

Council Report

Committee: Audit & Risk Committee **Date:** 05 March 2019
Author: Andre Chatfield **Authoriser:** David Bryant
Position: Risk and Insurance Manager **Position:** General Manager Corporate
Report Name: Risk Management Report

Report Status	<i>Open</i>
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Purpose

1. To inform the Committee on the current status of Hamilton City Council's eight Material Risks and discuss outcomes from the Risk Workshops conducted on 4 and 5 March 2019.
2. The current and previous Material Risk Report is attached to this report.

Staff Recommendation

That the Audit and Risk Committee receives the report.

Background

3. A risk workshop for Elected Members and Council's Senior Leadership Team was conducted on 4 and 5 March 2019 prior to this Audit and Risk Committee.
4. The purpose of the risk workshops was to review whether the current material risks were relevant or new risks have emerged since the current risks were identified in early 2016.
5. While this report was written prior to the workshop being conducted, key discussion points focused on changing from an operational risk management reporting approach to a strategic risk management reporting approach.
6. It is expected this initiative will be adopted for the next Audit and Risk Committee meeting to be held on 16 May 2019.
7. The Material Risk Report requires changes in format and new discussion topics which were to be finalised at the end of the risk workshops conducted on 4 and 5 March 2019.

Cultural Considerations

8. No cultural considerations have been identified relevant to the matters in this report.

Significance & Engagement Policy

Significance

9. Having considered the Significance and Engagement Policy, staff have assessed that the matter in this report is of low significance.

Engagement

10. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments

Attachment 1 - HCC Material Risk Report - 5 March 2019 .

Material Risks Summary – March 2019

Rank	Risk Description: Rewrite of risk statement to be considered at 4/03/2019 risk workshop	Inherent Risk Rating Rated before controls are implemented	Residual Risk Rating Rated after controls are implemented
1	H&S – Workers (incl. contracted workers & volunteer workers) Failure to create and maintain a safe environment for staff leading to death or a serious injury incident.	Extreme*  Very High	High** 
2	H&S - Community Failure to create and maintain a safe environment for the community leading to death or a serious injury incident.	Extreme*  Very High	High** 
3	Failure of critical assets Incorrect investment (timing and/or amounts) results in the unexpected failure of critical assets (loss of levels of service).	Extreme 	High 
4	Failure of BCP Failure of, or inadequate Business Continuity Plans (when they are required), result in unacceptable business interruption and disrupted customer service.	Very High 	Medium 
5	Inadequate civil defence response Failure to respond adequately during a civil defence emergency results in undue harm to members of the community and delays in restoring the city to an operational standard.	Extreme 	Very High 
6	Financial Strategy Failures Implementation of Council's Financial Strategy is not effective in guiding appropriate decision making to meet the financial pressures associated with maintaining the assets and amenities of the city whilst investing in growth infrastructure.	High 	High 
7	Cyber attack Inappropriate access and/or use of Council information or ratepayer data, or inability to operate Council systems due to a cyber-attack resulting in reputational, legal and financial damage and potentially loss of service continuity.	Very High 	Very High 
8	Poor data, analysis and response Inaccurate data, weak or incorrect analysis leading to inaccurate growth forecasts, financial modelling and untimely responses to trends resulting in inappropriate levels of investment in public assets.	Very High 	Medium 

* There is a very strong relationship between the likelihood and severity (consequence) of H&S incidents. The likelihood of minor injuries is much higher than an incident which could result in a death.

** Council takes the safety of our people and the community seriously and are working hard to reduce the likelihood of a serious harm incident. Due to the focus and definition of this risk relating to death or a serious injury, the risk rating (and by extension the target risk rating) can never reduce below 'High' because we consider the consequence to be 'catastrophic'.

Risk Description			Rank
H&S – Workers includes contracted and volunteer workers Failure to create and maintain a safe environment for HCC workers leading to death or a serious injury incident.			Rank 1
Risk Owner	David Bryant (GM Corporate)	Category	People

Risk Triggers
<ul style="list-style-type: none"> • H&S roles and responsibilities across the organisation not fully understood or accepted • Poor understanding of the H&S risks within the organisation • H&S management system ineffective or inefficient • Poor safety / organisational culture • Human error / inappropriate behaviours / complacency • Unsafe or poorly maintained equipment

Inherent Risk

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Catastrophic
LIKELIHOOD	Almost certain	H	H	VH	VH	E
	Likely	M	H	VH	VH	E
	Possible	L	M	H	VH	VH
	Unlikely	L	M	M	H	VH
	Rare	L	L	L	M	H

There is a very strong relationship between the likelihood and severity (consequence) of H&S incidents. The likelihood of minor injuries is much higher than an incident which could result in a death.

- (A) Risk of serious injury or death
- (B) Risk of other serious harm incidents (as defined in the Health and Safety at Work Act).

Existing Controls and Mitigations	
<ul style="list-style-type: none"> • Health and Safety Management System – system development phases • Includes plans, procedures for work practices/activities for all high-risk areas • Pre-qualification engagement program – contractors • Organisation engagement survey 	

Residual Risk

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Catastrophic
LIKELIHOOD	Almost certain	H	H	VH	E	E
	Likely	M	H	VH	VH	E
	Possible	L	M	H	VH	VH
	Unlikely	L	M	M	H	VH
	Rare	L	L	L	M	H

There is a very strong relationship between the likelihood and severity (consequence) of H&S incidents. The likelihood of minor injuries is much higher than an incident which could result in a death.

- (A) Risk of serious injury or death
- (B) Risk of other serious harm incidents (as defined in the Health and Safety at Work Act).

Further Actions Required	Update – March 2019	Action Owner
<ul style="list-style-type: none"> • Establish a governance framework for the engagement and management of contractors. • Enhance the safety behaviours / culture program (take it to the next level of maturity). • Design and implement an appropriate monitoring approach (audits and reviews by both external parties and leadership inspections) and reporting framework to ensure oversight and focus on resolving actions. • Enhance understanding of key risk scenarios and commonality of critical controls. Ensure on-going monitoring of effectiveness of critical controls. 	<ul style="list-style-type: none"> • HCC currently has established an H&S governance framework called H&S Road Map and has been in its implementation phase for the past 6 months. • Risk Workshop on 4/03/2019 will identify and discuss strategic management questions to support overall management of H&S within Council. • Council’s safety behaviours and culture program will be discussed in the risk workshop 4/03/2019 and 5/03/2019 • Council has recruited a new H&S Assurance Lead and a renewed approach to establishing Councils assurance framework is being established. This topic will likely be discussed further in the risk workshops prior to the Audit & Risk Committee meeting. • Council have 12 H&S Critical Risks identified and these will be discussed in the risk workshop to provide a wider understanding of where improvements in management are underway. 	<p>Dan Finn (People Safety & Wellbeing Manager)</p>

Risk Description			Rank
H&S - Community Failure to create and maintain a safe environment for the community leading to death or a serious injury incident.			Rank 2
Risk Owner	Eeva-Liisa Wright (GM City Infrastructure Ops) Chris Allen (GM Development) Lance Vervoort (GM Community) Sean Hickey (GM Strategy and Communications)	Category	
Risk Triggers			
<ul style="list-style-type: none"> Inadequate understanding of the scope of HCC's health and safety responsibilities towards the community Poor HCC understanding of the H&S risks within the Community Failures in safety-in-design planning for our amenities and services provided to the community Human error / inappropriate behaviours / Crime 			

Inherent Risk

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Catastrophic
LIKELIHOOD	Almost certain	M	H	VH	E	E
	Likely	M	H	VH	VH	E
	Possible	L	M	H	VH	VH
	Unlikely	L	M	M	H	VH
	Rare	L	L	L	M	M

There is a very strong relationship between the likelihood and severity (consequence) of H&S incidents. The likelihood of minor injuries is much higher than an incident which could result in a death.

- (A)** Risk of serious injury or death
- (B)** Risk of other serious harm incidents (as defined in the Health and Safety at Work Act).

Existing Controls and Mitigations

<ul style="list-style-type: none"> Asset maintenance programmes - AMPS Includes Plans, procedures for work practices/activities for all high-risk areas Includes Pre-qualification engagement program – contractors Audit functions implemented with risk assessment practices embedded within BU's. Call Centre feedback and HCC Website capability for community to report hazards. Incl social media monitoring by Communications Specific Competency and Training Programmes – Pools, Arborists, City Safe City Safe - CCTV cameras (64 Crime prevention, 40+ Transportation and 103 facility cameras) 			
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Residual Risk

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Catastrophic
LIKELIHOOD	Almost certain	M	H	VH	E	E
	Likely	M	H	VH	VH	E
	Possible	L	M	H	VH	VH
	Unlikely	L	M	M	H	VH
	Rare	L	L	L	M	M

There is a very strong relationship between the likelihood and severity (consequence) of H&S incidents. The likelihood of minor injuries is much higher than an incident which could result in a death.

- (A)** Risk of serious injury or death
- (B)** Risk of other serious harm incidents (as defined in the Health and Safety at Work Act).

Further Actions Required	Update – March 2019	Action Owners
<ul style="list-style-type: none"> • Design and implement an appropriate monitoring approach (audits and reviews by both external parties and leadership inspections) and reporting framework to ensure oversight and focus on resolving actions. • Enhance understanding of key risk scenarios and commonality of critical controls. • Ensure on-going monitoring of effectiveness of critical controls where community is exposed. 	<ul style="list-style-type: none"> • Council have identified this material risk focuses on failures to our safety in design for any asset Council designs, constructs and provides to the community for use. • The risk workshop on 4/03/2019 will discuss this material risk in detail and confirm with Elected Members and SLT their input as to management of this risk and expectations. • Further workshops for the organisation business units are required to identify key safety in design practices to understand current controls and mitigation practices. • Due to the renewed approach to managing this material risk, it is expected an assurance framework will be established and implemented to provide progress and monitoring reporting for this committee meeting. 	<p>Tania Hermann (CI Group Business Manager)</p> <p>Andrew Parsons (Strategic Development Manager)</p> <p>Maria Barrie (Parks and Recreation Manager)</p> <p>Paul Gower (Programme Manager – Growth & Assets)</p>

Failure of critical assets Incorrect investment (timing and/or amounts) results in the unexpected failure of critical assets (loss of levels of service).			Rank: 3
Risk Owner	Eeva-Liisa Wright (GM City Infrastructure Operations)	Category	Financial

Risk Triggers					
<ul style="list-style-type: none"> • Inadequate budget allocated for maintenance and renewal of critical assets • Incorrect analysis in development of maintenance and renewal requirements • Poor or incomplete asset data • Failure to identify all critical assets • Failure to carry out planned maintenance and renewal of critical asset 					
Inherent Likelihood	Almost Certain	Inherent Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance Social and Cultural	Catastrophic	Inherent Risk Rating	Extreme 

Existing Controls and Mitigations					
<ul style="list-style-type: none"> • Asset Management Centre of Excellence is in place to drive organisational consistency of asset management overseen by the GM Development • Critical asset groups have been identified and management strategies for these assets are documented. • Activity Management Plan (AMP) renewals are fully funded over in the 10-Year Plan Budget and critical assets are given a higher priority for renewal. • Activity Management Plans were internally and externally reviewed to help identify if budgets are adequate. 					
Residual Likelihood	Unlikely	Residual Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance Social and Cultural	Catastrophic	Residual Risk Rating	Very High 

Further Actions Required	Update – March 2019	Action Owners
<ul style="list-style-type: none"> • Review critical asset framework and identify all critical assets at a component level within the appropriate asset management system i.e. IPS or RAMM. • Ensure there are asset management strategies in place for all critical assets at an appropriate level and detail. • Mapping of critical assets across the city. • Implement the updated 2018/19 asset management improvement programme to continue to lift asset management practises across Council. 	<ul style="list-style-type: none"> • Critical assets have been identified and managed as per controls. This will be part of the discussion at risk workshop 4/03/2019 to determine strategic risk management approaches rather than operational. • PwC are undertaking a review of maintenance planning for critical assets. Expected completion is March 2019 which will support the development of critical asset management strategies. • Action completed for Transportation, Water Supply and Wastewater assets. Is no longer required. • Purpose of this improvement programme is to be discussed whether this is a strategic risk or operational risk management strategy at the risk workshop 4/03/2019 	<p>Paul Gower (Growth and Assets Manager)</p> <p>Maire Porter (City Waters Manager)</p> <p>Bridget Morgan (Water Asset Manager)</p> <p>Robyn Denton (Transportation Manager)</p>

Failure of BCP Failure of, or inadequate Business Continuity Plans (when they are required), result in unacceptable business interruption and disrupted customer service.			Rank: 4
Risk Owner	David Bryant (GM Corporate)	Category	Disaster Recovery/ Business Continuity

Risk Triggers					
<ul style="list-style-type: none"> Business Continuity Plans are not communicated effectively Untested Business Continuity Plans Business Continuity Plans haven't contemplated all the scenarios Business Continuity Management framework not established, implemented or communicated within organisation Business Continuity Plans are untested, inadequate, not communicated effectively, or are not up to date. 					
Inherent Likelihood	Likely	Inherent Consequence Driver Service Delivery	Serious	Inherent Risk Rating	Very High 
Existing Controls and Mitigations					
<ul style="list-style-type: none"> Business Continuity Plans in place for all critical activities and business units HCC Crisis Management Guide has been established in support of an integrated response capability. Business Continuity Plans are reviewed quarterly by Risk & Insurance business unit Business Continuity Plans are integrated as part of asset management planning Business Continuity Plans are reviewed on an ad hoc basis by Internal Audit 					
Residual Likelihood	Unlikely	Residual Consequence Driver Service Delivery	Serious	Overall Residual Risk Rating	Medium 

Further Actions Required	Update – March 2019	Action Owner
<ul style="list-style-type: none"> Visibility and ownership of Business Continuity Plans to be outlined to all SLT members. 	<ul style="list-style-type: none"> SLT risk discussions have identified this material risk is a mitigation for other material risks currently being managed. The risk workshop for both 4th and 5th /03/2019 will propose the removal of this risk and merge as a mitigation into the two material risks identified. 	Andre Chatfield (Risk & Insurance Manager)

Inadequate civil defence response			Rank: 5
Failure to respond adequately during a civil defence emergency results in undue harm to members of the community and delays in restoring the city to an operational standard.			
Risk Owner	Jen Baird (GM City Growth)	Category	Disaster Recovery

Risk Triggers					
<ul style="list-style-type: none"> • Poor response management and knowledge across HCC • Poor understanding of requirements to support Hamilton City in an event • Lack of experience with real life emergency situations • Turnover of trained staff • Poor contract management • Lack of critical equipment and resourcing • Cross-jurisdictional responsibilities • Poor critical asset management 					
Inherent Likelihood	Likely	Inherent Consequence Driver Safety & Wellbeing, Service Delivery, Social, Cultural and Environment	Catastrophic	Inherent Risk Rating	Extreme 

Existing Controls and Mitigations					
<ul style="list-style-type: none"> • Established emergency training program implemented for council staff • Co-location Emergency Operations Centre (EOC) in dedicated leading-edge emergency operating centre (GEMO) with built in redundancy • Civil Defence Standard Operating Plans and Procedures – full review underway • Robust exercise schedule to test preparedness and response functionality • Annual external Capability Assessment conducted to determine progress and risks • Audits from the Ministry of Civil Defence and Emergency Management every 3 years 					
Residual Likelihood	Unlikely	Residual Consequence Driver Safety & Wellbeing, Service Delivery, Social, Cultural and Environment	Catastrophic	Residual Risk Rating	Very High 

Further Actions Required	Update – March 2019	Action Owners
<ul style="list-style-type: none"> • Monitoring of Service Level Agreement (SLA) in place with Waikato Regional Council and bi-annual progress reports. • Review and communicate emergency response procedure to lift civil defence awareness through the organisation. • Develop succession plan for critical Emergency Management knowledge. 	<ul style="list-style-type: none"> • This material risk will be discussed in the risk workshop 4/03/2019 to determine the strategic risks to not only Council but also the City. • It is expected more in-depth questions at the risk workshop on response adequacy and capability at strategic levels is identified to support Councils expectations. • Waikato’s Group CD Emergency Management Office situated at the Genesis facility is fully functional and integrated with Councils emergency functions. 	<p>Kelvin Powell (City Safe Manager, City Civil Defence Controller)</p> <p>Andre Chatfield (Risk & Insurance Manager, City Civil Defence Alternate Controller)</p>

Financial Strategy Failures Implementation of Council’s Financial Strategy is not effective in guiding appropriate decision making to meet the financial pressures associated with maintaining the assets and amenities of the city whilst investing in growth infrastructure			Rank: 6
Risk Owner	Richard Briggs (CE)	Category	Financial

Risk Triggers					
<ul style="list-style-type: none"> • Materially incorrect financial strategy assumptions • Significant unforeseen event 					
Inherent Likelihood	Possible	Inherent Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance Social and Cultural	Serious	Inherent Risk Rating	High 

Existing Controls and Mitigations					
<ul style="list-style-type: none"> • The Financial Strategy is reviewed three yearly in conjunction with the development of Council’s 10-Year Plan and revised if appropriate. Part of this process includes a review of Council’s Revenue and Financing Policy, Funding Needs Analysis Policy and Rating Policy and making any revisions where appropriate. • The Financial Strategy is reviewed three yearly in conjunction with the development of Council’s Annual Plan and revised if appropriate. • The Financial Strategy is used to guide decision making where significant expenditure is required. Council’s delegated authority limits result in these items being referred to meetings of the Council where details of the expenditure and associated risks are identified and reviewed before decisions are made. • Council’s Monitoring Report is used to provide visibility of Council’s financial performance at each Finance Committee. This enables comparison to Council’s Financial Strategy limits and for any irregularities to be discussed and addressed. • Internal financial reporting is used to provide visibility of Council’s financial performance at each monthly Senior Leadership Team meeting. This enables comparison to Council’s Financial Strategy limits and for any irregularities to be discussed and addressed. 					
Residual Likelihood	Possible	Residual Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance Social and Cultural	Serious	Residual Risk Rating	High 

Further Actions Required	Update – March 2019	Action Owner
<ul style="list-style-type: none"> A key focus of the new Financial Strategy is to limit Council's debt to revenue ratio to 230%. A review of the format and content of Financial Strategy reporting to Council is required to ensure transparency and appropriateness of information to inform Council decision making. 	<ul style="list-style-type: none"> A set of three reports have been developed to provide elected members with transparency on Council's actual financial performance and impact on Financial Strategy limits. This enables Council to make spending decisions with full knowledge of the impact of those decisions on Council's Financial Strategy. The three reports are presented to Council's Finance Committee on a six weekly cycle. The reports are the Capital Portfolio Monitoring Report, the Annual Monitoring Report, and the Financial Strategy Monitoring Report. 	<p>David Bryant (GM Corporate)</p>

Cyber attack Inappropriate access and/or use of Council information or ratepayer data, or inability to operate Council systems due to a cyber-attack resulting in reputational, legal and financial damage and potentially loss of service continuity.			Rank: 7
Risk Owner	David Bryant (GM Corporate)	Category	Technology/ Information/ Data Management

Risk Triggers					
<ul style="list-style-type: none"> Inadequate IT security environment Staff not following IT security procedures [lack of general awareness / culture] Targeted and potentially malicious exploitation of security vulnerabilities in operating systems or applications 					
Inherent Likelihood	Possible	Inherent Consequence Driver Information Management/ Information Technology, Service Delivery, Safety & Wellbeing	Catastrophic	Inherent Risk Rating	Very High 

Existing Controls and Mitigations					
<ul style="list-style-type: none"> 3 Lines of Defence implemented (1) Hardware + Systems Controls (2) Process Management (3) technical Experts – architects, technical and operations personnel (i.e. Fujitsu) Managed desktop environment implemented conforms with DIAAOG – (Department of Internal Affairs and All of Government) desktop offering and standards Data and system backups – daily, weekly, monthly regime aligned to critical services list Disaster Recovery Plan (DRP) Technical support from key vendors - Microsoft and Fujitsu IT Security Management Policies and Procedures External and internal security audit and reviews 					
Residual Likelihood	Unlikely	Residual Consequence Driver Information Management/ Information Technology, Service Delivery	Catastrophic	Residual Risk Rating	Very High 

Further Actions Required	Update – March 2019	Action Owners
<ul style="list-style-type: none"> • Existing actions have been managed consistently and a ‘deep dive’ into this material risk has been conducted involving subject matter experts internal and external to Council. • Enhance understanding of key activities where we need back up or manual intervention. • Develop action plans to ensure there is a backup in place for critical activities. • Ensure on-going monitoring of effectiveness of critical controls. • Develop and implement procedures for monitoring unusual network activity. 	<ul style="list-style-type: none"> • The risk workshop on 4/03/2019 is expected to raise in-depth discussion as to the big strategic risks to Council for Cyber Attacks and the changing environment. • It is expected these discussions will generate alternative actions to be identified for reporting purposes to this committee. • All key activities have been identified and part of business as usual (BAU) processes. • The Disaster Recovery Plan (DRP) includes a backup regime and action plans are in place for critical services. • IS have an internal and external monitoring capability in place. Unusual activities are communicated to the CIO and CTO as part of BAU. • Monitoring of unusual network activities has increased and is still considered a BAU process with the ‘three lines of defence’ approach established and implemented. <p><i>Note:</i> In the September 2018 Audit & Risk Committee meeting the CIO, CTO and PwC provided a deep dive on this risk.</p>	<p>Mike Lamb (Chief Information Officer - CIO)</p> <p>Peiter Bronkhorst (Chief Technical Officer – CTO)</p>

Poor data, analysis and response Inaccurate data, weak or incorrect analysis leading to inaccurate growth forecasts, financial modelling and untimely responses to trends resulting in inappropriate levels of investment in public assets.			Rank: 8
Risk Owner	Jen Baird (GM City Growth)	Category	Strategic

Risk Triggers					
<ul style="list-style-type: none"> Inadequate modelling and scenario planning Inadequate data inputs Poor cross-organisational sharing of data Inadequate access to analytical skills 					
Inherent Likelihood	Likely	Inherent Consequence Driver Social, Cultural and Environment	Major	Inherent Risk Rating	Very High 

Existing Controls and Mitigations					
<ul style="list-style-type: none"> District plan renewed every 10 years and undergoes a rigorous consultation and appeal process Future proof growth modelling around sub-regional plans are reviewed by the Executive Director Special Projects Growth forecasts and modelling around developer contributions reviewed by General Manager City Growth Quarterly reviews (part of the Hamilton Urban Growth Strategy) to monitor progress against the plan in terms of serviceable land availability. Results of the monitoring are reported through to the Senior Leadership Team for discussion and action Core inputs prepared by external experts “Market Economics” modelling and reviewed by BERL Council has two dedicated FTE’s responsible for data analytics for Growth Group. New Development Contribution model and tool has been established to provide improved data analysis. Hamilton Housing Market & Economy Growth Indicator Report Adopted across the sub-region A Scenario Management Process for DC Model established, externally peer reviewed and auditable by NZ Audit. New Growth Funding & Analytics Unit has been formally created, with objectives outlined in the Unit’s SPT Quarterly analysis of external housing, market drivers is captured in the Hamilton Housing Market & Economy Growth Indicator Report NPS is enacted by legislation. A sub-regional review of land use, demand and supply has now been completed. 					
Residual Likelihood	Unlikely	Residual Consequence Driver Social, Cultural and Environment	Major	Overall Residual Risk Rating	High 

Further Actions Required	Update – March 2019	Action Owner
<ul style="list-style-type: none"> • Establish a process of rigorous modelling and scenario planning • Establish a suite of relevant, trusted data sources 	<ul style="list-style-type: none"> • This material risk will be discussed at the risk workshop 4/03/2019 as to its purpose and accuracy of the risk description. 	<p>Greg Carstens (Economic Growth & Planning Manager)</p>

Emerging Risks

Emerging risks are risks which may develop or which, already exist and are difficult to quantify and may have a high consequence loss potential.

Risk Owner	Richard Briggs (Chief Executive)	Category	Strategic
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Note* This section is a proposed strategic discussion at Audit & Risk Committee meetings to understand why Council need to monitor and report risk activities with the potential to impact Councils strategies and objectives.

Trending Risks

This section will raise the most common emerging risks being discussed and monitored within NZ by not only Central and Local Government but also industry. They will not be ranked but open to discussion in the event the emerged risk materialises and potential impacts this will have on Council, the City and the Community.

Examples

- Urban Growth
- Climate Change
- Water quality and quantity
- Fraud activities and societal trends
- Technology – artificial intelligence

APPENDIX A – RISK RATING

This matrix is used to map the likelihood and consequence levels of a risk and provide a pictorial representation of the relativity of that risk to other risks within a Unit, or Project, and can also be used for mapping key risks across Council.

This matrix also provides an indication of the correlation between risk appetite and risk tolerance levels Senior Leadership Team and Council are prepared to accept relevant to the key service areas discussed throughout this document.

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Catastrophic
LIKELIHOOD	Almost certain	M	H	VH	E	E
	Likely	M	H	VH	VH	E
	Possible	L	M	H	VH	VH
	Unlikely	L	M	M	H	VH
	Rare	L	L	L	M	M

By using this matrix, a decision can be made as to the level of escalation for management acceptance that is required and the frequencies with which accepted risks are to be reviewed.

APPENDIX B – ACTION REQUIRED AND REPORTING

The following table details the required actions and reporting for each risk:

	ACTION REQUIRED FOR RISK	RISK REPORTING	
		Organisational Risks	Project Risks
E	<p>Extreme Risk – Immediate action required: Risk escalated as appropriate to the Audit & Risk Committee. Action plans and management responsibility specified with scrutiny required.</p> <p>Only the Chief Executive and/or Council/Audit and Risk Committee can accept this level of risk.</p>	<p>ARC (Quarterly)</p> <p>SLT (Monthly)</p>	<p>Council Finance Committee (Six Weekly)</p> <p>Programme Manager (Monthly)</p> <p>Project Sponsor (Monthly)</p>
VH	<p>Very High Risk – Senior Leadership Team advised. Action plans and management responsibility specified with periodic scrutiny required.</p> <p>The relevant GM, sponsor, risk manager and programme manager can accept this level of risk.</p>	<p>ARC (Quarterly)</p> <p>SLT (Monthly)</p>	<p>Council Finance Committee (Six Weekly)</p> <p>Programme Manager (Monthly)</p> <p>Project Sponsor (Monthly)</p>
H	<p>High Risk – Senior Leadership Team advised. Action plans and management responsibility specified with periodic scrutiny required.</p> <p>The relevant GM, sponsor, risk manager and programme manager can accept this level of risk.</p>	<p>SLT (Monthly)</p>	<p>Council Finance Committee (Six Weekly)</p> <p>Programme Manager (Monthly)</p> <p>Project Sponsor (Monthly)</p>
M	<p>Medium Risk – Management responsibility specified. Managed by specific monitoring and procedures.</p> <p>The relevant programme, unit manager or risk manager can accept this level of risk.</p>	<p>Wider Leadership Group (As required)</p>	<p>Program Manager (Monthly)</p>
L	<p>Low Risk – Manage by routine procedures. Unlikely to require specific application of resources.</p> <p>The relevant activity manager can accept this level of risk.</p>	<p>Wider Leadership Group (As required)</p>	<p>Program Manager (Monthly)</p>

*Wider Leadership Group is to be interpreted as any staff member with specific business responsibilities, including but not limited to, General Managers, Unit Managers, Team Leaders and Project Managers.

APPENDIX C – RISK MATRIX LEGEND

Risk Matrix Legend					
	Description	Reputation	Health and Safety	Service Delivery (Strategy incl)	Financial
5	Catastrophic	<ul style="list-style-type: none"> • Council suffers severe political and/or reputational damage that cannot easily recover from. • Council suffers severe negative reputational impact, and the Mayor loses confidence in senior management. • Mayor and Chief Executive need to be briefed and regularly updated. • Media interest is sustained for a prolonged period (i.e., over a week) with major criticism levelled at the Council. • Council breaches multiple laws, which leads to legal action by affected stakeholders. • External/independent investigation conducted by law enforcement and/or government agencies. 	<ul style="list-style-type: none"> • Loss of life. • Major health and safety incident involving members of staff and/or members of the public. • The injured party or parties suffer major injuries with long-term effects that leave them permanently affected. • An external authority investigates Council's safety practices and Council is found to be negligent. 	<ul style="list-style-type: none"> • Severe compromise of the strategic objectives and goals of the Council. • Severe on-going impact on service delivery across Council and business units. • Skills shortages severely affect the ability of Council to meet its objectives and goals. • Staff work hours are increased by more than 50% (20 hours per week) for more than 30 days. • Between a 10% or more increase in staff turnover in a six-month period that can be directly attributed to the risk eventuating 	<ul style="list-style-type: none"> • Impact cannot be managed without additional funding from Council. • Impact cannot be managed without significant extra human resources. • Yearly operating costs increase by more than 12%. • One-time financial cost greater than \$100,000.
4	Major	<ul style="list-style-type: none"> • Council suffers significant political and/or reputational damage. • Council suffers reputational damage and loses confidence in senior management. • Mayor and Chief Executive need to be briefed and regularly updated. • Media interest is sustained for up to a week with minor criticism levelled at Council. • Key stakeholders need to be informed and kept up to date with any developments that affect them. • Council breaches the law, which leads to legal action by affected stakeholders. • External/independent investigation conducted by law enforcement and/or government agencies. • Communications and recovery can be managed internally. 	<ul style="list-style-type: none"> • A significant health and safety incident involving multiple members of staff and/or members of the public. • The injured party or parties suffer significant injuries with long-term effects that leave them permanently affected. • WorkSafe investigates Council's safety practices and Council is found to be inadequate. 	<ul style="list-style-type: none"> • Significant compromise of the strategic objectives and goals of Council. • Compromise of the strategic objectives of Hamilton City. • Significant on-going impact on service delivery across one or more business units. • Skills shortages affect the ability of Council to meet its objectives and goals. • Staff work hours are increased by more than 38% (10 – 15 hours per week) for 30 days. • Between a 3% and 10% increase in staff turnover in a six-month period that can be directly attributed to the risk eventuating. 	<ul style="list-style-type: none"> • Impact cannot be managed without re-prioritisation of work programmes. • Impact cannot be managed without extra financial and human resources. • Yearly operating costs increase by 10% to 12%. • One-time financial cost between \$50,000 and \$100,000.

3	Serious	<ul style="list-style-type: none"> • Council suffers limited political and/or reputation damage. • The Chief Executive and senior management need to be briefed and regularly updated. • Council breaches its compliance obligations. • Media interest is sustained for less than a week with minor criticism levelled at Council. • Key stakeholders need to be informed and kept up to date with any developments that affect them. • External/independent investigation is conducted by law enforcement and/or government agencies. • Most communications and recovery can be managed internally. 	<ul style="list-style-type: none"> • Health and safety incident involving multiple members of staff or one or more members of the public. • The injured party or parties suffer injuries with long-term effects and are not permanently affected. • Council's safety practices are questioned and found to be inadequate. 	<ul style="list-style-type: none"> • Compromise of the strategic objectives and goals of Council. • Moderate impact on service delivery across one or more business unit's due to prolonged service failure. • Staff work hours are increased by less than 25% (8 – 10 hours per week) for a two to four-week period. • Between a 1% and 3% increase in staff turnover in a six-month period that can be directly attributed to the risk eventuating. 	<ul style="list-style-type: none"> • Impact can be managed with some re-planning and modest extra financial or human resources. • Yearly operating costs increase by 7% to 10%. • One-time financial cost of \$20,000 to \$50,000.
2	Moderate	<ul style="list-style-type: none"> • Senior management and/or key stakeholders believe that Council's reputation has been damaged. • The Chief Executive needs to be advised and SLT needs to be briefed. • Media interest is short-lived (i.e., a couple of days) and no blame is directed at Council. • Key stakeholders need to be informed. • Communications and recovery can be managed internally. 	<ul style="list-style-type: none"> • Minor health and safety incident involving multiple members of staff or a member of the public. • The injured party or parties suffers minor injuries with only short-term effects and are not permanently affected. 	<ul style="list-style-type: none"> • Minor impact on service delivery across one or more business unit's due to brief service failure. • Limited effect on the outcomes and/or objectives of more than one business unit. • Staff work hours are increased by less than 15% (6 hours per week) for less than two weeks. • Less than a 1% increase in staff turnover in a six-month period that can be directly attributed to the risk eventuating. 	<ul style="list-style-type: none"> • Impact can be managed within current resources, with some re-planning. • Increase of between 5% and 7% in yearly operating costs. • One-time financial cost between \$10,000 and \$20,000.
1	Minor	<ul style="list-style-type: none"> • Reputation is not affected. • No media attention. • All communications and recovery can be managed internally. 	<ul style="list-style-type: none"> • No loss or significant threat to health or life. • Council's safety practices are questioned but are found to be appropriate. 	<ul style="list-style-type: none"> • Limited effect on the outcomes and/or objectives of a business unit. • Staff work hours are increased by less than 5% (1 - 2 hours per week) for less than seven days. • No increase in staff turnover because of the risk eventuating. 	<ul style="list-style-type: none"> • Impact can be managed within current resources, with no re-planning. • Increase of less than 5% in yearly operating costs. • One-time financial cost of less than \$10,000.

