

<b>Title:</b>	Asset Management
<b>Type:</b>	Council
<b>Adopted:</b>	24 June 2020
<b>File No:</b>	20/24727
<b>Attachments:</b>	

## 1. Purpose

Council is committed to ensuring that all Council assets are appropriately managed and relevant to community needs. This Policy is intended to:

- Establish a framework to ensure that asset management is undertaken in a structured, coordinated, cost effective and financially sustainable manner
- Guide the ongoing review and updating of Council's Asset Management Strategy and Asset Management Plans
- Ensure Council budgets include discretionary and non-discretionary elements
- Budgets are set such that appropriate levels of non-discretionary funding is made available for renewal, maintenance and operation of existing assets ahead of discretionary funding for new assets and asset upgrades to ensure ongoing provision of existing levels of services
- Guide Council's decision making with respect to life cycle costing, the Capital Works Program, the Long Term Financial Plan, service reviews and annual budgets.

## 2. Rationale

This Policy has been written to guide the future management of all Council assets to meet community needs within financial and other practical constraints.

Council has responsibility for the stewardship of assets for the benefit of current and future generations. The most recent valuation of Council's asset portfolio was \$350 million at fair value (2018/19 Financial Report). Millions of dollars are spent annually managing and maintaining these assets. It is therefore important that Council employs sound asset management practices to ensure all Council assets are managed effectively and sustainably.

Implementation of the Policy is expected to ensure that:

- Council assets are well managed throughout their lifecycle and fully utilised to achieve agreed desired service levels
- Council assets support triple bottom line outcomes of environmental, financial and social sustainability
- Asset management decisions are based on an integrated process, which includes community participation, has a long term focus, and balances competing social, financial and environmental priorities
- Council is accountable to the community regarding asset performance and its asset management activities
- Non-discretionary funding for the maintenance, operation and renewal of existing assets is prioritised ahead of discretionary funding of new assets
- Council's exposure to risk is minimised, in regard to asset failures, property risk exposure, damage, loss and climate change.

## Asset Management

**3. Scope**

This Policy provides the guiding principles for long-term sustainable management of Council's asset portfolio.

This Policy is applicable to all Council owned assets and all Council-managed assets (including leased assets) that:

- are used by the community
- support the delivery of services provided for the benefit of the community; or
- are held by Council for future use

This Policy applies to the Council and all Council officers involved in the creation, operation maintenance, upgrade, renewal and rationalisation of Council assets. The Policy applies to all contracts applicable in these areas. It also applies to all officers responsible for the delivery of services that make use of Council assets.

**4. Definitions**

Reference Term	Definition
Asset	<p>A physical item that is owned or controlled by Council, and provides or contributes to the provision of services to the community. Assets include:</p> <ul style="list-style-type: none"> <li>• infrastructure assets (i.e. roads, footpaths, cycle paths, kerbs and channels, street furniture, signage, street trees, bridges, buildings, drains, playgrounds, open space and sporting reserves);</li> <li>• cultural assets (i.e. art collections);</li> <li>• office equipment (software, desks, computers, etc.);</li> <li>• vehicles; plant equipment and associated infrastructure required for the delivery of Council services (which may be non-Council and managed or utilised through a formal agreement).</li> <li>• Intangible asset – an identifiable non-monetary asset without physical substance (eg. Software)</li> </ul>
(AM) Asset Management	<p>The process applied to manage assets over each stage of their service life including asset needs analysis, creation, operation, maintenance, renewal and disposal. The objective of asset management is to ensure the assets deliver the required level of service in the most effective and efficient manner now and into the future.</p>
Fixed asset (also known as a non-current asset)	<p>Any item of land, buildings, plant and equipment, infrastructure and IT assets which has a life expectancy (i.e. usage period) of more than one year. Items with a life expectancy of one year or less are considered to be consumable items.</p>
Responsible person	<p>The person responsible for managing the assets of a functional area, ensuring compliance with related procedures, performing stocktakes and being a local contact for the Organisation.</p>

## Asset Management

Environmental Sustainability	A proactive approach to environmental management that conserves natural resources and minimises the environmental impact on the natural world.
Financial Sustainability	The financial sustainability of a Council is determined by its ability to manage expected financial requirements and financial risks over the long term without the use of disruptive revenue or expenditure measures; which is determined by: (i) healthy finances in the current period and long term outlook demographic developments; and based on continuation of the Council's present spending and funding policies and given likely economic and demographic developments; and (ii) ensuring infrastructure renewals/replacement expenditure matches forward looking Asset Management Plan expenditure needs.
Lifecycle Cost	Total expenditure required throughout the life of an asset in order to fund the creation, design, construction, operation, maintenance, renewal and disposal of the asset, so that the asset can deliver the desired service level over its life.
Non-Discretionary Funding	The concept is that once an asset is owned, Council has a responsibility to maintain its serviceability. This responsibility is non-discretionary and therefore funding for asset risk mitigation, maintenance and renewal, which are necessary to maintain the asset in a condition suitable for service delivery, is non- discretionary.
Service	A combination of tangible and intangible benefits that can be produced and consumed.
Level of Service	A relevant measurable standard or target that reflects the required performance to meet agreed community expectations in relation to the type, quality and quantity of services delivered by Council.
Renewal Gap	The difference between <i>Current Renewal Expenditure</i> and the <i>Required Renewal Expenditure</i> considered necessary to renew assets to enable services to continue at their desired level.

Note that asset renewal, upgrade, expansion and new assets are defined in the Asset Capitalisation Policy

## 5. Policy

### **This Policy is expected to deliver the following vision for asset management practices:**

- As stewards of community assets, Council will provide assets that support the provision of best value services. Council assets will be accessible, safe and suitable for community use. The approach to asset management will be sustainable. It will balance competing community social, environmental and economic needs for the benefit of current and future generations.

Responsible Officer: Manager Community Assets

24 June 2020

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## Asset Management

- To realise Council's vision and to meet increasing service delivery demands requires a functional and cost effective asset base. To achieve this, an integrated and multi-disciplinary approach to asset management is necessary.
- Achieving best value in relation to both short and long-term service needs requires an understanding of the total costs associated with each asset over its lifecycle (from creation to disposal). Adopting a best practice approach to asset management will enable Council to safeguard the considerable investment required to sustain its asset portfolio for current and future generations.

**Council's asset management practices will be guided by the following core principles:**

- Ensure assets support the services provided by Council
- Community involvement in decision-making
- Focus on long-term sustainability
- Sustainable investment in capital works
- Continuous improvement in data and asset management information systems
- Compliant asset accounting
- Legislative and regulatory compliance
- Compliance with insurance obligations
- Continuous improvement in risk management
- On-going training and skill development
- Effective monitoring and reporting.

**Principle 1: Ensure Assets Support the Services Provided by Council****This will be achieved by:**

- Council will aim to provide assets in a condition that is suitable to support service objectives
- Council will ensure that assets are constructed and maintained to meet Council's commitment to social, environmental and economic policies and principles
- Council's asset management plans and service provision strategies and plans will aim to be seamlessly integrated
- The Service Delivery Model (Appendix 1) will be used to clarify the roles and responsibilities of Service Managers and Asset Managers as well as define management practices applicable to all phases of the service and asset lifecycle
- The Executive Management Team (EMT) and Managers will actively support cross organisational collaboration to deliver best practice service and asset management outcome
- Officers responsible for the management of Council services and assets will work together to ensure that Council's asset management practices support sustainable delivery of the services that Council provides to the community
- Council will continue to invest in enhancing its knowledge in service planning, asset management and operational practices with a commitment to a continuous improvement approach
- Managers, through their service planning projects, will seek to understand current and future customer expectations, predict changes in service and asset needs, set performance targets and measure outcomes
- Community and Technical Service Levels will be developed for all Council services that make use of Council assets
- Decisions to provide new services or assets to the community will be based on information that justifies initial expenditure and demonstrates the long term, triple bottom line, on-going benefits, as well as the necessary investment required to ensure the services and assets can continue to perform over the life of the service

## Asset Management

- Council will aim to systematically upgrade current assets, where possible, to optimise accessibility to Council services
- Decisions to modify or rationalise existing assets will be aligned with service requirements;
- Grants will only be pursued to meet existing service needs and for the provision of new or upgraded assets, which would have been provided even if grant funding were not available.

### **Principle 2: Community Involvement in Decision Making**

#### **This will be achieved by:**

- Council will commit to understanding community needs and expectations regarding the management of Council assets
- Service levels will be developed in a manner that includes community consultation so that informed decisions can be made in partnership with the community
- Service levels will be documented in Council's Asset Management Plans
- Service level targets will be determined by consideration of a number of factors including: funding levels, triple bottom line objectives set out in relevant Council policy and strategy documents, as well as through community consultation
- For each asset group, Council's current asset management performance, service levels targets and asset management activities will be reported to the community via consultation associated with the adoption of Asset Management Plans
- Community service level targets will be articulated in a manner that can be understood by the community
- Technical service levels will be developed to support delivery of community service levels. These will act as a guide for decision makers to ensure assets are provided in a desirable form and perform to the required standard
- Progress toward delivery of community service level targets will be reported to the community
- Prior to any new asset acquisition and / or major redevelopment / upgrade or disposal, a detailed cost-benefit analysis will be developed. For assets that affect community services, community consultation will be undertaken.

### **Principle 3: Focus on Long-term Sustainability**

#### **This will be achieved by:**

- Assets will be managed using a lifecycle approach as described in *Appendices 1 and 2*) and in accordance with best practice asset management techniques detailed in the International Infrastructure Management Manual (Australia/New Zealand Edition) and ISO 5000

## Asset Management

- Assets will be utilised to their fullest potential to maximise usage, community benefit and economic value
  - Council will aim to develop effective and affordable preventative maintenance programs aimed at minimising life cycle costs and maximising the service potential of assets
  - Council will aim to ensure its current and future asset base has minimal impact on the environment
  - Design/components/construction techniques will be used that minimise environmental impacts including on biodiversity, energy and water consumption and the generation of waste to landfill wherever possible
  - Assets will be regularly, proactively maintained to ensure that they continue to function as efficiently as possible and as intended for the duration of their life
  - Council will proactively inspect and protect its asset inventory and actively seek compensation from any parties who damage municipal assets
  - Council will aim to prioritise the provision of funding for legal compliance, renewal, maintenance, and operation of existing assets in preference to financing new works or asset upgrades
  - Predictive financial modelling (including renewal modelling) will be included in all Asset Management Plans
  - Asset Management Plans for each asset group will link to the Long Term Financial Plan
  - On an annual basis, Council will prepare a minimum 10 year capital works program with the Long Term Financial Strategy
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- Funding for the purchase, maintenance, rehabilitation and replacement of all assets will be guided by Council's Asset Management Plans and included in the capital works program, Long Term Financial Plan, annual budgetary process, and annual Business Plans
  - Council will proactively seek grants and partnership opportunities to supplement investment in lifecycle asset management
  - Assets that have low community benefit or are surplus to community needs will be considered for rationalisation and/or integration with other assets
  - Innovative and cost effective work practice improvements will be put in place to ensure enhanced resource efficiency and continuous improvement in service and asset management outcomes
  - Consideration of lifecycle costing will inform decisions to create or upgrade a Council-owned asset or accept an asset from a third party
  - Council will not accept any asset created by a third party until it satisfies minimum acceptable quality standards.

### **Principle 4: Sustainable Investment in Capital Works**

#### **This will be achieved by:**

- Capital investment in infrastructure will be evaluated and prioritised giving due consideration to risk, service needs, social, environmental and financial sustainability;
- Council will aim to address any backlog of renewal works identified in Council's Asset Management Plans in an appropriate and timely manner
- Council will aim to avoid a future backlog of assets in poor condition by providing renewal funding at a level that matches the predicted deterioration rate of the asset portfolio
- Council will prioritise the funding of works to address legal compliance or fit for purpose issues in preference to financing new works or asset upgrades
- Priority will be given to fund asset renewal needs ahead of the creation of new assets;
- All options will be considered to reduce the renewal gap such as rationalising assets, sharing facilities, upgrading single use facilities to multi-purpose and maximising partnership opportunities

## Asset Management

- Where possible, Council will seek to support the asset renewal budget through the disposal of identified surplus or obsolete assets
- New assets will only be funded where there is a demonstrated community need and all viable options such as upgrading and sharing existing assets have been analysed
- Capital works projects will only be approved following documented evidence that the projects can be delivered in the proposed timeframe (e.g. project implementation plan)
- Capital works projects will only be approved if lifecycle costs have been estimated and documented
- Lifecycle costs will be included in the Long Term Financial Plan and recurrent operational budgets once capital works projects have been approved
- Upon approving a capital works project for the creation of a new asset or redevelopment / upgrade of an existing asset, Council will also commit to provide appropriate non-discretionary funding for renewal, maintenance and operation of the assets in future capital and operational budgets
- The disposal of any Council asset will be in accordance with Council's "Asset Disposal Policy".

### **Principle 5: Continuous Improvement in Asset Knowledge and Information Systems**

#### **This will be achieved by:**

- Council will continue to invest in improving its asset knowledge
- Council will maintain a fully integrated corporate Asset Management Information System that is integrated with the Financial, Customer Request and Geographic Information systems
- Council's Asset Management Information System will include a centralised asset register that stores all data pertaining to assets owned by Council or under Council management
- When established, the centralised assets register data will be used for strategic and operational purposes
- The Asset Management Information System will enable staff to proactively manage all phases of the lifecycle of a Council asset
- The Asset Management Information System will enable staff to generate maintenance and renewal programs and the associated cash flow forecasts and monitor delivery.
- Council will aim to continuously improve its asset data and maintain an up-to-date register of its asset inventory
- Research will be undertaken to ensure Council knows what assets it owns and for what it is responsible
- Council will continue to invest in regular asset condition audits to collate data to assist in making informed decisions. This data will be stored in the asset register
- Data pertaining to occupancy arrangements (including leases and licences) will be integrated within the asset register
- Information relating to insurance claims will be linked to the asset register
- Information regarding asset valuations and insurance replacement values will be linked to the asset register
- All new and upgraded assets will be recorded in Council's asset register.

### **Principle 6: Legislative Compliance**

#### **This will be achieved by:**

- Council will manage its asset inventory in a manner that ensures it is compliant with relevant legislation and regulations
- Council will be responsive to changes in legislation and regulations and provide appropriate funding to ensure compliance occurs in a timely manner

## Asset Management

- Council will monitor the maintenance of road related assets to ensure ongoing compliance with the Road Management Plan.

### **Principle 7: Compliant Asset Accounting**

#### **This will be achieved by:**

- The valuation of Council assets will be in accordance with the accounting standards applicable for local governments within the State of Victoria
- Economic asset life estimates will be set at levels that reflect the service potential of the relevant asset category
- Economic asset lives may be adjusted on the basis of reliable asset performance data through the Financial Management & Asset Management Framework for Local Government
- Asset Management expenditure reporting will be categorised in terms of operational, maintenance, renewal, upgrade and new expenditure classifications
- Council's budget framework will include Discretionary and Non- Discretionary elements as described in Appendix 2.

### **Principle 8: Risk Management**

#### **This will be achieved by:**

- Council will proactively insure all assets for loss, property damage and public indemnity;
- A risk management approach is to be adopted for property management, public safety and environmental and social impacts of assets and their associated service delivery in accordance with ISO31000 International Risk Management Standard;
- Council will monitor, audit and review its asset portfolio, to identify potential risks and ensure they are appropriately managed;
- Council will proactively seek continuous improvement in risk management techniques and processes to minimise insurance premiums and mitigate the community's exposure to risk;
- Demarcation agreements will be developed to clarify risk management and maintenance responsibilities shared with a third party;
- Council will maintain occupancy agreements (including leases and licences) with all third party occupants which clearly demarcate the maintenance and renewal responsibilities;
- Prudent and comprehensive preparation, review, administration, and enforcement of occupancy agreements (including building leases and licenses) will be undertaken to ensure all buildings are appropriately maintained;
- Specific legal advice shall be obtained for the preparation and review of occupancy agreements, particularly in instances of complicated ownership arrangements;
- Proactive inspections of Council's assets (including leased buildings) will be undertaken to monitor compliance with occupancy agreements and asset deterioration;
- Council will establish and deliver maintenance service standards that preserve assets, mitigate risk and meet the desired service outcomes;
- In the event that a damaged or deteriorated asset represents an extreme or high public safety risk, temporary protection works will be undertaken to mitigate the risk. The effectiveness of all temporary works measures will be monitored until a more permanent repair is undertaken; and
- In the event an asset can no longer be maintained in a safe condition, it will be removed from service and secured to ensure unauthorised access is prevented.



### **Principle 9: Training and Skill Development**

#### **This will be achieved by:**

- To fulfil its asset management obligations, Council will conduct familiarisation sessions for Councillors and staff in financial and asset management practices including the importance of service planning and property risk exposure minimisation
- The Asset Management Working Group (AMWG) will be charged with responsibility for identifying financial and asset management training needs of all staff
- The Director Assets and Development will use the AMWG meeting forums to provide basic training, as well as guidance on relevant training programs available to meet identified needs.

### **Principle 10: Effective Monitoring and Reporting**

#### **This will be achieved by:**

In accordance with the International Infrastructure Management Manual improvement tasks shall be grouped under the following headings in an Improvement Plan.

- Asset Management Preparation/Corporate Overview
- Asset Management Process Improvement
- Asset Management information system improvements
- Asset Management data improvements
- Organisational/People Issues
- Asset Management Commercial Tactics.

Each task will need to be prioritised by the asset management team balancing organisational objectives, risk and cost. These tasks are allocated to a responsible person accountable for ensuring delivery within the target date and budget listed in the improvement plan.

Improvement tasks shall be monitored on an annual basis ensuring progress is reported to the Executive Management Team and/Council.

The improvement program should be consistent with the National Asset Management Assessment Framework in the IPWEA format, preferably using the ISO 55001 maturity assessment format.

- The National Financial & Asset Management Assessment Framework will be used to assess Council's asset management practices including the development of Council's Asset Management Plans
- Council will participate in the annual Victorian Auditor General's Office (VAGO) financial sustainability review
- Annual budget and asset information will continue to be reported to the Department of Victorian Communities Local Government Asset Performance Measures program. This will effectively report Council's renewal gap
- Council will continue to participate in annual audits undertaken by Council's insurers.
- Progress toward the implementation of Council's Asset Management Improvement Strategy and improvement actions set out in the Asset Management Plans will be monitored by the Community Assets Manager and reported annually to Council
- Financial reporting will be categorised in terms of operational, maintenance, renewal, upgrade and new expenditure classifications
- Council's Road Management Plan (a statutory document) will be reviewed and updated in accordance with the Road Management Act

## Asset Management

- Within resource constraints, regular audits will be undertaken to monitor compliance with regulatory obligations and the principles set out in this Policy. Non-compliances will be reported to the Executive Management Team
- Within resource constraints, reviews will be undertaken for all asset classes to ensure that performance outcomes are delivered in line with agreed service levels set out in adopted Asset Management Plans. Gaps will be reported in relevant Asset Management Plans and via the Asset Management Working Group meetings
- The Asset Management Working Group will review Council's design and material standards to ensure current best practice is achieved
- Council will continue to monitor community satisfaction regarding asset management
- Council will monitor the utilisation and condition of assets to provide information on the possible rationalisation or disposal of assets.

### **Roles and responsibilities:**

All Council employees and contractors are accountable for the care of Council assets under their control.

Accountable Officers should also consider their organisation's alignment with the processes and principles outlined in the international standard *ISO 55000 Asset Management Series* as appropriate.

### **Council shall:**

- Act as custodians and stewards of community assets
- Be aware of best practice asset management principles
- Ensure commitment to sustainable asset management principles is incorporated in the Council Plan
- Ensure that legal and statutory compliance obligations are met
- Approve Council's Asset Management Policy, Strategy and Plans
- Approve the alteration and/or rationalisation of under-utilised or surplus Council assets
- Ensure appropriate financial resources for non-discretionary asset management activities are made available.

### **Chief Executive (CEO) and Executive Management Team (EMT)**

- Act as custodians and stewards of community assets
- Be aware of best practice asset management principles
- Ensure that legal and statutory compliance obligations are met
- Oversee the implementation of Council's Asset Management Policy, Strategy and Plans with agreed resources
- Facilitate the effective operation of Council's Asset Management Working Group (AMWG);
- Include asset management requirements in relevant staff position descriptions and performance plans
- Ensure that accurate and reliable information is presented to Council for decision-making
- Ensure that Councilors and staff are adequately trained and skilled in sustainable financial, environmental and asset management practices.

### **Director Assets and Development (DA&D) shall**

- Establish and facilitate the effective operation of Council's Asset Management Working Group (AMWG)
- Monitor, and report to the Executive Management Team, on the delivery of Council's Asset Management Policy, Strategy and Plans
- Monitor, evaluate and report to Council, on progress regarding the implementation of asset management improvement projects/ actions

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- Provide the AMWG with feedback and direction from the Executive Management Team and Council.

### **Asset Management Working Group (AMWG)**

- Have a broad understanding of asset management issues and the continuous improvement approach being adopted
- Support the delivery of the Asset Management Policy, Strategy and Plans
- Monitor, evaluate and assist in the delivery of asset management improvement projects/ actions
- Review and implement, where possible, external audit recommendations relating to asset management
- Raise awareness throughout the organisation as to the many benefits of adopting a formal approach to asset management
- Identify opportunities for improvement in relation to the planning, development and management of Council assets
- Review design and construction standards for Council assets
- Review the annual capital works program in order to identify opportunities for integration and greater efficiency of delivery
- Support the development of specific processes and practices to support planning, development and management of Council's assets
- Guide, support and inform the development of project implementation plans, for all capital works projects
- Guide and inform the development of Service Plans and Asset Management Plans
- Communicate, to others in the organisation, the strategic implications and outcomes of asset management initiatives being pursued
- Advocate for improved asset management outcomes
- Check adherence of project activities to standards of best practice, both within the organisation and in a wider context.

### **Manager Community Assets and Coordinator Asset Management**

- Raise awareness throughout the organisation as to the many benefits of adopting a formal approach to asset management
- Coordinate the development, implementation and continuous improvement of Council's Asset Management Information System (including the asset register)
- Coordinate the development and review of Asset Management Plans for all major asset groups
- Coordinate the implementation of asset management initiatives and improvement projects
- Monitor, and report to the Executive Management Team, on the delivery of Council's Asset Management Policy, Strategy and Plans
- Develop annual and long-term capital works programs
- Ensure that Council is adequately informed about asset management
- Identify asset management training needs for staff
- Review and implement, where possible, external audit recommendations relating to asset management
- Ensure that the organisation's asset management improvement program is developed and implemented in a logical and structured manner;
- Review existing Asset Management Policy, Strategy, Plans, Practices, Standards, Guidelines, Procedures and Systems, in consultation with relevant service and asset planners/ managers
- Integrate Service Plan requirements into the strategic Asset Management Plans

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- Oversee the progress of individual asset management activities including data capture, data analysis and preparation of Service Plans and Asset Management Plans
- Develop and implement a Capital Works Assessment Procedures
- Implement the Asset Management Policy, Strategy and Plans with allocated resources
- Review and update Service Plans and Asset Management Plans for individual asset groups ensuring that they comply with the National Asset Management Assessment and Financial Framework
- Develop maintenance, refurbishment and capital works programs in accordance with Asset Management Plans, Risk Management Policy, Annual Plan and Budget
- Develop Key Performance Indicators that measure Council's performance to deliver the agreed levels of service, monitor and report progress towards achieving those Key Performance Indicators
- Present regular reports to AMWG and Council outlining Council's performance in delivering the Capital Works Program and Asset Management Plans
- Present information to AMWG, Council, Chief Executive and Executive Management Team in terms of lifecycle risks and costs associated with various asset investment decisions.

## Managers and Coordinators

- Implement the Asset Management Policy, Strategy and relevant Asset Management Plans with allocated resources
- Manage infrastructure assets in consideration of long term sustainability
- Implement tactical plans (such as maintenance programs, capital works programs) in accordance with the relevant Asset Management Plan and Annual Plan
- Establish service delivery needs and define service levels in consultation with local community stakeholders, taking into account relevant demographic, social, economic, technical, budgetary and other considerations
- Ensure that appropriate infrastructure is provided and maintained to meet service delivery needs
- Ensure that operational performance of Council's asset portfolio is optimised and operational costs are managed in a sustainable way
- Monitor and review service needs and levels periodically
- Participate in the review and update of Service Plans and Asset Management Plans for individual asset groups ensuring that they comply with the National Asset Management Assessment and Financial Framework
- Participate in the development of Key Performance Indicators (KPIs) that measure Council's performance toward delivery of the agreed levels of service set out in Asset Management Plans
- Deliver levels of service to agreed risk and cost standards
- Ensure a change-of-use evaluation process is undertaken whenever an asset is no longer required to support the current service
- Monitor and report progress towards achieving levels of service KPIs
- Participate in AMWG initiatives.

## Staff

- Deliver levels of service to agreed risk and cost standards
- Comply with the Asset Management Policy, Strategy and relevant Asset Management Plans
- Deliver on actions and implement outcomes of the approved Service Plans and Asset Management Plans
- Provide timely advice and input asset data into Council's Corporate Systems in line with corporate procedures

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- Participate in appropriate training to develop the skill sets required to undertake asset management tasks as appropriate for the responsibility of the role or position
- Ensure the Executive Management Team is made aware of any asset loss or damage or potential Council exposure to loss or damage due to asset management practices.

### **Policy non-compliance**

Failure to comply with this Policy is likely to result in increased risk of:

- Unsafe infrastructure
- Infrastructure that is not fit for purpose
- Assets that do not comply with Council's social, environmental and economic priorities;
- Assets with excessive on-going operational costs
- Excess assets
- Underinsured assets
- Property damage
- Service disruption
- An increase in the renewal gap
- Reduced grant funding from the Federal Government due to a lack of compliance with the National Financial & Asset Management Framework
- Performance management for staff who fail to adhere to the Policy.

### **Implementation of the policy:**

Following adoption of this policy the Asset Management Working Group (AMWG) Terms of Reference will be reviewed. The AMWG will be charged with responsibility for implementation of this Policy and supporting documents such as the Asset Management Strategy and Asset Management Plans. The AMWGT will meet regularly. The Team will be composed of a representative of from all areas of Council.

The AMWG meetings, and other existing internal communication mediums, will be utilised to explain the key features of this policy to all affected staff.

Implementation of this policy requires development and adoption of revised Service Plans and Asset Management Plans informed by the principles outlined in this policy.

## **6. Related Policies, Strategies and Legislation**

This Policy may link to various other Council and external documents that will be identified further in the Asset Management Strategy and Asset Management Plans. Specifically, this Policy is to be read in conjunction with the following documents:

- The Council Plan 2017-2021
- Asset Management Strategy
- Asset Management Plans
- Long Term Financial Plan
- Murrindindi Municipal Public Health and Wellbeing Plan 2017-2021

Other related documents:

- Local Government Act 2020
- Local Government Act 1989
- Road Management Act 2004
- Strategic Resource Plan
- Asset Disposal Policy
- Capital Works Expenditure Policy

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**7. Council Plan**

Council's Strategic Resource Plan and a number of other high-level strategic documents, including this Policy, support the delivery of the strategic objectives set out in the Council Plan.

This Policy relates to the Council Plan 2017-2021 Our Promise strategy 'maintain Council's financial sustainability through sound financial and asset management'.

**8. Management and Review**

This Policy is to be reviewed in conjunction with any relevant changes to the Council Plan by the Manager Community Assets, otherwise to be reviewed every four years.

**9. Consultation**

All revised Asset Management Plans will be adopted by Council and will be informed by community consultation and local government financial reporting frameworks. The Asset Management Plans will incorporate service level targets, and include predictive financial modelling that will inform Council's future Long Term Financial Plan and budgets.

**10. Human Rights Charter**

This Policy has been developed with consideration of the requirements under the Charter of Human Rights and Responsibilities.

## APPENDIX 1

The following summarises the management objectives for each phase of the service and asset lifecycles. Key integration functions are also outlined and should be read with reference to **Figure 1 The Service Delivery Model**.

### SERVICE LIFECYCLE PHASE HORIZON SCANNING

#### Objectives

- Gain an understanding of Council's internal and external environment.
- Use this knowledge to define current service demand, community needs and expectations and predict future changes.
- Determine Council's role(s) in the provision of services to meet community needs in a sustainable manner.

#### Service Feasibility Analysis

- Assess the appropriateness of current services.
- Determine the best approach for Council to meet current and future community needs.
- Define service objectives so that analysis can be undertaken to compare a range of options including:
  - Introduction of a new service
  - Alteration of an existing service (or aspects of a service)
  - Discontinuation of an existing service (or aspect of a service).

#### Formulation

- Broadly define all requirements to enable service delivery.
- Translate detailed service requirements into physical asset needs and measurable service standards and targets.

#### Establishment

- Set up/revise the operating structure, systems, standards, resources and performance measures required to enable operation and monitoring of the service.

#### Operation

- Operate and monitor delivery of the service to sustainably meet community needs.

#### Adjustment

- Undertake a service feasibility analysis to determine whether the current service is still aligned with community expectations and the operating environment.
- Identify service and asset adjustments required to ensure service objectives are met.
- Adjust internal service agreements, organisation structure, systems, resources and performance measures to ensure service objectives can be monitored and met.
- Communicate adjustments to affected parties

#### Discontinuation

- Ensure Council has a considered approach to the termination of services (or aspects of a service) no longer required in a manner that minimises community disruption

### ASSET LIFECYCLE PHASE MANAGEMENT OBJECTIVES

#### Asset Option Analysis

- Consider the asset requirements necessary to support objectives of all services.
- Undertake analysis to ensure the best asset solutions are provided to meet service needs within physical, financial, legislative and other constraints.

## Asset Management

### Design

- Prepare requisite documentation to ensure delivered assets will meet service needs throughout the expected service life and be able to be created, maintained and renewed in a sustainable manner.

### Creation

- Ensure acquired and constructed assets added to Council's asset portfolio deliver desired outcomes within financial and other constraints.

### Maintenance

- Preserve assets to ensure they continuously meet service expectations. Monitor asset condition. Act to repair deteriorated assets to mitigate potential risks and ensure the assets are able to achieve their expected useful life.

### Renewal

- Assess asset condition and prioritise replacement (or rehabilitation) of existing assets that have deteriorated to a level that reduces functionality.

### Upgrade

- Assess asset performance and prioritise works to improve the level of service provided by the assets.

### Disposal

- Ensure assets that have no current (or foreseeable future use) are removed from Council's asset portfolio.

## INTEGRATION FUNCTIONS OBJECTIVES

### Access & Inclusion

- Support consideration of access and inclusion initiatives.
- Ensure assets are not constructed in a manner that adversely impacts accessibility.

### Communication

- Support the development and implementation of internal and external communication strategies to support decision makers across all phases of the service and asset lifecycles.

### Community Engagement

- Support appropriate levels of community engagement at each stage of the service and asset lifecycles.

### Data Management

- Support the management of data created and required at each stage of the service and asset lifecycles. This includes: identification of available data sources data collection data processing/ analysis.

### Environmental Sustainability

- Support consideration of environmentally sustainable initiatives at all phases of the service and asset lifecycles.

### Financial Sustainability

- Support assessment of lifecycle cost implications at all stages of the service and asset lifecycles.
- Ensure Council's long term financial plan incorporates future asset maintenance, operating, renewal and disposal costs.

### Governance

- Ensure decision makers at all stages of the service and asset lifecycles, are aware of, and meet all legal and regulatory obligations.
- Ensure Council policies are developed, implemented, reviewed, updated and terminated as appropriate.
- Ensure third party agreements are developed, implemented, reviewed, updated and terminated as appropriate.
- Monitor conformance with agreements and enforce agreement conditions.



## Asset Management

### **Human Resource Management**

- Ensure appropriate human resource strategies are developed, implemented, reviewed, updated and terminated as appropriate.
- Develop training programs to support service and asset management objectives

## **INTEGRATION FUNCTIONS OBJECTIVES**

### **Knowledge Management & Development**

- Coordinate and support the development, retention and transfer of knowledge across the organisation via education programs and other knowledge sharing processes.

### **Service Integration**

- Align business and service plan objectives for all services.
- Integrate directions from related policies and plans.

### **Asset Integration**

- Optimise use of existing assets to deliver service objectives.
- Integrate directions from related policies and plans
- Ensure asset design, creation; maintenance, renewal and disposal are aligned to service needs.
- Ensure asset related improvement recommendations documented in adopted Council strategies and plans are considered during business planning and implemented by decision makers.

### **Protocols, Standards & Process Development & Documentation**

- Support the development and implementation of processes, templates and standards to be used by service and asset managers.

### **Public Relations**

- Manage the flow of information between the organisation and the public to cultivate a positive relationship

## **PERFORMANCE MEASUREMENT & REPORTING**

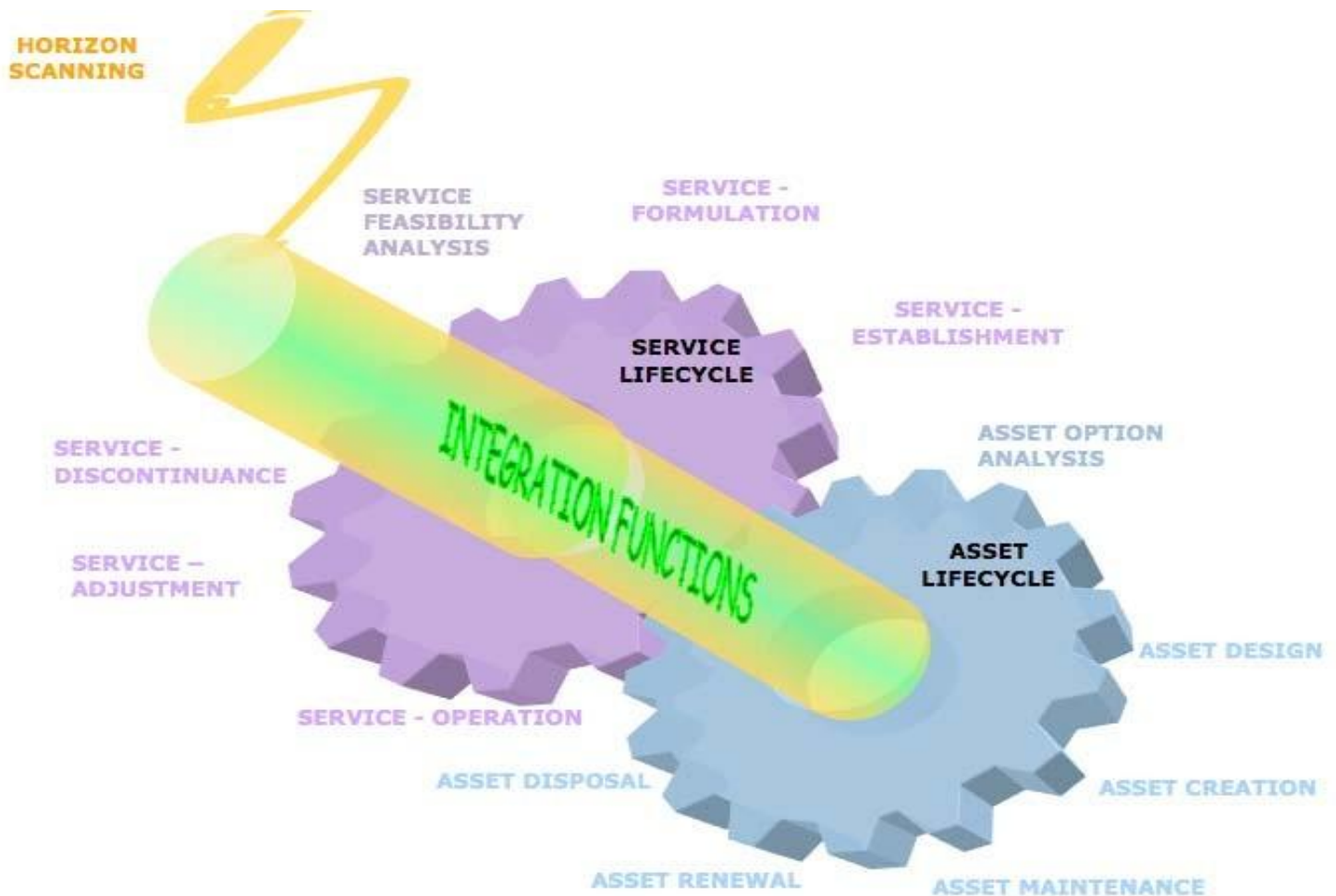
### **Organisation Development**

- Audit and monitor the following:
  - Compliance with regulatory requirements
  - Delivery of service level targets
  - Implementation of improvement projects.
- Support managers and others to develop and reinforce a positive culture consistent with Council's documented core values.

**SERVICE DELIVERY MODEL**

The Service Delivery Model illustrated below is intended to describe the relationship between community demand for services and Council’s responsibilities when managing a service and the supporting assets.

Figure 1 – The Service Delivery Model



In the event that a service requires use of an asset then service expectations must be translated into asset requirements so that an analysis can be undertaken to identify asset options and select the option that best delivers service objectives within physical, financial and other practical constraints. Assessment of asset options will include consideration of lifecycle cost implications and opportunities to optimise the use of the existing asset portfolio.

Asset Management

The **asset** management **lifecycle stages** are: assets options analysis, design, creation, maintenance, renewal and disposal and should be guided by the **Service Delivery Model** outlined in **Figure 1**

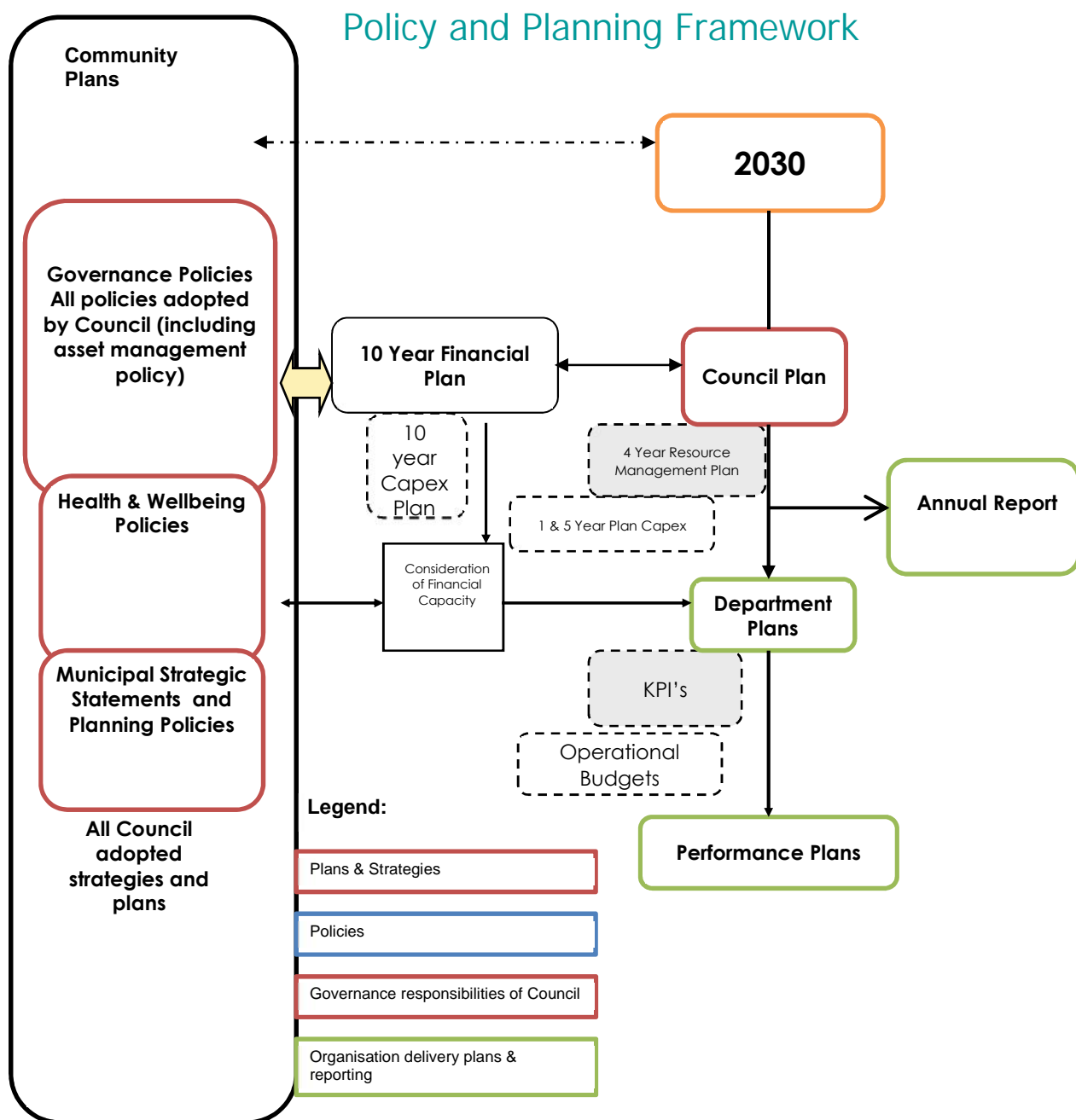
**Related documents:**

The diagram below illustrates how this Policy is related to other Council documents.

Council currently is developing a policy and integrated framework and below is an example of such a framework.

A Council Policy and Planning framework is fundamentally guided by legislative requirements. The framework is also informed by community expectations.

**Figure 1 – Typical Council’s Policy and Planning Framework (to be developed)**





## APPENDIX 2 – BUDGET FRAMEWORK

Asset management practices must ensure that Council's infrastructure asset base is sustained into the future. In order to meet this need and also to meet State and Federal requirements this policy requires that:

- Expenditure reporting is broken down into categories of: operational, maintenance, renewal, upgrade and new; and
- (Funding allocations are broken down into "Discretionary" & "Non- Discretionary" components in both recurrent and capital budgets.

As described in the table below, "Non-Discretionary" Capital Funding is the commitment to fund on-going asset renewal requirements to ensure longevity of Council's assets and ensure assets comply with relevant regulations.

Where operational or capital funding is required to mitigate risk it is also 'Non-Discretionary'. During a critical incident that requires immediate funding, Council may consider diverting funding towards this immediate incident. Diversion from discretionary funding should take precedence over non-discretionary funding to ensure there is minimal impact on service delivery.

"Discretionary" Recurrent/Operational Funding enables the introduction of new or upgraded services. It also enables master planning, strategy development and feasibility studies to be undertaken prior to the approval of discretionary capital projects.

"Discretionary" Capital Funding enables new and upgraded assets to be created and should only occur when all Non-Discretionary Funding obligations have been met. When Council considers discretionary capital expenditure for new and upgraded assets, it is essential to recognise the impact these have on the recurrent maintenance and operational budget. Additional budget is required to support the additional operational and maintenance costs associated with new and upgraded assets. Future renewal costs will also be incurred when a new or upgraded asset reaches the end of its serviceable life.

This additional consequential recurrent funding, due to approved new/expanded services, is classified as a Non-Discretionary operational cost. If this funding is not provided Council can expect a reduction in the level of service that can be provided to the community as funds will be diverted from existing services and assets to help maintain the new / expanded service.

### Capital Investment Evaluation Process

As new and upgraded projects are identified and considered in the annual budget, an assessment of their environmental, social and financial impacts is presented to Council. The financial impact relates to any consequential on-going operational, maintenance and renewal costs that are determined through a lifecycle assessment for the life of the service or asset.

Each new/upgrade capital project will have a social, environmental and lifecycle assessment conducted as part of completing the project implementation plan that is conducted during the development of the capital works program.

Table 1 – Asset Management Expenditure Categories

<b>Capital Expenditure</b>	
<b>Renewal</b>	<b>Legal Compliance</b>
<b>'Non-Discretionary'</b>	
Funds to renew (i.e. replace/ rehabilitate) existing assets. These funds are necessary in order for the existing assets to remain in a condition that is safe for use and to retain their capacity to deliver specified levels of service. Funding must allow for renewal of all additional new and upgraded assets created for new or improved services.	Funds to address any non-compliance with relevant regulatory obligations. These funds are necessary to mitigate risk associated with assets that are not compliant with relevant regulations.
<b>New</b>	<b>Upgrade</b>
<b>'Discretionary'</b>	
Funding for the provision of new assets to support delivery of new, improved, or expanded services. Funds should only be allocated only when all non-discretionary requirements are met.	Funding for the provision of improved or expanded assets to support delivery of new, improved, or expanded services. Funds should only be allocated only when all non-discretionary requirements are met.
<b>Recurrent Expenditure</b>	
<b>Maintenance</b>	<b>Operational</b>
<b>'Discretionary'</b>	
Funds for the introduction of new asset maintenance services.	Funds for the introduction of new or upgraded services and to enable master planning/ strategy development and feasibility studies to be undertaken prior to the approval of capital works projects.
<b>Maintenance</b>	<b>Operational</b>
<b>'Non-Discretionary'</b>	
Funds to maintain existing asset stocks and mitigate risks so that existing services are maintained to approved service standards.	Funds to operate existing asset stocks so that existing services can be delivered to approved service standards.
<b>Consequential Recurrent Expenditure</b>	
<b>Maintenance</b>	<b>Operational</b>
<b>'Non-Discretionary'</b>	
Funds to undertake the additional maintenance (as determined by the lifecycle cost analysis) that will be incurred as a result of the creation of new and upgraded assets.	Funds for the operation of new and upgraded assets (as determined by the lifecycle cost analysis) that will be incurred as a result of the creation of new and upgraded assets.

Responsible Officer: Manager Community Assets

"[Insert Date Approved / Adopted]"

TRIM Reference: 20/24727