

Goals, Principles and Process for Climate Budgeting

GOALS

The City of Saskatoon has committed to acting on climate change through the Global Covenant of Mayors, its greenhouse gas reduction targets, the *Low Emissions Community Plan (LEC Plan)*, and the *Corporate Adaptation Strategy*.

The goal of the Climate Budget is to turn these commitments into funded actions that result in measurable reductions in the short- and long-term. This goal can be accomplished by adopting the following principles for the climate budget.

PRINCIPLES

1. Alignment with existing GHG Reduction targets and the *LEC Plan* - the climate budget will not set new GHG reduction targets to 2050, but instead prescribe funding needed for the key actions already identified.
2. Integration with financial budgeting system - the climate budget and progress reporting will be embedded within the multi-year budget documents, outlining the total emissions reductions required for that budget cycle and the key projects requesting funding that will achieve these reductions. Reporting timelines will align with the multi-year business plan and budget process. Figure 1 below shows the process over a year.
3. Transparency around how specific emissions reduction projects are expected to impact emissions – every funded activity will have GHG projections estimated for it. GHG reductions and emissions sources will be reported in a similar way to how property tax increases and sources of revenue and expenditures are reported.
4. Time-bound to ensure actions start now – implementation plans based on the LEC Plan Actions and supplementary implementation plans will determine which actions should be implemented and funded for each budget cycle.
5. Accountability for the City and each Department – the expectation is that every business unit is responsible for our collective goal. Each action will have a department assigned to it for the corresponding financial budget cycle. Departments not able to meet specified reductions will develop a remediation plan.

CLIMATE BUDGET PROCESS

The flow chart shown in Figure 1 shows the process for developing the climate budget, when compared to the existing financial budgeting process. Furthermore, the chart outlines the roles of Sustainability, other Responsible Departments, Senior Financial Business Partners (SFBP) and Accounting Coordinators, Directors, and General Managers in its development.

There are two main components: Budget Requests for LEC Plan/ climate mitigation projects; and the Climate Budget report and narratives.

- Budget Request: The LEC Plan is used as the basis to identify initiatives with GHG reductions and timing for their implementation. Status of the actions is known through annual or regular reporting. This information becomes the *Background* and the *Climate Budget Table* for budgeting purposes.
- Each item in the *Climate Budget Table* has a funding request in the Budget book. Where possible, 4–6-year projections for this work are included for the financial plan, even if they are unfunded.
- Sustainability will work with Responsible Departments (listed in CAP 2021) to identify projects, funding needs, and estimate GHG emissions.
Responsible Departments (including Sustainability) submit projects and Finance team creates projects for inclusion in the budget book.

CLIMATE BUDGET

This report recommends integrating the climate budget as a chapter or narrative in the municipal budget book with the following information that has already been developed for the LEC Plan and Climate Action Plan: Progress Report 2021.

The information elements to be completed as part of a climate budget process are noted with new information identified in italics below:

Background:

- A presentation of climate targets – completed in LEC and CAP 2021
- Historical and current emissions – completed in LEC plan
- Status of actions – completed in CAP 2021
- Business as planned emissions (i.e., a baseline if action wasn't taken) – completed in LEC plan

Climate Budget Table:

- A measure trajectory showing estimated annual emissions reductions for the 2-year budget period, 6-year period, and until 2050 - NEW for climate budget using LEC modelled emissions and updates where available
- Measures showing existing and proposed climate measures and estimated emissions-reducing effect for the current budget period - NEW for climate budget
- Financing required - NEW for climate budget. Total funding asks are already prepared by departments, climate budget will highlight emissions reduction asks in budget book.
- Responsibility for implementing climate measures – completed in CAP 2021

Figure 1 - Draft Process Flowchart

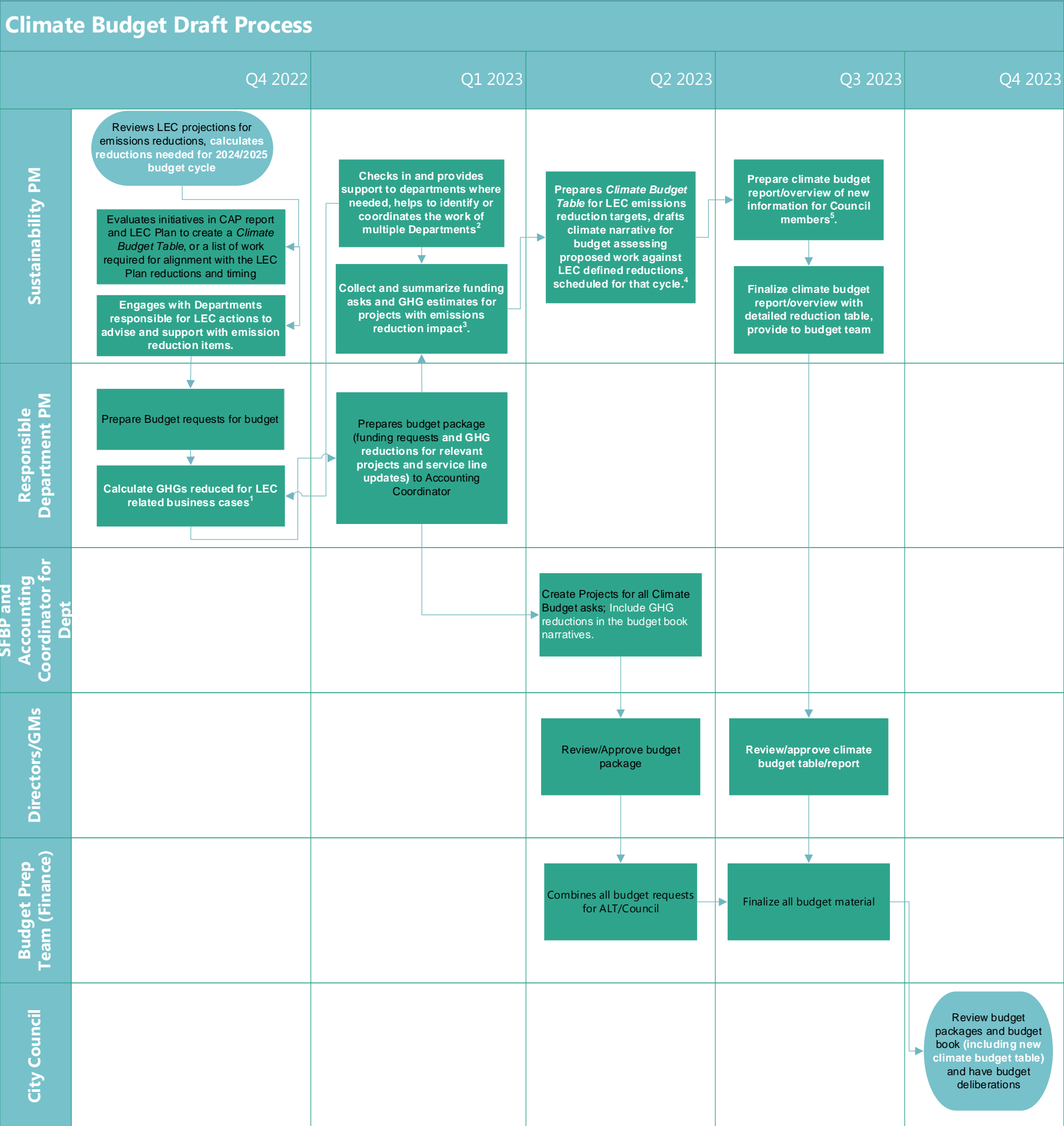


Figure 1: Legend

Black Text = Existing Process already done through budget preparations

White Text = New process/addition for climate budget

Figure 1: Notes

1. While shown as a new action, GHG impacts were included in budget summaries in 2020. Support to prepare GHG calculations can be provided by Sustainability Department. Some Departments are already doing this for federal funding applications or have these estimates on hand as part of their planning process.
2. Support by the Sustainability Department for the City's alignment with the LEC Plan first started in 2020. The Climate Budget
3. would formalize the process and resource needs.
4. Tabulation of GHG reductions occurred in 2020 administrative budget preparation documents.
5. The summary table for the budget is founded upon the assessment and list resulting from the Climate Action Plan status reviews, with additional information on GHG reduction impacts calculated through the business case preparation.
6. This document is intended to be delivered with the Budget, but work would continue with Finance to best determine how to include this information, whether it is within the budget book as a narrative, an accompanying report, or other means.

Implementation Timeline and Plan

Action	Description	Owner/Lead	Timeline
Phase 1: Initiation	Business Case and Approval from City Council Principles Approval Establish Project Charter	Sustainability	Ongoing, complete by Q1 2023
Phase 2: Development	Design and development of the climate budget, including: <ul style="list-style-type: none"> • Internal Engagement with departments who have most potential to reduce emissions for 2024-2025 • Design framework, including process (aligned with financial 	Sustainability lead with support from Finance and impacted departments	Q4 2022-Q1 2023

	<p>budget and climate reporting) and templates</p> <ul style="list-style-type: none"> • Develop budget book narrative for 2024-2025 		
Phase 3: Implementation	<p>Include the climate budget at the 2024/2025 Business Plan and Budget:</p> <ul style="list-style-type: none"> • Develop climate budget chapter by <i>August 2023</i> • Hold training for City Council and staff on how to use reporting in <i>June/July 2023</i> • Present and use climate budget during deliberations <i>November 2023</i> 	Finance/Sustainability	Q1-Q3 2023
Phase 4: Operations	<p>Develop funding request for sustained operations included within 2026/2027 budget options</p> <p>Transition to operations, hire staff if approved through the 2026/2027 budget, ongoing maintenance, and reporting</p>		Q1 2024 - ongoing