



## EXPERIENCE OF VALLADOLID IN THE APPLICATION OF LOCAL FINANCE BENCHMARKING TOOLKIT



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# VALLADOLID EXPERIENCE IN THE DEVELOPMENT OF LFB

## Index

**Valladolid:** Key factors for understanding the city.

**LFB Starting point:** Spanish municipalities.

**LFB Benchmarking tool:** Application to the Spanish framework.

**LFB Lessons learned:** From the project.

**LFB Lessons learned:** Spanish municipalities.

**LFB Lessons learned:** Valladolid.

# VALLADOLID EXPERIENCE IN THE DEVELOPMENT OF LFB

## 1. Historical and geographical key factors of the city.



Founded in 1072 by Count Ansúrez



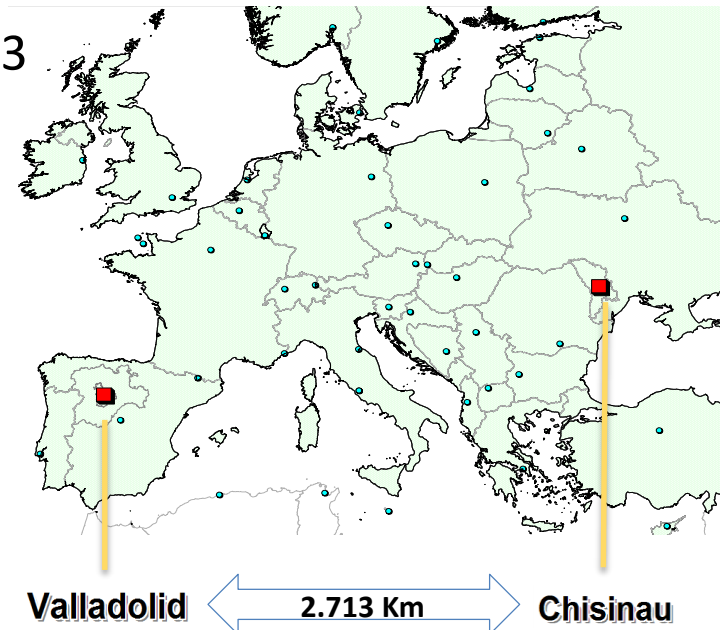
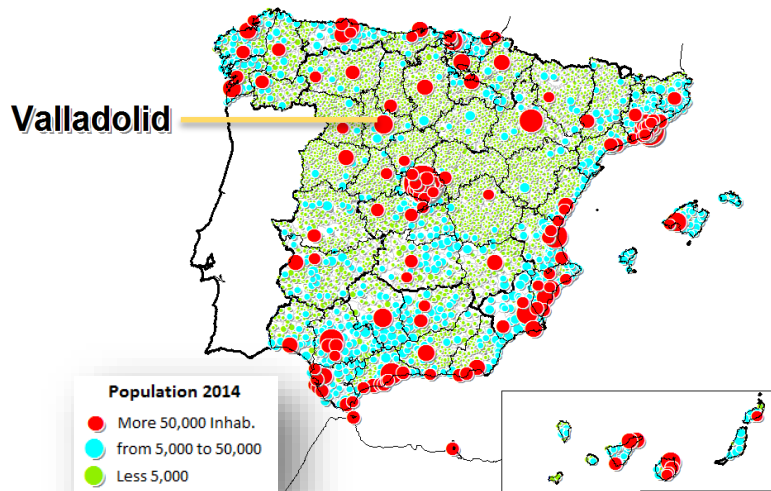
University from 1293



Court of Spain 1601 – 1606



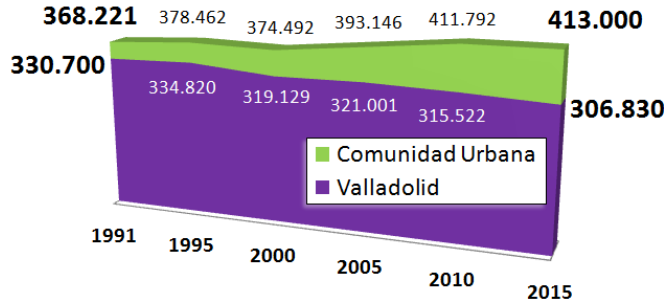
Capital of the CCAA, Castile and León 1983



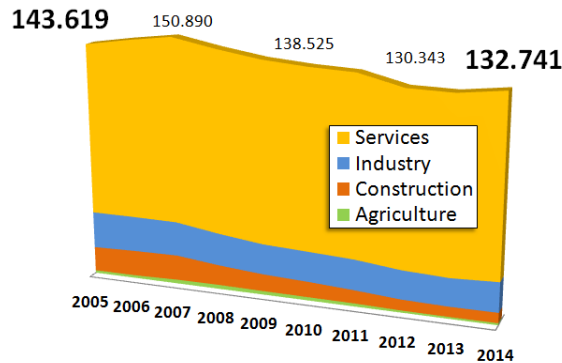
# VALLADOLID EXPERIENCE IN THE DEVELOPMENT OF LFB

## 2. Socioeconomic key factors of the City.

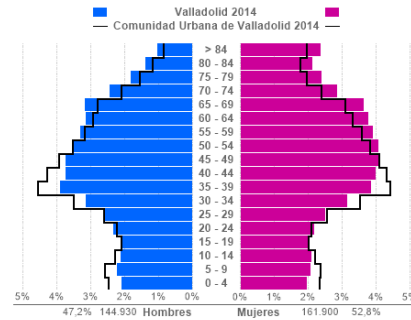
Evolution



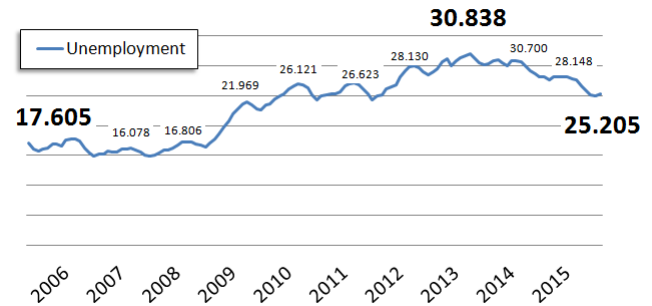
Activities



Age structure



Unemployment



### Industrial, logistic and service City





# VALLADOLID EXPERIENCE IN THE DEVELOPMENT OF LFB

## 3. Municipal structure.

28 Elected representatives from 5 political groups for 2015 - 2019



### ADMINISTRATIVE BODIES

- Major
- Government Areas
- General Secretary
- General Intervention
- Treasure and Revenue
- Foundations and Societies

### GOVERNING BODIES

- Mayor's office
- Delegations
- Plenary
- Governing Board

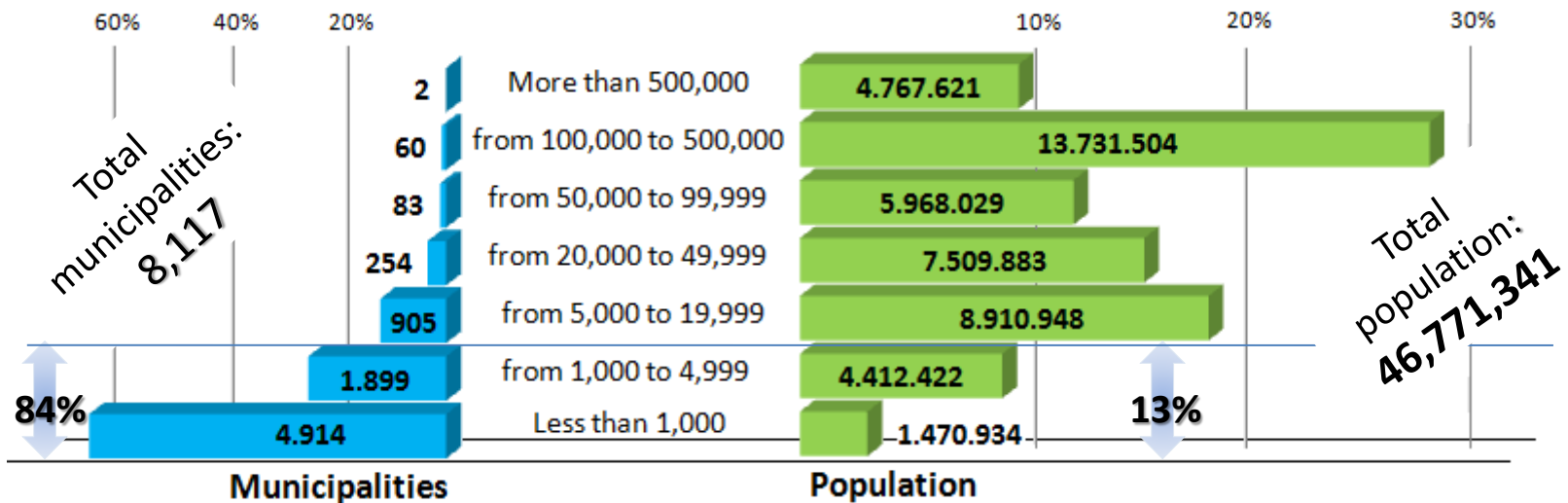
### DELLEGATIONS

1. Culture and Tourism
2. Education, Children and Equality
3. Finance, Public Adm. & Economic Dev.
4. Environment Sustainability & Spokes.
5. Citizen Participation, Youth and Sports
6. Safety and Mobility
7. Social services
8. Planning, Infrastructure and Housing

# VALLADOLID EXPERIENCE IN THE DEVELOPMENT OF LFB

## 4. Overall trends in Spain.

### POPULATION BY SIZE OF MUNICIPALITIES

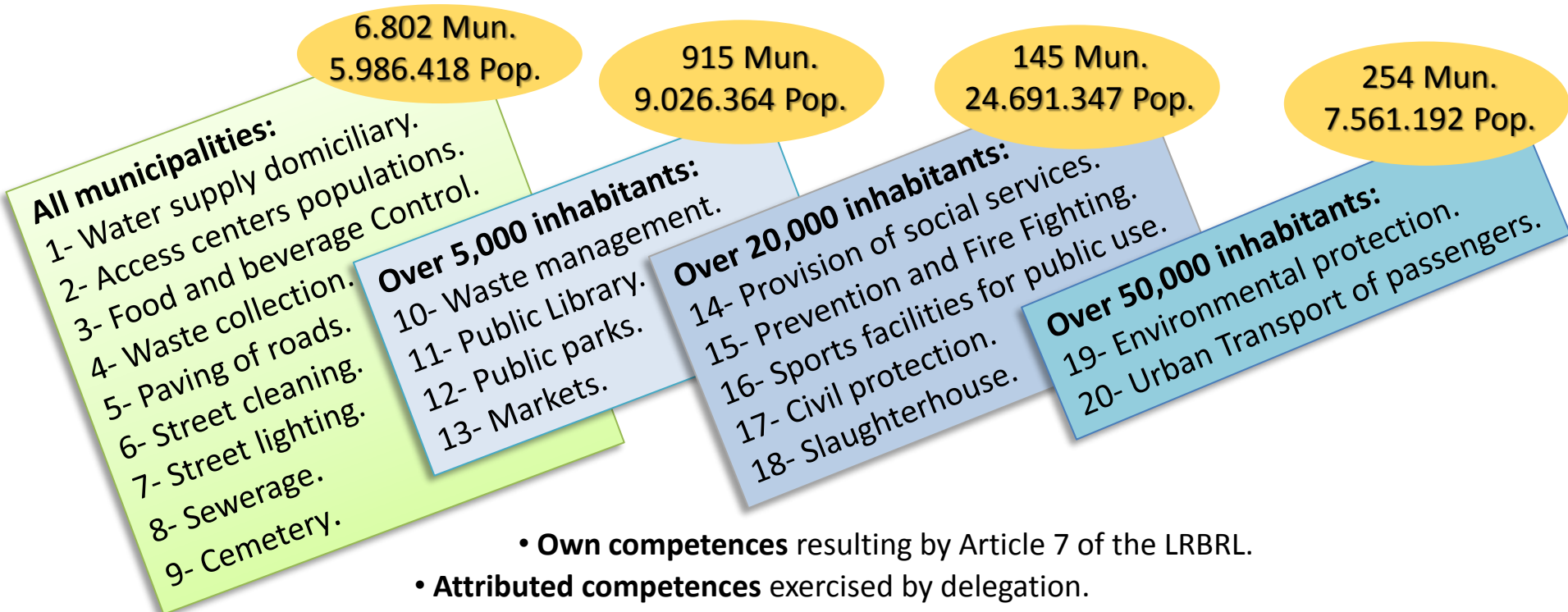


- Need for a process of **municipal mergers or reassignment of competence**:  
To achieve efficiency in service delivery and more local autonomy.
- Many European countries have made local concentration processes in the last decades.  
With the exception of France, Italy as well as Spain.

# VALLADOLID EXPERIENCE IN THE DEVELOPMENT OF LFB

## 5. Overall trends in Spain.

### DISTRIBUTION OF COMPETENCES ACCORDING TO POPULATION RANGES

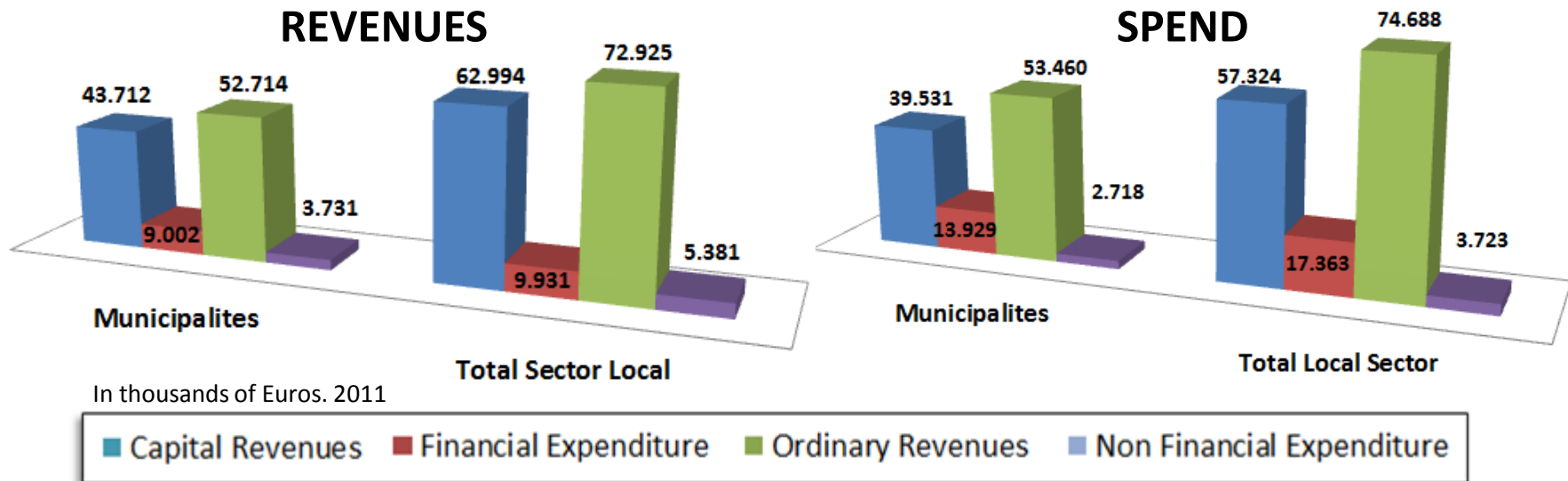


- **Own competences** resulting by Article 7 of the LRBRL.
- **Attributed competences** exercised by delegation.
- **Improper competences** or complemented, assumed according to situations of special need.

● Number of municipalities and population in 2013

# VALLADOLID EXPERIENCE IN THE DEVELOPMENT OF LFB

## 6. Overall trends in local finances and financial management in Spain.



- Municipalities represented 70.1% of total expenditure of the Local Sector in Spain.
- The operating expenses of the municipalities represented 69.2%.
- Municipalities executed 90.4% of total capital expenditure.
- The municipalities provide most of the services and developed main investments.



# VALLADOLID EXPERIENCE IN THE DEVELOPMENT OF LFB

## 7. Methodology.

### 1.- Questionnaire data collection

	Eval.	Val.	Diag.	Observaciones
1. Principios de política fiscal local				
2. Procedimiento de adopción de acuerdos en materia fiscal				
3. Las decisiones en materia de ingresos deben tomarse paralelamente a las decisiones sobre gastos. (R4)	9	9	Exc.	Presupuestos Generales del Estado 2013. Presupuestos de la CCAA.
4. La normativa fiscal nacional es conocida (está aprobada) con anterioridad al comienzo del proceso presupuestario municipal.	9	9	Exc.	Si hace referencia a la PTE y CCAA
5. Las reglas sobre balances fiscal y asignación de transferencias se comunican antes del comienzo de la planificación financiera municipal.	9	9	Exc.	Ley de Estabilidad Presupuestaria y Sostenibilidad Metrológica para la determinación del coste de...
6. La Ley presupuestaria prohibe el déficit municipal.	9	9	Exc.	<a href="http://www.boe.es/boe/2012/06/20/15161">http://www.boe.es/boe/2012/06/20/15161</a>
7. Las modificaciones presupuestarias se aprueban en el pleno municipal.	9	9	Exc.	<a href="http://www.boe.es/boe/2012/06/20/15161">http://www.boe.es/boe/2012/06/20/15161</a>
8. Documentos de verificación:				<a href="http://www.valladolid.es/vev/paginas/informacion">http://www.valladolid.es/vev/paginas/informacion</a>
9. Ley Presupuestaria (Ley de Estabilidad Presupuestaria).	9	9		
10. Ley de Haciendas Locales.	9	9		
11. Documento del Presupuesto municipal.				
12. Si existen en su que el Municipio posea competencias descentralizadas, los principales acuerdos financieros deben aprobarse y...				

Involvement of officials and elected  
Opportunity for reflection together  
Improving an important issue as funding

### 2.- Methodology

	0	1	2	3	4	5	6	7	8	9
activity / indicator										
not implemented										
No										
Not expected to implant										
Implanting expected										
initial implementation										
in process of implementation										
Some specifications are satisfied										
partially implemented										
No supporting documentation is										
Publication restricted /										
Documentation available on the Web										
Advanced implementation										
Documentation available										
Documentation available on the Web										
complete implementation										

Expert: from data to  
advice through a  
methodology

### 3.- Assessments and recommendations

	G	S	I
General principles of local fiscal policies.			
1. Local tax policies design.	9	8	7
2. Transparency and involvement of the public.	8	9	5
3. Timing of fiscal decisions.	8	9	5
4. Use of IT.	9	8	7
5. Capacity development of local staff.	8	8	7
6. Local tax policy design.	8	8	7
7. Tax policy.	8	9	5
8. Information and publicity.	-	7	4
9. Tax administration.	6	7	4
10. Tax system audit (R25).	9	7	4
1. Fees, charges and miscellaneous revenues.	6	7	4
2. Capital Budget Financing.	6	7	4
3. Local property.			

Definition of improvement and actions  
Agree recommendations for ensure its implementation  
Improve step by step

## 8. Methodology.

### 1.- Evaluation



	Eval.	Val.	Obs.	Observaciones
3.1. Principios de política fiscal local				
3. Procedimiento de adopción de acuerdos en materia fiscal				Presupuestos Generales del Estado 2013. Presupuestos de la CCAA.
3.1. Las decisiones en materia de ingresos deben tomarse paralelamente a las decisiones sobre gastos. (84)	9	9	Exc.	Si hace referencia a la PTE y CCAA
3.1.1. La normativa fiscal nacional es conocida (está aprobada) con enteraidad al comienzo del proceso presupuestario municipal.	10	10	Exc.	Ley de Estabilidad Presupuestaria y Sostenibilidad Financiera.
2. Las reglas sobre balanza fiscal y asignación de transferencias se comunican antes del comienzo de la planificación financiera municipal.	10	10	Exc.	Metodología para la determinación del coste de los servicios prestados por el
3. La Ley presupuestaria prohíbe el déficit municipal.	9	9	Exc.	<a href="http://www.boe.es/boe/doc/CIOTRUC-A-2012-18611.castrola.pdf">http://www.boe.es/boe/doc/CIOTRUC-A-2012-18611.castrola.pdf</a>
4. Las modificaciones presupuestarias se aprueban en el Pleno municipal.	7	7	Exc.	<a href="http://www.boe.es/boe/doc/CIOTRUC-A-2004-4214.castrola.pdf">http://www.boe.es/boe/doc/CIOTRUC-A-2004-4214.castrola.pdf</a>
Documentos de verificación:				<a href="http://www.valladolid.es/contabilidad/informacion-economica/balanzaproyectos2011">http://www.valladolid.es/contabilidad/informacion-economica/balanzaproyectos2011</a>
a. Ley Presupuestaria (Ley de Estabilidad Presupuestaria).	5	5		
b. Ley de haciendas locales.	5	5		
c. Documento del Presupuesto municipal.				
d. Documento en el que el Municipio pone de conocimiento a los interesados, las principales decisiones financieras para el ejercicio.				

An application to manage  
a multiplicity of activities

19 Sections.

75 areas.

296 Activities  
and indicators.

I. Principios de política fiscal local.  
3. Procedimiento de adopción de:  
3.1. Las decisiones en materia de:  
Actividades / Indicadores.

1. La normativa fiscal nacional en el proceso presupuestario
  2. Las reglas sobre balanza de la planificación financiera
  3. La Ley presupuestaria
  4. Las modificaciones presupuestarias
- Documentos de verificación
- a. Ley Presupuestaria (Ley de Estabilidad Presupuestaria)
  - b. Ley de haciendas locales

Documents of verification.

- Give a global vision of the questionnaire.
- Easy access to all questionnaires from the index.
- Facilitate the filling and insert digital references.
- Allows to know at any time the level of compliance of the LFB.
- Share between the verification team.
- Use the double round Delphi method to obtain the broadest possible consensus
- Facilitate the evaluation process.

## 9. Methodology.

### General Index

Status: level of compliance

LOCAL FINANCE BENCHMARKING TOOLKIT		LOCAL FINANCE BENCHMARKING TOOLKIT		cylstat External evaluator Evaluador externo	Grado de cumplimiento	
HERRAMIENTA PARA LA EVALUACIÓN DE BUENAS PRÁCTICAS EN MATERIA DE FINANCIACIÓN LOCAL		HERRAMIENTA PARA LA EVALUACIÓN DE BUENAS PRÁCTICAS EN MATERIA DE FINANCIACIÓN LOCAL			Act.	Doc.
1						
2						
3						
4						
5						
6						
7	Centre of Expertise for Local Government Reform					
8	Centro de Especialización para la Reforma del Gobierno Local					
9						
10						
11						
12	<b>I. Principios de política fiscal local</b>	<b>Grupos / Subgrupos</b>				
13	1. Diseño de las políticas tributarias locales	<b>Principios de política fiscal local.</b>				
14	1.1. Las políticas de Ingreso Local serán aprobadas por Órg	<b>Diseño de las políticas tributarias locales.</b>		100%	100%	
15	1.2. La evaluación de las políticas municipales sobre ingresos	1.1. Las políticas de Ingreso Local serán aprobadas por Órganos Electos.				
16	1.3. Los ingresos municipales procedentes de la fiscalidad	Act / Ind 1.- <input type="checkbox"/> 2.- <input type="checkbox"/> 3.- <input type="checkbox"/> 4.- <input type="checkbox"/> 5.- <input type="checkbox"/> 6.- <input type="checkbox"/>		100%		
17	1.4. Los incrementos de tipos en los impuestos sobre empr	Docs. a.- <input type="checkbox"/> b.- <input type="checkbox"/> c.- <input type="checkbox"/> d.- <input type="checkbox"/> e.- <input type="checkbox"/> f.- <input type="checkbox"/>		100%		
18		1.2. La evaluación de las políticas municipales sobre ingresos debe hacerse pública.				
		Act / Ind 1.- <input type="checkbox"/> 2.- <input type="checkbox"/> 3.- <input type="checkbox"/> 4.- <input type="checkbox"/> 5.- <input type="checkbox"/>		100%		
		Docs. a.- <input type="checkbox"/> b.- <input type="checkbox"/> c.- <input type="checkbox"/>		100%		
		1.3. Los ingresos municipales procedentes de la fiscalidad sobre la renta y sobre la propiedad de empresas y personas deben estar equilibrados.				
		Act / Ind 1.- <input type="checkbox"/> 2.- <input type="checkbox"/>		100%		
		Docs. a.- <input type="checkbox"/> b.- <input type="checkbox"/>		100%		
		1.4. Los incrementos de tipos en los impuestos sobre empresas no serán superiores a los incrementos en los tipos impositivos sobre personas físicas.				
		Act / Ind 1.- <input type="checkbox"/> 2.- <input type="checkbox"/>		100%		
		Docs. a.- <input type="checkbox"/> b.- <input type="checkbox"/>		100%		
		<b>2. Transparencia y participación ciudadana.</b>		100%	100%	
		<b>3. Procedimiento de adopción de acuerdos en material fiscal.</b>		50%	100%	
		6. Concesión de garantía por el Ayuntamiento y sus distintos Organismos				
		SI				
		No				
		Obs.				
		<b>Documentos de verificación</b>				
		a. Ley de Bases de Régimen Local				
		b. Ley General Presupuestaria				
		c. Ley de Haciendas locales				
		d. Informes de auditoría e Intervención				
		e. Reglamento Orgánico Municipal				
		f. Organigramas y procedimientos de organización				

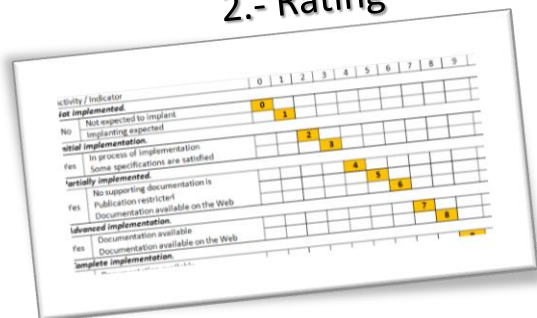
### Questionnaire

<b>I. Principios de política fiscal local.</b>
<b>1. Diseño de las políticas tributarias locales.</b>
<b>1.1. Las políticas de Ingreso Local serán aprobadas por Órganos Electos.</b>
<b>Actividades / Indicadores</b>
Acuerdos del Ayuntamiento sobre:
1. Tipos de los impuestos locales
2. La delegación de competencias en materia de exenciones fiscales
3. Precio de los Servicios
4. Autorización de bonificaciones en las tasas y precios públicos
5. Endeudamiento Municipal
6. Concesión de garantía por el Ayuntamiento y sus distintos Organismos
<b>Documentos de verificación</b>
a. Ley de Bases de Régimen Local
b. Ley General Presupuestaria
c. Ley de Haciendas locales
d. Informes de auditoría e Intervención
e. Reglamento Orgánico Municipal
f. Organigramas y procedimientos de organización

# VALLADOLID EXPERIENCE IN THE DEVELOPMENT OF LFB

## 10. Methodology.

### 2.- Rating



A grid-based rating scale with columns numbered 0 to 9. Rows represent different implementation levels: 'Not implemented', 'Initial implementation', 'Partially implemented', and 'Advanced implementation'. Each row has a 'Yes' and 'No' column. Yellow squares indicate the expected rating for each level: 0 for 'Not implemented' (No), 1 for 'Not implemented' (Yes), 2 for 'Initial implementation' (No), 3 for 'Initial implementation' (Yes), 4 for 'Partially implemented' (No), 5 for 'Partially implemented' (Yes), 6 for 'Advanced implementation' (No), 7 for 'Advanced implementation' (Yes), 8 for 'Complete implementation' (No), and 9 for 'Complete implementation' (Yes).

Establish a balance between:

- Degree of implementation.
- Level Documentation.
- Transparency and Web Publishing.

EVALUATION			RATING		DIAGNOSIS	
No	<b>Not implemented.</b>	Not expected to implant Implanting expected	0	1	To develop	
Yes	<b>Initial implementation.</b>	In process of implementation Some specifications are satisfied	2	3	Poor	
Yes	<b>Partially implemented.</b>	No supporting documentation is Publication restricted Documentation available on the Web	4	5	6	Normal
Yes	<b>Advanced implementation.</b>	Documentation available Documentation available on the Web	7	8	Good	
Yes	<b>Complete implementation.</b>	Documentation available Documentation available on the Web	9	10	Excellent	

# VALLADOLID EXPERIENCE IN THE DEVELOPMENT OF LFB

## 11. Methodology.

### 3.- Assessments and recommendations

- ☀ Make assessments with the highest level of consensus.
- ☀ Involve political and technical municipal officials.
- ☀ Establish concrete and achievable recommendations.
- ☀ Prioritize and identify stages of implementation.
- ☀ Report the conclusions through presentations.



Assessment	G S V		
	G	S	V
<b>I. General principles of local fiscal policies:</b>	<b>8</b>	<b>8</b>	<b>8</b>
I.1. Local tax policies design	8	8	8
I.2. Transparency and involvement of the public	8	8	8
I.3. Timing of fiscal decisions	8	8	8
I.4. Use of IT	8	8	8
I.5. Capacity development of local staff	8	8	8
I.6. Local tax policy design	8	8	8
I.7. Tax policy	8	8	8
I.8. Information and publicity	8	8	8
I.9. Tax administration	8	8	8
I.10. Tax system audit (TSA)	8	8	8
I.11. Fees, charges and miscellaneous revenues	8	8	8
I.12. Capital budget financing	8	8	8
I.13. Local property	8	8	8
<b>II. Sound budgeting and fiscal planning:</b>	<b>8</b>	<b>8</b>	<b>8</b>
II.1. Fiscal strategy design	8	8	8
II.2. Budgeting methods and capacity	8	8	8
II.3. Budgeting procedures	8	8	8
II.4. Fiscal policy objectives	8	8	8
II.5. Fiscal policy adjustments and implementation	8	8	8
II.6. Special control, supervision or activities	8	8	8
Recommendation			



#### Valladolid

The level of performance of this first section is good or excellent, because there is a high level of adaptation of Spanish municipal legislation to the proposals the Council of Europe.

The evaluation **design of local tax policies** stated in **section I.1.**, let's talk about a **good level** of compliance with policy to be adopted by municipal plenary, evaluated and implemented from regulations published in the Web, at the same time that are made in a framework of balance between the income of people and companies.

However, it should establish **recommendations** that affect a greater effort to regularly assess the economic and social impact of taxes, fees and prices charged by the City Council and provide information about it.

**Section I.2.**, of **transparency and citizen participation** has a good level of implementation by the existence of channels of participation and consultation through the Social Council of the City and the



## 12. Lessons learned from the project.

I.

### 2.1. Involve an experienced team with a multidisciplinary vision.

- 4.1.1. Include municipal officers and elected representatives in the process of response of the LFBT.
- 4.1.2. Search the complementarity of such persons to answer all of the survey.
- 4.1.3. Collect information using a double round as Delphy system, to reassert the answers.

### 2.2. To have a tool to manage the information.

- 4.2.1. Facilitate the process of filling in the form given its size and complexity.
- 4.2.2. Make it easier to process analysis and verification of sources.
- 4.2.3. Allow the process of exchange of information between the participants.

### 2.3. Develop a methodology in three steps.

- 4.3.1. Evaluation with YES/NO depending on the degree of implementation.
- 4.3.2. Rating from 0 to 10 according to the methodological table.
- 4.3.3. Diagnosis between Council and consultant to establish a qualitative diagnosis, with which to improve the processes.

## 13. Lessons learned from the project.

II.

### 2.4. Made recommendations in agree with the municipalities.

- 2.4.1. Define concrete and achievable goals for improvement.
- 2.4.2. Make a formal presentation of the results with officials and the City Mayor.
- 2.4.3. Establish commitments for the implementation of the recommendations.
- 2.4.4. Establish the according to reassess compliance levels in one or two years.

### 2.5. Develop a Web tool for allow municipalities to self test.

- 2.5.1 . Adapt LFBT in those points where it could perform a self test.
- 2.5.2 . Allow the tool to be able to establish the points of improvement.
- 2.5.3 . Measuring the evolution in successive years.

To do this should be established some workshops with experts by countries for:

- 2.5.a. Establish the mean level recommended in each of paragraphs compliance.
- 2.5.b. Evaluate levels of compliance by municipalities according to population ranges.
- 2.5.c. Weightings the paragraphs to provide an overall assessment of the LFBT.
- 2.5.d. Add more cities and more typological variety

## 14. Summary report on L.B.F.T. in the pilot cities: **Factors of benchmarking**

### Santander

- The high level of integration of new technologies, both for maintenance of censuses, as for budget administration.
- The procedure for adopting resolutions on tax matters.
- The significant level of transparency and the availability of a "Taxpayer's Guide".

### Galdakao

- Implementation the "Code of Good Governance and Institutional Commitment to Quality Basque Local politics."
- Involvement with EUDEL in the design of tax compliance and advisory to local authorities.
- The financial and economic management that has kept over the last years a large current account surplus, allowing numerous investments.

### Factors of Benchmarking

- The use of information technologies and communication.
- Monitoring arrears and defaults, the homogeneous revenues along the year, thanks to a "Contributor's Guide".
- The procedure for adopting fiscal agreements.

## 15. Summary report on L.B.F.T. in the pilot cities:

## Recommendations

### Santander:

- Allow a greater social discussion regarding general budgetary objectives.
- Perform a deeper economic and social impact analysis of municipal taxation.
- Advance the specialized training of personnel involved in municipal budget issues.

### Galdakao:

- Driving transparency and citizen participation in tax and budgetary matters.
- Improve tax management.
- Driving training actions aimed at non-seconded councillors consolidating the knowledge of the technical aspects.

### Valladolid:

- Regularly assess the economic and social impact of taxes, fees and prices.
- Implement the actions relating to the publication and dissemination of proposed fiscal policies.
- Go beyond the methodology for determining the cost of services and analyze their impact on the population.

## 16. The L.F.B. An opportunity for Valladolid.

The LFB tool has allowed the City of Valladolid to confirm and evidence:

- The reasonably good state of municipal accounts.
- Explore opportunities to improve budgetary stability.
- Establish more items for greater financial stability.

Therefore, the City Council have the intends to:

- Continue to improve the current methodology.
- To make it more operational.
- Continue driving the project and its potential witnessing.



# Thanks for your attention



<http://www.valladolid.es>



<http://www.cylstat.es/>

- 
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## **Annex : Legal framework**

### **Ley de Bases de Régimen Local.**

<https://www.boe.es/buscar/pdf/1985/BOE-A-1985-5392-consolidado.pdf>

### **Ley de Medidas de modernización del gobierno local.**

<http://www.boe.es/boe/dias/2003/12/17/pdfs/A44771-44791.pdf>

### **Ley Reguladora de las Haciendas Locales.**

<http://www.boe.es/buscar/pdf/2004/BOE-A-2004-4214-consolidado.pdf>

### **Ley de Estabilidad Presupuestaria y Sostenibilidad Financiera.**

<http://www.boe.es/boe/dias/2012/04/30/pdfs/BOE-A-2012-5730.pdf>

[http://www.minhap.gob.es/es-ES/Paginas/Ley\\_Estabilidad\\_Resumen.aspx](http://www.minhap.gob.es/es-ES/Paginas/Ley_Estabilidad_Resumen.aspx)

### **Ley de Racionalización y sostenibilidad de la administración local.**

<http://www.boe.es/boe/dias/2013/12/30/pdfs/BOE-A-2013-13756.pdf>