

ARF017 Climate Change Direct Risk to Council Physical and Natural Assets

Risk Status Progress Report February 2022

Prepared: 20/12/2021

Description of risk and impact

In accordance with our Risk Management Policy, adopted by Council August 2019, the “Climate Change Direct Risk to Council Physical and Natural Assets” risk was adopted, as a top organisational risk ARF017, at the 01/12/2021 Assurance, Risk and Finance Committee meeting. This risk was scored and prioritised using Council’s bespoke IDEATE methodology. The risk is described below in Table 1.

Table1: Description of the Climate Change Direct Risk to Council Physical and Natural Assets risk.

Group / SLT	Risk level	Inherent Risk	Risk description	Cause “Because of...”	Risk “There is a chance that...”	Effect “leading to...”
Strategic Planning & Policy	Organisational	37	Strategic	Neither identifying the physical hazards and vulnerabilities, nor engaging with our communities, to plan for and mitigate the impacts of climate change on our infrastructure and levels of service.	Infrastructure may be exposed and vulnerable. Natural assets may become eroded/damaged.	Leading to damaged/lost infrastructure impacting levels of service, community wellbeing, environmental damage and financial cost to communities and Council. Ecosystem services may reduce, placing increased risk on operational costs.

The Climate Change Risk Reference Group scored the inherent risk for the Climate Change Direct Risk to Council Physical and Natural Assets. The risk was scored by identifying both the risk impact for five organisational areas (see Table 2) and the likelihood of the risk occurring (see Table 3). For each organisational area, the risk impact is given a score of “High to Intolerable”, “Medium” or “Low to None” and the likelihood is rated as either “Will happen”, “Probable” or “Unlikely” (see table 4) making this a high impact risk with a score of 37. The likelihood of the risk materialising is assessed as “will happen”.

Climate Change Direct Risk to Council Physical and Natural Assets risk is classified as both organisational and strategic risk with the GM-SPP responsible for risk governance.

Table 2: Description of risk impact for each organisation area

Organisation area	Description
Financial	Impact on Budget, Department or Team; and /or Impact on annual Council budget
Customer	Financial impact to customer due to loss of a provision of essential service, or essential piece of infrastructure
Reputational	The impact on FNDC's reputation
Compliance/Legal	The legal impact on FNDC's legal adherence / regulatory compliance
Health and Safety	The impact to people(s) health & safety arising from FNDC operations or a situation where FNDC are liable

Table 3: Description of likelihood

Likelihood	Description
Will happen	The risk is likely to occur. There is frequent exposure to the risk. There are external influences that make managing this risk ineffective.
Probable	The risk will possibly occur e.g. once in every 2 year event There is an exposure to the risk. There are external influences that make managing this risk difficult.
Unlikely	The risk is unlikely to occur e.g. once in every 10 year event There is a low exposure to the risk.

Table 4: ARF017 Climate Change Direct Risk to Council Physical and Natural Assets inherent risk impact score using the organisational risk impact and likelihood statements:

	Financial			Customer			Reputational			Compliance/Legal			Health and Safety		
High - Intolerable			9			9			9	5			5		
Medium															
Low- none															
	Unlikely	Probable	Will Happen	Unlikely	Probable	Will Happen	Unlikely	Probable	Will Happen	Unlikely	Probable	Will Happen	Unlikely	Probable	Will Happen

Relationship of ARF017 Climate Change Direct Risk to Council Physical and Natural Assets to organisational risks.

ARF017 Climate Change Direct Risk to Council Physical and Natural Assets is one of four distinct organisational climate change risks. It exists together with:

- ARF015 Climate Change Organisation Transition Risk
- ARF016 Climate Change Community Transition Risk
- ARF018 Failure to understand and capture climate-related opportunities

ARF017 Climate Change Direct Risk to Council Physical and Natural Assets impacts, and is impacted by, most of our top organisational risks (see table 5).

Table 5: Impact of ARF017 Climate Change Direct Risk to Council Physical and Natural Assets on organisational risks.

ARF017 impacts:	ARF017 is impacted by:
ARF003 Health & Safety Vulnerabilities	ARF004 Asset Management Risks
ARF004 Asset Management Risks	ARF005 Affordability Risk
ARF005 Affordability Risk	ARF014 Programme Darwin
ARF006 Project Priorities Deliveries Delays	
ARF007 Compliance NRC Abatements	
ARF009 Customer Service Delivery	
ARF012 Contract Management Risks	
ARF013 Drinking Water Resilience	
ARF003 Health & Safety Vulnerabilities	

Existing Treatments

On 25 January 2022 the Climate Change Risk Reference Group will workshop the climate change risk themes to develop an understanding on how we will actively manage each risk. At this workshop we intend to

1. Identify treatments in place
2. Identify treatments in progress
3. Identify treatments planned
4. Identify links to Long Term Plan
5. Quantify impact of each treatment against risk
6. Analyse and sequence what is mission critical
7. Develop understanding of how the treatments are connected to each of the risk theme.

An organisational scan has identified the following treatments and opportunities:

High level treatment plan and progress up-date:

High level treatment plan:	Treatment Owner	Progress update:	Implementation date:
In place			
1. Northland Regional Council Hazard mapping	NRC	Completed	Available
In progress			
2. Civil Defence Regional Lifelines climate change risk assessment	Manager Infrastructure Operations	In progress	
3. Draft District Plan	Manager – District Plan	In progress	TBC
4. Apply Northland Regional Council Hazard mapping	tbc	Draft District Plan is using this data.	
5. Adoption of climate adaptation Te Tai Tokerau strategy and priority actions plan	tbc		March 2022
6. Climate change risk assessment of assets	tbc	Commissioned	

High level treatment plan:	Treatment Owner	Progress update:	Implementation date:
<ul style="list-style-type: none"> Asset spending prioritization matrix for CAPEX. 			
7. Climate Assessment Policy	Manager – Strategy Development	First draft report due Feb 2022 Elected Member workshop scheduled	
8. Community Engagement Plan	Engagement Lead	In progress. Coastal Community Profiles, 50% complete.	Report Feb 2022
9. Coastal Erosion Management Prioritisation Framework <ul style="list-style-type: none"> this framework will provide guidance to strategically assign capital works budget across competing projects by providing criteria to develop a holistic framework that will support FNDC's decision-making. 	tbc		
Gaps/Opportunity			
10. Improved consideration of climate change in asset management plans and associated operational procedures			
11. In depth assessment of risk and consequence of natural hazards by asset			
12. Climate change risk assessment for new or renewal design and build then operation of assets for elected member decision making			
13. Available data sets are not feeding into planning through the organisation: <ul style="list-style-type: none"> a. Coastal Community Profiles b. Northland Regional Council Hazard mapping 			
14. Internal Engagement Plan			

Where are the gaps? / what more could we be doing?

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	01/12/21	Report frequency:
	Stable		Responsible:	GM ISPP	Date accepted:	01/12/21	Three monthly