

Law 2/2015 of 11th MArch

The Catalan Government's Budget

2015

A brief guide



Generalitat de Catalunya
**Departament d'Economia
i Coneixement**

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Presentation

*This guide aims to help
understand the documents
in the budget*

This guide to the 2015 Catalan Government's budget aims to make it more accessible to the public, giving citizens access to its vast, and sometimes complex, amount of information.

The first section focuses on the budgetary reform launched by the Catalan Government in 2006, which set the guidelines towards a results-focused budget.

The remaining sections address the regulation governing budget laws, the institutional scope of the Budget, as well as the budget's revenue and expenditures. We also provide a brief description of the documents made available with the budget.

The 2015 budget is only presented in electronic format. On the Generalitat's website, users can choose a "make your own book" option, which lets them create their own printable budget document by selecting the information most relevant to them.

A results-oriented budget

The 2015 Budget was drafted following the guidelines set in 2006, pointing towards a more results-focused Budget

The 2015 budget has been elaborated within the framework of a process of budgetary reform, already mentioned, which must improve and rationalise the process of elaborating the budget.

The budget objective is to explain expenditure purpose, the expected results and its cost

The main element that defines the reform is the focus on results, so that the budget becomes an effective tool for allocating, managing and controlling public resources. Besides determining how much money will be spent, who will spend it and what it will be spent on, the budget also outlines what are the resources spent on, at which cost and with which results.

A step forward in the integration of the budgetary process and strategic planning

One of the main tools in results-focused budgeting is strategic planning (in all its different levels). Because when the budget stops being an annual mechanism to assign an ever-increasing level of resources, it is necessary to have a tool that provides criteria and priorities to allocate resources in a medium-term horizon. In the case of the Catalan Government that guidance is provided by the Government Plan 2013-2016. Within this Plan, strategic planning of the Catalan Government includes also specific sectorial plans that elaborate the different departments. It is a system that integrates both processes, while strategic plans offer guideline, the budget supplies the resources to meet those goals.

The Budget's regulatory framework

The Budget is drafted within the Catalan, Spanish and European frameworks

The Catalan Government's Budget is drafted within the regulatory framework of the Spanish Constitution, the Catalan Statute of Autonomy, the Autonomous Regions Finance Act (LOFCA), and the Catalan Public Finance Act.

The budget of the Generalitat for 2015 is drafted according to the Catalan Statute of Autonomy, approved by the Fundamental Law 6/2006, of July 19. In the article 212 the Statute stipulates that it is the responsibility of the Catalan Executive to draft and implement the

Government's budget, and that it is the responsibility of the Catalan Parliament to scrutinise it, amend it, pass it and monitor its implementation.

Article 29 of Decree 3/2002, of December 24, which passed the Catalan Public Finance Act, stipulates that the Government's budget should include its total expenditure and revenue, as well as those of public entities and companies.

The Catalan Government's budget is also drafted within the European and Spanish regulatory framework on budgetary stability, which regulates aspects related to public deficit and debt. In the first place, budget elaboration is subject to the Generalitat's 6/2012 Law, of May 17, of Budgetary Stability and, then, to Central Government's Fundamental Law 2/2012, of April 27 of Budgetary Stability and Financial Sustainability. Both laws comply with European Stability and Growth Pact.

The Budget Law includes revenue and expenditures forecasts, and regulates budgetary management as well as staff and financial operations

[The Law for the 2015 Budget](#) is divided into eight sections focused on: passing the budget and budgetary changes; regulation on budgetary management and public spending; expenditure on personnel; financial operations and lines of action for public credit; tax regulation; the role of local bodies in the revenues of the Central and Catalan governments; and regulation on budgetary management from the Catalan Parliament and other institutions. The Law also contains additional, transitional and final provisions.

In addition to the Budget law, the Government also submits to Parliament the [Taxation, financial, administrative measures and public sector law](#). This bill incorporates some permanent provisions related to revenue, expenditures and the management of Catalan Government's assets in particular those that refer to modifications of taxes.

The Budget's institutional scope

The Catalan Government's Budget includes total revenue and expenditures of the public sector as a whole

From an institutional point of view, the Catalan Government's public action is carried out by the Government itself – Government Ministries and other bodies – as well as by other public entities, with different legal status.

The institutional scope of Generalitat's budget is determined by the Statute of Autonomy of Catalonia, which in 2012 article sets that the Catalan Government's budget includes total Generalitat's revenue and expenditure and also those of the entities depending. In budgetary terms the dependence is established by the majority shareholding criteria.

The 2015 budget includes in addition to the Generalitat's budget, the budgets of the 180 entities that depend on it.

Generalitat's budget for 2015 includes 180 budgets for the Generalitat itself and for other entities that are partially or fully owned by the government and that determine the institutional scope of the public sector.

On the other side, the institutional scope relevant to verify compliance with the budgetary stability target comprises all the entities classified within the Generalitat's public Administration sector (PA-ESA), according to the European System of National and Regional Accounts (ESA). In addition to the Generalitat itself, there are 154 entities within the institutional scope of the Generalitat's public sector and another 24 entities, in which Generalitat does not have a majority stake, although is the administration that has the highest stake, which is the reason not to include them into the budget.

Number of entities included in the Catalan Government's 2015 Budget

Subsector	Entities
Public sector	
Generalitat	1
Catalan Healthcare Service, Catalan Institute of Health and Catalan Institute of Assistance and Social Service	-
Autonomous administrative entities and Catsalut	20
Autonomous commercial and financial entities	2
Public law companies	44
Trading companies	26
Consortiums	50
Foundations	37
Subtotal public sector entities	180
PA-ESA non-majority shareholding	
Autonomous administrative entities and Catsalut	1
Trading companies	1
Consortiums	17
Foundations	5
Subtotal Other PA-ESA entities non-majority shareholding	24
Total entities	204

The entities in which the Generalitat does not have a majority stake are presented separately according to the different control capacity which holds the Generalitat.

Budget structures

Establishing different categories for revenue and expenditures helps the Government prepare the Budget, Parliament to scrutinise and pass it, and it also makes it easier for the public to analyse it. Specific definitions also help the Budget's management and control centres.

Revenue

Revenue are structured by their economic and organic nature

Revenue is structured by their economic nature –in accordance with their classification by chapter, article, concept and application.

Revenue chapters are divided into current revenue (from direct and indirect taxes, fees for services and received current transfers);

capital revenue (from the disposal of investments and received capital transfers), and financial revenue (made up of changes in financial assets and liabilities).

The sum of current revenue and capital revenue is the total non-financial revenue.

Expenditure

Expenditure is classified by entity, programme and economic structure

Expenditure in the Government's 2015 Budget is classified by entity, programme and economic structure.

Expenditure by entity

This classification shows which government body is responsible for carrying out any given function or activity and the level of funds allocated.

The Budget contains the planned expenditure for each entity, as well as details for each ministry (or section) and service, in the case of the Government. The entities are grouped by subsector (in accordance with their legal status), by group (in accordance with the ministry they are attached to), and by the corporate groups of Catalan Audiovisual Media and the Catalan Health Institute.

Expenditure by function and programme

The classification by programme shows what the resources are used for.

The 2015 Budget is divided into 105 programmes

In the Budget, a programme is a set of products, services and activities under the responsibility of a management centre, which uses resources to achieve specific, identifiable and measurable objectives.

The 2015 Budget is divided into 105 programmes grouped in 35 expenditure policies and nine expenditure areas.

Expenditure by economic structure

Budget expenditures are structured in accordance with their economic nature –classified by chapter, article, concept and application.

Expenditure headings are grouped into current expenditure, capital expenditure and financial expenditure. Current expenditure comprises expenditures to run the organisation (personnel, purchasing, etc.), as well as operational transfers and grants to third parties. Capital expenditures include investments and transfers to third parties in order to finance investments. The sum of current expenditures and capital expenditures is the volume of non-financial operations. Finally, financial operations are made up of changes in financial assets and liabilities.

Documentation of the Catalan Government's Budget for 2015

The Law 2/2015, of 11th March, of the Catalan Government's Budget for 2015 comes with a series of documents that provide additional information to facilitate its comprehension.

Revenue and expenditure

Revenue details are ordered by their economic nature, while expenditures are organised by programme structure and economic nature.

Summary of revenue and expenditure

Public sector revenue is presented by its subsector and economic nature, while expenditures are grouped by:

- Generalitat Administration subsector by article and section
- Generalitat Administration subsector by programme and section

- Public sector by group and subsector
- Public sector by article and subsector
- Public sector by programme and subsector
- Public sector by programme and group
- Groups by article and subsector
- Groups by article and service or body
- Groups by programme and subsector
- Groups by programme and service or body
- Corporate Groups by article and service or body

Regarding the public administration sector (PA-ESA) revenue and expenditure summaries are arranged by article and subsector, while expenditures are also presented by programme and subsector.

All summaries take into account the flow of funds between different government bodies, and also show consolidated data once these flows have been eliminated.

Explanatory report

This report includes information on the institutional scope, budget structures, and regulatory framework of the 2015 Budget. It also offers a summary of key budget figures and the main strategic priorities.

Economic and financial report

This document describes the state and evolution of the Catalan economy and the state of Catalonia's public sector at the central, regional and local government levels.

Annual reports of programmes

Each group (12 departamental groups, non-departamental funds and higher bodies) and programme has an annual report that shows a double perspective: the group perspective, which means the global strategic view of the group for the programme, and the perspective of the different managers (departments' services and depending

entities) that participate in the implementation of the projects and services in the context of the programme. The annual report includes a brief summary of the situation, the mission of the programme, a statement of objectives, a list of activities carried out, monitoring indicators, a summary of expenditures by budget headings and the number of budgeted job positions. In 2015 there is also a new model of report that replaces the standard report for those situations when an entity obtains resources from a group different to the one to which the entity belongs in order to develop an assignment that the group makes to the entity through a budgetary programme that does not belong to the plan of the group to which the entity is attached.

Real investments annex

This book includes a detailed summary of real investments outlined in the 2015 Budget, showing the territory where the investment is located. It also includes information on other investments with specific financing systems and their areas of application.

Personnel annex

For each entity or budgetary service, this section includes the number of personnel, classified by type of staff, programme and county.

Financial reports of trading companies and other public sector bodies

These reports include financial estimates for 2015, as well as an estimate for the close of 2014 for public-law bodies, trading companies, consortia and foundations included in the institutional scope of the Generalitat's public sector.

Budgets and financial reports of non-majority share holding entities (classified as PA-ESA)

This book contains budget information and financial reports of entities in which the Generalitat does not have a majority share, but that are still classified in the public Administration sector in terms of the European System of National and Regional Accounts (EAS).

Annual report on tax relief

This book contains an estimate of the Generalitat's decline in tax revenue collection due to tax reliefs, such as deductions in personal income tax, oriented toward economic and social policy objectives. The information is classified by instruments and by expenditure policies.

Annual report on subsidies

Details on subsidies include the expenditure programme it is linked to, its recipients and whether the subsidy is given on the basis of a public call.

Annual report on leases and property purchases

It contains information about leases and property purchases planned for 2015.

Settlement of the 2013 Budget

It contains settlements of the 2013 Budget of the Generalitat, CatSalut, ICS, ICASS subsector and the autonomous administrative bodies.

Execution, on June 30th, 2014 of the 2012 Budget

This document contains the 2013 Budget execution, on June 30th, 2014 of the Generalitat, CatSalut, ICS, ICASS subsector and the autonomous administrative bodies.

Law of taxation, financial, administrative measures and public sector

In parallel to the Budget Law, this bill includes permanent items that affect revenue, expenditure and assets.