

ARF015 Climate Change Organisation Transition Risk

Risk Status Progress Report March 2022

Prepared: 22/02/2022

Description of risk and impact

In accordance with our Risk Management Policy, adopted by Council August 2019, the “Climate Change Organisation Transition Risk” was adopted, as a top organisational risk ARF015, 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 Organisation Transition 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	31	Strategic	This is a wicked problem and we are a complex organisation. We need to transition our organisation to meet the requirements of a lower carbon, climate-resilient economy while ensuring prudent management, regulatory compliance and full disclosure to our communities of vulnerabilities to climate change.	Not understanding, or implementing, treatments.	Failure to comply with regulatory requirements; legal challenge resulting in fines and penalties; poor decision-making which negatively impacts our communities and Council; impact on our financial sustainability, and reputational damage.

The Climate Change Risk Reference Group scored the inherent risk for the Climate Change Organisation Transition Risk. 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 medium impact risk with a score of 31. The likelihood of the risk materialising is assessed as “will happen”.

Climate Change Organisation Transition 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: ARF015 Climate Change Organisation Transition Risk inherent risk impact score using the organisational risk impact and likelihood statements:

	Financial			Customer			Reputational			Compliance/Legal			Health and Safety		
High - Intolerable		7			7										9
Medium									7						
Low- none										1					
	Unlikely	Probable	Will Happen	Unlikely	Probable	Will Happen	Unlikely	Probable	Will Happen	Unlikely	Probable	Will Happen	Unlikely	Probable	Will Happen

Relationship of ARF015 Climate Change Organisation Transition Risk to organisational risks.

ARF015 Climate Change Organisation Transition Risk is one of four distinct organisational climate change risks. It exists together with:

- ARF016 Climate Change Community Transition Risk
- ARF017 Climate Change Direct Risk to Council Physical and Natural Assets
- ARF018 Failure to understand and capture climate-related opportunities

ARF015 Climate Change Organisation Transition Risk impacts, and is impacted by, most of our top organisational risks (see table 5).

Table 5: Impact of ARF015 Climate Change Organisation Transition Risk on organisational risks.

ARF015 impacts:	ARF015 is impacted by:
ARF004 Asset Management Risks	ARF004 Asset Management Risks
ARF005 Affordability Risk	ARF005 Affordability Risk
ARF006 Project Priorities Deliveries Delays	ARF014 Programme Darwin
ARF007 Compliance NRC Abatements	
ARF012 Contract Management Risks	
ARF013 Drinking Water Resilience	

Existing Treatments

The Climate Change Risk Reference Group is working to develop an understanding on how we will actively manage each risk. A number of treatments have been identified to mitigate this risk. These are identified in table 6. For each risk the treatments have been organised by progress:

1. Treatment in place
2. Treatment in progress
3. Treatment planned or opportunity identified for a treatment

Work continues to:

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 risk theme.

The regional strategy (subject to a separate report to the Strategy & Policy Committee) seeks to mitigate this risk through the following priority actions:

- Avoid increasing risk from new development and redevelopment in areas exposed to projected hazards
- Embed climate change risks and adaptation planning into strategic spatial plans
- Ensure integrated coastal management and adaptation objectives are met in region-wide policy
- Ensure consistent consideration of climate change issues across individual councils through joint climate change policy
- Embed climate change objectives across individual council policies, strategies, plans and processes

Table 6: High level treatment plans

Treatment	Link to Regional Strategy	Link to LTP	Notes
Treatment in place			
1. Northland Regional Council Hazard mapping			eLIMs to be up and running by Easter 2022 Property files LIM – need to provide any public information District Plan
2. Carbon Inventory Report FNDC 2018/19			
3. FNDC Sustainable Procurement Framework			
Treatment in progress			
4. Draft District Plan			Enabler across the organisation Current flood mapping is non-statutory Responsiveness to regulatory requirements
5. Apply Northland Regional Council Hazard mapping		No	Draft District Plan needs to be published Policy framework to support District Plan to be developed.
6. Climate Assessment Policy (master document stating our policy positions)			Major initiative which will guide the organisation
7. Legislative compliance system <ul style="list-style-type: none"> Simpson Grierson letter of advice on climate change obligations in district plan review 		No	Regulation changes e.g. – NBA / Spatial Planning Business case and procurement plan have been approved. Agreement is signed. An implementation plan and timetable is being developed.
8. Climate Change Engagement Strategy			Align with CATT (regional) approach
9. Te Ao Maori decision-making framework <ul style="list-style-type: none"> Cultural welfare 			Responsibility of one of our Northland Council partners.
10. Te Tai Tokerau Regional Comms and Engagement			Needs to align with FNDC approach. Brand identity for CATT part of the engagement to show unified approach.
11. Internal Comms and Engagement Plan			Planning underway
12. Adoption of climate adaptation Te Tai Tokerau strategy and priority actions plan <ul style="list-style-type: none"> Technical appendix looking at risk across the community 		Informs future LTPs	Need to tease out the action plans Need an execution plan Opportunity to workshop this with the Climate Change Risk Reference Group
13. Climate change risk assessment of assets <ul style="list-style-type: none"> NRC led FNDC led 			

Treatment	Link to Regional Strategy	Link to LTP	Notes
14. Coastal Erosion CAPEX Framework			
15. Asset spending prioritization matrix for CAPEX.			
16. Carbon Reduction Plan			Meet regulatory requirements Reduce reputational risk
17. Spatial planning			
18. Programme Darwin		Linked	Subject to separate updates to Assurance, Risk and Finance Committee.
Treatment planned / opportunity			
19. Improved consideration of climate change in asset management plans and associated operational procedures			
20. In depth assessment of risk and consequence of natural hazards by asset			
21. Climate change risk assessment for new or renewal design and build then operation of assets for elected member decision making			
22. Available data sets are not feeding into planning through the organisation: <ul style="list-style-type: none"> Coastal Community Profiles Northland Regional Council Hazard mapping 			
23. Scenario planning			
24. Internal Workshop – implementation of Climate Change Adaptation Te Taitokerau Strategy			
25. S-map		No	Inform land use planning

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

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