



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL



Risk and Assurance Committee Meeting Agenda

Thursday, 12 November 2020

9:00am

Council Chamber

28-32 Ruataniwha Street, Waipawa

Together we Thrive! E ora ngātahi ana!

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- 1 **KARAKIA**
- 2 **APOLOGIES**
- 3 **DECLARATIONS OF CONFLICTS OF INTEREST**
- 4 **STANDING ORDERS**

RECOMMENDATION

THAT the following standing orders are suspended for the duration of the meeting:

- 21.2 Time limits on speakers
- 21.5 Members may speak only once
- 21.6 Limits on number of speakers

And that Option C under section 22 General procedures for speaking and moving motions be used for the meeting.

Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.

5 CONFIRMATION OF MINUTES

Risk and Assurance Committee Meeting - 16 September 2020.

RECOMMENDATION

That the minutes of the Risk and Assurance Committee Meeting held on 16 September 2020 as circulated, be confirmed as true and correct.

**MINUTES OF CENTRAL HAWKES BAY DISTRICT COUNCIL
EXTRAORDINARY RISK AND ASSURANCE COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 28-32 RUATANIWHA STREET, WAIPAWA
ON WEDNESDAY, 16 SEPTEMBER 2020 AT 10:00AM**

PRESENT: Mr Neil Bain (Chair)
Mayor Alex Walker
Cr Tim Aitken
Cr Gerard Minehan
Cr Brent Muggeridge
Cr Jerry Greer

IN ATTENDANCE: Monique Davidson (Chief Executive)
Brent Chamberlain (Chief Financial Officer)
Joshua Lloyd (Group Manager, Community Infrastructure and Development)
Bridget Gibson (Governance and Support Officer)
Kieron Wright (Ernst & Young)

1 APOLOGIES

Nil.

2 DECLARATIONS OF CONFLICTS OF INTEREST

Nil.

3 STANDING ORDERS

COMMITTEE RESOLUTION

Moved: Mayor Alex Walker

Seconded: Cr Jerry Greer

THAT the following standing orders are suspended for the duration of the meeting:

- 21.2 Time limits on speakers
- 21.5 Members may speak only once
- 21.6 Limits on number of speakers

And that Option C under section 22 General procedures for speaking and moving motions be used for the meeting.

Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.

CARRIED

4 REPORT SECTION

4.1 DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

PURPOSE

The matter for consideration by the Council is to receive the Draft Annual Report for the Year Ended 30 June 2020.

COMMITTEE RESOLUTION

Moved: Cr Brent Muggeridge

Seconded: Mayor Alex Walker

That, having considered all matters raised in the report :

- a) the Risk and Assurance Committee receive the Draft Annual Report 2019/2020; and
- b) the Risk and Assurance Committee endorse the adoption of the Annual Report to Council subject to the Chair's approval of requested amendments.

CARRIED

Mr Chamberlain presented the report.

It is noted that the CHBDC Annual Report is still in draft form and is subject to amendments before adoption by Council at the recommendation of the Risk and Assurance Committee.

Introduction and Overview:

- Response to Covid-19 and Drought:

Pg.27 agenda – provides an overview on how Covid has impacted Council. Accounts receivable/debtors additional information on response. Significant that Covid-19 has been adequately reflected throughout the financials.

- Working across Hawke's Bay pg. 32:

Essentially reflects the Hawke's Bay Council's working together. Shared IT support across the region is reflected by the sharing of the website formats, and the IT Department has a contract with Hastings IT who support CHBDC through helpdesk support. Cyber security, phone systems and other IT services are shared between CHBDC and Hastings Council.

- Financial Performance:

Further commentary needs to be added on the topic of higher personnel costs. Articulation around the summary requires more detail.

- Compliance and responsibility:

The final report content will be consistent with last year's audit report there is one anomaly in the Covid-19 management that will be picked up and expanded on.

- Community Leadership Group – pg. 46

Comparison between last year and this year's non-financial reporting will be added to this section.

- Planning and Regulatory:

Going forward, payments to personnel and payments to suppliers could be separated. A short section on contract management and how the outsourcing is going on aggregate. Contractors relative to budget could be outlined next year to give transparency to personnel versus supplier.

- Solid Waste pg. 61:

That commentary surrounding the impacts of Covid-19 for e.g. the stop of recycling due to lockdown be included in the non-financial measures.

- Recreation and Community Facilities – pg. 76:

Waipukurau Library being closed for seismic issues will be noted in the Report.

- Financial Information – pg. 88:

Debt control benchmark - a planned tabular summary of what makes up nett debt versus planned debt would be a useful addition to future Annual Reports.

- Statement of Financial Position pg. 93.

Accrued Interest on Long Term Debt heading to be changed to offer easier understanding on the figure displayed.

- Statement of Changes in Equity

Transfer to special funds of \$125,000 — some clarity in this area to be added.

- Financial Impact Statement pg. 97

Disclosure of Councillor fees note 15 page 26 – Mr Chamberlain to check that the elected members' remuneration is disclosed accurately. Amendment to be made. Descriptions of the models of responsibility to be included to reflect decisions on remuneration.

Pg. 120 - summary of internal debt and external debt to be explained in a separate table, with a description, to provide more transparency and understanding for the reader.. A report to be brought to the Committee on how the allocation of external and internal debt across functions is reported.

RESOLUTION TO EXCLUDE THE PUBLIC**COMMITTEE RESOLUTION**

Moved: Mayor Alex Walker

Seconded: Cr Gerard Minehan

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
5.1 - Ernst Young Management Report - Audit Findings	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

CARRIED

6 DATE OF NEXT MEETING**RECOMMENDATION**

THAT the next meeting of the Central Hawke's Bay District Council Risk and Assurance Committee be held on 16 September 2020.

7 TIME OF CLOSURE

The Meeting closed at 12:01.

The minutes of this meeting were confirmed at the Risk and Assurance Committee Meeting held on 12 November 2020.

.....
CHAIRPERSON

6 REPORT SECTION

6.1 RISK AND ASSURANCE WORK PROGRAMME MONITORING REPORT

File Number: COU1- 1408

Author: Monique Davidson, Chief Executive

Authoriser: Monique Davidson, Chief Executive

Attachments: Nil

PURPOSE

The purpose of this report is for the Risk and Assurance Committee to receive a progress update on the Risk & Assurance Committee Work Programme.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

In 2019 following the Triennial Election, Council established a Risk and Assurance Committee, which included the appointment of an Independent Chair.

At the time that Council agreed on Council and Committee priorities, the Risk and Assurance Committee had not been fully established, therefore a formal work programme was not determined.

At the Risk and Assurance Committee meeting in late June 2020, the Chief Executive following guidance from the Independent Chair, presented a Draft Risk and Assurance Work Programme for feedback. Subsequently, The Risk and Assurance Committee Work Programme was adopted by the Committee at meeting held 3 September 2020.

DISCUSSION

The purpose of the Risk and Assurance Committee is to contribute to improving the governance, performance and accountability of the Central Hawke's Bay District Council by:

- Ensuring that the Council has appropriate financial, health and safety, risk management and internal control systems in place.
- Seeking reasonable assurance as to the integrity and reliability of the Council's financial and non-financial reporting.
- Providing a communications link between management, the Council and the external and internal auditors and ensuring their independence and adequacy.
- Promoting a culture of openness and continuous improvement.

The Council delegates to the Risk and Assurance Committee the following responsibilities:

- To monitor the Council's treasury activities to ensure that it remains within policy limits.
Where there are good reasons to exceed policy, that this be recommended to Council.

- To review the Council's insurance policies on an annual basis.
- To review, in depth, the Council's annual report and if satisfied, recommend the adoption of the annual report to Council.
- To work in conjunction with Management in order to be satisfied with the existence and quality of cost-effective health and safety management systems and the proper application of health and safety management policy and processes.
- To work in conjunction with the Chief Executive in order to be satisfied with the existence and quality of cost-effective risk management systems and the proper application of risk management policy and processes, including that they align with commitments to the public and Council strategies and plans.
- To provide a communications link between management, the Council and the external and internal auditors.
- To engage with Council's external auditors and approve the terms and arrangements for the external audit programme.
- To engage with Council's internal auditors and approve the terms and arrangements for the internal audit programme.
- To monitor the organisation's response to the external and internal audit reports and the extent to which recommendations are implemented.
- To engage with the external and internal auditors on any one off assignments.
- To work in conjunction with management to ensure compliance with applicable laws, regulations standards and best practice guidelines.
- To provide a communications link between management, the Council and the external and internal auditors.
- To engage with Council's external auditors and approve the terms and arrangements for the external audit programme.
- To engage with Council's internal auditors and approve the terms and arrangements for the internal audit programme.
- To monitor the organisation's response to the external and internal audit reports and the extent to which recommendations are implemented.
- To engage with the external and internal auditors on any one off assignments.
- To work in conjunction with management to ensure compliance with applicable laws, regulations standards and best practice guidelines.

Subject to any expenditure having been approved in the Long Term Plan or Annual Plan the Risk and Assurance Committee shall have delegated authority to approve:

- Risk management and internal audit programmes.
- Terms of the appointment and engagement of the audit with the external auditor.
- Additional services provided by the external auditor.
- The proposal and scope of the internal audit.

In addition, the Council delegates to the Risk and Assurance Committee the following powers and duties:

- The Risk and Assurance Committee can conduct and monitor special investigations in accordance with Council policy, including engaging expert assistance, legal advisors or external auditors, and, where appropriate, recommend action(s) to Council.

The Risk and Assurance Committee can recommend to Council:

- Adoption or non-adoption of completed financial and non-financial performance statements.
- Governance policies associated with Council's financial, accounting, risk management, compliance and ethics programmes, and internal control functions, including the: Liability Management Policy, Treasury Policy, Sensitive Expenditure Policy, Fraud Policy, and Risk Management Policy.
- Accounting treatments, changes in generally accepted accounting practice (GAAP).
- New accounting and reporting requirements.

The Risk and Assurance Committee may not delegate any of its responsibilities, duties or powers.

The Risk and Assurance Committee is still developing, as is the maturity of the organisation in the way it manages risk and assurance matters. It is for these reasons that a 12-month work programme was adopted, with the intention in early 2021 to develop a 2-year work programme that will take Council through until the end of 2022, which also aligns with the triennial election.

The Risk and Assurance Committee will receive the following standing reports:

- **Committee Priorities Monitoring Report**
- **Committee Resolution Monitoring Report**
- **Internal and External Audit Monitoring Report**
- **Risk Status Monitoring Report**
- **Health and Safety Monitoring Report**
- **Treasury Management Monitoring Report**

The monitoring report which provides an update on the key priorities of the Committee is below:

Key Priority	Responsible Officer	Progress Update
Review Annual Report and recommend adoption to Council.	Brent Chamberlain	Completed – This was adopted by the Risk and Assurance Committee, and then further adopted by Council in September 2020.
Review Treasury	Brent	Completed – This was adopted by the Risk and

Key Priority	Responsible Officer	Progress Update
Management Policy.	Chamberlain	Assurance Committee, and then further adopted by Council in September 2020, and will be a core component of what is consulted on as part of the Long Term Plan 2021-2031.
Review Internal Audit Work Programme.	Brent Chamberlain	Priority will be given to this in Q1 2021. While this is later than intended, Officer and Governance focus is required on Long Term Plan 2021 – 2031.
Review Sensitive Expenditure Policy	Brent Chamberlain	This is included in the Committee Agenda for November 2020.
Review Governance Policy Framework and determine role for Risk and Assurance Committee.	Monique Davidson	Priority will be given to this in 2021.
Review Risk Management Policy	Josh Lloyd	This is included in the Committee Agenda for November 2020.
Review Risk Appetite Statement, Risk Management Policy and Governance Risk Register.	Josh Lloyd	Priority will be given to this in Q1 2021.
Review Fraud and Whistle Blowing Policy.	Brent Chamberlain	Priority will be given to this in Q1 2021.
Review Procurement Policy	Brent Chamberlain	Priority will be given to this in Q2 2021.
Review Health, Safety and Wellbeing Governance Charter	Darren de Klerk	Priority will be given to this in Q2 2021.

As part of the Risk and Assurance's role in ensuring assurance on things that matter the most, regular deep dives on key issues are agreed to:

Topic	Responsible Officer	Progress Update
Cyber Security	Doug Tate	Completed – September 2020
Insurance Work Programme	Brent Chamberlain	Completed – September 2020
Critical Risks	Josh Lloyd	Priority will be given to this in Q1 2021.
Contractor Performance	Darren de Klerk	Priority will be given to this in Q2 2021.
Legal Challenges / Files	Monique Davidson	Priority will be given to this in Q1 2021.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

A further update will be provided at the first Committee meeting of 2021.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

6.2 RESOLUTION MONITORING REPORT

File Number: COU1-1408

Author: Monique Davidson, Chief Executive

Authoriser: Monique Davidson, Chief Executive

Attachments: 1. Risk & Assurance Committee - Resolution Monitoring Report  

PURPOSE

The purpose of this report is to present to the Committee the Risk and Assurance Committee Resolution Monitoring Report. This report seeks to ensure the Committee has visibility over work that is progressing, following resolutions made by the Committee.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

DISCUSSION

The Committee Resolution Monitoring Report is attached.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.



CENTRAL HAWKE'S BAY

DISTRICT COUNCIL

Risk and Assurance Committee Resolution Monitoring Report November 2020

Key				
Completed				
On Track				
Off Track				
Item	Council Resolution	Resolution Date	Responsible Officer	Progress Report
Health, Safety And Wellbeing Governance Charter	That having considered all matters raised in the report: a) The Committee adopt the Health, Safety and Wellbeing Governance Charter. b) That Councillor Aitken sign the Charter on behalf of the Council/Committee.	21/07/2020	Darren De Klerk	Completed. The Charter was adopted by Committee and signed by Councillor Aitken.
Procurement Activity And Structure, and Procurement Policy Refresh	That having considered all matters raised in the report: a) That the Committee receive the Procurement Activity and Structure, and Procurement Policy Refresh report, and note its contents. b) That the proposed Procurement Policy be recommended to the Finance and Infrastructure Committee for adoption, to replace the current Procurement and Contract Management Policy.	21/07/2020	Brent Chamberlain	Completed. Adopted at Council Meeting held 24 September 2020.
Treasury Management Policy	That having considered all matters raised in the report: a) That the report entitled "Treasury Management Policy" be received. b) That the proposed changes to the policy be endorsed and be recommended to Council for future adoption. c) That the "Treasury Management Policy" be reviewed following the adoption of the Long Term Plan in 2021 and within 18 months from adoption.	3/09/2020	Brent Chamberlain	Waiting for LTP Consultation document to be written.

Draft Annual Report For The Year Ended 30 June 2020.	That, having considered all matters raised in the report : a) the Risk and Assurance Committee receive the Draft Annual Report 2019/2020; and b) the Risk and Assurance Committee endorse the adoption of the Annual Report to Council subject to the Chair's approval of requested amendments.	16/09/2020	Brent Chamberlain	Completed: Annual Report Adopted by Council with a unqualified audit opinion on the 24th September 2020.
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6.3 RISK STATUS UPDATE REPORT

File Number: COU1-1408

Author: Josh Lloyd, Group Manager Community Infrastructure and Development

Authoriser: Monique Davidson, Chief Executive

Attachments: Nil

PURPOSE

The purpose of this paper is to report to the Risk and Assurance Committee (the Committee) on Council's risk landscape, risk management work in progress and to continue a discussion with the Committee about risk.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

This is the fourth Risk Status Report to come to the Committee and is part of regular and routine reporting designed to provide governance with oversight and input into the way that identified risks are being managed within Council.

Further to the obvious benefits of 'reporting up' risk, Officers consider that these reports should be the basis of discussion that covers and adds value to all elements of the risk management spectrum (Identify, Analyse, Evaluate, Treat, Monitor/Report). That is, Officers intend that these reports facilitate discussion that identifies new risk, as well as focussing on existing listed and managed risks.

Feedback from the previous Committee meeting has shaped the structure and content of this report, with a specific focus of this report and future reports shifting to a clearer summary and assessment of risks that are considered 'active' at the time of reporting.

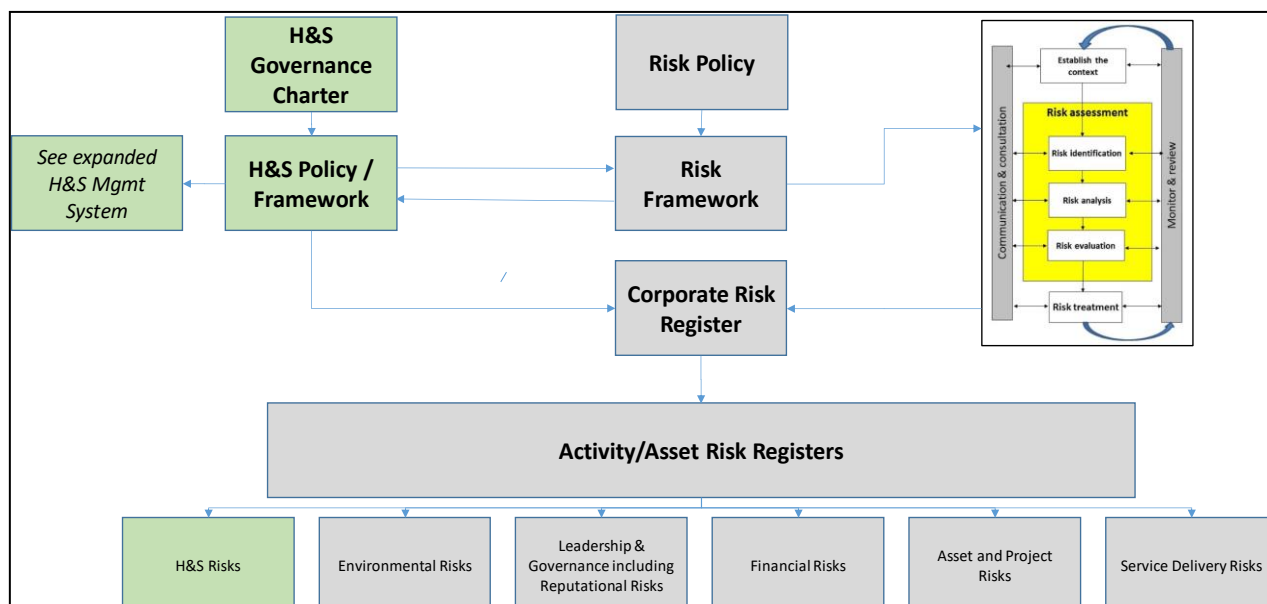
DISCUSSION

Sections below provide detail across and into Council's risk-scape.

Risk Context and Management Approach

Council's approach to managing risk continues to mature at an accelerated pace. Especially important are the linkages between Council's approach to managing risk and Council's approach to managing health, safety and wellbeing. The two areas are inextricably linked, so much so that it can sometimes be difficult to see where one approach finishes and the other begins. Rather than invest effort (beyond what is necessary) to separate and differentiate the two activities, Council has taken an approach of ensuring that the two activities are complementary of one another, and that while in some cases there may be overlap, that in no cases are there gaps or holes in either approach. The recent implementation of the 'Risk Manager' software as Council's enterprise risk management system ensures a continued close tie between corporate risk, and health and safety risk.

The diagram below illustrates how risk and health, safety and wellbeing integrate and overlap.



The management approach for both risk and health, safety and wellbeing are guided by strategic frameworks and policies and are influenced by National best-practice guidance material (specifically ISO-31000 and ISO-45000 series of standards).

Active Risks

The following risks are considered to be 'active' or 'live' at the time of this report, as determined by Officers.

Risk	Strategic Risk Register Linkage	Update
Capital programme delivery (excluding additional funding)	Failure to effectively deliver services and projects	Since the previous report, Council has established its PMO function with newly recruited resource. The PMO is responsible for delivery of all large capital programmes and is quickly coming up to speed with in-progress and planned works. There remains tension with roading contractors to complete existing capital works as well as newly funded additional works (PGF). Mechanisms will be built into future PGF procurements to manage this.
Additionally funded programmes delivery	Failure to effectively deliver services and projects	New funding has enabled Council to lead and support new programmes of work. This work is at risk of non-delivery in terms of timeliness and quality (costs are primarily fixed to pre-set budgets) due to challenges of Council and contractors resourcing the work. Since the last report Council have approved a procurement approach for PGF land transport works which gives surety in the planned approach to securing contracting resource.
Wastewater Compliance	Wastewater treatment system failure	Since the last report Council have begun the removal of constructed floating wetlands at several plants. The removal of the wetlands is a key step in improving short-term performance and compliance of the plants while longer term improvements are being made through the big waste water story. The removal of wetlands is progressing well but is being closely monitored by council staff and external support. HBRC have been active in the wetland removal project as there is risk to compliance limits while the work is in progress.

Condition-related asset failure	Failure of critical assets	Since the last report Officers have continued with iterative improvements to the planned renewal programmes as a key feed into the Infrastructure Strategy and 2021 LTP. A primary focus has been on 3 waters reticulated assets that are considered to be at the highest risk of failure due to their volume/scale as well as age and condition. The renewal planning process has confirmed that an increase in investment levels is required to maintain levels of risk in the asset base for 3 waters reticulated assets. This is being worked through the LTP process at present.
Staff retention	Not able to retain or secure key staff	Since the last report this risk continues to remain a focus for the Executive Team as pressure on the organisation remains high. Several key roles are currently vacant and while there are collective measures in place to ensure that delivery is not immediately at risk, Officers consider this risk still to be high and requiring continued focus.
COVID response – civil defence and business continuity	Inadequate Civil Defence response	The last report was created at a time soon after the second wave of COVID lockdowns. Officers consider that this risk remains live but not at a level requiring reporting to this Committee so this risk will be removed for future reports barring any opposing feedback.
Health and Safety management	Health & Safety - Workers	As Council matures rapidly in its management and coordinated approach to health and safety, Officers are aware of the risk that change brings in terms of stability and disruption. New staff, new systems, new processes and approaches are all being implemented at the same time which in turn is creating risk of gaps. Continued executive-level oversight is considered to still be necessary to ensure the coordination of work in this space and this is considered to be sufficient in managing this risk for now.

Systems Development

Impac Risk Manager has been implemented at Council and is being used as the organisations enterprise risk management system. The system is being populated currently with live health and safety risks and is being used actively to manage those risks. Soon the system will be populated with wider corporate risks and will then become a single source of information for all Council risk. The system provides effective capture and analysis of risk, reporting and prompting.

Risk Framework Review

Revisions to the organisations Risk Framework are being presented to Committee today for adoption. The revisions are to provide greater clarity within the framework with some parts identified by Officers as ambiguous and unclear. Specifically, the matrix and grading system have been altered.

Risk Policy

In the last report Officers proposed the creation of a Risk Management Policy that would sit above the existing Risk Framework and provide higher level strategic direction and intent. Upon completing revisions to the Risk Framework, Officers now consider that a separate Policy is not needed. The Framework has been amended to provide clear principles and intent for risk management and it is not considered that a separate Policy would add any value.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
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- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

Officers will continue to manage risk in the organisation in accordance with signalled practice within this report and as per Councils risk framework and greater risk management approach. Officers continue to be pleased to receive feedback and guidance from this committee on areas of interest for future reports.

RECOMMENDATION

That having considered all matters raised in the report, that the report be noted.

6.4 HEALTH AND SAFETY UPDATE REPORT #4

File Number: COU1-1408

Author: Darren de Klerk, 3 Waters Programme Manager

Authoriser: Monique Davidson, Chief Executive

Attachments: 1. Health and Safety Update Report for Q3/2020  

PURPOSE

To provide the Committee with health, safety and wellbeing information and insight up to the end of Q3 September 2020 and to update the Committee on key health and safety risks and initiatives.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

Elected members, as 'Officers' under the Health and Safety at Work Act 2015 (HSWA), are expected to undertake due diligence on health and safety matters.

The Health and Safety at Work Act 2015 came into law on 4th April 2016. It requires those in governance roles, and senior management, to have a greater understanding of their organisation's health and safety activities.

Under the Health and Safety at Work Act 2015, all elected members are deemed 'officers' and must exercise a duty of due diligence in relation to health and safety. These quarterly reports provide information to assist elected members to carry out that role and provides the health and safety information it needs to be aware of to meet its responsibilities under the Act.

DISCUSSION

This is the update for Quarter Three of 2020 – covering the period July, August and September 2020, with some commentary included for work undertaken in October 2020, this will be provided in greater detail in the next report for Quarter Four.

The safety team is continuing to work on a raft of improvements previously reported which include the development of the critical risks within the organisation – the 'bow-tie' analysis workshops are complete and work is ongoing to better understand our critical risks and how we currently and could better control these risks. Currently we are considering specialist software which enables the information collected during the bow-tie process to remain as living documents which enables regular auditing, recording of improvements and makes it easy to explore, explain and present our efforts in this space.

Our new health and safety system 'RiskManager' has been launched and its functionality continues to be improved, Safe365 has been discontinued and work is ongoing to retrieve records from PeopleSafe before it is also discontinued.

The vehicle GPS trial is due to be closed and evaluated, before recommendations are made to ELT, while significant effort has been made to systematically evaluate the workforces lone/isolated work risk-profile and to evaluate what type of device is most suited for their risk profile. In line with best practice, this process has been done with direct involvement of our people who face the risks. The majority of the vehicle fleet has also had its radio upgrade away from the emergency services frequency's and staff training on radio use has been conducted.

Lastly, work is continuing with our operational and project contractors to lift the level of reporting and the type of reporting we receive.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
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- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

To continue to improve the safety culture at CHBDC, while implementing the initiatives laid out in the Health and Safety Action Plan for 2020 and 2021, and to work through the actions laid out in the 2019 Gap Analysis Report.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.



Risk and Assurance Committee

Health and Safety Report For Quarter 3 - 2020

12 Nov 2020



Central Hawke's Bay District Council – Health and Safety Report #4

1

Author: Bevan Johnstone

Date: November 2020



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OVERVIEW

This is the update for Quarter Three of 2020 – covering the period July, August and September 2020, with some commentary included for work undertaken in October 2020, this will be provided in greater detail in the next report for Quarter Four.

The safety team is continuing to work on a raft of improvements previously reported which include the development of the critical risks within the organisation – the 'bow-tie' analysis workshops are complete and work is ongoing to better understand our critical risks and how we currently and could better control these risks. Currently we are considering specialist software which enables the information collected during the bow-tie process to remain as living documents which enables regular auditing, recording of improvements and makes it easy to explore, explain and present our efforts in this space.

Our new health and safety system 'RiskManager' has been launched and its functionality continues to be improved, Safe365 has been discontinued and work is ongoing to retrieve records from PeopleSafe before it is also discontinued.

The vehicle GPS trial is due to be closed and evaluated, before recommendations are made to ELT, while significant effort has been made to systematically evaluate the workforces lone/isolated work risk-profile and to evaluate what type of device is most suited for their risk profile. In line with best practice, this process has been done with direct involvement of our people who face the risks. The majority of the vehicle fleet has also had its radio upgrade away from the emergency services frequency's and staff training on radio use has been conducted.

Lastly, work is continuing with our operational and project contractors to lift the level of reporting and the type of reporting we receive.

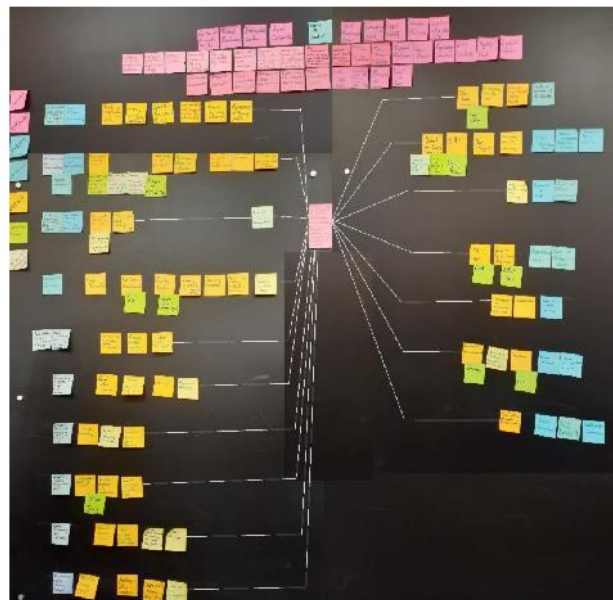
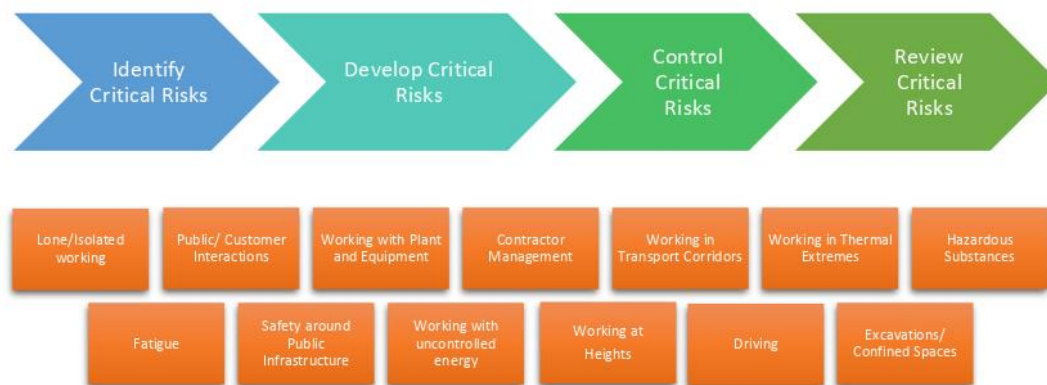


HEALTH AND SAFETY - CRITICAL RISKS

Work continues on our Critical Risks, the next phase is to employ specialist software to manage and display the collated information and then verify the findings by further workforce engagement before moving to improve our controls. That said, the vehicle GPS and lone worker projects will dramatically improve the controls of two of our most crucial critical risks.

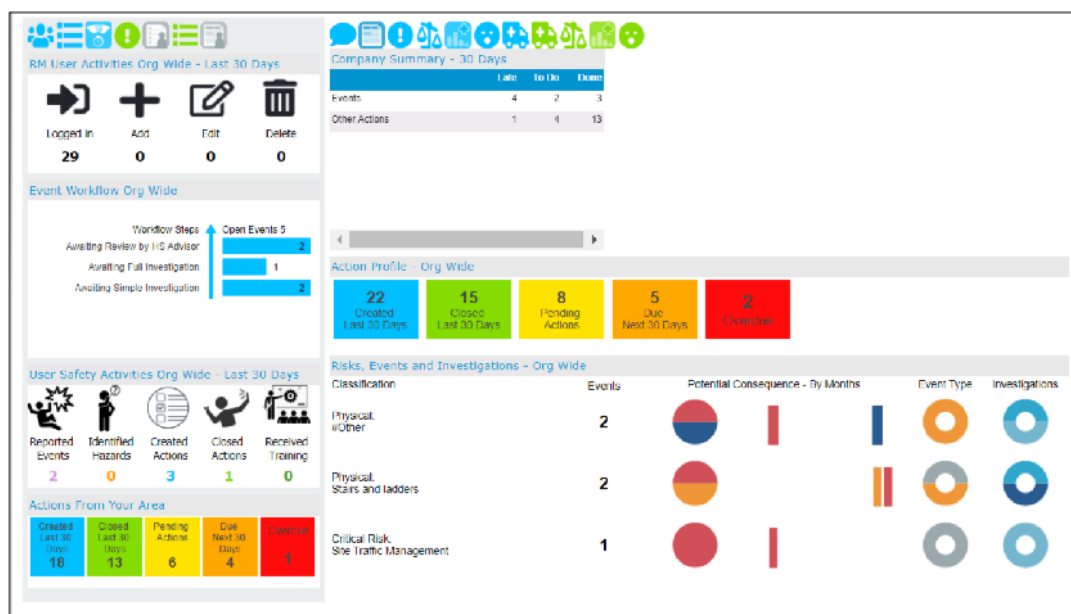
Best practice when improving risk controls is a delicate process involving direct worker engagement and refinement through iterations. Having the workforce's buy-in through seeing their ideas being implemented and tested ensures uptake and longevity as well as a higher likelihood that the solution will be successful. One of the risks of not engaging the workforce and listening to their ideas on how to make work more successful is resentment, disengagement and decreased safety through a larger difference between 'work as imagined' and 'work as done'. We have all seen or heard of a 'safety solution' which everyone but the boss thinks is "stupid" or "a waste of money".

For more information on our critical risks and the outputs from the bow-tie analysis workshops, see the deep dive critical risk report.





ORGINSATIONAL DASHBOARD SNAPSHOT – RISKMANAGER



Currently, the transfer of data from PeopleSafe into RiskManager is not quite complete, consequently longer term trends are not visible at this stage. Once the data transfer is complete, PeopleSafe will be retired from use as Safe365 has been. The above dashboard demonstrates the sort of straightforward information which will be available to this committee and management. Please note that many of the figures reported above are only for the last 30 days.

Over the coming months and years we expect to present a richer, more tailored dashboard for this committees consumption.

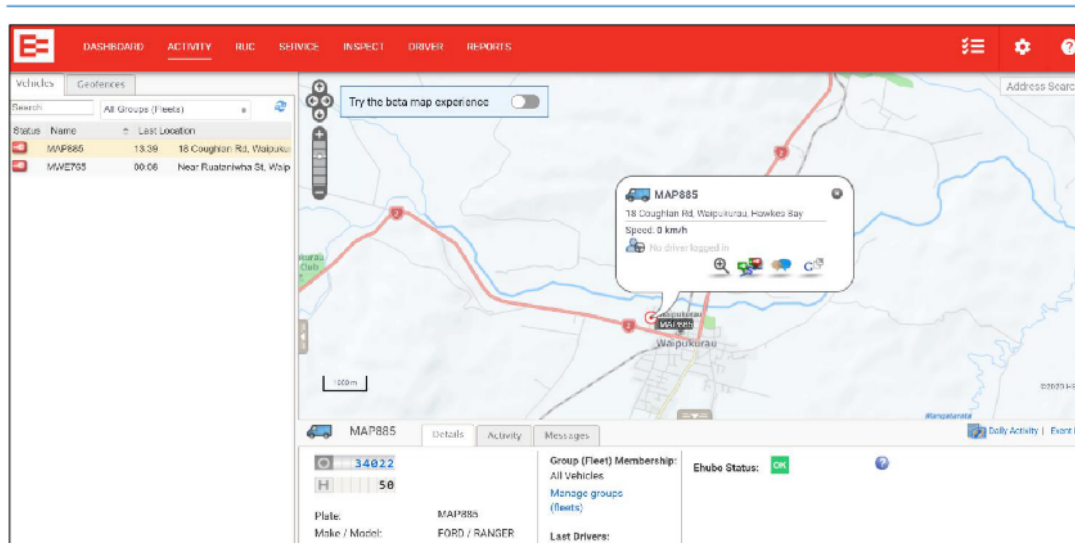
HEALTH AND SAFETY INITIATIVES

In addition to the work underway through the gap analysis project, the health and safety team are continuing to work on the following projects to improve our safety systems, and to improve the culture at CHBDC.

Lone Worker/ Driver Behaviour

The lone worker project has progressed through significant effort to systematically evaluate the workforces lone/isolated work risk-profile which has then been used to evaluate what type of device is most suited for their risk profile. Engaging the workforce who face the risk is in line with best practice internationally, and in addition to understanding their views, experiences and knowledge, it has preceded deeper and more meaningful conversations which beyond lone worker technology and touched on day to day practice, procedure, methods and methodology, equipment, communication and what other improvements staff would like to see in this space.

The vehicle GPS trial is due to be evaluated, once this is complete, the vehicle and driving policies need to be refreshed to reflect the implications of the technology and its intent. The health and safety committee will be engaged to for input and support prior to recommendations being put forward the ELT. Informal preliminary feedback has mostly been positive from animal control where one driver reported feeling more aware about their behaviour, although the systems notifications have been noted as distracting.



Health and Safety System Review

After the previous safety system 'PeopleSafe' was found to be no longer fit for purpose, an evaluation and tender process has occurred and the preferred system has been awarded. The new system 'RiskManager' has had its initial configuration, user testing and has been launched.

Reporting

We have previously acknowledged our reporting culture has been poor. With the launch of RiskManager the Health and Safety Advisor has begun a campaign to socialise how easy it now is to report or record threats and challenges to successful work, and why people should report.

For staff, there is no incentive to report if improvements or change is not forthcoming, in fact not acting, it's a great way to reinforce nothing will change and that reporting is a waste of time. Therefore, RiskManager is configured to close that communication loop by notifying the initial reporter that the issue or event they reported has been investigated and improvements X, Y and Z have been made. To further reinforce this, the Health and Safety Advisor plans to regularly present the recent events, the findings and the resulting improvements at staff meetings. This will raise health and safety's profile, serve as a platform to showcase how reporting adds value to our workforce and will encourage more reporting.

To further involve the workforce in health and safety, when an event is logged in RiskManager, the system has purposely been configured to notify the appropriate health and safety representative (HSR), this is in line with best practice and the Health and Safety at Work Act 2015. This means that both the manager and the HSR are aware of the issue, the resulting investigation or corrective actions stands to benefit from both parties' perspectives and experiences while the business as a whole stands to benefit.

Mon 21/09/2020 5:26 pm
Monique Davidson <monique.davidson@chbdc.govt.nz>
Weekly Words from Monique
To: Staff

SAFETY MOMENTS FOR THE WEEK ...



RiskManager Health and Safety Reporting System Roll out: The setup and testing of Risk Manager has gone well and we will be releasing it for use later this week. Risk Manager is simple, intuitive to use and it's mobile friendly; which makes it easy to keep Council aware of the challenges and threats that might prevent you from thriving. Keep an eye out for an invite to a 5 minute user training session later this week. Reporting with Risk Manager will soon be as easy as 1, 2, 3

SAFETY MOMENTS FOR THE WEEK ...



People are the solution – not the problem

Systems are basically not safe (or healthy) – it's through people's discretionary effort and expertise that less harm occurs.

It is increasingly being recognised the world over that the systems we work in (and use to do our work) are basically not safe. This means that it's you – the operator, the professional, the skilled or experienced individual who makes an otherwise unsafe system operate mostly without unwanted outcomes.

Should people be left to manage in an unsafe unhealthy system?

The answer is absolutely not, but the organisation needs to know about the challenges and threats you face in your work.

By reporting the good things people do to keep the system on the right side of the line, you help inform the organisation what we need to do more of.

By reporting the things that could (and do) pose a threat to the health, safety and wellbeing of ourselves and our colleagues, you help the organisation to improve the systems you and your colleagues work with. So please get reporting – and help us improve our work.

If you haven't got onto Risk Manager yet, now is the time to check you can get access.

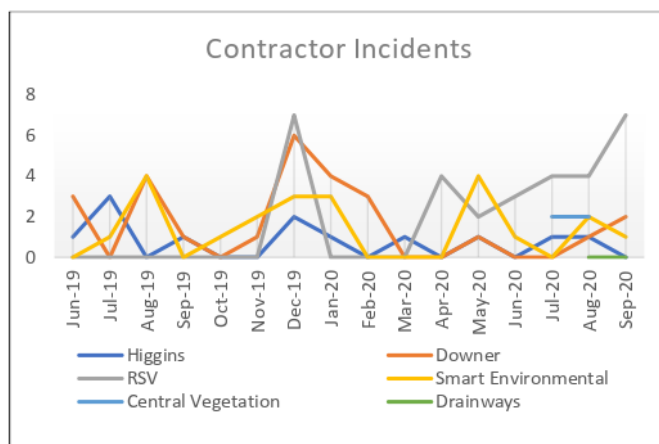
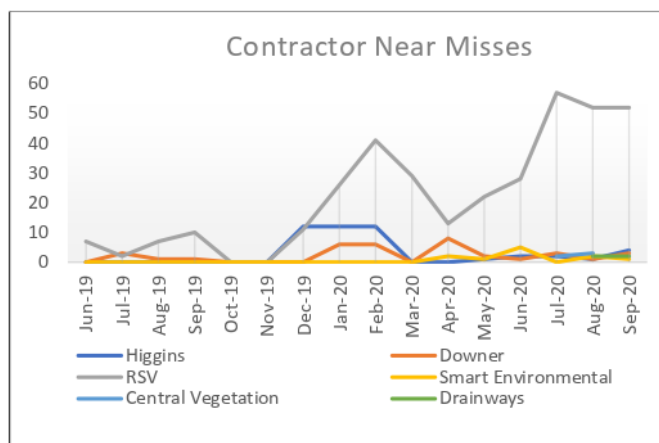
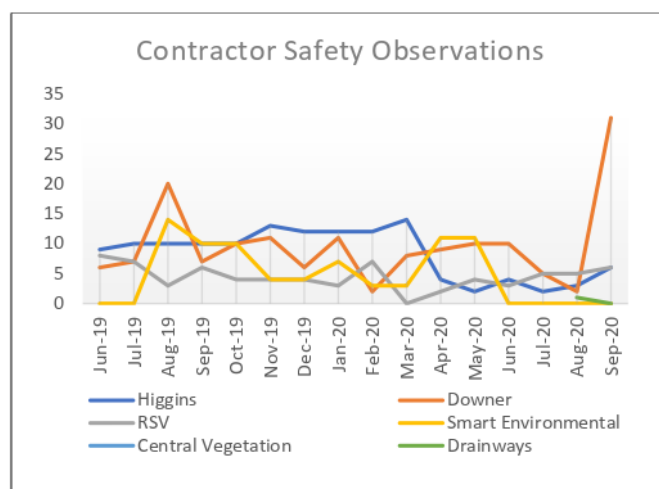
**HMPAC
RISK MANAGER**
Reporting the right way to prevent people from harm

Contractor Reporting

In line with our own internal desire to lift our reporting, we are also embarking on a journey to work with our partners and contractors to lift their reporting levels. The management adage, "you manage what you measure" is true in health and safety, therefore, by Council indicating a desire to see increased reporting we will indirectly drive improved management of risk and health and safety in our contractors and partners.

Such approaches however are not risk free, every organisation is complex, some contractors and subcontractors have been penalised for reporting factual information either through the loss of contracts, or not being awarded contracts, at least in part due to higher (and truthful) health and safety reporting. Such experiences in turn drive behaviours where injuries are reclassified, or injured workers are not allowed days off work to recover and are instead made to come to work on light duties.

We will likely cause fear or anxiety in some contractors when we seek to improve their reporting, while others will potentially feel that we do not trust them. The trick will be in leveraging on our relationships, while getting the approach just right for each of our contractors, being open about why we want to see increased reporting, and what increased reporting will mean for them.



Please note the meritorious reporting levels by RSV in both the near miss and incident graphs. Given the size and risk profile of RSV compared to our other contractors and partners, we hope it is clear why we wish to lift their reporting levels.



Safety Alerts

As suggested previously, it is proposed we also implement the sharing of good and bad stories via alerts, at this stage this has not progressed into action but will soon be utilised. The team will guard against use for trivial issues and will instead be considering if each notice will add value or not.



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL

Safety Alert

Date:
21 May 2020

Hazard Title:
Risk of Slip entering Staffroom

What Happened:
A slippery surface on the stairs entering the Central Hawke's Bay District Council staffroom has been identified as a risk to all staff entering the staffroom.

The slippery surface poses the potential to cause harm if a person were to slip or fall, and could result in an injury.

Actions to be taken:
The stairs will require a water blast, moss n mold treatment and need new grip applied. Including new stair edging to prevent further trip hazards from mesh or carpet curling

Interim measures:
In the interim until the permanent fix is applied, please take extra care when entering and exiting the staffroom.



Please continue to report Safety Observations, Near Misses, Risks, Hazards, Incidents or Injuries.

Safety Observations, Near Misses, Risks or Hazards serve as lessons for us all and prevent a potential injury or incident to your workmate, one of our partners, or a member of the community.

Reporting can be done through the PeopleSafe App, Safe 365 App, to an H&S Committee member or directly to the H&S team.

For any further information please contact;

Ben Hunt: ben.hunt@chbdc.govt.nz or Darren de Klerk: darren.deklerk@chbdc.govt.nz



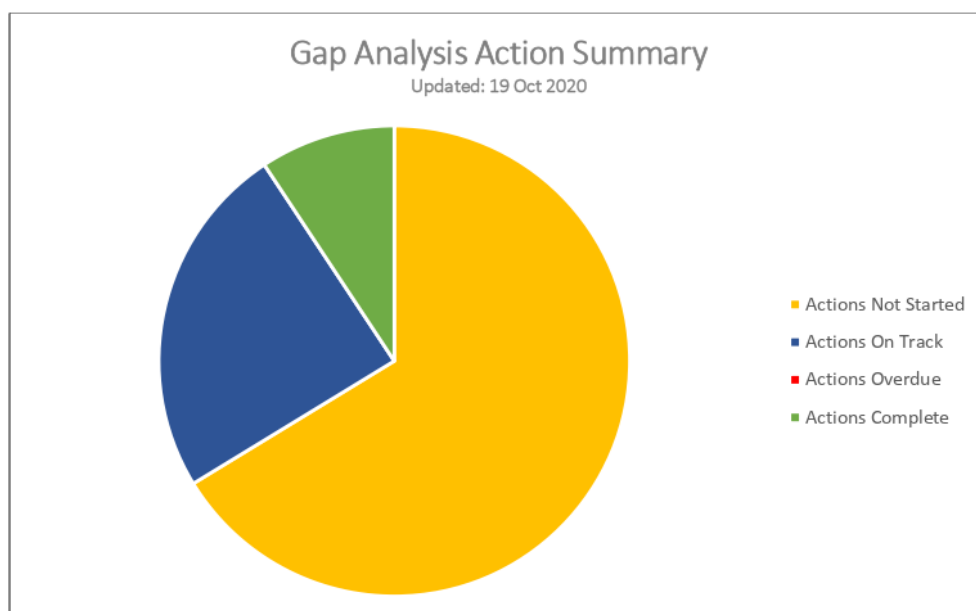
GAP ANALYSIS PROJECT

The gap analysis project identified 11 key areas for improvement and a total of 82 recommendations to implement to improve our health and safety system and maturity. A project has been implemented to deliver on these recommendations.

It was previously proposed that we report the progress on these deliverables to this committee. During the most recent progress review, one action from line one has been removed as it will not be done, also, to enable oversight over the progress of the special projects, a new line has been incorporated in the below table, both of these changes have adjusted the total deliverables from 82 to 86.

Since the date of the last report, three more actions have been started, the number of active actions remains static and five more actions have been completed.

	Recommendations by Group	No. Of Actions	Actions Not Started	Actions On Track	Actions Overdue	Actions Complete
1	Policy, Planning, Resources and Responsibilities	5	1	0	0	4
2	Leadership and Worker Engagement	3	0	3	0	0
3	Governance Reporting and Activity	4	1	2	0	1
4	Hazard and Risk Management	6	1	5	0	0
5	Information, Training and Supervision	3	2	1	0	0
6	Managing Contractors, and Visitors	5	3	2	0	0
7	Incident Management	3	2	0	0	1
8	Health and Wellness	4	3	1	0	0
9	Emergency Management	2	1	1	0	0
10	Audit and Review	4	1	2	0	1
11	Critical Risk Management	42	40	2	0	0
12	Special Projects	5	2	2	0	1
	TOTAL	81	57	21	0	8





HEALTH AND WELLBEING

The Health and Safety team is supported in the wellbeing space by the People and Capability team.

We currently have the following health and wellbeing initiatives underway;

Wellbeing Check-In

We introduced a daily wellbeing check in as part of our response to COVID-19 and more staff working from home. The initial Safe 365 app has been replaced by the new Risk Manager system, and we continue to see regular users use the wellbeing checkin.

Wellbeing Warriors – An additional perk run out of the Safe 365 system is the ability to log your movement, be it steps, exercise, cycling, running or anything else movement related, our P&C advisor is leading this small competition to entice our staff to remain active

Flu Vaccine – we offer flu vaccines to staff leading into flu season, we have offered 42 flu vaccines this flu season.

Bite Size Toolboxes – a regular lunch box toolbox session has been run by our people and capability advisor and different staff members willing to share their knowledge. These have covered the following activities;

- Mental Health
- Time Management Tips
- Work/ life balance
- Customer centricity
- Having difficult conversations
- Communication for Work and Home
- Mindfulness in motion

Wellbeing Calendar – A wellbeing calendar was setup to outline when events were on and would take place, to ensure we dedicate the time required across our teams to this. This has largely been initiated and run by our H&S committee.

Leave – we offer leave to staff for community events, birthday and whanau days to support wellbeing and promote us a workplace of choice.

EAP – we offer EAP to all staff at any time of the year. A reduction of 6 people or (18%) in usage of EAP usage between the periods.

6.5 HEALTH AND SAFETY CRITICAL RISKS - DEEP DIVE

File Number: COU1-1408

Author: Darren de Klerk, 3 Waters Programme Manager

Authoriser: Josh Lloyd, Group Manager - Community Infrastructure and Development

Attachments: 1. Health and Safety Critical Risks Deep Dive [↓](#) 

PURPOSE

To provide the Risk and Assurance Committee with detailed information related to the Health and Safety Critical Risks that are present in the activities Central Hawkes Bay District Council undertakes.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

A gap analysis was undertaken in 2019 that highlighted the need to better understand our critical risks. Some critical risks were well managed, however, some important risks were identified and required better understanding and better implementation of controls.

The identified critical risks related to workers, and subcontractors undertaking activities for and on behalf of Council. The greatest way to understand critical risk is to undertake a bow tie analysis. The Bowtie method is a risk evaluation method that can be used to analyse and demonstrate causal relationships in high risk scenarios.

DISCUSSION

Since then, our critical risks have been identified by the Council officers and during August 2020, thirteen focus groups worked up each critical risk using the bow-tie analysis method. Work is ongoing to capture, verify and display the resulting information, the primary outcome is to focus on future improvement work including regular reviews and auditing.

The workup of each critical risk involved examining in detail the:

- Context of when our people face each risk
- Potential threats may lead to a loss of control of the critical risk
- Proactive controls which are currently in place to prevent a loss of control, and the degrading factors that inhibit these controls
- Reactive controls which are currently in place which help recover from a loss of control and prevent or minimise the consequences
- Consequences that may be caused by a loss of control of the critical risk.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;

- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

Council health and safety team will continue to develop and understand the critical risks we and our teams face. This is across activities we directly undertake and indirectly outsource to subcontractors.

Through the bowtie workup we have identified additional actions that need implementing and risks that require better understanding. This work is ongoing and the team will continue to understand and normalise these activities and the control of them into everyday work.

The management of critical risks is ongoing and we will constantly learn and evolve our management and understanding.

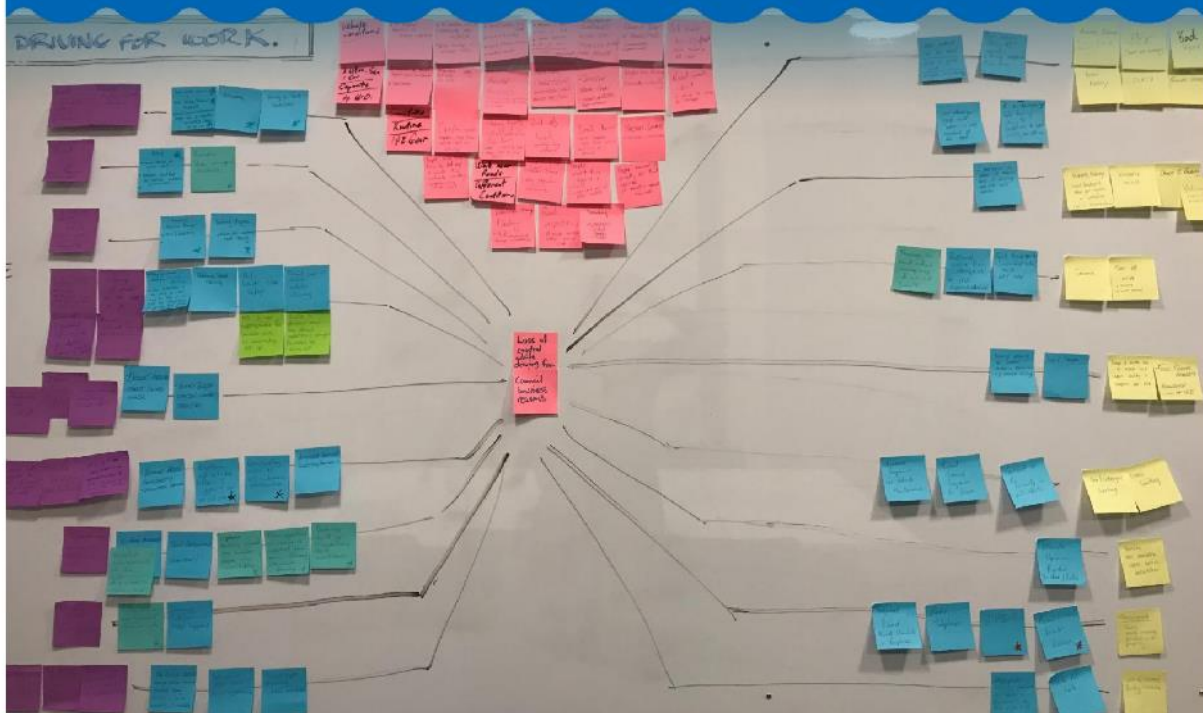
RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.



Risk and Assurance Committee

Health and Safety Critical Risk Deep-Dive 12 November 2020



Central Hawke's Bay District Council – Health and Safety Critical Risk Deep-Dive

1

Author: Bevan Johnstone & Darren de Klerk

Date: October 2020



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OVERVIEW

Through the 2019 Gap Analysis, Critical Risks were identified as one of our most important areas needing work. Since then, our critical risks have been identified by the Council officers and during August 2020, thirteen focus groups worked up each critical risk using the bow-tie analysis method.

The Bow-tie analysis method invited and encouraged a cross-section of the internal and contractor workforce of the Central Hawke's Bay District Council (CHBDC) to discuss, explore and critically evaluate the current systems in place to protect against our critical risks. It is extremely important that the people who directly face the risk are the ones who are involved in this process (and all health and safety risk management processes), as they are the ones who know whether or not the strategies, controls and process are working, as well as how successful work is carried out every day.

The workshops were facilitated by Dan Davis from IMPAC Services. The use of an external facilitator is important as it provides the needed independence to ask the hard questions while also adding credibility to the process and the results. The recently recruited health and safety advisor also attended the majority of the workshops and found the workshops to be an insightful and hugely valuable introduction to CHBDC.

The breadth, depth and quality of the resulting Bow-tie analysis would be impossible for one or two people to achieve, particularly across an organisation as diverse as a Council. The process brought together the thoughts, views, experience and knowledge of all involved and highlighted the complex dynamic work our people and contractors face, as well as identifying what we are doing well and where we need to improve.

Time-pressure, resource constraints and an aging asset pool feature as recurring themes across many of the Bow-ties and were certainly discussion points during the process. As you read in-depth into each Bow-tie analysis below, you will note that the process took the focus groups far beyond the traditional scope of what health and safety has been considered to be. This is a true benefit and aligns well to 'project thrive' by providing a thorough analysis of the things which are assisting and threatening the success of 'project thrive'.

Work is ongoing to analyse and verify the results of this work with a larger cohort, once verified the results will feed into future report to this committee as well as building a critical risk improvement plan across Council.

NEXT STEPS

Council health and safety team will continue to develop and understand the critical risks we and our teams face. This is across activities we directly undertake and indirectly outsource to subcontractors.

Through the bowtie workup we have identified additional actions that need implementing and risks that require better understanding. This work is ongoing and the team will continue to understand and normalise these activities and the control of them into everyday work.

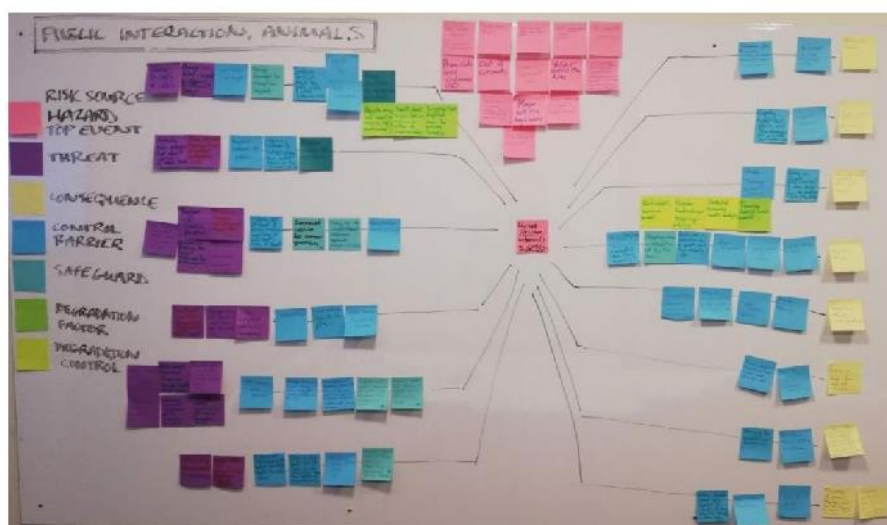
The management of critical risks is ongoing and we will constantly learn and evolve of our management and understanding.



HEALTH AND SAFETY - CRITICAL RISKS

Through the 2019 Gap Analysis, Critical Risks were identified as one of our most important areas needing work. Since then, our critical risks have been identified by the Council officers and during August 2020, thirteen focus groups worked up each critical risk using the bow-tie analysis method. Work is ongoing to capture, verify and display the resulting information, the primary outcome is to focus on future improvement work including regular reviews and auditing. The workup of each critical risk involved examining in detail the:

- Context of when our people face each risk
- Potential threats may lead to a loss of control of the critical risk
- Proactive controls which are currently in place to prevent a loss of control, and the degrading factors that inhibit these controls
- Reactive controls which are currently in place which help recover from a loss of control and prevent or minimise the consequences
- Consequences that may be caused by a loss of control of the critical risk
- The degrading factors which inhibit or degrade the identified controls (this section has been omitted from this report)



The focus groups also examined what barriers and controls are needed to improve our resilience regarding each of the critical risks. The focus groups consisted of between 6-10 people and were made up of people who face the particular risk being examined in their work. In total, approximately 100 staff and contractors took part in the focus groups to examine our critical risks.

For clarity, a **Critical Risk** is described as:

'A risk that someone will be killed or permanently harmed in connection with a work activity controlled or influenced by CHBDC.'

Central Hawke's Bay District Council Critical Risks



THE ANATOMY OF A BOW-TIE ANALYSIS DIAGRAM

Central Hawke's Bay District Council – Health and Safety Critical Risk Deep-Dive Interim Report #1

4

Author: Bevan Johnstone & Darren de Klerk

Date: 27 Oct 2020

The identified critical risks were workshoped staff and contractors using the bow-tie analysis method. This method is extremely useful for engaging a wide workforce segment, capturing the resulting viewpoint and generating ideas and suggestions. Compiling such a wealth of knowledge, experience and views would be nearly impossible without such a method. The bow-tie method also provides an opportunity for inter-department or inter-specialty sharing of knowledge and approaches as well as building an understanding of what other teams do and the challenges and threats they face. Below is an example of a basic bow-tie diagram which allows a viewer to easily see the potential paths to an unwanted outcome as well as the various proactive and reactive controls.

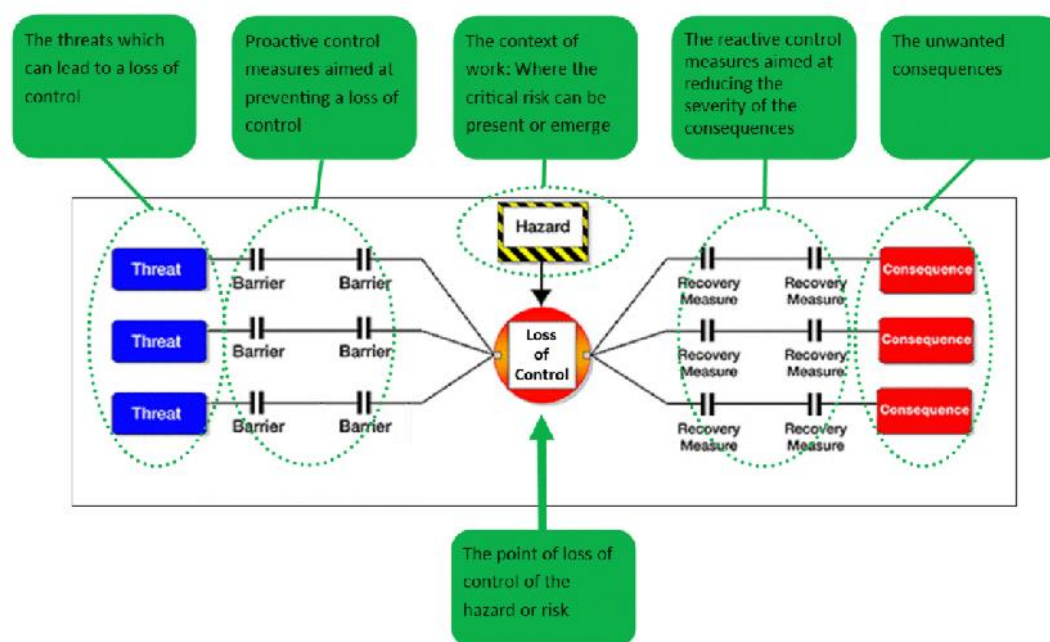


FIGURE: THE BOW-TIE METHOD BUILDS A FAULT TREE DIAGRAM FOR THE PARTICULAR SUBJECT. ON THE FAR LEFT OF THE DIAGRAM, THREATS ARE LISTED WHICH MAY OR WILL LEAD TO A LOSS OF CONTROL (THE CENTRE POINT OF THE DIAGRAM), WHILE ON THE FAR RIGHT OF THE DIAGRAM THE POTENTIAL CONSEQUENCES ARE LISTED. IN-BETWEEN THE CENTRE POINT AND THE THREATS AND CONSEQUENCES CONTROLS ARE IDENTIFIED WHICH AIM TO STOP THE LOSS OF CONTROL OR MINIMIZE OR PREVENT THE CONSEQUENCES OCCURRING.

Image Source: <http://www.cholarisk.com>

Evaluating a Bow-tie analysis diagram:

Controls should be evaluated with regard to the 'hierarchy of controls' (shown below); limited assurance can be had from reliance on single administrative controls or PPE alone. Below are a few concepts for evaluating the bow-tie diagrams:

1. It is ideal to see a mixture of control types along each line, with multiple controls adding depth to the defense
2. Single controls should be considered as potential single points of failure
3. Where there are no (or very few controls) on a particular line, it is a strong indication that more risk management resourcing is needed
4. Where a particular control is a re-occurring feature across multiple lines in the diagram (or across multiple critical risks), it is a demonstration of the importance of that particular control and highlights the critical need for investment in that control to ensure it is maintained, operational and resilient against pressures, changing priorities and the dynamic workplace.

The hierarchy of controls prioritises and ranks control types based on their effectiveness. For example, if considering a critical risk such as working at heights; entirely eliminating working at heights removes the risk, making that type of control the most effective, particularly when compared to relying on an administrative control such as a policy or procedure (as there will likely be residual risk). Further, there will also likely be instances when a policy or procedure conflicts with other priorities, or it is unclear in the situation if that procedure applies, or the procedure or policy is ineffective or inhibits the task at hand.

The hierarchy of controls

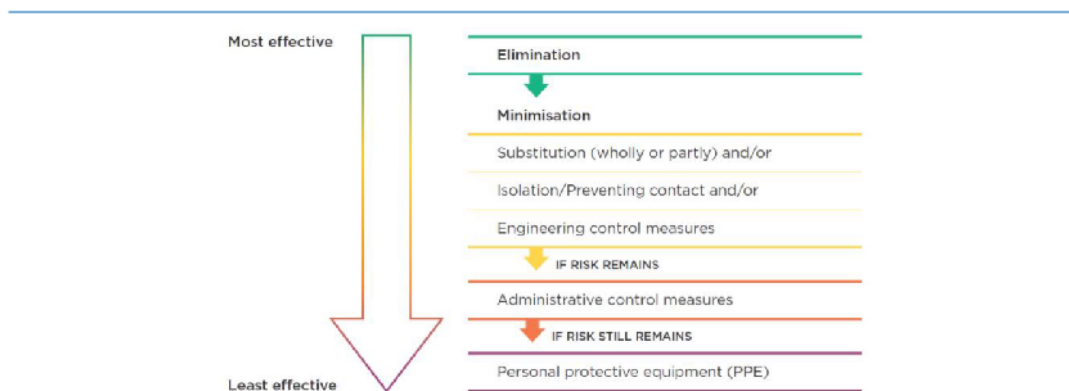


FIGURE: THE HIERARCHY OF CONTROLS SHOWS THAT DIFFERENT CONTROL TYPES HAVE DIFFERENT LEVELS OF EFFECTIVENESS AND SHOULD BE PRIORITISED ACCORDINGLY.

Image Source: <https://worksafe.govt.nz/topic-and-industry/hazardous-substances/managing/risk-management/>

COMPLEXITY OF WORK

Before we begin to look at each bow-tie analysis, we consider it important to highlight that many of the critical risks our people face do not happen in isolation; work is typically complex and rapidly evolves. Which means that the risks a person thought or expected they would be confronted with, have evolved and become more complex as the work they are doing becomes more complex.

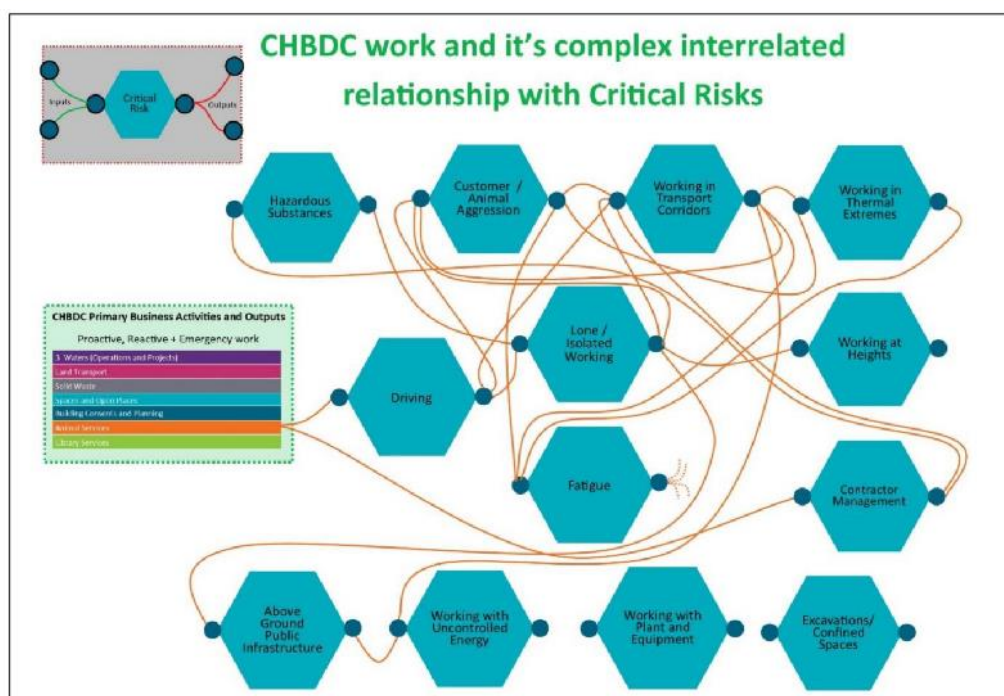
To explain this more, let's consider an animal services call-out to a lamb who has escaped and is distraught:

Initially the caller does not provide enough detail to be sure of the exact location or potential risks. As the officer leaves the office to find the scene they become a lone worker, they are also driving.

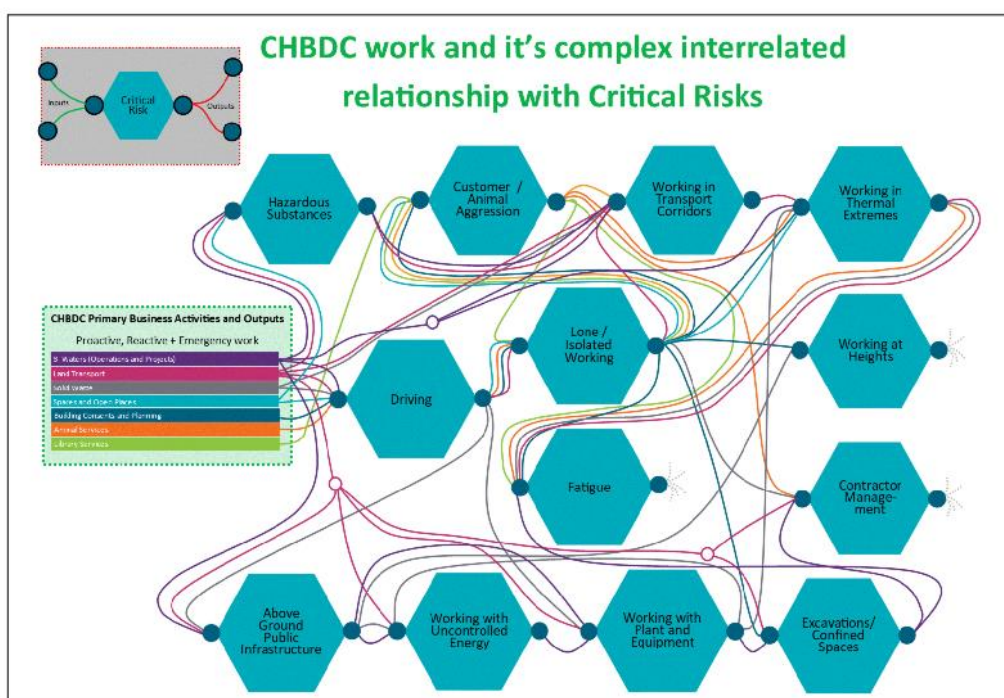
They call their colleague to see if assistance is available but their colleague is indisposed or does not respond. When the officer arrives and locates the caller they note that the lamb had crossed the road under the new barriers and is now in a location where there is no shoulder off the live lane. The police were asked for assistance but they have other priorities.

Traffic continues to zip past while the caller and her young child stand on the edge of the road shoulder. Once the second animal services officer arrives, they begin to move in on the lamb from either side, they do not have powers to close or slow the traffic and the lamb bolts across the road and heads down past the first animal services unit.

In this scenario, it wasn't initially clear to our people that this would require working in a transport corridor, or that that they would be a lone worker for much of the job. It wasn't even clear where the animal was, or if it posed a risk to traffic. In the below image we have tried to communicate the interconnecting complexity of work and critical risks for the above example.



Expanding on the complexity of work and interconnectedness of our critical risks, the below image attempts to communicate the complexity of work and the critical risk relationships our people our partners and our contractors face across the business (many linkages have been omitted I diagram for illustration purposes).



The above diagram has communicates the interconnected and complex nature of work and critical risks here at Council.



CRITICAL RISKS – 'DEEP-DIVE'

The aim of this section is to provide a deep-dive into the main Critical Risks our people (including contractors) and that we as organisation face. This deep-dive will consist of an explanation in each Critical Risk in our context and then it will detail where our strengths and weaknesses are in regards to each risk.

Lone and Isolated Working

Context

Lone and isolated working is where people work alone or are in small groups in remote or isolated locations, this can even include people working from home. A worker may also be isolated because others nearby may not render assistance when help is needed (for instance when carrying out regulatory or enforcement activities). Many of the tasks and activities carried out for and by Council involve lone and/or isolated working. Lone or isolated working can delay calls for help and prevent assistance being accessed in a timely manner. Further, lone or isolated working can reduce the ability of the worker to retreat to safety and may even increase the risk of physical harm, violence, aggression from others. Additionally, extended isolated work is a known contributor to mental health issues.

In cases of emergency, or the delayed return of a worker, currently Council relies on the electronic sign-out board in MagiQ, calendar bookings and manual buddy or supervisor systems. Radio or cellular communications are also utilised, however these communications have patchy coverage across the district and are not sufficient due to the lack of consistent coverage and the inability of a worker to use these systems if incapacitated, severely injured, or in the event of them being attacked.

The types of work that involve lone or isolated working are:

- Driving
- Water sampling
- Water and wastewater plant inspections
- Facility inspections
- Building consent inspections
- Animal control
- Environmental compliance
- General compliance activities
- Working in the libraries and Pop up service centre
- Working at the Museum, the Theatre and other public venues
- Road inspections and roadworks audits
- Working in remote or isolated locations
- Roading staff
- Event staff
- Waste transfer station staff
- Cleaners – venues and public toilets
- Book delivery services
- Responding to reports of water leaks
- Going to lunch/being left alone at break times
- Grounds maintenance

Threats and consequences

The identified threats that can lead to a loss of control are:

- Being the first to work/worksites or last to leave at end of the day
- Being called out after hours
- Working in a remote place
- Single operator tasks
- Unplanned absence of colleagues (i.e. sick leave) or meetings and breaks
- Flexible working policy
- Task or environment changes
- Resource constraints

The identified consequences from a loss of control in a lone or isolated worker situation are:

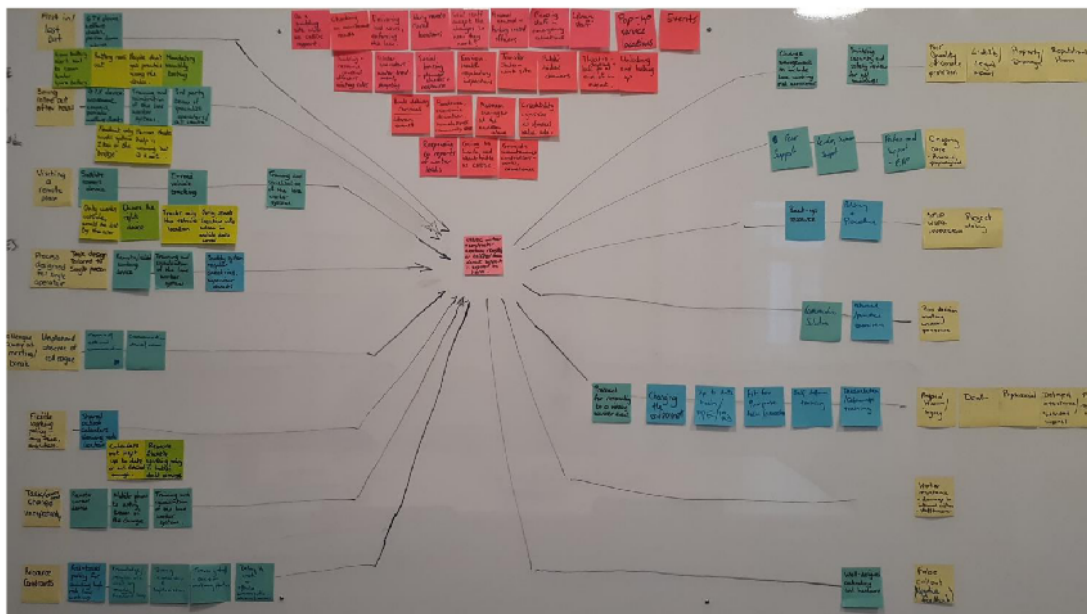
- Poor quality, poor service provision, reputational harm, property damage, legal liability
- Ongoing need for care – psychological, physical or financial
- Project delays, work stopped, investigations
- Poor decision making under pressure
- Physical harm/injury, serious illness, psychological harm, death, family/team worrying, delayed assistance/impact on survival/recovery
- Worker resistance – damage to culture, staff turnover, recruitment issues
- False callouts (negative feedback)

Existing effective controls

- Supervisor or Buddy system/regular radio or cellular device check-ins
- Means of communication (cellular or radio)
- Shared outlook calendars showing location and ETA
- Knowledge of sites, conditions, locations
- Strong leadership
- Training of staff
- Delaying the work
- Peer support, leader support, professional support
- Policy and Procedure
- Tactical, safety and defusing difficult situations training

Gaps and improvements




- Vehicle GPS solution (E-road) - enables CHBDC vehicles to be located in emergencies
- Lone worker devices appropriate for work undertaken and number of personnel with SOS, fall, no motion, welfare check-in functions and specialist monitoring and escalation service
- Training and socialisation of agreed organisational approach to lone workers
- Risk based policy for lone working
- Strong leadership/supervision
- Training for risk based decision making
- Imbed lone working policy/practice into change management practices
- Building security and safety review (all sites)
- Backup resources
- Improve work environments
- Up to date PPE and Tech
- Organisation wide tactical/security/de-escalation training



Lone Worker Device Solutions

One key gap is our lone worker technology; Council have embarked on a capital program where GPS devices will be fitted to the vehicle fleet. This will enable the pinpointing of vehicles which have not returned at the expected time; additionally, this technology is also expected to improve driver behaviour. For individuals, lone worker devices have been assessed and approximately 50% of the workforce have been involved and engaged on risk profiling and device selection. It is anticipated that **60%** of the devices that are needed will be purchased before December 2020.

There are three broad lone worker categories applicable to Council. The first is workers who are customer facing, do not perform manual labour and who almost always have cellular reception (staff working in the Museum, Theatre, and Library Services). The second group are those who perform manual labour activities but almost always have cellular reception. The third group are workers who may perform manual labour activities and/or frequently work in remote and isolated locations who usually do not have reliable radio or cellular communications. Please see the solution descriptions below which are appropriate for the risk profile faced by our people.

Blackline Loner Duo	Blackline G7c	Blackline G7x with Bridge Unit
		
<ul style="list-style-type: none"> • Works using the cellular network • Instant SOS call for help (no need to unlock phone to activate) • It is more robust than other products of similar nature • Voice call directly to a NZ monitoring centre • It has a professional appearance • Ideal for customer service roles 	<ul style="list-style-type: none"> • Works using the cellular network • Monitored SOS • Auto voice call to NZ monitoring centre • Scheduled welfare checks • Man down auto alerts • No movement auto alerts • 2min tracking frequency for clear breadcrumb trail and location accuracy • Robust pendants 	<ul style="list-style-type: none"> • Bridge unit connects to cellular or Iridium satellite network – no dead spots • Multiple pendants can connect to one bridge unit • Pendants connect to bridge via radio link with up to 2km range • Works inside buildings if bridge is in view of the sky and within 2km range • Monitored SOS • Two way SMS between device and bridge (pre-set messages) • Scheduled welfare checks • Man down auto alerts • No movement auto alerts • 10min tracking frequency for breadcrumb trail and location accuracy • Robust pendants and bridge for out of radio and cellular coverage



Working in Transport Corridors

Context

Many of our people either work in, nearby, or use transport corridors while fulfilling their roles. Many of our other critical risks interconnect with working in transport corridors such as fatigue, driving, thermal extremes, lone working, uncontrolled energy, plant and equipment, and excavations.

In reactive situations such as animal control callouts, our people are unaware that they will be working in transport corridors, sometimes right up until they attend a location. This can be because of a lack of information passed on by the caller or because the situation is dynamic (the animal/s have moved into/onto a transport corridor). In other instances, work in or around transport corridors is predicted or planned, such as with infrastructure upgrades or roading projects. Work in and on transport corridors pose particularly high-potential consequences and are a highly dynamic environment. For instance, a short section of road being repaired will involve traffic management personnel and equipment, heavy plant and machinery, personnel doing manual labour or specialist tasks alongside the moving heavy equipment, heavy plant coming onto the site to deliver materials as well as leaving the site to retrieve more materials. Beyond this there may be quality control, audits, pedestrians, bicycle traffic and civilian traffic immediately adjacent to or encroaching into the worksite. Another issue is drivers not reducing their speed or obeying the traffic management plan.

The context of work that involves transport corridors:

- Maintenance and inspection of our 12000+ km of sealed and 400km of unsealed roads
- RSV vegetation management on road side
- Freedom campers
- Cycleway and trails
- Maintenance and inspection of our assets alongside state highways
- Livestock and animal control
- Urban and rural service delivery
- Three waters asset maintenance, inspection and repairs

Threats and consequences

The identified threats that can lead to a loss of control are:

- Driver behaviour
- Unauthorised or uncompliant work (no TMP)
- Vandalism/deliberate interference with work, worksite, equipment or traffic management equipment
- Operators misjudging risk/situation
- Flooding and slips
- Skilled worker shortage
- Unmarked or un-located utilities
- Machinery failure
- Unknown ground conditions
- Un-managed interactions with transport corridor

The identified consequences that come from a loss of control are:

- Single or multiple fatalities
- Serious injuries and illnesses
- Psychological trauma for people involved and the community
- Public inconvenience/Small communities isolated
- Reputational harm/damage
- Cultural damage
- Infrastructure damage
- Plant and equipment damage
- Financial and contractual impacts
- Damage to private property and vehicles
- Investigations, closed worksite, legal implications

Existing effective controls

- Traffic management plans and practices
- Personnel management
- Corridor access requests and control
- Audits
- Stop work orders
- Early morning inspections/quick fix
- Spotters
- Correct PPE
- Proactive contractors
- Schedule work to avoid periods of higher risk
- Using only pre-qualified contractors
- Training
- Utilities access training
- Involve Central Lines, Corus early
- Prestart checks
- Service history
- Procurement standards
- Topo investigations/Geo-tech investigations
- Local knowledge
- Procedures
- Communication
- Time and project management
- Physical barriers protecting people
- PPE/Hi Vis
- First aid training
- Rapid coms with emergency services
- Follow up and support
- Counselling

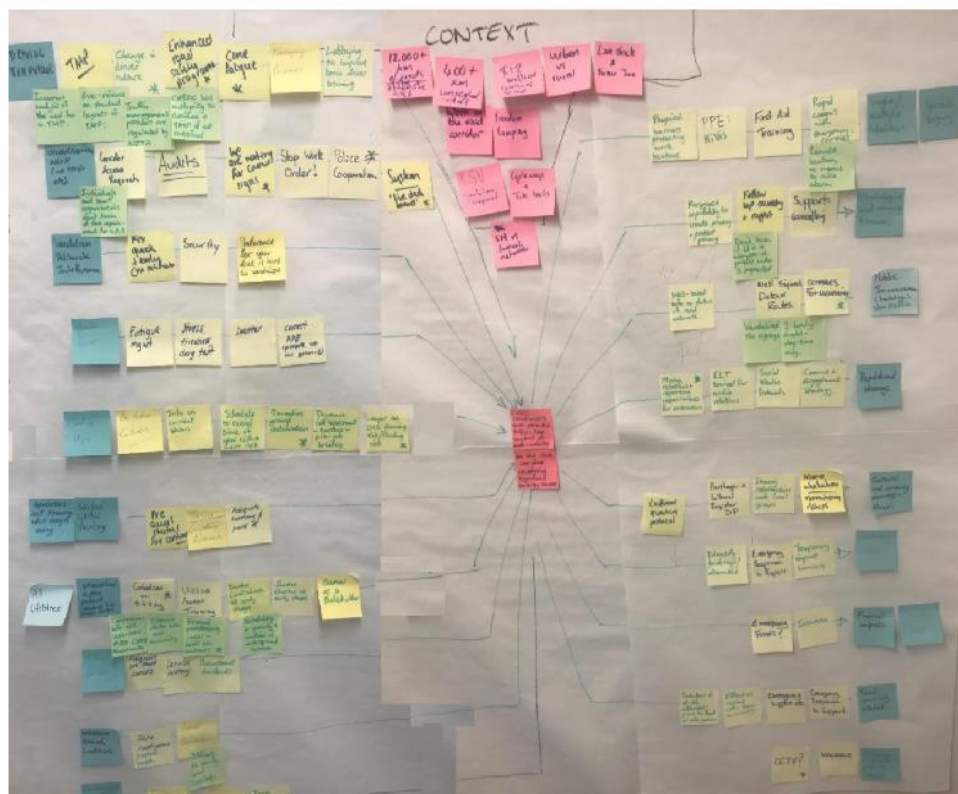


- Well signed detours
- ELT trained/supported for effective public relations
- Social media protocols
- Communications and engagement strategy
- Cultural appropriateness protocol
- Heritage and cultural register DP
- Strong relationships with local groups
- Backup/alternative equipment
- Out of hours repair agreements with service agents
- Temporary impact barriers
- Emergency Funds
- Insurance
- Emergency/CD supplies

Gaps and improvements

- Change in driver culture/behaviour
- Enhanced road safety campaign
- Addressing cone fatigue
- Lobbying to improve driver training
- Corridor access requests and control
- Police co-operation
- System for live/dead barriers
- Site security
- Preference for gear/equipment that is hard to vandalise
- Fatigue management project
- Fatigue identification program
- Intelligence on current status of roads/environment
- Proactive ground stabilisation
- Dynamic risk assessments/toolbox pre-job briefings
- Layer on GIS showing slip/flooding risks
- Training and competency assessments
- Stand over from Central Lines/Chorus
- Response capability to provide privacy and protect privacy at an incident
- Communication to public
- Media relations reporting requirements for contractors
- CCTV at work sites

Understandably, road users who do not slowdown and show courtesy to those working on corridors were identified as one of the significant threats leading to a loss of control. Currently only two controls protect against other road users leading to a loss of control, which are traffic management plans and practices and the management of personnel on site, however four identified degrading factors need to be considered also.





Driving

Context

Driving is a critical activity which permeates almost every aspect of our business. Some of our people drive while doing their work (i.e. road inspections) and others drive to a location to do their work (i.e. building inspectors). We currently have 17 vehicles in our fleet, however there is currently no standard across the fleet, with different makes, models, ages and transmission types. This lack of standardisation across the fleet poses some risks to drivers facing dynamic situations on the road or at site. However, it also allows for intentional selection of the best vehicle for the job. The lack of standardisation however, may prove unhelpful in an emergency situation where a driver is used to another configuration or handling profile. Currently the majority of our fleet is also operated as a pool rather than being allocated individual drivers; this arrangement brings some benefits such as a reduction in the number of vehicles required, but it also brings with it significant issues such as a lack of ownership regarding regular checks, cleaning and ensuring repairs and maintenance are carried out.

The driving occurs for CHBDC in the context of:

- Sealed, gravel and farm tracks
- Wet, dry and muddy conditions
- Events and direct exposure to the public
- Our vehicle conditions
- During weather events
- Potentially 24/7 (all hours)
- Public holidays/increased traffic
- Any employees able to use (regardless of experience/skill)
- Variation across fleet (Manual vs Auto, 4WD vs 2WD, ute vs SUV, trailers, caravans)
- Shared vehicles
- Inspections of vehicles do not happen – work pressures
- Wear and tear of breaks and tires/windscreen cleanliness
- Potential to get stuck off-roading
- Inspections, call outs, site visits
- Offsite parking/fast exit protocol
- All-weather conditions
- Phones and radio distractions
- Road washouts/inspections during events
- Other road users
- Sunstrike
- Beacons not on all of fleet
- Potential to run out of fuel
- Large district many places without cellular or radio communications
- Are people trained for the particular vehicle (4WD, manual, trailer)
- Impairment, fatigue, work pressures

Threats and consequences

The identified threats were:

- Road conditions (slippery, gravel, ice, potholes, flooding, wind)
- Road type (sealed, gravel, urban, rural, farm track, off road)
- Lack of driver skill, experience, training
- Distractions (radio, phone, other persons, email, animal in distress, emotional/physical distraction)
- Animals, other road users
- Inadequate vehicles for task
- Misjudging conditions/speed
- Fatigue
- Pool fleet - not responsible/no care (poor condition)

The identified consequences were:

- Death or serious injury of our people or others, death or injury of animals
- Property damage, insurance costs, vehicle damage
- Trauma and time off work impacting other work
- Loss of licence, job, prosecution and financial hardship
- Peer/colleague scrutiny/ public scrutiny
- Vehicle out of service/written off
- Stranded
- Loss of seized animal – faulty cage

Existing effective controls

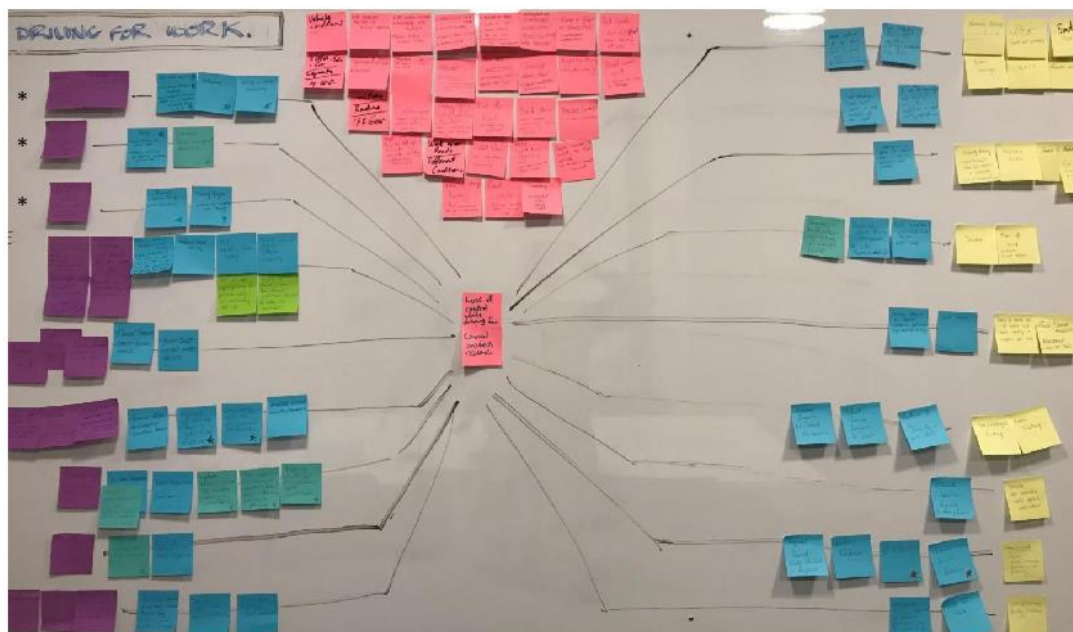
- Hands free setup
- Traffic control course
- Appropriate vehicle selection
- Self-Discipline
- WOF and services
- Seatbelts
- Speed limit
- Beacons
- Buddy system/calendar bookings/sign-out board
- Pastoral care from colleagues and HSRs
- Sick leave bank
- Radio communications & training



Gaps and improvements

- Vehicle GPS tracking
- Best suited vehicles and trained drivers for task
- Pre-drive risk assessment vs need (specifically poor weather)
- Outsource fleet management and fleet
- Driving for work guidelines
- Policy covering which vehicle for which job & identify vehicles for certain conditions
- Review fleet management structure and process
- Training (defensive driving, 4WD and for extreme conditions)
- Rule allowing those uncomfortable to drive in extreme conditions to refuse
- Phone non-answer policy
- Risk ID and procedure training
- Replace vehicles after three years or 100,000km
- Move to all automatic transmissions
- Better vehicle booking process
- Plan vehicle maintenance to minimise wasted Kms – increase efficiency
- Build awareness of others roles and decision/action impacts
- Fatigue risk management framework and training on fatigue and sleep hygiene
- High safety ratings of vehicles
- Strategy and program to build culture accepting of mental health
- Unlimited sick leave – wellness policy
- Limiting scope of impact of non-work offence at work
- Vehicle maintenance assurance program
- Standard training program for drivers
- Corporate Social Responsibility Reporting
- Lease/hire/rental vehicles to boost fleet
- Anti-fail locks for animal cages

It should be pointed out that three of the identified threats, which could lead to a loss of control, do not have any current controls in place (new controls are indicated by asterisks), while three more only have two controls in situ. The three unprotected threats are driving in all road and weather conditions, being unprepared or trained for a road type or condition, and lack of driver skill, experience and training.





Working in extreme weather or thermal extremes

Context

Working in the peak heat of summer, in the depths of a wet cold winter, or in a very humid, hot, windy, or even noisy environment for any period of time is understandably very taxing on the body and mind alike. Many of our people work in these extremes on a planned basis (i.e. scheduled road works, infrastructure projects or planned maintenance activities), a reactive basis (i.e. burst water pipe) and an emergency response basis (i.e. natural disaster or threats to critical services and infrastructure). Extreme conditions can impinge mental functioning, physical functioning, reasoning, problem solving, team work and communication to name a few areas.

Many proactive and reactive controls were identified as leaving no threat or consequence unprotected, however many of the controls have degrading factors attached (light green comments in below photo), which indicates improvement work and investment is required to maintain these controls.

Working in extreme weather or thermal extremes occurs for CHBDC in the context of:

- Gardening
- Lifeguards
- Working in the dark
- Traffic control
- Working at recycling, transfer stations and landfill
- Site inspections
- Sampling
- Civil Defence emergency
- Burst water mains
- Flood control/response
- Driving
- Laying bitumen and roadworks
- Earth works
- Stabilising pavements
- Kerbside collections
- Mower operations
- Sewer blockages
- Slip clearing

Threats and consequences

The identified threats are:

- Outdoor ongoing tasks such as traffic control
- Big change in weather either before or during job
- Mandates/KPIs that service/tasks must be done
- Change in job scope
- Emergency work to reinstate a critical service
- Process works in hot, dry or cold conditions
- Tasks in or rear bodies of water
- Pre-baked work that is very hard to change

The identified consequences are:

- Sunburn, skin cancer (especially melanoma), heat stroke, heat exhaustion, dehydration, impairment, serious health issues and death
- Poor quality service delivery, tasks take longer
- Increased absence, increased sickness, high levels of physical and mental fatigue
- Low staff morale, high staff turnover
- Increased errors, rule violation and shortcuts, impaired reasoning, problem solving and decision making
- Relationship breakdowns, low self-control, degraded communication and teamwork

Existing effective controls

- Rotation of tasks
- More refreshments and breaks
- Hydration (3L of water per person/per day)
- PPE/clothing - cool/waterproof/warm
- Communication
- Public notice
- Alternative service
- Contingency plans
- Contracts and standards designed to protect H&S in unsafe conditions
- Risk assessment: Service provision vs H&S
- Appropriate skills and knowledge
- Contractor management system
- Planning for likely scenarios
- Additional resources
- Research alternative process/product
- Reduced workload
- Hydration packs provided
- Rapid medical response
- Sunscreen
- Appropriate methodology for environment
- Re-rooting
- Ability to purchase food and refreshments at site if needed
- Pay scale
- Benefits
- Recognising great work
- BBQs



- Set standards for temp/wind speed/humidity
- Equipment to measure temp, wind speed/humidity
- Cancelling the work
- Exposure framework limits
- Competency framework for key roles
- Ability to allow for variations in contracts
- Mobile shelters over work sites and rest areas
- Workforce education on hydration, skin health, symptoms of heat stroke and exhaustion
- Hats, long sleeves
- Specific Staff Deployment
- Reserve resources to deploy to help a team overcome a challenging environment
- Fatigue scoring tool
- Education on symptoms of fatigue
- Fatigue risk management system
- Backup staff with right competencies
- Recognising great work
- Additional Supervision
- Staff welfare breaks
- Welfare facilities to high standard (showers, changing rooms)
- Resources to overcome challenges
- Work mythology for situation
- Education on communication techniques in everyday and harsh conditions (closed loop)
- High quality radio or mobile communications
- Streamlined communications (check in, single point of contact)





Customer / Animal Aggression

Context

Many of our people across many areas of the business face aggressive interactions from customers, members of the public, animals or their owners. Aggressive behaviours in the Libraries are a noticeable feature in the health and safety reporting system where no less than fourteen incidents have been reported in the last three years. Other potential locations where aggression is likely including refuse transfer stations, where service delivery has been interrupted (i.e. waters), or where compliance/enforcement activities are being conducted (Environmental, Animal Services and Building Consents).

This workshop identified a need for a wider range of training and support covering the whole of the business, with the aim of setting up our people to be successful. It is also considered prudent to review the current public interaction practices from a tactical safety and security point of view, with identified improvements implemented and imbedded.

Being subject to aggressive behaviour occurs in the context of:

- Phone calls
- Building consents
- Dog registration
- Rates payments
- Complaints to council and enforcement after complaints from public
- AA interactions (issues with applications)
- Premise Visits
- Cost of consents
- Animal compliance activities
- General public when staff out and about
- Client/customer with mental health or financial stress
- Mayor will fix (magic wand)
- CPO's (selling alcohol to minors) – public and owners
- "Bullshit District Plan Rules"
- Abusive phone calls
- Angry customers coming in person
- Cemetery interactions
- FB/Website interactions
- Callouts to mains breaks
- Door knocking – advise public
- Callouts late at night
- Threatening behaviour by gangs
- Angry people (25-50%)
- Every callout is a complaint
- Animals out in public/at night
- Lone working

Threats and consequences

The identified threats are:

- Changes to costs/rates/rules/services
- Activities by other agencies (not CHBDC) i.e. NZTA, Public perceptions, blaming council for another contractor/agencies work
- Fault of service - recycling missed, not picked up, dump fees, consents taking too long (need for more experts), consent being declined
- Cemeteries and people dealing with grief – (lost post, removed items, non-compliant or unsafe items)
- Anti-social behaviour at libraries, changes in wider community (job losses, homelessness, gangs), mental health issues, impairment, addictions
- Inflammatory correspondence

The identified consequences are:

- Financial losses
- Formal complaints against individuals, bad reputation, called into explain,
- Loss of self-control, getting fired, angry
- Physical abuse, injury from animal, medical treatment, time off work, needing EAP
- Psychological abuse, antisocial behaviour causing stress
- Disliking job, high turnover of staff, disengagement
- Disruption of service, resources focused on aggressor rather than the greater good

Existing effective controls

- Staff training and de-escalation process
- Design changes to reception layout
- Inform upfront about how costs work and where expenses arise
- Proactive coms on website page
- Public consultation
- Rates remissions
- Regular coms to public
- Informing public of works that are not ours
- Regular inter-agency coms
- Inform customers how long things might take
- Information flyers/info pages
- Rules/info signs at cemetery gates
- Staff knowledge of problem people
- Taking a buddy/witnesses to knower aggressors



- Management making informed decisions on who many staff attend for known aggressors
- Create space (i.e. take a moment before calling back or responding)
- Perspective taking
- Insurance/emergency funds
- Empathy – explain you don't make the rules (just the messenger)
- PPE
- Flexibility/discretion when handling situations
- EAP
- Team and management support
- Training for mindfulness

Gaps and improvements

- Improved website for common questions (FAQ)
- Easy to understand reasons for changes/decisions
- Multi-agency resources (work with disruptive kids in libraries and parks)
- Explore ideas for libraries vision as a community hub
- Carefully worded behaviour policy covering expectations/boundaries and allow flexibility
- Tactical training for all staff (i.e. sitting with exit behind in meeting rooms or maintain safe exit in other situations)
- Body cameras
- Lone worker devices
- Having ability/capacity to have breaks from customer facing roles
- Debriefing
- Ask the why question
- De-escalation training for all staff





Hazardous Substances

Context

This workshop showed the broad exposure our people have to hazardous substances across the business. Some hazardous substances are controlled and used by our people or our contractors, others are used or stored at facilities that our people access but have no control over, while at our recycling, refuse transfer and landfill sites our people are likely to have exposure to often unknown, deteriorated or mixed hazardous substances. Our people may not even be aware that the hazardous substances are present in the case of concealed dumping.

More work is required to verify this particular analysis. It is considered that there may be general confusion and ignorance regarding industrial and commercial hazardous substances across the business, this is likely compounded by members of the public introducing hazardous substances to Council particularly when they are not declared, labelled, contained or are mixed, leaking and/or concealed.

Our people, partners and contractors are potentially, at a minimum, exposed to or work with these hazardous substances:

- Leachate
- Alum + misting fluid
- Methane
- Chlorine gas and liquid
- Fertilisers
- Asbestos (carcinogen)
- Arsenic
- Lead (carcinogen)
- Caustic products
- Carbon Monoxide
- Raw sewage
- Petrol and diesel (carcinogen)
- Formaldehyde (carcinogen)
- Algae Bloom
- 1080
- Herbicides (metsulfuron, glyphosate, triclopyr) (suspected carcinogen)
- Unknown containers of nasties
- Pesticides (magtoxin, broflorico)
- Aluminium Sulphate (Pdy)
- H2S and confined spaces
- Nitrous oxide
- Untreated water
- Cleaning products and paints
- CH4
- Methane
- Acid batteries
- Oxygen and Ozone
- Sheep dips

Our people are exposed to hazardous substances in the following contexts:

- Landfill
- Refuse transfer stations
- Recycling centres
- Rubbish collection
- Wastewater treatment plants
- Drinking water plants
- Grounds and parks maintenance
- CHBDC yards
- Storage sheds
- Refuelling vehicles and equipment

Threats and consequences

The threats identified were:

- Public introduces chemical into CHBDC responsibility
- Vandalism, deliberate harm
- Extreme weather event
- CHBDC Staff and contractor, operation or maintenance, Human performance variability
- Deterioration of containment
- Supplier failure
- Tsunami
- Effects of the substance not known
- Inadvertent exposure

The consequences identified were:

- Single or multiple loss of life (our people or the public) (acute or long-term)
- Reputational damage
- Major fines, prosecution, personal liability of officers
- Major loss of habitat (acute or chronic)
- Loss of amenity (acute or long-term)
- Loss of Maori cultural value
- Business/ Economic losses (local businesses can't operate)
- CHBDC unable to deliver a service

Existing effective controls

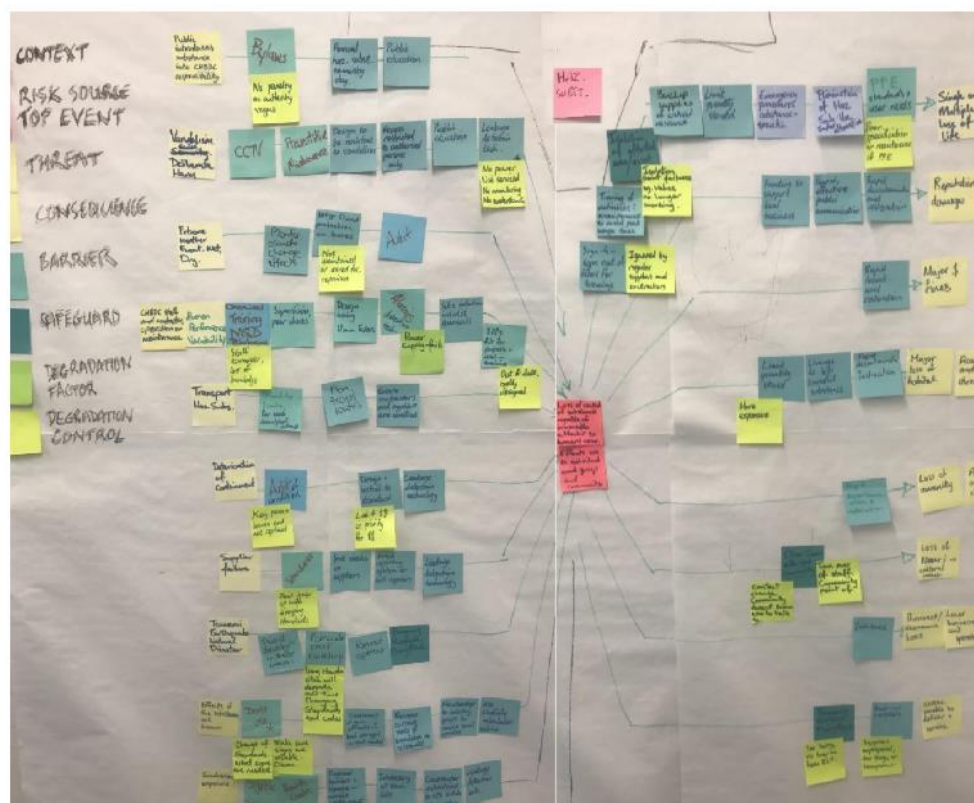
- Bylaws
- Annual Hazardous Substances amnesty day
- Public education
- CCTV
- Preventative anti vandalism measures
- Design to be resistant to vandalism



- Access restricted to authorised persons only
- Plan for climate change effects
- Audits and Audit of condition
- 100 year flood protection on bores
- Chemical, MSD, biological training
- Supervision and Peer checks
- Site induction includes chemicals
- Design and install to standard
- Standards
- Avoid development in areas prone to flooding and Tsunami
- Retreat options
- Emergency response plans/trials
- Eliminate Haz Sub, or substitute for friendlier product
- Assessment of environmental effects if land use application consent needed
- Review current state of knowledge re: substances
- Membership to industry groups to receive updates
- Signage
- Physical barriers and signage
- Inventory at each site
- Contractor inductions to site include Haz Sub inventory
- Sign in - sign out of sites for tracing
- Timing of activities/ maintenance to avoid peak usage times
- Isolation of affected area/asset
- Backup supplies of critical resource
- Limit quantity stored
- PPE standards and user needs
- Emergency funding to support local business
- Rapid effective public communication
- Rapid decontamination and restoration
- Limit quantity stored
- Insurance

Gaps and improvements

- Leakage detection tech
- Design using human factors
- Alarms and Detection tech
- SOPs fit for purpose and used in training
- Spot checks on suppliers
- Event reporting system to include suppliers
- Earthquake proof buildings
- Use WorkSafe calculator online
- Health monitoring/checks
- Back-up suppliers
- Specialist decontamination contractors



Central Hawke's Bay District Council – Health and Safety Critical Risk Deep-Dive Report #1

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Author: Bevan Johnstone & Darren de Klerk

Date: 27 Oct 2020



Working at Heights

Context

Generally, a good number of controls were identified for this risk; however, across the myriad of contexts that our people work at heights, many of the controls may not actually be present on any particular site. This is not likely a factor owing to our people or our contractors, but to the worksite conditions and common worksite practices, particularly of those we do not currently influence (i.e. local builders). The normalisation of risk is another issue which is likely intertwined here (where exposure to a particular risk is an everyday occurrence), but because unwanted outcomes are not frequent, this is seen as 'safe' and then practice creeps ever closer to the edge.

The our people and contractors interact with this critical risk in the following context:

- Contractors (don't work : don't get paid)
- Planned maintenance
- Inhospitable weather, storms, high winds, rain, ice, sleet, snow, doubt, extreme hot/cold
- Asset inspection
- Asset maintenance and repairs
- Emergency repairs
- Legal liabilities
- Uneven terrain
- Work on other organisations sites
- Veolia (water mains, repairs, inspections, manholes)
- Refuse transfer stations
- Dynamic worksites and hazards
- Unplanned maintenance
- Time pressures
- Regulatory functions
- H&S controls
- Late nights, limited lighting equipment, dark
- Isolated and lone workers
- Building consents (+pressure to perform)
- Liability pressures (must check things)
- Ceiling cavities
- Extendible ladder to fit into ute, but is not fit for the job
- Site not controlled by CHBDC
- New technology (mechanical tree removal)
- Degraded training (apprenticeship was 7k hrs, now 3k hrs)
- Arborists need at least 10 different NZQA unit standards
- Rec Services (tree trimming, high vehicles, structure maintenance)
- Unstable ground
- Tree removal and pruning
- Rope harness E.W.P
- Poor quality/condition equipment
- Pressure for service

Threats and consequences

The identified threats are:

- Untrained/skilled operators, no recruitment practice, lack of training or inappropriate training
- Miscommunications, misunderstandings, distractions and interruptions, scope drift
- Cluttered worksite, poor lighting, trip hazards, other hazards (slippery surfaces, ice water)
- Equipment failure
- Age-related issues (balance, strength), medical conditions (balance, strength, motor coordination)
- Involuntary responses (flinch, pain, catch)
- External force hits person or access equipment (branch, animal, vehicle)
- Weather conditions (strong winds, gusts)
- Person trespassing onto site
- Impairment (fatigue, medications, heat exhaustion, dehydration, drugs and alcohol)

The identified consequences are:

- Death, serious permanent injury/disability
- Contaminated worker and diseases
- PTSD, mental health effects on family & team, negative team morale, recruitment and retention issues
- Disruption to job, loss time incident, investigation
- Reputational harm, loss of future work
- Asset damage, asset not operational
- Legal implications, ACC levies increase, WorkSafe investigation and prosecution

Existing effective controls

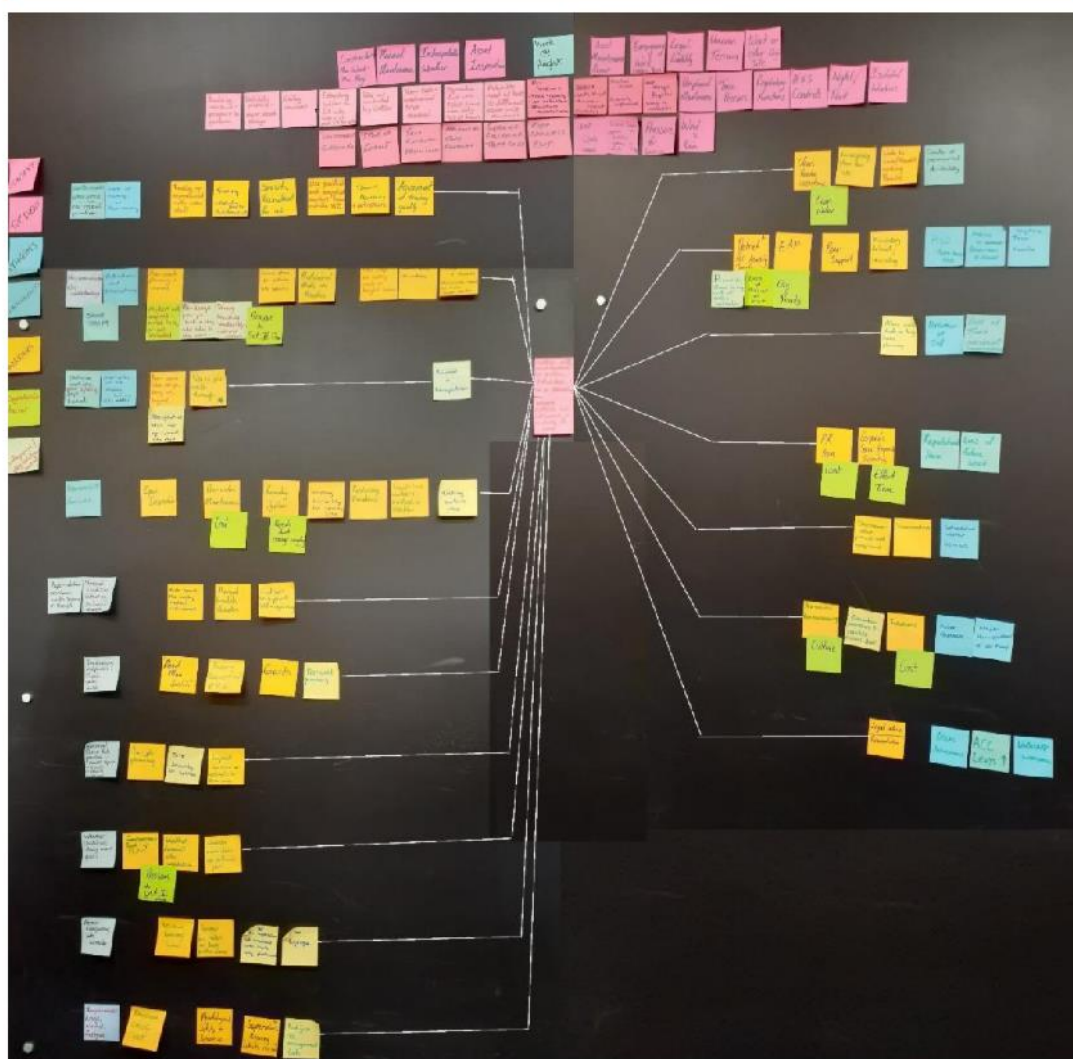
- Buddy up experienced staff with new staff
- Training (industry, task, equipment specific)
- Specific recruitment for role
- Use qualified and competent workers
- Training regularity and refreshers
- Assessment of training quality
- Pre-work planning and coms
- Leaving phone in vehicle
- Reporting system
- Frontline workers involved in selection



-
- | | |
|---|---|
| <ul style="list-style-type: none"> • Testing before use • Safety equipment and PPE • Guards • Pre-job and pre-work planning (Take5) • Weather forecasts available • Operator experience on difficult jobs • Appropriate site security barriers and signage • Spotters for sites in busy public areas • Random drug testing • Colleagues provide assistance (first aid trained) • Emergency plan for site | <ul style="list-style-type: none"> • Links to Lone worker bowtie • EAP • Peer support • PR team • Vaccinations on offer • Personal responsibility • Escalation process to reinstate critical plant • Insurance • Legal advice • Documentation |
|---|---|

Gaps and improvements

- | | |
|---|--|
| <ul style="list-style-type: none"> • Build professional pride in good practice • H&S rep on every working at height team • Practice stopping and reassessing for scope change/drift • Pre-work - site setup, tidy-up, improve layout • Site or job walk through • Regular equipment inspections • Proactive maintenance on equipment • Testing suitability for specific site • Purchasing standard • Task specific medical monitoring/assessments • Annual health checks • Culture to support self-reporting of impairment • Dead-man switch • Site security or isolation | <ul style="list-style-type: none"> • Impact barrier or vehicle in the way • Backup plans • Site supervisor not involved with work being performed – focus on health and safety • Signage • Psychological safety to speak up if impaired • Supervisors knowing “what’s normal” for their people • Fatigue risk management tool and framework • Debrief for learning • Mandatory debrief and counselling • Allow slack in plans, project plans, long-term plans • Corporate social responsibility reporting • Denomination process |
|---|--|





Fatigue

Context

Fatigue is increasingly being recognised as a significant threat to successful operational outcomes just as it is being recognised as on our roads. Humans by nature have performance limits and operate most effectively in the right conditions, however they can also operate outside of their ideal operating conditions for short times, when operating for extended periods without breaks, or in environments which are not well suited to human occupancy, fatigue can occur. Mental and physical fatigue are different and need different approaches to prevent and control them. Fatigue of our people will expose many unwanted or unhelpful human vulnerabilities by interfering with reasoning, logic, communication, teamwork, physical functioning and delayed reaction times.

The context that may cause or contribute to fatigue at CHBDC:

- Performing complex mathematical calculations
- Working longer hours due to deadlines or lack of staffing
- Emergency Response & Civil Defence
- Dealing with customers, performance, working outside work hours to achieve what needs to be done
- Decisions relating to liability - consenting etc.
- Not getting/taking breaks
- Driving (distance, time, time pressure, booking system adds pressure)
- Needing to be patient with people
- Reputational rigors, decisions, customer interactions
- Working with traffic
- Resource limits
- Confined spaces, trenches, working at heights, dynamic worksites/workplace
- Managing people - correct attitudes, personal control, personal reflection, self-awareness
- CHBDC doesn't have a large staff group
- Customer service (worrying about perceptions, reputation, site visits - animal; BCO; waters, water testing – toxic, waste care)
- Coms overload – emails, facebook; external coms
- Finance – reputation; incorrect payment
- Working in all weathers, needing to restore service, no fat in the system

Threats and consequences

The identified threats were:

- Time pressures (changing objectives, unrealistic targets, taking work home)
- Expectations and stigma (culture that expects long hours and normalises fatigue)
- Not having back up support (people/resourcing)
- Afterhours callouts, overtime, on call
- Under-staffing, not wanting to let colleagues down
- Work stress: (e.g unrelenting pressures, being under performance scrutiny, complaints, investigations)
- Emergency response - have to drop everything to respond to major event
- Personal circumstances (medical; financial; family, sleep deprivation, poor sleep habits, volunteering)

The identified consequences were:

- Driving accidents, work place injuries or death
- Financial impacts due to mistakes
- Mis-management of an employee (creating personal grievances)
- Legal action - poor decision
- Bullying interactions
- Home life impacted detrimentally
- Staff retention and recruitment issues (feeling unsafe, overworked, not appreciated, people leave district)
- Reputational damage (external and internal), loss of confidence, cannot attract new staff
- Work done to a poor standard (timeframes and budget blowout)
- Long term adverse health outcomes (physical and mental)

Existing effective controls

- Time management training, talking to management
- Closing services
- Follow policy and process (although a lot not necessarily appropriate for fatigue)
- EAP Support
- Culture of OK to fail as long as learning happens
- EAP, @Work support
- Good HS initiatives that cover a range of wellbeing help
- Sense of personal responsibility for managing your own fatigue
- Peer checking of work
- Performing regular culture checks
- Training (hand-up culture)
- Well Health checks and fitness initiatives to promote health

Gaps and improvements

- Effective supervision of workload
- CPD for management on fatigue (signs, symptoms, physiology etc)
- Org culture of acceptance in reporting (remove stigma)
- Culture change from the top down that promotes good practice
- Personal fatigue risk scores
- Workforce planning, succession planning
- Clarify, communicate, record key information
- Skills database (who knows what)
- Fair on-call rosters
- Personal fatigue risk score tool
- "Great people grow/come here" (shared resources/people across councils)
- Training, familiarisation, drills, practice, scenarios
- Event debrief, review, learning and improvement
- Pre-job briefings include fatigue risk (take-5)
- Sleep pods
- Wellbeing policies to ensure adequate time out
- Corporate Social Responsibility reporting (CSRR)





Contractor Management

Context

Contractors are critical to Council's strategic aims and delivering our work program. Beyond this, many contractor personnel are also physically imbedded in Council and have close working relationships with our people. Because contractors are the ones who deliver much of the work program, their people are the ones who often face the biggest hazards and risks. However, this increased distance to the risk, does not allow us to escape considering, eliminating and managing the risk we ask our partners and contractors to face. The increased distance however shifts our focus to the things we can (and do) control or influence, such as; the project timetable, the selected method used for the work, the amount of resource allocated to achieve a successful project and, the materials used. Ensuring we select appropriately skilled, qualified and experienced contracting partners is also important.

The contractors we engage are:

- Downers (roads)
- Higgins (roads, water, solid waste)
- Stantec
- MSP
- BECA
- Other professional consultants (i.e. IMPAC)
- Pope electrical (street lights)
- Mark Stephens (handyman)
- Flemings
- Isaac's (plumbing and electrical)
- Clean Up Gals (cleaners)
- Drainways
- RSV
- Fulton Hogan
- Smart Environmental

Threats and consequences

The identified threats were:

- Shared workspace/crossover at sites
- Poorly specified document
- Poorly equipped and trained staff
- Equipment failure
- Unforeseen events (attacks, underground services, weather events, pandemic, epidemics)
- Under bid tenders, poor resourcing, contractors over stretching their ability, risky behaviour as a result
- Poor safety practices
- Smaller contractors not having same capacity (resources, procurement, recruitment, training, equipment, procedures)

The identified consequences were:

- Serious illness, injury or death of worker/s/public
- Creates more work for contract manager (stress, contract enforcement)
- Having to remove contractor from site (delays work)
- Costs council even more money, distracts resources/our people to manage contractor/job/project
- Makes Council look bad, damages Council and contractor reputation
- Inability to provide service to public
- Damaged relationship
- Environment/ecosystem degradation
- Loss of cultural value

Existing effective controls

- Supplier improvement programme, liaison meetings
- Regular contract and site meetings and reporting
- Plan or schedule to avoid unnecessary crossover work
- Documents renewed at 2 levels or 1 level in house
- Pre-contract meetings
- Regular contract meetings, site visits and audits
- Pre-qualification tender review process
- Some contracts have industry certification
- Critical risk deep dives
- Assurance reporting on critical equipment maintenance
- Requirement to have back-up equipment
- Random contractor checks/visits include evidence of equipment checks
- Pandemic response plan, CDEM plans, before you dig, liaison meetings
- Tender evaluation process
- SIP – regular activity to work together
- Outsource the prequel process to sitewise – consistency and 3rd party assurance
- Safety plans required
- Site specific safety plan that adds value as a coms tool
- Minimum standards for critical risks – checked via prequel
- Provide resources, templates, advise etc.
- Emergency management plans/procedures
- Having plan/agreement to remedy contractor performance issues and resulting costs
- Effective coms to community (open, honest, ongoing)
- Environmental restoration plans and specialists



- Different levels of pre-qual based on \$ value of contract
- CHBDC staff inducted in a way that includes contractor prequel
- CHBDC staff trained in task specific safety standard
- CHBDC staff trained in contractor management
- Provide discounted training and development opportunities to small contractors
- Corporate social responsibility reporting





Above Ground Public Infrastructure

Context

Council provides services and facilities to our communities and the general public, some of these services and facilities are intended for community and public use or access (such as a hall, theatre, park or a refuse transfer station), while some are not public facing (such as a waste water plant). Each type of service or facility presents unique and differing hazard and risk profiles (the risks at a hall or theatre are not the same as at a refuse transfer station) based on its use or purpose. Further, Council is responsible for both the health, safety and wellbeing of our people as well as the community members who use or benefit from our infrastructure. Being responsible for health, safety and wellbeing means we must manage risk by elimination or minimisation through a system of maintenance, audits, inspections, upgrades, planning and 'safety in design'.

Our above ground public asset context is:

- Libraries
- Town halls
- Man holes
- Swimming pools
- Sports fields/facilities
- Open spaces/reserves
- Cemeteries
- Waste water plants
- Water reservoirs
- Transfer stations, land fill, recycling centres
- Public toilets
- Playgrounds
- Council offices
- Water treatment plants
- Drinking water bores

Threats and consequences

The identified threats were:

- Equipment failure (i.e. play equipment, furniture, reservoir, water or waste water plant)
- Tripping, falling (open cover, pool, restroom)
- Locked in, trapped in (pool, toilet, hall etc)
- Member of public trespassing onto site
- Member of public tamperers, sabotages, vandalises

The identified consequences were:

- Bad publicity
- Fatalities, serious life changing injuries, health effects
- Injury's req medical attention
- Closing of asset (temp or long term)
- Equipment damage (deliberate or accidental)
- Loss of asset
- Loss of production
- Investigation, prosecution, legal costs

Existing effective controls

- Regular inspections
- Regular maintenance
- Regular audits (inc health and safety aspects)
- Proper training for use
- Clear specifications, design which understands user needs
- Fencing and barriers
- Lock up procedure
- Design
- Security systems, CCTV
- Safe designs
- Connect reporting system to maintenance system
- Alarm/CCTV monitoring and response
- Trained first aiders, knowing emergency procedures
- Repair contracts
- Emergency funds

Gaps and improvements

- Early notification systems
- Corporate social responsibility reporting
- Coms
- Plan for service outages
- Fat in system/assets





Working with Uncontrolled Energy

Context

Uncontrolled energy sources pose a unique threat to our people, the traditional approaches to health and safety have been based on static ideas of work and risk, and for the most part have been unimaginative. But work is not static, it is dynamic and often it is reactive. The dynamic nature of work is illustrated by asking the question: how often does a job's scope, duration, complexity or the required resources remain the same as first thought? Recognising that work for Council is often dynamic, complex and reactive means that we need to be imaginative and dynamic when identifying and controlling risks. Twelve months ago, who would have considered that at heavy vehicle parked on the edge of a transport corridor for site protection, could be shunted into the worksite by another vehicle? This point is made to illustrate the need to think beyond the immediately obvious, especially with the potential for uncontrolled energy being released.

The context in which our people and contractors can be exposed to an uncontrolled energy release is:

- 2000L Diesel tank at the Waipawa office
- Underground gas mains (Takapau)
- Flooding
- Wind
- Trees
- Built up slips/water
- Electricity lines
- Low voltage electricity in buildings
- Hoses under pressure (air, hydraulic)
- Lines/cables under tension
- Vehicle run-away down a hill/slope and trailer loss
- Some local contractors have lots of local knowledge and experience, those who are not local do not
- Plans/mapping is often inaccurate
- Mains high pressure sewer/water laterals
- Cheaper to hit underground services than organise permits and stand-overs
- Floodlights (blind our people/traffic)
- Failed hydro suction on truck
- Hand tools/mobile plant faulty
- Large animals/nasty dogs
- Downed power lines
- Buried live lines
- Electric fences
- Reservoirs

Threats and consequences

The identified threads are:

- Extreme weather event
- Fire or explosion near energy source
- Vandalism/ Sabotage/ Theft
- Earthquake
- Excavation work and construction activities
- Public/event leading to vehicle run-away, forget to close vehicle, human failure
- Equipment failure, degradation, wear & tear, corrosion

The identified consequences are:

- Inability to provide services, unable to complete job affecting public health
- Damage to reputation, damaged relationships, public loses faith in region
- Loss/damage to property (public/contractor/council), damage/loss of heritage/cultural values, no library/loss of services
- Ongoing health issues, injury/loss of life (public/contractor/council), multiple fatalities, affects people mental health & stability on a job
- Large financial resource/cost, loss of income, financial impacts on local businesses
- WorkSafe investigation/prosecution, environment court, special measures (Govt takes over Council), main contractor loses contract, audits

Existing effective controls

- Pro-actively identify risk e.g trees, boulders, unstable hillsides
- Specially trained staff with emergency response skills
- Knowledge of area
- Education within Council
- Suitable PPE for the job
- Erosion control
- Tree maintenance/ removal programme
- Engineered barriers around at risk areas e.g slips
- Resources and contractors
- Specialist equipment available
- Building compliance checks
- Building WOF
- Tank design to reduce explosion risk
- Security design (lighting, fencing, location, CCTV + alarms + sensors)
- Security maintenance (tree pruning, remove stuff that can be climbed)
- Closures, public notices
- Proactive maintenance and assessment
- Permit to work



- Service location process, access to accurate info
- Notification to other organisations
- Competent operators for key tasks
- Strong contractor relationships - ask for help
- Local knowledge - ask for help/download from database
- Partial automation
- Checklists
- Peer checking
- Full redesign/ fail to safe (assess if assets are failsafe)
- Remove energy source if possible
- Preventative maintenance on critical equipment
- Reporting system for notifying minor issues
- Identify critical elements/ failure points
- Risk-based inspection program
- Procurement standards for critical equipment
- Civil defence training and multi-agency team working
- Spare parts inventory for critical components
- Back-up provision or outsourcing
- Outsourcing
- Rapid public coms capability eg. Online
- Pro-active coms strategy
- Media relations plan, policy, and competent advice
- Pre-existing good relationships with Iwi
- Access to specialist advice on cultural impact
- Transgression protocol
- List of critical users – Medical needs
- Planning and resource constant risk assessment process
- Civil defence drills / Multi agency scenarios
- Planning to avoid e.g. location of energy sources and fire risks
- Civil defence scenario planning
- Insurance: external contractors insured
- Projects to build resilience into local businesses
- Emergency scenario training
- Diversity of (controls/contracts??)
- Transition planning

Gaps and improvements

- Fire risk assessment (projects, tasks, existing assets)
- Blast walls/fire walls
- Design to meet earthquake standards
- Corporate social responsibility reporting





Working with Plant and Equipment

Context

The use of plant and equipment is critical to achieving much of Councils work program and reactive repair work. The use of plant and equipment makes such work faster, more efficient and economical. However, the use of plant and equipment brings risks to the users, the bystanders, the public and the environment.

The context in which our people and contractors work with plant and equipment is:

- Covid-19 redeployment program (reduce unemployment)
- Digging graves
- Ride on mowers/small tractors with bucket
- Rec Services (40 staff, permanent, temporary and fixed term)
- ATVs/RTVs for straying
- Chip spreaders
- Excavators, trucks, cranes
- Excavators used as crane
- Bitumen spreader
- Thruster, air compressor, noise
- Often staff are alone while using heavy plant
- Gardeners (plate compactors, rollers)
- Veolia (excavators, hydro-excavators)
- Transport corridors (shoulder closure vs lane closure)
- Blackhawk system to detect roll-overs
- Live traffic vs heavy plant
- Contract penalties
- Barker contracting – graves
- Heavy plant in live road lanes

Threats and consequences

The identified threats are:

- Interactions with pedestrians and public
- Vandalism, tampering, during storage/overnight
- Unstable surface, weather (wet, slips, poor vision, dry-harder ground)
- Interactions with live traffic
- Equipment failure or damage
- Wrong equipment for job
- Wrong equipment for environment
- Interaction with above/below ground high energy services
- Operator impairment
- Mismatch of operator to equipment or task/activity
- Carcinogenic fuel and exhausts

The identified consequences are:

- Financial implications, contract obligations (penalties), increased insurance (ACC), loss of contract, job loss, staff turnover
- Investigations (WorkSafe, Police, Environmental), prosecutions, appointment of commissioner
- Loss of machine, downtime, project delay
- Harm to public image
- Property damage, collateral damage to plant or assets, loss of service
- Serious injury or health effects, death of operator, staff or public. Hearing loss. Cancers.
- Trauma to staff and witnesses (PTSD, stress, mental distress), ongoing counselling/rehab
- Community trauma
- Environmental harm

Existing effective controls

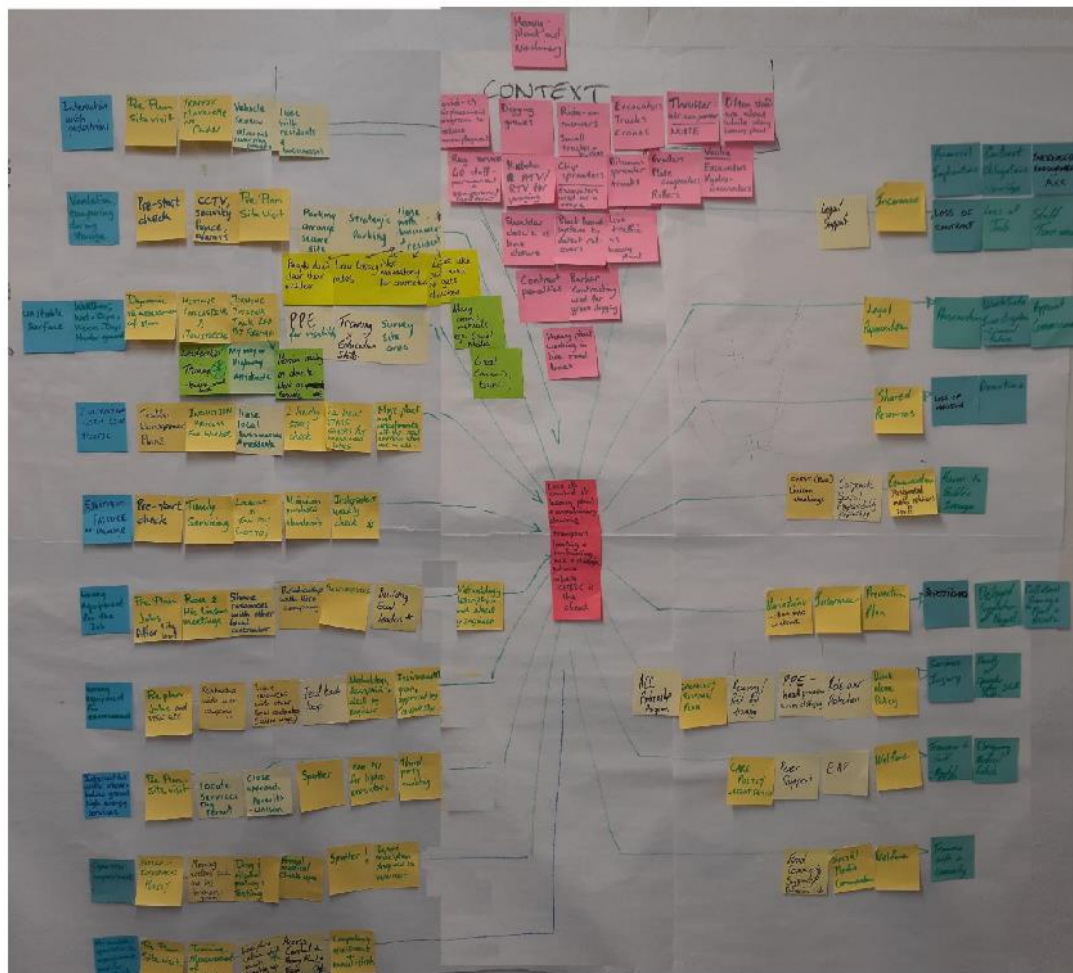
- Pre-plan & site visits
- Traffic management plan
- Liaise with residents, public/businesses
- Pre-start check
- CCTV, security fencing, alarms
- Parking, secure site
- Liaise
- Weather monitoring and forecasting
- Morning toolbox
- PPE (visibility)
- Training, skills, education
- Survey site area
- Worker induction
- Timely servicing
- Lockout/tag out procedures
- Audits
- Sharing of resources across contractors
- Relationship with hire company
- Benchmarking
- ACC partnership program
- Locate services/dig permits
- Close approach permits (Unison)
- Drug and alcohol policy/testing
- Legal advice
- Insurance
- Communications/PR staff
- Emergency response plans
- Recovery/first aid plans



- Head protection warm/cool clothing, hearing protection
- Role-over protection
- Care policy/light duties
- Peer support
- Use in ventilated / open spaces
- EAP
- Welfare

Gaps and improvements

- Vehicle sensor/alarms/reversing camera
- Liaise with residents, public/businesses
- Dynamic re-assessment of plans as work changes
- Pre-plan jobs after site visits
- Building great leaders
- Feedback loop (particularly for bad news)
- Fatigue and impairment policy
- Annual medical testing/health monitoring/exposure monitoring
- Measurement of capacity/competency
- Workplace culture which rewards speaking up
- Access control to heavy plant and equipment
- Corporate social responsibility reporting
- Safety variations written into contracts
- Loss of control prevention plans
- Lone worker policy, devices/procedures
- Fund community support/counselling (professional help)
- Carcinogen awareness and prevention program





Confined Spaces / Excavations

Context

Confined spaces/excavations are a common feature of much of the work of Council. Confined spaces are created, maintained, accessed and used in the roading and three waters space most frequently but are also a feature of work across the business including animal services and open spaces and places. Confined spaces and excavations pose unique risks through the potential for collapse and entrapment of people, the limited access for rescue as well as the potential for toxic or inhospitable atmospheres to occur. Confined spaces also mean that only one or two people are able to do the work which means it may take much longer to achieve the task/s than would otherwise be expected. The elimination or designing out of confined spaces and excavations is the preference, however for those that are necessary, the access, use and occupancy of is a concern and needs to be systematically controlled and monitored.

The context in which our people and contractors work in confined spaces/excavations:

- New service connections
- Emergency work
- Man holes, repairs, blockages
- Maintenance (pumps, treatment plants)
- Slips, weather event, repairs
- Culvert inspections and replacements after events
- Inspections
- Retaining walls (building and repairs)
- Drainage renewals
- Open trench excavations (+1.5m deep needs boxing)
- Pump wells/plant repairs
- Water tanks
- Reservoirs
- Telecommunications (repair work in/near)
- Head walls around culverts
- Theatre/halls

Threats and consequences

The identified threats are:

- Adverse atmospheres arise during work (O_2 , O_2 displaced other gas present, toxic substances)
- Fire/explosions
- Injury while working
- Flooding (water, mud, other fluid)
- Collapse of confined space/trench
- Medical event
- Heat stress/hypothermia
- Panic/claustraphobia/freeze in situation
- External force impacts on confined space

The identified consequences are:

- Death, serious injury, crushing
- Long term health effects
- Rescuers get into trouble also / entrapment
- Service disruption/loss
- Investigations and prosecution
- Environmental harm
- Reputational harm
- Psychological harm, mental health, staff turnover/recruitment retention issues

Existing effective controls

- Isolate sources of gas, toxic substances from confined space
- Gas monitoring
- Person assigned for gas monitoring
- Permit to work
- Work plan
- Safe work method
- Spotter
- Isolate sources of fire/explosion from confined space
- Environmental monitoring
- Forced air ventilation
- Rated/certified equipment
- Trained and fit worker
- Correct equipment
- Ergonomically designed, appropriate equipment
- Safety harness, confined space PPE
- Hazard ID, assessment, gather info
- Access/Egress design and protection
- Divert water/mud away
- Isolate water/fluids using valves
- Vac truck up stream/dewatering via pump
- Trench shield/shoring system
- Geotech survey to understand ground conditions
- Planning based on Geotech intelligence
- Remove spoil from excavation
- High-quality site house-keeping
- Work scheduling – weather to suit task types
- Onsite leadership/supervision
- Breathable, lightweight PPE
- Crew rotation
- Outsource to a specialist contractor
- Good client to contractor relationship
- Pre-job briefings involving all parties on site



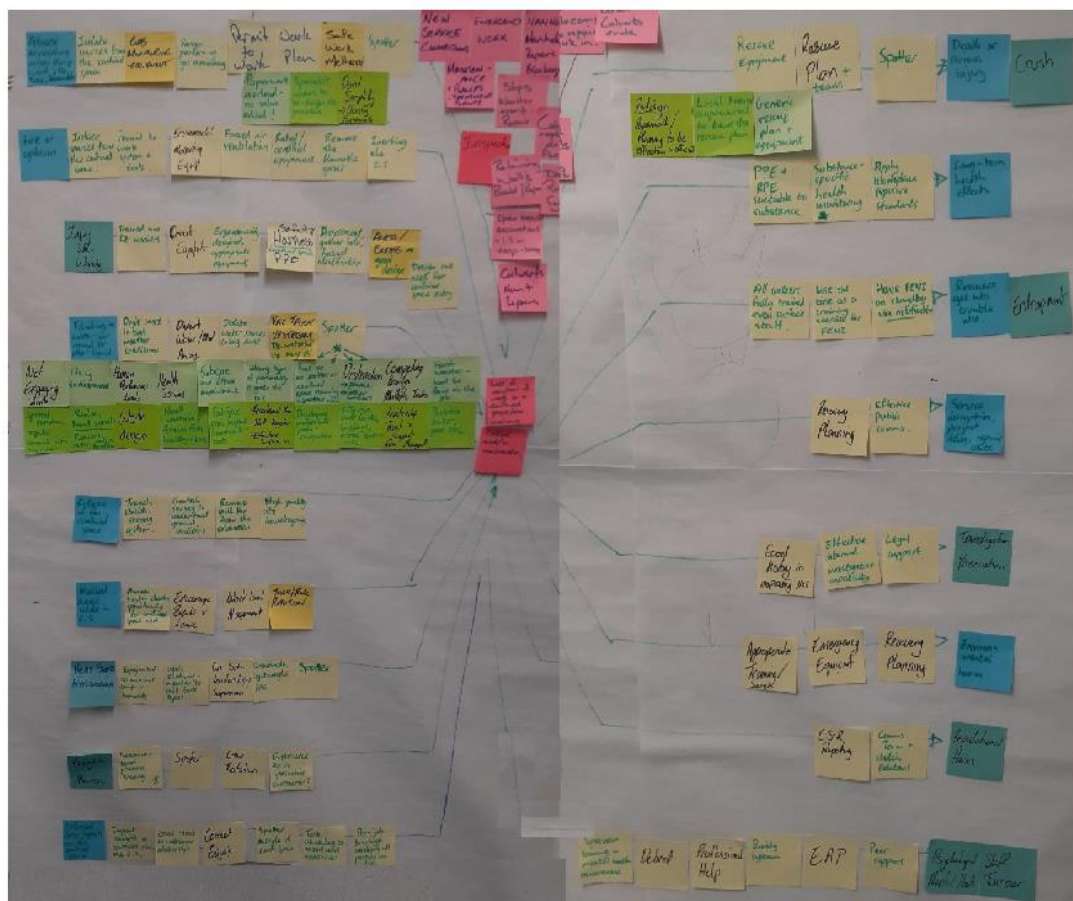
- PPE + RPE suitable for substance
- All staff trained (even surface staff)
- Recovery planning
- Effective public coms/PR

- Build history and practice of managing H&S/planning this work well
- Legal support
- Professional help/EAP
- Buddy system/peer support

Gaps and improvements

- Design out need for confined space
- Inerting procedure/substance
- Forced air ventilation
- Don't work in bad weather conditions
- Annual medical health check specifically for confined space work
- Encourage breaks and leave
- Workload management
- Task/role rotation
- Occupational environmental standards and monitoring (heat, humidity, cold)
- Scenario based practical training and exercises
- Impact barriers/bollards/walls protecting confined space and workers
- Confined space spotter
- Task scheduling to avoid cross-over (fat in system)

- Dynamic risk assessment as site/work/conditions/resources change
- Rescue equipment
- Rescue plan and team onsite
- Substance specific exposure/health monitoring
- Workplace exposure standards
- Use the task/work as a training exercise for FENZ (partnerships – understand roles, responsibilities etc)
- Notify FENZ of particularly hazardous work prior
- Effective internal investigation capacities
- Corporate social responsibility reporting
- Supervisor training in mental health awareness
- Debrief – especially after successful operations to distil, disseminate and educate on what works well – copy for future



Central Hawkes Bay District Council – Health and Safety Critical Risk Deep-Dive Report #1

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Author: Bevan Johnstone & Darren de Klerk

Date: 27 Oct 2020

6.6 RISK MANAGEMENT FRAMEWORK - AMENDMENT

File Number: COU1-1408

Author: Darren de Klerk, 3 Waters Programme Manager

Authoriser: Monique Davidson, Chief Executive

Attachments: 1. Risk Framework  

PURPOSE

The matter for consideration by the Risk and Assurance Committee is the adoption of changes to Councils Risk Framework.

RECOMMENDATION FOR CONSIDERATION

That having considered all matters raised in the report:

That the Risk and Assurance Committee adopt the recommended changes to the Risk Management Framework.

BACKGROUND

Council adopted the Risk Management Framework (the Framework) in October 2018. The Framework clarified Council's intent and provided the structure to how Council would manage risk from a strategic to an operational level. The Framework represented a step forward for Council in terms of its maturity and sophistication with respect to risk management in line with best practice guidance at the time.

DISCUSSION

The Framework remains a fit for purpose and useful document for Council. Recently, during the implementation of a new risk management software system 'Impac Risk Manager', Officers have identified some ambiguity within the Framework that they are now seeking to amend, specifically the tail end of the Framework, that contains the risk categorisation matrix, is considered to be unclear and potentially misleading. The matrix in the framework (shown below) is a common 5x5 matrix comparing likelihood and consequence. Each combination of likelihood and consequence is then described in one of 5 ways (low, moderate, significant, high, extreme). Colours are further used in the matrix to visually represent escalating levels of total risk. Importantly, the matrix is used later in the Framework, and in practice by Officers, to determine how to respond to risks within the organisation. Specifically, the matrix is used to determine escalation points.

Likelihood	Consequence				
	1 - Insignificant	2 - Minor	3 - Significant	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 - Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Rare	Low	Low	Low	Low	Low

The ambiguity comes from the layering of colours and risk rankings. Low risks are coloured both green and amber, significant risks are coloured both amber and red for example. Further, the risk evaluation and escalation section of the Framework references multiple options for how to deal with a low risk, a moderate risk and a significant risk.

Risk	Actions
Low	Examine where un-needed action can be reduced, Advisory to Line Manager
Moderate	Managed by routine procedures, Advisory to Line Manager

Low	Managed by routine procedures, Advisory to Line Manager
Moderate	Managed by Group Manager and Advisory to Leadership Team
Significant	Managed by Group Manager and Advisory to Chief Executive
Significant	Managed by Group Manager and Immediate Advisory to Chief Executive & Leadership Team for review and action
High	Chief Executive & Leadership Team attention to review and manage risk and to report to next Risk & Audit Committee
Extreme	Chief Executive immediate action required to reduce risk Immediate Advisory to and consultation with Chair & Deputy Chair of Risk & Audit Committee with subsequent reporting to the Committee

It is proposed to replace both the matrix and the risk evaluation tables in the Framework with those shown below. It is believed by Officers (and supported by industry experts) that these approaches are clearer, easier to implement and more in line with best practice.

		LIKELIHOOD				
		Highly Unlikely	Unlikely	Possible	Likely	Almost Certain
CONSEQUENCE SEVERITY	Major	H	H	E	E	E
	Significant	M	H	H	E	E
	Moderate	L	M	M	H	E
	Minor	L	L	M	M	H
	Insignificant	L	L	L	M	M

Risk evaluation

This means making a judgement about whether the level of risk is OK or not OK, why, and what must happen next. The risk analysis helps us to make this judgement, and also to prioritise risks for action.

LEVEL OF RISK	WHAT IT MEANS
E (Extreme risk)	Stop activity or process immediately, and don't continue until the risk has been reduced.
H (High risk)	Manage risk immediately.
M (Medium risk)	Action required but not immediate.
L (Low risk)	Manage through continuous improvement.

Further minor cosmetic changes to the Framework have been made that are considered to be of no significance (spelling, grammar and formatting etc).

In line with the Risk and Assurance Committee work programme, Officers intend to bring the complete Framework before Committee early in 2021 for further review. At this time it will be considered whether or not to create a Risk Policy that sits above the Framework, among other things.

RISK ASSESSMENT AND MITIGATION

Officers do not consider there to be any risk in amending the Framework as proposed. The proposed changes do not substantively impact the intent or direction of the Framework and are intended to reduce risk by removing ambiguity.

FOUR WELLBEINGS

The Framework is designed to manage total risk to Council and all of its services. This includes delivery against all of the four wellbeings. The current ambiguity within the Framework means that it could be less effective than intended and could therefore result in a decreased ability to manage risk to any of the four wellbeings. There is no direct link between the proposed amendments to the Framework and the four wellbeings.

DELEGATIONS OR AUTHORITY

The Risk Framework was adopted by the Risk and Assurance Committee (now the Risk and Assurance Committee) in 2018. It is due for review in 2021. The amendments are not considered to impact the intent of the Framework but are considered substantive enough to require Committee approval.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as having some significance.

OPTIONS ANALYSIS

The options considered include adopting the proposed amendments to the Framework or not adopting them and leaving the Framework as it stands until it is brought before Committee again through a workshop process early in 2021.

	<u>Option 1</u>	<u>Option 2</u>
	Changes to the Framework are adopted	Changes to the Framework are not adopted
Financial and Operational Implications	There are no financial implications. Operationally the revised Framework will be easier to implement and understand.	There are no financial implications. If changes are not adopted they will be brought back before Committee early in 2021 through a workshop process.
Long Term Plan and Annual Plan Implications	NA	NA
Promotion or Achievement of Community Outcomes	The ambiguity in the existing Framework is considered to broadly increase risk to Council.	

Statutory Requirements	NA	NA
Consistency with Policies and Plans	NA	NA

Recommended Option

This report recommends **option 1, Changes to the Framework are adopted**, for addressing the matter.

NEXT STEPS

If the changes are accepted and the amended Framework adopted, the changes will be communicated with key affected staff.

RECOMMENDATION

That having considered all matters raised in the report:

That the Risk and Assurance Committee adopt the recommended changes to the Risk Management Framework.



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL

- 1.
- 2.
3. Risk Management Framework

Section	Corporate Support and Services
Contact	Group Manager Corporate Support and Services
Approval	Risk and Assurance Committee
Date Approved	4 October 2018
Next Review	4 October 2021
Version	1

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1. Introduction

Risk Management is recognised as an integral part of good management practice and is an important aspect of internal control and quality assurance.

Central Hawke's Bay District Council (CHBDC) is committed to the effective management of risk and recognises that risk is present in everything we do. For risk management to be effective it must be integrated into Council's governance, business operations, projects, policies, processes and decision-making as part of everyone's Business as Usual (BAU).

2. Definitions

The following section provides a glossary of definitions used by CHBDC with respect to risk management.

- **Consequence** – The outcome of an event expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain. There may be a range of possible outcomes associated with an event.
- **Continuous Disclosure** - the principle whereby all occurrences that may have an impact on the level of risk in the organisation are recorded, communicated and taken into account in reviewing risks
- **Cross Enterprise Risk** - these are risks which might occur within one activity but have potential impacts or unintended consequences in other parts of the organisation.
- **Gross Risk** – the amount of Risk the organisation carries prior to the application of any control or mitigation strategies
- **Initial Risk** – the gross level of risk without any controls in place
- **Level of Risk** – the magnitude of a risk or combination of risks, expressed in terms of the combination of consequence and their likelihood.
- **Likelihood** – used as a qualitative description of probability or frequency.
- **Residual Risk** – the level of risk expected once further management actions (solutions) are effectively implemented.
- **Revised Risk** - the remaining level of risk after existing controls have been assessed for their effectiveness. Revised Risk is referred to in the International Infrastructure Management Manual as Current Risk.
- **Risk** –the chance of something happening that will have an impact upon objectives. It is measured in terms of consequences and likelihood.
- **Risk Appetite**- the “degree” of “broad-based” risk that is acceptable for our Council; and it is specific and meaningful enough to offer practical guidance for decision-making, but which reflects the practical realities of making trade-offs across business objectives.
- **Risk Assessment** – the overall process of risk identification, risk analysis and risk evaluation.
- **Risk Analysis** –the process to comprehend the nature of risk and to determine the level of risk
- **Risk Evaluation** – the process of comparing the results of risk analysis with risk criteria to determine whether the risk and/or its magnitude is acceptable or tolerable

- **Risk Identification** –the process of finding, recognising and describing risks
- **Risk Management** – the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects
- **Risk Management Process** – the systematic application of management policies, procedures and practices to the task of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk
- **Risk Owner** – the person or entity with the accountability and authority to manage a risk
- **Risk Reporting**- who should be advised about risks classified low to extreme across the 6 key areas of Leadership & Governance, Financial Decision Making, Service Delivery, Asset & Project Management, Health & Safety and Environment risk
- **Risk Transfer** - the process of transferring risk to a third party through insurance or contract or some other means
- **Risk Treatment** – the process to reduce residual risk
- **Risk Type** – the type of risk includes Strength, Weakness, Opportunity or Threat. This can then be used as part of a SWOT analysis for the business.

3. Context

Our definition of risk is taken from the AS/NZ ISO 31000 Risk Management Standard which defines risk as “the effect of uncertainty on objectives”. In this definition, uncertainty may be either negative or positive. It could be a threat to the achievement of our objectives, or an opportunity to achieve objectives more quickly, efficiently or effectively.

4. Principles

CHBDC has a statutory obligation to achieve the objectives set out in the Local Government Act 2002 i.e. ‘to meet the current and future needs of our communities for good quality local infrastructure, local public services, and performance of regulatory functions’.

Effective risk management directly contributes to meeting these statutory objectives by reducing the threats to success and realising opportunities to obtain success. It also provides organisational resilience in responding to, managing and recovering from emergency or adverse situations.

It is important for CHBDC staff and stakeholders to have a shared understanding of what an effective risk management framework looks like. To achieve this, CHBDC has adopted a set of standard principles to communicate what our organisation is aiming to achieve in regard to risk management. Risk Management at CHBDC is based on the following principles and is consistent with the Joint Australian New Zealand International Standard Risk Management- Principles and Guidelines (AS/NZS ISO 31000:2009):

- **Risk management creates and protects Value**

by contributing to the achievement of CHBDC’s strategic objectives and improving performance, e.g. via legislative and regulatory compliance, use of reliable and accurate information and metrics for decision-making, effective and consistent project management, operational efficiency and robust governance;

- **Risk management is an integral part of all organisational processes**

including governance, strategic planning, project management, change management and the business as usual activities of CHBDC;

- **Risk management is part of decision-making**

by helping decision-makers at all levels in CHBDC to accurately assess situations, make informed choices, prioritise actions and select the most appropriate course of action to resolve risk issues within CHBDC;

- **Risk management addresses uncertainty**

by identifying, describing and resolving the nature and source of that uncertainty within CHBDC;

- **Risk management is systematic, structured and timely**

to ensure consistent, comparable and reliable results which contribute to efficiency through a risk management framework and Risk Management Register;

- **Risk management is based on the best available information**

including historical data, experience, stakeholder feedback, observation, evidence, forecasts, expert judgement while taking into account any limitations of the data or modelling used, or possible divergence of expert opinion. To achieve this all CHBDC report templates will include a consideration of six key areas of Leadership & Governance, Financial Decision Making, Service Delivery, Asset & Project Management, Health & Safety and Environment risk.

- **Risk management is tailored**

to align with the vision and strategic outcomes of CHBDC and its risk appetite and to enable the reporting of risk issues quickly to the appropriate level of CHBDC;

- **Risk management is transparent and inclusive**

to ensure that the views of all CHBDC stakeholders are taken into account in the process of identifying, assessing and treating risks and to ensure that risk management remains relevant and up-to-date.

- **Risk management is dynamic, iterative and responsive to change**

by ensuring that the CHBDC risk management framework and Risk Management Register is sufficiently agile to sense and respond to changes in the external and internal context of Central Hawke's Bay, including changes in knowledge.

- **Risk management facilitates continual improvement of the organisation**

by implementing risk treatments which improve the organisation's capability of achieving its goals and by building the organisation's capacity to recognise and reduce risk in both the present and the future.

5. Roles and Responsibilities

Everyone at CHBDC, either at elected member or officer level, will have a role in the management of risk. The following table highlights the roles and responsibilities within CHBDC.

Role & Responsibility	
Council	<ul style="list-style-type: none"> • To be assured that a risk management framework is in place and that risks are being appropriately managed. • Support corporate Risk Management including risk management as an element of the Councils' Long Term Plan and Annual Plans as well as other strategies, plans and documents. • To agree, as required, the risk appetite policy (recommended by Risk & Audit Committee).
Risk & Assurance Committee	<ul style="list-style-type: none"> • The Committee Terms of Reference responsible for risk has responsibility to: • Review whether management has in place a current, comprehensive and effective risk

	<p>management framework for effective identification and management of Council's significant risks;</p> <ul style="list-style-type: none"> Consider whether appropriate action is being taken by Management to mitigate Council's high and extreme risks. Provide guidance and governance to support significant and/or high profile elements of the risk management spectrum. Advise Council on matters of risk and provide objective advice and recommendations for consideration. To receive, on a quarterly basis, a report on the Risk Management Register of CHBDC. To determine, on an annual basis or more regularly depending on legislation and market forces, the risk appetite of CHBDC and to promulgate this to Council for ratification.
Chief Executive	<ul style="list-style-type: none"> Appoint a Business Owner for each of the six key areas of risk. Approve the risk management framework and recommend it to the Risk & Audit Committee. Establish a Risk Management Committee to review and treat identified risks. Establish risk reporting on the 6 key areas across and throughout CHBDC as a business as usual process. Report extreme and high risks to the Risk & Audit Committee and/or Council with treatment options. Oversee and promote a risk management culture across CHBDC including the development of capability of all staff to support a risk management process. Develop Key Performance Indicators (KPIs) for risk across CHBDC. Ensure the development of a Risk Management Register (Risk Register) across the organisation. Provide direction and advice on the management of risks and ensure that appropriate treatment measures are in place to mitigate Council exposure in accordance with the Risk Appetite Statement. Ensure that the Council's organisation vision and values (relevant to risk) are aligned and synchronised with the strategic direction (including Community outcomes and budgetary considerations) and culture. Ensure that risk management is considered in everything Council undertakes and is incorporated in the messages given to the organisation. Support the Risk & Audit Committee in delivering its duties. Support the internal audit process. Review reports of identified breaches of policy and take appropriate action to mitigate associated risks and to prevent reoccurrence of such breaches.
Executive Leadership Team	<ul style="list-style-type: none"> Endorse the risk management framework and champion it to the organisation. Provide direction on risk tolerance at a general and risk-specific level. Advise Risk Lead of risk management issues raised in business plans. Advise Risk Lead of changes identified to Risk Management Register from group reports. Maintain the overall responsibility for the effective and efficient management of all risks related to Council activities. Promotes a risk management culture across CHBDC where: <ul style="list-style-type: none"> we recognise that some risks may be positive and present an opportunity for CHBDC; risk management is a core competence of all CHBDC staff;

	<ul style="list-style-type: none"> • we do not see risk as a barrier but as a normal consequence of an agile and effective business determined to improve our community; • our community has trust and confidence in our ability to overcome uncertainty for their benefit; • our view of risk is community wide, integrated and holistic; and • we achieve our objectives having minimised threats and captured opportunities. • . • Communicate and raise awareness of risk management to Council managers and staff. • Assist in setting the Council's risk attitude. • Ensure that Council's assets and operations, together with liability risks and hazards to the public, are adequately protected through appropriate risk planning and budgeting, internal audit processes, and appropriate internal systems and controls. • Ensure that a risk management process is in place and reviewed at least quarterly, or as required, for all risks for timely updating and continuous improvement. • Integrate risk management with Council's policies, processes and practices. • Monitor effective implementation of the risk management framework across the organisation. • Integrate risk management with Councils policies, process and practices. • Ensure that the Risk Management Process is applied consistently across CHBDC. • Review reports of Significant, High & Extreme risks across CHBDC • Escalates Red Risks (Significant, High & Extreme) and areas of heightened risk to Chief Executive as soon as is practicable. • Advise Chief Executive on emerging risk trends as required. • Assists with the development of appropriate KPIs on risk across the organisation
Group Managers	<ul style="list-style-type: none"> • 'Own' risks relevant to, or arising from, their groups. • Lead and promote a risk management culture within their groups. • Ensure that their unit and project managers review and report on risks across the 6 key areas and action these with the guidance of the risk appetite statement either by their delegate authority or escalation to the group manager. • Develop Key Performance Indicators (KPIs) for risk across their Group. • Identify and report breaches of CHBDC policies, guidelines and frameworks within their Group and report to the Chief Executive.
Risk Lead	<ul style="list-style-type: none"> • Co-ordinate the risk management process and promote a risk management culture.. • Develop a quarterly Risk Report for Risk & Audit Committee which shows the movement of risk assessment and risk trends and outlines a work programme for the treatment of risk. • Monitor weekly reports for risk management issues. • Escalates Red Risks (Significant, High & Extreme) and areas of heightened risk to Chief Executive as soon as is practicable. • Advises Chief Executive on emerging risk trends as required. • Assist with the development of the Risk Management Register. • Ensures the Risk Management Register is kept current and up to date. • Plan, and execute reviews and audits of the Risk Management Register. • Measure and report the effectiveness and adequacy of risk management and internal control processes and systems, and report to the Leadership Team. • Assist with the education of staff on risk management. • Provide technical assistance on risk management.

	<ul style="list-style-type: none"> Facilitate the management of cross-organisational risks. Report breaches of Policy to the Chief Executive.
Activity & Project Managers	<ul style="list-style-type: none"> Lead and promote a risk management culture within their activity. Manage activity/project/asset risks within agreed tolerance levels/Council Risk Appetite. Develop, populate and manage the Risk Management Register for their unit in accordance with the risk management framework. Be responsible for the registration and maintenance of risks in the Risk Management Register from their business unit and at a Council-wide level as required and appropriate. 'Own' risks relevant to or arising from, their teams. Ensure risk management and process are imbedded in strategies, policies, business plans, contracts, and standard operating procedures. Proactively seek out to implement best practice in all facets of business including asset management planning, emergency management planning, and disaster and recovery plans. Report breaches of Policy to the Group Manager.
Staff	<ul style="list-style-type: none"> Identify and provide support to treat risk as it occurs in their area. Escalation of risk issues within their area to line manager. As appropriate, 'own' risks, controls or mitigations within their area of responsibility. Report to their line manager any risk to achievement of the vision and strategic outcomes of CHBDC as it is identified.
Contractors and Partners	<ul style="list-style-type: none"> Provide support in identifying risk as it occurs. Ensure Council's assets and operations, together with liability risks and hazards to the public, are adequately protected through adherence to Council's policies and procedures. Respond immediately to the investigation of any report of a hazard or incident received from a resident, Council officer, employee or visitor. Adhere to legislative, regulatory and corporate legislation and standards. Maintain appropriate and adequate insurances are required under their contract. Ensure that they conduct their daily duties in a manner that shall not expose Council to loss or risk, and that these duties are done in accordance with the relevant procedures, policies, and legislative requirements.

6. Risk Management Process

Risk events are occurrences that we know might happen but we cannot know when or where they will occur, what the impact will be, and if they will occur at all. Examples are:

- natural events - storms, earthquakes, landslides, or extreme temperatures affecting Council's service delivery functions;
- third party damage to an asset causing it to fail and deliver a reduced level of service; or
- change in legislation which has an impact on the vision and strategic objectives of CHBDC.

Council requires that there is a **systematic** application of management policies, procedures and practices to the task of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk. Risk & Audit Committee expect that Council Officers will:

- consider the six key areas of Leadership & Governance, Financial Decision Making, Service Delivery, Asset & Project Management, Health & Safety and Environment risks as business as usual;
- embed a risk culture throughout the organisation with staff routinely reporting upwards on risks across the six key areas ; and

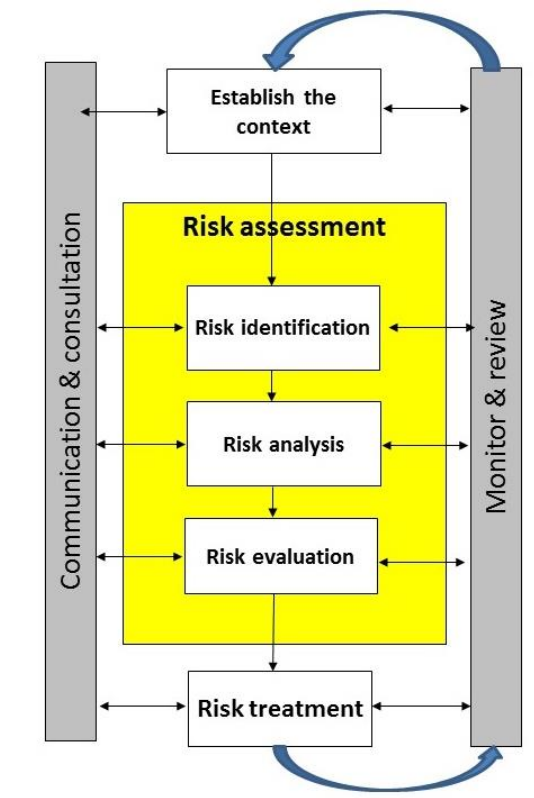
- tailor business planning and processes of the organisation e.g. Business Cases and Procurement Plans to include a consideration of the six key areas of Leadership & Governance, Financial Decision Making, Service Delivery, Asset & Project Management, Health & Safety and Environment risks.

A Risk Management Process will meet Council's requirements and expectations. Council will agree on practical guidance for decision-making which reflects the realities of trade-offs across business objectives. This is called Risk Appetite and is about the Council forming an overall view on a proposal or action where greater risk taking is justified (for example with new initiatives) or where there is a need to minimise risks (for example in the delivery of essential services which Communities depend on).

The focus is on six key areas of our business, operations and performance:

- Leadership & Governance including Reputation – events that effect the reputation of the Council or the ability to meet its statutory obligations
- Financial Decision Making – events which cause unplanned financial losses or changes which affect the balance sheet, assets and liabilities, Council funding, income and spending levels. This does not include unforeseen reactive repairs to assets accounted for within normal operating budgets.
- Service Delivery – events which cause denial or impairment of Council service/s to the Central Hawke's Bay Community
- Asset & Project Management - damage to assets/infrastructure with financial consequences. Loss of utilities/ICT systems resulting in disruption to services.
- Health and Safety - Harm or injury to people with potential time loss and/or medical expenses.
- Environment - Harm to the environment or heritage asset or area.

CHBDC will draw on the best practice principles outlined in ISO 31000 to identify, analyse, evaluate and treat risks which may have a deleterious effect on the Vision and Strategic Community Outcomes. The Risk Management Process will develop a Risk Matrix of Consequence (C) v Likelihood (L) which will allow the prioritisation of identified risk. The process comprises a number of steps as detailed below:



Identification of risk

Staff members are empowered, and required, to identify and communicate with identified risks recorded in a Risk Management Register.

Risk identification is the process of finding, recognising and describing risks. This is a process we should all consider and contribute to. Key questions when identifying risks **might** include:

- What are the risks to achieving the Council's objectives, particularly relating to sustainable delivery to the agreed levels of service?
- What is the source of each risk?
- What might happen?
- What would the effect be?
- What implications does the risk have for other areas?
- When where, why and how are these risks likely to occur?
- Who might be involved or impacted?
- What controls presently exist?
- What could cause the control to not have the desired effect on the risk?

Analysis of Risk

Risk should be considered in the context of consequence (impact of the risk) and the likelihood (probability of the risk happening). Most risk systems scale consequence and likelihood from 1-5 and CHBDC will use this scoring system.

It is difficult to identify where the impact of an event may fall and it is the usual practice to provide an indicative descriptor table to place the consequence or impact. In this stage of its risk development, CHBDC is focusing on the six key risk areas and you will find descriptors for levels of consequence later in this document. As the risk management process matures additional descriptors will become available and you are encouraged to give feedback on the existing descriptors or suggest additions based on your professional judgement.

Consequence of Risk

The following table contains a series of qualitative descriptors of levels of consequence for the key areas which help to consider the correct level from the point of view of the Council as the Risk Owner.

Consequence (C)	1	2	3	4	5
Risk Area	Insignificant	Minor	Significant	Major	Catastrophic
Leadership and Governance including Reputation	<p>Customer complaint. AND/OR Not at fault issue, settled quickly with no impact.</p> <p>Minor legislative technical breach but no damages. No monetary penalty AND/OR Internal query.</p> <p>No impact on the Vision and Strategic Community Outcomes</p> <p>Consultation on Annual or LTP, strategies or revised Vision & Community Outcomes delayed by less than 3 working days</p>	<p>Non-headline community media exposure. Clear fault. Settled quickly by CHBDC response.</p> <p>Negligible impact. Minor technical non-compliances and breaches of regulations or law with potential for minor damages or monetary penalty. AND/OR Special audit by outside agency or enquiry by Ombudsman.</p> <p>Inconvenience or short delay in achieving the Vision and Strategic Community Outcomes</p> <p>Consultation on Annual or LTP, strategies or revised Vision & Community Outcomes delayed by 3-5 working days</p>	<p>Negative local (headline) and some regional media coverage. Council notification. Slow resolution.</p> <p>Compliance breach of regulation with investigation or report to authority with prosecution and/or possible fine.</p> <p>AND/OR</p> <p>Non-compliance with Corporate/Council Policy</p> <p>Significant difficulty introduced to achievement of the Vision and Strategic Community Outcomes.</p> <p>Lost opportunity to contribute positively to one or more of the Vision and Strategic Community Outcomes</p>	<p>Negative regional (headline) and some national media coverage. Repeated exposure. Council involvement. At fault or unresolved complexities impacting public or key groups.</p> <p>Major compliance breach with potential exposure to large damages or awards. Prosecution with 50% to maximum penalty imposed. District or Environmental court.</p> <p>OR</p> <p>Multiple compliance breaches that together result in potential prosecution with 50% to maximum penalty imposed.</p> <p>Failure to achieve a specific Strategic Community Outcome.</p> <p>Lost opportunity to significantly advance a specific Strategic Community Outcome.</p>	<p>Maximum multiple high-level exposure. Sustained national media coverage. Direct Council intervention. Loss of credibility and public / key stakeholder support.</p> <p>Serious compliance breach with potential prosecution with maximum penalty imposed. High Court or criminal action.</p> <p>OR</p> <p>Multiple compliance breaches that together result in potential prosecution with maximum penalty imposed</p> <p>Failure to achieve multiple Strategic Community Outcomes.</p> <p>Lost opportunity to significantly advance multiple Strategic Community Outcomes.</p>

Consequence (C)	1	2	3	4	5
Risk Area	Insignificant	Minor	Significant	Major	Catastrophic
Financial Decision Making	Minimal financial impact requiring no action or approval within local authority levels. Less than \$1,000	A financial loss that can be managed within existing department budget. \$1,000 to less than \$10,000	A financial loss that can be managed within existing organisational budget. \$10,000 to less than \$100,000.	A financial loss resulting in potential reduction in a service. \$100,000 to less than \$1M.	A critical financial loss resulting in closure or significant reduction in a service. Greater than \$1M.
Service Delivery	<p>Temporary problem with organisational capability resulting in no impact on external service delivery. Essential service unaffected.</p> <p>Non-essential service delays of 4 hours or less.</p> <p>Reduced hours for amenity.</p>	<p>Loss of organisational capability in some areas resulting in reduced support to external delivery activities and subsequent delays of 8-24 hours to households and 8 hours to a specific business or industry</p> <p>Essential service delayed 4 hours Non-essential service delays of 8 hours or less</p> <p>Amenity closed for up to a week</p>	<p>Organisation unable to function normally for less than 24-48 hours</p> <p>Serious reduction in organisational capability leading to delays of 24-48 hours to a specific business or industry</p> <p>Essential service delayed 8 hours Non-essential service delays of 8-24 hours</p> <p>Amenity closed for 1 week to 1 month</p>	<p>Organisation unable to function normally for 48-72 hours</p> <p>Serious reduction in organisational capability leading to delays of 48-72 hours to a specific business or industry</p> <p>Essential service delayed 24-48 hours</p> <p>Amenity closed for 1-2 months</p>	<p>Organisation unable to function for more than 72 hours</p> <p>Serious reduction in organisational capability leading to delays of 72 hours or more to a specific business or industry</p> <p>Essential service delayed 48 hours or more</p> <p>Permanent closure of amenity</p>
Asset & Project Management	<p>Some damage where repairs are required however facility or infrastructure is still operational.</p> <p>Loss of utilities/systems resulting in minor IT disruption to a service for up to 12 hours.</p>	<p>Short term loss or damage where repairs required to allow the infrastructure to remain operational using existing internal resources.</p> <p>Loss of utilities/systems resulting in minor IT disruption to a service (>12 hours - 24 hours).</p>	<p>Short to medium term loss of key assets and infrastructure where repairs required to allow the infrastructure to remain operational.</p> <p>Cost outside of project budget allocation by 10% or \$10,000 to \$100,000.</p> <p>Loss of utilities/systems resulting in IT disruption to a department for up to 12 hours.</p>	<p>Widespread, short term to medium term loss of key assets and infrastructure. Where repairs required to allow the infrastructure to remain operational.</p> <p>Cost significant outside of project budget allocation by great than \$100,000.</p> <p>Loss of utilities/systems resulting in serious IT disruption to several services or more than 1 department for up to 12 hours.</p>	<p>Widespread, long term loss of substantial key assets and infrastructure. Where infrastructure requires total rebuild or replacement.</p> <p>Failure of utilities/systems resulting in the loss of function for several departments (> 12 hours).</p>
Health & Safety (for staff, contractors or members of the public)	Discomfort or first aid treatment only	Medical treatment required	Restricted work duties or lost time injury	Debilitating injury resulting in loss of quality of life	Fatality or multiple fatalities

Consequence (C)	1	2	3	4	5
Risk Area	Insignificant	Minor	Significant	Major	Catastrophic
Environment	Environmental damage cleaned up within hours of event. No contamination	Environment restored after one week clean-up. On-site release immediately contained	Environmental damage requiring up to 1 year to reverse. On-site release contained with outside assistance	Widespread environmental damage reversed after 1 year. Off-site release with significant detrimental effects	Permanent widespread environmental damage and loss of biodiversity. Toxic release off-site with major detrimental effect

Likelihood of Risk

Likelihood is the chance of something happening. The likelihood scale describes how likely or often an event is expected to occur. For physical assets the likelihood of some events can be estimated by condition assessments. For other events such as natural disasters or political risks the likelihood of occurrence is more difficult to determine and probably even more difficult for outsiders to understand e.g. the 1 in a hundred years flood. The descriptors below are provided as a guide to help rank the likelihood of occurrence of each risk.

Score	Likelihood	Descriptor
5	Almost Certain	Known issue, is expected to occur more than 50% of the time
4	Likely	Has occurred locally, chances more than 10% but less than 50% per year
3	Possible	Has occurred in the industry, local chances more than 1% but less than 10% per year
2	Unlikely	May occur in the industry, local chances more than 0.1% but less than 1% per year
1	Highly Unlikely	May occur only in exceptional circumstances, chances less than 0.1% per year

Assessment of Risk

The seriousness of risk can be best categorised as a function of Consequence and Likelihood (as per best practice and ISO31000) and involves selecting the most appropriate combination of consequence and likelihood levels determined using the most current information. Risk categories from Low to Extreme are shown in the form of traffic light indications Table 1 below.

Council's risk management process requires an initial and revised risk assessment to be undertaken to determine the risk rating. The matrix below shows how the Likelihood and Consequence scores are combined to yield a total risk score for a described event. Your professional judgement will also help you to revise the traffic light at the margins of these risks (e.g. you may consider it appropriate to move an amber significant to red in order that the Leadership Team become aware of this more quickly).

Traffic Light System

		LIKELIHOOD				
		Highly Unlikely	Unlikely	Possible	Likely	Almost Certain
CONSEQUENCE SEVERITY	Major	H	H	E	E	E
	Significant	M	H	H	E	E
	Moderate	L	M	M	H	E
	Minor	L	L	M	M	H
	Insignificant	L	L	L	M	M

Gross Risk

When the assessment of risk is done without regard for any current risk mitigation or control method it produces the raw, untreated or **gross risk**.

Revised Risk Assessment

At the revised risk assessment stage, existing mitigation and control methods are considered. The risk is then re-assessed for Likelihood, Consequence taking these current mitigation or control methods in to account. This helps quantify the effectiveness of the controls.

The Effectiveness of Controls includes:

- Weak – Totally ineffective in avoiding or mitigating associated risk events.
- Some Weakness – Not fulfilling requirements, little measurement or effect on overall risk.
- Satisfactory – Just fulfils requirements, effects hard to measure (or haven't been audited or measured), improvement required.
- Some Strength – Fulfils requirements, robust and measurable, room for improvement.
- Strong – Fulfils requirements thoroughly, very robust and positive measurable effects.

Residual Risk Assessment

Residual risk is the difference between the gross risk and revised risk, in other words how much risk do we have taking our current measures into account. Residual Risk also helps to determine how much risk can be expected if further proposed management actions are effectively implemented. Thus the acceptability of the current level of revised risk should be determined.

Different forms of **Risk Treatment** may include:

- Tolerate - accept the risk, fund and resource and risk impacts (Risk has controls in place, nothing more can economically be done to decrease the risk, so it is accepted at its current level)

- Treat - mitigate, or manage the risk through strategic planning, organisational improvements, technical improvements or procedural changes.
- Eliminate - eliminate the risk completely by selling the asset, closing the service etc.
- Transfer - buy increased insurance, contract services, improve contract terms

Where it is decided that the current level of risk is too high and cannot be tolerated then further management options should be considered to treat, eliminate or transfer the risk to an acceptable level. Implementation of additional treatment options will impose a further cost on CHBDC which should be assessed.

The table below provides a guideline to the responses that should be made within each band of residual risk scores.

Risk evaluation

This means making a judgement about whether the level of risk is OK or not OK, why, and what must happen next. The risk analysis helps us to make this judgement, and also to prioritise risks for action.

LEVEL OF RISK	WHAT IT MEANS
E (Extreme risk)	Stop activity or process immediately, and don't continue until the risk has been reduced.
H (High risk)	Manage risk immediately.
M (Medium risk)	Action required but not immediate.
L (Low risk)	Manage through continuous improvement.

High and Extreme levels of Residual Risk will require management actions or solutions that should be programmed into Annual Business Plans to ensure the level of risk is reduced where deemed appropriate.

7. Reporting of Risk

	Reporting Requirements
Council	To receive, consider and action, as soon as practicable, High and Extreme risks identified by Risk & Assurance Committee.
Risk & Assurance Committee	<p>To report to Council all risks classified as High and Extreme.</p> <p>To review and decide on reports from the Chief Executive risks classified as High and Extreme, including risk treatment, as a set agenda item at each meeting.</p> <p>To receive and agree, on an ad hoc basis, reports from Project Leads on classified as High and Extreme as part of project reporting and to review risk management.</p> <p>To receive and note the Risk Management Register of CHBDC on a quarterly basis.</p> <p>To receive a quarterly report on the movement of risk assessments and risk trends and which outlines a work programme for the treatment of risk.</p>

Chief Executive	<p>To receive and agree, on a monthly basis, a report on the Risk Management Register of CHBDC.</p> <p>To receive reports on an as required basis of all significant classified as High and Extreme risks identified and to approve the recommendations for the management of these risks.</p> <p>To receive reports from the Risk Management Committee, on an as-required basis, on risks classified as Significant, High & Extreme which require immediate Chief Executive guidance.</p> <p>To receive risks from identified breaches of CHBDC policies, guidelines and frameworks.</p>
Executive Leadership Team	<p>Receive and consider Risk Management Register on a monthly and exception basis.</p> <p>Receive and consider other risk-related reports on an as-required basis.</p> <p>Receive initial risk assessment through submitted Business Cases of Leadership & Governance, Financial Decision Making, Service Delivery, Asset & Project Management, Health & Safety and Environment issues.</p> <p>Receive and consider at least fortnightly, or as required, reports of High and Extreme risks and ensure direct and immediate promulgation to Chief Executive.</p> <p>Receive and review monthly the Risk Management Register</p>
Group Managers	<p>Receive weekly reports on an exception basis from staff on the risk assessment of staff and project leads on Leadership & Governance, Financial Decision Making, Service Delivery, Asset & Project Management, Health & Safety and Environment issues.</p>
Risk Lead	<p>Receives all reports on additions, deletions and amendments to the Risk Management Register.</p> <p>Receives copies of all unit weekly/monthly reporting on risk.</p>
Activity & Project Manager	<p>Receive weekly reports on an exception basis from staff on the risk assessment of staff and project leads on Leadership & Governance, Financial Decision Making, Service Delivery, Asset & Project Management, Health & Safety and Environment issues.</p>
Staff	<p>Prepares exception reporting on risk issues in their area.</p> <p>Considers and notes aggregated report from unit on risk issues.</p>
Contractors	<p>Advises CHBDC lead contact of all identified risks for promulgation as appropriate to the line manager.</p>

Monitoring and Review

Monitoring of the Risk Management process is a means whereby the Council can consistently:

- Appraise its performance
- Re-assess its approach
- Move closer to achieving its objectives through the refinement of its Risk Management Policies

8. Operation of the Framework

Information from staff is the foundation of the risk management process. The first step is letting your manager or supervisor know that you have identified something (e.g. a barrier, blockage, lack of resource) in your work area which might stop CHBDC from achieving what it is trying to do for our community. For example:

- A vital piece of equipment is missing its operation manual and you are concerned that it will fail or cause harm.
- External contacts have commented that a supplier is laying off staff.
- A work process has been affected by a change of legislation.
- A published policy has errors or is missing the vital word “not”.

Sometimes small errors or initial risks can have major impacts. As computing developed in the 20th century, programmers allocated two digits to the year without thinking of what would happen when 1999 turned into 2000. The result was the “Y2K” problem which had a worldwide cost of US\$308,000,000,000 (US\$308 billions)!

Group managers will collect and assess risks being identified by staff and highlighted by the Risk Management Committee. Some will be easily remedied within the work area and will be business as usual. Some will require decision making at a higher level and may require further investigation. The flow of reports will allow Council, the Chief Executive and his leadership team to be aware of potential pressures and uncertainties on the achievement of the Vision and Community Outcomes for Central Hawke’s Bay.

9. Review

This document is to be reviewed annually, as delegated, and approved by the Risk & Assurance Committee.

6.7 TREASURY MANAGEMENT MONITORING REPORT**File Number:** COU1-1408**Author:** Brent Chamberlain, Chief Financial Officer**Authoriser:** Monique Davidson, Chief Executive**Attachments:** Nil**PURPOSE**

The purpose of this report is to provide an update on Treasury Management and Policy Compliance.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

Council is required under the Local Government Act 2002 to have 3 policies:

- Treasury Management Policy
- Liability Management Policy, and
- Investment Policy

The rationale for the policies is to ensure prudent use of public funds, manage investment returns, borrowing costs, and to minimise the risk of loss of public funds.

In practice Central Hawkes Bay District Council has combined them into a single policy covering all 3 topics.

Council's current policy was adopted in May 2016.

In October 2020 Officers and Council have reviewed this policy, with the view to consult on the proposed changes with the public as part of the Long Term Plan Consultation Document.

DISCUSSIONInvestments

At the 30th September 2020, Council was holding \$1.7m in funds on call (down \$841k from 30 June 2020).

In addition Council was holding \$11m in term deposits (\$11m as at 30 June 2020) spread across 4 maturities and 3 different banks, \$320k in capital notes (\$320k as at 30 June 2020), and \$955k (\$955k as at 30 June 2020) in bank bonds.

These investments are listed below:

Cash and Investment Position

	Maturity Date	Int Rate (Face)	Int Rate (Actual)	Amount 30/06/2020	Amount Now	Movement
<u>ANZ Cheque and Call Accounts</u>				2,527,145	1,686,231	(840,914)
<u>Term Deposits with maturity < 90 days</u>						
BNZ Term Deposit (AA-)	12/09/2019	5.61%	5.61%	4,000,000	-	(4,000,000)
ANZ Term Deposit (AA-)	18/09/2020	2.45%	2.45%	2,000,000	-	(2,000,000)
BNZ Term Deposit (AA-)	19/10/2020	2.55%	2.55%	2,000,000	2,000,000	0
BNZ Term Deposit (AA-)	19/11/2020	2.60%	2.60%	1,000,000	1,000,000	0
BNZ Term Deposit (AA-)	19/12/2020	2.13%	2.13%	2,000,000	2,000,000	0
				11,000,000	5,000,000	(6,000,000)
<u>Bonds, Capital Notes, & Term Deposits with maturity > 90 days</u>						
LGFA Capital Notes	25/08/2025	3.54%	3.54%	32,000	32,000	0
LGFA Capital Notes	15/04/2024	1.79%	1.79%	160,000	160,000	0
LGFA Capital Notes	15/04/2023	1.56%	1.56%	64,000	64,000	0
LGFA Capital Notes	15/04/2027	1.63%	1.63%	64,000	64,000	0
ANZ Bond (AA-)	1/09/2023	3.71%	3.71%	355,000	355,000	0
ASB Bond (AA-)	7/09/2023	3.33%	3.33%	600,000	600,000	0
Westpac Term Deposit (AA-)	31/05/2021	1.52%	1.52%	-	4,500,000	4,500,000
BNZ Term Deposit (AA-)	31/05/2021	1.41%	1.41%	-	1,500,000	1,500,000
				1,275,000	7,275,000	6,000,000
<u>Total Cash and Investments Held</u>				14,802,145	13,961,231	(840,914)

During the last six months investment returns have fallen further, with the most recent term deposits only achieving returns of 1.5% compared to 2.5% six months earlier.

Council's maximum exposure with any one bank is only \$6.5m which is compliant with Council's policy (\$8m limit) and the quality of the investments (credit worthiness) is also compliant with policy.

Borrowing

At the 30 September 2020 Council had \$20m of external debt drawn (\$20m 30 June 2020).

Until Council becomes a guarantor for LGFA (Local Government Funding Authority), Council cannot borrow any further funds from the LGFA. A paper requesting this change to occur will come to Council in November 2020, which will then allow Council to borrow further funds (LGFA limit 175% of its operating revenue, proposed limit 150%, currently Council is at 44.4%).

On the following page are a list of Council's debt ratios as per the existing policy and the proposed policy:

Treasury Compliance with PolicyLiquidity (Liquid Assets + Debt / Debt)

	Existing Limit	Proposed Limit	Actual
✓	>110%	>115%	116%

Finance Costs / Total Revenue

	Existing Limit	Proposed Limit	Actual
✓	<10%	<20%	1.0%

Finance Costs / Total Rates Revenue

	Existing Limit	Proposed Limit	Actual
✓	<20%	<25%	2.2%

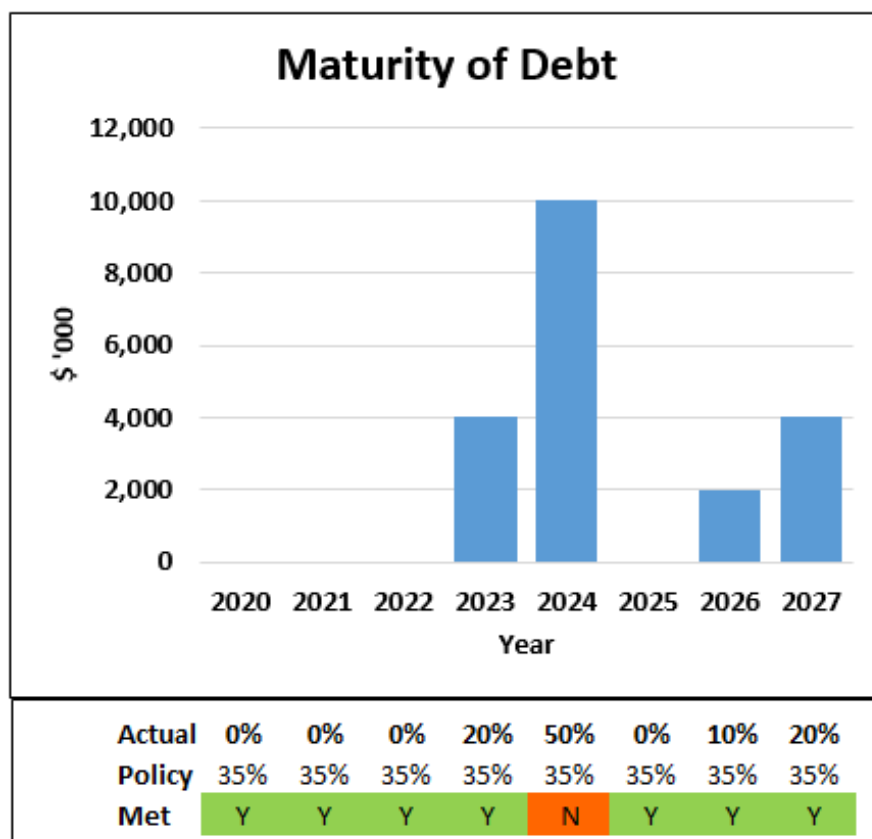
Debt per Head of Population

	Existing Limit	Proposed Limit	Actual
✓	<\$2,000	Removed	\$ 1,405

Debt to Operating Revenue

	Existing Limit	Proposed Limit	Actual
✓	New	<150%	44.4%

As at 30 September 2020, Council is holding sufficient funds to meet its financial obligations (liquidity ratio), it is within its debt ceiling (debt per head of population and debt to operating revenue ratios), and it is within its financial costs ratios.



Councils proposed policy states that “no more than the greater of \$10m, or 35% of Council’s total debt can mature in any 12 month rolling period”. As at 30 September 2020 the only 12 month period that exceeds 35% of all debt maturing in a 12 month period is 2024 where \$10m matures, which is still inside the proposed policy.

The table below shows the details of Council’s current debt portfolio:

<u>Debt Position</u>	<u>Draw Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount 30/06/2020</u>	<u>Amount Now</u>	<u>Movement</u>
LGFA - Fixed Rate	28/08/2017	25/08/2025	3.85%	2,000,000	2,000,000	-
LGFA - Fixed Rate	22/07/2019	15/04/2024	2.19%	10,000,000	10,000,000	-
LGFA - Fixed Rate	16/12/2019	15/04/2023	1.96%	4,000,000	4,000,000	-
LGFA - Fixed Rate	16/03/2020	15/04/2027	2.03%	4,000,000	4,000,000	-
ANZ Seasonal Facility (\$1,500,000)				-	-	-
Total Debt			2.28%	20,000,000	20,000,000	-

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

Officers will continue to provide quarterly updates on Treasury Management.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

6.8 REVIEW OF SENSITIVE EXPENDITURE POLICY

File Number: COU1-1408

Author: Brent Chamberlain, Chief Financial Officer

Authoriser: Monique Davidson, Chief Executive

Attachments: 1. Sensitive Expenditure Policy [!\[\]\(9546b0febe99b7895ce5bd72f5d30cde_img.jpg\)](#) [!\[\]\(a7c45cfecdb270bdb1f7d01214e21fac_img.jpg\)](#)
2. Elected Members Remuneration and Expenses Policy [!\[\]\(5b0540c0ef9cd14ef13fa2ac95e08cca_img.jpg\)](#) [!\[\]\(bc6e5a7a7448c701104e858f9eae9bab_img.jpg\)](#)

PURPOSE

The matter for consideration by the Council is a review of Council's Sensitive Expenditure Policy.

RECOMMENDATION FOR CONSIDERATION

That having considered all matters raised in the report:

- a) That the Review of Sensitive Expenditure Policy report be received.
- b) That the Committee acknowledge Council's Sensitive Expenditure Policy is fit for purpose and no amendments are recommended.
- c) That the Committee endorse and adopt the proposed amendments to the *Elected Member Remuneration and Expenses Policy*, to include additional paragraphs on Entertainment and Hospitality, Private Use of Council Assets, Gifts, Donations, and Koha.

EXECUTIVE SUMMARY

As part of the agreed work program the "Sensitive Expenditure Policy" is due for review. This policy is designed to give the public confidence that public funds are being managed/used in an appropriate manner.

The "Sensitive Expenditure Policy" covers the activities undertaken by officers of Council, while activities undertaken by elected members is covered by separate policy called "Elected Member Remuneration and Expenses Policy".

This paper proposes that the two policies be aligned to give the same expenditure guidance to both Officers and Elected Members.

BACKGROUND

As part of the work program agreed to for the Risk and Assurance Committee the Sensitive Expenditure Policy is to be reviewed in Q4 of 2020.

The current policy was adopted in September 2019 (see attached).

DISCUSSION

Councils have a Sensitive Expenditure Policy to ensure that:

"Trust in the Council's spend of public money is essential for the community's confidence in the integrity of Council. This policy is designed to identify the areas in which sensitive expenditure decisions can arise, and outline Council's conditions for expenditure and methods for managing this expenditure, in line with the principles developed by the Office of the Auditor General."

Sensitive expenditure is any expenditure where an Employee or group of employees may be seen to personally benefit.

Council's existing policy covers:

- Entertainment and Hospitality
- Team Activities and Employee Support

- Sales of Surplus Assets to Employees
- Loyalty Reward Schemes
- Private Use of Council Assets
- Council suppliers and private purchases
- Gifts
- Donations
- Koha

The expenditure undertaken under this policy is one of the most common information requests under the Official Information Act 1982.

Currently the policy applies to Council Staff and Contractors, but does not apply to Councillors. Many other New Zealand Councils either include Councillors within the scope of the main Sensitive Expenditure Policy, or have a separate policy just for Councillors that traverses similar headings but adjusted to have a Councillor only lens applied.

Central Hawkes Bay District Council does have an “Elected Member Remuneration and Expenses Policy” (see attached) that Officers recommend be expanded to be more explicit about Sensitive Expenditure, in particular Entertainment and Hospitality, Private Use of Council Assets, Gifts, Donations, and Koha.

In the attached “Elected Member Remuneration and Expenses Policy” officers have added some additional paragraphs in red which are not part of the existing policy. These are the paragraphs they have picked up from the “Sensitive Expenditure Policy” and are proposing to add to the existing policy to create greater alignment between the two policies.

Council’s current Sensitive Expenditure Policy was only reviewed just over a year ago, and covers all the risk areas a policy like this would be expected to cover, so Officers are not recommending that it be updated/amended at this time.

RISK ASSESSMENT AND MITIGATION

This policy’s key outcome is to uphold the reputation and integrity of Council, and to ensure that Council’s use of public funds is open and transparent.

FOUR WELLBEINGS

This policy is about ensuring that Council is fiscally prudent with Council’s resources.

DELEGATIONS OR AUTHORITY

This policy is being brought to the Risk and Assurance Committee as part of an agreed work program, and is one method that Council uses to mitigate the risk of perception of misuse of public funds.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council’s Significance and Engagement Policy, this matter has been assessed as of minor significance.

OPTIONS ANALYSIS

Officers are not recommending that Council’s “Sensitive Expenditure Policy” be updated/amended at this time.

However Officers are recommending that the “Elected Member Remuneration and Expenses Policy” be expanded to include additional paragraphs on Entertainment and Hospitality, Private Use of Council Assets, Gifts, Donations, and Koha.

Council has the ability to:

1. Accept Officers' recommendation that Council's Sensitive Expenditure Policy is fit for purpose and make no amendments.
2. Reject Officers recommendation, and propose amendments to Council's Sensitive Expenditure Policy.
3. Accept Officers recommendation that the "Elected Member Remuneration and Expenses Policy" be expanded to include paragraphs on Entertainment and Hospitality, Private Use of Council Assets, Gifts, Donations, and Koha.
4. Reject Officers recommendation that the "Elected Member Remuneration and Expenses Policy" be expanded to include paragraphs on Entertainment and Hospitality, Private Use of Council Assets, Gifts, Donations, and Koha.

Recommended Option

This report recommends option 1 — "that Council's Sensitive Expenditure Policy is fit for purpose and make no amendments" and number 3 that the "Elected Member Remuneration and Expenses Policy" be expanded to include paragraphs on Entertainment and Hospitality, Private Use of Council Assets, Gifts, Donations, and Koha for addressing the matter.

NEXT STEPS

Assuming the recommendations above are adopted, officers will update the "Elected Member Remuneration and Expenses Policy" as proposed.

RECOMMENDATION

That having considered all matters raised in the report:

- a) **That the report be received.**
- b) **That the Committee acknowledge Council's Sensitive Expenditure Policy is fit for purpose and no amendments are recommended.**
- c) **That the Committee endorse and adopt the proposed amendments to the Elected Member Remuneration and Expenses Policy" to include additional paragraphs on Entertainment and Hospitality, Private Use of Council Assets, Gifts, Donations, and Koha.**



***Together
we thrive!***

SENSITIVE EXPENDITURE POLICY

INTRODUCTION

Trust in the Council's spend of public money is essential for the community's confidence in the integrity of Council. This policy is designed to identify the areas in which sensitive expenditure decisions can arise, and outline Council's conditions for expenditure and methods for managing this expenditure, in line with the principles developed by the Office of the Auditor General.

Sensitive expenditure is any expenditure where an Employee or group of employees may be seen to personally benefit.

Examples include:

- Entertainment (eg hosting external parties)
- Employee activities (eg morning teas, rewards, functions, team building)
- Giving and accepting gifts
- Travel and accommodation as per Council's Training & Travel Policy
- Use of the Council technology

The most fundamental fact applicable to all expenditure by the Council is that the money used is public funds. It is not the property of employees to do with as they please. Consequently, expenditure should:

- Be consistent with the standards of probity and financial prudence that are expected of a public entity; and
- Be able to withstand elected members' and public scrutiny.

The above standards apply the principles that expenditure decisions:

- Have a justifiable business purpose;
- Preserve impartially;
- Are made with integrity;
- Are moderate and conservative, having regard to the circumstances;
- Are made transparently;
- Are appropriate in all respects

Council officers with delegated authority to commit and approve expenditure are responsible for exercising good judgement and ensuring that sensitive expenditure is appropriate and transparent. In exercising prudent judgements, the following questions should be asked to determine the appropriateness/reasonableness of the expenditure:

- Does it support the goals of Council?
- Could it be justified to a stakeholder, eg ratepayer, public?
- Could publicity about the expenditure adversely affect Council?

Approval of sensitive expenditure must be:

CHBDC INTERNAL POLICY – SENSITIVE EXPENDITURE POLICY
ADOPTION DATE: 24/09/19 / REVIEW DATE: 24/09/21

E ora ngātahi ana! 1

- Given only when the person approving the expenditure is satisfied that a justified business purpose and other principles have been adequately met;
- Given before the expenditure is incurred wherever practical;
- Made within Council's statutory, delegated, policy, procedure and budgetary limitations;
- Given by a person who is senior to the person who will benefit, or who might be perceived to benefit, from the sensitive expenditure.

Claims relating to sensitive expenditure must:

- Be submitted for all expenditure and authorised by the Employee's Manager using the [Refund Application Form](#);
- Be submitted for private vehicle use and require an approved [Mileage Claim Form](#) based on distance travelled, approved by the Manager. Reimbursement rates for private vehicle use are set out in procedure [Motor Vehicle Use Procedure](#);
- Clearly state the business purpose of the expenditure
- Be accompanied by adequate original supporting documentation, such as tax invoices or GST receipt. Credit card statements do not constitute adequate documentation for reimbursement.
- Document the date, amount, description and purpose of minor expenditure when receipts are unavailable (for example from vending or parking machines);

SCOPE

This policy applies to all employees of Central Hawke's Bay District Council, any contractor or consultant who agrees to be covered by this policy under the terms of their engagement agreement and temporary employees supplied through an agency.

POLICY

1. Entertainment and Hospitality

- 1.1. Entertainment and hospitality can cover a range of items from tea, coffee and biscuits to catering, such as meals and alcohol. It also includes non-catering related items, such as Council funded entry to sporting or cultural events.
- 1.2. Prior authorisation for any entertainment or hospitality expenses must be given by the Employee's Manager within existing delegations of authority with escalation to the Group Manager over a value of \$50.
- 1.3. Expenditure on entertainment and hospitality may be claimed for the following purposes:
 - a) Relationship building with external stakeholders
 - b) Officially representing the Council
 - c) Reciprocating, where there is a clear business purpose
 - d) Recognising significant business achievement
 - e) Supporting internal organisational development, e.g. team building
- 1.4. Employees, who are required to provide entertainment or hospitality on behalf of the Council for any of the above reasons, may claim actual and reasonable expenses. Payment of such expenses must be undertaken by the most senior Council attendee.
- 1.5. All expenditure must be substantiated by appropriate documentation such as invoices or receipts and include the names of the parties entertained and the reasons for the entertainment or hospitality.

1.6. It is considered appropriate to provide limited alcoholic beverages for external stakeholders and must be done so in line with Council's [Drug & Alcohol Policy and Procedure](#).

1.7. Alcoholic beverages may only be supplied at events for employees with prior approval of the relevant Group Manager or Chief Executive.

2. Team Activities and Employee Support

2.1. Christmas Functions

- a) The Chief Executive may host an end of year employee Christmas function to celebrate significant employee achievement through the annual 'Together We Thrive Awards' as per the [Recognising Our People Guideline](#).

2.2. Recognising our Employees

- a) The guidelines for celebrating and supporting our employees and their whanau, are set out in the [Recognising our People Guideline](#) for occasions such as celebrations, farewells, anniversaries and bereavements.

2.3. Care of Dependants

- a) Council does not normally pay for the care of dependants other than in exceptional circumstances, such as when the Employee is unexpectedly required to work at very short notice. These exceptional circumstances need prior approval from the Manager.

2.4. Sponsorship of Employees

- a) Employees taking part in an activity that is not part of their job, such as a sporting event, may be sponsored by Council through the provision of, or payment for, goods or services (for example, a t-shirt or an entry fee).
- b) Sponsorship should have a justified business purpose. This could include publicity for the Council and its objectives and organisational development. The cost to Council must be moderate and conservative. If the sponsorship does not have a justified organisational purpose, the cost is a donation.
- c) Sponsorship of people who are not employees must be undertaken in a manner that is transparent. It is also preferable that, if non-employees are sponsored, the sponsorship is of an organisation they belong to, rather than directly of the individual such as a sports club or team.

2.5. Uniform

- a) Other than approved corporate clothing as per Council's Uniform Policy (to be developed) or health and safety-related clothing, employees will not be clothed at the Council's expense, when they are engaged in a normal business activity.
- b) Council guidelines on the provision of Council branded clothing will be developed in the Council's Uniform Policy.
- c) We expect payments for clothing to:
 - Support a business purpose of the entity;
 - Be moderate and conservative; and
 - As a rule, be of no more than incidental benefit to the Employee.

3. Sale of Surplus Assets to Employees

3.1. Assets of reasonable value should not be given away to employees if a greater value could be realised elsewhere.

3.2. Employees disposing of the assets must not benefit from the disposal.

3.3. Any assets disposed of to an Employee must be notified to the Accountant, who will be record this information in a register including the Employee's name, the asset disposed of and the expected market value and the value paid by the Employee if any.

3.4. Where practical, the Council's assets for disposal should:

- a) Be offered for internal use elsewhere in the organisation, then
- b) Use of Trade Me or other vendor such as Turners Auctions to ensure public transparency
- c) Be offered to employees to purchase via internal tender (highest bidder wins)
- d) If not sold, offer to a community group or charitable organisation that the Council has a relationship with
- e) Arrange recycling or disposal of goods if none of the above options is met.

4. Loyalty Reward Schemes

4.1. Council does not pay for frequent flyer individual memberships or loyalty rewards programmes unless there is a clear business benefit.

5. Private Use of Council Assets

5.1. Council assets, such as photocopiers, stationery, telephones, mobile phones, internet and email access, laptops, cameras etc, are to be used for business purposes. Limited reasonable personal use of Council assets and services is acceptable.

5.2. Payment for all personal use of the Council's assets or services which incur a cost, is to be reimbursed to Council promptly.

6. Council Use of Private Assets

6.1. Personal assets owned by employees, such as vehicles and mobile phones, should not generally be used for business purposes except for reasons such as cost, convenience and availability and where the Council would not fully use such an asset if it acquired it directly.

6.2. Employees must not approve or administer payment to themselves for use of their assets, and managers approving such payments must ensure there is a justified business purpose and the principles of impartiality and integrity are applied.

6.3. Reimbursement for private vehicle use require an approved [Mileage Claim Form](#) based on distance travelled, approved by the Manager. Reimbursement rates for private vehicle use are set out in procedure [Motor Vehicle Use Procedure](#).

7. Council suppliers and private purchases

7.1. Managers are responsible for ensuring the selection of goods and suppliers is in the Council's best interests.

7.2. Employees are not permitted to purchase goods or services for personal use on a Council order form.

7.3. Employees who engage Council suppliers for private use, must make this explicitly known to the supplier that the request for service is for private use only and has no relation to their role with Council. An Employee who engages a Council supplier must declare the use in writing to their Manager to avoid any perceived conflict or personal benefit, this declaration will be held on the Employee's file. Employees must ensure when they engage a Council supplier for private use, they do not receive preferential access to goods or service, or a preferential price which is not available to the public. Private engagement of a Council supplier must be conducted using a personal email account, this work must not be engaged using a Council email account.

7.4. Generally the type of private use that needs to be declared is substantial work that would usually require a quote for goods or services. For example, engaging a Council supplier privately to undertake

earthworks on your property would need to be declared. Versus suppliers that employees may also use privately as part of their routine lives, that does not need to be declared. For example, Council does not expect employees to declare the private use of suppliers such as the post office or supermarket.

8. Gifts

- 8.1. A gift is usually given as a token of recognition of something provided by the recipient. The giving of gifts must be appropriate, transparent and reasonable.
- 8.2. The giving of gifts by Council requires the prior approval of the Group Manager.
- 8.3. The receiving of a gift is not strictly 'sensitive expenditure'; nevertheless, it is a sensitive issue. It is especially important that receiving a gift does not alter Councils or an Employee's decision-making, as this could be perceived as acting without impartiality or integrity.
- 8.4. Under no circumstances should a gift be accepted from an organisation or individual who is involved in the process of negotiating or tendering for the supply of goods or services to the Council.
- 8.5. Any contractor, who works on behalf of Council, shall not accept any gift, reward or inducements arising from any transaction on behalf of Council. They shall be viewed as Council property and reported to the Group Manager and shall not be used for personal benefit or gain. This is to protect both the individual and the organisation from any perceived impartiality or potential inappropriate advantage.
- 8.6. The Group Manager shall consider the following points to determine the appropriate disposal of any gift, reward, discounts or inducements:
 - a) All gifts received by employees are to be recorded in the [Gift Register](#).
 - b) The Group Manager may then distribute any such gifts including;
 - Allowing the recipient to keep the gift.
 - Consideration will be given to equity, and the association with provider and appropriateness of the person receiving the gift.
 - Internal employee rewards such as competition prizes where all employees have the opportunity of benefiting from the gift
 - c) Employees may retain the gift when they are small business courtesies such as pens, diaries, calendars, caps and t-shirts, all of which are to be recorded on the [Gift Register](#).
 - d) During the Christmas period Council employees typically receive an increased volume of gifts. The acceptance of these gifts needs to be recorded and undertaken in line with the above process. In the spirit of sharing, gifts of food can be placed in the staff room for all employees to enjoy.

9. Donations

- 9.1. Council does not generally make donations. On rare occasions, if a donation is approved by the Chief Executive, it should not result in any obligations on Council. Donations should be to a recognised organisation and be by normal commercial means and not cash.
- 9.2. The process for the giving of koha, as within tikanga Māori culture is stipulated in 10 and the [Koha Procedure](#).

10. Koha

- 10.1. Giving koha is the practice of bestowing an unconditional gift where the recipient has neither stipulated that it be given, nor has an expectation of receiving it. It is an integral part of Maori culture and significant protocol is attached to it. Traditionally, koha has taken many forms but in more recent times it has tended to be in the form of money.

10.2. Koha is an unconditional gift, or a spontaneous contribution given on appropriate occasions which carries no tax obligation as defined by the IRD.

10.3. Koha can be given or received for unsolicited services, as within tikanga Māori.

10.4. Koha will:

- a) Be in the form of money
- b) Be paid to external person(s) or non-profit community groups who provide support, or undertake a one-off activity and expect non-payment for such activity or support in return
- c) Not be given in lieu of salary or as a payment for service(s) provided
- d) Not be given by the Council to Council employees
- e) Be determined by the Group Manager or Chief Executive to the size of the contribution

10.5. Payment of koha will be made in line with the [Koha Procedure](#).

10.6. Determining Council payments of koha

- a) Where employees attend a cultural gathering (tangi, hui etc.) representing the Council, the Council may provide a contribution towards koha.
- b) Therefore consideration will be made to:
 - The importance of the event to Council
 - Whether employees will attend in a personal capacity or whether they will attend as a formal Council representative(s).
 - If it is deemed that attendance will be in a personal capacity, then any koha will be the personal responsibility of the Employee concerned, i.e. not Council.
 - Notification, which should be made by the Employee attending the Hui (including tangi), to their Manager, where possible, before attending the cultural gathering. The Employee will also provide the Manager with details of the purpose of the gathering (kaupapa, mate - deceased person etc.).
- c) In relation to considering koha for a tangi, Council will consider:
 - The deceased having mana (wisdom, importance)
 - Significance and/or prominence within the community
 - Prominence and/or standing in local government or government sector
 - Association with the Central Hawke's Bay District Council
- d) If Council is to be formally represented, consideration will have to be given to the level of employees who should attend. In some cases senior Council representation (i.e. Mayor, Chief Executive etc.) will be required.

10.7. Other circumstances where koha payment may be made

- a) Koha may be paid to external non-profit community groups and individuals (non-Council employees) in certain circumstances. This may include:
 - An individual or non-profit community group who support a conference opening;
 - Acknowledging an individual or non-profit community group who support an opening and/or blessing of a new building;
 - Where an individual or non-profit community group attend to support/lead a mihi whakatau (welcome) or poroporoaki (farewell or closing of a hui);

- Where prominent guests are welcomed by mana whenua (people of the local area) at the request of the Council.

REFERENCES

[Drug & Alcohol Policy and Procedure](#)

[Recognising our People Guideline](#)

[Gift Register](#)

[Koha Procedure](#)

[Mileage Claim Form](#)

[Motor Vehicle Use Procedure](#)

[Refund Application Form](#)

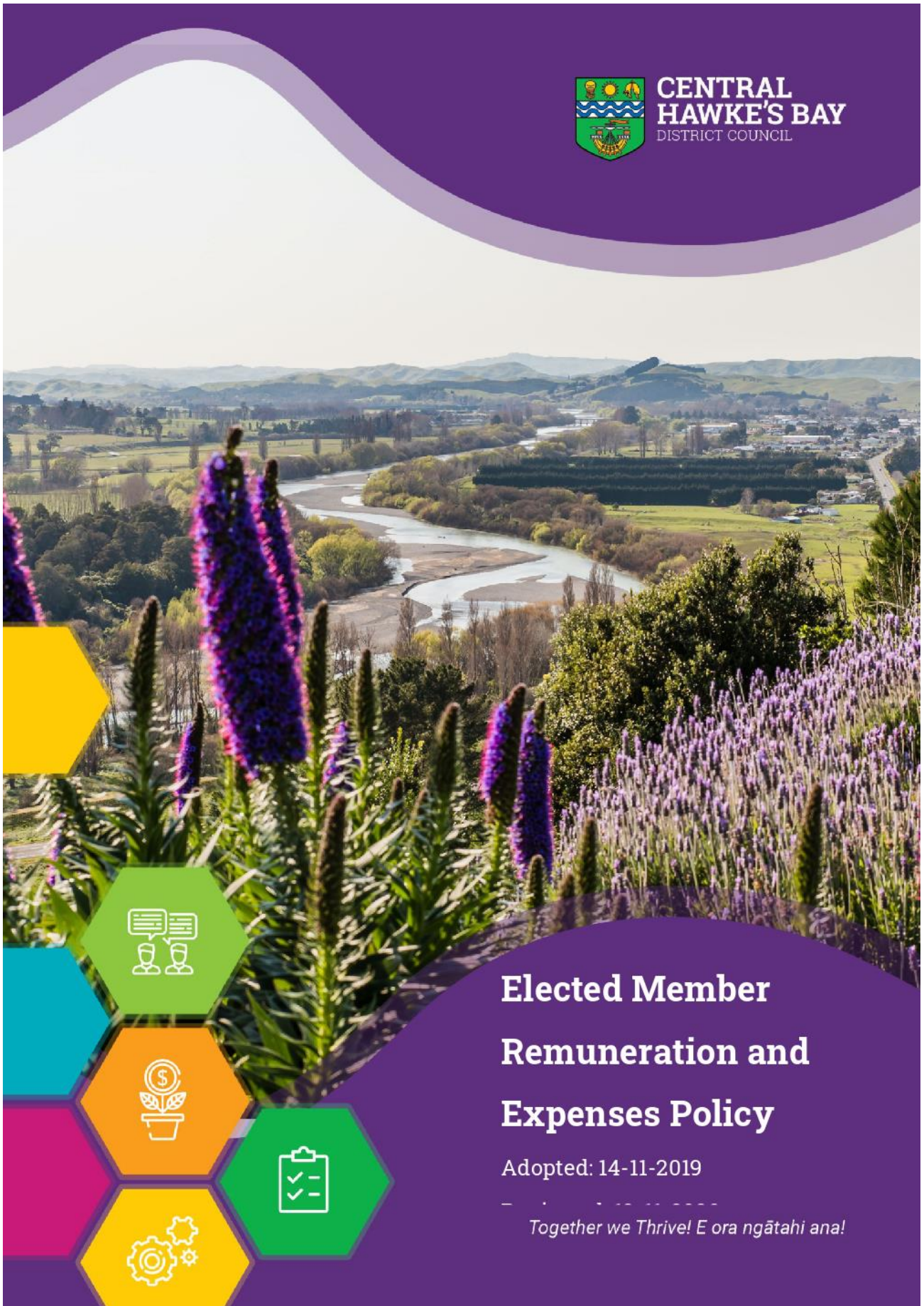
[Staff Conduct Procedure](#)

Training & Travel Policy

Uniform Policy (to be developed)



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL



Elected Member Remuneration and Expenses Policy

Adopted: 14-11-2019

Together we Thrive! E ora ngātahi ana!

Central Hawke's Bay District Council

Elected Member Remuneration and Expenses Policy

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Procurement Policy
ADOPTED: TBC

E ora ngātahi ana! ¹

Central Hawke's Bay District Council

PURPOSE OF THIS POLICY

The purpose of this policy is to set clear expectations of the provision of remuneration and allowances for elected members and other representatives of the Central Hawkes Bay District Council (Council).

REMUNERATION

The Remuneration Authority is responsible for setting remuneration, allowances and payment of expenses for mayors and other elected members. Following a declaration from the Remuneration Authority, Council will adopt the allocation of the "Elected Member" pool for additional positions of responsibilities before submitting to the Remuneration Authority for declaration.

MILEAGE

Elected members (excluding the mayor) are entitled to a mileage allowance when using their vehicle for Council business. Mileage may include travel to and from the member's primary place of residence if the travel is:

- in the member's own vehicle; and
- on Council business as outlined below; and
- by the most direct route reasonable in the circumstances.

Mileage will be reimbursed on presentation of an online Mileage Claim Form at the applicable rate determined by the Remuneration Authority at the time of travel.

Criteria for mileage

With respect to both mileage allowances and meeting fees, the term "Council business" includes attendance at:

- official meetings of the Council and any committee and subcommittee of Council
- council workshops
- meetings and workshops of advisory groups established by Council
- meetings and seminars of external bodies to which the elected member has been appointed by Council
- statutory hearings
- meetings of Council-owned companies
- seminars and training courses where the attendance of an elected member has been authorised
- discussions with committee chairpersons or Council officers
- consultation with Mayors, territorial authority committee chairpersons, or elected members
- official briefings or agenda preview meetings
- an external event or meeting where there has been:
 - a resolution of Council or committee, or
 - an authorisation by the Council's Mayor, or
 - with respect to the member of a committee, an authorisation by the Chairperson of that committee.

Central Hawke's Bay District Council

MEETING FEES

Meeting fees will not typically apply to elected members.

Fees Related to Hearings

Chairperson	An elected member who acts as the chairperson of a hearing is entitled to a fee of \$100 per hour. For any period of hearing time that is less than 1 hour, the fee must be apportioned accordingly.
Member	An elected member who is not the chairperson of a hearing is entitled to a fee of \$80 per hour. For any period of hearing time that is less than 1 hour, the fee must be apportioned accordingly.
Mayor	These fees are not payable to the Mayor, who is paid the mayor's remuneration and allowances.
District Licensing Committee	As determined by the Minister of Justice and in accordance with the Cabinet fees framework, District Licensing Committee members will receive the following remuneration: chairperson: \$624 per day (\$78 per hour for part days) other members: \$408 per day (\$51 per hour for part days)

TRAVEL TIME ALLOWANCE

Elected members (excluding the mayor) are entitled to an allowance for time travelled within New Zealand on council business, provided:

- the journey is by the quickest form of transport and the most direct route reasonable in the circumstances; and
- the travel time exceeds one hour; and
- the travel time does not exceed nine hours (including the first hour, which is not covered) within a 24 hour period.

The allowance is available each day for any business on behalf of the council or between the member's residence and an office of the council. It is not available for overseas travel.

The current rate determined by the Remuneration Authority is \$37.50 per hour in respect of any qualifying travel that conforms to the criteria above. Elected members can claim travel time allowance by submitting an online Expense Claim Form.

CONFERENCES, SEMINARS AND MEETINGS

The Chief Executive will liaise with the Mayor on an annual basis with regards to the training and development budget requirements for Elected Members.

Council will pay expenses for the attendance of the Mayor and councillors at conferences, seminars and meetings. Two categories of meetings have been identified and defined below, together with the relevant conditions regarding entitlement to expenses.

Procurement Policy
ADOPTED: TBC

E ora ngātahi ana! ³

Central Hawke's Bay District Council

Representative meetings

This is a conference where those attending are representing Council; would usually vote; and typically includes the Mayor and Chief Executive, however, may include two Elected Members.

Prior approval to attend any meeting as a council representative is required from the Mayor.

Partners can travel and attend sessions of the meeting. A partner's expenses, other than shared accommodation, will not be met by the Council.

Ad hoc and professional development meetings

Councillors who would like to attend an professional development opportunity will have the costs covered, only where the Elected Member has sought prior approval from the Mayor and the professional development has a wider benefit to the Elected Members governance development.

Eligible expenses include:

- registration fees
- accommodation where applicable that balances cost-effectiveness with proximity to the event
- reasonable costs for meals and sustenance
- toll calls relating to official Council business and one phone call home per day
- taxi expenses for transport from/to airport/arrival point to venue (courtesy vehicles should be used where available)
- parking fees.

Travel arrangements are made through the Mayor and Chief Executive's Executive Assistant as early as possible in order to obtain maximum discounts. In most cases, registration and accommodation will be invoiced directly to the Council. However, there may be some instances where elected members pay for related expenses and are entitled to claim costs by submitting an Expense Claim Form.

All expenditure must be substantiated by appropriate documentation such as invoices or receipts and include the names of the parties entertained and the reasons for the entertainment or hospitality.

COMMUNICATIONS TECHNOLOGY

In lieu of an allowance, elected members will be provided with iPads at the beginning of the triennium for Council-related use, although a reasonable degree of private use is acceptable.

Elected members are provided with a Council email address which is not to be used by members for any personal business.

The Mayor is provided with a mobile phone for which the costs are covered.

Council assets, such as photocopiers, stationery, telephones, mobile phones, internet and email access, laptops, cameras etc, are to be used for business purposes. Limited reasonable personal use of Council assets and services is acceptable.

Payment for all personal use of the Council's assets or services which incur a cost, is to be reimbursed to Council promptly.

Central Hawke's Bay District Council

USE OF THE MAYORAL VEHICLE

The Mayor will be provided with a vehicle which is for restricted private use. The mayoral vehicle:

- is usually driven home and securely parked by the mayor
- is otherwise generally available for use by other local authority members or staff on Council business
- is used solely for Council business; and
- all travel in the vehicle is recorded in a log-book.

REIMBURSEMENT OF INCIDENTALS

Reasonable expenses incurred in the pursuit of Council business will be reimbursed on presentation of an Expense Claim Form supported with the relevant invoices/receipts (GST registered).

If a GST registered invoice/receipt is not provided, reimbursement cannot be made.

Payment of mileage claims and allowances will be paid fortnightly as per the pay cycle. Conference and travel expenses other than mileage will be reimbursed on the 20th or last day of the month as per the creditors' payment run.

Claims must be submitted for payment within 3 months of the expense occurring.

GIFTS

A gift is usually given as a token of recognition of something provided by the recipient. The giving of gifts must be appropriate, transparent and reasonable.

The giving of gifts by Council requires the prior approval of the Mayor.

The receiving of a gift is not strictly 'sensitive expenditure'; nevertheless, it is a sensitive issue. It is especially important that receiving a gift does not alter Councils decision-making, as this could be perceived as acting without impartiality or integrity.

Under no circumstances should a gift be accepted from an organisation or individual who is involved in the process of negotiating or tendering for the supply of goods or services to the Council.

DONATIONS

Council does not generally make donations. On rare occasions, if a donation is approved by the Chief Executive/Mayor, it should not result in any obligations on Council. Donations should be to a recognised organisation and be by normal commercial means and not cash.

The process for the giving of koha, as within tikanga Māori culture is stipulated in the next section and the *Koha Procedure*.

KOHA

Giving koha is the practice of bestowing an unconditional gift where the recipient has neither stipulated that it be given, nor has an expectation of receiving it. It is an integral part of Maori culture and significant protocol is attached to it. Traditionally, koha has taken many forms but in more recent times it has tended to be in the form of money.

Koha is an unconditional gift, or a spontaneous contribution given on appropriate occasions which carries no tax obligation as defined by the IRD.

Koha can be given or received for unsolicited services, as within tikanga Māori.

Koha will:

Procurement Policy
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5

Central Hawke's Bay District Council

- a) Be in the form of money
- b) Be paid to external person(s) or non-profit community groups who provide support, or undertake a one-off activity and expect non-payment for such activity or support in return
- c) Not be given in lieu of salary or as a payment for service(s) provided
- d) Not be given by the Council to Council employees
- e) Be determined by the Mayor or Chief Executive to the size of the contribution

Payment of koha will be made in line with the Koha Procedure.

Determining Council payments of koha

a) Where Councillors attend a cultural gathering (tangi, hui etc.) representing the Council, the Council may provide a contribution towards koha.

b) Therefore consideration will be made to:

- The importance of the event to Council
- Whether Councillors will attend in a personal capacity or whether they will attend as a formal Council representative(s).
- If it is deemed that attendance will be in a personal capacity, then any koha will be the personal responsibility of the Councillor concerned, i.e. not Council.
- Notification, which should be made by the Councillor attending the Hui (including tangi), to the Mayor, where possible, before attending the cultural gathering. The Councillor will also provide the Mayor with details of the purpose of the gathering (kaupapa, mate - deceased person etc.).

c) In relation to considering koha for a tangi, Council will consider:

- The deceased having mana (wisdom, importance)
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Other circumstances where koha payment may be made

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- Where an individual or non-profit community group attend to support/lead a mihi whakatau (welcome) or poroporoaki (farewell or closing of a hui);
- Where prominent guests are welcomed by mana whenua (people of the local area) at the request of the Council.

6.9 NZTA TECHNICAL AUDIT 2020

File Number: COU1-1408

Author: Shawn McKinley, Land Transport Manager

Authoriser: Monique Davidson, Chief Executive

Attachments: 1. NZTA Technical Audit Report 2020  

PURPOSE

The purpose of the report is to present the results of the 2020 NZTA Technical Audit carried out in March of 2020 inclusive of the proposed accepted corrective actions

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

Under the Land Transport Management Act 2003 Section 95(1) (e) (ii), NZTA are required to complete Investment Audits of all Local Authorities in New Zealand. These audits have been sporadic in the past but are becoming more frequent.

These audits ensure that as our investment partner in the road network, NZTA are assured that we are following proper procedures and getting value for money.

There are 2 sets of audits carried out on each Local Authority – Procedural and Technical.

The results are noted in 2 categories

- Recommendations (must do)
- Suggestions (optional).

DISCUSSION

This report is being presented to Council to ensure transparency of the external NZTA audit process, the results, and the accepted corrective actions.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and

- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

Implementation of the proposed and accepted actions by the Land Transport team.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.



INVESTMENT AUDIT REPORT

Technical Audit of Central Hawke's Bay District Council

Monitoring Investment Performance

Report of the investment audit carried out under Section 95(1)(e)(ii) of the Land Transport Management Act 2003.

DAWN SHANNON

12 MARCH 2020

FINAL

New Zealand Government

Report Number: RADST-1907

Audit: Central Hawke's Bay District Council

Approved Organisation (AO):	Central Hawke's Bay District Council
Waka Kotahi NZ Transport Agency Investment (2018 – 2021 NLTP):	\$ 23,242,800 (budgeted programme value)
Date of Investment Audit:	9-12 March 2020
Audit Team:	Dawn Shannon - Senior Investment Auditor (Lead) Rob Service – Senior Asset Investment Advisor Vincent Lim – Rooding Team Leader, South Taranaki DC
Report No:	RADST-1907

AUTHORITY SIGNATURES

Prepared by:



Dawn Shannon, Senior Investment Auditor

Approved by:



Yuliya Gultekin, Practice Manager Audit & Assurance

21/09/2020

Date

DISCLAIMER

WHILE EVERY EFFORT HAS BEEN MADE TO ENSURE THE ACCURACY OF THIS REPORT, THE FINDINGS, OPINIONS, AND RECOMMENDATIONS ARE BASED ON AN EXAMINATION OF A SAMPLE ONLY AND MAY NOT ADDRESS ALL ISSUES EXISTING AT THE TIME OF THE AUDIT. THE REPORT IS MADE AVAILABLE STRICTLY ON THE BASIS THAT ANYONE RELYING ON IT DOES SO AT THEIR OWN RISK, THEREFORE READERS ARE ADVISED TO SEEK ADVICE ON SPECIFIC CONTENT.

Report Number: RADST-1907

Audit: Central Hawke's Bay District Council

EXECUTIVE SUMMARY

Central Hawke's Bay District's road network is generally in good condition and well managed, despite the impacts of increasing forestry, orchard and other heavy traffic presenting challenges to maintaining a safe and resilient network.

The number of annual deaths and serious injuries (DSIs) on Central Hawke's Bay roads generally align with the average for peer group councils and the trend is holding steady. However, rural intersections show as a high risk on the Communities at Risk Register 2019. The development of a rural road delineation strategy, based on ONRC classifications and including a strong focus on curve warning, should help to address this risk. Staff are also working on improving road safety audit procedures.

Council takes a strategic approach to programmes of work designed to improve the standard of assets or safety on the network. We would like to see these programmes more succinctly documented so their successful completion can be recognised and celebrated. There is a need to develop technical specifications for new subdivision development work to reduce the variety and ensure the quality of asset types to be maintained by Council.

Recording data that is complete, timely and accurate is another area of improvement for Council. The Road Efficiency Group's report highlights specific areas for improvement. Work is required to ensure all assets are recorded and condition assessments undertaken on a regular basis to provide better information for the AMP process.

AUDIT RATING ASSESSMENT

Subject Areas		Rating Assessment*
1	Previous Audit Issues	N/A
2	Network Condition and Management	Effective
3	Activity Management Planning	Some Improvement Needed
4	Data quality	Some Improvement Needed
5	Road Safety	Effective
Overall Rating		Some Improvement Needed

* Please see Introduction for Rating Assessment Classification Definitions

Report Number: RADST-1907

Audit: Central Hawke's Bay District Council

RECOMMENDATIONS

The table below captures the audit recommendations. Agreed dates are provided for the implementation of recommendations by the approved organisation.

We recommend that Central Hawke's Bay District Council:		Implementation Date
R2.1	Provides evidence to Waka Kotahi of completed NPVs for 2020/21 programmes.	NPVs on all renewal and improvement projects start immediately and will be on-going.
R3.1	Provides evidence to Waka Kotahi that actions in the improvement plan from the 2018-28 Activity Management Plan are completed to plan.	October 2020.
R3.2	Develops and implements a rural road delineation strategy, based on ONRC classifications and including a strong focus on curve warning.	Complete by March 2021.
R3.3	Develops technical specifications for new development work to reduce the variety and ensure the quality of asset types to be maintained by Council. These should then be prescribed through the District Plan.	Complete. Monitoring is ongoing.
R4.1	Assigns resources to investigate and resolve data gaps and the data issues identified in the REG Data Quality report to provide long term assurance of data quality.	Start October 2020 –finish February 2021.

Report Number: RADST-1907

Audit: Central Hawke's Bay District Council

1.0 INTRODUCTION

1.1. Audit Objective

The objective of this audit is to provide assurance that the Waka Kotahi NZ Transport Agency's (hereafter Waka Kotahi) investment in Council's land transport programme is being well managed and delivering value for money. We also seek assurance that the Council is appropriately managing risk associated with Waka Kotahi investment. We recommend improvements where appropriate.

1.2. Assessment Ratings Definitions

	Effective	Some Improvement Needed	Significant Improvement Needed	Unsatisfactory
Investment management	Effective systems, processes and management practices used.	Acceptable systems, processes and management practices but opportunities for improvement.	Systems, processes and management practices require improvement.	Inadequate systems, processes and management practices.
Compliance	Waka Kotahi and legislative requirements met.	Some omissions with Waka Kotahi requirements. No known breaches of legislative requirements.	Significant breaches of Waka Kotahi and/or legislative requirements.	Multiple and/or serious breaches of Waka Kotahi or legislative requirements.
Findings/ deficiencies	Opportunities for improvement may be identified for consideration.	Error and omission issues identified which need to be addressed.	Issues and/or breaches must be addressed, or on-going Waka Kotahi funding may be at risk.	Systemic and/or serious issues must be urgently addressed, or on-going Waka Kotahi funding will be at risk.

1.3. Council Comments

Prior to this report being approved, Central Hawke's Bay District Council was invited to comment on the auditors' findings, recommendations and suggestions. Where appropriate this report has been amended to reflect this dialogue. Any additional auditee comments are attached in the Appendices.

Report Number: RADST-1907

Audit: Central Hawke's Bay District Council

2.0 ASSESSMENT FINDINGS

Our findings relating to each subject area are presented in the tables below. Where necessary, we have included recommendations and/or suggestions.

1. Previous Audit Issues

The January 2011 technical audit (report dated December 2013) found the Central Hawke's Bay District Council network to be tidy and well managed, providing good value for the community and its investors. The one recommendation made was for Council to improve management and control of access to the road corridor, with a particular focus on Temporary Traffic Management; quality of reinstatement; and road user safety. The latest technical visit confirmed that these matters have been addressed.

Recommendations	No recommendations.
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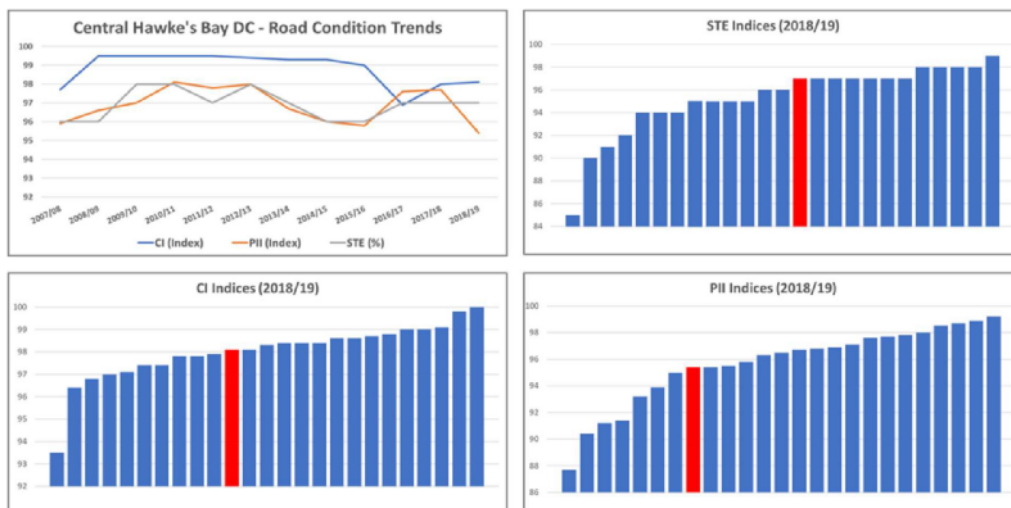
2. Network Condition and Management

Effective

Central Hawke's Bay District's road network is generally in good condition and well managed, despite the impacts of increasing forestry, orchard and other heavy traffic presenting challenges to maintaining a safe and resilient network.

Performance Monitoring

Road condition indices for 2018/19 are compared with the peer group councils (Rural Districts) in the graphs below, along with the Central Hawke's Bay trends over 12 years. The trend data shows a gradual deterioration across all three indices until 2015/16. The more recent results are inconsistent and require investigation by Council. The comparative results however do not indicate any reason for concern at this time.



Report Number: RADST-1907

Audit: Central Hawke's Bay District Council

Compliance

Council does not fully comply with the Planning & Investment Knowledge Base requirements. Net present value (NPV) analysis is not undertaken routinely for improvement and rehabilitation projects. We viewed only one analysis from the previous year (Wimbledon Road rehabilitation). Staff are aware of this non-compliance and are addressing the issue under the new consultancy agreement. NPV is required as it ensures the optimal return on the investment. This is enhanced by the use of actual data from Central Hawke's Bay's RAMM for inputs such as maintenance cost, traffic loading and achievable seal life.

However, we noted that:

- Bridge and structural inspections are generally undertaken in accordance with Waka Kotahi's S6 *Bridges and other significant highway structures inspection policy*.
- Roughness recorded in RAMM complies with the requirements set in Waka Kotahi Knowledge Base.
- Condition Rating is complying.

General Observations

The standard of completed works was observed to be very good. The carriageway resurfacing and pavement rehabilitation projects that were inspected featured good quality cross sectional shape and surfacing finishes. Capital improvement projects were similarly completed to a good standard.

Crack sealing and bandaging are an effective means to waterproof and extend the life of the existing surface and we commend Council's extensive use of these treatments.

Unsealed roads have good ride quality and well-formed cross-sectional shape, including shoulders and drainage channels. No potholes and only minimal corrugations were observed.

However, there are aspects of maintenance management that would benefit from increased attention. Based on the sample of network roads visited, the following deficiencies were observed:

- Obsolete fishtail guardrails and black and white chevron signage. These are being addressed under a strategic improvement plan – refer to Section 3 *Activity Management Planning*.
- General maintenance / management
 - Lack of shoulder flanking and channel clearing
 - Lichen on carriageway surface and signs
 - Signs, sight rails and EMPs – lichen, faded, non-reflective, broken, missing
 - Wandering stock
- Signage
 - Some minor compliance issues, e.g. width markers used on humps, hump sign placement
- Vegetation control
 - Potential fire hazard (long grass)
 - Obscuring signs/devices
 - Detritus in channels
 - Creating high shoulders / obstructing surface water drainage to channels
 - Removal of self-sown trees (refer to Section 3 *Activity Management Planning*)
 - Widespread strikes of broad-leaved fleabane on roadsides.

Report Number: RADST-1907

Audit: Central Hawke's Bay District Council



Recommendations	<p>We recommend that Council:</p> <p>R2.1 Provides evidence to Waka Kotahi of completed NPVs for 2020/21 programmes.</p>
Suggestions	<p>We suggest that Council:</p> <p>S2.1 Considers utilising actual RAMM data, such as maintenance cost, traffic loadings and average achieved seal life, as inputs to NPV calculations for renewals.</p> <p>S2.2 Considers investigating increased vegetation control measures.</p>
Central Hawke's Bay District Council's comment	<p>R2.1 Stantec has been instructed to carry out NPVs on all renewal and improvement projects starting immediately and on-going.</p>

* * *

3. Activity Management Planning

Some Improvement Needed

Council has a compliant *Land Transport Activity Management Plan* (AMP) that incorporates the programme business case for maintenance, operations, renewals and Low Cost, Low Risk (LCLR) programmes of work. The key strategic problems are identified as aging/deteriorating structures, falling trees, increasing forestry traffic and lack of data for decision-making.

The lifecycle management section of the AMP, for the various asset groups, includes generic information linking to the strategic case and goals, and some detailed data, but could provide stronger evaluation of the data and of how the condition and proposed programmes of work relate to the budget and the desired outcome. Our brief review highlighted the following areas for improvement:

- Introduction section reads as a repeat of the Executive Summary
- Additional "core problems" identified separately to key strategic problems
- More detailed description (scope and quantities) of the proposed activity programmes of work required to deliver the target level of service (LoS)
- LoS targets and outcomes lack alignment
- Programmes for long term strategies are not quantified (eg self-sown tree removal at \$360K pa)

- Description of processes for identification and scoping of LCLR projects and for prioritisation. Include justification of why activity types should be invested in (relate to problem statements, preventive maintenance, etc.) and for the scale of investment.
- Lack of reference to major capital works which will impact on the management/maintenance of the network (e.g. PGF Porangahau & Wimbledon Roads)
- Include an update on recent audit reports (internal and external).
- Minimal content (re actual impact on activity) on:
 - Speed management
 - Climate change
 - Seismic resilience.

For the 2021-24 National Land Transport Programme (NLTP), Waka Kotahi will require that AMPs are developed in line with the principles of the Business Case Approach, achieving a high level of data integrity (including asset inventory, treatment history and condition, cost and traffic data) and defining robust decision-making methods for optimising asset treatments over the network and over time.

The AMP includes a detailed improvement plan comprising 26 tasks (excluding task 3.5), but the plan does not include all the improvement actions described elsewhere in the AMP. We queried progress on the improvement tasks but found the plan was not being formally monitored. It is important that Council actively manages the improvement plan and achieves the identified improvements in the management of the network. For example, including the improvement plan as an item in regular/monthly management meetings would keep it live and updated. The Improvement Plan should be a driving force for constructive change in the delivery of transportation services and will benefit from a higher profile.

General Observations

Staff structure in the roading team comprises a number of roles being delivered by consultants. This is an effective approach to industry resource shortages and the need for a range of skills. Risk of unplanned absences is addressed by all roles having a backup staff member able to step in. However, the team manage a large, challenging network with significantly increasing compliance and reporting requirements. Workloads and resourcing should be monitored to ensure staff welfare. Further, a review would be beneficial to ensure adequate resourcing to address areas needing improvement such as data management (refer to section 4 *Data Quality*).

Work category 151 facilitates all the activities relating to network wide management, including data management, inspection, surveys, modelling, assessment, financial and activity planning and more. It represents the single most critical activity related to running a successful road network. We were concerned to see that forecast budgets were reduced under this category for the 2018-21 NLTP, despite a significantly higher expenditure in the previous NLTP. Council is reminded of the adage "spend a penny, save a pound" – every dollar spent under WC 151 generates significant savings in maintenance and renewal expenditure.

Council staff characteristically take a strategic approach to managing programmes of work and have developed a number of individual plans/strategies. This approach is effective, but some of the strategies do require clear scoping and documenting in the AMP. Some are well underway, and others appear to be undertaken on an ad hoc basis. The strategies include:

- *Removal of Self-Sown Trees* – The AMP provides some detail of this plan – the budget is \$360,000 pa with over 160,000 trees to be removed (37,000 of these are in poor or worse condition) as at 2017. No information is supplied on when or on what basis this work might be considered complete. Support activity of concurrently removing seedlings should be considered to limit perpetuation of the problem.

- *Upgrade of Fishtail Guardrail Terminals* - programme underway. Staff advise that all non-complying guardrail ends have been identified and that a prioritised replacement programme will be resubmitted in LCLR.
- *Upgrade of Black & White Chevron Boards* - all black and white chevrons have been identified and documented. A three-year replacement programme is underway.
- *Upgrade of Uncontrolled Intersections* – programme underway, but details were not viewed.
- *LED Lighting* - Council has chosen not to upgrade as an accelerated renewal but rather replace luminaires with LED on failure.
- *Walking and Cycling Strategy* - Council has taken a rightsize approach in developing this strategy. We viewed a cycling/walking route plan for each of Waipawa and Waipukurau. We also observed, in site visits, that simple innovations on the implemented cycle routes, such as the painting of cycle lane markings across intersections, appear to be working well. Council has lobbied successfully for the construction later this year, by Waka Kotahi, of a shared cycle path linking the two townships.

Progress towards completion of the above plans could be reported on together with Improvement Plan items.

Delineation Strategy

It was observed that curve signage (and rural road delineation such as edge marker posts, centrelines, edge lines) is inconsistently applied on the network. Curve advisory signage and supporting curve delineation are essential for traffic to safely navigate Central Hawke's Bay's winding road network, particularly at night. It is recommended that Council develops and implements a rural road delineation strategy, based on ONRC classifications and including a strong focus on curve warning. The goal would be to provide drivers with a consistent message regarding the severity of bends across the entire rural road network. A primary objective of ONRC is to ensure that roads of the same classification in different districts have the same safety features, so any delineation policy would be enhanced by collaboration with neighbouring authorities.

Guidance on the use and placement of roadmarking, chevrons, curve advisory and edge delineation can be found in the Traffic Control Devices manual – refer to Part 5 (draft)¹, which replaces the Road and Traffic Series 5 (RTS 5).

Subdivision Specifications



Greenfields subdivision development has increased significantly in the Central Hawke's Bay district in recent years, but Council does not have a set of prescribed technical specifications, customised to local requirements, conditions and resources. Standardised quality and design requirements should be stipulated in Council's District Plan and are essential to ensure that newly constructed infrastructure is cost effective and appropriate for the long term.

During our field inspection we visited several new developments and noted many features that don't align with current best practice (e.g. mountable kerb in an urban street) or with sustainable maintenance/renewal practice (e.g. decorative lamp posts). There was concern amongst the team that these omissions will lead to a marked increase in compliance costs to meet standards (e.g. ongoing maintenance from poor drainage design; cost of adding or upgrading pedestrian facilities for accessibility).

Further to the provision of the specifications, good practice is to involve the road maintenance team, during the consent phase, to work alongside Council's resource planners to ensure new developments comply with the District Plan as well as meet appropriate standards and guidelines. The benefit is to reduce the whole of life costs to Council.

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Recommendations	<p>We recommend that Council:</p> <p>R3.1 Provides evidence to Waka Kotahi that actions in the improvement plan from the 2018-28 Activity Management Plan are completed to plan.</p> <p>R3.2 Develops and implements a rural road delineation strategy, based on ONRC classifications and including a strong focus on curve warning.</p> <p>R3.3 Develops technical specifications for new development work to reduce the variety and ensure the quality of asset types to be maintained by Council. These should then be prescribed through the District Plan.</p>
Suggestions	<p>We suggest that Council:</p> <p>S3.1 Reviews and monitors staff workloads and resourcing to ensure staff welfare.</p> <p>S3.2 Considers reviewing the Improvement Plan, as a team, on a monthly basis, to add new items and assess progress on existing items.</p>
Central Hawke's Bay District Council's comment	<p>R3.1 Martin to provide a report detailing what improvements have already been carried out. October 2020.</p> <p>R3.2 Shawn, Tim and Downer to analyse each road classification and develop an implementation plan started in July and will be complete by March 2021.</p> <p>R3.3 This has been addressed by introducing the Code of Practice for Urban Land Subdivision (New Zealand Standard NZS 4404:2004); and the Hastings District Council Engineering Code of Practice for the design and construction of roading in the new district plan. Complete. Monitoring is ongoing.</p>

* * *

¹ Refer to <https://www.nzta.govt.nz/assets/consultation/draft-traffic-control-devices-manual/docs/TCd-manual-part-5-draft-June-2018.pdf>

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4. Data Quality**Some Improvement Needed****Performance Monitoring**

Road Efficiency Group's (REG) 2018/19 data quality report has scored Council with 66/100 (a score of 100 is achieved by having all metric results at the expected standard level). The improvement from the 2017/18 score of 60 demonstrates that Council has put some effort into data management and quality, but further improvement is warranted. The quality of Council's data as measured by the ONRC PMRT is shown in the following graphs.

RESULTS BY QUALITY DIMENSION

The ONRC PMRT indicates (as at 1 August 2019) that the high importance areas for improvement (i.e. have major data issues) relate to:

- Assignment of ONRC categories
- Pavement renewal as-builts
- Work origin for pavement layer and surface records
- Traffic count estimates.

It is important that Council continues with its investigation, identification and resolution of these data gaps. Doing so will improve reporting at an individual level and allow Council to accurately compare its ONRC performance with its peers.

Condition Rating

Council has complied with Waka Kotahi's requirements for the undertaking of condition rating surveys since 2017. Prior to 2017, surveys were sporadic.

General

All known historical pavement data has been recorded in RAMM, but gaps remain. The audit team were impressed with Council's initiative in requiring that utilities and other contractors provide photographs and measurements of pavement layers during excavations, as a condition of being granted corridor access (CAR process). The data is evaluated by staff and resulting information is entered into RAMM.

A brief review of the RAMM database revealed that surfacing data had not been updated for reseals undertaken in previous 12 months. The most recent reseal date was 3/12/2018. Maintenance cost data is not loaded regularly and is sketchy at best. Activities such as core maintenance relating to environment, surfacing, traffic facilities, etc., should be reasonably consistent from year to year, but the data showed large gaps in expenditure on these activities and an occasional unexplainable peak. It is likely the coding of works is the source of these results and it is suggested that Council works closely with its contractors to ensure a consistent understanding and approach to the recording of maintenance cost data. Robust maintenance costs facilitate invaluable analysis of network expenditure trends by year, by kilometre, by classification and by road - the measure of the actions taken to maintain the network inventory. They also provide a network-specific maintenance cost history that can be used in NPV calculations to justify renewal activity.

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It is understood that improving and maintaining the data quality and processes will likely require additional resource and it is our recommendation that Council considers this as a positive and cost-effective investment in the network.

Recommendations	<p>We recommend that Council:</p> <p>R4.1 Assigns resources to investigate and resolve data gaps and the data issues identified in the REG Data Quality report to provide long term assurance of data quality.</p>
Suggestions	No suggestions.
Central Hawke's Bay District Council's comment	R4.1 Define existing gaps and develop a plan and time frame to address them which will include Stantec – Start October 2020 –finish February 2021

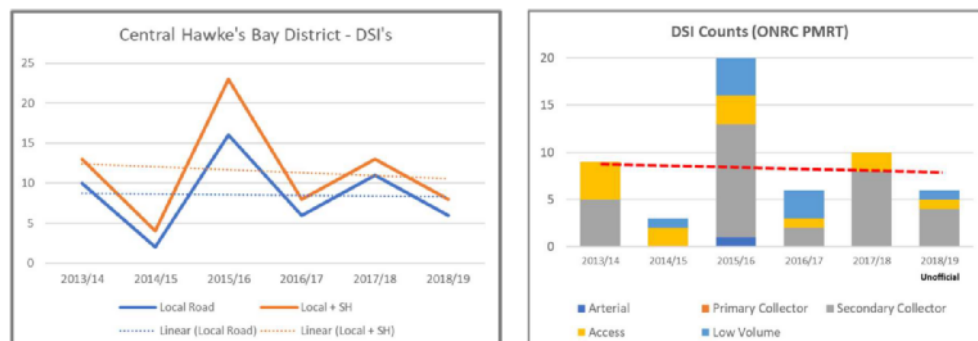
* * *

5. Road Safety

Effective

Performance Monitoring

The annual number of deaths and serious injuries (DSI's), listed in New Zealand's Crash Analysis System (CAS) as occurring in Central Hawke's Bay District, has fluctuated since 2013/14, with a spike in 2015/16 (one crash contributed five DSI's), but is generally not increasing. 2015/16 was also a significant spike for DSI crashes on SH's in Central Hawke's Bay. CAS data is illustrated on the graph below on the left. The graph on the right is taken from the ONRC PMRT and shows crash distribution by road category. Crashes on secondary collector roads are over-represented across most years which is not unexpected as secondary collectors account for some 60% of VKT on local roads.



The levels of collective risk (crashes per km) generally align with peer group averages. Personal risk (crashes per VKT) aligns with peer group averages on secondary collector and access roads and is significantly less on low volume roads. However, rural intersections show as a comparatively high risk on the *Communities at Risk Register 2019*. No other areas of concern are noted on the Register for the Central Hawke's Bay District.

MegaMaps (the Safer Journeys Risk Assessment Tool) identifies Tod Road as a Corridor with High Risk Curves. No other local roads, routes or intersections within the Central Hawke's Bay District are identified as high risk on this tool.

Over the last five years (2014/15 – 2018/19), CAS records show 31 crashes which resulted in 41 DSI's. Of these, 32% of the crashes occurred on a Saturday, 35% occurred at an intersection, 55% were loss of control (35% on bends), 45% were at night/twilight and 19% involved motorcycles. Investigation is required to identify common factors in crashes and develop potential engineering solutions. Note that solutions can reduce the likelihood of a crash occurring or they can reduce/mitigate the consequences, if the crash is a result of non-riding factors.

Road Safety Audits

Council has been completing road safety audits sporadically and only for low cost, low risk projects. Staff are aware of this non-compliance with Waka Kotahi's requirements to undertake road safety audits at key stages of the "development of any improvement or renewal activity that involves vehicular traffic, and/or walking and/or cycling, proposed for funding assistance from the NLTP"² and have engaged consultants to undertake audits for the upcoming improvement and renewal projects. To ensure ongoing compliance, it is suggested that a process checklist for projects be introduced which includes a road safety audit consideration at the relevant stage(s).

General Observations

From our observations, Central Hawke's Bay District Council is proactive in the investigation, development and implementation of engineering solutions for at risk sites. For example, Council has recognised historic problems on Y-shaped rural intersections and is progressively upgrading these. The team also commend Council on the effective use of gated STOP signs in several locations (such as Pourerere Road / River Rd) to improve intersection conspicuity. However, we did note that many rural intersections comprise large open areas which lack defined travel paths. Traffic on the side road is able to approach at faster speeds and can enter the main road at any number of points, making it difficult for drivers on the through road to judge their intentions. Minor road channelisation to narrow up approaches could be considered as a treatment option.

During the site visit to Patangata Bridge, a safety improvement project currently under investigation by staff, the team witnessed a non-injury, head-on crash. While the factors contributing to this particular crash may not be addressed by the project, it was effective in demonstrating the potential hazards at this site (a one lane bridge with poor approach alignments) and confirming that staff are identifying and managing safety risk well.



² Refer to <https://www.nzta.govt.nz/planning-and-investment/planning-and-investment-knowledge-base/activity-classes-and-work-categories/road-improvements-other-road-related-funding-policies-guidance/road-safety-audit/>

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Temporary traffic management at worksites was also seen to be of a good standard.

Council is active in supporting road safety promotion and education, which is provided for the region by the Hawke's Bay Regional Council. Road safety programmes, designed to reduce the number and impact of crashes, are planned and run in partnership with the councils and other groups including the New Zealand Police. It is noted that these programmes are heavily focussed on regional Police initiatives and there may be value for Council to be more proactive in advocating for local concerns (such as preparation and implementation of travel plans and neighbourhood accessibility plans) to be addressed as well. Running some local programmes independently or in coordination with the regional campaigns might also be worth considering.

Curve delineation was observed to be inconsistent across the district but is being addressed under a strategic improvement plan – refer to Section 3 *Activity Management Planning*.

Recommendations	No recommendations
Suggestions	<p>We suggest that Council:</p> <p>S5.1 Considers developing and implementing a process checklist, which includes a road safety audit consideration at the relevant stage(s), for improvement and renewal projects.</p> <p>S5.2 Considers reducing the available carriageway on the side road approaches of rural intersections to provide better guidance and reduce speed.</p> <p>S5.3 Considers supplementary options for road safety promotion of local safety outcomes.</p>
Central Hawke's Bay District Council's comment	No comments.

3.0 APPENDICES

APPENDIX A

Network Field Inspections

Field Visit Route – Day 1



Field Visit Route – Day 2



Field Visit Route – Day 3



APPENDIX B**Sample of Audit Photos**

Some of the good practices we noted included (clockwise from top left) cycle path marking at intersections; high standard of construction at rehabilitation sites; effective traffic management; crack sealing; ongoing programme of installing controls at rural intersections; gating of Stop signs.



Bridge maintenance could be better. In the photos above (left to right), bridge end markers are missing, deck surfacing is flushed and shoving, barriers are in poor condition and debris is building up against piers.



Other routine maintenance/management deficiencies noted included (clockwise from top left) wandering stock, weeds, overgrown trees and long grass, high shoulders, lichen on carriageways, faded signs, obsolete signs, incorrect signs and obsolete guardrail terminals.

7 PUBLIC EXCLUDED**RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
7.1 - Conflict of Interest Matter - Report from Chief Executive	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(f)(ii) - the withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of Council members, officers, employees, and persons from improper pressure or harassment	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

8 TIME OF CLOSURE