

Notice of Meeting:

I hereby give notice that an ordinary Meeting of the Strategic Risk and Assurance Committee will be held on:

Date: Thursday 18 November 2021
Time: 9.30am
Meeting Room: Audio Visual Link
Venue: Municipal Building, Garden Place, Hamilton

Lance Vervoort
Chief Executive

Strategic Risk and Assurance Committee

Komiti Whakamauru Tuuraru

OPEN AGENDA

Membership

Chairperson Ms Keiran Horne
Heamana

Deputy Chairperson Mr Bruce Robertson
Heamana Tuarua

Members Mayor PSouthgate
Cr R Pascoe
Cr D Macpherson
Cr A O’Leary
Cr M Bunting
Cr M van Oosten
Maangai J Kana

Quorum: Four members (including one external appointee)

Meeting frequency: As required – no less than four times a year

Becca Brooke
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Menetia Mana Whakahaere

10 November 2021

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Purpose:

The Strategic Risk and Assurance Committee is responsible for providing objective advice and recommendations to the governing body on the adequacy and functioning of the Council's risk management and assurance framework and external reporting.

In addition to the common delegations, the Strategic Risk and Assurance Committee is delegated the following Terms of Reference and powers:

Terms of Reference:*Risk*

1. Review the effectiveness of the risk control environment established by management to safeguard Council's financial and non-financial assets, including the adequacy and appropriateness of insurance policies in place and management's actions to mitigate risks and report 6 monthly to Council.
2. To review the Risk Management Policy and recommend to Council revisions to the policy for adoption.
3. To review the Fraud and Corruption, Protected Disclosure, Conflict of Interest, and Sensitive Expenditure management policies to ensure appropriate guidance and processes are in place.
4. Review Council's strategic risk register and monitor existing and proposed controls
5. Periodic in-depth reviews of specific, significant risks
6. Monitor emerging risks
7. Review and monitor business continuity planning.
8. Oversight of risk management and assurance across Council's CCO's and CCTOs with respect to risks that may have a significant impact on Council

Internal Audit

9. In conjunction with the Chief Executive, agree the scope of the annual internal audit work programme, having regard to Council's significant risks.
10. Monitor the delivery of the internal audit work programme to ensure the effectiveness of the Council's internal control framework.
11. Assess whether Internal Audit's recommendations have been properly implemented by management.
12. Review the annual Internal Audit Plans to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place.

External Audit

13. Engage with Council's external auditors regarding the external audit work programme and agree the proposed terms and arrangements of the external audit.
14. Recommend to Council the terms and arrangements for the external audit programme.
15. Review the effectiveness of the Annual Plan audit and 10 Year Plan audit.
16. Assess management response to audit reports and the extent to which external audit recommendations concerning internal accounting controls and other matters are implemented.

Statutory Reporting

17. Review and monitor the integrity of the interim and annual report, focusing particularly on:
- a. compliance with, and the appropriate application of, relevant accounting policies, practices and accounting standards
 - b. compliance with applicable legal requirements relevant to statutory reporting
 - c. The consistency of application of accounting policies as well as changes to accounting policies and practices that may affect the way that accounts are presented
 - d. Any decisions involving significant judgment, estimation or uncertainty
 - e. The extent to which financial statements are affected by any unusual transactions and the manner in which these are disclosed
 - f. the disclosure of contingent liabilities and contingent assets
 - g. the clarity of disclosures generally
 - h. The basis for the adoption of the going concern assumption
 - i. Significant adjustments resulting from the audit

Other Matters

18. Review the effectiveness of the systems for monitoring the Council's compliance legislation, regulation, policy and guidelines.
19. Review the adequacy and effectiveness of Council's health and safety programme and cybersecurity programme.
20. Engage with internal and external auditors on any specific one-off audit assignments.
21. Conduct and monitor special investigations in accordance with Council policy and approved budget or in response to material matters raised by staff or committee members, including engaging expert assistance, on matters within its Terms of Reference.
22. The Chairperson shall review the travel and other reimbursed expenses of the Chief Executive and confirm compliance with Council policies. This information will be provided to the Chairperson on a six-monthly basis.
23. Such other Matters referred to it by Council.

The Committee is delegated the following recommendatory powers:

- The Committee has no decision-making powers.
- The Committee may make recommendations to the Council and/or the Chief Executive, as appropriate.
- The Committee may request expert external advice through the Chief Executive where necessary.

Special Notes:

- In fulfilling their role on the committee, members shall be impartial and independent at all times.
- Members are appointed for an initial term of no more than three years that aligns with the triennial elections, after which they may be eligible for extension or reappointment.

- Council appoints two external members of the committee, one of whom shall be Chairperson. External members shall have a broad range of skills and experience including accounting or audit experience; the terms of the appointment to be recorded in a contract. External member contracts are to be reviewed and assessed six (6) months after each triennial election with no external members staying on Committee for longer than three (3) trienniums.
- The Chief Executive and Internal Auditor are required to attend all meetings but are not members and have no voting rights. Other Council officers may attend the committee meetings, as required.
- The Chief Executive and the Principal Advisor shall be responsible for drawing to the committee's immediate attention any material matter that relates to the financial condition of Council, any material breakdown in internal controls, and any material event of fraud, corruption or malpractice.
- The chairperson shall present an annual Audit and Risk Self Review to Council summarising the committee's activities during the year and any related significant results and findings.

Recommendatory Oversight of Policies and Bylaws:

- *Risk Management Policy*

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1 Apologies – *Tono aroha*

2 Confirmation of Agenda – *Whakatau raarangi take*

The Committee to confirm the agenda.

3 Declaration of Interest – *Tauaakii whaipaaanga*

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

4 Public Forum – *Aatea koorero*

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for five minutes or longer at the discretion of the Chair.

Please note that the public forum is to be confined to those items falling within the terms of the reference of this meeting.

Speakers will be put on a Public Forum speaking list on a first come first served basis in the Committee Room prior to the start of the Meeting. A member of the Council Governance Team will be available to co-ordinate this. As many speakers as possible will be heard within the allocated time.

If you have any questions regarding Public Forum please contact Governance by telephoning 07 838 6727.

Council Report

Item 5

Committee: Strategic Risk and Assurance Committee
Date: 18 November 2021
Author: Narelle Waite
Authoriser: Becca Brooke
Position: Governance Advisor
Position: Governance Manager
Report Name: Confirmation of the Strategic Risk and Assurance Committee Open Minutes - 14 September 2021

Report Status	<i>Open</i>
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Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Strategic Risk and Assurance Committee confirm the Open Minutes of the Strategic Risk and Assurance Committee Meeting held on 14 September 2021 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic Risk and Assurance Committee Unconfirmed Open Minutes - 14 September 2021

Strategic Risk and Assurance Committee

Komiti Whakamauru Tuuraru

OPEN MINUTES

Minutes of a meeting of the Strategic Risk and Assurance Committee held via Audio Visual Link, on Tuesday 14 September 2021 at 9.32am.

PRESENT

Chairperson K Horne
Heamana

Deputy Chairperson B Robertson
Heamana Tuarua

Membership: Mayor P Southgate
Cr R Pascoe
Cr O'Leary
Cr M Bunting

In Attendance: Cr M Gallagher
Cr M van Oosten
Cr S Thomson
Cr M Donovan
Richard Briggs – Chief Executive
David Bryant – General Manager People and Organisational Performance
Eeva-Liisa Wright – General Manager Infrastructure Operations
Lance Vervoort – General Manager Community
Blair Bowcott – General Manager Growth
Sean Hickey – General Manager Strategy and Communication
Murray Heke – Chief Transformation Officer
Michelle Hawthorne – Legal Services Manager
Dan Finn – People, Safety and Wellness Manager
Morva Kaye – Internal Auditor
Cory Lang – Building Control Manager
Karin Barclay – Safety Engagement Lead
Julie Clausen – Unit Manager Strategy and Corporate Planning
Chris Barton – Capital Projects Manager
Aaron Steele – PricewaterhouseCoopers
Naude Kotze and Clarence Susan – Audit NZ
James MacGillivray and Megan Crockett – Tompkins Wake

Governance Staff: Becca Brooke – Governance Manager
Tyler Gaukrodger and Narelle Waite – Governance Advisors

1. Apologies – *Tono aroha*

Resolved: (Ms Horne/Cr Bunting)

That the apologies for absence from Cr Macpherson and for partial attendance from Cr O’Leary and Bunting are accepted.

2. Confirmation of Agenda – *Whakatau raarangi take*

Resolved: (Ms Horne/Mr Robertson)

That the agenda is confirmed.

Mayor Southgate joined the meeting (9.34am) during discussion of the above item. She was present when the matter was voted on.

3. Declarations of Interest – *Tauaakii whaipanga*

No members of the Council declared a Conflict of Interest.

4. Public Forum – *Aatea koorero*

No members of the public wished to speak.

5. Confirmation of the Strategic Risk and Assurance Committee Open Minutes - 17 June 2021

Resolved: (Ms Horne/Mayor Southgate)

That the Strategic Risk and Assurance Committee confirm the Open Minutes of the Strategic Risk and Assurance Committee Meeting held on 17 June 2021 as a true and correct record.

6. Chief Executive Report - Verbal Update

The Chief Executive presented his verbal report noting Council’s current role in the Covid-19 response, the effect of Covid-19 on staff wellbeing, and the recent development contribution legal challenge and outcome. Staff responded to questions from Members concerning recruitment, and the new Chief Executive appointment and transition.

Resolved: (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee receives the verbal report.

7. Safety and Wellness Report - 1 May 2021 to 31 July 2021

The People, Safety and Wellness Manager spoke to his report, noting the safety management system strategic activities and the new safety and wellness team. He responded to questions from Members concerning notifiable events including documentation, contractor requirements to advise and repeat events, safety risks at waste management sites, and return to office plans for staff.

Resolved: (Ms Horne/Cr Pascoe)

That the Strategic Risk and Assurance Committee receives the report.

8. Risk Management Report

The Legal Services Manager spoke to the report, noting the IMT and response to current Covid-19 outbreak, and strategic risks review. She responded to questions from Members concerning the Waioira Matariki award, Strategic Risk Growth including supply chain risks, Council Controlled Organisations (CCOs) risk management and knowledge sharing, and the proposed risk governance group.

Resolved: (Ms Horne/Cr Bunting)

That the Strategic Risk and Assurance Committee receives the report.

9. PwC - Internal Audit Update and Report

Aaron Steele (PricewaterhouseCoopers) spoke to the report noting cyber security workstream and delays related to Covid-19. He responded to questions from Members concerning 2022 planning, cyber security and future risk considerations, and the Maaori Responsiveness workstream.

Resolved: (Ms Horne/Cr Pascoe)

That the Strategic Risk and Assurance Committee receives the report.

10. HCC - Internal Audit Update and Report

The Internal Auditor spoke to the report noting upcoming work on capitalisation of assets. She responded to questions from Members concerning the Contract Management audit including notifiable events, and the scope of the capitalisation of assets audit.

Resolved: (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee receives the report.

11. Organisational Improvement Report

The Internal Auditor spoke to the report noting recommendations received concerning a number of audits including Waka Kotahi. Staff responded to questions concerning the Waka Kotahi audit and reporting, outstanding recommendations, and causes of delay in outstanding Data Governance recommendation.

Staff Action: *Staff undertook to ensure the Waka Kotahi audit is provided to Members through the suitable process or at the next meeting of the Strategic Risk and Assurance Committee.*

Resolved: (Ms Horne/Mayor Southgate)

That the Strategic Risk and Assurance Committee receives the report.

12. Interim Audit of Hamilton City Council - 30 June 2021

The Unit Manager Strategy and Corporate Planning, the General Manager People and Organisational Performance and Naude Kotze (Audit NZ) outlined the report noting the outcome of the Department of Internal Affairs review of the Water Services measure, the financial audit outcomes, outstanding work including verification of assets, sector consistency, and the plan for adoption of the Annual Report. They responded to questions from Members concerning the plan for adoption of the Annual Report.

Resolved: (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee receives the report.

Mayor Southgate left the meeting (10.59am) during discussion of the above item. She was not present when the matter was voted on.

Cr O'Leary joined the meeting (11.02am) at the conclusion of the above item. She was not present when the matter was voted on.

The meeting was adjourned from 11.04am to 11.13am.

13. Audit NZ - External Audit - 2021-31 Long-Term Plan

The Unit Manager Strategy and Corporate Planning and Clarence Susan (Audit NZ) introduced the report noting the timing of the report being brought to Committee, the audit opinions, cost revenue forecast and savings plan recommendations. They responded to questions from Members concerning cost savings reporting, and the infrastructure asset condition emphasis of matter.

Resolved: (Ms Horne/Cr Pascoe)

That the Strategic Risk and Assurance Committee receives the report.

14. Conflicts of Interest Update

The Legal Services Manager introduced the report noting the Office of the Auditor General's (OAGs) letter and recommendations, and the response undertaken which included Privacy Act staff training. She responded to questions from Members concerning OAG feedback relating to the Strategic Risk and Assurance Committee, and actual occurrences of staff conflict of interest.

Resolved: (Ms Horne/Cr Bunting)

That the Strategic Risk and Assurance Committee:

- a) receives the report;
- b) notes that the Chief Executive received a letter from the Office of the Auditor General on 9 July 2021, *Performance audit of managing conflicts of interest involving local authority employees*, which includes recommendations for improvement (**Attachment 1** of the staff Report); and
- c) notes that progress to implement the Office of the Auditor General recommendations will be reported to future Strategic Risk and Assurance Committee meetings in the Organisation Improvement Register.

15. Compliance Reporting Update

The Legal Services Manager introduced the report as read noting the ongoing changes to the Protected Disclosure legislation, the Privacy Act, and staff training on privacy. She responded to questions from Members concerning corruption and the public's ability to report, privacy and Councillor's personal information, process for notifiable breaches, and defamation ownership pertaining to social media.

Staff Action: *Staff undertook to provide information concerning defamation and social media in the Compliance Reporting Update to the next Strategic Risk and Assurance Committee meeting.*

Resolved: (Ms Horne/Cr Bunting)

That the Strategic Risk and Assurance Committee receives the report.

Mayor Southgate re-joined the meeting (11.38am) during discussion of the above item. She was present when the matter was voted on.

The meeting was adjourned at 11.52am to 12.07pm.

16. Resolution to Exclude the Public

Resolved: (Ms Horne/Cr Bunting)

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Strategic Risk and Assurance Committee Public Excluded Minutes - 17 June 2021) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987)	Section 48(1)(a)
C2. Legal Risks - Committee Update		
C3. Cyber Risks		
C4. Organisational Improvement Register		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to maintain legal professional privilege	Section 7 (2) (g)
Item C3.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C4.	to maintain legal professional privilege	Section 7 (2) (g)
	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)

The meeting moved into public excluded session at 12.08pm.

The meeting was declared closed 12.50pm.

Council Report

Item 6

Committee: Strategic Risk and Assurance Committee
Date: 18 November 2021
Author: Narelle Waite
Authoriser: Becca Brooke
Position: Governance Advisor
Position: Governance Manager
Report Name: Confirmation of the Strategic Risk and Assurance Committee Open Minutes - 29 September 2021

Report Status	<i>Open</i>
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Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Strategic Risk and Assurance Committee confirm the Open Minutes of the Strategic Risk and Assurance Committee Meeting held on 29 September 2021 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic Risk and Assurance Committee Unconfirmed Open Minutes - 29 September 2021

Strategic Risk and Assurance Committee

Komiti Whakamauru Tuuraru

Minutes of a meeting of the Strategic Risk and Assurance Committee held via audio-visual link on Wednesday 29 September 2021 at 12.32pm.

PRESENT

Chairperson Keiran Horne

Heamana

Deputy Chairperson Bruce Robertson

Heamana Tuarua

Membership Mayor Paula Southgate
Cr Rob Pascoe
Cr Mark Bunting

In Attendance Cr Maxine van Oosten
Cr Mark Donovan
David Bryant – General Manager People and Organisational Performance
Sean Murray – General Manager Venues, Tourism and Major Events
Tracey Musty – Financial Controller
Louise Lukin – Director of the Chief Executive's Office
Candice Swanepoel – Business Performance Accountant
Naude Kotze and Clarence Susan - Audit NZ

Governance Staff Amy Viggers – Governance Team Leader
Narelle Waite – Governance Advisor

1. **Apologies - *Tono aroha***
Resolved: (Ms Horne/Cr Bunting)
That the apologies for absence from Crs Macpherson and O'Leary are accepted.
2. **Confirmation of Agenda - *Whakatau raarangi take***
Resolved: (Ms Horne/Mayor Southgate)
That the agenda is confirmed.
3. **Declarations of Interest - *Tauaakii whaipanga***
No members of the Council declared a Conflict of Interest.
4. **Public Forum - *Aatea korero***
No members of the public wished to speak.

5. Draft Management Representation Letter (*Recommendation to the Council*)

The Financial Controller and Clarence Susan (Audit NZ) introduced the report noting the delay to the completion of the Audit concerning valuations, that Council was unable to gain verbal clearance of the Annual Report prior to the meeting and the effect on the timeline for adoption by the Council. They noted that the letter was to be updated with non-significant changes only. They responded to questions from Members concerning proposed updates to the letter, adoption process, and CCOs representation letters and audits.

Resolved: (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee:

- a) receives the report; and
- b) notes that the final Management Representation Letter will be delivered after the completion of the audit on the Annual Report 2020/21; and
- c) subject to the Chair's review of any non-significant amendments of the letter, recommends that the Council approves the letter of representation to Audit New Zealand be signed by the CE and the Mayor on behalf of Council.

6. Draft Annual Report 2020/21 (*Recommendation to the Council*)

The Financial Officer took the report as read and outlined staff's recommendation that the Annual report be adopted in light of the non-significant amendments that were still required prior Audit New Zealand providing clearance. She responded to questions concerning reference to the newly appointed Chief Executive in the Draft Annual Report.

Staff Action: *Staff undertook to update the Annual Report to include reference to the newly appointed Chief Executive.*

Resolved: (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee:

- a) receives the report; and
- b) subject to the Chair's review of any non-significant amendments and receipt of verbal clearance from Audit New Zealand, recommends that the Council adopts the Annual Report 2020/21

Cr Pascoe retired from the meeting (12.55pm) during discussion of the above item. He was not present when the matter was voted on.

The meeting was declared closed at 1.00pm.

Council Report

Item 7

Committee: Strategic Risk and Assurance Committee
Date: 18 November 2021
Author: Lance Vervoort
Authoriser: Lance Vervoort
Position: Chief Executive
Position: Chief Executive
Report Name: Chief Executive Report - Verbal Update

Report Status	<i>Open</i>
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Purpose - *Take*

1. The Chief Executive will present a verbal update to the Strategic Risk and Assurance Committee on the key risks faced by Hamilton City Council.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee receives the verbal report.

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Council Report

Item 8

Committee: Strategic Risk and Assurance Committee

Date: 18 November 2021

Author: Dan Finn

Authoriser: David Bryant

Position: People, Safety & Wellness Manager

Position: General Manager People and Organisational Performance

Report Name: Safety and Wellness Report - 1 August 2021 to 31 October 2021

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on safety and wellness strategic progress, performance, and activities for the period covering 1 August 2021 to 31 October 2021.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. This report is intended to provide the Strategic Risk and Assurance Committee continued visibility on our progress of key strategic activities that are aligned to risks, relationships and resources. To provide Members with a more comprehensive overview on our progress we have included further updates on wider activities, assurance, and successes.
4. Project Ora and the Safety Management System (SMS) remain significant programmes of work. Current progress is being limited as we balance 'business as usual' activities with increasing workloads on key individuals and teams who are being affected by multiple change processes, including the impact and uncertainty that Covid-19 is having on business continuity.
5. Recommendations and corrective actions identified through our 'State of Safety' programme have been assigned to each business unit. With the alignment of the new Safety & Wellness Business Partnering model, the Safety & Wellness Team are focussed on providing a collaborative approach to supporting and guiding business units to achieve the recommendations, as well as monitoring progress regularly to track continuous improvement.
6. Activity is continuing within the Contractor Management workstream, including updated procedures, simple flowcharts, and other supporting documentation to provide assurance and guidance. Several key activities within this complex body of work are still to be completed before these improved processes can be finalised.
7. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

Strategic Progress - *Te ahunga whakamua rautaki*

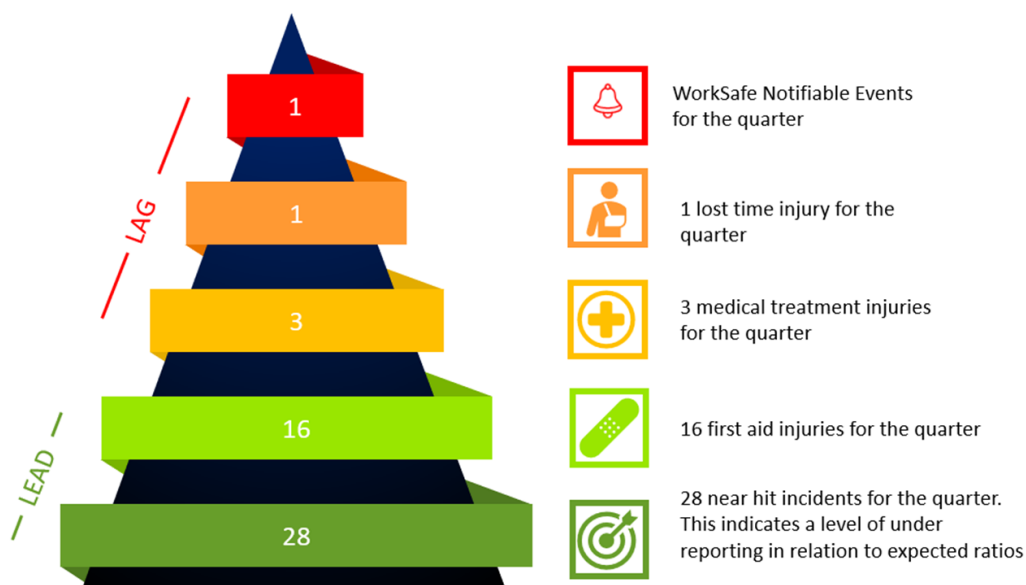
8. The following workstreams outline Council's progress on our 'safety reset' activities previously communicated. They are designed to strengthen and support our wider safety and wellness strategy and will continue to formulate part of this report until full completion.

Workstream	Status	Next milestone	Comment
SafePlus review recommendations	40%	Consolidate actions & recommendations	Several recommendations will be completed via Ora/SMS streams
SMS development and implementation	75%	Safety Governance Committee review	Document is in draft
Technology and communication (Ora)	35%	Business Analyst scoping and mapping progress to date	This work is a key priority to give clear oversight of what events are occurring and to whom, with robust reporting for relevant key stakeholders
Critical risk management	20%	Critical risks to be confirmed for each business unit. Risk owners to be identified.	Learning teams complete, review bowties and write improvements
Contractor management	40%	Confirmed workstream team. Consultation on draft framework	Several meetings held. Draft framework being developed
Resourcing and structure review	100%	The Safety & Wellness Team have a full complement of people now on board.	Aligning with the Business Partnering Model meeting key stakeholders and building on a collaborative approach to support Council in health, safety & wellbeing

Table 1 Key workstreams

Risks and Incidents – *Ngaa Tuuraru me ngaa Paanga*

9. Incidents profiled for the quarter are summarised in **figure 1** below.
10. There was a total of four injuries this quarter, compared to 11 in the previous period. Of those injured, one resulted in lost time and three required medical treatment. Near hit reporting was significantly lower than the previous period with 28 near hits recorded. Project Ora is being redesigned to improve the end user experience and promote an improved culture of reporting.



11. There was one notifiable event to the regulator during the quarter for Council. This event was an underground service strike by an employee while installing a wastewater new connection. A digger struck a gas service causing a release of gas.
12. This notifiable event involved Council employees and related to our critical risk – ‘hazardous substances’. Further details on the notifiable event can be found in **Attachment 1**.
13. To provide further mitigations and to improve our Contractor Management framework, a suite of monitoring forms has been developed and consultation carried out with key stakeholders. These forms are ready to be piloted and are intended to be built into Ora to facilitate easy access and improved visibility. A contractor handbook (for contractors) has also been drafted and is currently being reviewed by the stakeholder group. We are currently awaiting their feedback. Health and safety requirements contained in procurement contracts have also been updated and currently being reviewed by our legal representative before finalising.

Relationships - *Whanaungatanga*

14. The Safety & Wellness Strategy 2021 -2023 has been finalised to align with Councils high performance way of working and can found in **Attachment 2**. This strategy document also includes simplified metrics for reporting and are aligned to risks, relationships and resources. Future dashboards are being developed to assist in presenting this information. Please refer to our current dashboard (**Attachment 3**).
15. A simplified version of the Safety & Wellness Strategy will be communicated throughout the organisation to help support and embed continuous safety improvement in the way we do things at Council.
16. Covid-19 continues to impact business continuity and there is much work continuing through IMT to provide the organisation with guidance and clarity based on the information available to us. The recent health order and further announcements affected key sectors like Health and Education. Many parts of local government will also be affected both directly and indirectly through the mandating of vaccination passports for those businesses to operate safely. Council has many business units where there is a high risk of transmission and/or exposure to the virus. The Safety & Wellness Team have been proactive in their approach and support of teams undertaking risk assessments using WorkSafe guidelines including their recommended

template. The risk assessment data has been consolidated and will be used to determine those roles that will be required to be fully vaccinated to perform the work safely.

17. To equip our workers with additional skills to cope with change including the uncertainty that Covid-19 continues to present, Synergy Health were engaged to provide 'Charging through Change Workshops' via Microsoft Teams for workers. Synergy Health also held 'Leading through Change Workshops' for People Leaders with the focus on how to build stronger leadership across an organisation, coupled with a powerful engagement process, to help build a resilient and agile organisation that can cope with uncertain times.
18. Our annual Employee Engagement Survey is scheduled for 9 November 2021. The survey will contain relevant safety and wellbeing questions that will provide us with a wellbeing index, as well as providing important insight into the types of safety and wellbeing issues affecting workers. This will ensure that action plans, programmes and key initiatives can be designed to address and improve those highlighted areas.
19. To lift capability and increase safety awareness the Safety and Wellness Team are investigating different types of learning and educational options for Elected Members and other Senior Leaders, focussing on good governance, and exercising due diligence. Early in the New Year Elected Members can expect:
 - i. visits to business units to see the risks associated with tasks and duties completed;
 - ii. an adapted mentoring/coaching approach to leverage experience across Elected Members; and
 - iii. formal training workshops on health and safety risks (twice yearly).
20. The Safety Governance Committee (SGC) met on 30 August 2021, via audio-visual link due to Covid-19 alert level restrictions. The next meeting is scheduled for 1 November 2021. An excerpt from the minutes is below, and the full minutes are provided as **Attachment 4**.

'The SGC undertook a critical risk deep dive on Service Strikes, with representation and insights provided by operational groups undertaking those types of works. Final insights from the 'What Matters Most' survey were presented, supporting the performance indicators selected. The Safety and Wellness Strategy 2021 – 2023 was discussed in depth and endorsed by the SGC. Critical learnings following the recent Bomb Threat that affected Council were presented by the Risk team.'

Resources - Rauemi

21. The Safety & Wellness Team have fully staffed their new structure and have recently welcomed seven new members to the People, Safety and Wellness Business Unit. The new structure consists of a Safety & Wellness Lead, four new Business Partners, a Safety and Wellness Co-ordinator and Data Business Analyst. A business partnering model aligns safety and wellness resources to relevant business units to build relationships and support improved collaboration. The Business Analyst will work towards providing insightful data and analytics for reporting purposes to improve decision making. The role will also be supporting Project Ora as our replacement safety software.
22. The Health and Safety Contractor assisting with the Contractor Management Framework has recently finished their fixed term contract with Council on Friday, 29 October 2021. The Safety & Wellness Team will continue this work, with good progress being made and a clear framework being defined.
23. The Safety & Wellness Team continue to be well supported by other decentralised resources domiciled in our high-risk operational areas, together with our Health and Safety representatives who make up our engagement committee structures.

Assurance - Kii Taurangi

24. The 'State of Safety' review, reported at the two previous Strategic Risk and Assurance meetings, forms part of the audit and assessment element of our Safety Management System (SMS). Designed to measure the level of safety maturity across the organisation this review has now been completed, providing a detailed picture of the areas of focus to progress towards best practice.
25. An updated heatmap (**Attachment 5**) provides visibility on the progress of corrective actions assigned to each Business Unit across Council.
26. The Safety & Wellness Team continue to support and partner with Business Units to monitor and close out recommendations.

Success and Recognition - Angituutanga me ngaa Mihi

27. There are a number of new team members the Safety & Wellness Team who are all excited to be able to support Council in everything health, safety and wellbeing – Marie, Leanore, Amanda and Ron. Coupled with the experience of those that have already been with Council over many years – Karin, Corina and Lewis – we look forward to continuing to build relationships, having a collaborative approach and working alongside our customers to support the vision and purpose of Council.



Marie Snowball - Safety & Wellness Lead



Leanore Bullen



Karin Barclay



Lewis Snapes



Amanda Barlow

Safety & Wellness Business Partners



Corina Martin

Safety & Wellness Co-ordinator



Ron Krishna

Business Analyst

Financial Considerations - *Whaiwhakaaro Puutea*

28. This is a regular operating activity funded through the Long-Term Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

29. Staff confirm that any recommendations in this report comply with Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

30. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 well-beings').
31. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
32. This report addresses matters of safety and wellbeing. There are no known social, economic, environmental or cultural considerations associated with the matters in this report.

Risks - *Tuuraru*

33. There are no risks associated with the recommendations in this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

34. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter(s) in this report has/have a low level of significance.

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Attachment 1 - Notifiable Events - August-October 2021

Attachment 2 - Attachment 2 - Safety and Wellness Strategy 2021_2023

Attachment 3 - Attachment 3 - Safety and Wellness Dashboard August to October _2021

Attachment 4 - Attachment 4 - Safety Governance Committee Meeting - Minutes 30 August 2021

Attachment 5 - Attachment 5 - State of Safety Heatmap August-October 2021

Attachment 1 – Notifiable Events

During this reporting period (1 August to 31 October 2021) there was one notifiable event involving a Council employee. A brief summary is below:

Date	Incident summary	Status
18 October 2021	Underground service strike Whilst installing a new wastewater connection, a digger struck a gas service causing a release of gas.	<ol style="list-style-type: none">1. SOP 1.9 Excavations amended to clearly include operations on private property worksites.2. Service plans/ Before you dig plans must always be requested for planned work as per SOP 1.9 Excavations communicated to management across the unit.

Attachment 2 Safety and Wellness (PSW) Strategy 2021 -2023

Delivering on our Vision

 <h3>WHY WE'RE HERE</h3> <p><i>Ko te puutake matua a te kaunihera</i></p>	 <h3>WHAT WE DO</h3> <p><i>He aha aa maatou</i></p>	 <h3>HOW WE WORK</h3> <p><i>Ka peewhea taatou e mahi ai</i></p>					
<h4>OUR VISION</h4> <p>What we are striving to become and aim to achieve</p> <p>To ensure Hamiltonians enjoy a connected, vibrant, attractive and prosperous city</p> <hr/> <h4>OUR PURPOSE</h4> <p>Who we are and why we exist</p> <p>To improve the wellbeing of Hamiltonians. Non-Negotiable: Safety first in all we do.</p> <hr/> <h4>OUR MISSION</h4> <p>How we will achieve our vision</p> <p>To build an organisation that ambitiously delivers on our promise to the community</p>	<h4>OUR STRATEGIES</h4> <p>Decision Making World-class decision making: Maximising the positive impact of our decisions on the wellbeing of Hamiltonians</p> <p>Engagement World-Class customer and stakeholder engagement: Leveraging our interactions with our stakeholder to deliver outcomes of mutual advantage</p> <p>People, Processes and Technology World-class people, processes, and technology: Leveraging our people, processes, and technology to achieve operational excellence</p>	<h4>OUR CULTURE</h4> <p>Who we want to be</p> <p>UNITED <i>Kotahitanga</i></p> <p>COMMITTED TO EXCELLENCE <i>Whaitia te iti Kahurangi</i></p> <p>INDIVIDUALLY RESPONSIBLE AND ACCOUNTABLE <i>Maa tika, Maa pono. Ka ora</i></p> <p>SUPPORTIVE OF ONE ANOTHER <i>Proharia te tangata</i></p> <hr/> <h4>OUR BEHAVIOURS</h4> <p>How we do it</p> <table border="0"> <tr> <td>THINK DIFFERENTLY <i>Whakaaro kee atu</i></td> <td>ACT WITH INTEGRITY <i>Mahi pono. Mahi tika</i></td> </tr> <tr> <td>WORK TOGETHER <i>Mahi ngatahi</i></td> <td>MAKE IT HAPPEN <i>Mahia te mahi</i></td> </tr> </table>	THINK DIFFERENTLY <i>Whakaaro kee atu</i>	ACT WITH INTEGRITY <i>Mahi pono. Mahi tika</i>	WORK TOGETHER <i>Mahi ngatahi</i>	MAKE IT HAPPEN <i>Mahia te mahi</i>	
THINK DIFFERENTLY <i>Whakaaro kee atu</i>	ACT WITH INTEGRITY <i>Mahi pono. Mahi tika</i>						
WORK TOGETHER <i>Mahi ngatahi</i>	MAKE IT HAPPEN <i>Mahia te mahi</i>						
 <h3>WHO WE DO IT FOR</h3> <p><i>Moo wai aa taatou mahi</i></p>	<h4>OUR STAKEHOLDERS</h4> <table border="0"> <tr> <td>OUR PEOPLE</td> <td>CUSTOMERS</td> <td>PARTNERS</td> <td>ELECTED MEMBERS</td> <td>IWI</td> </tr> </table>		OUR PEOPLE	CUSTOMERS	PARTNERS	ELECTED MEMBERS	IWI
OUR PEOPLE	CUSTOMERS	PARTNERS	ELECTED MEMBERS	IWI			

People, Safety and Wellness - Our Purpose

We are helping to shape and awesome Hamilton by

Partnering to create a thriving **high-performance organisation** that **impacts our community**.

Partnering to attract and build a thriving connected workforce **diverse in people** and **diverse in opportunity**.

Partnering to enhance the employee experience through a **personalised approach, support and development**.
Enabling our people to be the best versions of themselves.



We are empowering our people to enhance community value and experiences by **delivering on our key priorities:**

World-class Decision Making
Maximising the positive impact our decisions have on the wellbeing of Hamilton

Engagement
Leveraging our interactions with our stakeholders to deliver outcomes of mutual advantage

People, Processes and Technology
Leveraging our people, processes and technology to achieve operational excellence



Our Safety and Wellness Game Plan Outcomes – 2021 -2023

Thriving Organisation

Create

Partnering to **Create** a thriving high-performance organisation that impacts on our community.

Outcomes

Putting safety first in all we do is a core component of our high - performance way of working

Our safety performance is enhanced through our ambitious safety reset

Greater systems enablement (ORA) to enhance our safety performance, transparency and engagement

Enhanced safety leadership capability, that's impactful and drives positive safety transformation

Thriving Workforce

Connect

We are partnering to attract and build a thriving **Connected** workforce diverse in people and opportunities.

Outcomes

Our Workwell Programme enhances our employee experience, creating a happy, healthy and more productive workplace

Dashboards established, metrics and data leveraged to develop and measure impactful health, safety and wellness strategies

Our safety approach is inclusive, reflecting our diverse workforce and the community we serve

Our Safety Management System (SMS) provides an integrated framework to meet and exceed our obligations under the HSWA 2015 and associated regulations

Thriving Individuals

Care

We **Care** about our people and partnering to enhance the employee experience through a personalised approach, support and development.

Outcomes

Our Safety and Wellness Team provides enhanced partnering, supporting collaboration so business units succeed, feel engaged and connected

Our people and contractors feel cared for and safe at work throughout the employment and contractor life cycles

Our people have the capability through learning pathways, so they can safely deliver outcomes for our community

Assurance activities are regular, monitored and highlight opportunities for continuous improvement, including successes through a personalised approach

Safety and Wellness Current State 3 Month Activities – Quarter One

Thriving Organisation

Create

Partnering to **Create** a thriving high-performance organisation that impacts on our community.

Outcomes

Putting safety first in all we do is a core component of our high - performance way of working

Our safety performance is enhanced through our ambitious safety reset

Greater systems enablement (ORA) to enhance our safety performance & impact

Enhanced safety leadership capability, that's impactful and drives positive safety transformation

Activities

- Continue to track, monitor and report on key activities associated with the safety reset programme, which includes:
 - Review of our critical risks and controls
 - Refresh our safety management system (SMS framework)
 - Complete the State of Safety review
 - Implement Safeplus and other assurance recommendations and
 - Recruit the right resources to support our people
- Launch our new safety software solution - Ora, ensuring that good change management practices are applied to bring our people along on the journey
- Provide system users with sufficient information and support to drive improved reporting
- Shift our culture from reactive and compliant to proactive and self managing
- Improve safety leadership capability across all tiers to increase awareness and understanding. Leverage the Business Leaders Forum to identify learning opportunities that can be scaled up

Safety and Wellness Current State 3 Month Activities – Quarter One

Thriving Workforce

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Our Safety Management System (SMS) provides an integrated framework to meet and exceed our obligations under the HSWA 2015 and associated regulations

Activities

- As part of our Workwell Programme we will resurvey our people to identify further focus areas and develop an updated action plan to move from Bronze to Silver accreditation by end of June 2022
- Create meaningful dashboards using our safety management software (Ora) to provide data insight, trending and analysis to enable world-class decision making by our senior leaders and elected members, whilst fulfilling their due diligence requirements
- Review the 'Be Inclusive' work programme and identify initiatives that can be aligned with Safety and Wellbeing. Create safe spaces and opportunities for our people to share their stories and celebrate successes
- By end of December 2021 our core SMS pillar documents will be fully written, reviewed and communicated across the organisation through an effective engagement plan that leverages our business partnering model

Safety and Wellness Current State 3 Month Activities – Quarter One

Thriving Individuals

Care

We **Care** about our people and partnering to enhance the employee experience through a personalised approach, support and development.

Outcomes

Our Safety and Wellness Team provides enhanced partnering, supporting collaboration so business units succeed, feel engaged and connected

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Assurance activities are regular, monitored and highlight opportunities for continuous improvement, including successes through a personalised approach

Activities

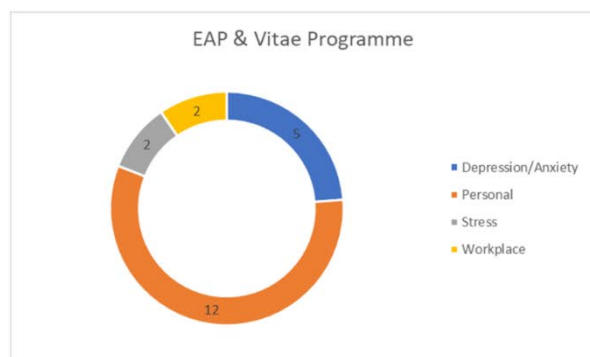
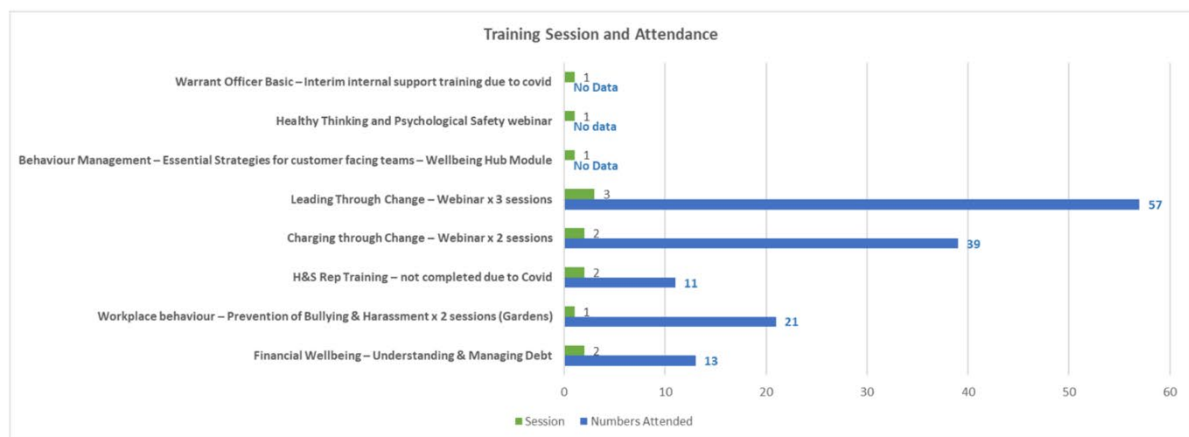
- Recruit our newly created Safety and Wellness Business Partner positions and assign to Groups and Business Units as their first point of contact.
- Facilitate a think tank with operational health and safety personnel (decentralised teams) and establish a Service Level Agreement that promotes engagement, trust and collaborative ways of working to foster a high-performance culture.
- Support and provide input towards an improved employee induction programme, working closely with OD/L&D, that promotes health and safety requirements and key information. Gain insights and opportunities for improvement through onboarding surveys.
- Identify key touch points across the Contractor life-cycle as a first step to drafting and implementing a robust action plan to improving contractor management processes, procedures and practices.
- Identify core fundamental health and safety training that all employees should undertake as part of their first 90 days. Work with OD/L&D to understand how the 'Development Kete' can support and best facilitate.
- Under the Assurance Pillar, review existing activities and develop a core list that can be scheduled.
- Assess training needs and communication plans to support key assurance activities, leveraging business partner relationships.

Measuring what matters - using data and insights to inform people strategies that enable our community to thrive		
Relationships	Resources	Risk
Enabling world-class customer and stakeholder engagement. Helping to leverage our interactions with stakeholders to enhance the employee experience/ wellbeing	Enabling world-class people, processes and technology. Leveraging our people, processes and technology to achieve operational excellence	Enabling world-class decision making. Maximising the positive impact of our decisions on the wellbeing of Hamiltonians
Proposed Metrics and Reporting <ul style="list-style-type: none"> • EAP and Vitae usage and insights • Success stories • Wellbeing Index 	Proposed Metrics and Reporting <ul style="list-style-type: none"> • Safety factor responses from Engagement survey • No. of work related ACC claims 	Proposed Metrics and Reporting <ul style="list-style-type: none"> • Total number of incidents reported into safety system, including by type: <ul style="list-style-type: none"> – critical risks – other risks (near hit events, first aid injuries etc.) – hazard contributing to event • No. of Lost Time Injuries • No. of WorkSafe notifiable events

Attachment 3: - Safety & Wellness Dashboard August – October 2021



	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21
Notifiable Injuries (Contractors)	0	0	1	0	0	0	0	0	4	0	0	0
Notifiable Injuries (Workers)	0	0	1	0	0	0	1	0	1	0	0	1
Lost Time Injuries	0	0	1	0	0	0	0	1	2	1	0	0
ACC Work Injury Claims	5	5	3	7	6	8	9	7	6	7	6	2



Key Performance Indicators

3.98 Average days to report in Vault

Attachment 4 – SCG Meeting Minutes

Safety Governance Committee

Time and date:	1:15pm, Monday 30 August 2021
Venue:	Zoom
In Attendance:	Greg Dearsly (Independent Chair), Richard Briggs (Chief Executive), Dan Finn (People, Safety and Wellness Manager), David Bryant (GM P&OP), Lance Vervoort (GM Community), Marie Snowball/Karin Barclay (Safety Engagement Lead), Emily Botje (City Waters), Simon Young (City Delivery), Claire Toko (H3), Dion Liddel (AWUNZ), Tracey Wood (Communications), Cr Ewan Wilson (Elected Member), Olly Te Ua (Maangai Maaori), Stephen Lewis (Revolving Health and Safety Representative – City Delivery) Geraint Rowlands (Guest presenter – AGR Consultancy)
Apologies:	N/A

1. Welcome

Meeting opened by the Chair, followed by condolences to Council for Luke O'Dwyer and acknowledging this is Richard Briggs' last Safety Governance Committee Meeting before his departure from Council.

2. Confirmation of previous minutes and review of the Action Register

The minutes of the Safety Governance Committee Meeting held Wednesday 2 June, have been confirmed.

Moved by: Cr Ewan Wilson

The previous meetings action register was reviewed and amended as follows.

Action	Assigned To	Due Date	Comments	Status
It was agreed more time was required to digest the Monitoring What Matters survey results and discuss at next meeting.	Dan Finn	Next meeting		In Progress
Further follow up from Governance to confirm Safety and Wellness updates to be included at full Council Meetings.	Dan Finn		Dan to discuss with Becca	In Progress

3. Monitoring What Matters – Final Assessment Insights

The final assessment insights from the survey were presented to the committee, with discussions held and explanations provided around the results in each section of the survey.

SLT members were given another opportunity to complete the survey, with 91% completing the survey.

The following questions were asked by the committee:

Q. With regards to the Risk Questions, do we have a training regime around implementation of new technology, equipment, or plant?

A. When there is a new process, the risks are analysed and reviewed, extra training is provided or sometimes when the process is so different, we re-evaluate the training and competencies required.

Q. What is the change management process that integrates safety considerations?

A. Risk and safety assessments are being completed however change management is currently not consistently applied across the organisation. We are looking at further opportunities for improvements.

Q. How is the Health & Safety strategy being informed by this survey?

A. Some of the opportunities or gaps are not new, part of our safety reset is looking at Critical Risks, the results of this survey have informed the next steps.

Action points from this section:

- It was agreed more time was required to digest the results and discuss at next meeting.

4. Safety and Wellness Strategy 2021-2023

The Safety and Wellness Strategy was presented by Dan Finn.

Some comments on the Strategy are listed below:

- The organisational Game Plan is unwavering in its commitment to Health and Safety, all Game Plans throughout the organisation are aligned to the organisational Game Plan. Responsibility lies with the whole organisation, Dan has presented how he is supporting Health and Safety, this is Dan's response to honour his purpose.

The following questions were asked by the committee:

Q. How is the organisation resourced to implement this strategy over the next three years?

A. Much better than where we were. We have reset our structure and have additional resources in the Health and Safety Business Partner space. Operational areas have stood up resources domiciled in their areas to apply this in the front line. The important thing to focus on is to ensure we bring centralised and decentralised teams together to ensure we consistently apply our strategy.

Q. At this point in time, does the organisation have a single point database of all staff and what training has been completed and does it proactively manage when training expires?

A. We currently don't have a single version of the truth. We are working on migrating training levels into Cornerstone which manages expiries and renewals very well. In the meantime, administrators manage training matrixes who inform staff when training is coming up for renewal.

Q. How is the Health & Safety strategy being informed by this survey?

A. Some of the opportunities or gaps are not new, part of our Safety reset is looking at Critical Risks, the results of this survey have informed the next steps.

Q. Any comments on the effect on the first quarter being July to September from Covid?

Meeting Minutes

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A. Some activities will spill over into next quarter. If some people are unable to do their normal work, it would be great if they could be working on the key activities.

Proposed performance indicators:

Q. Do any KPI's show how much stress staff are under?

A. SLT can see workloads compounding stress and is having conversations with the Elected Members around priorities. Covid-19 is adding a lot of stress to employees who will be returning to a huge backlog of work.

Q. EAP and Vitae are the ambulances at the bottom of the cliff however they are looking more at prevention. Is that what we are doing also?

A. We will be including this as part of our metrics.

Q. What are the average number of days to report incident/event (Vault/Ora)

A. Near hit reporting was low, they provide opportunities to make corrective actions. We want to be able to make reporting easier. Vault is cumbersome, with Ora reporting should go up as it is more user-friendly. Events should be notified within 24 hrs and recorded within 48 hours. We are working on lifting the culture of reporting.

Action points from this section:

- Further follow up from the Governance to confirm Safety and Wellness updates to be included at full Council Meetings.

5. Critical Risk Deep Dive – Services Strike

Geraint Rowlands provided an update on the report.

Some comments are listed below:

- Infrastructure operations have implemented all the recommendations from Geraint's report. As a result, there has been more engagement around service strikes. This is not just a Hamilton City Council issue but nationwide issue. We are confident that we are recording all service strikes.

Stephen Lewis joined the meeting late as he was attending an urgent job. A discussion was had with Stephen around what happens when there is an incident. There was a general conversation around the excavating requirements as highlighted by Stephen.

Main points covered:

- Training and supervision of new recruits.
- Importance of a good reporting culture.
- Strikes in walls in our facilities.
- An investigation can be used to reinforce the positives.

6. Emergency response bomb threat

Critical learnings & recommendations were presented by Michelle Hawthorne.

Some key points from Michelle included:

- The overall response went well, only 3 people showed up to the building.
- The Genesis building was used as a base.

- Our communications were good. We are reflecting on our communication lines around who do we call and when.
- We identified the need to look at our emergency response. Part of that was looking at business resilience for the whole organisation.

The following questions were asked by the committee:

Q. Once the event has happened, how do we return to operation mode? Psychosocial response to staff, trauma triggered?

A. It highlighted some key staff leaving their laptops at home, we are trying to reinforce to staff to take laptops home every night. With regards to the psychosocial response, we always consider staff in these events and always mobilise vitae to ensure adequate support is given.

Q. will council look at using increased security?

A. Developing our culture is something we need to focus on. We have had some assessments done on some parts of our business, but we have no plans at this stage for added security.

7. Round table

- Marie Snowball, HCC's new Safety and Wellness lead was introduced to the committee.
- Nigel Latta did a webinar for all our staff which has been recorded for anyone who would like to watch it again.
- Thank you for feedback on Safety Strategy and Performance Indicators.

8. Actions Register

Action	Assigned To	Due Date	Comments	Status
It was agreed more time was required to digest the Monitoring What Matters survey results of the survey and discuss at next meeting.	Dan Finn	Next meeting		In Progress
Further follow up from Governance to confirm Safety and Wellness updates to be included at full Council Meetings.	Dan Finn		Dan to discuss with Becca	In Progress

The meeting was declared closed at 4:30pm.

- Next Meeting: Monday 1 November 2021

Attachment 5: State of Safety Heatmap

Hamilton City Council Safety assurance programme - Overview of internal review



Group	Unit	Critical Issues	Recommendations	SMS - Pillar 1 Safety leadership and policy	SMS - Pillar 2 Risk management	SMS - Pillar 3 Safety assurance	SMS - Pillar 4 Training, promotion and engagement	Behaviours and conditions	Unit Specific items	General
Community	Museum		34	4	16	3	6	2	1	2
Community	Central Library		15	2	4	0	2	5	0	2
Community	Parks - Planning and Projects		21	3	9	2	3	1	3	0
Community	Zoo		13	1	8	2	1	1	0	0
Community	Cemetery		26	4	2	1	1	14	0	4
Community	Hamilton Gardens		26	2	8	0	3	7	4	2
Community	Parks and Recreation		13	2	7	1	2	1	0	0
Community	Gallagher Aquatic Centre		13	1	4	0	2	6	2	0
Community	Nursery		16	4	4	1	3	4	0	0
Community	Waterworld		18	1	12	2	1	2	0	0
Community	City Safe Operations		20	2	7	1	2	5	0	3
Community	Animal Education and Control	1	25	1	13	1	0	4	6	0
Development	Facilities		16	1	7	1	3	2	2	0
Development	Capital Projects		9	1	4	3	0	0	0	1
Venues, Tourism and Major Events	H3 - Claudelands Event Centre, FMG and Seddon Park		50	2	11	2	10	10	15	0
Infrastructure Operations	Waste Water Treatment Plant and Water Treatment Plant	2	42	2	10	1	5	21	1	2
Infrastructure Operations	City Delivery		36	3	14	1	2	13	1	2
Infrastructure Operations	Transportation		11	2	2	1	4	1	1	0
Totals		3	404	14	31	7	19	56	20	9

Notes

- 1 - Reviews were completed from the 04/02/2021 to the 01/06/2021.
- 2 - General items apply to more than one Unit
- 3 - Colour status is based on the review report. The current status is to be confirmed based on a Units action on a recommendation.
- 4 - Not having a Safety Policy on display is included as a recommendation.

Key

- SMS - Safety management System
- Pillar 1** - Safety leadership and policy (5 items included in the review)
- Pillar 2** - Risk management (10 items included in the review)
- Pillar 3** - Safety assurance (1 item included in the review)
- Pillar 4** - Training, promotion and engagement (4 items included in the review)

Not started
Underway
Completed



Council Report

Item 9

Committee: Strategic Risk and Assurance Committee

Date: 18 November 2021

Author: Nicholas Whittaker

Authoriser: David Bryant

Position: Risk Advisor

Position: General Manager People and Organisational Performance

Report Name: Risk Management Report

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the status of Hamilton City Council's nine strategic risks, three key organisational risks and any key emerging risks.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. Hamilton City Council's top Strategic and Organisational Risks have been reviewed over the last quarter and updated to reflect the changing risk environment.
4. Staff continue to provide a regular report on these matters at each meeting of the Strategic Risk and Assurance Committee. The focus areas for the Committee to note for enterprise risks are outlined in the following paragraphs:
5. **Strategic Risk 1 – Disaster Event** – Council deployed seven staff to Westport in August to support their emergency responses to significant flooding issues. Attendance at such incidents has proven to be a significant development opportunity for HCC staff to obtain real event experience. This should provide a degree of confidence that HCC staff are able to mount a credible and professional response in the event of a major emergency locally.
6. Throughout the reporting period CDEM have maintained a capability to support the District Health Board (DHB) led Covid testing centres and vaccination centres. This support has included provision of traffic management services, facilitating additional pop-up locations, community messaging and general welfare support.
7. Business units have reviewed and updated their pandemic continuity plans in preparation for future alert level changes. All staff received reminders and up-to-date communications to encourage good hygiene practices, reinforce the expectations at Level 4 and 3, including increased awareness on new legislation, mask wearing and scanning QR codes.

8. **Strategic Risk 7 - Shortage of External Resources** – This risk is again highlighted due to continuing pressure on regional and national delivery capacity of the construction industry and supply chain, industry skills shortages and increased demand for certain materials. The consequences are project delays and escalating cost.
9. Due to the current climate the inherent risk likelihood rating has increased from 'Likely' to 'Almost Certain'. This has taken the inherent risk rating to 'Extreme'. However, the residual risk rating remains at 'Very High'. Further details are provided in the discussion section of this report.
10. Staff consider the matters in this report have medium significance and that the recommendations comply with Council's legal requirements.

Background - *Koorero whaimaarama*

11. The Strategic Risk and Assurance Committee meeting of 16 May 2019 approved, for monitoring purposes, eight strategic risks and three key organisational risks (as set out below). At subsequent meetings, staff reported on the status of each risk and associated improvement plans.
12. The purpose of the report is to highlight significant activity over the last quarter for each risk. The appended register sets out more detail on all risks.

Discussion - *Matapaki*

13. **Strategic Risk Review** – As requested by the Committee, a review of all strategic risks was commenced by the risk owners and their teams during July and August 2021. However, further discussion with the Senior Leadership Team was deferred due to the emergence of Covid-19. The review will continue with the aim of bringing the Strategic Risk Review to a future Committee Workshop.

Strategic Risk 1 – A disaster event

14. This risk relates to a natural or human-induced disaster event. Actions undertaken have had a very strong focus on Covid-19 resurgence preparation.
15. Unlike the Covid responses in 2020, the lead agency for the current Covid outbreak was determined to be the Ministry of Health. The role of CDEM changed to having responsibility for the provision of consistent community messaging, maintaining the regional intelligence picture, supporting support iwi, agencies, and essential community providers to provide essential welfare and wellbeing support to communities and whanau. CDEM were also tasked with providing emergency welfare services to communities, whanau, or individuals, where there are no other means of support available. While the residual rating for this risk remains very high, the rating is due to the unknown impact any disaster event could have on the city and the community.

Strategic Risk 3 – Increasing Compliance Standards

16. The Resource Management (Enabling Housing Supply and Other Matters) Amendment Bill received a first reading recently. The Bill has been referred to the Environment Committee. Submissions are due on or before 16 November. The Bill is designed to improve housing supply in New Zealand's five largest cities by speeding up implementation of the National Policy Statement on Urban Development (NPS-UD) and enabling more medium density homes. Staff will be available to discuss the risks associated with the legislation and potential impact on Council business. The flow on effects could be seen in the planning and building units if we get an uplift in applications as a result, there is also potential for this to impact our critical assets if intensification out paces our infrastructure capacity, and for the easing of regulation to increase competition for resources that we need in the construction sector.
17. The Government has announced it will put forward legislation for New Zealand's three water services – drinking water, wastewater, and stormwater – to be managed by four new publicly owned water entities, replacing the services currently managed by 67 councils. This confirmation that reform will proceed will significantly affect all councils.
18. The Fluoridation of Drinking Water Amendment Bill received its Committee Stage yesterday and appears will be law in the near future.

Strategic Risk 4 – Cyber Attack

19. This risk continues to be managed "to ensure the organisation is secure from, or prepared for, credible cyber threats".
20. Staff are currently progressing through the implementation of the Security Operations Services defined in the Security RFP. This will expand Council's cyber security partnerships and introduce key cyber security capabilities. These capabilities will significantly improve Council's ability to identify, protect, detect and respond to cyber security threats.
21. Council continues to experience significant activity in cyber-attacks through sophisticated email phishing campaigns. These have the primary focus of compromising Council passwords and running malicious software on Council devices. The impact of compromised council passwords is being mitigated by Multi-Factor Authentication and suspicious login alerts. Targeted end-user education is ongoing.
22. CERT NZ have reported their Q2 2021 NZ incident figures, which highlight a 150% increase in ransomware attacks, a 37% increase in unauthorised access reports and a 30% increase of incidents reporting financial loss. The sophistication and complexity of cyber threats continues to increase.

Strategic Risk 5 – Growth

23. Strategic Risk 5 looks at significant changes in growth demand, and/or the consequences of growth not delivering positive outcomes for the community.
24. Demand in the residential sector continues to be high in Hamilton. In the 12 months to October 2021 the number of residential sub-division lots granted was 1,988, a drop of 20% because of a particularly large consent (833 lots) falling in the 12 months to October 2020. Subdivision consents were still 15% higher than the average for the last 5 years.

25. The proportion of infill consents dropped from 51% in 2020 to 45% in the year to June 2021. In the 12 months to October 2021 consents for 1,706 new dwellings were lodged, up nearly 2% on the prior 12 months. There were 1,570 Code Compliance Certificates issued in the 12 months to October 2021, up 14% on the 12 months prior.

Strategic Risk 6 – Political Change

26. **Three Waters Reform** – This was an emerging risk in June 2021 and is now integrated into Strategic Risk 6: Political Changes Impact Council’s Strategic Direction, along with other government reform programmes.
27. Within Council, a Three Waters Reform programme with a dedicated team has been established as the central point of information and action for all legislative change processes.
28. Council will also receive regular reports on the Three Waters Reform programme via full Council.

Strategic Risk 7 – Significant cost escalation and/or shortage of resources to deliver works programmes

29. This risk focuses on the strain and upward cost pressures on construction resources and materials and the impact this will have on current or pending development across Hamilton City.
30. Council has budgeted in the 2021-31 LTP to deliver an increasing capital works programme. The current delivery capacity of the construction industry and supply chain is under pressure regionally and nationally, including the widely discussed construction industry skills shortage, increased national and international demand for certain materials, and significant delays and increased costs of international freight. Issues have been accelerated with extended periods of COVID Alert Level restrictions in both the Waikato and Auckland which have significantly impacted the supply chain. The risk consequences are project delays and escalating cost.
31. A large component of this year’s programme is already contractually committed and largely progressing with committed resources and more cost certainty, however the risk of delays and escalating cost is now being realised on projects which are entering the construction procurement phase. In future years this issue will result in significant cost pressures to deliver projects in accordance with LTP funding allocations.
32. In the 2021/31 Long Term Plan council applied inflation adjustments to the capital programme of 0% in Y1 (2021/22) and 3% p.a. in Years 2 to 5 (2022/23 to 2025/26).
33. Current construction cost indices are indicating costs escalating at over 4% p.a. over the past 12 months, with further upward pressure anticipated for the foreseeable future.
34. Staff are currently undertaking a further quantitative assessment to benchmark construction cost indices against our LTP and better identify our key areas of risk exposure. This will be further considered as part of the 2022/23 Annual Plan.
35. Discussions with our contractors indicate recent shortages and/or significant cost escalations for certain products including but not limited to steel, concrete, pipes, fittings, bitumen, timber, and glass.
36. Tagging risks around material supply, cost escalation and COVID alert level changes is now common across recent construction tenders being advertised by Council.
37. Human resource shortages also remain a key issue currently for the construction industry.

38. In order to support the construction industry to proactively invest in growing local delivery capacity and capability, staff are actively progressing key initiatives including:
- i. Council led a construction industry briefing session in late June to present a comprehensive regional forward works pipeline to contractors and designers - including other key regional client organisations (other councils, Waka Kotahi NZTA and key developers);
 - ii. ensuring integration and alignment with the NZ Infrastructure Commission and their national infrastructure pipeline; and
 - iii. a draft strategy/plan for delivery of the upcoming 2021-31 LTP programme including an emerging preferred option to implement long-term collaborative panel contracts for delivery of large components of the programme. Along with other benefits, this model would incentivise enhanced investment in delivery resources through longer term commitments, improved forward works certainty, early contractor involvement during design, opportunities to advance order items/materials and improved collaboration.

Strategic Risk 9 - Climate Change

39. On 26 August 2021 the Environment Committee approved the 2021/2022 Climate Change Action Plan. The Action Plan outlines activities funded in the 2021-31 Long Term Plan that will deliver on emissions reductions or build resilience to climate change.
40. In September and October 2021, the Climate Change Working Group and Climate Change Steering Group both met and provided input into the development of the Climate Change Strategy and Climate Change and Environment Policy. The Climate Change Strategy will be taken to the Environment Committee in February/March 2022 and will respond to changes in international and national policies. It is proposed that the Climate Change and Environment
41. Policy will outline Council's intent to complete a risk assessment and an annual climate change disclosure report. To support the implementation of the policy, changes are proposed to the business case, project plan and council report templates to include a section on climate change.
42. In September 2021 the Ministry for the Environment released guidance for local government on completing a Climate Change Risk Assessment. The document outlines the steps required to undertake a citywide risk assessment and the Ministry have signalled that training will be provided in due course. Staff will be commencing this for Hamilton in 2022.
43. On 13 October 2021 the Ministry for the Environment released *Te hau mārohi ki anamata - Transitioning to a low-emissions and climate-resilient future* for consultation. The discussion document outlines proposed policies and actions that the Government will take to reduce emissions from 2022-2025. The documents are available on the Ministry's [website](#).
44. The United Nations Framework Convention on Climate Change (UNFCCC) 26th Conference of Parties (COP26) was held from 31 October 2021 to 12 November 2021 in Glasgow. An update on the outcomes of COP26 will be provided verbally to the 30 November 2021 Environment Committee. An update will be provided in the next update on the climate change strategic risk to this Committee.

Organisational Risks

Organisational Risk 3 – H&S – Workers (incl. contracted workers & volunteer workers)

45. The on-going nature of the Level 3 lockdown has the potential to adversely impact the wellbeing of Council staff. This can be discussed in more detail as part of the Health and Safety report.

46. In addition, nationally the jobless rate fell to 3.4 percent for the three months ended September, compared to 4 percent in the previous quarter. The number of unemployed people fell by 18,000 during the quarter, while the economy gained 54,000 jobs during the quarter. The underutilisation rate, which is a measure of the slack in the labour market, was 9.2 percent from 10.5 percent, the lowest since mid-2007. This is reflected in the current challenges in recruitment.

Organisational Risk 3 – Critical Asset Failure;

47. Covid-19 Alert Level changes have had an impact on some planned maintenance work being unable to be carried out. This has either been due to limiting staff numbers to mitigate any future risk of Covid-19 Delta variant spreading amongst essential workers or that contactors have been located outside of the Waikato boundary. The planned maintenance work is regularly monitored to ensure that the critical asset is not at risk of failure. Work programmes are not currently aligned with Government's new Covid-19 Protection Framework. The IMT are coordinating with key activity areas to identify workplan requirements and compliance.

Emerging Risks

48. There are no new emerging risks this quarter.

Financial Considerations - *Whaiwhakaaro Puutea*

49. There are no financial implications in relation to receiving this report.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

50. Staff confirm that the Risk Management Report complies with Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

51. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
52. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
53. The recommendations set out in this report are consistent with that purpose.

Social

54. The risks highlighted in this report have the capacity to affect social wellbeing should they materialise. Social wellbeing continues to be prioritised through Council's management of the risks and opportunities arising from the risks outlined in this report.

Economic

55. The risks highlighted in this report have the capacity to affect economic wellbeing should they materialise. Threats and opportunities relating to external material and human resources could impact on economic wellbeing locally, regionally, nationally and globally with the continued active resurgence of COVID-19. Council's management of the risks and opportunities in this report continues to reflect the impact on economic wellbeing.

Environmental

56. Council continues to manage its response to the impact on the environment by establishing services that are safe and sustainable and embedding climate change considerations into priority projects across Council. Finding opportunities such as this means that environmental wellbeing continues to be prioritised.

Cultural

57. Staff consider the matters set out in this report do not have a direct impact on cultural wellbeing.

Risks - *Tuuraru*

58. The Risk Register (**Attachment 1**) identifies the risks relating to this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

59. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have a medium level of significance.




Engagement

60. Community views and preferences are already known to Council. Given the medium level of significance determined, no engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Risk Register - November 2021

Risk Number	Strategic Risk Description	Risk Owner	Residual Risk Rating
1	A Disaster Event <i>A natural or human-induced disaster event (excluding act of terrorism)</i>	Lance Vervoort	Very High 
2	Major Economic or Financial Shock <i>An external financial event impacts Council's financial strategy, fiscal and monetary position.</i>	David Bryant	Medium 
3	Increasing Compliance Standards due to Stakeholder Expectations <i>The risk of central government and regional council increasing compliance standards or changes in community expectations.</i>	David Bryant	High 
4	Cyber Attack <i>Unauthorised access to Council's IT infrastructure results in loss of service continuity that may lead to safety risks to Hamiltonians and relatable consequences of reputational, legal, and financial losses.</i>	David Bryant	High 
5	Growth <i>Significant change to/in growth demand and/or the consequences growth does not deliver positive outcomes for the community.</i>	Blair Bowcott	High 
6	Political changes impact Council's strategic direction <i>Political stakeholders make unpredictable decisions or take actions that significantly impact or contradict Council's strategic imperatives.</i>	Blair Bowcott	Very High 
7	Significant Shortages of Key External Resources <i>The market is unable to deliver necessary resources to achieve our strategy; including but not limited to people and material for projects</i>	Chris Allen	Very High 
8	High-Level security threat or major emergency <i>A safety, security or environmental attack materialises and impacts Council's strategic direction.</i>	David Bryant	High 
9	Climate Change <i>Failure to adapt to the changing environment as a result of climate change, including failure to mitigate the organisations contributions to greenhouse gas emissions</i>	Sean Hickey	Very High 

Risk Number	Organisational Risk Description	Risk Owner	Residual Risk Rating
1	H&S – Workers (incl. contracted workers & volunteer workers) <i>Failure to ensure the health and safety of council staff or workers whose activities are influenced or directed by council, while the workers are carrying out work.</i>	David Bryant	High  High
2	Safety and Wellbeing of the Community <i>Failure to create, provide and maintain a safe environment for the community leading to a serious injury incident or fatality.</i>	Lance Vervoort	High  Medium
3	Failure of critical assets <i>Incorrect investment (timing and/or amounts) results in the unexpected failure of critical assets (loss of levels of service).</i>	Eeva-Liisa Wright	High 

* 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. (refer pp 20-25)





** 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'. (refer pp 20-25)

Emerging Risks – verbal discussion topics

Emerging risks are risks which may develop or which already exist and are difficult to quantify but may have a high consequence or high impact if they materialise. The following identified risks are not ranked but monitored informally across Council and reported when appropriate. Analysis and mitigation identification have been conducted as operational and business as usual applications.

- *City Water Supply – quality and quantity of intake from the Waikato River.*
- *Three Waters Reform Programme – reforming the delivery of water services in New Zealand.*

Risk Type	Definition
Strategic	The risk of an event or impact that is external to Council and could impact the organisation's strategies, including Council's Financial Strategy, Long Term Plan and 30 Year Infrastructure Strategy.
Organisational	The risk of an event or impact that is internal or external to Council and could impact the whole organisation.
Operational	The risk of an event or impact that is internal or external to Council and could impact one or more Operational activity.
Emerging	Emerging risks are risks which may develop or which already exist and are difficult to quantify but may have a high consequence, high impact if they materialise.

Indicator	Description	Indicator	Description
	No change – managed		Adverse change since previous
	New risk		Improved change since previous

Strategic Risk 1					
A Disaster Event					
A natural or human-induced disaster event (excluding an act of terrorism)					
Risk Owner – (GM Level)		Lance Vervoort		Category	Strategic Preparation and Disaster Recovery
Risk Triggers					
<ul style="list-style-type: none">• Natural disaster event without warning or build up• Severe weather events that increase in intensity, including those events that are a result of climate change• Critical asset failure that impacts the safety of Hamiltonians – water, energy, telecommunications, financial, transportation• Civil unrest – political or social unrest resulting in a security or safety threat to people or assets (excluding an act of terrorism)• Disaster caused by failure of human-made structures• Pandemic					
Inherent Likelihood	Possible	Inherent Consequence Driver Strategic Safety & Wellbeing,	Catastrophic	Inherent Risk Rating	Rating Very High
Existing Controls					
Emergency management					
<ul style="list-style-type: none">• Annual external (NEMA) capability assessments• Collaboration on emergency management response approach across agencies and the region.• Co-located EOC in a dedicated leading-edge centre (Group Emergency Management Office – GEMO) with built in redundancy (including water and power supplies)• Early warning processes are in place at a national and regional level• Emergency Management Framework – National Emergency Management Agency (NEMA), Group, Local Emergency Operations Centre (EOC) structure• Emergency management training program TAKATU implemented for Council staff• Robust emergency exercise schedule in place to test preparedness and response functionality					
Infrastructure resilience					
<ul style="list-style-type: none">• Asset and service monitoring capability• Criticality assessments and asset identification ratings• Engineering standards identified and managed• Activity Management Plan (AMP) renewals, maintenance plans and operational strategies are funded in the 2018-28 10-Year Plan Budget and critical assets are given a higher priority for renewal• Availability of technical expertise to manage, monitor, operate and maintain critical assets and identify situations when early intervention is required to maintain asset condition and level of service.• Infrastructure Strategy is in place to identify significant infrastructure challenges over the next 30 years, and to identify the principal options for managing those challenges and the implications of those options• Further controls and mitigations relating to critical assets can be found in Organisational Risk #3.					

Residual Likelihood	Possible	Residual Consequence Driver Strategic Safety & Wellbeing,	Major	Residual Risk Rating	Rating Very High
Action Owner			Risk Treatment		
Kelvin Powell			Mitigate		
Treatment Plan	Previous updates				Update – November 2021
<ul style="list-style-type: none"> Implementation of CDEM workplan deliverables ahead of next external Capability Assessment November 2021 	<ul style="list-style-type: none"> (March 21) - Workplan actions continue but at a reduced pace due to vacancy of Emergency Management Officer – replacement commences 1 March. Focus actions for this quarter: o Covid-19 resurgence prep o Training delivery o Preparedness and resilience building in our vulnerable communities (June 21) - Capability Assessment deferred due to assessor demand issue. Covid-19 resurgence planning learnings implemented and tested. New Emergency Management Officer in place. Planning ongoing for Tier 2 (Regional) exercise in November. Work programme update reported to Community Committee 18 May (Sept 21) - Deferred to November 2021 Regional exercise. Capability Assessment rescheduled due assessor availability. 				<ul style="list-style-type: none"> Workplan continues but at reduced pace due to ongoing demand and impacts of COVID and support to Westport flooding. Regional exercise now deferred until March 2022 Capability assessment likely further deferred due to Covid implications
<ul style="list-style-type: none"> Complete review of Covid-19 Post Action report to identify work programme and lessons learnt by March 2022 	<ul style="list-style-type: none"> (March 21) - Critical lessons learnt from Covid-19 response incorporated into new plans for Regional based response for resurgence of Covid-19 in the community again. Changes incorporated into plans provide clarity and prevent duplication of effort. HCC Staff contributions have been identified and names assigned (June 21) - Covid-19 learnings implemented in the following: A regional 'Hub and spoke' approach adopted for future Covid related activations to maximise effectiveness. Local support plans for supporting DHB Covid testing site with excess demand issues developed and tested. (Sept 21) - Planning and engagement continue around the formulation of boundaries to be applied in the event of a Covid outbreak. Central Government is overall responsible for COVID Alert Level boundary planning and boundary setting. Learnings from 'Auckland lockdowns'. 				<ul style="list-style-type: none"> Hub and spoke approach introduced in Covid responses in August and worked well with support from a small local Incident Control Point Boundary issues currently under scrutiny as Waikato deals with Covid responses without a hard border

Strategic Risk 2					
Major Economic or Financial Shock					
An external financial event impacts Council's financial strategy, fiscal and monetary position.					
Risk Owner (GM Level)	David Bryant	Category		Financial	
Risk Triggers					
<ul style="list-style-type: none">Global financial crisisRapid increases in inflation, interest rates, oil prices, or a rapid decline in NZD – leading to significantly higher construction input costs, debt costs, and significant pressure on household rates affordabilityCritical infrastructure failureMajor construction industry failureMajor government policy changes negatively impact Council's income streams or cost baseNatural or manmade disaster (including deliberate attacks on critical infrastructure or pandemic) has an impact on the economy (e.g. affects national imports/exports which has a flow on effect)					
Inherent Likelihood	Likely	Inherent Consequence Driver Safety and Wellbeing, Financial, Service Delivery	Major	Inherent Risk Rating	Rating High
Existing Controls					
<ul style="list-style-type: none">PwC, as Council's treasury partner, provides a report and meets with Council (both on a monthly basis) to discuss national and international economic and financial trends relevant to treasury mattersSix weekly financial forecasting and planning cycles through reporting to the Finance Committee,Monitoring of macro trends (Finance, Treasury, Economic Growth team)Additional \$60M bank facilityFinancial scenario modellingCouncil's ability to urgently reprioritise and reduce capital spendingCouncil's ability to urgently reprioritise and reduce community levels of service spendingAvailability for options to respond to a shock, depending on the type of shock					
Residual Likelihood	Unlikely	Residual Consequence Driver Strategic Safety & Wellbeing,	Serious	Residual Risk Rating	Rating Medium
Action Owner			Risk Treatment		
Tracey Musty, Greg Carstens			Mitigate		
Treatment Plan	Previous updates			Update – November 2021	

<p>Staff are currently working with an independent party to help determine the consequences of supply issues and price escalation across the construction industry</p>	<ul style="list-style-type: none"> • (March 2021) – In February 2021 Council will be approving the draft LTP to go out for Consultation with the Community • (June 2021) – The final 2021-31 LTP will be adopted by Council in June. The resilience for any major shock in Years 4-6 has now lessened. The risks and associated mitigations will be reviewed at the next Strategic Risk and Assurance workshop. • (September 2021) – Staff are completing a review of the LTP assumptions and associated risks at the SR&A Committee Risk Workshop in September 2021. Staff are currently working on engaging an independent party to help determine the consequences of supply issues and price escalation across the construction industry. 	<p>Staff are still reviewing the outcomes of the latest lockdown and are constantly revising contracts and monitoring projects and their budgets.</p> <p>The current risk at the moment is availability of material, cost escalation and time constraints. All of which can lead to the possibility of delayed projects and increased overall costs.</p>
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Strategic Risk 3					
Increasing Compliance Standards <i>The risk of central government and regional council increasing compliance standards, or changes in community expectations resulting in increased compliance standards.</i>					
Risk Owner – (GM Level)		David Bryant	Category	Environment Strategic	
Risk Triggers					
<ul style="list-style-type: none">Central government changes the regulatory standards for compliance: including resource management, environmental (including climate change and pollutant management), corporate (including health and safety, human resources and financial), growth, consultation requirements, health and infrastructural (including traffic and transport) compliance. This might also include changes to the required frequency of Council actions (such as the 10 Year Plan). This also includes wide-ranging regulatory changes in response to an incident such as a pandemic or natural disasterContinued or serious breaches leading to increased compliance requirements and regulationCommunity service-level expectations in management of water quality, recycling, climate change and other services not being metFailure to plan long term for consenting requirements (both as a regulator and a regulated entity)Regional Council changes its policies to ensure legislative compliance (e.g. Healthy Rivers policy)External audit identifying major non-compliance within HCC operations (e.g. by IANZ)Legal challenge to HCC policy or practice resulting in findings of non-compliant practicesChange in stakeholder partner expectations for environmental performanceChanges to our own District Plan impacting other parts of the business (e.g. changes to resource consents affect consented Three Waters activities)					
Inherent Likelihood	Possible	Inherent Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance	Major	Inherent Risk Rating	Rating Very High
Existing Controls					
<ul style="list-style-type: none">Local and regional council relationships establishedInternal resource allocated for specific compliance changesKey stakeholders engaged for central government submissionsBylaws and Policies overseen centrally in councilCompetency assessments and training in place for staff – internally and externallyNotification protocols in place for unforeseen eventsCouncil has established an Incident Management Team to respond to natural disasters or unforeseen eventsRegular reporting, accreditation and auditing by independent providersInternal programme for continuous improvement in placeRegular legal services advice and input from other specialist experts available by external providersInternal legal advisor resourceExternal experts – for example advice on HR, taxation matters.Advice available from trusted external legal service providers on an ad hoc basis, as well as regular quarterly updates and training.					

<ul style="list-style-type: none"> Council has access to Lexis Nexis database 					
Residual Likelihood	Possible	Residual Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance	Serious	Residual Risk Rating	Rating High
Action Owner			Risk Treatment		
Michelle Hawthorne			Mitigate		

Treatment Plan	Previous updates	Update – November 2021
<ul style="list-style-type: none"> Council to consider WCLASS Joint Procurement Project to invest in the compliance programme for effective reporting on legislative compliance. 	(Reset of Treatment Plan) <ul style="list-style-type: none"> Sept 2021 - Plan reviewed and reset to: Scope and implement a reporting legislative compliance platform for council by June 2022. Staff are reviewing options for compliance as part of scoping this project, including an adaptation of existing platforms. 	<ul style="list-style-type: none"> Staff have made a decision as part of the implementation of SHIELD to use this platform for reporting legislative compliance, this was previously noted as part of the September update to the committee-adaptation of an existing platform.
<ul style="list-style-type: none"> Review the impacts of The Privacy Act 2020 on council's businesses and develop an action plan by end of March 2021 (extended to June 2021) 	<ul style="list-style-type: none"> (June 21) - We are reviewing the Privacy Policy we present for our customers/users with the plan to launch these changes along with the redeveloping the Hamilton.govt.nz website. Organisational training is being scheduled using the Privacy Commission suite of e-learning tools. Amendments have been made to Council's Delegations to Positions Policy to reflect the PA 2020 structure (Sept 21) - On-line training modules in place. Rollout underway for existing staff. The module being included as part of induction for new staff. 	<ul style="list-style-type: none"> The On-line training rollout is underway for existing staff. The Module is included as part of induction for new staff. A verbal update will be provided at the Committee Meeting.

Strategic Risk 4					
Cyber Attack <i>Unauthorised access to Council's IT infrastructure results in loss of service continuity that may lead to safety risks to Hamiltonians and relatable consequences of reputational, legal, and financial losses.</i>					
Risk Owner (GM Level)	David Bryant	Category	Disaster Recovery/ Business Continuity		
Risk Triggers					
<ul style="list-style-type: none">IT/OT technology advances – positive and negativeInadequate identification of IT security trends, themes, detection and responsesPoor IT/OT Security awareness / culture / behavioursPoor IT/OT security operational practicesRelease and change management lacking a security focus – not “secure by design”Privacy BreachOutdated hardware and inadequate architectureInadequate competency at organisational levelSpecific targeting and malicious exploitation of security vulnerabilities across Council IT asset infrastructure, or Operational TechnologyInternational trends and attacks not being considered in NZMalicious activity targeting central and local government entities.Underinvestment in Information Services (infrastructure, technology, resource)Lack of maintenance in information technologyInadequate access control to key systems					
Inherent Likelihood	Possible	Inherent Consequence Driver Service Delivery	Catastrophic	Inherent Risk Rating	Rating Very High
Existing Controls					
Identify <ul style="list-style-type: none">Risk based approach - Three lines of defence (management control, risk management, independent assurance)National Cyber Security Centre (NCSC) monitoring and trend analysis reporting of local and international IT security challenges – internal and externalNational and international cyber-attack trends are monitored and assessed by the CIO and CTO to guide system capability investments.Security Governance and Risk Management practices implementedPolicies, Standards and Enablers are documented and communicated regularlyRisk management frameworks, methods and tools are fit for purposeOngoing Cyber awareness education for staff, contractors, customers and Elected Members					
Protect <ul style="list-style-type: none">Systems and information are secured by designTools, systems and resources are now available to protect against, monitor and resolve potential malicious activity.Contractual service level agreements are monitored and maintainedAccess to Hamilton City Council services are managed effectivelyInformation and assets have implemented processes and controls					
Detect					

<ul style="list-style-type: none"> Reviews on Council's IT technology environment are conducted to improve detection and response capabilities. External and internal security audit and reviews Networks, systems and operations security will be assured through vulnerability and anomaly detection tools Physical environments will have appropriate physical and technology safeguards Timely and accurate reporting 					
Respond					
<ul style="list-style-type: none"> Response plans processes are in place and tested Council is supported by the NZ National Cyber Security Centre (NCSC) for response to attacks and receives quarterly trend updates for consideration. Technical support from key vendors - Microsoft and Fujitsu 					
Recover					
<ul style="list-style-type: none"> Business continuity and disaster recovery (BCDR) processes in place and tested Cyber recovery planning processes known, understood, and practiced Ensuring data survivability, data will be backed up and available 					
Residual Likelihood	Unlikely	Residual Consequence Driver Service Delivery	Major	Overall Residual Risk Rating	Rating High
Action Owner			Risk Treatment		
Murray Heke			Mitigate		

Improvement Plan	Previous Updates	Update – November 2021
<ul style="list-style-type: none"> Implement vulnerability management tools, processes and resourcing by March 2022 	<ul style="list-style-type: none"> (June 21) - Added to Security operation services RFQ (Sept 21) - Security operation services RFQ vendor has been selected. Project is now in the discovery phase 	<ul style="list-style-type: none"> Implementation discovery phase is underway and due for completion by end of Q4 2021
<ul style="list-style-type: none"> Re-architecture of current IT and OT network design by March 2022 	<ul style="list-style-type: none"> (Sept 21) - development of a cyber security architecture document and a review of our current architecture 	<ul style="list-style-type: none"> Cyber security architecture document is in draft form and expected to be completed by end of Q1 2021
<ul style="list-style-type: none"> Establishment of dedicated Security Operations Centre (SOC) by March 2022 	<ul style="list-style-type: none"> (June 21) - Security operation services RFQ is in progress (Sept 21) - Security operation services RFQ vendor has been selected. Project is now in the discovery phase. 	<ul style="list-style-type: none"> SOC pilot and discovery phase is underway and due for completion by end of Q4 2021
<ul style="list-style-type: none"> Establish a cyber security incident handling and response capability by March 2022 	<ul style="list-style-type: none"> (June 21) - Added to Security operation services RFQ (Sept 21) - Security operation services RFQ vendor has been selected. Project is now in the discovery phase 	<ul style="list-style-type: none"> Implementation Discovery phase is underway and due for completion by end of Q4 2021

Strategic Risk 5					
Growth <i>Significant change in growth demand, and/or the consequences of growth do not deliver positive outcomes for the community.</i>					
Risk Owner (GM Level)	Blair Bowcott	Category	Strategic, Service Delivery		
Risk Triggers					
Understanding growth <ul style="list-style-type: none">• Wider economic downturn• Population growth rates change (either natural change or through internal or international migration rates.• Significant change in the market – either demand or supply side, due to e.g. construction cost inflation and restrictions on credit.• Significant change in public perception of growth or growth outcomes• Inadequate skills, data or modelling and scenario planning• Changes in growth projections as a result of climate change impacts on population spread in New Zealand and overseas					
Growth decisions <ul style="list-style-type: none">• Council’s decisions that impact desired growth outcomes e.g. growth opened on too many fronts, lack of funding for desired levels of outcome etc• Inadequate provisions in of application of the District Plan to deliver positive outcomes for people / environment• Neighbouring councils make growth decisions around Hamilton’s border that are not aligned with Hamilton’s desired growth strategy• Changes in Government Policy or legislation impact on desired growth outcomes or our ability to effectively respond to growth• Requests from developers for unplanned, out of boundary and/or out of sequence developments• Central Government funding and financing initiatives such as Housing Infrastructure Fund, Infrastructure Funding (IFF) and Financing and the Infrastructure Acceleration Fund (IAF)					
Growth consequences <ul style="list-style-type: none">• Groups within Council planning and budgeting for growth separately versus in a joined-up way					
Inherent Likelihood	Possible	Inherent Consequence Driver Service Delivery	Major	Inherent Risk Rating	Rating Very High
Existing Controls					

Understanding growth

- Growth Funding & Analytics Unit in place to function as Council's growth funding, growth projection and economics specialists
- HCC Growth and Development Contributions model provides data analysis, forecasting and scenario management. Inputs and modelling externally peer reviewed.
- Hamilton Housing Market & Economy Growth Indicator Report provides annual, regional analysis of growth, housing and market/economic drivers
- National Policy Statement Urban Development - a sub-regional review of land use, demand and supply completed in 2017 and finalised in early 2021.
- Analytics Strategy – adopted in 2019 to support evidence-based decision making and provide insights, principally about growth
- Monitoring the broader environment and how it could impact growth rates and including this in modelling, including monitoring migration forecasts

Growth decisions

- Scenario modelling report completed in September 2019 to illustrate modelled effects of higher or lower growth in Hamilton, and to articulate Council's decision-making levers and timelines if growth projections change markedly.
- Growth Funding Policy in place for out of sequence and unfunded developments.
- Engagement with neighbouring Councils on strategic growth planning (Metro Spatial Plan, FutureProof partnership, Growth discussions at CE and Governance level, Future Proof Priority Development Workstream, good officer level relationships).
- Engagement with Central Government to explore and implement new tools for funding and delivering growth related projects, for example IFF and IAF.
- Preparation of growth programme business cases to assist with investment decisions into growth cells. The business cases have a wellbeing lens (vs just economic) and include the full costs of the growth cell including community and network infrastructure, consequential operating expenditure, commercial considerations and how the programme will be delivered.
- Strategic and consequential infrastructure costs are considered and investigated as part of the zoning decisions process (high level business cases prepared as required).
- Management of Resource Consent applications on a consent-by-consent basis using existing District Plan Controls.
- Changes to District Plan (plan changes) where required to support better community wellbeing outcomes.
- Private Developer Agreements in place for provision of infrastructure.
- Submissions on any neighbouring councils plan changes.
- Draft out of Boundary Principles developed for unplanned, out-of-sequence and out-of-boundary development proposals.

Growth consequences

- Numerous strategies and plans in place to manage the outcomes of a growing city including Regional Policy Statement, Hamilton-Waikato Metro Spatial Plan, Hamilton Urban Growth Strategy, District Plan.
- Whole of Council Programme/spatial approach to planning for and delivering new growth areas.
- Growth Programmes team in place to weave people and projects together to deliver wellbeing outcomes for new and existing growth communities. Formal Programmes are in place for Peacocke, Northwest, Ruakura, Central City and Emerging Areas..

Residual Likelihood	Possible	Residual Consequence Driver Service Delivery	Serious	Overall Residual Risk Rating	Rating High
Action Owner				Risk Treatment	
Karen Saunders, Greg Carstens				Mitigate	
Improvement Plan	Previous updates			Update November 2021	
<ul style="list-style-type: none"> Deliver revised Hamilton Urban Growth Strategy, by June 2022 	<ul style="list-style-type: none"> (June 21) - Scope was approved at Strategic Growth Committee meeting 30 March 2021. Staff currently planning the project and appointing key resources. (Sept 21) - Draft Out of Boundary Principles approved in May 2021. Consultant appointed in May 2021 and work is under way 			<ul style="list-style-type: none"> Investigations have continued and staff are working to understand the impacts of the recent planning Medium Residential changes indicated by central govt. A HUGS Reference Group is on 5th November where staff are seeking direction from elected members for the strategy. 	
<ul style="list-style-type: none"> Review staff resourcing to manage and comprehensively engage with unplanned, out of sequence and out of boundary development proposals and District Plan reviews by September 2022 	<ul style="list-style-type: none"> (June 21) - Staff are reviewing necessary resourcing with GM Growth (Sept 21) – Additional resources approved including a Programme Manager for Emerging Areas. Recruitment is underway. 			<ul style="list-style-type: none"> Recruitment has been successful, with placements for several key positions in the Growth group. 	
<ul style="list-style-type: none"> Set up the Strategic Development Forum to improve and better understand developer needs for industrial and commercial developments, by December 2021 	<ul style="list-style-type: none"> n/a - new 			<ul style="list-style-type: none"> Draft Terms of Reference presented to Strategic Growth Committee on 19 October 2021 First meeting scheduled for early 2021 	
<ul style="list-style-type: none"> Actively participate and contribute to the Future Proof Priority Development Areas workstream to identify and progress opportunities to enable development at pace and scale in these areas, by Dec 2022 	<ul style="list-style-type: none"> n/a - new 			<ul style="list-style-type: none"> Growth Programmes Manager now chairing the Future Proof Priority Development Areas workstream., from Oct 2021. Trackers/reports for each of the areas are in development. 	

Progress and notify District Plan Change Programme in response to Government Direction from NPS-UD and RMA Bill, by September 2022.	<ul style="list-style-type: none"> n/a - new 	<ul style="list-style-type: none"> District Plan Committee meeting to discuss programme and approach on 4 November 2021.
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Item 9

Attachment 1

Strategic Risk 6					
Political Changes or Decisions Impact Council’s Strategic Direction or Form and Function <i>Political stakeholders make decisions or take actions that significantly impact or contradict Council’s strategic direction.</i>					
Risk Owner (GM Level)	Blair Bowcott	Category	Executive Director of Special Projects		
Risk Triggers					
<ul style="list-style-type: none">Political changes including central government strategic direction and legislative changes creates risk or opportunitiesLocal political changes, including potential misunderstanding of Council’s intentPolitical personalities, trust and relationships and change of key personnel – positive & negativeFailure to manage stakeholder relationships, communication and engagement tactics, including due to a lack of resource or need to balance prioritiesShort term focus overshadows long term cost benefit outcomesPolitical sovereignty/patch protection, lack of alignment or willingness to compromise ie boundaryless approach vs localismFinancial strategy misaligned with wider contextInternational events, trends or decisions influence NZMajor projects or initiatives for the benefit of Hamilton accelerating or slowing downRelationships with neighbouring territorial authorities are ineffective or adversarial due to differences of opinion or priorities <p>Note* Political risk is essentially the probability that a political action/decision will significantly affect Council’s strategic direction —whether positively or negatively.</p>					
Inherent Likelihood	Possible	Inherent Consequence Driver Strategic Political Service Delivery	Major	Inherent Risk Rating	Rating Very High
Existing Controls					

<ul style="list-style-type: none"> Regular engagement with stakeholders at political and executive level – shared responsibility to manage key relationships Regular meetings with Government Ministers and MPs (both government and opposition, Government Collaborative governance group meetings to progress alignment of strategic direction - Mayoral Forum, Future Proof, Waikato Plan, CEO Forum, Waikato Local Authority Shared Services (WLASS), Regional Transport Committee, neighbouring Councils and other strategic discussions externally Regular Council briefings for sharing of information and alignment of thinking Monthly SLT discussion to ensure awareness of strategic initiatives Culture, expectation and policies of HCC organisation regarding behaviours of political, executive and staff and Council Controlled Organisations. Participation in national and regional advisory groups on strategic topics Participation in formal processes to influence direction of government policy Establishment of a reform programme within council to be a central point of information and action for all legislative change processes. Proactive steps are taken at the start of each local government triennium to re-establish relationships with counterparts and stakeholders, so that we can develop a common understanding of strategic direction 					
Residual Likelihood	Possible	Residual Consequence Driver Strategic Political Service Delivery	Major	Overall Residual Risk Rating	Rating Very High
Action Owner			Risk Treatment		
Senior Leadership Team – (Blair Bowcott)			Mitigate		

Treatment Plan	Previous updates	Update – November 2021
<ul style="list-style-type: none"> Key Stakeholder Engagement Plan in place by 30 June 2021. 	<ul style="list-style-type: none"> (March 21) - This plan is in the process of being prepared and will align with the CEO KPI's. (June 21) - The draft plan is due for completion on 30 June 2021. (Sept 21) - <i>Complete</i> - Key Stakeholder Engagement Plan draft has been provided to SLT and workshopped. Final Plan is now being developed for use 	<ul style="list-style-type: none"> Final Plan under development. Timeframes have been pushed out due to staffing capacity and changes to group and unit structure. Direction will be socialised with new CEO prior to plan being confirmed.
<ul style="list-style-type: none"> Establish an internal programme to address all legislative change/reform that will affect local government – including 3 waters, RMA and Future for Local Government 	<ul style="list-style-type: none"> (Sept 21) – New TP 	<ul style="list-style-type: none"> Internal reform programme team established across council to investigate the impacts of the three large pieces of central government reform that will impact the form and function of local government. These include the 3 Waters reform, RMA reform and Future for Local Government Review. Staff are participating in national, regional and sub-regional

		<p>collaborative opportunities to influence the direction of reform programme.</p> <ul style="list-style-type: none">• Cross-council team are working to determine potential impacts on HCC (and the local government sector as a whole).• A number of groups are establishing similar work programmes – Waikato Plan, UNISA, LASS, Mayoral Forum and other councils – we are participating in these.
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Strategic Risk 7					
Significant cost escalation and/or shortage of resources to deliver works programmes					
<i>The market is unable to deliver necessary resources to achieve our strategy; including but not limited to people and material for projects.</i>					
Risk Owner – (GM Level)	Chris Allen	Category	Service Delivery and People		
Risk Triggers					
<ul style="list-style-type: none">Major construction sector skills/labour shortage - capacity and capabilityPolitical changes in the labour market (e.g. immigration policy changes)Regional or national investment decisions leading to increased demand for construction resources and market congestion – i.e. significant increase in capital portfolios nationallySupply chain company failuresSupply chain investment confidence - i.e. forward work confidence to invest in people, plant and technologyConstruction cost indices (cost fluctuations) exceeding LTP inflation assumptionsKey construction material shortages or delays - particularly pipes, bitumen, oil, steel, aggregate and concreteCOVID-19 Alert LevelsInternational supply chain breakdownAccelerated works programmes as a result of accelerated growth or additional funding (ie/ central government investment) taking place at a faster rate, or in a different way, than forecast					
Inherent Likelihood	Almost Certain	Inherent Consequence Driver Economic and Social	Major	Inherent Risk Rating	Rating Extreme
Existing Controls and Mitigations					
<ul style="list-style-type: none">Forward works pipeline visibility and supply chain engagement - communication of the HCC capital portfolio regionally via regular presentations/updates and nationally via contributing to the NZ Infrastructure Commission national pipeline.Working with other councils and NZTA to coordinate the workload to the market including active involvement in the Waikato LASS coordinated infrastructure initiative.Established procurement planning frameworks – including procurement policy and procedures in accordance with NZ Government procurement requirements and principles of the Construction AccordProcurement optimisation – including reviews undertaken to ensure contract conditions and commercial terms of our contracts are attractive to industryUtilising panel arrangement for procurement and engagement of professional services, ensuring greater speed in procuring key resources and increased forward workload confidence for suppliers.					
Residual Likelihood	Likely	Residual Consequence Driver Economic and Social	Serious	Overall Residual Risk Rating	Rating Very High

Action Owner	Mitigation
Chris Barton	Mitigate

Improvement Plan	Previous Updates	Update – November 2021
<ul style="list-style-type: none"> Optimise procurement processes and contracts to enable Hamilton City Council to be a construction industry client of choice by the end of 2021. 	<p>(June 2021)</p> <ul style="list-style-type: none"> A preferred strategy has been identified including implementation of long term collaborative and performance based panel arrangements to deliver large components of the forward works programme, enabling: <ul style="list-style-type: none"> longer term workload certainty for contractors to invest in people, plant, technology and relationships more efficient delivery with reduced wastage to improve delivery timing and generate savings opportunities to integrate broader wellbeing outcomes into programme delivery KPIs Supply chain engagement is currently underway to seek feedback on this proposed strategy. 	<ul style="list-style-type: none"> Further detailed procurement planning is progressing regarding panel delivery arrangements. Standard contract terms and conditions will be further reviewed by October to ensure appropriate risk transfer via special conditions and ensure our contracts are attractive to suppliers.
<ul style="list-style-type: none"> Ensure internal resourcing is recruited and in place to effectively deliver planned controls and mitigations by June 2021 	<ul style="list-style-type: none"> (June 21) - There is a nationwide shortage of suitably qualified and experienced construction industry personnel, which is making it challenging to attract and fill key vacancies. (September 21) - Additional suitably experienced internal project management and governance resources are being sourced to align with the increasing capital works programme. Moving toward performance based collaborative contract models will require additional commercial management capability. 	<ul style="list-style-type: none"> Following confirmation of the LTP additional capital delivery resourcing is being sourced to align with the programme requirements, with mixed success but some key roles successfully filled. Moving toward performance based collaborative contract models will require additional commercial management capability.
<ul style="list-style-type: none"> Initiate and review construction industry survey feedback for supply chain 	<ul style="list-style-type: none"> (September 21) - Local construction industry briefing held in late June which was well attended and included a constructive session of comments and discussion on the 'state of the industry'. 	<ul style="list-style-type: none"> Ongoing collaboration with CCNZ Waikato Branch

insights by July 2021.	<ul style="list-style-type: none"> Results of the 2021 CCNZ national construction industry annual survey have indicated a big boost in civil construction business confidence. 	
<ul style="list-style-type: none"> Complete a quantitative assessment of industry cost escalations to further inform key portfolio cost risks by November 2021. 	<ul style="list-style-type: none"> Staff are currently undertaking a further quantitative assessment and economic forecasting exercise (utilising external industry subject matter experts) to benchmark construction cost indices against our LTP and better identify our key areas of risk exposure. 	<ul style="list-style-type: none"> BERL are completing their report in November to inform Annual Plan deliberations regarding adequacy of the current budget allocations to deliver the escalated capital works programme.

Strategic Risk 8					
High-Level security threat or major emergency					
A safety, security or environmental attack materialises and impacts Council's strategic direction.					
Risk Owner (GM Level)		David Bryant		Category	Strategy Safety and Security
Risk Triggers					
<ul style="list-style-type: none">Large Scale Physical attack on people in public placesPhysical attack on city critical infrastructure – e.g. Waste Water Treatment Plant, Water Treatment Plant, reservoirs designed to compromise integrity of service.Civil unrest – redirection of resources to protect vulnerable people and assets • Chemical or biochemical attack					
Inherent Likelihood	Possible	Inherent Consequence Driver Social, Cultural and Environment	Catastrophic	Inherent Risk Rating	Rating Very High
Existing Controls					
<ul style="list-style-type: none">Regional and National Emergency Service Relationship Management – made up of Elected Members and officials. Council has representatives on the Regional Joint Committee and the Waikato Coordinating Executive Group (CEG)Security risk assessments have been completed for key identified HCC facilities, with mitigating recommendations for implementation.Business continuity and Emergency Response plans have been completed for some business units.					
Residual Likelihood	Unlikely	Residual Consequence Driver Social, Cultural and Environment	Major	Overall Residual Risk Rating	Rating High
Action Owner			Risk Treatment		
Michelle Hawthorne			Mitigate		
Treatment Plan		Previous Updates		Update – November 2021	

<p>Physical Security</p> <p>Adopt and Implement accepted recommendations for SRAs by December 2022.</p>	<ul style="list-style-type: none"> • (March 21) – SRA adopted and being implemented in stages <ol style="list-style-type: none"> 1. Just Do It (JDI) 2. Projected planned maintenance (PPM) 3. Long term plan • (June 21) – SRA Recommendations findings are completed. Stage 1 and 2 action plans commenced. Tender process for robbery and conflict training commenced. • (Sept 21) – Organisation wide recommendation actions added to the organisational improvement register. Tender process for training provider complete. Robbery response and conflict resolution training will commence with pilot group in October followed by full rollout. 	<ul style="list-style-type: none"> • Due to Covid-19 restrictions the robbery response and conflict resolution was deferred to first quarter 2022. Organisational improvements have been deferred due to resourcing and Covid-19 restrictions. A more detailed update will be provided in first quarter 2022.
<p>Governance</p> <p>Review of Organisational Security Risk Assessment (OSRA) by March 2022</p>	<ul style="list-style-type: none"> • (March 21) - On hold until result of SRA mitigation implementation of current recommendations is finalised. • (June 21) - Review of OSRA in progress. Setting up security governance group to consider development of a Security Framework • (Sept 21) – Risk Governance Group being established to determine next steps. Governance Group to review ORSA. Security Roadmap and framework in development 	<ul style="list-style-type: none"> • On hold until Senior Risk Advisor recruitment complete.
<p>Review the HCC Crisis Management Plan to extend an HCC-wide response approach to include crisis management capability by December 2021</p>	<ul style="list-style-type: none"> • (June 21) - An internal Working Group has been set up to develop a detailed crisis management action plan. This includes identifying key urgent actions along with other areas for improvement. • (Sept 21) – High level Crisis Management Plan developed, awaiting presentation to SLT 	<ul style="list-style-type: none"> • On hold until Senior Risk Advisor recruitment complete.

Strategic Risk 9					
Climate Change <i>Failure to adapt to the changing environment as a result of climate change, including failure to mitigate the organisations contributions to greenhouse gas emissions</i>					
Risk Owner		Sean Hickey (GM Strategy and Communications)	Category		Strategic Preparation and Disaster Recovery Environment
Risk Triggers					
Understanding climate change <ul style="list-style-type: none">Council’s strategies and plans do not adequately consider appropriate climate change scenariosChanges in political direction (including local, regional and national) on climate changeEconomic, social and technological shocks resulting from the transition to a lower-carbon economyUncertainty in the climate modelling on the physical climate change and transition impacts for Hamilton, making it hard to estimate impacts on particular Council activities					
Decision making <ul style="list-style-type: none">Misalignment between Council’s climate change strategies and operational activitiesFailure to consider climate change appropriately in fit for purpose activity managementFailure to appropriately consider climate change in growth decisions.					
Inherent Likelihood	Likely	Inherent Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance	Major	Inherent Risk Rating	Rating Very high
Existing Controls					
Governance, Strategies and Plans <ul style="list-style-type: none">Environment Committee has responsibility for climate change responseClimate change steering group established and operational2021/2022 Climate Change Action Plan approved outlining the actions being taken to reduce emissions and build resilience to climate changeHamilton City Council Emissions Reduction Roadmap outlines actions to reduce the Councils operational emissions2021-2031 Long Term Plan includes actions that deliver on climate change2021-2051 Infrastructure Strategy includes climate change adaptation and emissions reduction considerations.Activity Management Plans incorporate climate change considerations.Collaborating with stakeholders, Councils and businesses on the regional responseCitywide emissions profile for 2018/19 provides Council with an understanding of key emissions reduction opportunities					

Residual Likelihood	Likely	Residual Consequence Driver Social, Cultural and Environment	Major	Overall Residual Risk Rating	Rating Very high
Action Owner			Risk Treatment		
Julie Clausen			Mitigate		

Treatment Plan	Previous Updates	Update – November 2021
<ul style="list-style-type: none"> Develop a 3-year readiness action plan from the climate change readiness assessment for Hamilton City Council by 30 June 2021. 	<ul style="list-style-type: none"> (June 21) - Delay in receiving final report from consultants. Action plan now under development. (Sept 21) - Complete - Internal response to the climate change readiness assessment developed. Key elements to be incorporated into the Climate Change and Environment Policy 	<ul style="list-style-type: none"> Business Case, Project Plan and Council report templates to include sections on climate change
<ul style="list-style-type: none"> Develop a draft climate change policy that sets out the appropriate climate change scenarios to use, governance for climate change, capability and capacity requirements by December 2021 	<ul style="list-style-type: none"> (June 21) - Process of developing the policy has commenced. Project plan is currently being developed. (Sept 21) - Draft Climate Change and Environment Policy is underway. Workshop with Elected Members help on 26 August 2021. Draft policy to be considered at 30 November 2021 Environment Committee meeting for recommendation to Council 	<ul style="list-style-type: none"> Draft Climate Change and Environment Policy underway. Workshop held with Climate Change Steering Group in October 2021. Further feedback being sought by internal stakeholders.
<ul style="list-style-type: none"> Undertake a Risk assessment for Hamilton City Council including both the physical climate change and transition risks following the Ministry for the Environment Guidance by December 2021. 	<ul style="list-style-type: none"> (June 21) - Guidance from Ministry for the Environment is due to be finalised by December 2021, propose to do a two-phase process for risk assessment. (Sept 21) - First phase being commissioned as 	<ul style="list-style-type: none"> The Ministry for the Environment released guidance on local government climate change risk assessments in September 2021, this will inform the first phase assessment as

	part of the Climate Change Strategy	well as the full assessment in 2022.
<ul style="list-style-type: none"> Development of a climate change strategy that outlines the Council's approach to mitigation and adaptation by June 2022. 	<ul style="list-style-type: none"> (June 21) - Process of developing the strategy has commenced. Project plan is currently being developed. (Sept 21) - Strategy development underway Quotes for evidence base have been received and consultant selection underway. 	<ul style="list-style-type: none"> WSP have been commissioned to deliver supporting evidence for the strategy. And a workshop is scheduled for 29 November 2021 with Elected Members.

Organisational Risk			
H&S – Workers (incl. contracted workers & volunteer workers) <i>Failure to ensure the health and safety and wellbeing of council staff or workers whose activities are influenced or directed by council, while the workers are carrying out work.</i>			1
Risk Owner	David Bryant (GM Corporate)	Category	Health & Safety
Risk Triggers <ul style="list-style-type: none"> Poor safety culture and/or behaviours across organisation Failure to understand duties and accountability relating to health and safety Critical health and safety risks not identified, assessed and mitigated adequately Safety Management System (SMS) ineffective or inefficient or implementation failures Inadequate contractor management frameworks, including procurement and assurance practices Not sharing or acting on information and lessons learnt – internal and external to Council Complacency leading to greater risks being taken Failure to properly engage with and listen to staff Staff under resourcing leading to identified risks not being mitigated appropriately Time pressures and or complacency leading to acceptance of high levels of risk 			

Inherent Risk

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Catastrophic
LIKELIHOOD	Almost certain	H		VH		E
	Likely	M	H	VH	VH	
	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, illness or death
- (B) Risk of other significant incidents as defined in the Health and Safety at Work Act).

Existing Controls

- Council undertakes an annual engagement survey that includes wellness and safety elements to help assess the level of organisational maturity and perception relating to the importance placed on health and safety.
- Our High Performance Way of Working provides a clear framework to support and establish accountabilities relating to health and safety, for example, Job Descriptions, Inductions, Game Plans and our Set, Enable and Expect principles.

- Council's critical safety risks are reviewed regularly. We have in place control management plans based on the hierarchy of control and the residual risk score following the implementation of these controls are accessed by their effectiveness to mitigate the risk. Critical risks are reported on regularly.
- Prequalification and Safety Standards for Contractors performing physical works on Council's behalf are assessed and maintained through our SLA with SHE Software and Solutions.
- Our Safety Management System (SMS) is being updated to better achieve our safety objectives consistently and systemically across the whole of Council. Having in place our SMS helps us meet our legislative obligations and facilitate organisational learning to help foster a positive safety culture, attuned to our high-performance way of working.
- Council has an effective safety governance structure to facilitate information flow, decision making and oversight to achieve a collective uplift in safety performance through improved worker engagement.
- Council has in place a safety software system that provides reporting capability, data and intelligence, meets compliance standards, enables good safety governance and due diligence.
- Assurance activities are carried out regularly and include both internal and external assessments to ensure good practice, compliance and continuous improvement. Council has commissioned a full Health and Safety reset, including: The State of Safety Review, High Level Critical Risk Learning Teams, Safety Events and Investigations and a Safe Plus External Review
- Appropriate resources are available to ensure that Council has the right capabilities and the right number of resources sufficiently needed to implement and maintain the SMS fundamentals, supported by external expertise as and when required

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, illness or death

(B) Risk of other significant incidents (as defined in the Health and Safety at Work Act).

Action Owners	Risk Treatment
Dan Finn, Marie Snowball	Mitigate
A separate report is taken to the Strategic Risk and Assurance Committee which provides further details about the Organisation's Health and Safety strategic direction and improvement schedule. Note: there is no change to the residual risk rating for this quarter, and remains high due to the re-emergence of COVID-19 in the community and the change in the Governments strategy from elimination to containment.	

Organisational Risk			
Safety and Wellbeing of the Community <i>Failure to create, provide and maintain a safe environment for the community leading to a serious injury incident or fatality.</i>			2
Risk Owner	Lance Vervoort (Deputy CE / GM Community)	Category	People
Risk Triggers			
<ul style="list-style-type: none"> Poor HCC understanding of the health and safety risks within the facilities and services provided and managed by Council Failures in safety-in-design planning for our amenities and services provided to the community • Failures in asset maintenance Failure in due diligence on assets purchased for use by the community or staff Failure in due diligence on maintenance Human error / inappropriate behaviours / criminal behaviour or damage at Council assets Complacency leading to greater risks being taken by the community of public safety issues Failure to properly engage with and listen to the community Failure to act on staff and public information or lessons learned from near misses and incidents (including lessons from other industry experiences) BCP and Pandemic Plans are not adhered to Failure to consider climate change impacts on the community safety and wellbeing 			

Inherent Risk

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Catastrophic
LIKELIHOOD	Almost certain	H		VH		E
	Likely	M	H	H	VH	
	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

- Emergency response and Pandemic plans
- Emergency and safety response training drills
- Specific training programmes for staff within facilities and service management
- Subject matter expert support – internal and external
- Incorporated risk assessments and safety in design planning
- Traffic management plan adoption per requirements
- Maintenance and monitoring plans – buildings
- Operational asset maintenance (trees and operational infrastructure)

- Condition assessments for assets
- Communication plans for new projects around safety requirements
- Community education support for ongoing Community safety
- Management drop-ins and Unit Audits

Residual Risk (expected rating)

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

Action Owner		Risk Treatment	
3LT – (Rebecca Whitehead)		Mitigate	
Treatment Plan	Previous updates	Update- November 2021	
<ul style="list-style-type: none"> Design and implement an appropriate monitoring and reporting framework Risks relevant to Organisational Risk 2 	<ul style="list-style-type: none"> (September 20) - Framework in development due for completion August 2021. Reporting to community group leadership commences September 2021. (December 20): Specific resource has been hired to support the Community Group to achieve IP due to conflicting priorities across the business. This work will be completed preChristmas and will be reported on at the first SRAC workshop in 2021 (March 21) - The report on the monitoring and reporting framework for other Risks relevant to Organisational Risk 2 will be presented to the June 2021 SRAC meeting. (June 21) - The reporting framework and interactive dashboard, which will provide to provide assurance around the completion of identified improvement actions is currently being finalised and will be reported to the September SRAC meeting in the 2021/22 financial year (Sept 21) - Framework completed and presented to community leadership group in August 2021. Monthly reporting commencing in September 2021. 	<ul style="list-style-type: none"> Security Risk Audit (SRA) dashboard has been completed. Process for updating the dashboard for reporting to Community Leadership Team (CLT) being presented for discussion at 3 November CLT meeting. 	

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

Risk Triggers
<p>Asset Management</p> <ul style="list-style-type: none"> • Failure to identify all critical assets • Failure to accurately forecast capacity limits or inaccurate demand forecasting on critical assets • Failure to accurately forecast useful life on critical assets • Failure to future proof asset to allow for pending changes in requirements • Failure to procure/renew the asset with an appropriate replacement • Failure to install asset correctly (including poor procurement processes to begin with) • Assets being operated outside of design scope or change in demand or that the operation of the asset exceeds design assumptions. • Failure to carry out and prioritise planned maintenance and renewal of critical asset • Failure to deliver renewal of the asset within scheduled timeframe <p>Planning</p> <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 • Insufficient resources to deliver renewal of assets on time and within allocated budgets • Failure to adequately consider climate change in critical asset investment • Insufficient skilled, knowledgeable and experienced staff and low investment in the ongoing building of staff capability to ensure critical assets remain functional, resilient and levels of service remain. • Misalignment in the timing of investment with the required levels of service or that key deliverable dates not identified appropriately • Poor or incomplete asset data • Stakeholder specifications and expectation of asset increase making the asset no-longer fit for purpose <p>Procurement</p> <ul style="list-style-type: none"> • Critical manufacture service agents unavailable to resolve major failure of critical assets • Critical resources unavailable due to supply chain shortages <p>Operational</p> <ul style="list-style-type: none"> • Utility service and third-party critical impacts (stakeholder relationships) • Limited anomaly detection capability and poor identification of vulnerabilities • Failure to identify threat actors who wish to exploit technology vulnerabilities

Inherent Likelihood	Possible	Inherent Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance	Major	Inherent Risk Rating	Rating Very High
Existing Controls					
Asset Management <ul style="list-style-type: none"> Regular monitoring and submission on industry change that impacts our activities Infrastructure Strategy is in place to identify significant infrastructure challenges over the next 30 years, and to identify the principal options for managing those challenges and the implications of those options Asset Management Plan policy in place to set standards for maturity Asset Strategy Team is in place to drive organisational consistency of asset management overseen by the GM Development Resourcing for Activity Management Plan (AMP) renewals, maintenance plans and operational strategies are funded in the 2021-31 10-Year Plan Budget and critical assets are given a higher priority for renewal Modelling and master planning of strategic assets and strategic plans for sites in place 3 yearly independent asset management maturity assessments are undertaken 3 yearly Activity Management Plans are internally and externally reviewed to ensure robust planning processes and systems Availability of technical expertise to manage, monitor, operate and maintain critical assets and identify situations when early intervention is required to maintain asset condition and level of service Planning <ul style="list-style-type: none"> Project planning processes in place to ensure that staff have appropriate project management skills and experience and there is external engagement of experienced project managers Robust project management and procurement processes are in place and followed Annual review of building and Facilities capital programme with Facilities Unit to ensure forward planning of projects Solutions for redundancy (physical and process) in place for critical assets Anomaly detection and vulnerability scanning capability Procurement <ul style="list-style-type: none"> HCC procurement processes are followed to correctly identify/scope and procure appropriate asset Maintenance and service agreements in place with the supplier, where appropriate Speciality contracts are in place to maintain the condition of critical assets and minimise the risk of failure occurring Stakeholder engagement prior to procurement/replacement of asset to ensure appropriate replacement Operational <ul style="list-style-type: none"> Business Continuity and Essential Maintenance Plans in place. Quarterly Threat and Risk assessments Training and development plans in place for staff to identify competency and skill requirements Processes in place for the supervision, design and testing during build or vesting of assets 					

Residual Likelihood	Unlikely	Residual Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance Social and Cultural	Major	Residual Risk Rating	Rating High
Action Owners					Risk Treatment
Paul Gower (Assets Strategy Manager), Emily Botje (City Waters Manager), Robyn Denton (Transportation Manager), Tania Hermann (Infrastructure Group Business Manager), Maria Barrie (Parks and Recreation Manager), Michelle Rivers (Cemeteries and Crematorium Manager), Anita Oliver (Facilities Manager), Ross Willets (Facilities Maintenance Team Leader), Baird Fleming (Zoo Director); Ben Slatter (H3 Group)					Mitigate
Treatment Plan		Previous updates		Update – November 2021	
<ul style="list-style-type: none"> Complete an initial assessment of critical network infrastructure assets to determine gaps in Business Continuity or Essential Maintenance Plans by July 2022. 		<ul style="list-style-type: none"> (Sept 21) – New TP 		The review and update of BCP's and Essential Maintenance plans will follow the Waters Criticality work outlined below.	
<ul style="list-style-type: none"> Revise critical asset frameworks for water and wastewater activity assets (treatment plants and reticulation assets) by March 2022 		<ul style="list-style-type: none"> (Sept 21) – New TP 		The criticality for water and wastewater assets will be completed by December 2021. The resilience strategy and policy is also underway to be delivered by March 2022.	
<ul style="list-style-type: none"> Implement the Organisational Asset Management Improvement Plan 		-		New Treatment Plan. SLT has approved the Plan. The plan contains 31 organisational improvements to be undertaken. It is based on feedback from Council's Auditor and an independent Asset Management Maturity Assessment from earlier in 2021. The improvements have been organised into 4 streams of work with one of the streams relating to Resilience and Criticality. This plan will improve Councils understanding, reporting and operational and risk management of its critical assets.	

Council Report

Committee: Strategic Risk and Assurance Committee
Date: 18 November 2021
Author: Morva Kaye
Authoriser: Tracey Musty
Position: Internal Auditor
Position: Financial Controller
Report Name: PwC - Internal Audit Update and Report

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on internal audit progress to 31 October 2021.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee receive the report.

Executive Summary - *Whakaraapopototanga matua*




3. Council's internal audit function incorporates engagements and actions from PricewaterhouseCoopers (PwC) and internal Council staff.
4. This report provides an update on progress by PwC against the Hamilton City Council Internal Audit Plan for 2021/22.
5. Since the last report to this committee, there are two updates to note relating to:
 - i. cyber security fieldwork; and
 - ii. Internal Audit Plan.
6. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

PwC Internal Audit Plan – progress summary

Engagements in Progress – 2021/22	Status
Cyber Security – 2020/21 and 2021/22 combined PwC have been progressing fieldwork and expect to be completed stage 1 in December 2021.	
Treaty of Waitangi – maturity assessment of Council's Maaori responsiveness Scope has been discussed. Management is considering budget.	

KEY

	Completed or on track
	Currently behind, expect to get back on track
	Permanently delayed

Other engagements*New Payroll System*

7. Council is implementing a new payroll system this year and Internal Audit will provide an Independent Quality Assurance over this project.

Internal Audit Plan

8. Discussions are ongoing concerning the best mix of engagements to undertake for the next three years recognising that the internal audit plan needs to flex and evolve to meet the needs of the organisation. Council's Senior Leadership Team are being canvassed as to the most value-adding focus areas. This will be presented at the next Strategic Risk and Assurance Committee meeting.

Financial Considerations - *Whaiwhakaaro Puutea*

9. The cost of PwC annual internal audit programme is \$150,000 (GST excl.) and is a regular operating activity funded through the Long Term Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

10. Staff confirm that the matters in this report comply with Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

11. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
12. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
13. There are no known social, economic, environmental or cultural considerations associated with this matter.

Risks - *Tuuraru*

14. Any known risks have been identified relevant to the matters in this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui***Significance**

15. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance.

Engagement

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

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Council Report

Item 11

Committee: Strategic Risk and Assurance Committee

Date: 18 November 2021

Author: Morva Kaye

Authoriser: David Bryant

Position: Internal Auditor

Position: General Manager People and Organisational Performance

Report Name: HCC - Internal Audit Update and Report

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on internal audit progress to 31 October 2021.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. Council's internal audit function is carried out by Council staff in conjunction with PricewaterhouseCoopers (PwC).
4. This report provides an update on progress by Council staff against the Hamilton City Council Internal Audit Plan for 2021/22 and internal audit assessments requested by management.
5. There are two updates to note since reporting to the last committee meeting, these are:
 - i. capitalisation of assets – discovery work has started; and
 - ii. Contracts Register: Management and Issues – the report has been completed, awaiting management comments.
6. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.




Discussion - *Matapaki*

Progress against the Internal Audit Plan and other engagements

Audit	Status
Contract management This review covers checking a sample of contracts to ensure that the contracts have been set up and managed correctly. Staff are due to begin scoping this work with management.	

Capitalisation of assets Discovery work has started across the organisation which will determine the scope of this review. The scope will also include simplifying and enhancing the process for capitalising assets as part of the Asset data system upgrade.	
Contracts Register The review assessed the extent of contract payments that were higher than the approved contract sum in the Contracts Register. The internal audit report has been completed, awaiting management comments.	

KEY

	Completed or on track
	Currently behind, expect to get back on track
	Permanently delayed

Financial Considerations - *Whaiwhakaaro Puutea*

7. This is a regular operating activity funded through the Long Term Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

8. Staff confirm that the matters in this report comply with the Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

9. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
10. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
11. There are no known social, economic, environmental or cultural considerations associated with this matter.

Risks - *Tuuraru*

12. Any known risks have been identified relevant to the matters in this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui***Significance**

13. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance.

Engagement

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

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Council Report

Item 12

Committee: Strategic Risk and Assurance Committee

Date: 18 November 2021

Author: Morva Kaye

Authoriser: David Bryant

Position: Internal Auditor

Position: General Manager People and Organisational Performance

Report Name: Organisational Improvement Report

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the status of Council's Organisational Improvement Register as at 31 October 2021.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee receive the report.

Executive Summary - *Whakaraapopototanga matua*

3. Council's risk management programme includes the completion of external audits by Audit New Zealand, Office of the Auditor General (OAG), Waka Kotahi (NZ Transport Agency) and others and internal audits by PricewaterhouseCoopers (PwC) and Council staff.
4. Progress has been made on implementing recommendations from the PwC internal audit assessments, Psoda Assessment, Data Governance, and IBIS Breeze.
5. Staff consider the matters have low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

Organisational Improvement Register Summary

6. The Organisational Improvements Register (**Attachment 1**) shows the status of outstanding recommendations for Audit New Zealand audits and the OAG audit on conflict of interest, and high-risk observations from four PwC internal audit assessments.

PwC Tax Compliance Review

7. The two outstanding recommendations from the PwC Tax Review will be incorporated into the new HRIS Payroll system, which is under development.

Waka Kotahi NZ Transport Agency

8. The final report from the Waka Kotahi Investment (Procedural) audit is still pending.

Financial Considerations - *Whaiwhakaaro Puutea*

9. This is a regular operating activity funded through the Long Term Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

10. Staff confirm that matters in this report comply with the Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

11. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
12. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
13. There are no known social, economic, environmental, or cultural considerations associated with this matter.

Risks - *Tuuraru*

14. There are no known risks associated with this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

15. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance.

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Organisational Improvement Register 31 October 2021

Organisational Improvement Register

Audit New Zealand

Recommendation	Year raised	Priority	Status
No Organisational Business Continuity Plan or IT Disaster Recovery Plan	2015	Necessary	Awaiting Audit New Zealand's 2021 Management Report
Road and traffic network asset revaluations	2017	Necessary	
Treatment of found assets	2018	Necessary	
Manual processing of weekly timesheets	2019	Necessary	
Improve data for water and wastewater treatment plants	2019	Necessary	
Fujitsu monthly reporting and monitoring	2020	Necessary	
Property, plant and equipment work in progress	2020	Necessary	
Waikato Community Land Trust	2020	Necessary	

Office of the Auditor General (OAG)

Recommendation	Year raised	Priority	Recommendations due to be implemented by
Conflict of Interest policy and procedures	2021	Necessary	31/01/22
Assurance that the Conflict of Interest policy and procedures are working well	2021	Necessary	28/02/22
Managing the risks of multiple arrangements for managing conflicts of interest	2021	Necessary	31/03/22

PwC – high risk observations

Internal audit assessment	Observations	Recommendations due to be implemented by	Status of follow-up with action owner
Asset Management & Operating Expenditure	Develop an organisational framework and guidelines to apply whole life considerations and costing to asset design and procurement.	31/12/21	In progress.
Psoda Assessment	Monitoring of financial month end close and project coding	Closed	The upload of financial data from Authority into Psoda is reconciled every month. Any adjustments made to a project's financial data for a prior month are identified as part of the month end process.
Data Governance	There is no data governance framework in place.	31/12/21	The Data Governance Strategy and the road map are on track for being finalised by the end of December 2021.
IBIS Breeze	Changes in source data, sensitivities, and assumptions	30/9/21	Legacy batches are now locked. Reporting is being developed. Finance will test that the display of notifications and change of assumptions are working as part of the 2022/23 Annual Plan process.
	Scenario version control processes	24/12/21	User access controls have been reviewed. Reviewed security matrix and changed all the securities, and streamlined security levels.
	Speed of calculation and output production	24/12/21	Testing will be done by Finance through the 2022/23 Annual Plan process.

Council Report

Item 13

Committee: Strategic Risk and Assurance Committee

Date: 18 November 2021

Author: Julia Kofoed

Authoriser: David Bryant

Position: Insurance Lead

Position: General Manager People and Organisational Performance

Report Name: Annual Insurance Report

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the 2021/2022 Insurance Renewal.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. Council tenders its insurance programme under the Waikato Local Authority Shared Service (WLASS) company umbrella with Aon New Zealand (Aon) as the appointed broker. The purpose of this relationship is to leverage the region's collective insurance requirements, deliver economies of scale through reduced brokerage costs and reduce the impact of fluctuations in premiums costs and market capacity.
4. Council's insurance policies have a common annual renewal date, with cover for this year placed and effective 1 November 2021.
5. Council insures for a probable maximum loss reinstatement value for the Material Damage, Business Interruption and Infrastructure policies. This is as opposed to insuring the full replacement value of all Council assets. This approach allows spend on premium to be balanced with associated risk and likelihood of a major event.
6. Council holds multiple insurance policies with the portfolio managed by Council's Insurance Lead. A list of policies and premiums is included in paragraph 22 of this report.
7. The insurance programme is regarded as a risk management tool to mitigate financial loss associated with unforeseen and significant adverse events.
8. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

Item 13

9. The insurance market remains challenging, and insurance pricing continues to increase across most lines of business globally as COVID-19 continues to impact the market. The global economic downturn from COVID-19 has resulted in heightened underwriting scrutiny and risk aversion from insurers, who are focused on profitability. Upward pricing momentum is expected to continue though there is now evidence this is slowing compared to previous years.
10. In New Zealand, insurers largely exclude cover for infectious diseases, so the local impact of COVID-19 is forecast to be relatively minor; globally, however, the impact of claims related to COVID-19 for clients and insurers is not yet fully understood. The fluid situation regarding business interruption, driven by regulatory activity, litigation and the macro-economic environment will continue to add complexity to the insurance market.
11. The New Zealand property market for Material Damage and Business Interruption Insurance is generally stable for clean risks with no high hazard exposure, with typically flat or single digit rates increases being applied. Market capacity also remains stable within the Waikato Region. Insurers are increasingly focusing on growing climate change challenges and risks and its impact on risk profiles and imposing underwriting discipline when considering these risks.
12. The global property insurance market continues to be strongly influenced by losses arising from natural disaster events. During 2020, natural disaster catastrophe losses were above average (insured loss USD 97 billion, 40% above 21st century average/2019 USD 71 billion) and in addition many markets faced claims from the concurrent COVID-19 event.
13. As part of the continued relationship with the global market, WLASS were represented with Aon at the London market presentations this year. The presentations were well received and cemented the continued availability of offshore capacity.
14. Material Damage premiums for the 2021/2022 insurance renewal year have increased 25%. This is driven by an approximate \$200M increase in the total declared values of assets for the period reflecting revised insurance valuations and completed capital work. The actual rate charged per dollar insured increased 6% in line with market indications noted above.
15. The Infrastructure placement similarly increased 20% this year due mostly to an increase in insured values. The true rate increase was 7% in line with market expectations for this line of business. Local market support, following provision of improved data from Council, continues to provide competitive tension within the placement mitigating higher rating increases.
16. The Infrastructure placement specifically address natural catastrophe losses to underground waters assets and key high value bridges. This year WLASS and Aon have undertaken loss modelling on a region wide basis to ensure current policy limits remain adequate taking into consideration the increase in declared values and upcoming capital work. The results of this exercise are expected late 2021 and policy limits can be adjusted at this point, if required.
17. Under the Commercial Motor policy Council has opted, through WLASS, to remove windscreen cover. The cost of retaining this cover was becoming prohibitive as a collective however Council will continue to access preferential insurer rates for windscreen repairs. For the last 12 months repairs for windscreens equated to approximately \$5,000. The removal of this cover combined with a significant reduction in Council's fleet values has resulted in a 26% reduction in premium.
18. During 2020 the Museum and Heritage Library assets insured under the Fine Arts policy were revalued for insurance purposes. Declared values increased 32% resulting in a higher premium for the renewal year however the actual rate charged per dollar insured has decreased.

19. The market for Professional Indemnity insurance remains a difficult space for Local Government Authorities with claim severity continuing to be an issue. Both local and overseas pricing is increasing, and Council has experienced a 24% increase in this space with no change to existing retentions.
20. Council's remaining Liability policies have increased marginally, generally reflecting the approach the Liability market is taking across multiple sectors. Insurers are concerned with the rise of class litigations in New Zealand with some anticipating increased claim costs. Insurers are also requiring more detailed information at renewal. Council is working proactively with Aon to facilitate better education for staff to ensure Council is providing correct information at the right point in time.
21. There are no other significant changes to Council's insurance policy conditions for the 2021/2022 renewal year.
22. Policies and premiums are summarised in the table below. Premiums are exclusive of all applicable levies and GST. The Actual Rate Change % refers to the change in rate charged by the insurer per dollar insured. This excludes the effect of the change in Council's declared values.

Policy	2020/2021 Premium	2021/2022 Premium	Premium Change %	Actual Rate Change %
Physical damage policies:				
Material Damage	\$ 1,022,349	\$ 1,281,883	25%	6%
Business Interruption	\$ 63,789	\$ 66,690	5%	6%
Infrastructure Placement	\$ 650,244	\$ 780,088	20%	7%
Commercial Motor	\$ 188,747	\$ 139,220	-26%	-4%
Fine Arts	\$ 64,253	\$ 85,127	32%	-6%
Annual Contract Works	\$ 12,160	\$ 11,550	-5%	
Boiler Explosion	\$ 3,788	\$ 3,788	0%	
Liability policies:				
General Liability	\$ 69,825	\$ 73,316	5%	
Professional Indemnity	\$ 314,482	\$ 389,053	24%	
Liability Excess Layer	\$ 35,258	\$ 37,021	5%	
Employers Liability	\$ 1,109	\$ 1,164	5%	
Statutory Liability	\$ 7,219	\$ 7,580	5%	
Fidelity/Crime	\$ 27,336	\$ 29,382	7%	
Aviation Liability	\$ 2,686	\$ 1,386		
Other policies:				
Personal Accident	\$ 1,170	\$ 1,221	4%	
Business Travel	\$ 250	\$ 125	-50%	
Total	\$ 2,464,665	\$ 2,908,593	18%	

23. At the end of 2020 Council engaged Aon to facilitate a risk profiling workshop which was well attended by SLT, staff and the external appointees of this Committee. Output from this workshop included a number of strategic recommendations around asset selection and risk financing for the insurance portfolio. Staff continue to work on these items which will be discussed further at a Strategic Risk and Assurance Committee workshop mid-2022.

Financial Considerations - *Whaiwhakaaro Puutea*

24. This is a regular operating activity funded through existing budgets.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

24. Staff confirm that this matter complies with Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

26. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
27. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below
28. There are no known social, economic, environmental or cultural considerations associated with this matter.

Risks - *Tuuraru*

29. There are no known risks associated with this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

30. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance.

Engagement

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

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Council Report

Item 14

Committee: Strategic Risk and Assurance Committee

Date: 18 November 2021

Author: Candice Swanepoel

Authoriser: David Bryant

Position: Business Performance Accountant

Position: General Manager People and Organisational Performance

Report Name: Annual Credit Rating Report - S&P Global Ratings

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the Annual Credit Rating Report prepared by S&P Global Ratings (S&P) based on the year ending 30 June 2021.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. S&P Global Ratings (previously Standard and Poor's) is the credit rating agency used by Hamilton City Council (HCC) to independently review and issue a credit rating on HCC debt.
4. These credit ratings assess the ability of an organisation to repay debt, by meeting interest payment obligations, as well as the likelihood of default.
5. Lending facilities utilise these credit ratings to determine the cost of debt being borrowed. A higher rating indicates that an organisation is a lower lending risk. This results in lower interest rates when lending.
6. S&P completed their review for HCC and provided the key indicators of HCC's financial health on 27 September 2021.
7. S&P affirmed HCC's long-term foreign-currency and local-currency ratings at AA-, and short-term rating at A-1+. The outlook remains stable.
8. The published Rating Action Commentary (RAC's) can be found in **Attachment 1**.
9. Staff consider the matters in this report have a low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

10. S&P have been engaged by Council to review the credit ratings since the 2020. The annual credit ratings review was previously performed by Fitch Ratings.
11. S&P have updated their analysis based on the publication of Council's 2021-31 Long-Term Plan

12. Ratings are supported by Hamilton's strong economic outlook, financial management, and New Zealand's institutional framework.
13. Key considerations that support the Issuer Credit Rating include:
 - i. Council's financial management and institutional framework support ratings;
 - ii. local economy recovering from COVID-19 pandemic;
 - iii. New Zealand's institutional settings and Hamilton's experienced management team support S&P's ratings on the Council; and
 - iv. Hamilton's economy remains well diversified and wealthy in an international context.

Financial Considerations - *Whaiwhakaaro Puutea*

14. This is a regular operating activity funded through the Long Term Plan.
15. There are no financial implications in relation to this decision as the credit rating remains unchanged and the outlook is stable.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

16. Staff confirm that this matter complies with Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

17. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
18. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
19. The recommendations set out in this report are consistent with that purpose.
20. There are no economic, environmental, social or cultural wellbeing implications identified in the formulation of this report.

Risks - *Tuuraru*

21. There are no known risks associated with this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

22. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have a low significance.

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - S&P - Credit Ratings Report

RatingsDirect®

Hamilton City Council

Primary Credit Analyst:

Rebecca Hrvatin, Melbourne + 61 3 9631 2123; rebecca.hrvatin@spglobal.com

Secondary Contact:

Peter Sikora, Melbourne + 61 3 9631 2094; peter.sikora@spglobal.com

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Key Rating Factors

Outlook

Rationale

Key Statistics

Ratings Score Snapshot

Key Sovereign Statistics

Related Criteria

Related Research

Hamilton City Council

This report does not constitute a rating action.

Key Rating Factors

Credit context and assumptions

- Financial management and institutional framework support ratings; local economy recovering from COVID-19 pandemic.
- New Zealand's institutional settings and Hamilton's experienced management team support our ratings on the council.
- Hamilton's economy remains well diversified and wealthy in an international context.

Issuer Credit Rating

AA-/Stable/A-1+

Base-case expectations

- Large capital expenditure program driving widening deficits and rising debt levels.
- Increasing capital expenditure budgets means Hamilton's after-capital deficits will remain elevated, leading to higher debt levels.
- Internal liquidity has weakened; however, we believe this to be temporary and not structural in nature.

Outlook

The stable outlook reflects our expectations that Hamilton City Council's management will improve the New Zealand local council's budgetary performance and stabilize its debt burden after the economy recovers from the COVID-19 pandemic as well as deliver its large capital program.

Downside scenario

We could lower our rating on Hamilton if it allows its financial position to deteriorate significantly from our base case in the form of higher, more prolonged deficits which would increase debt. This could occur, for instance, if capital expenditure increased more than we expect or if the council's revenues don't rise in line with our forecasts. This scenario would also cause us to review our assessment of the council's financial management.

Upside scenario

There could be upward pressure on our ratings if the council's budgetary performance improves with lower after-capital deficits. This would result in the rise of debt subsiding earlier and at a lower level than we currently expect.

Rationale

We have updated our analysis for Hamilton through to financial year 2024 following the publication of the council's 2021-2031 Long Term Plan. Similar to our previous expectations, Hamilton has embarked on large capital expenditure program to fuel fundamental facilities and services such as water and road infrastructure for its rapidly growing population and economy. As a result, we project it will deliver large after-capital deficits and higher debt levels over the next few years.

We expect council's financial management, resilient local economy, and New Zealand's institutional settings to continue to support the council's credit profile.

Ratings are supported by Hamilton's strong economic outlook, financial management, and New Zealand's institutional framework

The institutional framework within which New Zealand local governments operate is a key factor supporting Hamilton's credit profile. The New Zealand local government system promotes a strong management culture, fiscal discipline, and high levels of financial disclosure among local councils. We believe this framework is one of the strongest and most predictable globally. This system allows Hamilton to support higher debt levels than some of its international peers can tolerate at the current rating.

Hamilton's financial management supports our ratings. Its budgets are credible and processes are well established, with the council preparing 10-year long-term plans every three years and annual plans in the intervening years, in line with New Zealand requirements. The council's treasury management policy sets prudent limits on borrowing, liquidity, and interest-rate risk. Hamilton only borrows in local currency, in accordance with legislation. The council focuses on monitoring its debt to revenue as a prudent response to its large capital expenditure program in the next decade.

Like its domestic peers, Hamilton is governed by an elected group of councilors, led by a mayor. The council's chief executive has resigned and the council has appointed the deputy chief executive as successor. We don't anticipate any deviation from the current strategic direction of the council with this change.

To better deliver its capital budget, the council actively monitors the status and progress of its capital projects, captured in its "Capital Monitoring Report," which the council reviews and approves every six weeks. Hamilton reprioritizes its delayed or deferred capital expenditure through a separate infrastructure strategic management team, which incorporates the project management office. The infrastructure strategic management team works closely on this with Hamilton's finance team.

Hamilton's economy has recovered from the COVID-19 pandemic, supported by a diverse range of industries as well as being the nation's third-fastest-growing urban area behind Auckland and its surroundings. The city suffered through the COVID-19-induced recession in 2020 and was one of the nation's worst-hit cities. The local economy contracted about 2.2% of GDP per capita in 2020 compared with 1.4% for the wider Waikato Region. The council's economic growth has risen 7.3% in the 12 months to June 2021, demonstrating a postlockdown boom.

The city region historically relied on the dairy industry for the majority of its income and associated jobs, but employment is more diversified. Research, education, and services are expanding as the population grows.

Construction activity has softened recently, with residential building consents dropping 1.7% year on year. We believe ongoing large Greenfield projects such as Peacocke and Rotokauri will contribute to the economy's recovery and add about 20,000 homes in the coming decade to meet residential housing demand.

Increased capital investment resulting in large after-capital deficits and elevated debt levels

Hamilton's budgetary performance is weak because of large capital expenditure planned during 2020-2024. We anticipate the council to incur large after-capital account deficits, averaging about 21.6% of adjusted total revenues, between 2020 and 2024. Hamilton is experiencing high population growth, to which the council has responded by planning to deliver a large amount of infrastructure to support residential housing growth. The council outlined its capital expenditure plan of about NZ\$2.5 billion in its 2021-2031 Long Term Plan. The majority of capital works for the next few years are attributable to the Peacocke Greenfield residential development, wastewater capacity and water treatment plant upgrades, and transport and road projects.

This level of capital expenditure is higher than the council delivered in the past, and we believe it will be difficult for the council to fully achieve it on schedule due to labor and material capacity constraints and New Zealand Transport Agency grant delays. We expect Hamilton, like many of its domestic peers, to under-deliver on the roll out of its infrastructure plans. As such, we expect the council to underspend its capital expenditure by 20% between 2022 and 2024 compared with its budgeted capital expenditure.

We believe the council's operating balance will remain strong, averaging 18% of operating revenues from 2020 to 2024. Financial outcomes will be supported by relatively large rates increases in the next few years to fund key city infrastructure. The council plans to raise rates 8.9% in 2022, which includes a government compliance targeted rate of 4.5%, with a 4.9% increase each year after. The targeted rate is to cover growing costs as a result of legislation introduced by the central government to deliver water services and make changes to the council's District Plan. This is evidence of the flexibility within the council's budget to increase rates and user charges or defer some nonessential capital expenditure to improve financial outcomes.

Our large forecast after-capital account deficits reflect the council's decision, like its domestic peers, to fund its large infrastructure program through intergenerational equity. This involves funding infrastructure with long-term borrowing rather than through immediate rate increases to spread the cost of such infrastructure to future generations who will enjoy its benefits. This strategy, combined with the council's prefunding of debt maturities up to 12 months in advance, means total tax-supported debt will reach about 251% of operating revenues in fiscal 2024, up from 215% as of fiscal 2020. This makes Hamilton one of the most indebted councils in New Zealand that we rate. With elevated debt levels, we anticipate interest expenses to average about 5.8% of operating revenues between 2021 and 2023.

We view Hamilton's contingent liabilities as very small, with little uninsured exposure to natural disasters or off-balance-sheet council-controlled organizations.

Hamilton's liquidity coverage is supported by its unutilized committed facilities of NZ\$60.5 million and its access to the New Zealand Local Government Funding Agency (LGFA). Hamilton's debt service coverage ratio is about 53% of upcoming debt maturities and interest costs. We anticipate this ratio to rise from this temporary dip, which is driven by larger after-capital account deficits during 2022 and 2023. The council has NZ\$12.5 million of commercial paper and NZ\$60 million of debt maturing in 2021. Further, we consider that access to the LGFA provides Hamilton with strong

access to a well-established source of external liquidity. In our view, the LGFA benefits from an "extremely high" likelihood of extraordinary central government support. This has helped Hamilton to lengthen its maturity profile and reduce its interest expenses compared with the past.

Key Statistics

Table 1

Key Statistics					
	--Year ended June 30--				
(mil. NZ\$)	2020	2021e	2022bc	2023bc	2024bc
Selected indicators					
Operating revenues	246	264	274	297	322
Operating expenditures	201	212	238	242	251
Operating balance	45	53	36	55	70
Operating balance (% of operating revenues)	18.5	19.9	13.1	18.4	21.9
Capital revenues	67	101	133	105	86
Capital expenditures	177	245	263	253	222
Balance after capital accounts	(65)	(92)	(94)	(93)	(65)
Balance after capital accounts (% of total revenues)	(20.6)	(25.1)	(23.1)	(23.1)	(16.0)
Debt repaid	31	50	72	65	65
Gross borrowings	159	92	166	159	131
Balance after borrowings	63	(50)	1	1	1
Tax-supported debt (outstanding at year-end)	529	552	646	741	807
Tax-supported debt (% of consolidated operating revenues)	214.8	208.9	236.2	249.7	250.9
Interest (% of operating revenues)	7.4	4.8	5.7	6.8	6.4
National GDP per capita (single units)	62,596	65,858	68,430	71,353	74,383

The data and ratios above result in part from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario. dc--Downside case represents some but not all aspects of S&P Global Ratings' scenarios that could be consistent with a downgrade. uc--Upside case represents some but not all aspects of S&P Global Ratings' scenarios that could be consistent with an upgrade. N/A--Not applicable. N.A.--Not available. N.M.--Not meaningful.

Ratings Score Snapshot

Table 2

Ratings Score Snapshot	
Key rating factors	
Institutional framework	Extremely predictable and supportive
Economy	Very strong
Financial management	Strong
Budgetary performance	Average
Liquidity	Strong

Table 2

Ratings Score Snapshot (cont.)

Debt burden	Very high
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S&P Global Ratings bases its ratings on local and regional governments on the six main rating factors listed in the table above. Section A of S&P Global Ratings' "Methodology For Rating Non-U.S. Local And Regional Governments," published on July 15, 2019, summarizes how the six factors are combined to derive the foreign currency rating on the government.

Key Sovereign Statistics

Sovereign Risk Indicators. An interactive version is available at <https://www.spratings.com/sri>.

Related Criteria

- Criteria | Governments | International Public Finance: Methodology For Rating Local And Regional Governments Outside Of The U.S., July 15, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Comparative Statistics: Asia-Pacific Local And Regional Government Risk Indicators, Sep 1, 2021
- Institutional Framework Assessments For International Local And Regional Governments, August 2, 2021
- Non-U.S. Local Governments: To What Extent Did Sovereign Support Offset The Pandemic Downturn? July 19, 2021
- Local And Regional Governments Midyear Outlook 2021: Sovereign Support And Market Access Anchor Credit Quality, July 16, 2021
- Local And Regional Governments Midyear Outlook 2021: Sovereign Support And Market Access Anchor Credit Quality, July 15, 2021
- Global Ratings List: International Public Finance Entities 2021, July 1, 2021
- New Zealand Councils' Infrastructure Spending Could Erode Rating Headroom, April 12, 2021
- Local Government Debt 2021: Infrastructure Needs Will Boost Borrowing In Developed Markets, March 25, 2021
- Local Government Debt 2021: Global Borrowing To Hit \$2.25 Trillion, March 25, 2021
- New Zealand Ratings Raised To 'AA+' FC And 'AAA' LC As Pandemic Risks Moderate; Outlook Stable, Feb. 22, 2021
- Default, Transition, and Recovery: 2019 Annual International Public Finance Default And Rating Transition Study, Dec. 8, 2020
- Public Finance System Overview: New Zealand's Institutional Framework For Local And Regional Governments, Oct. 28, 2020

- Ratings History List: Asia-Pacific Local And Regional Government Ratings Since 1975, May 29, 2020

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Ratings Detail (As Of September 27, 2021)*	
Hamilton City Council	
Issuer Credit Rating	AA-/Stable/A-1+
Issuer Credit Ratings History	
30-Sep-2020	AA-/Stable/A-1+
*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.	

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Council Report

Item 15

Committee: Strategic Risk and Assurance Committee

Date: 18 November 2021

Author: Michelle Hawthorne

Authoriser: David Bryant

Position: Legal Services Manager

Position: General Manager People and Organisational Performance

Report Name: Compliance Reporting Update

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee of any protected disclosures or instances of fraud or corruption since the last Strategic Risk and Assurance Committee meeting.
2. To inform the Strategic Risk and Assurance Committee of any matters of significant non-compliance with the Privacy Act 2020.

Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Strategic Risk and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

4. There are no protected disclosures or instances of fraud or corruption to report since the last Strategic Risk and Assurance Committee meeting.
5. Following the September meeting, staff were to provide the Strategic Risk and Assurance Committee an update on the progress of recommendations from the Conflict of Interest review undertaken by the office of the Auditor General and Privacy Act 2020 compliance. Work has not progressed as far as we had anticipated due to capacity constraints and priority being given to the Covid-19 vaccination workstream by the teams involved.
6. The Committee chair has requested a list of current Council and Management Policies for review. These are attached to the report as **Attachment 1**.
7. Staff consider the matters in this report have a low level of significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

Protected Disclosures

8. Council has in place a Protected Disclosures Management Policy. The purpose of the Protected Disclosures Policy is to set out procedures enabling employees (defined broadly in the policy) to disclose allegations of serious wrongdoing to designated officers, without fear of reprisal. Council's designated officer is Mary Hill, Partner, Cooney Lees Morgan.

9. At each meeting of the Strategic Risk and Assurance Committee, the Committee is advised of any protected disclosures that have been made since the Committee last met.
10. The Strategic Risk and Assurance Committee is also advised of any reports on investigations into past disclosures that have been completed since the Committee last met.
11. There are no protected disclosures to report to the Strategic Risk and Assurance Committee.

Fraud and Corruption

12. Council has in place a Fraud and Corruption Management Policy.
13. The purpose of the Fraud and Corruption Policy is to prevent fraud and/or corruption and ensure the overall integrity and performance of Council. It provides a consistent and transparent approach to reporting and responding to allegations of fraud and/or corruption.
14. In accordance with the policy, allegations are investigated to determine if there is an actual, perceived, or potential instance of fraud and/or corruption involving an employee, representative or external party to Council. All reported allegations are recorded in a Fraud Activity Register.
15. If an allegation of fraud or corruption is established, the policy requires the incident to be reported to the Chair of the Strategic Risk and Assurance Committee and for an appropriate response plan to be developed.
16. No incidents of fraud or corruption have been established since the Strategic Risk and Assurance Committee last met in June 2021.

Privacy Act 2020

17. The Strategic Risk and Assurance Committee requested an update on compliance with the Privacy Act 2020. The Act strengthens privacy protections. It promotes early intervention and risk management by agencies (the name used for any organisation or person that handles personal information) and enhances the role of the Privacy Commissioner.
18. The Committee has requested an update on embedding compliance with the Privacy Act 2020 in the organisation. The Privacy training module is now part of the induction programme for on-boarding new employees. Roll out to existing teams has been commenced through a soft launch, focussing on teams where staff may have had some down time during level 3 lockdown. Work has not progressed further than this due to capacity constraints and priority being given to the Covid-19 vaccination workstream by the teams involved.
19. There are no notifiable breaches of the Privacy Act 2020 to report to the Committee.

Recommendations from the Conflict of Interest review

20. At the September Committee meeting, staff updated Members on the Office of the Auditor General's (OAGs) letter and recommendations, and the response undertaken which included Privacy Act staff training.
21. Staff had intended to provide an update the works to date, however work has not progressed as far as anticipated due to capacity constraints and priority being given to the Covid-19 vaccination workstream by the teams involved.

Council and Management Policy Schedule

22. The Committee chair has requested a list of current Council and Management Policies for review. These are attached to the report as **Attachment 1**. The details of the list can be discussed at the Committee meeting.

Financial Considerations - *Whaiwhakaaro Puutea*

23. This is a regular operating activity funded through the Long-Term Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

24. Staff confirm that the staff recommendation complies with the Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

25. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
26. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
27. There are no known social, economic, environmental or cultural considerations associated with this matter.

Risks - *Tuuraru*

28. There are no known risks associated with the decisions required for this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

29. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Council and Management Policy Schedule

Council Committee	Policy	Sponsor/ Group	Last review date	Next review date	Status	Related legal provisions
Community	Citizens Initiated Referenda Policy	Growth	Feb-17	Jul-19	Under review	Local Electoral Act 2001
Community	Naming of Roads, Open Spaces and Council Facilities Policy	Infrastructure Ops and Growth	Sep-16	Sep-19	Community Committee report 12 October 21	N/A
Community	Dog Control Policy	Growth	2021-22	May-20	Current	Dog Control Act 1996
Community	Community Occupancy Policy	Community	Nov-18	Apr-21	Due for review	N/A
Community	Open Space Provision Policy	Community	Jun-18	Dec-21	Due for review	N/A
Community	TAB Board Venue Policy	Growth	Dec-18	Feb-22	Current	Racing Industry Act 2020.
Community	Disability Policy	Community	May-19	Jun-22	June 2019	N/A
Community	Class 4 Gambling Venue Policy	Growth	Oct-22	Oct-22	Current	Gambling Act 2003
Community	Smokefree and Vapefree Outdoor Areas Policy	Community	Sep-20	Sep-23	Current	N/A
Community	Community Assistance Policy	Community	Oct-20	Oct-23	Current	N/A
Community	City Honours Policy	Strategy and Communications	Oct-20	Oct-23	Current	N/A
Community	Psychoactive Substances (Local Approved Products) Policy	Growth	Nov-18	Nov-23	Current	Psychoactive Substances Act 2013
Community	Trading in Public Places Policy	Community	Dec-20	Mar-24	Current	N/A
Community	International Relations Policy	People and Organisational Performance	Sep-15	Jun-24	Current	N/A
Community	External Funding Applications Policy	Community	Aug-17	Aug-24	Current	N/A
Community	Provisional Local Alcohol Policy (LAP)	Community	N/A	N/A	To be developed	Sale and Supply of Alcohol Act 2012
Community	Permanent Public Arts and Memorials Policy	Community	New	TBC	post-consultation	N/A
Community	Domain Endowment Fund Policy	Growth	Nov-20	Nov-23	Approved	N/A
Council	Committee Terms of Reference and Governance Structure	People and Organisational Performance	Nov-19	Nov-22	Current	Local Government Act 2002
Council	Delegations to Officers Specific to the Resource Management Act 1991	Growth	Oct-21	Oct-24	Current	Resource Management Act 1991
Council	Delegations to Positions Policy	People and Organisational Performance	Jun-21	Nov-22	Current	Local Government Act 2002
Council	Elected Member Code of Conduct	People and Organisational Performance	Nov-19	Nov-22	Under review	Local Government Act 2002
Council	Corporate Hospitality and Entertainment Policy	People and Organisational Performance	Jul-15	Jul-18	Under review	N/A
Council	Elected Members Support Policy	People and Organisational Performance	Mar-21	Nov-22	Under review	Local Government Act 2002
Council	Significance and Engagement Policy	Strategy & Communications	Aug-20	Sep-23	Current	Local Government Act 2002
Economic Development	Freeholding of Council Endowment Land Policy	Growth	Aug-21	Aug-24	Current	Hamilton Domain Endowment Act 1979
Economic Development	Event Sponsorship Policy	H3 & Events	Apr-19	Jun-22	Current	N/A
Economic Development	Business Improvement District (BID) Policy 2019	GM Growth	June-19	Jul-22	Due for review	N/A

Council Committee	Policy	Sponsor/ Group	Last review date	Next review date	Status	Related legal provisions
Economic Development	Appointment and Remuneration of Board Members of COs, CCOs and CCTOs Policy	People and Organisational Performance	June-21	Nov-22	Current	Local Government Act 2002
Economic Development	Municipal Endowment Fund Policy	Growth	Sep-20	Sep-23	Current	N/A
Environment	Environment Policy	TBC	New Policy	N/A	To be developed	N/A
Finance	Rates Remissions and Postponements Policy	GM People and Organisational Performance	Jun-21	Jun-22	Current	Local Government Act 2002
Finance	Rating Policy	People and Organisational Performance	Jun-21	Jun-22	Current	Local Government Rating Act and Local Government Act 2002
Finance	Revenue and Financing Policy	People and Organisational Performance	Jun-21	Jun-24	Current	Local Government Act 2002
Finance	Funding Needs Analysis Policy	People and Organisational Performance	Jun-21	Jun-24	Current	Local Government Act 2002
Finance	Investment and Liability Management Policy	People and Organisational Performance	Jul-21	Jun-24	Current	Local Government Act 2002
Infrastructure Operations	Streetscape Beautification and Verge Maintenance Policy	Community & Infrastructure Ops	Nov-12	Nov-18	Under review	n/a
Infrastructure Operations	Seismic Performance of Buildings Policy	People and Organisational Performance	Apr-17	Apr-20	Review paused	Building Act 2004
Infrastructure Operations	Dangerous and Insanitary Buildings Policy	Growth	May-18	Jun-23	Current	Building Act 2004
Infrastructure Operations	Three Waters Connections Policy	Infrastructure Operations	Sep-20	Sep-23	Current	N/A
Strategic Growth	Hamilton Gateways Policy	Infrastructure Operations	Dec-15	Oct-18	Under review	N/A
Strategic Growth	Sale and Disposal of Council Land Policy	Growth	Sep-19	Sep-22	Current	N/A
Strategic Growth	Growth Funding Policy	People and Organisational Performance	Jun-21	Jun-23	Current	N/A
Strategic Growth	Development Contributions Policy	Growth	June-21	Jun-24	Current	Local Government Act 2002
Strategic Risk & Assurance	Risk Management Policy	People and Organisational Performance	June-20	Aug-23	Current	N/A
Strategic Risk & Assurance	Conflict of Interest	People and Organisational Performance	Mar-18	Mar-21	Due for review	N/A
Strategic Risk & Assurance	Compliance Policy	People and Organisational Performance	Apr-19	Apr-22	Current	N/A
Strategic Risk & Assurance	Fraud and Corruption Policy	People and Organisational Performance	Sep-19	Sep-22	Current	N/A
Strategic Risk & Assurance	Protected Disclosure Policy	People and Organisational Performance	Sep-19	Sep-21	Under review	N/A
Strategic Risk & Assurance	Sensitive Expenditure Policy	People and Organisational Performance	May-18	May-21	Due for review	N/A

Policy owner	Management Policy	Last Reviewed	Next Review Date	Status	Purpose
Communications & Marketing	Advertising	Feb-10	Oct-12	Review on hold	To ensure Hamilton City Council receives best value from its advertising expenditure by providing advice and guidance in the buying and placement of advertisements.
Programme Manager - Growth and Assets, Strategy & Research	Asset Management	Jun-18	Jun-21	Due for review	To outline the organisation's approach to asset management to ensure the City's physical infrastructure is managed in a way that delivers the desired level of service in a sustainable, well planned and cost-effective manner.
Information Systems	Acceptable Use	Jan-18	Nov-21	Current	To ensure that all computer systems and networks owned or managed by HCC are operated in an effective, safe, ethical and lawful manner and it is the responsibility of every computer user to know these requirements and to comply with them.
Risk and Insurance Manager	Business Continuity	Aug-19	Aug-22	Current	This policy provides the principles and sets the expectations for how Hamilton City Council will provide business continuity management with respect to its critical functions. It should be read alongside the Business Continuity Management Standards and Guidelines, which provide guidance for staff on how to meet those expectations in practice.
Financial Controller	Capitalisation	Mar-19	Mar-22	Current	To provide guidance to council officers around the recognition and treatment of capital costs, revaluation, depreciation, impairment, disposal and accounting for assets.
Financial Controller	Cash Handling	Apr-17	Apr-20	Due for review	To ensure that there is consistent cash management practices which minimise risk and hazards and enable cash handling processing to be carried out in a safe and secure manner.
People, Safety & Wellness	Child Protection	Nov-18	Nov-21	Current	To take all practicable measures to protect young people under the age of 18 years by providing a safe environment for children attending council-owned and operated facilities. Hamilton City Council will work in partnership with government and social development agencies to ensure the safety and wellbeing of children whilst meeting the requirements of the Vulnerable Children's Act (2014).
City Safe	Civil Defence and Emergency management	Oct-18	Oct-21	Current	To ensure that Hamilton City Council (HCC) meets the requirements of the Civil Defence Act 2002 and can effectively and efficiently respond to and recover from an emergency event.
People, Safety & Wellness	Staff Code of Conduct	Dec-18	Dec-21	Current	To set out the rules and expectations of staff while they are employees at Hamilton City Council.
Communications & Marketing	Copyright Print Media	1/10/2012	Oct-12	Out of date - Review on hold	To outline the licensing provision which allows Council staff the right to use print media copyright material.
City Growth	Customer Complaints	Sep-19	Sep-21	Due for review	To set out Council's commitment to providing a robust, transparent mechanism for members of the public to make a complaint regarding the conduct, standard of service, actions or lack of action by Council, services or staff.
People, Safety & Wellness	Domestic Violence Leave	Sep-19	Sep-22	Current	To set out Council's commitment in protecting the wellbeing of all staff who may be subject to or perpetrators of Domestic Violence.
People, Safety & Wellness	Drug and Alcohol	Mar-19	Mar-22	Current	To: <ul style="list-style-type: none"> Show our responsibility and commitment to ensure a safe and healthy workplace for our staff Ensure that our staff can work in an environment free of alcohol and drug use or abuse Outline Council's expectations and requirements for creating and maintaining an alcohol and drug-free work environment and for dealing with substance abuse in the workplace Provide an opportunity to staff members with a substance use problem to get well
Infrastructure Operations	Encroachment Policy	Aug-19	1-Aug-22	Current	To enable Council to reasonably control encroachments into Road Reserves and Reserves
Facilities	Energy and Carbon Management	Nov-19	Nov-22	Current	To minimise energy consumption and greenhouse gas emissions across the organisation in accordance with our sustainability principles.
Legal Services	Execution of Documents	Nov-19	Nov-21	Current	To provide procedure for execution and signing of documents having legal significance.
City Transportation	Fencing	Feb-19	Feb-22	Current	To provide guidance for how Council will apply their obligations under the Fencing Act 1978 regarding contributions towards fences that share a boundary
Facilities	Fleet	Dec-19	Dec-22	Current	To ensure that Council fleet is operated and managed in a manner that is fit for purpose, cost efficient, safe, lawful, and reduces carbon emissions.
People, Safety & Wellness	Flexible Working Arrangements	Oct-20	Oct-23	Current	To support the achievement of organisational goals and objectives by supporting staff to balance their work and personal lives. In turn, this is expected to enhance the attraction, retention and productivity of our people.

Policy owner	Management Policy	Last Reviewed	Next Review Date	Status	Purpose
, Finance	Gifts and Hospitality	Mar-17	Jul-20	Due for review	To explain the principles and procedures for Council Staff to follow when considering whether to accept or decline offers of Gifts or Hospitality.
Event Operations	H3 Venue Conditions of Entry	Aug-19	Jun-22	Current	To provide guidelines and support for the implementation of Conditions of Entry at Hamilton City Council event venues managed by H3.
Libraries	Hamilton City Libraries Collection	Nov-20	Nov-23	Current	To provide a framework for the development and management of Hamilton City Libraries' collections.
People, Safety & Wellness	Harassment, Bullying and Discrimination	May-18	May-21	Under review	To provide a safe and supportive working environment for all its employees and customers. To promote awareness of the issues and define workplace harassment, bullying, discrimination and conflict.
People, Safety & Wellness	Health and Safety	Dec-18	Dec-21	Current	To contribute to all aspects of Hamilton City Council's organisational health and safety performance as part of a demonstratable commitment to continuous improvement in health and safety.
Parks and Open Spaces	Herbicide Use	Mar-15	Mar-18	Out of date - Under review	To provide high level guidelines around the use of herbicides in the management of unwanted vegetation.
People, Safety & Wellness	Intellectual Property and Ownership Rights	Dec-18	Dec-21	Current	To ensure Council retains ownership and rights of use of its assets, information, and intellectual property.
People, Safety & Wellness	Leave	Oct-20	Oct-23	Current	To provide guidance on how HCC manages Leave. This policy should be read in conjunction with the relevant employment agreement.
Parks and Recreation	Lighting on Parks	Aug-17	Aug-20	Due for review	To provide clear guidelines to inform decision making around which Hamilton City parks will be lit to enable their safe night-time use and to specify the way lighting will be provided.
City Safe Unit	Litter Enforcement	Aug-18	Aug-21	Due for review	To provide guidance to Council officers on issuing infringement notices under the Litter Act 1979.
Communications & Marketing	Media	Mar-14	Mar-17	Review on hold	To ensure staff understand the process that needs to be followed when dealing with media enquiries. To ensure representatives of the media are dealt with consistently, fairly and professionally at all times.
Waikato Museum	Museum Collection	Jun-18	Jun-21	Due for review	To guide the growth, development, and management of the Museum's collection.
People, Safety & Wellness	Performance Management and Disciplinary	Dec-18	Dec-21	Current	To ensure that HCC has a performance management and disciplinary process that is fair, transparent, and applied consistently.
Finance	Procurement	Jun-16	Jun-19	Under review	To provide clear direction to staff in relation to procurement activities and establish decision framework that ensures openness, fairness, integrity, value for money, lawfulness, accountability, and sustainability.
Information Systems	Records Management	Dec-14	Dec-17	TBC	Defines the role and functions of Records Management and establishes the principles and responsibilities of Hamilton City Council and its officers to ensure appropriate management of records.
People, Safety & Wellness	Recruitment and Selection	Dec-18	Dec-21	Current	To ensure that the recruitment and selection of HCC staff is undertaken in a fair, consistent, transparent and cost-effective way.
People, Safety & Wellness	Remuneration	Jun-20	Jun-23	Current	Our remuneration supports our strategy to attract and retain talented people to achieve key community outcomes that help to improve the wellbeing of Hamiltonians.
Financial Controller	Revaluation	Jul-18	Jun-21	Due for review	To outline the organisations approach to revaluations to ensure that the value and depreciation held for the city assets is accurate.
City Growth	Sensitive Development	Aug-19	Aug-22	Current	To guide staff in identifying sensitive developments that could be of interest to Elected Members and SLT and sets out a mechanism to inform elected members of such sensitive developments.
People, Safety & Wellness	Smoke Free Workplace	Oct-16	Mar-20	Under review	To provide a healthy work environment for workers and visitors to our facilities and open spaces. It is an additional requirement that sets our minimum standard above current legislation to prevent the detrimental effects of smoking on the health of people who do not smoke, or who do not wish to smoke.
Communications & Marketing	Social Media	Sep-13	Sep-16	Out of date - Review on hold	To ensure that the flow of information between staff and the social media community is accurate, timely and promotes Council's credibility and reputation in the wider community.
People, Safety & Wellness	Study Assistance Policy	Mar-18	Mar-21	Under review	To support staff who wish to continue to develop their personal and/or professional skills through further study, in support of their career development whilst working at Council. The purpose of this Policy is to outline relevant information in support of staff pursuing further study through approval, which is relevant and beneficial to both the staff member and Council.
City Safe	Surveillance Camera	Oct-18	Oct-21	Current	To outline the guidelines for Council's collection, storage and use of images collected.

Policy owner	Management Policy	Last Reviewed	Next Review Date	Status	Purpose
Financial Controller	Treasury	Jun-18	Jun-21	Due for review	To outline approved policies and procedures in respect of all treasury activity to be undertaken by Hamilton City Council (“HCC”). The formalisation of such policies and procedures will enable treasury risks within HCC to be prudently managed.
City Growth	Unreasonable Customer Conduct Policy	Sep-19	Sep-21	Due for review	To set out Council's commitment to fair, transparent and appropriate dealings with customers and the principles that guide this commitment and provide a management framework for dealing with unreasonable customer conduct
Customer Services	Visitor Control	Oct-14	Oct-22	Current	To control visitors’ exposure to workplace hazards and to control visitor access for all council buildings.
People and Organisational Performance	Workplace Diversity and Inclusion	Oct-21	TBC	Current	

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Council Report

Item 16

Committee: Strategic Risk and Assurance Committee

Date: 18 November 2021

Author: David Bryant

Authoriser: David Bryant

Position: General Manager People and Organisational Performance

Position: General Manager People and Organisational Performance

Report Name: Strategic Risk and Assurance Committee - Annual Self Review

Report Status	<i>Open</i>
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Purpose - *Take*

1. The purpose of this report is to present the 2021 annual self-review of the Strategic Risk and Assurance Committee, completed by Keiran Horne, Chair of this Committee.

Staff Recommendation – *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee receives the report.

Attachments

Attachment 1 - HCC Strategic Risk and Assurance - Self Review 2021

Strategic Risk and Assurance Committee – 2021 Self Review

Attachment 1

Meetings

1. The Audit and Risk Committee have met on the following dates:
 - 4 December 2020
 - 11 March 2021
 - 17 June 2021
 - 14 September 2021
 - 29 September 2021
2. The Strategic Risk and Assurance Committee will meet again on 18 November 2021
3. The Committee also held the following informal workshops:
 - 3 December 2020 – an in-depth review of the SafePlus Onsite Assessment & Advice Report, the Cobham Drive audit, and the risks associated with the Waikato Regional Theatre grant.
 - 10 March 2021– a presentation on Council’s LGOIMA obligations and legal risks as well as an overview of the physical security reviews that had been conducted across high-risk Council facilities.
 - 17 June 2021 – presentations on CCO risk management.
 - 3 September 2021 – review of draft 2021 annual report and in-depth presentations on health and safety, 2021-31 Long Term Plan risks, and data governance.

Item 16

Chair’s Activities

4. The Chair held additional meetings with the internal auditors, PWC to discuss progress with current internal audit projects. Oversight and monitoring of Council’s own internal audit staff member and her work plan were also discussed throughout the year.
5. The Chair liaised with the external auditors throughout the audit process.
6. Throughout the year the Chair has been advised of any potential frauds, protected disclosures or significant claims against Council. Any resulting investigations have been monitored. The Chair provided an annual fraud questionnaire to Council’s external auditors.
7. Time was spent by the Chair liaising with staff and planning the risk workshops.
8. The Chair attended an interview with OAG staff relating to the Conflict of Interest sector review.
9. A mid-term Committee review meeting with the Mayor and Chief Executive was attended by the Chair.
10. The Chair liaised with staff to review the committee agenda and reports schedule to facilitate a strategic focus to Committee discussions.
11. The following meetings were attended throughout the year by the Chair either in person or by videoconference:
 - Fortnightly “catch-up” telephone meetings, and ad hoc correspondence, with Council’s General Manager – People & Organisational Performance.
 - Meetings with the Chief Executive prior to each Strategic Risk and Assurance Committee meeting, as well as ad hoc correspondence.

- Telephone conversations with Strategic Risk and Assurance Committee members as matters arose.
 - Telephone conversations with Council's internal audit staff member to discuss internal audit findings.
 - Liaison with senior management with regards to various emerging risks and incidents that have relevance to this committee.
12. Many of these tasks and meetings were also attended by the second independent Strategic Risk and Assurance Committee member.
13. The Chief Executive expenses have been reviewed by the Chair on a six-monthly basis.
14. The Chair has also monitored media, noting any issues that may be relevant to this Committee.

Annual Reporting Process

15. The Committee oversaw the engagement of Council's external auditors and the completion of the annual financial statements and made recommendations to Council where required.
16. The Committee reviewed accounting policies, material estimates, the impact of the Covid pandemic and asset impairment where appropriate and reviewed the interim and annual external auditor management report.

Risk Management

17. The Committee monitored Council's key strategic and organisational risks and recommended action where required. As part of this, the Committee focused on continuous improvement. The top strategic risks were reassessed and then fully reviewed by SLT. Reporting at all levels within Council was considered to ensure that effective risk management may be more fully integrated throughout the organisation.

Health Safety and Wellness.

18. Over the past year the Committee has been focused on driving continual improvement in Council's Health, Safety & Wellness performance. It has been pleasing to see a step-change in the way that Council governs and manages the health and safety of its staff, contractors and community.

Organisational Improvement

19. The Committee received reports from external parties which included recommendations for improvement, including:
- Audit New Zealand – Annual Audit and Controls
 - Audit New Zealand – Audit of the 2021-31 Long Term Plan and consultation document.
 - PwC – Internal Audit
 - S&P Credit Rating Report
20. Progress with significant recommendations was monitored by Council's internal audit resource and reported to the Committee. During the year the reporting process was improved and re-focused so that the Committee could direct its attention to strategic issues and trends associated with these recommendations.

Other Work

21. The Committee received internal reports covering various topics including:

- Health and Safety
- Insurance
- Internal Audit
- Cyber risks
- Emerging legal risks

Closing

22. I would like to thank my deputy Chair, Councillors, Maangai representatives, and management for their support, engagement and hard work this year. I would like to particularly commend everyone's commitment to the Health, Safety & Wellness work programme which ultimately impacts Council's ability to keep all those that they interact with safe and well.

Council Report

Item 17

Committee: Strategic Risk and Assurance Committee

Date: 18 November 2021

Author: Michelle Hawthorne

Authoriser: David Bryant

Position: Legal Services Manager

Position: General Manager People and Organisational Performance

Report Name: Draft Work Programme - 2022

Report Status	<i>Open</i>
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Purpose - *Take*

1. To seek approval from the Strategic Risk and Assurance Committee of the draft work programme for the Strategic Risk and Assurance Committee meetings of 2022.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee:
 - a) adopts the draft the draft work programme for the Strategic Risk and Assurance 2022; and
 - b) notes that a wider Schedule of Reports for the Strategic Risk and Assurance Committee, Council and other committees for 2022 will be updated and provided to the Strategic Risk and Assurance Committee in 2022.

Executive Summary - *Whakaraapopototanga matua*

3. Prior to the commencement of each calendar year, it is recommended that the Strategic Risk and Assurance Committee sets itself a work programme.
4. Staff recommend the draft work programme be adopted as detailed in paragraphs 13 and 14 below.
5. Staff consider the decision in this report is of medium significance and that the recommendations comply with the Council's legal requirements.

Background - *Koorero whaimaarama*

6. Prior to the commencement of each calendar year it is recommended that the Strategic Risk and Assurance Committee sets itself a work programme. While priorities can shift during the year as unexpected issues arise, the work programme is a useful tool to enable Committee Members to set their direction and to allow staff to understand the work priorities that need to be achieved.
7. The Strategic Risk and Assurance Committee will also need to consider whether its draft work programme is consistent with its Terms of Reference.

8. The purpose of the draft schedule of reports (which will be circulated in early 2022) is to provide Committee Members with oversight of the planned and upcoming activities/schedule of work for 2022 for Council and all its committees. Decisions from this report on the Strategic Risk and Assurance Committee's work programme will inform the overall draft schedule of reports.
9. The Chair will continue to have close oversight of items for upcoming committee meetings via the agenda planning meetings. As per the normal process, the relevant Chair's approval will be sought where an upcoming agenda item needs to be added or removed after the agenda planning meeting has taken place.
10. The Governance Unit and the Senior Leadership Team Executive Assistants will take responsibility for maintaining an up-to-date record of planned reports. Committee Members can request updates to the schedule via the Governance Team or Principal Advisors.

Discussion - *Matapaki*

11. The following draft work programme is proposed for discussion by the Strategic Risk and Assurance Committee. The work programme identifies issues which have been developed and reviewed on a quarterly, annual and ad hoc (two to three yearly) basis as a suggested base work programme.
12. There may be other matters that the Strategic Risk and Assurance Committee may wish to consider for inclusion or replacement in the work programme.
13. The proposed standing reports for each meeting are:
 - i. CE Report
 - ii. Safety and Wellness Report
 - iii. Risk Management Report
 - iv. Internal Audit
 - v. Internal Audit (PWC)
 - vi. Organisational Improvement Register
 - vii. PX Legal Risks
 - viii. Compliance, Fraud and Protected Disclosures
 - ix. PX Cyber Risks
 - x. External Audit (Audit NZ)
 - xi. Chair's report to Council
14. In addition to the above the following reports have been proposed for each meeting date in 2022:

March 2022	June 2022	September 2022	November / December (TBC new triennium)
<ul style="list-style-type: none"> Schedule of reports for Council and Committees for 2022 Draft Internal Audit Plan for 2022 Draft Internal Audit Plan (PWC) for 2022 External audit plan Audit report planning update Conflict of Interest Management Policy review (OAG) 	<ul style="list-style-type: none"> Accounting Treatment Review Annual Report – Letter of engagement of auditors Annual Report – review of contingent liabilities and contingent assets (in legal risk report) Annual pre-renewal Insurance Report Protected Disclosures Management Policy 	<ul style="list-style-type: none"> Review of Annual Report and letters of representation Annual Report - Interim Management Report (Audit NZ) Annual SRA Committee Self Review (shifted to September in 2022 due to elections) Annual Council Controlled Organisations Material Risks 	<ul style="list-style-type: none"> Annual Report - Final Management Report (Audit NZ) Annual Credit Rating Update Annual Post-Renewal Insurance Update Report Draft work programme and meeting dates 2023 New triennium – welcome and briefing of members Risk Management Policy

review in 2021) • Sensitive Expenditure Policy review • Economic Dev committee request for a review of the Victoria Street Dev project. (Timing TBC)	review (assuming legislation passed) • Business Continuity Planning – review (2 yearly) • Tax Compliance review (last done 2019) • Update on Security Review	review and update on annual report audits • Fraud and Corruption Management Policy review • Gifts and Hospitality Management Policy review • Climate change disclosure report (NB timing TBC with the team working on this project) • Terms of Reference – review and feedback to Council at end of triennium	review (2 yearly) • Civil Defence and Emergency Management capability review (2 yearly) • Climate Change Risk Assessment (timing TBC with the team working on this project)
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15. The proposed work programme is consistent with the Strategic Risk and Assurance Committee's Terms of Reference, staff note that in 2023 there will be a report regarding audit fees for the next three-year period and work associated with the Long-Term Plan project that will be include in that year's work programme.

Options

16. It is open to the Strategic Risk and Assurance Committee to amend its work programme, there are some limitations regarding the timing of reports, specifically for Council's Annual Report, and some external audits.

Financial Considerations - *Whaiwhakaaro Puutea*

17. This is a regular operating activity funded through the Long-Term Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

18. Staff confirm that the recommendations in the report comply with Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

19. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the four wellbeings').
20. The subject matter of this report has been evaluated in terms of the four wellbeings during the process of developing this report as outlined below.
21. The recommendations set out in this report are consistent with that purpose.

Social

22. The draft work programme Strategic Risk and Assurance provides the community oversight of the planned and upcoming schedule of work for 2022 Committee meetings. This increases transparency and encourages greater engagement in the democratic process

Economic

23. Council's management of the risks and opportunities through the Committee will the impact on the community's economic wellbeing.

Environmental

24. Council continues to manage its response to the impact on the environment by establishing services that are safe and sustainable and embedding climate change considerations into priority projects across Council.

Cultural

25. Staff consider the matters set out in this report do not have a direct impact on cultural wellbeing.

Risks - *Tuuraru*

26. There are no known risks associated with the decisions required for this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

27. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

Engagement

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

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Strategic Risk and Assurance Committee Public Excluded Minutes - 14 September 2021) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Legal Risks - Committee Update)	
C3. Cyber Risks		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to maintain legal professional privilege	Section 7 (2) (g)
Item C3.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)