

I hereby give notice that an ordinary meeting of the Audit and Risk Committee will be held on:

Date: Friday, 25 August 2017
Time: 2.15pm
Meeting Room: Room 1, Level 26
Venue: 135 Albert Street
Auckland

Audit and Risk Committee

OPEN ADDENDUM AGENDA

MEMBERSHIP

Chairperson Sue Sheldon, CNZM
Deputy Chairperson Cr Greg Sayers
Members Deputy Mayor Bill Cashmore
Paul Conder
Cr Richard Hills
Bruce Robertson

Ex-officio Mayor Hon Phil Goff, CNZM, JP
IMSB Chair David Taipari

(Quorum 3 members)

Quorum must include two Governing
Body members

Mike Giddey
Senior Governance Advisor

21 August 2017

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Health, Safety and Wellbeing update

File No.: CP2017/13900

Purpose

1. To provide a summary of health, safety and wellbeing performance as of end of July 2017 to support the committee's due diligence responsibilities, and the report also includes an update on priority actions since last reporting to the Audit and Risk Committee.

Executive summary

2. Auckland Council is committed to being a high performance council, where our elected and appointed members, employees, contractors, volunteers and the people who use our council facilities and services are safe and all major risks are reduced and managed effectively.
3. This report provides a summary of council's current health and safety performance for the last quarter. It provides an update on the key work programme for implementing a strong health, safety and wellbeing culture to ensure council is effectively meeting its responsibilities as a 'Person or organisation Conducting a Business or Undertaking'.
4. Risk Manager, the health and safety reporting system was implemented across council on 28 April 2017. Auckland Tourism Events and Economic Development Limited and Panuku Development Auckland Limited followed with their roll out on 1 June 2017. Regional Facilities Auckland were a previous user of Risk Manager. This is a significant step forward in moving towards one system. It will enable us to improve the consistency of approach to managing health and safety across the organisation. The Risk Manager system is proving very effective at removing obstacles preventing staff from reporting incidents and near misses.
5. A key initiative for the 2017/2018 financial year will be the implementation of a new Health and Safety Management framework. Staff consultation was concluded at the end of June 2017 with the anticipated implementation by end of 2017.
6. Council currently tracks the Lost Time Injury Frequency Rate. It measures injuries which have resulted in a person needing time away from work and as such is a lag indicator. There has been a steady decline of this measure since January 2017 which is encouraging. The new framework is looking to set a range of measures including lead indicators.

Recommendation/s

That the Audit and Risk Committee:

- a) receive the update report on Health, Safety and Wellbeing
- b) refer this report to the Finance and Performance Committee for its consideration
- c) note that this report will also be provided to all local boards for their information.

Comments

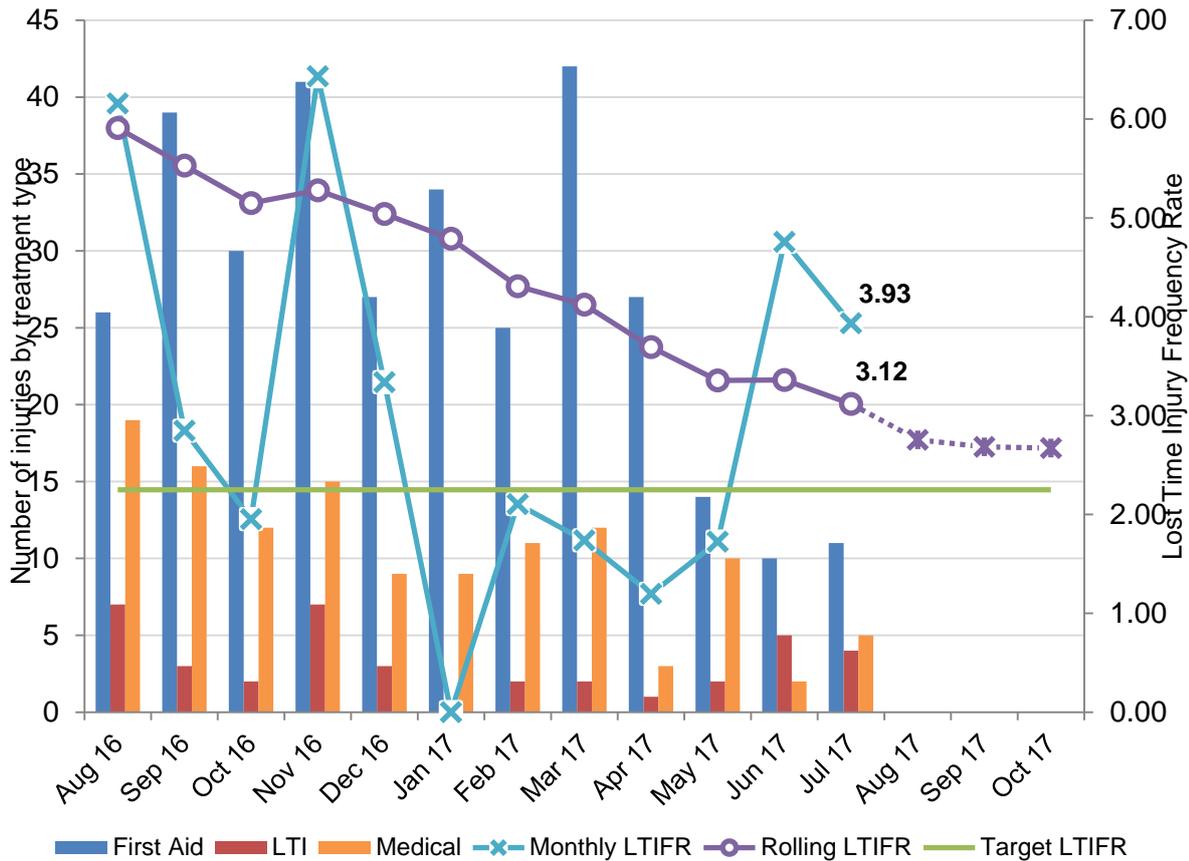
7. As outlined in the health, safety and wellbeing report to this committee in March 2017, our overall objectives are to:
 - have the basics right across the organisation (with business-focused solutions) in line with legislative and audit requirements
 - share good practice and lessons learned
 - effectively educate, upskill and engage our staff and elected members to build a positive and proactive health, safety and wellbeing culture.

8. These foundational objectives will remain. A key enabler for meeting these will be the council embedding a new safety management framework. This framework is consistent with 'Plan, Do, Check, Act' an established approach to safety management, and WorkSafe NZ's recommended methodology for managing Health and Safety and achieving continual improvement under the new legislation.

Performance report

9. Key performance metrics as at 31 July 2017. In summary:
 - a) Council's Lost Time Injury Frequency Rate (figure 1 below) has shown a consistent general downward trend since August 2016

Figure 1: Lost Time Injury Frequency Rate



	Trend	Jul 17	Jun 17	May 17
Rolling Lost Time Injury Frequency Rate (indicative)	↓	3.37	3.43	3.41
Number of LTI	↓	4	5	2
Number of all injuries inclusive of first aid, medical treatment and lost time	↔	23	23	39

10. Council have set an aspirational target <2.25 target for FY17. The council must continue to work and reduce the total number of lost time injuries working towards zero per month. In order to meet this target the focus will be to increase the reporting of unsafe conditions/actions and near miss reporting and critically to learn from these to remove the potential for injury.

Accident Compensation Corporation experience rating

11. Council also monitors its Accident Compensation Corporation experience rating. Here a 'score' is calculated every year for all large employers and is used in levy calculations. Currently two key factors for large employers in New Zealand make up the experience rating.
- Weekly compensation days paid by Accident Compensation Corporation to an injured staff member (as a result of a work accident)
 - Costs exceeding \$500 for the claim.
 - a)
 - b) **Figure 2: Auckland Council scores compared to industry average**

Industry Peer Group Rates

The following section shows a comparison of your business's claims experience against other businesses in your industry peer group (businesses of a similar size that operate within your Levy Risk Group (LRG)). If you are a part of a business group, the comparisons under the 'Your business' heading will reflect all members of your business group.

Risk Management Rate

(number of qualifying claims with medical costs greater than \$500 (or fatal claims) per \$1 million liable earnings in this LRG)

Rehabilitation Rate

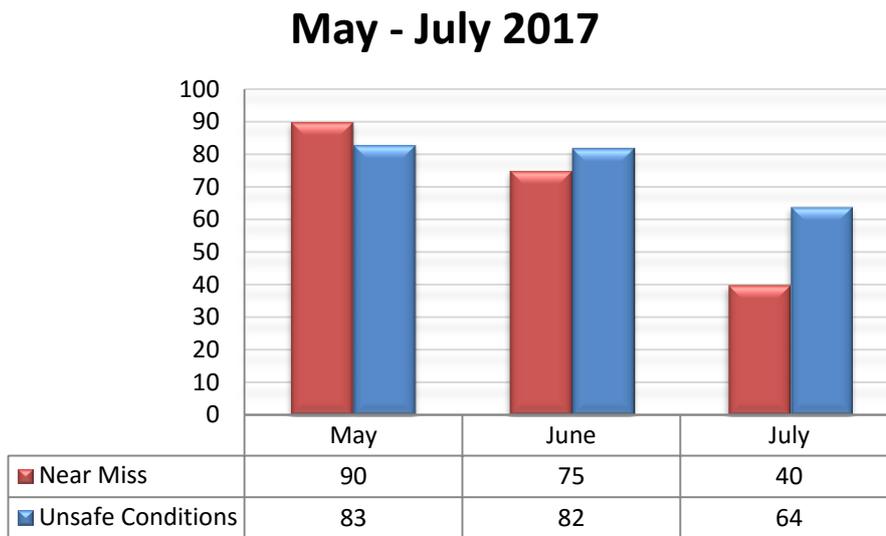
(number of weekly compensation days for qualifying claims per \$1 million liable earnings in the LRG)

Your business		Industry peer group	
Local government, public order and regulatory services (753)			
0.07	0.09	3.03	3.75

12. It is of note to highlight that council when benchmarked against other similar organisations is currently performing favourably. By way of explanation, in a simple scenario if the business claims rates are **higher** than the industry's for both rehab and the risk management, an experience rating loading will be calculated (i.e. pay more than the standard levy rate). If the businesses claims rates are **lower** than the industry average, an experience rating discount (pay less than the standard levy rate) will be calculated. Our own set Lost Time Injury Frequency Rate rate of <2.25 sets a higher standard.
13. The new Risk Manager System has given council the ability improve upon near miss reporting and now allows unsafe conditions/actions to be reported. This is significant as unsafe conditions/actions are a precursor to near misses and removes the 'luck' element for a potential injury.
14. Unsafe conditions/actions are currently starting to take over near miss reporting figures since Risk Manager went live in April 2017 (see figure 3 below). This is a welcome outcome and a positive proactive indicator. Maintaining this performance, continually acting upon the information and with our new proactive framework we hope to establish our positive safety culture and make the council a safer place to work.

Figure 3 – Near misses and unsafe conditions (May - July 2017)

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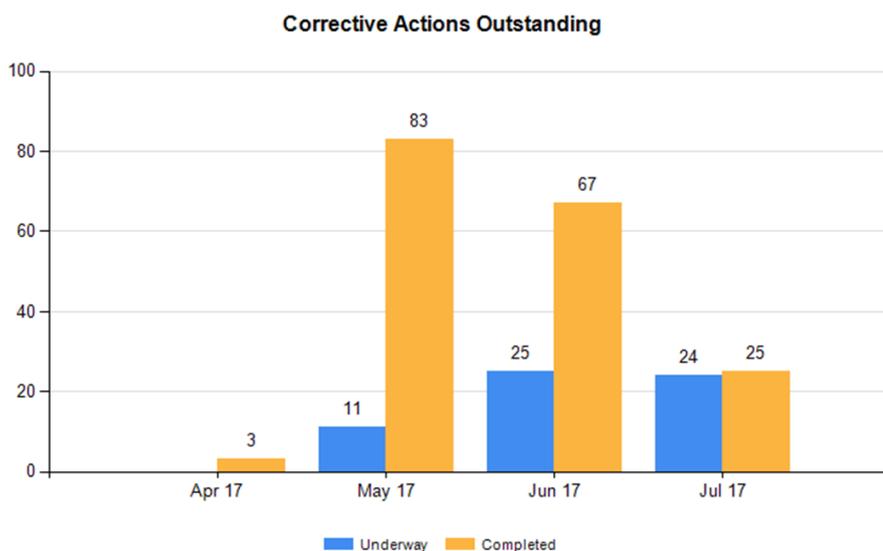
Corrective actions and critical risks

15. Risk Manager has also allowed us to identify and categorise our critical risks, and track our corrective actions. Tracking corrective actions is vital to ensure a managerial mechanism, or (organisational direction) is exerted to drive improvement and reduce risk. This was not possible with our old system.

Corrective Actions

16. The number of completed corrective actions overall can now be tracked and has been trending upwards. This is facilitated by the new escalation feature of Risk Manager where failure to close an action is escalated to the next layer of management, making it an active managerial consideration with consequence. Completing these actions is an integral part of ensuring incidents and risks are mitigated and lessons are learnt from incidents.

Figure 4 - Status of corrective actions

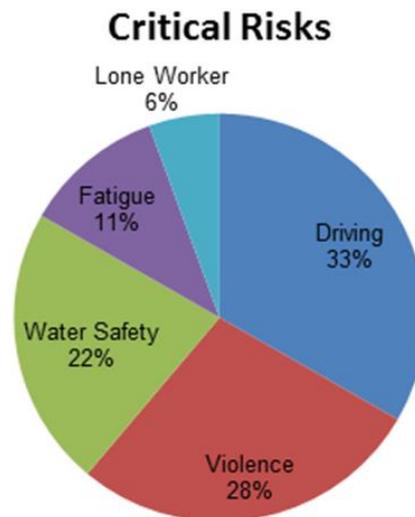


17. The data for July shows a drop in completed actions we see this being due to a number of unassigned actions where managers have not reviewed the initial system notification. This has been discussed and is being tracked closely to ensure escalations are actioned in a timely manner. Measures are also being developed for adoption under the new safety management framework which will ensure that our people leaders proactively adopt safety management into their operations and that appropriate actions are taken.

Critical Risks

18. Critical risks are hazards, which should they take effect, would likely have a critical outcome e.g. fatality, permanent disability or significant loss of plant/equipment. These can now be identified. As these significant hazards are now visible they can be risk assessed, control measures implemented, tracked and checked for completion. This helps to ensure the risks are mitigated. Figure 5 below shows the critical risks that have currently been identified within the council.

Figure 5 Critical risks



19. Work programmes are in place to address these critical risks.

Wellbeing initiatives

20. A number of wellbeing initiatives were rolled out across the region this year, focusing on mental and physical wellbeing. Mini health checks were offered to staff members across the region. The results of these health checks were entered to the Wellbeing360 survey where staff member's mental, emotional, and physical health was assessed. The survey was completed in May 2017 by our provider Vitality Works.
21. 27 percent of council staff completed the survey which provided the following insights:
- A greater portion of council staff consume five plus servings of fruit and vegetables than what is typically seen in other organisations
 - 51 percent walk, cycle or run to work for commuting purposes which is higher than the Vitality Works Benchmark of 43 percent
 - Half of all shift workers are getting six or less hours of sleep per night which is higher than the Vitality benchmark of 35 percent
 - One in four suffer systems of depression while one in six have stress symptoms outside the normal range.
22. The data on exercise and nutrition indicates joined up initiatives with our catering services team and Vitality Works, an external service provider, are being well received by staff. It was of concern that half of all shift workers who completed the survey appear to get less than six hours of sleep and a greater number of staff are reporting symptoms of stress or depression. Whilst initiatives are taking place at the council on these issues, the council's Health Safety and Wellbeing team is currently reviewing its strategy in this area and reframing its objectives as a result of these new findings.

Due Diligence Duties

Information on the six aspects of the due diligence duty

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23. Officers of Council (i.e. those in a governance role including elected members, the chief executive and potentially other members of the executive leadership team) must exercise a duty of due diligence. There are six aspects to that duty, listed and discussed below. All officers have equal and personal responsibility.
 24. To assist elected members in their role as officers the Head of Health, Safety and Wellbeing, the Director of Legal and Risk and the governance division lead team are working together to establish systems that will enable councillors and local board members to have access to relevant information to fulfill their due diligence responsibilities. This includes:
 - developing new quality advice guidance to assist staff preparing advice on projects where a health and safety assessment is necessary for decision-making,
 - quarterly performance reporting to the Audit and Risk Committee, Finance and Performance Committee and local boards and information to be included in the elected member induction programme.
 25. Staff are also working with the Independent Māori Statutory Board and council's co-governance entities such as the Maunga Authority, the Parakai Recreation Reserve Board and the Ngāti Whātua Ōrākei Reserves Board to ensure they have information and support to assist them with complying with their 'Person or organisation Conducting a Business or Undertaking' duties (as a Board) and their officer duties (as individual members).

Up to date (1): Acquire and keep up to date with health and safety knowledge and health and safety matters

26. To comply with the officer's due diligence duty, it is critical that council's elected members, chief executive and executive leadership team understand the key elements of the new legislation and regulations.
27. To ensure elected members and senior management are well informed and up to date on health and safety matters, training has been planned from September. Governing Body and local board workshops will build on the information sessions delivered during transition to the new Health and Safety at Work Act and will focus on putting the legislation into practice. This will include meeting personal obligations as an officer, what is required for day to day decision making and implications for community groups and volunteers. The Mayor received his training on 20 July 2017 and will be used as the leadership push to ensure all Elected Members are trained by the end of the calendar year.
28. The new Risk Manager reporting system is currently configuring specific reports for elected members and senior management which will include information to help officers keep up to date with council's health and safety performance. Officers may also undertake their own personal actions to keep their health and safety knowledge up to date.

Understand (2): Understand the council's operations and the associated hazards and risks

29. Council officers will already have a working knowledge of council business. To ensure that officers have a sufficient visibility of the breadth and variety of council operations to comply with their due diligence duties, highlighting key activity on council's operations related to health and safety will be part of regular reporting.
30. A health and safety site visit plan for both the chief executive and executive lead team members and elected members will be developed. This will create opportunities for council's officers to experience and better understand council operations and the health and safety risks in the various parts of the business.

31. The proposed Safety Management Framework will also carry with it various new compliance auditing and assurance mechanisms which will be reported through current audit team and onto relevant officers.

Resources and processes (3): Ensure the council has appropriate resourcing and processes to eliminate or minimise risks to health and safety

32. As part of the organisational strategy for transition into the new legislation a business case for health and safety was developed. It highlighted the need for the council to move from the previous hazard assessment approach to the more proactive risk-based approach. This business case also considered the level of resourcing for health and safety within the organisation. A substantial gap was closed until 2018/19.
33. As we look now to continually improve risk awareness through education and the shift towards proactive safety, as required by the new legislation, a further resourcing review will be required to ensure it can be maintained beyond 2018/19. The current strategy will look to reevaluate this once we have implemented the new framework and can better placed to judge gaps, needs and demands based on risk.
34. A key focus of the proposed strategy is to build capability within the organisation and prioritise those business areas using risk. A corporate training programme will need to be developed to deliver mandatory training, improve capability and support the ownership of safety risk at the operational level.
35. The executive leadership team have already identified a potential resource implication in the delivery of this key health and safety training for its managers and is currently reviewing strategies to address this. The gap arises due to the new Corporate Health Safety and Wellbeing team; having only formed prior to the change in the primary legislation and this mandatory training not having been proactively identified within its original scope.

Reporting and investigation (4): Ensure the council has appropriate processes for receiving and considering information regarding incidents, hazards and risks and for responding in a timely way to that information

36. Health, safety and wellbeing performance reporting has been improved to assist officers and senior management receive and consider information on incidents, hazards and risks. The current approach has been developed with and approved by the executive leadership team. This includes the structure of the report, and the content including lead and lag indicators.
37. The Health, Safety and Wellbeing and Legal Services teams continue to work in partnership to revise the incident management and notifiable event plans to ensure the council has processes in place to respond to incidents, hazards and risks. The plans provide clear, step by step guidance on what staff need to do in various situations, including in an emergency situation. The plans also specifically include guidance on advising elected members of incidents in their ward/local board area.
38. A fit for purpose safety management system and timely reporting will also be crucial to enable the council to identify, act on, receive and consider information on incidents, hazards and risks. This area has been revitalised and improved through the Risk Manager system implementation.
39. The new safety management framework will complement the system and has been outlined and developed to give robust safety governance, processes, guidance and develop positive behaviours around health and safety. The framework and strategy was consulted upon with all staff by means of an electronic consultation and various roadshow workshops carried out across the region. The feedback is currently being reviewed and once complete it will be taken for approval to the executive leadership team.

Monitor (5): Ensure the council has, and implements, processes for complying with any duty or obligation

40. A crucial aspect of ensuring that council has systems in place for complying with its obligations is the setting of high level policy and strategic direction. The chief executive and Mayor have recently reviewed this Policy and it will be implemented alongside the new framework. It will be focussed on developing the right behaviours within the organisation: in short being open and honest, working with others, embracing safety, communicating clearly and trusting your instincts
41. The proposed three year strategy is currently awaiting sign off by the executive leadership team. It proposes to set the following broad goals to support the management framework:
 - safety leadership
 - competence
 - embracing safety
 - know what to do
 - continual improvement and communication.
42. These goals are supported by various other objectives and will be outlined to the committee when approved.
43. Council's health and safety policy, manual, guidance documents and procedures associated to these have all been reviewed against the new legislation and regulations as a precursor to the new framework.
44. Council's 'Do it Right' legislative compliance programme is currently working with some pilot business units to develop legislative compliance business unit plans. Health and safety has now been integrated into this critical programme as well as the business planning process.
45. Effective and supported health and safety representatives also contribute to council complying with its health and safety obligations. A health and safety representative training plan has been developed, and is in place.

Verify (6): Take reasonable steps to verify the provision and use of resources and processes through reviews and audits

46. At regular intervals the Audit and Risk Committee will consider council's compliance with its 'Person or organisation Conducting a Business or Undertaking' obligations and council officers' compliance with their due diligence duty. That feedback is made by way of recommendation to the Finance and Performance Committee. All officers of the council need to continue to ensure that they keep thorough records of their compliance with their individual due diligence duty.

Consideration

Local board views and implications

47. Briefings for elected members, including local boards, were provided in February and March 2017 of this year. Further briefings are planned for September as part of the elected member learning and Development programme, Kura Kawana.
48. This report will be provided to all local boards and a briefing on this report.

Māori impact statement

49. The health, safety and wellbeing of Māori staff, elected and appointed members, volunteers and members of the public is a priority as are the Māori wellbeing priorities identified in the council's Māori responsiveness framework, Te Toa Takitini work programmes, and other relevant documents.

50. The Health, Safety and Wellbeing team are working with the Independent Māori Statutory Board and the council's co-governance entities, such as the Maunga Authority, Parakai Recreation Reserve Board and the Ngāti Whātua Ōrākei Reserves Board and Puketutu Island to ensure they have information and support to comply with their 'Person or organisation Conducting a Business or Undertaking' duties (as a Board) and their officer duties (as individual members).

Attachments

There are no attachments for this report.

Signatories

Author	Oli Sanandres, Head of Health, Safety and Wellbeing
Authorisers	Patricia Reade - Transformation Director Phil Wilson - Governance Director