

Summary

This evaluation of the “strategic realignment of the budget system” (Strategische Neuausrichtung des Haushaltswesens – SNH) in the Free and Hanseatic City of Hamburg is based on the objective laid down in the SNH law and the indicators derived therefrom, which were mirrored in the international valuation framework “Public Expenditure and Financial Accountability” (PEFA). The report on the experiences with the SNH law was compiled with a strong focus on queries, workshops and individual interviews amongst the public budget experts of the ministries and government authorities in the city of Hamburg. The evaluation comes to the conclusion, that Hamburg’s budgetary framework has achieved a high level of development after the strategic realignment. It mainly meets the international criteria for a modern budgetary system and achieves the self-set goals as well.

Not only did Hamburg largely achieve its own reform-goals, the international PEFA indicators also show good to very good ratings especially for the following objectives: Reliability, transparency, the presentation of assets, rule-based budgeting process and control as well as ensuring intergenerational equity. Potential for further development lies within the speed of reporting, the issue of decentralized resource responsibility, the control along performance and effect goals as well as the recovery and integration of information relevant for control.

Compared to other OECD countries, Hamburg is one of the most advanced territorial authorities, as it merges double financial statements and household planning with the representation of performance goals. This form of performance budgeting can be classified as “Presentational Performance Budgeting” along the OECD classification.

In order to further develop the Hamburg budget in accordance with the next stage of the “Managerial Performance Budgeting”, the budgeting in itself needs to be strengthened. All processes, activities and regulations in connection with the establishment, resolution and management, including the reporting and the closing of budgets, are included in this concept of budgeting as shown below:



Figure 1: Budgeting Process

In particular, the linking of policies and strategic objectives with the operational planning and control, the strengthening of decentralized functional and resource responsibility, the coupling of budgets with impact goals and meaningful key performance indicators and the use of an user-orientated digital reporting system are designed to improve the budgeting.

The development potentials derived from the evaluation procedure can be seen along the total budgeting process and can be achieved with the following measures:

1. Improving strategic budget management through the introduction of a target system and establishment of a management information system for the entire city.
2. Strengthening impact-orientation by further developing strategically relevant targets and by linking impact indicators to resource indicators.
3. Reinforcement of decentralized performance and resource responsibility by establishing a continuous budgeting process.
4. Acceleration of reporting through automation and provision of interactive reporting formats.
5. Improving transparency of public investments through further development of instruments for investment planning and control based on individual measures.

Some measures named above, such as the introduction of a management information system or an increased orientation for impact-orientation based on the 17 UN targets for sustainable development (Sustainable Development Goals - SDG) are already in planning or being implemented by the Senate. Others still need to be deepened, substantiated, discussed and decided.