



Autoridad Independiente
de Responsabilidad Fiscal

PRESS RELEASE

05/11/2021

Supplementary Report on the Individual Evaluation of the Main Lines of the 2022 Budgets of the Local Governments (LGs)

AIReF has an impact on the sustainability risk analysis of local governments with problems

- The risk rating has been calculated on the basis of a combined analysis of the overall liability position and the ability to return to a sustainable situation in the medium term
- The City Councils of Sanlúcar de Barrameda and Isla Cristina are removed from AIReF's analysis as they have improved their sustainability situation
- The City Councils of Arroyomolinos, Lepe and San Fernando de Henares, which are included in this analysis for the first time, have failed to comply with their duty to cooperate as they have not submitted the requested information. The City Council of Barbate has also failed to fulfil this duty
- AIReF has rated the City Councils of Alcorcón, La Línea de la Concepción, Los Palacios y Villafranca, Navalcarnero and Parla with uncertainty
- All the selected city councils maintain their risk rating, except those of Algeciras, Los Palacios y Villafranca and Navalcarnero, which worsen, those of Ayamonte and Totana, which improve, and that of Valdemoro, which, once evaluated, is removed from the analysis due to its notable improvement

The Independent Authority for Fiscal Responsibility (AIReF) today publishes its Supplementary Report on the Individual Evaluation of the Main Lines of the 2022 Budgets of the Local Governments (LGs). In this report, AIReF has reviewed the selected group of LGs with structural



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sustainability problems that will be monitored, given the start of a new budget cycle.

The 25 city councils with sustainability risks selected for the evaluation are the same as in the previous cycle, except for Sanlúcar de Barrameda and Isla Cristina, which have been removed from the analysis because they present improvements in their sustainability situation, and those of Arroyomolinos, Lepe and San Fernando de Henares, which have been included in this analysis for the first time.

As in previous reports, the risk rating has been calculated on the basis of a combined analysis of the overall liability position and the ability to return to a sustainable situation in the medium term.

AIReF has rated the City Councils of Alcorcón, Barbate, La Línea de la Concepción, Los Palacios y Villafranca, Navalcarnero and Parla with uncertainty as they failed to provide the information requested. Of these, only the City Council of Barbate has failed to comply with its duty to cooperate as it failed to submit any information. The City Councils of Lepe, Arroyomolinos and San Fernando de Henares also failed to cooperate and have therefore not been rated.

All the selected city councils maintain their position, except those of Algeciras, Los Palacios y Villafranca and Navalcarnero, which worsen their risk rating, those of Ayamonte and Totana, which improve, and that of Valdemoro, which, once evaluated, is removed from the analysis due to its notable improvement.



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RISK LEVEL	LOCAL GOVERNMENT	(Outstanding debt+ Negative cash surplus)/ Current revenue	APP	Balance of current operations/Curr ent revenue	Net lending / Current revenue
Critical	Jaén	513%	639	-6%	-12%
Critical	Jerez de la Frontera	454%	361	-2%	-1%
Critical	Parla	1134%	425	-23%	-22%
Very High	Barrios (Los)	686%	74	7%	7%
Very High	Navalcarnero	425%	314	5%	10%
High	Alcorcón	93%	10	16%	19%
High	Algeciras	200%	62	1%	1%
High	Barbate	Failure to comply with the duty to cooperate			
High	Gandía	315%	13	6%	7%
High	Línea de la Concepción (La)	229%	38	7%	6%
High	Palacios y Villafranca (Los)	192%	430	3%	4%
High	Totana	371%	66	13%	11%
Moderate	Aranjuez	267%	222	10%	8%
Moderate	Arcos de la Frontera	179%	633	12%	9%
Moderate	Arganda del Rey	167%	33	7%	8%
Moderate	Ayamonte	126%	444	8%	9%
Low	Alboraia/Alboraya	241%	24	19%	13%
Low	Almonte	100%	222	2%	2%
Low	Caravaca de la Cruz	127%	119	7%	8%
Low	Puerto Real	152%	106	11%	18%
Low	San Andrés del Rabanedo	182%	101	19%	19%
Not rated due to lack of information	San Fernando de Henares	Failure to comply with the duty to cooperate			
No information to determine eligibility	Lepe	Failure to comply with the duty to cooperate			
	Arroyomolinos	Failure to comply with the duty to cooperate			

REMOVED FROM SUSTAINABILITY ANALYSIS DUE TO NOTABLE IMPROVEMENT

No risk determining structural analysis	Valdemoro	81%	108	19%	20%
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The expansion in expenditure, in a context of suspended fiscal rules, is particularly relevant in governments with problems, given that it decisively influences the future sustainability of these LGs. The computable expenditure of this group of LGs with problems has grown by almost 10% between 2019 and 2021. Particularly noteworthy are the cases of Alcorcón and Gandía. Despite their risk situation, they plan to apply almost 35% and 92% of their previous savings to new expenditure, respectively. In the case of Alcorcón, this increase does not seem to be a direct consequence of the pandemic, according to the data provided.