City of Milan Rating Report

SCOPE BBB+ NEGATIVE OUTLOOK

Credit strengths

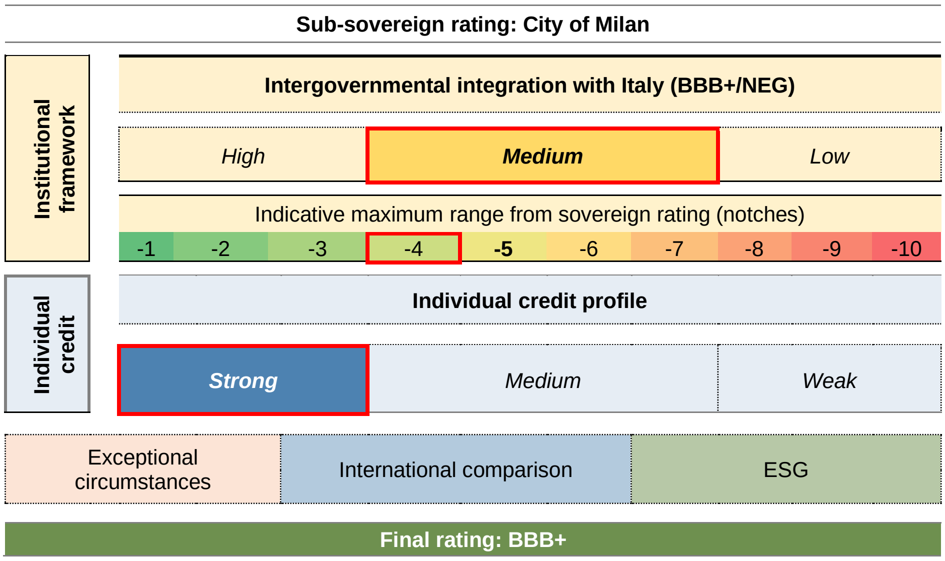
- Ample liquidity
- Sound budgetary and financial management
- Wealthy socio-economic profile
- Effective governance
- Supportive framework

Credit weaknesses

- Large debt stock
- Limited revenue flexibility
- Sizeable, though low-risk, contingent liabilities

Rating rationale and Outlook: The BBB+ rating reflects the City of Milan's sound budgetary and financial management, ample liquidity, wealthy socio-economic profile underpinning its ability to generate own revenues for the long term, and effective governance. In addition, the rating is supported by an integrated institutional framework, which ensures fiscal discipline and a track record in funding support. Credit challenges relate to Milan's high but declining debt stock, limited revenue flexibility, as well as sizeable, yet manageable, contingent liabilities. The Negative Outlook reflects the weakening of Italy's credit profile, as captured by the Negative Outlook assigned to its BBB+ sovereign rating on 15 May 2020. Under the current institutional framework, we cap the rating on Milan at the level of the rating on Italy, as the city lacks sufficient financial autonomy and budgetary flexibility to withstand a deterioration in the sovereign's credit profile.

Figure 1: Scope's approach to rating the City of Milan



Positive rating-change drivers

- Upgrade of Italy's sovereign rating
- Changes in framework resulting in higher revenue flexibility

Negative rating-change drivers

- Downgrade of Italy's sovereign rating
- Changes in framework, weakening Milan's individual credit profile
- Deterioration in operating performance leading to sizeable increase in debt stock

Ratings & Outlook

Foreign currency

Long-term issuer rating	BBB+/Neg
Senior unsecured debt	BBB+/Neg
Short-term issuer rating	S-2/Sta

Local currency

Long-term issuer rating	BBB+/Neg
Senior unsecured debt	BBB+/Neg
Short-term issuer rating	S-2/Sta

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Bloomberg: RESP SCOP

Institutional framework

Track record of system-wide support and prudent restriction of market exposure

The City of Milan benefits from the mature legal and fiscal framework that underpins the intergovernmental integration between Italy's central government and its municipalities. The fiscal policy defined at the central level has helped maintain fairly low deficit and debt levels in the municipal sector in an international context, with prudent restrictions on debt and liquidity management limiting cities' exposure to market risk. The framework benefits from preventive checks and conditional financial assistance in the 'dissesto' procedure, an extraordinary support mechanism aiming to avoid defaults. Sovereign on-lending plays a dominant role, with state-owned promotional bank Cassa Depositi e Prestiti (CDP, BBB+/Negative) as the main creditor of Italian sub-sovereigns.

Frequent reforms of municipal taxes and need to contribute to national fiscal consolidation

Following the financial and sovereign debt crises, municipal finances have been subject to frequent reforms affecting their tax bases and cuts to the equalisation system, thereby contributing to the national fiscal consolidation process. The main revenue sources include a high share of own taxes – on property, general services and supplements to personal income tax. Cities have limited room to manoeuvre in adjusting tax rates.

In response to the Covid-19 pandemic, additional system-wide support measures have been made available to municipalities. The central government has earmarked funds to restore revenue losses and support investments, while CDP has allocated liquidity advances (EUR 12bn to cities, regions and healthcare authorities) to speed up the repayment of commercial debt and delayed cities' loan repayment schedules.

Our assessment of the intergovernmental integration between Italian cities and the central government results in an indicative downward rating distance of a maximum of four notches[1] between the Italian sovereign (BBB+/Negative) and an Italian municipality (**Figure 2**), depending on its individual credit profile strength.

Figure 2: Framework assessment

Institutional framework assessment: Italian cities

Category	Weight	Sub-weight		Assessment: Integration	Score	Weighted score
Institutionalised support	50%	25%	Transfer & bailout regime	High	100	25.0
		15%	Borrowing limits	High	100	15.0
		10%	Funding support	Medium	50	5.0
Fiscal interlinkage	35%	20%	Tax authority	Medium	50	10.0
		15%	Fiscal equalisation	Medium	50	7.5
Political coherence	15%	10%	Distribution of powers	Medium	50	5.0
		5%	Common policymaking	Medium	50	2.5
			Integration with the sovereign		Σ	*70*

Integration score	0-10	10-20	20-30	30-40	40-50	50-60	60-70	70-80	80-90	90-100
Indicative notch range	0-10	0-9	0-8	0-7	0-6	0-5	0-4	0-3	0-2	0-1

Source: Scope Ratings GmbH

'High' institutionalised support: discretionary and rule-based support, credible borrowing limits

- Central government's track record of providing discretionary and rule-based support to municipalities, including via the 'dissesto' procedure;
- Credible fiscal rules, which are among the strictest in the EU (fiscal rule index), including quantitatively specified and legally binding borrowing limits;

'Medium' fiscal interlinkage: government dominance of the tax system

- Restricted capital market access with less preferential regulatory treatment of municipal debt versus sovereign debt (different risk weights under Basel), however, regular funding support via the sovereign and CDP;
- Central government control over major tax rates and redistribution across municipalities covering mandatory spending; and

'Medium' political coherence: some coordination across government layers

- Lack of legislative autonomy, although there is some political coordination across government layers.

[1] With intergovernmental integration at 70% (threshold value), we opted conservatively for the indicative four-notch range.

Individual credit profile

We assess the City of Milan's individual credit profile as strong vis-à-vis national peers' in view of: i) its high cash reserves, good access to external liquidity, and robust debt profile as a result of conservative debt management and a continuous reduction in the debt stock; ii) a strong commitment to fiscal consolidation and above-average expenditure flexibility; iii) the dynamic local economy as the country's leading commercial, industrial and financial hub, strengthening the city's ability to generate own revenues for the long term; and iv) its high-quality governance, with a track record of meeting policy objectives.

Our quantitative assessments are informed by our Core Variable Scorecard (CVS). Milan has one of the strongest individual credit profiles among national peers, reflected by good budgetary results, a wealthy socio-economic profile and favourable governance indicators, together with an affordable interest-payment burden. Our qualitative and quantitative assessments are summarised in **Figures 3** and **4**.

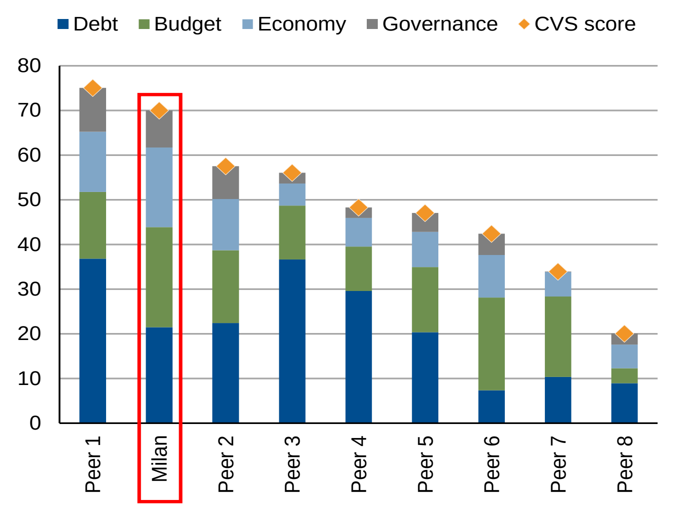
Figure 3: Qualitative Scorecard (QS) result

Individual credit profile – qualitative assessment (QS)

Category	Weight	Qualitative scorecard	Risk: Low	Risk: Medium	Risk: High
Debt burden and liquidity profile	*40%*	Debt profile			
		Contingent liabilities			
		Funding and liquidity			
Budget performance and flexibility	*30%*	Budget management			
		Expenditure flexibility			
		Revenue flexibility			
Economy and social profile	*20%*	Growth & diversification			
		Labour & demographics			
Quality of governance	*10%*	Recent events & policy risk			
		Transparency/accountability			

Source: Scope Ratings GmbH

Figure 4: Core Variable Scorecard (CVS) result



Source: Scope Ratings GmbH

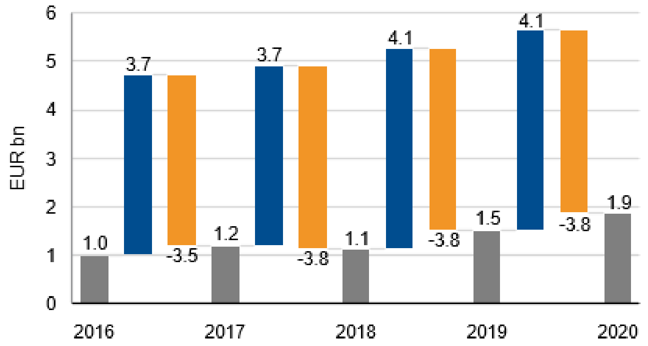
Debt burden and liquidity profile

Strong liquidity profile, with substantial cash at hand and good access to external sources

Milan benefits from high cash holdings vis-à-vis national peers', stemming from sound budgetary and financial management, with its cash positions increased to EUR 1.9bn at the beginning of 2020 from EUR 1bn in 2016 (**Figure 5**). Cash positions now cover annual debt service by more than six times, thus constituting a significant backstop against budgetary emergencies. Prudent liquidity assumptions have strengthened Milan's ability to generate cash flow, with realistic estimations of cash collection underpinned by the low cyclicality of its tax base. Milan's cash planning accuracy and collection capacity is better than peers', with cash collection at around 75% of current revenue of the same fiscal year in 2017-19 (**Figure 6**). In addition, the city has been able to collect more than EUR 100m per year in the past three years from the fight against tax evasion. We expect Milan's cash position to remain broadly stable this year, with cash holdings at EUR 1.7bn by end-September and cumulative cash movements in line with last year.

The city has access to more than EUR 800m in advances from its treasurer. However, in view of ample liquidity, it has not resorted to this external cash source in the past. Milan also has a credit line with the European Investment Bank (EIB, AAA/Stable) to finance the metropolitan train line M4. In the wake of Covid-19, moreover, CDP liquidity advances for the payment of commercial debt have been made available to the regions, cities and healthcare entities for an overall amount of EUR 12bn.

Figure 5: Cash position, EUR bn
Inflows: blue, outflows: orange, deposits: grey



Source: Comune di Milano, Scope Ratings GmbH

Figure 6: Cash collection and payment rates, %
2017-2019

		Milan	Peer 1	Peer 2	Peer 3	Peer 4
Current revenue - cash collection						
Budgeting accuracy (final % of budgeted)	Accrual	98	101	88	98	94
	Cash	81	61	72	76	69
Cash collected, % of revenue		74	64	63	72	62
Current expenditure - cash payment						
Budgeting accuracy (final % of budgeted)	Accrual	84	83	73	84	73
	Cash	72	65	66	79	73
Cash paid, % of expenditure		80	76	54	70	77

Source: BDAP, Scope Ratings GmbH

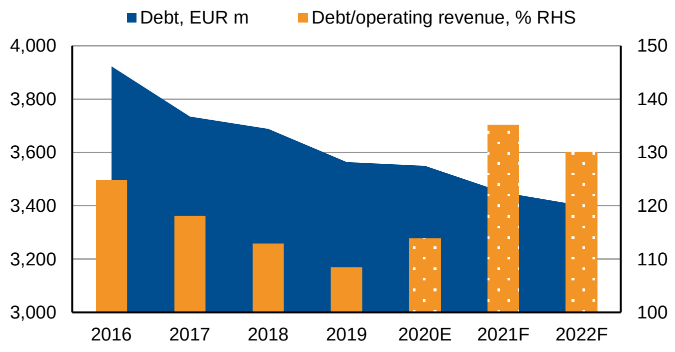
High but declining debt burden and favourable debt profile

Milan's debt stock is high, at EUR 3.6bn by end-2019, or 108% of operating revenue, but on a downward trend with over EUR 500m in debt reduction since 2015. We expect the nominal debt stock to continue decreasing gradually, to about EUR 3.4bn by 2022. This is thanks to limited financing needs that can largely be covered by flexible loans and accumulated budget surpluses, lowering recourse to new debt. Milan's debt burden will nevertheless peak in relative terms at around 135% of operating revenue by 2021, reflecting lower revenue due to the Covid-19 economic shock, but also the structural reduction in the city's budget in view of the re-allocation of transportation services to the provincial level (**Figure 7**). Debt solely comprises euro-denominated borrowings for long-term capital expenditure programmes and is naturally or synthetically amortising, substantially reducing refinancing risks, together with a very long average debt maturity of 19 years. The city pays around EUR 50m annually into a sinking fund for the repayment of a bullet bond maturing in 2035. The bond constitutes around a third of Milan's debt, while around 70% of outstanding debt is in the form of loans. The main creditor is CDP, with more than 50% of Milan's total debt, which strengthens the long-term nature of the city's creditor base (**Figure 8**).

Stable and affordable interest-payment burden

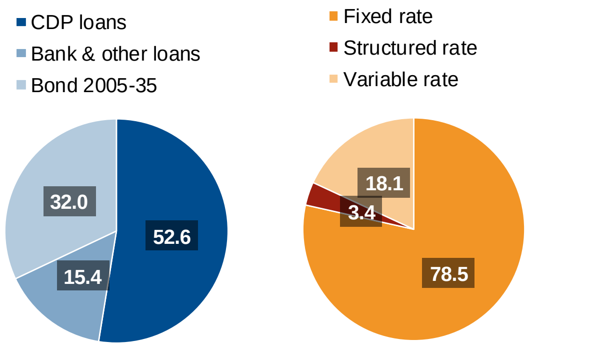
The high share of debt with fixed interest rates (78.5% of total) has led to a broadly stable interest-payment burden, at 3.7% of operating revenue in 2017-19, slightly above national peers' average but well within borrowing limits for municipalities (10% of current revenue). Milan's average cost of debt has remained stable at 2.9% between 2015 and 2019. The city has renegotiated several CDP loans in recent years in order to take advantage of the low interest rate environment. In particular, the recent renegotiation of around EUR 1.4bn of loans will allow Milan to save EUR 186m in instalments in 2020-22.

Figure 7: Debt burden



Source: Comune di Milano, Scope Ratings GmbH

Figure 8: Debt profile, by creditor and interest structure, %



Source: Comune di Milano, Scope Ratings GmbH

Materialisation of contingent liabilities unlikely

Financial debt related to the main companies owned by Milan, totaling around EUR 4.8bn in 2019, or 149% of the city's operating revenue, is sizeable in an international context. We view the risk that it will materialise in the city's budget as low, as the most indebted entities are self-supporting and have reported positive financial results in the past three years. In particular, 77% of Milan's shareholdings' debt relates to A2A Spa, the largest Italian multi-utility. The City of Milan owns 25% of A2A Spa, 25% is controlled by the City of Brescia, and the remaining 50% of shares are in free float. The company reported net income of EUR 450m in 2019, up from EUR 270m in 2017. This year the company is expected to pay the City of Milan around EUR 60m in dividends and budgetary reserves (compared to EUR 45m in 2018). Companies in the transport sector (Sea Spa, Atm Spa), as well as the city's project finances for two metropolitan lines (M5 and M4), are likely to be the most adversely exposed to Covid-19-related shocks. Atm Spa is less affected by immediate risks, as it benefits from regular grants from the city for its services. Sea Spa will retain most part of the dividends and budgetary reserves it usually pays to the city, as a precautionary buffer. Outstanding contractual guarantees issued by Milan declined to around EUR 250m in 2019, from EUR 340m in 2015, and primarily relate to Atm Spa, in the context of metropolitan equipment renovation co-financed by the EIB.

Budgetary performance and flexibility

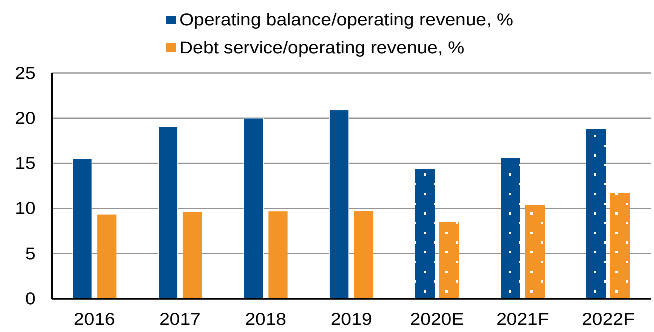
Track record of stable operating performance underpinned by sound budgetary planning…

Milan's budgetary performance has been strong, with high operating surpluses averaging 18.9% of operating revenue in 2016-19 (**Figure 9**), and on an improving trend, from 15.5% in 2016 to 20.9% in 2019, underpinned by conservative budgetary management, continuous cost controls, and moderate tax revenue growth, which has outperformed national GDP growth rates in recent years. These factors have also helped Milan to build up cash reserves, self-finance investment and reduce debt.

…with significant buffers to withstand the Covid-19 budgetary shock

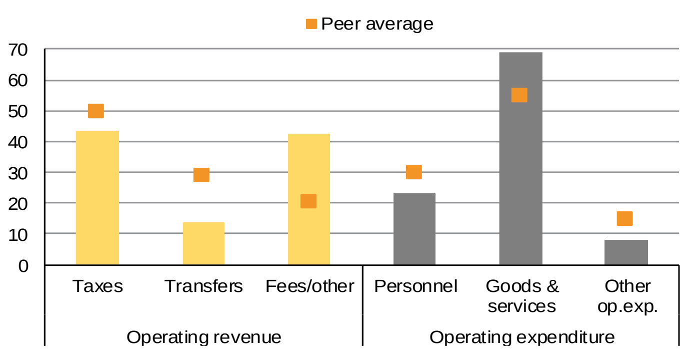
The Covid-19 shock will negatively affect Milan's budget. The surrounding region has been one of the most severely hit areas in Italy in both waves of the pandemic, and consequently subject to a strict regime of containment measures. The city is set to record a revenue loss of around EUR 740m (equivalent to 23% of 2019 operating revenue), mostly related to fees (transport tickets, cars and parking fines), and own taxes (especially those related to tourism). This will be partially mitigated by compensation of about EUR 450m (or 14% of 2019 operating revenue) from the central government.

Figure 9: Budgetary performance



Source: Comune di Milano, Scope Ratings GmbH

Figure 10: Operating budget composition, %, 2017-19



Source: Comune di Milano, BDAP, Scope Ratings GmbH

In addition, we expect Milan to maintain a tight grip on expenditure. In a prudent response to the emergency situation, the city decided in March to implement a 78% limit on initially budgeted expenditure for all departments, which have then been gradually relaxed over the year. The city will also make use of accumulated budget surpluses to cover part of current expenditure. Overall, we expect the city to achieve an operating surplus averaging 15% of operating revenue in 2020-21. This would be in line with its framework requirements to cover debt service with current revenue, but with a lower margin than in previous years. For 2021, we expect a gradual economic recovery and less severe containment measures to support a recovery in revenue, assuming the pandemic situation allows for it. However, we also expect less direct support from the central government. While the extraordinary direct support from the central government is likely to be scaled back in 2021, Milan's local finances should benefit from the transfer of extraordinary recourses from the EU recovery fund, which would allow for higher public investment without placing an additional burden on the city. As of 2021, there will be a reduction in the city's budget, with current revenue and expenditure set to decrease by EUR 720m, in view of the re-allocation of local transport services to the provincial level.

High revenue autonomy, but limited tax rate manoeuvrability

Milan's operating revenue is dominated by local taxes (44% of operating revenue) and proceeds from services and other activities (43%). This strengthens the link between its revenues and economic performance (**Figure 10**). Moreover, the high share of property taxes and service charges (65% of operating revenue), in combination with a wealthy socio-economic profile and a growing population, reduces the cyclicality of the local tax base, supporting the city's stable operating performance. Milan's revenue flexibility is limited despite a growing local tax base because the city has already reached the maximum rates set by the central government. The central government blocked tax rate increases in 2016-18 for all Italian cities. The remaining fiscal leeway is mainly in the area of tax exemptions, but the impact of their removal would be tenuous. In addition, Milan is a major net contributor to the equalisation fund, with its contribution largely offsetting revenues that flow back to the city. In 2021, the re-allocation of the transport function to the provincial level will result in transfer revenue decreasing by around 270m and fees by 450m. The composition of operating revenue will thus shift towards a larger share of own taxes than in previous years, while the transfer share will be halved.

High expenditure flexibility in national context

Milan benefits from relatively high expenditure flexibility vis-à-vis peers in view of: i) its administration's high planning accuracy, with budgetary buffers that minimise actual deviations from estimates of expenditure or revenue growth; ii) a relatively low share of rigid expenditure items, against an increasing share of investment expenditure; and iii) a track record of cost containments in current expenditure, keeping average current expenditure growth below that of revenue, despite frequent reforms affecting municipal taxes and expenditure pressures from a growing population. Operating expenditure relates mainly to the acquisition of goods and services (70%), followed by personnel costs (23%). Over the past three years, operating expenditure has decreased on average by 1% year-over-year, supported by a flat headcount. At the same time, revenue growth has been 1.5% on average, driving the improving operating performance. Investment expenditure has significantly increased, from 9.2% of total expenditure in 2016, to 15.4% by end-2019. The city was able to finance investment of EUR 800m per year in 2018-19 (EUR 500m in 2017), including shares due in following years. It did so with limited and decreasing recourse to debt financing (15% of the total in 2019), mostly relying on investment grants, asset disposals and own budgetary resources. Considering the Italian Treasury's index on cities' budget structural rigidity, based on personnel costs, deficit rebalancing and debt service relative to current revenue, Milan (29%) compares favourably with the peer average of 34% (38% in larger cities).

Economy and social profile

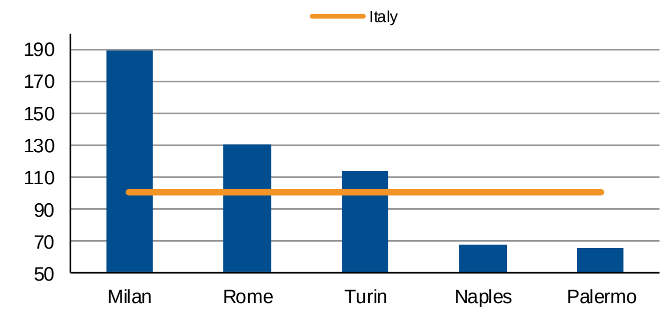
Economic and financial hub in national and international context

Milan benefits from a favourable socio-economic profile underpinned by a wealthy, well-diversified and highly competitive economy, resulting in a strong ability to generate own revenues for the long term. Milan is the economic and financial hub of the wealthy region of Lombardy, Italy's core manufacturing and export region, which accounts for one-fifth of Italian GDP. The City of Milan alone accounts for about 9% of Italian GDP and benefits from a wealthy socio-economic profile (**Figure 11**), with a GDP per capita equivalent to around 190% of the national average (180% of the EU average).

Historic hit from Covid-19, but solid macro fundamentals underpin recovery prospects

The economy is diversified, with a business-friendly environment attracting international investments and a skilled labour force, underpinning its high growth potential. The city's appeal to foreign investors is reflected by the fact that 4,700 foreign multinational companies are located in Milan, or around one-third of those active in Italy. The city's multi-sectoral economy ranges from technology-intensive manufacturing and biological sciences to financial services, culture and design. It also benefits from 13 prestigious universities, which support the specialisation in higher-value-added industries. Milan is in the area worst hit by both the first and second wave of the Covid-19 pandemic. In line with Assolombarda, we expect the Region of Lombardy to suffer a worse GDP contraction than Italy (10%-12% of GDP). At the same time, we expect Milan to recover faster than the national average, given its strategic role at the national and international level, as well as its economic diversification and specialisation in high-value added sectors, underpinning its competitiveness.

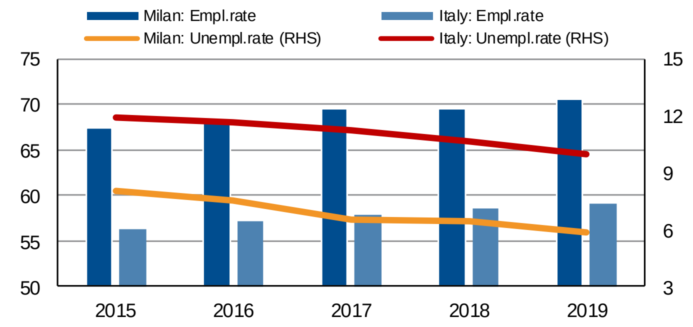
Figure 11: GDP per capita, % of national average, 2017



NB: refers to the province level

Source: Eurostat, Scope Ratings GmbH

Figure 12: Employment and unemployment rates, %, 2019



Source: ISTAT, Scope Ratings GmbH

Positive socio-demographics, driven by attractive labour market

Milan enjoys favourable labour market characteristics and positive demographics, supporting its long-term tax revenue potential. In 2019, Milan province's employment rate was over 70%, well above the national level of 59%, while the unemployment rate was below 6% compared to Italy's 10% (**Figure 12**). Milan's population is expected to increase in the medium term (by around 3% by 2025) in view of urbanisation trends, with net migration offsetting the natural decline driven by ageing dynamics.

Quality of governance

Good quality of services, transparent processes and stable political environment

Milan benefits from high quality governance, underpinned by Lombardy's top scores among Italian regions in the European Quality of Government Index, which captures citizens' perceptions of corruption and the quality and impartiality of public services. The administration's effective governance is also reflected in its ability to regularly fulfil policy objectives and present its accounts in compliance with fiscal rules. Milan's ability to regularly attract international events – including Expo 2015 and the 2026 Winter Olympics – demonstrates the city's perceived credibility in an international context. Milan benefits from a stable political environment, with the centre-left having led municipal governments since 2006. The 2016 municipal elections resulted in the victory of centre-left candidate Giuseppe Sala. The next elections are scheduled for 2021.

Milan is committed to environmental and social development

The city has ambitious environmental targets, including carbon-neutrality by 2050, and 70% waste recycling by 2030. In line with those priorities, the city has fostered investment in public transport, by expanding metropolitan lines, supporting bike- and car-sharing, and committing to reconvert all transport operated by Azienda Trasporti Milanesi to electric by 2030. Milan is one of the first European cities with more than 1m inhabitants to break the 50% threshold in terms of differentiated waste. The city has also implemented tax incentives for private investment in energy-efficiency enhancement. On the social side, Milan aims to increase the supply of social housing by redeveloping existing public property not in use, identifying new areas in which to realise housing facilities, and offering accessible rents via incentives to private providers.

I. Annex: Mapping and final rating

Step I - Institutional framework assessment: Italian Cities

Category	Weight	Sub-weight		Integration	Score	Weighted score
Institutionalised support	*50%*	*25%*	Transfer & bailout regime	**High**	100	25.0
		15%	Borrowing limits	**High**	100	15.0
		10%	Funding support	**Medium**	50	5.0
Fiscal interlinkage	*35%*	*20%*	Tax authority	**Medium**	50	10.0
		15%	Fiscal equalisation	**Medium**	50	7.5
Political coherence	*15%*	*10%*	Distribution of powers	**Medium**	50	5.0
		5%	Common policymaking	**Medium**	50	2.5
				Integration with the sovereign	**Σ**	***70***

Integration	Indicative range
0-10	**0-10**
10-20	**0-9**
20-30	**0-8**
30-40	**0-7**
40-50	**0-6**
50-60	**0-5**
60-70	**0-4**
70-80	**0-3**
80-90	**0-2**
90-100	**0-1**

Step II - Individual credit profile: City of Milan

Category	Weight	QS	Risk	Score	CVS	Score	Weight	Total (QS-CVS avg)
Debt burden and liquidity profile	*40%*	Debt profile	Medium	50	Interest, % op.rev.	48	*50%*	**60**
		Contingent liabilities	Medium	50	Debt, % op.rev	56	*25%*	
		Funding and liquidity mgmnt	Low	100	Balance before debt, % op.rev	64	*25%*	
		Debt QS score	**Σ**	**67**	***Debt CVS score***	**Σ**	**54**	
Budget performance and flexibility	*30%*				Operating balance, % op.rev.	57	*40%*	**79**
		Budget management	Low	100	SD operating balance	89	*15%*	
		Expenditure flexibility	Low	100	Personnel exp., % op.exp.	100	*15%*	
		Revenue flexibility	Medium	50	Capex, % tot exp.	57	*15%*	
					Transfers, % op.rev.	100	*15%*	
		Budget QS score	**Σ**	**83**	***Budget CVS score***	**Σ**	**75**	
Economy and social profile	*20%*				GDP per capita	100	*50%*	**95**
		Growth & diversification	Low	100	Unemployment rate	90	*25%*	
		Labour market & demographi	Low	100	Old-age dependency ratio	66	*25%*	
		Economy QS score	**Σ**	**100**	***Economy CVS score***	**Σ**	**89**	
Quality of governance	*10%*	Recent events & policy risk	Low	100	Quality	100	*33%*	**91**
		Transparency & accountabilit	Low	100	Impartiality	73	*33%*	
					Corruption	74	*33%*	
		Governance QS score	**Σ**	**100**	***Governance CVS score***	**Σ**	**83**	
						Individual credit profile	**Σ**	***76***

Step III - Indicative rating: notch adjustment - *downwards* - from sovereign rating

Indicative sub-sovereign rating

Individual credit profile: 76

Indicative maximum notch adjustment from sovereign rating:

Institutional framework: Integration with sovereign (**70**)			**Strong** ≥ 75	≥ 65	Medium ≥ 55	≥ 45	≥ 35	Weak ≥ 25	< 25
	Full	0 - 1	0	0	0	-1	-1	-1	-1
		0 - 2	-1	-1	-1	-1	-1	-2	-2
		0 - 3	-1	-1	-1	-2	-2	-2	-3
	Medium	0 - 4	-1	-1	-2	-2	-3	-3	-4
		0 - 5	-1	-2	-2	-3	-3	-4	-5
		0 - 6	-2	-2	-3	-3	-4	-5	-6
		0 - 7	-2	-2	-3	-4	-5	-5	-7
	Low	0 - 8	-2	-3	-4	-4	-5	-6	-8
		0 - 9	-2	-3	-4	-5	-6	-7	-9
		0 - 10	-3	-4	-5	-6	-7	-8	-10

Issuer
City of Milan
Country
Italy
Sovereign rating
BBB+
Indicative rating adjustment
0
Additional considerations
-
Final rating
BBB+

Source: Comune di Milano, BDAP, Eurostat, Istat, Scope Ratings GmbH

Annex II: Budget overview and financial indicators

EUR m	2016	2017	2018	2019
Operating revenue	3,143	3,161	3,266	3,285
Tax revenue	1,354	1,397	1,411	1,423
Transfers (incl. equalisation)	420	439	470	440
Fees and own proceeds	1,369	1,325	1,385	1,421
Current revenue	3,159	3,178	3,281	3,301
Interest revenue	16	17	15	16
Capital revenue	211	287	493	591
Financial revenue	115	184	200	109
Total revenue	3,484	3,649	3,974	4,000
Operating expenditure	2,656	2,559	2,612	2,598
Personnel	619	590	609	596
Goods and services	1,790	1,758	1,797	1,805
Other current expenditure	247	211	206	197
Current expenditure	2,777	2,679	2,734	2,720
Interest payments	121	120	122	122
Capital expenditure	295	371	385	513
Financial expenditure	115	188	230	91
Total expenditure	3,187	3,238	3,349	3,324
Operating balance	487	602	654	687
Current balance	382	499	546	581
Balance before debt movement	297	411	624	677
Gross borrowing (incl. flexible loans already in the debt stock)	105	111	127	117
Redemption	172	184	193	198
Application of previous surpluses	104	201	236	289
Earmarked funds for investment (revenue)	800	756	812	1,066
Earmarked funds for investment (expenditure)	756	812	1,066	1,273
Budget result	380	483	541	677
Operating balance/operating revenue, %	15.5	19.0	20.0	20.9
Balance before debt movement/total revenue, %	8.5	11.3	15.7	16.9
Interest payments/operating revenue, %	3.8	3.8	3.8	3.7
Transfers/operating revenue, %	13.4	13.9	14.4	13.4
Personnel expenditure/operating expenditure, %	23.3	23.0	23.3	22.9
Capex/total expenditure, %	9.2	11.5	11.5	15.4
Debt	3,923	3,734	3,688	3,564
Debt/operating revenue, %	124.8	118.1	112.9	108.5
Debt service/operating revenue, %	9.3	9.6	9.7	9.7
GDP per capita (% of national average, provincial level)	190.0	189.2	-	-
Unemployment rate (provincial level), %	7.5	6.5	6.4	5.9

Source: Comune di Milano, BDAP, Eurostat, ISTAT, Scope Ratings GmbH

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