

SF 5: Alignment of budgetary policy with sustainability goals

Fr	B	C	NY	S	T	Total
9	2	7	9	2	5	34

Beispiel:

In **Freiburg**, the focus is on integrating sustainability aspects into the field of financial engineering. The city administration is already developing a concept in which sustainability indicators are linked to the double-entry budget. This control concept will initially be tested for practicality in two pilot offices. (Preker 2012 and Trockel 2013).

NYC has not only created the Office of Long-Term Planning and Sustainability (OLTPS) and set a PlaNYC update for every 4 years (including annual progress reports, etc.), but, on the publication of the first PlaNYC, it specified a fixed budget for the first year of operation as well as the first phase of 10 years for ALL 127 initiatives (in the later update of 2011 this was amended to 132 initiatives) (approx. \$2bn for the 10 years from 2008 to 2017). Implementation and use have not been broken down to the smallest detail, but the budget for the PlaNYC initiatives has been fixed, coordination is in the hands of the OLTPS and individual implementation in the hands of the respective agencies that are responsible for the various topics, and financial control rests with the City Controller. In addition, the budget is independent of other environmental or energy products and the like (e.g. activities of the Department for Environmental Protection), but is really dedicated to only the PlaNYC initiatives and thus the model of sustainability, which gives a correspondingly strong outward signal and communicates internal commitment.

Sydney's budget is one example of a budget that is linked to the objectives of sustainability. Many sustainable goals, such as the achievement of a bicycle-friendly, sustainable and social city, are anchored in the budget. (City of Sydney)

1. Differentiated description of the key field

If one links new financial management of municipalities (Doppik) with the objectives of sustainable urban development, urban development can be steered much better towards sustainability. „Doppik“ is an acronym that stands for „Double-entry accounting system“. Thanks to the nationwide estimation of depreciation in contrast to the cameral system, double-entry bookkeeping carried out by municipalities takes into account the entire depreciation of assets in kind and buildings.

The steps of the double-entry budget are as follows:

1. Define goals
2. Breakdown of budget management into corresponding areas

3. Assign annual expenditures to the areas

By linking the budget to sustainability goals, the apparent discrepancy between the sometimes quite ambitious action programmes of many local authorities and their real effects on sustainability were able to be corrected.

Besides that of Sydney, a further example of a „sustainable“ budget is that of Ludwigsburg. There, individual departments are listed in the administrative budget. Task priorities such as revitalisation, conversion and renovation projects, road development planning, urban redevelopment measures etc. are listed under the Department of Sustainability. (Administration Ludwigsburg Department of Finance 2012).

Ecobudget is an environmental management system designed for political steering committees, executives and municipal decision-makers. Cities can thus link their budget to sustainability goals. The tool was designed by the ICLEI (International Council for Local Environmental Initiatives) and, with the aid of indicators, it maps the state of the environment or the consumption of resources. With regard to the budget indicators, it is possible to make a direct comparison with the objective; with regard to the other indicators, ecoTREND can provide data on the trend over several years. Thus any citizen or the city council can draw conclusions for their own actions.

2. Reference to sustainability:

By linking the budget to sustainability goals, specific individual fields of activity for sustainable urban development can be supported and strengthened at the budget level. Transparency regarding expenditure on different goals is also possible.

Risks if ignored:

The targeted control of municipal progress with regard to sustainability is very difficult. Poor financial circumstances in particular often result in the fact that, in some major cities, objectives are not sufficiently pursued and thus important investments are not made.

3. Relevance to industrial sectors?

Mobility:	Medium
Energy:	High
Production & logistics:	Medium
Security:	Medium
ICT:	Medium
Water infrastructure:	Medium
Buildings:	High
Governance:	High

4. Impact (positive & negative)

- Effective and efficient plans that are affordable find more favour than strategies that are not compatible with the budget
- Expectation that double-entry budget will support consolidation efforts

5. Implementation measures:

The following steps are recommended to introduce a municipal performance measurement system for sustainability:

- 1.) Pegging the long-term sustainability goals and action areas for urban development with the involvement of people, politics, economics and science.
- 2.) As part of the budget planning, fields of action are then prioritised, concretised and operationalized with the aid of the product budget
- 3.) Thanks to sustainability controlling, restructuring options and other measures relating to the sustainability goals can be accomplished; savings can also be made.

6. Actors: Who can shape things?

Everything starts with the political decision to define a vision along with dedicated sustainability goals for the city. Based on this, the city administration makes proposals regarding the budget, which must then be approved by the city council.

7. Prerequisites:

Structural: HR capacity of this amendment to the budget (more time-consuming, complex, etc.) must be shouldered.

8. Obstacles/barriers:

- Additional expenditure with double-entry rather than cameral budget balancing
- Local authorities suffer on account of their abysmal financial situation
- Possibly longer project runtime or longer process before sustainable projects can be initiated
- Training for employees of the city administration
- Short-term projects are more likely to be implemented rather than long-term budget plans

9. Indicators:

What information must be collected to identify the key field in a city? If necessary, establish a reference to the existing City of the Future indicators

- Do established sustainability goals or spheres of action

already exist (y/n)?

- Is a double-entry budget already being implemented in the city? (y/n)?
- Is the budget oriented towards the financial sustainability goals?
- Annual expenditures for the individual sustainability goals

Further indicators:

The city's budget, cost of future projects

10. Special features/remarks:

Further reading:

{Fudalla 2005}, {Articus 2011}, {Institut für den öffentlichen Sektor 2011}.