilitat Financera*, "LOEPSF") and the Law regulating local finance (*Llei Reguladora de les Hisendes Locals*, "LRHL").

The income and expenses of the consolidated budget for 2013, by chapters, are shown below with the share of the City Council and its dependent bodies therein, in accordance with the aforementioned regulations.

Consolidated budget for 2013 pursuant to the Organic Law on budget stability and financial sustainability (LOEPSF)

The consolidated budget for 2013, in accordance with the provisions of the LOEPSF, stands at 2,431.2 million euros, with non-financial income amounting to 2,326.9 million euros and a non-financial expenditure of 2,316.2 million euros. The total budget of the City Council stands at 2,328.3 million euros while that of the organisations within the scope of the LOEPSF⁵ amounts to 544.2 million euros, with internal operations to the value of 441.3 million euros.

INGRESSOS PER CAPÍTOLS

Imports en milions d'euros	Ajuntament de Barcelona	Entitats dependents LOEPSF	Total LOEPSF no consolidat (Ajuntament + entitats)	Transf. internes	Total LOEPSF consolidat (no consolidat -transf. internes)
1 Impostos directes	876,0	0,0	876,0	0,0	876,0
2 Impostos indirectes	34,2	0,0	34,2	0,0	34,2
3 Taxes i altres ingressos	273,6	59,5	333,0	0,0	333,0
4 Transferències corrents	974,8	458,5	1.433,3	432,6	1.000,7
5 Ingressos patrimonials	38,3	5,8	44,2	0,0	44,2
Operacions corrents (cap. 1 a 5)	2.196,9	523,8	2.720,8	432,6	2.288,2
6 Inversions reals	11,3	0,0	11,3	0,0	11,3
7 Transferències capital	18,3	17,9	36,2	8,7	27,5
Operacions de capital (cap. 6 i 7)	29,6	17,9	47,5	8,7	38,8
Operacions no financeres (cap. 1 a 7)	2.226,5	541,7	2.768,2	441,3	2.326,9
8 Actius financers	0,0	2,5	2,5	0,0	2,5
9 Passius financers	101,8	0,0	101,8	0,0	101,8
Operacions financeres (cap. 8 i 9)	101,8	2,5	104,3	0,0	104,3
Total	2.328,3	544,2	2.872,5	441,3	2.431,2

⁵ According to the ESA the scope of public administration includes City Council budgets and those of local autonomous organisations and dependent entities (public business entities, trading companies in which there is a majority holding and consortia) which provide public services and produce goods which are not for the most part financed by commercial revenues, as stipulated in Article 2 of Law 2/2012.

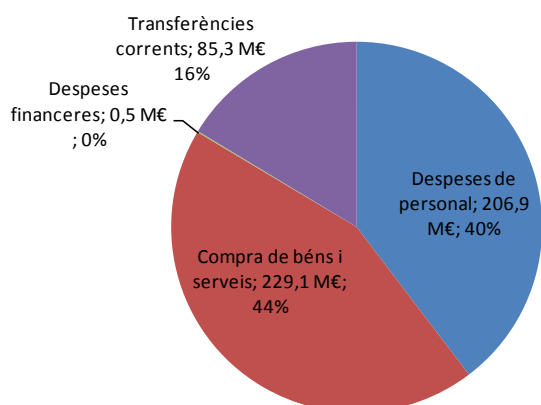
With regard to the distribution of income according to the institutional scope defined in the LOEPSF, attention should be drawn to the relative weight of contributions and other income, equity income and financial assets represented by dependent entities, specifically 17.9%, 13.2% and 100%, respectively. Furthermore, the City Council is the only institutional unit of this scope to be financed by taxes, the alignment of real investment and financial liabilities (debt).

With regard to unconsolidated expenses, staff costs and the purchase of goods and services by dependent bodies account for a significant proportion of the total of these expenses (37.7% and 29.3%), which shows that they are the main implementers of certain municipal policies. It is also noteworthy that virtually all of the spending of Barcelona City Council is allocated to debt interest (99%), and to the full repayment of debt (financial liabilities).

DESPESES PER CAPÍTOLS

Imports en milions d'euros	Ajuntament de Barcelona	Entitats dependents LOEPSF	Total LOEPSF no consolidat (Ajuntament + entitats)	Transf. internes	Total LOEPSF consolidat (no consolidat -transf. internes)
1 Despeses de personal	341,9	206,9	548,9	0,0	548,9
2 Compra de béns i serveis	553,3	229,1	782,4	0,0	782,4
3 Despeses financeres	51,8	0,5	52,3	0,0	52,3
4 Transferències corrents	887,6	85,3	972,8	432,5	540,3
Operacions corrents (cap. 1 a 4)	1.834,6	521,8	2.356,4	432,6	1.923,8
5 Fons de contingència	32,7	0,0	32,7	0,0	32,7
6 Inversions reals	324,9	11,9	336,8	0,0	336,8
7 Transferències capital	22,9	8,7	31,6	8,7	22,9
Operacions de capital (cap. 6 i 7)	347,8	20,6	368,4	8,7	359,7
Operacions no financeres (cap. 1 a 7)	2.215,1	542,4	2.757,5	441,3	2.316,2
8 Actius financers	7,7	1,8	9,5	0,0	9,5
9 Passius financers	105,5	0,0	105,5	0,0	105,5
Operacions financeres (cap. 8 i 9)	113,2	1,8	115,0	0,0	115,0
Total	2.328,3	544,2	2.872,5	441,3	2.431,2

Despeses corrents entitats àmbit SEC*

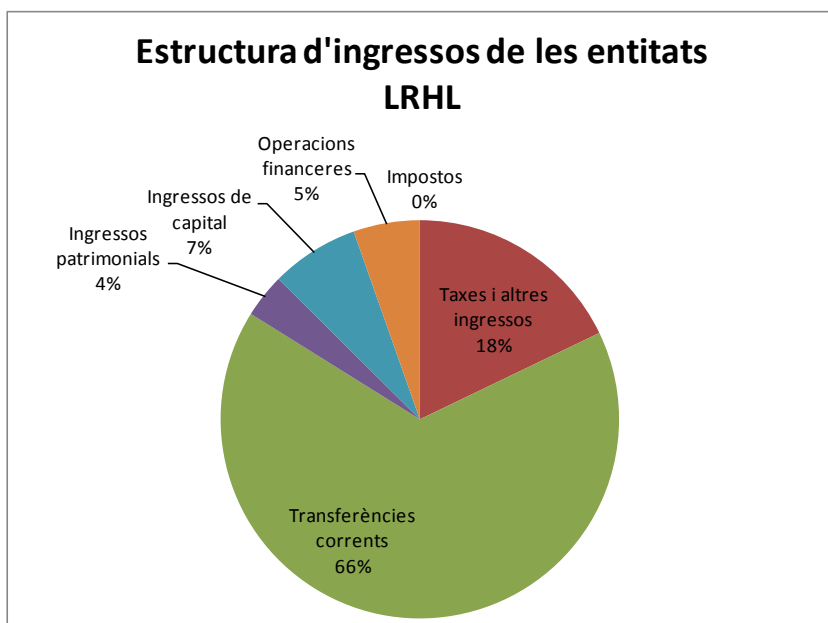


Consolidated budget for 2013 pursuant to the Law regulating local finance (LRHL)

In the budget for 2013, the total consolidated amount according to the LRHL stands at 2,585.8 million euros, with non-financial income of 2,443.2 million euros and non-financial expenses of 2,432.2 million euros. In this institutional scope defined by the LRHL, the City Council has a total budget of 2,328.3 million euros while the dependent bodies⁶ are allocated the sum of 757.9 million euros, with internal operations between these institutional units worth 500.3 million euros.

INGRESSOS PER CAPÍTOLS

Imports en milions d'euros	Ajuntament de Barcelona	Entitats dependents LRHL	Total LRHL no consolidat (Ajuntament + entitats)	Transf. internes	Total LRHL consolidat (no consolidat -transf. internes)
1 Impostos directes	876,0	0,0	876,0	0,0	876,0
2 Impostos indirectes	34,2	0,0	34,2	0,0	34,2
3 Taxes i altres ingressos	273,6	135,3	408,9	0,0	408,9
4 Transferències corrents	974,8	500,4	1.475,2	486,6	988,5
5 Ingressos patrimonials	38,3	27,1	65,4	5,0	60,4
Operacions corrents (cap. 1 a 5)	2.196,9	662,8	2.859,7	491,6	2.368,1
6 Inversions reals	11,3	32,2	43,4	0,0	43,4
7 Transferències capital	18,3	22,1	40,4	8,7	31,7
Operacions de capital (cap. 6 i 7)	29,6	54,3	83,8	8,7	75,2
Operacions no financeres (cap. 1 a 7)	2.226,5	717,0	2.943,6	500,3	2.443,2
8 Actius financers	0,0	17,2	17,2	0,0	17,2
9 Passius financers	101,8	23,7	125,4	0,0	125,4
Operacions financeres (cap. 8 i 9)	101,8	40,8	142,6	0,0	142,6
Total	2.328,3	757,9	3.086,2	500,3	2.585,8



⁶ The budgets of the City Council, public organisations (local autonomous organisations and public business entities) and trading companies whose capital is exclusively municipal also fall within its scope.

In the area of non-consolidated expenses, it can be observed that 42.2% of staff expenses are related to municipal entities and that 34.8% of expenses for the purchase of goods and services, 42.6% of financial assets and 25.9% of debt repayment (financial liabilities) correspond to this institutional set dependent on Barcelona City Council.

DESPESES PER CAPÍTOLS

Imports en milions d'euros	Ajuntament de Barcelona	Entitats dependents LRHL	Total LRHL no consolidat (Ajuntament + entitats)	Transf. internes	Total LRHL consolidat (no consolidat -transf. internes)
1 Despeses de personal	341,9	249,5	591,4	0,0	591,4
2 Compra de béns i serveis	553,3	294,9	848,3	0,0	848,2
3 Despeses financeres	51,8	8,8	60,6	0,1	60,5
4 Transferències corrents	887,6	83,6	971,2	489,3	481,9
Operacions corrents (cap. 1 a 4)	1.834,6	636,9	2.471,5	489,4	1.982,0
5 Fons de contingència	32,7	0,0	32,7	0,0	32,7
6 Inversions reals	324,9	69,7	394,6	0,0	394,6
7 Transferències capital	22,9	8,7	31,6	8,7	22,9
Operacions de capital (cap. 6 i 7)	347,8	78,4	426,2	8,7	417,5
Operacions no financeres (cap. 1 a 7)	2.215,1	715,3	2.930,4	498,1	2.432,2
8 Actius financers	7,7	5,7	13,5	2,2	11,3
9 Passius financers	105,5	36,8	142,3	0,0	142,3
Operacions financeres (cap. 8 i 9)	113,2	42,6	155,8	2,2	153,6
Total	2.328,3	757,9	3.086,2	500,3	2.585,8

The figure below illustrates the distribution of spending by bodies forming part of the City Council's public sector (excluding the City Council itself).

