



SUBJECT: Risk to Strategy – Vision 2040 final

TO: Audit Committee

FROM: Corporate Strategy

Report Number: CS-06-22

Wards Affected: all

File Numbers: 430-01

Date to Committee: June 8, 2022

Date to Council: June 21, 2022

Recommendation:

Receive and file corporate strategy report CS-06-22 providing the risks to strategy Vision 2040 strategic plan for the corporation of the City of Burlington.

PURPOSE:

Vision to Focus Alignment:

- Increase economic prosperity and community responsive city growth
- Improve integrated city mobility
- Support sustainable infrastructure and a resilient environment
- Building more citizen engagement, community health and culture
- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

Previously staff brought forward report CS-5-22 to Audit Committee on April 13, 2022 which outlined work that has occurred in the area of risk management over the last two years. This included the organization's new governance frameworks, accountability model, new policies and processes and also presented our new tools we are using to put a risk lens to strategy. All to give you confidence in the work that you are receiving within this report.

The purpose of bringing a risk focus to the organization is to:

Modernize Risk Management	Protect the City	Increase our Success
<ul style="list-style-type: none">• Build on what staff are already doing• Implement new processes, tools and templates• Evolve Risk Management	<ul style="list-style-type: none">• Protect our community, our staff and our assets• Make better decisions	<ul style="list-style-type: none">• Build a risk aware culture• Support innovation• Embed at all levels of the organization

All of this important work ultimately benefits the community by having staff identify barriers and risks in providing customer centric services, meeting environmental targets and implementing various plans and initiatives. Putting a lens to risk in strategy will help our organization be more successful in achieving its objectives and to add value through this work by informing our decision making.

As discussed in report CS-05-22, Scenario Analysis was determined to be the best tool as it enabled all staff involved, connected and accountable in delivering the outcomes of the strategic objectives to qualitatively describe what success looks like and to describe the outcomes associated with those strategic objectives. Throughout the process staff became excited, and by working through this process they are now better able to see how they contribute to the successful outcomes in the strategic plan. They see themselves in the plan, where many may have not before. They can now actively plan for what they need to do in the next 4 year Vision to Focus plan or within their own service business areas, in order to make progress toward the Vision 2040 end state. This work will enable us to be more successful and provide value to our colleagues, council and the community.

As part of the process staff discussed what the threats, risks and what will stand in the way of achieving the successful scenario. Once the scenario analysis was complete and all possible risks were identified, it was important to assess the various risks and the impact they have on achieving our strategic goals. This analysis provides a way for staff to focus on the things that will have a larger or more detrimental impact on our ability to achieve the strategic directions or goals. Risks were then rated using a confidence of achievement rating scale from Very Low to Very High. Confidence of Achievement ratings use various combinations of confidence in relation to outcomes or timing. Each risk was given an initial rating based on the confidence of our ability to achieve our successful scenario or the strategic objective if the risk occurs. We then give a residual rating to the risks, which take into account the effect of the described responses.

It is important when reading the appendices to remember the new confidence rating scale. Given the amount of content, risks have been organized in ascending order of

confidence (Very Low to Very High) in each of the 11 sections of the strategic directions. The appendices detail management responses to be executed over the long term. Staff and those responsible for delivering on the strategic outcomes have developed ways to manage and limit the impact of the risks either proactively or reactively.

Strategy/process

The process used to arrive at the work contained in this report involved 44 staff from across the organization, who worked as part of 11 different groups, for a total of 176 people hours. The output of the risk assessment of the City's Strategic Plan – Vision 2040 is found in the appendices as follows:

- A. A City That Grows
- B. A City that Moves
- C. A Healthy and Greener City
- D. An Engaging City

Using our recently endorsed 5 Lines of Accountability model, the risk assessment of the strategic plan – Vision 2040 was presented and approved by the city's senior leadership Strategy and Risk Team (SRT) in May 2022. The role of SRT as outlined is to endorse/approve Enterprise Risk Management and to endorse the output, both the risks and assessment. Participants from the 11 groups attended the May 2022 SRT meeting to answer questions and have discussion with SRT on their risk assessment and results. We employed the first line, second line and fourth line of our accountability model in bringing this work forward and are now employing the fifth line, by having Audit Committee receive and file report CS-06-22. The 5 Lines of Accountability model has been attached as Appendix E to this report.

Please see Appendices A-D for the detailed risk analysis of each of the four strategic directions of Vision 2040. It is very important to emphasize that this is not representative of what is occurring in the corporation now but is reflective of the risks that could get in our way of achieving the described successful scenarios or Vision 2040.

Increasing Confidence Ratings:

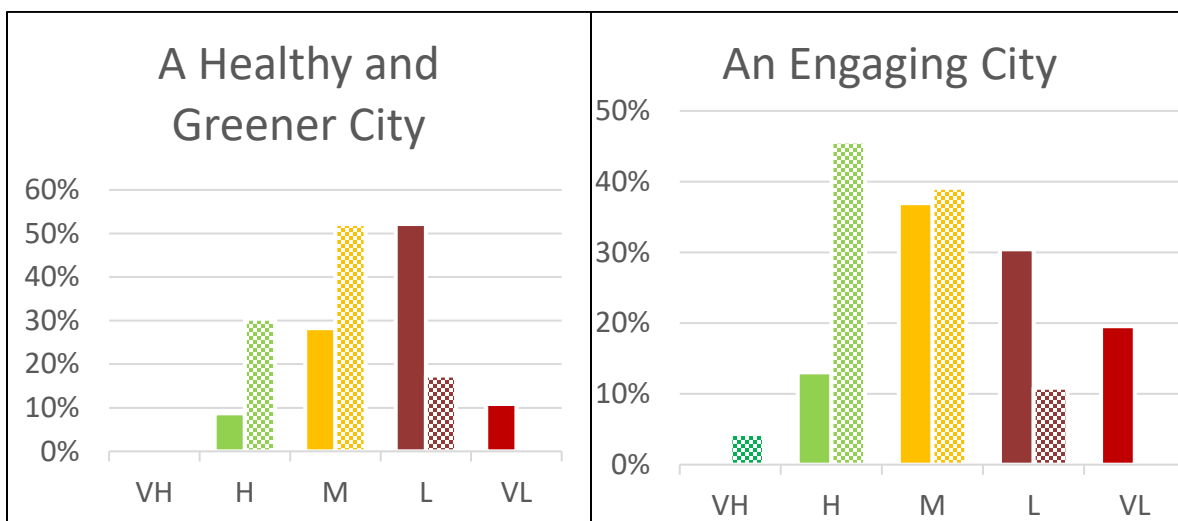
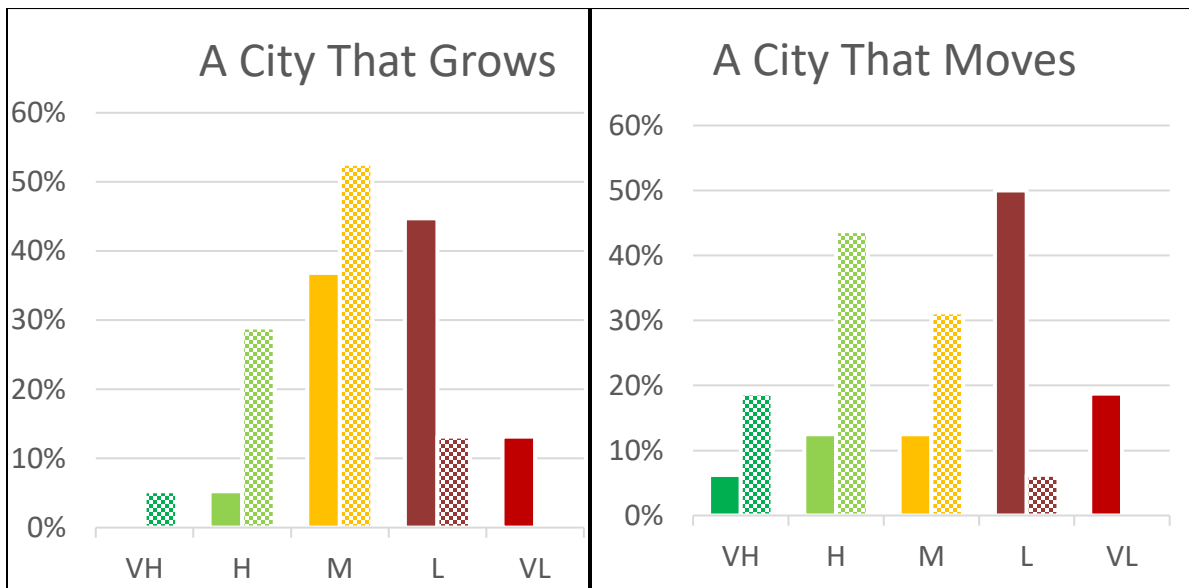
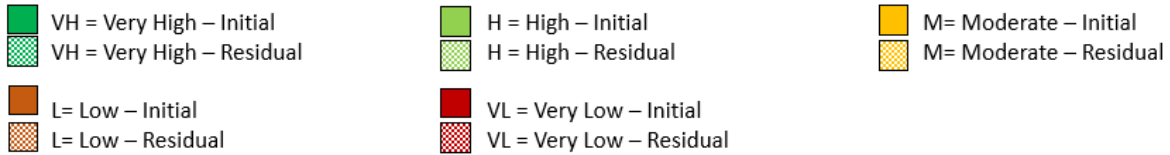
After the completion of the work by the individual groups, analysis was then completed on the plan as a whole, and the charts provided below present an overall picture of the work that was completed at a high level.

Each chart displays the initial versus the residual risk in each of the four strategic directions. The results overall tell a positive story. Evident are the changes in the confidence ratings if we are successful in implementing our responses. In other words,

staff determined that the planned responses will increase the chance of success in achieving Vision 2040.

The shifts from Very Low to Low, or Low to Moderate are visible within these charts.


Confidence Scale Legend:



Overarching Risks Across Vision 2040:

The following chart details the risks that were common across almost every group of staff working on this risk analysis and also shows each group or section's initial confidence rating of these particular risks, divided into each strategic direction.

From this we can see the relative importance of each of these risks through the initial confidence ratings.

Common Identified Risks	Initial Confidence Ratings as of May 19/22 for: 			
	A City That Grows	A City That Moves	A Healthy and Greener City	An Engaging City
Insufficient funding and resources identified in the City's Budget (Operating & Capital) for implementation	L VL VL	L VL	L VL L VL	VL M VL L
Budget presented by leadership reflecting a reasonable tax increase not approved by Council	L VL VL	L VL	L VL L VL	VL VL VL
Lack of prioritization/alignment of projects/initiatives/plans	L L L	L	L L M L	L L M
Lack of horizontal alignment/communication	L L	M	M L L	L
Change to Provincial/Federal Legislation	M M M	L L	L L M	H M M
Increasing Impact of Climate Change	L H		M L L	M
Change to Strategic Directions/priorities	L L	VL	L L L L	L M M

Above is based on the initial ratings of confidence as of May 19, 2022.

Recommendations to Manage these Cross Enterprise Risks:

Recommendations to focus on the following risks and responses to increase our success:

1. Prioritization/Alignment of projects/initiatives and plans – Executive Director of Strategy Risk & Accountability lead prioritization exercise for organization
2. Insufficient funding and resources identified in City's Budget (Operating & Capital) – Burlington Management Team (BMT) to identify resource requirements and ultimately the Strategy & Risk Team, Chief Financial Officer and City Manager for City Budgets

3. Change to Strategic Directions/Priorities – BMT Team in reports/Service Presentations for influence
4. Change to Provincial/Federal Legislation – BMT/Service Leads to monitor, Manager Government Relations and Council for advocacy and influence
5. Horizontal alignment and communication – BMT, Executive Director of Strategy Risk & Accountability

These risks and responses are interdependent. As an example, by dealing with risk #1, number 2 and 5 see and realize benefits as they are co-dependent.

All of the Strategy & Risk Team and the Burlington Leadership Team are on BMT, so by assigning responsibility to this team it encompasses all staff that are responsible for the many layers of responses that the groups developed.

Moving forward staff will begin to use this analysis work in developing business plans and business cases, projects for inclusion in V2F and for assessment and inclusion in reports going to council. We will be developing guidance tools and approaches for staff on how to use this important information to add value within the organization and supporting council with their decision making.

Financial Matters:

Not applicable

Other Resource Impacts

Staff from across the organization were involved in the risk analysis sessions based on their roles and job function. No additional resources were required.

Climate Implications

This report details the work staff have completed on risk in strategy to the City of Burlington's Strategic Plan – Vision 2040. Strategic Direction 3 – A Healthy and Greener City contains many aspirational goals that have climate implications. In addition, one of the overarching risks identified by staff is the increasing impacts of climate change. Please see Appendix C for details.

Engagement Matters:

This work was completed by 44 different staff across the organization, participating in 11 different groups and also included a participant from Burlington Economic Development. All of the work contained in Corporate Strategy report CS-06-22 has been endorsed by the Strategy and Risk Team.

Conclusion:

Staff recommend Audit Committee Receive and File Corporate Strategy report CS-06-22 providing the risks to strategy Vision 2040 strategic plan for the corporation of the City of Burlington.

Respectfully submitted,

Leah Bisutti, CRM

Manager Corporate Strategy and Risk

Ext. 7790

Appendices:

- A. A City That Grows Risk Confidence Chart
- B. A City That Moves Risk Confidence Chart
- C. A Healthy and Greener City Risk Confidence Chart
- D. An Engaging City Risk Confidence Chart
- E. 5 Lines of Accountability

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.