

# Councillors' Risk Management Workshop

# Agenda

1. Risk definition
2. Risk management definition and process
3. Council risk management maturity level
4. Interduce and discuss risk appetite statements
5. Case study

# Key outcome

- Provide feedback on the risk appetite statements.
- Risk Appetite statements reflect Council's expectations



# Risk definition

**Risk is defined as  
“Effect of Uncertainty of Objectives”**



# Hazard vs Risk vs Issue

Hazard



Is an event that is dangerous

VS

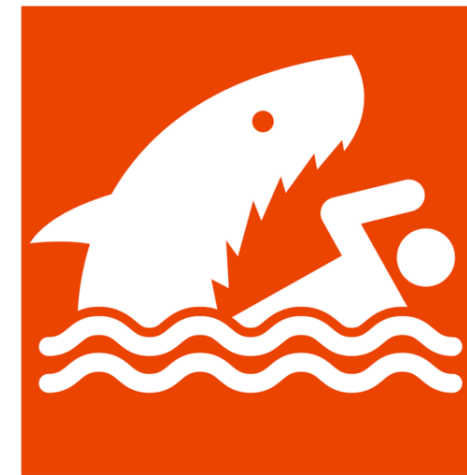
Risk



Is an event that is dangerous but might affect me

VS

Issue



Is an event that is dangerous and is affecting me



# Risk Categories

- Governance risks – affect the Mayor and Councillors objectives
- Strategic risks – affect the Council's strategic objectives
- Business risks – affect each unit's objectives
- Operational risks – day to day operations
- Projects risks – affect specific project delivery



# Example: Environment impact

LTP 21-31 Community outcome

## Sustainable Environment

### GOALS

At the heart of our sustainable environment is the practice of kaitiakitanga. It is our role to be guardians of our natural environment.

This Community Wellbeing Outcome seeks to encourage the regeneration of our environment and foster a culture of sustainability.



**Risk management:**  
Coordinated activities to direct and control an organisation with regard to risk



“It’s simple. First we look at the upside. Then we look at the downside. Then we look at the upside-down side.”

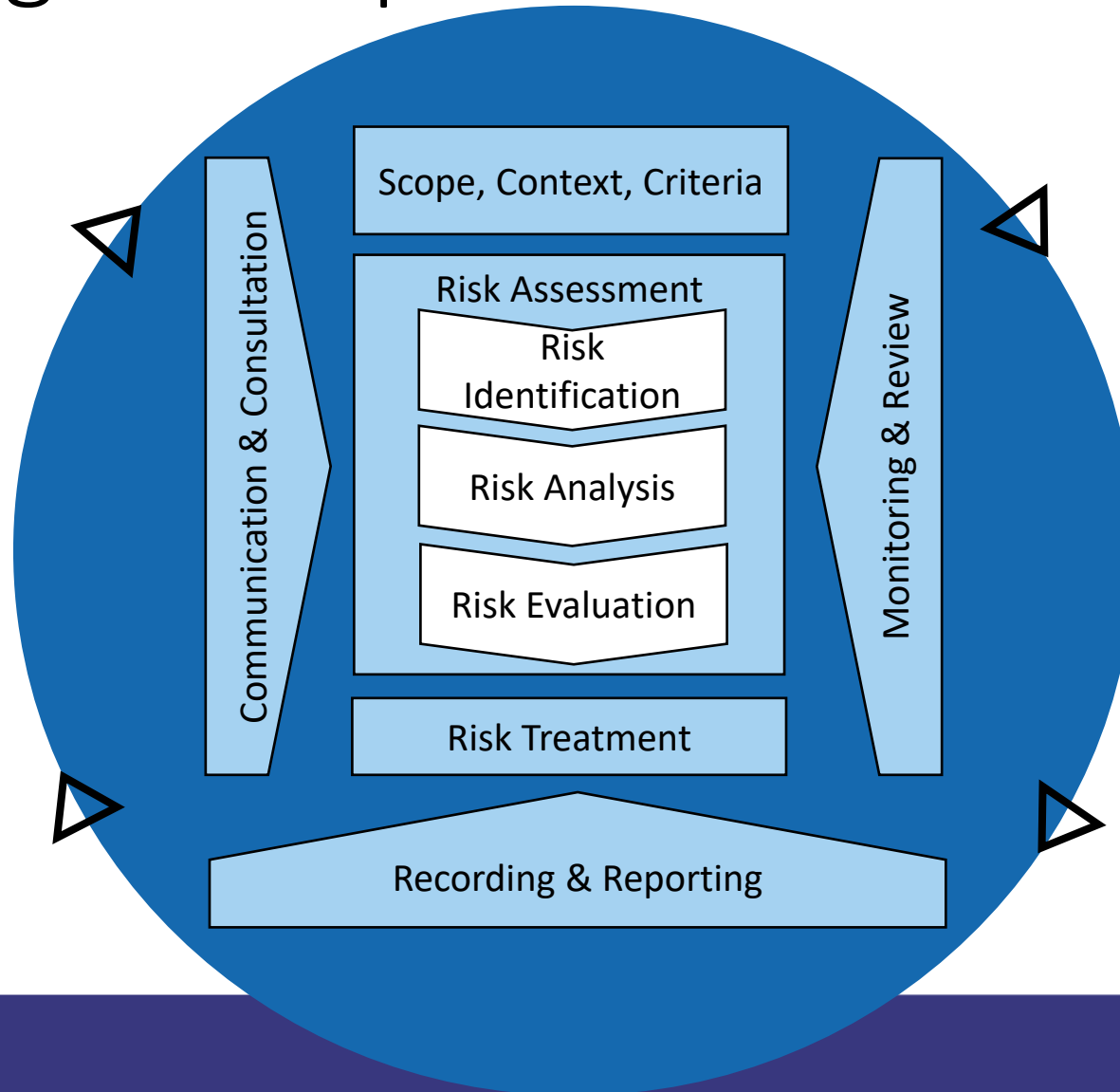


# Risk Management Policy

- The policy set the tone for what is risk management, it should be supported by RM process
- This is not a stand-alone policy but every other policies that deal with risks should aligned with it; like H&S / projects; so the definitions, risk matrix, assessment methods, the terms used (treatment or controls/ impact or consequence). All should be aligned



# Risk Management process



# Exercise 1

1. There are list of risks on the board, place the dot you have on the top 3 Governance Risks and top 3 Strategic Risks from your point of view.
2. Is there any other risks not stated? Please add.



# Risk Maturity

The All of Government Enterprise Risk Maturity Assessment Framework provides four key areas for assessment:

1. Leadership and direction
2. People development
3. Processes and tools
4. Business performance



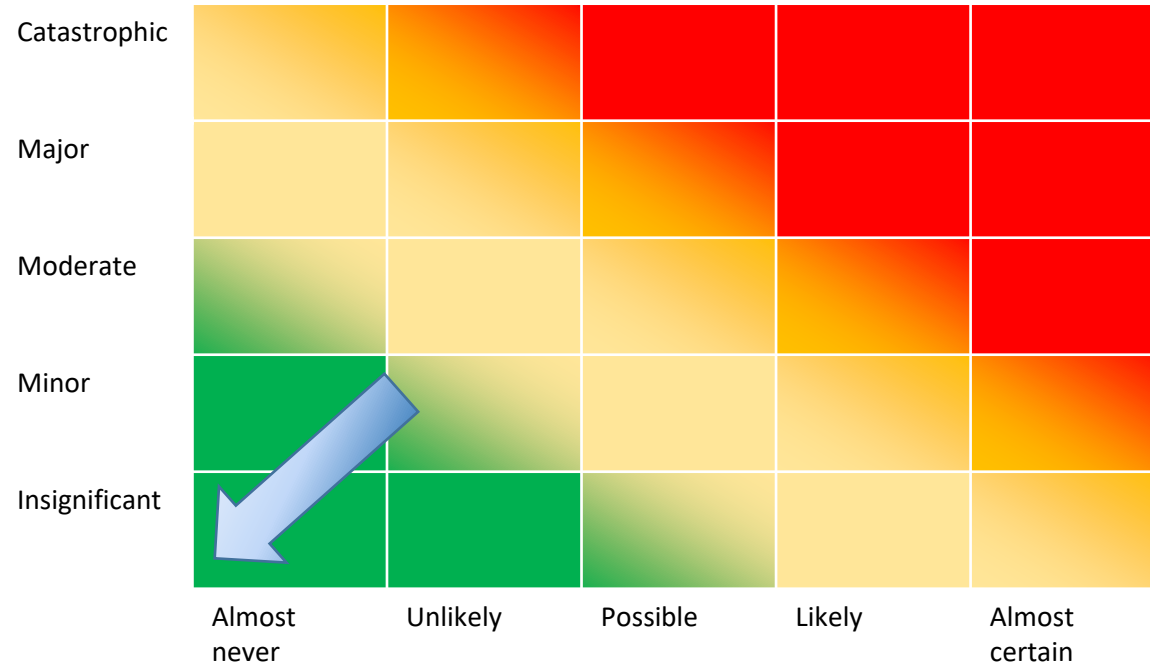
# Risk Appetite

- Risk Appetite reflects the Council's culture and philosophy in its approach to taking risks.
- Organisations with a high risk appetite are prepared to take on more risks, provided the return is substantial.
- Organisations with a low risk appetite will try to avoid high probability and high impact risks.

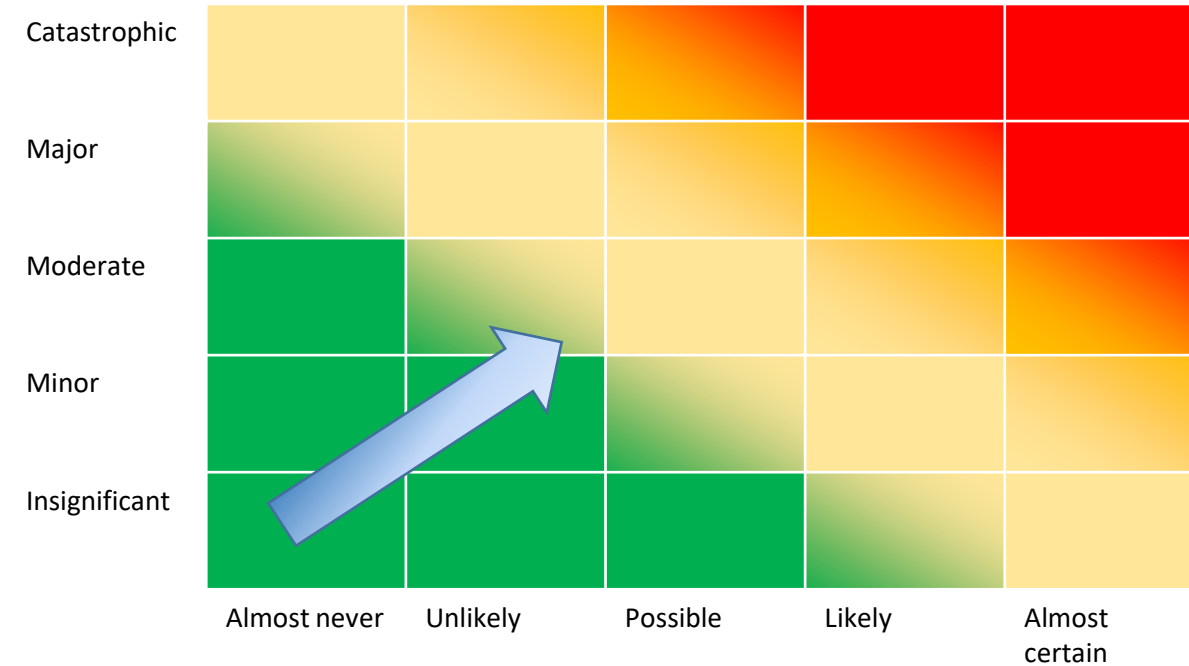


# Risk Appetite

## LOW risk appetite



## HIGH risk appetite



# Risk appetite

Proposed eight categories for risk appetite.

- Financial
- Health, safety and wellbeing
- Information management
- Operations
- Legal
- Reputation
- Environment
- Staff



# Risk Appetite

The Council has four risk appetite levels:

- No risk accepted
- Low appetite for risk
- Medium appetite for risk
- High appetite for risk

The Council uses its risk appetite statements to accept the ***consequence*** and ***likelihood*** definition.





# Risk Appetite exercise

- In your groups, discuss the Council's eight proposed risk appetite statements.
- What are the factors affecting the council's risk appetite for these categories?
- Is the risk appetite reflected correctly in your group's opinion?
- Feed back to the group.



# Case study

Read the case study and answer the following questions:

1. Who are the stakeholders?
2. What are the issues?
3. What are the risks to Council of poor community engagement?
4. What is your assessment of those risks? Using the Council proposed risk assessment definition and risk matrix?
5. Are those risks acceptable to Council, based on the Council's risk appetite?



# Questions