






Strategic Risk Analysis to Inform the 2023 November Adjustments Process

This attachment summarizes the key risks to the execution of the 2023-2026 Service Plans and Budgets as of 2023 October 30, which can have an impact on achieving Council's strategic results and managing The City's operations. These risks are based on the internal and external pressures impacting The City, such as market conditions and inflation, funding capacity, growth, public safety concerns, demand to maintain affordability, internal capacity and resource constraints and climate change. This risk analysis also incorporates the risks associated with not approving the 30 new investments, which are being put forward for Council's consideration. It is important to note that while these additional investments may reduce some risks, they can also trigger new risks. This risk information is noted in the new investment specific business cases. All risks identified will be proactively monitored and managed.

Overall, the 2023-2026 Service Plans and Budgets represent a balanced approach to risk taking, where the benefits of investments are assessed against the respective risks. Therefore, when making strategic decisions on the additional investments, Council will need to balance the risks versus benefits, while considering the funding available, how additional funding can be obtained and the potential impacts to Calgarians.

Table 1: Outlines the risks that could impact the achievement of Council’s result areas as well as management of The City’s operations.

Social Equity	Public Safety	Modernizing Government	Climate	Managing Operational Risk
				
<ul style="list-style-type: none"> • Infrastructure risk • Not meeting Calgarians’ expectations risk • Social and safety risk • Intergovernmental risk • Financial risk • Cost volatility risk • Service risk 	<ul style="list-style-type: none"> • Social and safety risk • Financial risk • Sustainable workforce risk • Climate risk • Service risk 	<ul style="list-style-type: none"> • Intergovernmental risk • Financial Risk • Health, Safety and Wellness risk • Service risk 	<ul style="list-style-type: none"> • Climate risk • Infrastructure risk • Intergovernmental risk 	<ul style="list-style-type: none"> • Financial risk • Cost volatility risk • Modeling risk • Infrastructure risk • Sustainable workforce risk • Health, Safety and Wellness risk • Intergovernmental risk • Service risk • Climate risk • Reputational risk

The detailed risk description for each risk is in Table 2 and it is hyperlinked for ease of reference.

Table 2: Provides detailed risk description for each of the risks.

Risk	Description
Financial risk	Uncertainties related to The City’s financial recovery and capacity due to market conditions, inflation, cost fluctuations, and volatility related to funding from other orders of government. Additionally, there are uncertainties related to the economic activity and incoming revenue funds. This could have an impact on funding availability, financing costs, operations, and capital projects.
Cost volatility risk	The City and Calgarians may continue to experience unexpected costs, or higher than anticipated costs, related to pressure from supply chain challenges and inflation. This could result in a need to re-prioritize, delay, re-scope or cancel certain initiatives or projects. It could also result in lower than projected funding revenue.
Infrastructure risk	There is a risk of not being able to address current infrastructure needs or commitments such as complete new or already approved projects, maintenance requirements, or address other concerns due to growth, increase in costs, additional needs, or funding capacity. This could result in cancellation of projects, significant de-scoping, or negative impact to service delivery and our reputation.
Modeling risk	Uncertainty related to accuracy and completeness of the financial inputs, estimates and assumptions used in financial and economic modeling due to ongoing inflationary pressures on prices, complexities in the geopolitical or operating environment, which may result in inaccurate or incomplete cycle adjustment calculations and additional funding requests in the future.
Social and safety risk	Calgarians may experience social disturbances, safety incidents, or negative impacts to their social wellbeing due to pressures from the increased cost of living, the opioid crisis, division amongst people, quality of life concerns, geopolitical conflicts or other challenges. This could result in public safety concerns, affordability and a negative reputational impact.
Not meeting Calgarians’ expectations risk	There is a risk of not meeting Calgarians or business expectations due to an evolution, diversity or complexity of their demands or internal financial/capacity constraints. This could have a negative impact on our reputation.

Risk	Description
Intergovernmental relations risk	There is a risk of weakening our relationship with other orders of government due to not meeting provincial or federal government expectations when it comes to The City's priorities, funding contributions, obligations, or commitments. This can result in lower-than-expected funding received from other orders of government.
Sustainable workforce risk	There will continue to be pressure to retain and acquire talent in the organization, or contracted positions, necessary to deliver services. Therefore, there is a risk of strained capacity or resource shortages due to evolving requirements in our operating environment or other competing priorities, including delivering on commitments and investments. This could impact service delivery or project schedules.
Health, Safety & Wellness risk	Risk of negative effects on employee health, safety, well-being, and resilience due to increased demands, capacity constraints, inability to effectively address respectful workplace or human rights matters or other external factors. This may result in reduced productivity or quality of work, delays in project deliverables or inability to hire/retain employees.
Service risk	There is a risk of service delivery interruptions, delays, or not meeting service demand due to unplanned shutdowns, inflationary pressures, recruitment and retention challenges, or funding constraints. This may result in negative reputational impacts.
Reputational Risk	There is a risk that Calgarians will react negatively to potential tax rate increases due to their strong demand to maintain affordability in an inflationary environment. This could result in reduced affordability for Calgarians and a negative impact to our reputation.
Climate Risk	Risk of an increase in climatic events such as extreme weather, heat, flood, wildfires, and droughts due to climate change which may result in a capacity strain on emergency response services, safety incidents or a negative impact on the environment, service delivery and financial capacity.