

Department for Local Government

LOCAL GOVERNMENT FINANCE

In 2012, Local Councils received a direct allocation (under the funding formula) of € 31,500,000 from Central government. Another € 1,400,000 was voted under the Department's Capital vote for the continued implementation of the Local Councils' Public Private Schemes in connection with the resurfacing of roads in the localities. During this year, Local Councils also continued to benefit from various financial schemes.

Government also continued to assist Councils through the secondment of government employees. The salaries and wages of these workers are borne by central government and therefore Councils are making savings in this respect.

As in previous years, the Department for Local Government also provided financial assistance to the Local Councils Association (LCA) (€ 102,772.50) and to the Association of Local Council Executive Secretaries (ASKLM) (€ 9,318) as part of government's commitment to assist both associations.

The table below illustrates central government's direct financial allocation to Local Councils since the setting up of Local Councils in 1994.

Central Government's Direct Financial Allocation to Local Councils: 1994 - 2010

1. Direct Financial Allocation (Funding Formula):

<i>Financial Year</i>	<i>Lm mill.</i>	<i>Euro mill.</i>	<i>Euro mill.</i>
1994-95	4.5	10.48	
1995-96	6.3	14.68	
1996-97	6.25	14.56	
1997-98	8.75	20.38	
1998-99	5.831	13.58	
1999-00	6.5	15.14	
2000-01	9.66	22.50	
2001-02	10.24	23.85	
2002-03	10.54	24.55	
2003-04	10.70	24.92	
2004-05	10.686	24.89	
2005-06	10.200	23.75	
2006-07	10.250	23.88	
2007-08	10.270	23.92	
2008-09	-	26.97	
2009-10	-	27.01	
2010		30.01	
2011	-	30.01	
2012		31.50	

Total Direct Allocation **426.58 mill.**

2. Funds for Special Needs

<i>Financial Year</i>	<i>Lm mill.</i>	<i>Euro mill.</i>	
1994/95	0.3	0.70	
1995/96	1.3	3.03	
1996/97	2.5	5.82	
1997/98	2.5	5.82	
1998/99	2.5	5.82	
1999/00	2.5	5.82	
2000/01	-	-	
2001/02	-	-	
2002/03	-	-	
2004/05	-	-	
2005/06	-	-	
2006/07	-	-	
2007/08	-	-	
2008/09	-	-	
2009-10	-	-	
Total Special Funds			27.01 mill.

Total Funds to Local Councils (1994-2010) **453.59 mill.**

Other financial initiatives

Requests for Bank Loans

Following the issue, in 2011, of new procedures for those Local Councils who want to acquire a bank loan, discussions with the Ministry of Finance, Economy and Investment continued during 2012 in order to further fine tune the process. The main objective is to ensure that a Council would be financially prepared to enter into such a loan commitment. An updated version of the procedures was issued.

Internet Banking

Discussions with the Ministry of Finance are also taking place with a view of introducing the use of Internet Banking in Local Councils which up to now was not allowed. These discussions are at an advanced stage and it is hoped that by early 2013 some form of use of internet banking by Local Councils will be in place.

Public Private Partnership Schemes

Besides the Public Private Partnership Schemes in connection with the resurfacing of roads in localities, Local Councils can also obtain approval for the implementation of PPPs on various aspects. During 2012 the Department for Local government received three such applications – two from Hal Gharghur Local Council which were concluded and another from Naxxar Local Council which is in its final stages.

Twinning Agreements

During the year, one twinning agreement was approved – that between Birgu LC and the locality of Belvi in Sardinia.

Other financial issues

The Department gives support to Local Councils on various financial matters. Besides taking care of the transfer of the quarterly financial allocation into the respective Local Councils' bank accounts, the Department is also responsible for the vetting and processing of all claims in connection with the various Local Councils grants' schemes. The Department also ensures that any devolution request by a Local Council would be financially sustainable before recommending its approval.

One other very important function of the Department is the continuous monitoring of Local Councils finances (see under separate heading). In this regard, the Department is in regular contact with the Auditor General in order to ensure that Local Councils retain a healthy financial position and are always operating within the law and regulations.

Co-operation with the National Audit Office is ongoing, particularly during the Local Councils' year end audits. Councils are informed about the proper procedures to be adopted in order to ensure that the auditing procedure is made in a smooth manner and all audited reports and financial statements are received by the due dates. During 2012 a number of councils were again penalised for submitting these documents late.

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THE MONITORING UNIT

During the year, the working processes of the Monitoring Unit were continuously updated to reflect the new set up of the Office and to ensure better work practices. The unit continued scrutinising the various functions of the local Councils, with particular emphasis on the financial aspect. Regular checks were made on the schedule of payments, reports, minutes and other related documents. In this respect special attention was given to ensure that the Councils abide by the Local Councils Act, regulations and procedures as well as the instructions which are given to them from time to time through various memos. The timely submission of reports was also scrutinised. All this was made in line with the recommendations made by the Office of the Auditor General in the Office's annual Public Accounts report.

The Monitoring Unit also investigated and reported on several allegations made against Councils. In fact during 2012 the unit monitored 817 cases in all, drafted a report on each case and provided the respective Council with its official position.

PEOPLE DEVELOPMENT AND EU & INTERNATIONAL AFFAIRS UNITS

HUMAN RESOURCES UNIT

As from January of this year, after due consultation with PAHRO and the Local Councils Association, the Department by means of Memorandum 4/2012 introduced the Guidelines for the Selection of Executive Secretaries in Local Councils that are now being used by all Local Councils. These are now ensuring more uniformity, conformity, accountability and transparency in the selection process of appointing their respective Executive Secretary.

The Unit has continued to update and widen the capacity of the human resources database and aligned further the Department with the requests in both conformity with the public service requirements and other related issues. In the first quarter of the year, the Unit submitted the Capacity Building Exercise and has increased further the timely submissions of the PMP forms.

The Unit was also consulted several times by other sections with the Department regarding both compliancy and legal issues related to its function.

During 2012, the turnover of Executive Secretaries was considerable although the Department had to resort in appointing Acting Executive Secretaries where no appointments were proposed by the Local Councils. To facilitate further the process, the Head of Unit assisted various Local Councils in the process to select an Executive Secretary, thus extending the services of the Unit within the light of the new selection procedure introduced.

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TRAINING UNIT

Although limited in the financial vote, the Unit has completed the training commenced for Executive Secretaries and Local Councils employees in November, 2011 which stretched till the end of February of this year. Regrettably the courses offered to councillors had to be redimensioned in order to facilitate the realities for 2012 which took on a new strategy where courses were converted to periodic seminars and conferences. The main activities were:

- One day Seminar organized jointly with the National Audit Office highlighting the weaknesses in Local Councils audits
- One day seminar organized jointly with MEUSAC informing local councils with EU funding opportunities together with a session related to the development of the Training Analysis by the Council of Europe;
- Joint two day conference held together with the Ministry of Finance and Investment aimed to enhance the opportunities of collaboration between local councils and the commercial community, including the concept of joint business planning;
- Information session held with the collaboration of the Ministry for Finance and Investment delivering specialized sessions related to financial planning, the late payment directive and the Final Settlement System;
- A two day conference held jointly with Sedqa and the Council of Europe focusing on the methodology called SPIRAL to create social indicators in our communities leading to a holistic implementation plan at local level.

The Unit has taken the task to prepare for the upcoming two years which shall be seeing the implementation of ambitious projects which shall provide an overhaul to create sustainable training by the implementation of a national training strategy.

EU AND INTERNATIONAL UNIT

Since Malta has become a member state of the European Union new funding opportunities for local government projects have become available. Although the Department had an EU Desk Officer, since mid 2011 a Unit has been established in order to meet the challenges both internally and to provide an extensive service to local councils. These have been achieved by:

- Application for funding of national projects and the implementation thereof projects that are selected under various programmes that provide
- Become a National Contact Point for EU programmes

- Express opinions on thematic developments in the European Union and the Council of Europe related to local government;
- Assist other ministries and the EU Representation with feedback on EU legislation; and
- Monitor the implementation of EU partly funded project by local councils.

Hereunder please find further details on the activities carried out by the Unit:

NATIONAL CONTACT POINT

The Department is the National Dissemination Point of the URBACT programme and the National Contact Point for the “Europe for Citizens” Programme. These programmes are designed to assist local government in the preparation of urban and community planning together with opportunities to implement activities aimed at enhancing the citizen’s participation in public life.

The Department together with the URBACT Secretariat has organized the first “URBACT Info Day” in Malta during in the first quarter of 2012 by means of a business breakfast, which was addressed by the Head of the Secretariat of the URBACT Secretariat together with two examples of good practice from the cities of Valletta and Paola. However, due to the lack of funding, the Department was unable to be present in all the meetings of the Monitoring Committee of URBACT. This issue must be dealt with in the coming year and assure the active participation of Malta in the programme.

As a National Contact Point for the “Europe for Citizens” programme the Department has been actively involved in the formulation of the opinion of Malta regarding the new programming period – 2014-2020. Furthermore, the Department has assisted local councils in various local meetings related to the project, wherever this was demanded.

PARTICIPATION IN THE COUNCIL OF EUROPE

The Department represents Malta in the Regional and Local Development Committee of the Council of Europe. This committee provides the platform for the 47 Member countries to debate issues that are of general interest to local government as well serve as a bridge to other European institutions. However the main activity relates to the opinion expresses to the Committee of Ministers of the Council of Europe on various themes that will eventually shape local government policy throughout Europe. With regret it must be registered that due to financial difficulties the Department was unable to attend to the last quarter meeting of CDLR.

MONITORING OF LOCAL COUNCILS PROJECT IMPLEMENTATION PROCESS

A new initiative taken by the Head of Unit was the participation in bilateral meetings that are held between Managing Authorities of the ERDF, ESF, Malta-Italia and Measures 313 and 323 programmes and the Local Councils. The aim of this participation is twofold – to give advice to both the Managing Authorities and Locals Councils leading to facilitate a better implementation of projects and to monitor the Councils operation in project management in such a sensitive task dealing with public procurement and working with national and international partners.

IMPLEMENTATION OF DEPARTMENT’S EU PARTLY FUNDED PROJECTS

Project 1 - CERTESS

DLG is a partner in this EU co-funded as part of the INTERREG IVC programme. The programme supports projects that aim, through interregional exchange of experience at policy level, to improve regional and local policies addressing the selected sub-theme. CERTESS refers to Priority 2 and, in particular, to the sub-theme “Cultural Heritage and landscape”; some of the project objectives, results

and activities, however, deal also with other subthemes of both priority areas, thus ensuring a cross-sector and integrated approach.

The specific field of action is related to the European cultural routes as defined by the Council of Europe (usually intended as a historical line interconnecting one or more regions and organised around topics whose historical, artistic or social interest proves to be European, either because of the geographical layout of the route, or due to its contents and significance).

The project aims at setting up a common methodological framework of policy and development instruments for the regions, elaborated through the sharing and transferring of best practices among the partner regions. The best practices shall tackle all aspects relevant the development of a sustainable cultural tourism, from the local micro level to higher decision making bodies, with reference to:

- identification, interpretation and adding value to cultural heritage local assets
- development & adoption of advanced governance systems
- promotion of local economic enterprises & products along the routes, by adopting innovative immaterial services including ITC
- attention to environmental issues such as:
 - reducing environmental impact & energy consumption of local socio-economic activities;
 - protection and valorisation of landscape, etc.

Most of the routes already identified, and regions intersected by them, indeed lack comprehensive methodologies, governance instruments, innovative ideas, etc. to implement effective strategies at regional level, the result being that there is a range of punctual, local and sometimes isolated initiatives that:

- are casually scattered along the route and its associated territory,
- have no critical mass and
- do not generate or involve a systematic approach.

The 12 partners to this project are: European Institute of Cultural Routes, LU, Lazio Region, IT, Department of Local Government, MT, Salzburg Research, AT, Tourism Agency of the Balearic Islands (ATB), ES, Regional Ministry of Tourism, Commerce and Sport, ES, Karlsruhe Institute of Technology, DE, Zlin Region, CZ, Administrative District of Gorlice, PL, Ministry of Culture Luxemburg, LU, Sibiu County Tourism Association, RO and JAMK Univeristy of Applied Sciences, FI.

The kick off meeting was held in Luxembourg, the second meeting and workshop were held in Malta whilst the third meeting was held in Karlsruhe, Germany. Due to financial limitations DLG was unable to be present for the fourth meeting held in Salzburg, Austria.

This project is enabling the Department to gain valuable experience in the project management cycles of an EU partly funded project whilst being able to recover all the costs involved including the staff costs of the Local Coordinator (Head of Unit) and the Administrative Secretary (a Senior Clerk from the Department).

Project 2 - Improving Public Management and Governance at Local Level

The Training Unit within the Department for Local Government was established in June 2011 so as to conduct training courses according to current and future local government needs. The Unit collaborates with other units within the Department such as the Human Resources and the EU and International Affairs with the main aim to co-ordinate and maximise the use of its own resources in developing a training programme for both the elected and the executive arms of local government. Furthermore, the main goal of the unit is to establish a **national training strategy**. The TNA provided a clear strategy that the Department needed to develop - to introduce a common training framework specifically designed to meet the needs of Executive Secretaries working in Local Councils/ Regional Committees and DLG staff with the aim of ensuring and improving Public Management and Governance at Local level.

The Department application under for funding under ESF was successful and since September, 2012 the Unit was also engaged in the implementation process of a project that address various issues related to the Local Governance Policy. The relevance of the common training framework relates also to the increase of service to the public by means of a greater efficiency in Local Councils with better trained public serviced and public sector employees whilst installing related needs such as leadership and ownership. Therefore a common training framework within a national training strategy for local government shall increase the efficiency in local government in the sectors of public procurement, effective customer satisfaction to the community's needs and in particular in the management of public funds. The implementation of this project is expected to commence in 2013.

Project 3 – Partnership for Creative Governance

The Department for Local Government has filed a project proposal – “A partnership for Creative Governance” under the Norwegian Grants that is structured under various programmes originated by the Council of Europe. This project shall create a set of initiatives that will research, examine, focus and create a number of measures to strengthen institutional capacity, strengthen people development within the respective departments responsible for local government, the elected and the executive arms of local and regional government, improve the quality and accessibility of services provided and create a professional programme for exchange of personnel. The Head of the EU and International Unit within DLG attended for a Train the Trainer Seminar held in Switzerland organised in conjunction with the Council of Europe.

One of the main initiatives to be undertaken is the Leadership Academy programme. Good leadership can make a real difference to how well a local authority performs. There is growing consensus that it is the most important element in developing good local governance. Leadership is the capacity to formulate a vision for the future of the local community and to make it come true through the involvement of the community, the use of public authority and strategic management of public services. The main objectives of the ToT were (a) to enhance knowledge and skills of trainers in the field of leadership in local governments, based on concepts contained in the Centre's Manual on modern leadership; (b) to create a pool of trainers/experts that potentially would carry on Leadership Academy programme in their respective countries/local governments; (c) create a network of international trainers/experts that would continue to co-operate in the future with aim to exchange practices and experiences, and ultimately would conduct the Leadership Academy Programme in pairs.

During 2012, the Council of Europe, by means of an invitation informed the Department for Local Government of a meeting that was being organized in Oslo, Norway with KS – the Norwegian Association of Local Municipalities with the aim “... to discuss the implementation of the Partnership for Creative Governance Project, which is to be funded by the Norwegian Grants, as well as the role of each partner in this Project.” The predefined project “Partnership for Creative Governance” was drafted in Malta between the Department for Local Government and the Local Councils Association and the assistance of the Centre of Expertise for Local Government Reform of the Council of Europe under the Programme Area 25: 'Capacity Building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities' of the Norwegian Financial Mechanism. The Head of Unit of EU & International Affairs with DLG attended this meeting and

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successfully concluded various pending issues regarding the project. The project is expected to commence in 2013.

The costs related to all the travelling abroad are to be refunded from various sources mainly the Council of Europe, PPCD-OPM, CDRT-OPM and the respective partly funded projects. Hence the financial burden is very limited on the Department's expenditure amounting to less than €1000 annually.

GRANT SCHEMES

SCHEMES LAUNCHED IN 2012

Since the inception of schemes from the financing of projects to cultural activities in 2009, the Department for Local Government has noted that the Councils are embarking on even more ambitious projects, and actively participating in each scheme launched. Administrative Committees and even Regional Committees are following suit. During 2012, 7 schemes were launched

The Department was involved in the preparation, adjudication (through an official on the Adjudication Board) and payment of these schemes to the successful Councils. The schemes and the amounts allocated to each one are indicated in the table below.

List of Schemes Issued in 2012

Memo 17/2012 - Scheme egov4u for Local Councils	€75000.00
Memo 27/2012 - Scheme for the financing of Lifelong Learning courses	€24,000.00
Memo 38/2012 - Scheme for Cultural Activities 2012/13	€250,000.00
Memo 40/2012 -Scheme for Local Councils who have the responsibility of local libraries	€36,500.00
Memo 45 /2012 - Scheme for the financing of Special Initiatives	€105,000.00
Memo 49/2012 - Scheme for the financing of Sport Initiatives	€60,000.00
Memo 56/2012 - Scheme for the financing of Pilot Project - Book Box	€4,800.00

Schemes Awarded in 2012

In 2012, the Department for Local Government, following the adjudication of the various schemes each by their respective Adjudication Board, some even pertaining from 2011,. This is the respective list :

	No of applications received	No of Councils which applied		No of Adm Comm which applied		Regional Committees	Total grant for each scheme	No of Councils which benefitted		No of Adm Comm which benefitted		Regional Committees
		Malta	Gozo	Malta	Gozo			Malta	Gozo	Malta	Gozo	
Memo 90/2011 - Scheme for the financing of Sport Initiatives 2012/13	35	23	12	0	0	0	€58,226.12	17	8	0	1	0
Memo 17/2012 - Scheme egov4u for Local Councils	10	7	3	0	0	0	€75,000.00	7	3	0	0	0
Memo 120/2011 -Scheme for Local Councils who have the responsibility of local libraries 2012	46	38	8	0	0	0	€22,016.00	38	8	0	0	0
Memo 27/2012 - Scheme for the financing of Lifelong Learning courses 2012/13	32	30	2	0	0	0	€23,317.00	23	2	0	0	0
Memo 63/2011 - Scheme for the financing of special projects in small localities	20	15	5	0	0	0	€101,000.00	7	2	0	0	0
Memo 87/2011 - Scheme for the financing of special projects	40	29	10	0	1	1	€101,300.00	6	3	0	0	0
Memo 122/2011 - Scheme for the financing of restoration of small historical places	68	52	12	2	2	0	€109,000.00	25	8	0	2	0
Memo 38/2012 - Scheme for Cultural Activities 2012/13*	89	67	15	4	2	1	€250,000.00	15	11	4	0	0

Follow ups in 2012

We have been following the Local Councils, Administrative Committees and Regional Committees in their progress, related to the schemes they have benefitted from. This has led to the schemes awarded in 2009, to be closed. Also schemes awarded in 2010/2011 are nearing final completion. The follow ups have resulted in a screening process of Councils carry on for the execution of such works. It is noted that all necessary tenders or quotations are issued, they are vetted and followed, to follow up each Council in the progress of such works.

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BOARD OF PETITIONS

The Local Enforcement System entails a substantial devolution of power to local government authorities (Regional Committees and Local Councils) to enforce legislation scheduled in terms of Legal Notice 32 of 2000. This radical programme for Local Enforcement has helped the Local Government authorities to secure a high level of community discipline in terms of citizens' compliance through educational campaigns and also through enforcement initiatives. This has been realized through planned management via a tightly integrated solution based on the process rather than individual functions. This has been achieved by linking together all Local Councils, Regional Committees, Warden Services Contractors, Service Providers and Enforcement Officers.

The functions of the Board of Petitions are as follows:

- (a) to determine any petition submitted to it by any person who is charged or is about to be charged with any scheduled offence before a Commissioner;
- (b) to order the waiving or discontinuance of any proceedings before a Commissioner relating to any scheduled offence at the request of any person as mentioned in the preceding paragraph; and
- (c) to remit in whole or in part any financial penalty imposed by a Commissioner following proceedings for an infringement relating to a scheduled offence.

The Board receives petitions through letters (by post on PO Box 62, Victoria – Gozo), through emails (on petitions.dlg@gov.mt) and as from April 2012 the Government launched an online system (www.les.gov.mt) further facilitating accessibility. During 2012, the Board received through letters received by post and through emails 19,592 petitions. As from April 2012 till end of December 2012, the Board received 4,407 online petitions, totalling 23,999. This would mean a 18,42% increase on 2011.

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