

**VALLETTA LOCAL COUNCIL**  
**REVISED ANNUAL BUDGET**  
For the years ending from 1 January 2021  
to 31 December 2025

## VALLETTA LOCAL COUNCIL


### STATEMENT ON THE REVISED ANNUAL BUDGET

The Local Council was requested by the Director (Finance and Procurement Compliance) from the Office of the Director General of the Local Government Division to submit a five year Recovery Plan in view of the precarious financial position of the Local Council. The recovery plan shall provide details of initiatives to:

1. Eliminate Negative Working Capital.
2. Increase Financial Situation Indicator above the 10% Threshold
3. Increase surplus in the Statement of Comprehensive Income
4. Achieve a positive net cash flow position with respect to the Council's Operating Activities

Each initiative should be accompanied by detailed supporting financials and projections. The Recovery Plan should incorporate an updated Business Plan based on such initiatives, disclosing pertinent assumptions.

The attached is a revised budget for the years ending from 1 January 2021 to 31 December 2025 incorporating additional income in order to achieve the above objectives indicated by the Department of Local Government. This revised annual budget together with the assumptions and was presented to the Council on 15 December 2021 and signed on its behalf by:



Alfred Zammit  
Mayor



Gabriella Agius  
Executive Secretary



VALLETTA LOCAL COUNCIL

AMENDED PROJECTED BALANCE SHEET

As at 31 December

	Note	Dec 2025	Dec 2024	Dec 2023	Dec 2022	Dec 2021	Dec 2020
<b>ASSETS</b>							
<b>Non-Current Assets</b>							
Property plant and equipment	13	8,954	43,405	77,856	133,763	226,207	349,104
<b>Current Assets</b>							
Trade debtors	14	125,949	125,949	125,949	125,949	125,949	185,480
Accrued income and prepayments	14	54,570	54,570	54,570	54,570	54,570	107,297
Cash at bank and in hand	15	51,251	54,994	53,938	50,836	24,384	35,717
		<u>231,770</u>	<u>235,513</u>	<u>234,457</u>	<u>231,355</u>	<u>204,903</u>	<u>328,494</u>
<b>TOTAL ASSETS</b>		<b>€ 240,724</b>	<b>€ 278,918</b>	<b>€ 312,313</b>	<b>€ 365,118</b>	<b>€ 431,110</b>	<b>€ 677,598</b>
<b>RESERVES AND LIABILITIES</b>							
<b>Reserves</b>							
Accumulated profits/ (losses)	16	171,567	84,160	1,953	(44,844)	(44,454)	(41,824)
<b>Current liabilities</b>							
Trade creditors	17	15,209	129,209	233,209	321,209	375,209	456,691
Accruals	17	32,553	32,553	32,553	32,553	32,553	22,269
National insurance contributions	18	-	11,601	23,203	34,805	46,407	51,206
Grants received in advance		21,395	21,395	21,395	21,395	21,395	189,256
		<u>69,157</u>	<u>194,758</u>	<u>310,360</u>	<u>409,962</u>	<u>475,564</u>	<u>719,422</u>
<b>TOTAL RESERVES AND LIABILITIES</b>		<b>€ 240,724</b>	<b>€ 278,918</b>	<b>€ 312,313</b>	<b>€ 365,118</b>	<b>€ 431,110</b>	<b>€ 677,598</b>
<b>FINANCIAL SITUATION INDICATOR</b>							
Current assets		231,770	235,513	234,457	231,355	204,903	328,494
Current liabilities		69,157	194,758	310,360	409,962	475,564	719,422
Working capital		<u>162,613</u>	<u>40,755</u>	<u>(75,903)</u>	<u>(178,607)</u>	<u>(270,661)</u>	<u>(390,928)</u>
Government subvention		<u>990,000</u>	<u>975,000</u>	<u>960,000</u>	<u>945,000</u>	<u>932,740</u>	<u>918,314</u>
FSI		<u>16.43%</u>	<u>4.18%</u>	<u>-7.91%</u>	<u>-18.90%</u>	<u>-29.02%</u>	<u>-42.57%</u>

VALLETTA LOCAL COUNCIL

AMENDED PROJECTED INCOME STATEMENT

For the year ending from 1 January 2021 to 31 December 2025

		2025	2024	2023	2022	2021	2020
	Note	total	total	total	Total	Total	Audit
		Euro	Euro	Euro	EURO	EURO	EURO
<b>INCOME</b>							
<b>Funds from Central Government</b>							
Government subvention	1	990,000	975,000	960,000	945,000	932,740	918,314
Supplementary Gov income	2	-	-	-	-	29,459	112,938
Additional Waste cost refund requested	3	45,000	40,000	40,000	35,000	-	-
Other government income	4	5,000	5,000	5,000	5,000	3,200	-
		<u>1,040,000</u>	<u>1,020,000</u>	<u>1,005,000</u>	<u>985,000</u>	<u>965,399</u>	<u>1,031,252</u>
<b>Other income</b>							
Income from permits	5	197,000	194,000	192,000	190,000	191,473	211,011
Income from LES system	6	8,500	8,500	8,500	8,500	8,115	6,445
CVA Income		-	-	-	-	-	27,000
Other Income	7	45,000	45,000	40,000	35,000	34,895	24,618
Organic waste reimbursements	8	145,000	145,000	145,000	145,000	144,747	148,208
		<u>395,500</u>	<u>392,500</u>	<u>385,500</u>	<u>378,500</u>	<u>379,230</u>	<u>417,282</u>
<b>TOTAL INCOME</b>		<u>1,435,500</u>	<u>1,412,500</u>	<u>1,390,500</u>	<u>1,363,500</u>	<u>1,344,629</u>	<u>1,448,534</u>
<b>EXPENDITURE</b>							
<b>Personnel emoluments</b>							
Mayor allowances	9	17,000	16,400	15,900	15,500	15,269	15,027
Employees wages and salaries	9	213,000	210,000	208,000	206,500	205,090	200,714
Social Security contributions	9	18,500	17,800	17,000	16,500	16,156	16,117
Councillors allowances	9	17,800	17,800	17,800	17,800	17,800	17,800
		<u>266,300</u>	<u>262,000</u>	<u>258,700</u>	<u>256,300</u>	<u>254,315</u>	<u>249,658</u>
<b>Operations and maintenance</b>							
Materials and supplies	10	10,000	9,500	9,250	9,000	8,775	6,375
Repairs and upkeep	10	39,000	38,000	37,000	36,000	34,437	47,145
Street lighting	10	6,200	6,000	5,500	5,000	4,872	19,567
Insurance	10	2,333	2,333	7,837	7,837	7,837	5,484
Bank charges	10	1,600	1,600	1,600	1,600	1,555	980
Refuse collection	10	525,000	522,000	520,000	515,000	508,949	498,379
Bulky refuse collection	10	23,000	22,500	22,000	21,500	21,067	19,550
Road and street cleaning	10	193,500	192,000	190,000	188,000	185,091	203,743
Waste disposal	10	65,000	63,000	61,500	60,000	58,179	92,292
Cleaning and maintenance parks and garden	10	37,000	37,000	37,000	37,000	36,628	45,226
Cleaning of council premises	10	6,500	6,500	6,500	6,500	6,336	5,250
Community	10	10,000	10,000	10,000	10,000	3,035	35,243
		<u>919,133</u>	<u>910,433</u>	<u>908,187</u>	<u>897,437</u>	<u>876,761</u>	<u>979,234</u>
<b>Administration</b>							
Office utilities	11	19,000	18,200	17,500	17,000	16,021	14,875
Rent	11	11,509	11,509	11,509	11,509	11,509	10,158
Office services	11	24,200	23,800	23,500	23,000	22,887	19,974
Memberships	11	1,200	1,200	1,200	1,200	1,192	151
Transport	11	-	-	-	-	-	142
Information services	11	5,800	5,200	4,200	3,500	2,227	-
Professional services	11	60,000	57,000	56,500	55,000	53,143	54,044
Training expenses	11	5,000	5,000	5,000	5,000	4,800	19,839
Sundry expenses	11	1,500	1,500	1,500	1,500	1,499	2,551
		<u>128,209</u>	<u>123,409</u>	<u>120,909</u>	<u>117,709</u>	<u>113,278</u>	<u>121,734</u>
<b>Other expenditure</b>							
Depreciation	12	34,451	34,451	55,907	92,444	102,905	105,045
		<u>34,451</u>	<u>34,451</u>	<u>55,907</u>	<u>92,444</u>	<u>102,905</u>	<u>105,045</u>
<b>TOTAL EXPENDITURE</b>		<u>1,348,093</u>	<u>1,330,293</u>	<u>1,343,703</u>	<u>1,363,890</u>	<u>1,347,259</u>	<u>1,455,671</u>
<b>SURPLUS FOR THE YEAR</b>		<u>€ 87,407</u>	<u>€ 82,207</u>	<u>€ 46,797</u>	<u>€ (390)</u>	<u>€ (2,630)</u>	<u>€ (7,137)</u>

<b>NET CASH FLOWS (Surplus + Depn)</b>		121,858	116,658	102,704	92,054	100,275	97,908
Less Purchase of Property, plant and equipment		-	-	-	-	(306,241)	(194,251)
Add Grants obtained on Purchase of PPP		-	-	-	-	326,233	247,548
		<u>121,858</u>	<u>116,658</u>	<u>102,704</u>	<u>92,054</u>	<u>120,267</u>	<u>151,205</u>
Decrease/ (increase) in receivables						112,258	(69,711)
Payment of past creditors	17	(114,000)	(104,000)	(88,000)	(54,000)	(243,858)	(54,737)
Payment of past national insurance contributions	18	(11,601)	(11,602)	(11,602)	(11,602)	-	-
Net surplus after payment of creditors		<u>€ (3,743)</u>	<u>€ 1,056</u>	<u>€ 3,102</u>	<u>€ 26,452</u>	<u>€ (11,333)</u>	<u>€ 26,757</u>

## **VALETTA LOCAL COUNCIL**

### **ASSUMPTIONS ON THE PROJECTED INCOME STATEMENT AND BALANCE SHEET**

For the period ending from 1 January 2021 to 31 December 2025

#### **1. GOVERNMENT SUBVENTION**

The Government Subvention represents the amount given by the Government of Malta in terms of Article 55 and the Eight Schedule of the Local Government Act. It is assumed that subvention will increase by 3% to 5% each year as in previous years. These amounts also include the € 100,000 additional funding given to the Valletta Local Council each year.

#### **2. SUPPLEMENTARY GOVERNMENT INCOME**

Supplementary government income in 2020 and 2021 represents the amounts paid by the Department on Local Government to Wasteserv Malta Limited for the excess tipping fees over the amount allocated in the subvention. As per directive issued by the Department of Local Government, since the amounts invoiced by the Valletta Local Council for the reimbursement of organic waste are higher than the monthly tipping fees paid by the Valletta Local Council, no such income will be given to the Valletta Local Council from 2022 onwards.

#### **3. ADDITIONAL FUNDING**

This is the additional funding requested by the Local Council since waste costs, including the refuse collection and street sweeping and cleaning are much higher than the amount allocated to the Valletta Local Council in the subvention. It is envisaged that the Local Council will require an amount of € 35,000 in 2022, € 40,000 in 2023 and 2024 and € 45,000 in 2025. These additional funds will be used to pay the council outstanding creditors.

#### **4. ADDITIONAL GOVERNMENT INCOME**

Other government income represents, income generated by the Local Council from application to various schemes issued by the Port Region and the Department of Local Government. These will generally consist in the refund of expenses on cultural activities organised by the Local Council. It is assumed that such income will remain constant at € 5,000 per annum.

#### **5. INCOME FROM PERMITS**

Income from permits is expected to increase gradually over the years from € 190,000 in 2022 to € 197,000 in 2025.

## **6. INCOME FROM LES SYSTEM**

This income represents the 10% Administration fee earned by the Local Council on LES fines paid at the Valetta Local Council. This is expected to remain at the current level of € 8,500 per annum.

## **7. OTHER INCOME**

The other income represents income from bye-laws enacted by the Local Councils and from various EU schemes. The Local Council will promote more the Hastings Gardens for the organisation of events. Furthermore, the Local Council will also enter in discussion with the Lands Authority to be able to rent the Local Council Hall without the Lands Department increasing the rental charge on commercial rates. The income should increase gradually over the years from € 24,618 earned in 2020 to € 45,000 expected in 2024 and 2025.

## **8. ORGANIC WASTE REIMBURSEMENTS**

This is the amounts reimbursed by Wastserv Malta to the Local Council in respect of organic waste. This income is expected to remain on the same levels of € 145,000 per annum.

## **9. PERSONNEL EMOLUMENTS**

The Local Council is not envisaging an increase in employees during the next five years. The increase in personnel emoluments arises from the yearly increases in Government salaries and from employees shifting to a higher pay scale in terms of the Collective agreements in force.

## **10. OPERATIONS AND MAINTENANCE COSTS**

Operations and maintenance costs are expected to increase marginally over the next five years. It is imperative that the expense on community and cultural activities is contained to € 10k per annum. During 2021, the Local Council has kept these costs to the minimum. Due to the financial position of the Local Council these costs cannot increase to pre Covid-19 levels of more than 60K per annum.

## **11. ADMINISTRATION EXPENSES**

Administration expenses are expected to increase marginally over the next five-years.

## **12. DEPRECIATION**

Deprecation has been worked on assets at year-end using the straight-line method as per accounting policies.

### 13. PROPERTY PLANT EQUIPMENT

The Local Council is precluded from doing any capital expenditure project in the next five year in view of the financial situation of the Local Council, unless such projects are 100% financed by Grants.

### 14. TRADE RECEIVABLES

In the five-year plan it is assumed that trade receivables will remain on the same level. It is important that Wastserv Malta pays its due in time. If trade receivables increase, it will negatively impact the cashflow of the Local Council with the consequence that not enough funds will remain for the payment of trade and other payables.

### 15. CASH AT BANK

Cash at bank has increases gradually from € 24,384 in 2021 to € 51,251 in 2025. It is the intention of the Local Council to increase the FSI above 10% over the five year period and have a cash balance of € 50K to be used as a buffer for any unexpected expenses.

### 16. ACCUMULATED LOSSES/ PROFITS

The Local Council intent is to reduce the accumulated losses. Accumulated losses were € (41,824) in 2020 and this is expected to increase slightly to € (44,844) in 2022 due to high amount of depreciation. The Local Council is expected to generate surplus from 2023 when assets financed by the PPP will be fully depreciated and the by end of 2025 the Council is expected to have accumulated profits of € 171,567.

### 17. TRADE PAYABLES

The Local Council aim is to pay its long outstanding creditors over a period of four year. The main creditor is Waste Collection Limited, the contractor responsible for the refuse collection and road and street sweeping.

	2025	2024	2023	2022
	€	€	€	€
Opening payables	129,209	233,209	321,209	375,209
Payment to outstanding creditors	(114,000)	(104,000)	(88,000)	(54,000)
Closing balance	<u>€ 15,209</u>	<u>€ 129,209</u>	<u>€ 233,209</u>	<u>€ 321,209</u>



## 18. NATIONAL INSURANCE CONTRIBUTIONS

The Local Council has outstanding National Insurance contributions for the years up to 2018. These amounts are under a repayment agreement with the Commissioner for Revenue however payments are not always honoured as per agreement. It is envisaged that the Local Councils pay all outstanding insurance contributions by 2025 as follows:

	2025 €	2024 €	2023 €	2022 €
Opening Balance	11,601	23,203	34,805	46,407
Payment to outstanding creditors	(11,601)	(11,602)	(11,602)	(11,602)
Closing balance	<u>€ -</u>	<u>€ 11,601</u>	<u>€ 23,203</u>	<u>€ 34,805</u>

