ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

18 February 2014

Agenda Item 7.1   **Asset Management Policy**

GREATER SHEPPARTON CITY COUNCIL

Policy Number 03.POL1

ASSET MANAGEMENT POLICY

Version 2.0

Adopted Day Month Year

Business Unit:	Business
Responsible Officer:	Manager of Strategic Assets
Approved By:	Chief Executive Officer
Next Review:	18 February 2017

PURPOSE

This Policy sets out the Council's commitment to manage and care for its assets, as an integral part of its delivery of services to the community.

SCOPE

This Policy applies to Council management, staff and members of special committees (Section 86 Committees) who have asset management responsibilities.

DEFINITIONS

Reference term	Definition
Asset	A physical asset built or constructed to provide a service to the community and which requires management by Council. For the purpose of this policy, "assets" include all Council assets, including: • Infrastructure assets (i.e. roads, footpaths, cycle paths, kerb and channel, street furniture, signage, street trees, bridges, buildings, drains, playgrounds, open space and sporting reserves); • Cultural assets (i.e. art collections); • Office equipment (software, desks, computers, etc.); • Vehicles; • Plant equipment and associated infrastructure required for the delivery of Council services (which may be non-Council and utilised through a formal agreement).
Asset Management	The systematic and coordinated activities and practices of an organisation to optimally and sustainably deliver on its objectives through the cost-effective lifecycle management of assets
Asset Management Strategy	A strategy for asset management covering the development and implementation of plans and programs for asset creation, operation, maintenance, rehabilitation/replacement, disposal and performance monitoring to ensure that desired levels of service and other operational objectives are achieved at optimum cost.
Asset Management Plan	Long-term plans (usually 10-20 years or more for infrastructure assets) that outline the asset activities and programs for each service area and resources applied to provide a defined level of service in the most cost-effective way.
Renewal	Renewals are works to refurbish or replace existing facilities with facilities of equivalent capacity or performance capability defined as: • The renewal and rehabilitation of existing assets to their original size and capacity. • The replacement component of capital works that restores the assets to their original size and capacity • The replacement of the entire asset with the equivalent size or capacity.

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Reference term	Definition
Upgrade	Capital Upgrades are works or acquisitions for the extension or upgrading of assets catering for growth or additional levels of service. Capital upgrades include: • Works that improve an asset beyond its original size or capacity. • Upgrade works that increase the capacity of an asset. • Works designed to produce an improvement in the standard and operation of the asset beyond its original capacity.
New	New works or acquisitions that create an asset that did not exist in any shape or form.
Service	A combination of tangible and intangible benefits that can be produced and consumed.
Service Level	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.
Service Plans	A Service Plan is a document that provides an outline of the services that a Council provides. A service plan will aim to meet the current and future asset needs of the community, and provide a framework that will guide service development, facility planning, workforce development and asset planning.
Life Cycle Cost	The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, and renewal and disposal costs.
Renewal Gap	The difference between the current renewal funding and the required renewal demand.

POLICY

Asset management is a major responsibility of Council in undertaking its primary objective of achieving the best outcomes for the local community having regard to the long term and cumulative effects of decisions.

Council as the custodian of a variety of community assets, including a large infrastructure network, will endeavor to:

• Determine sustainable agreed levels of service in consultation with the community which will then allow Council to determine which assets are required to deliver those agreed levels of service. Council may retire or rationalise assets where appropriate.

• Maintain its assets so they are safe for use for the benefit of current and future generations.

• Prepare Service Plans for each asset class, which will define and quantify the level of service to be delivered by Council to the community.

• Incorporate responsible asset management principles into long term financial and corporate planning, including the Council Plan and the Strategic Resource Plan.

• Review and adopt Asset Management Plans for categories of assets:

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        ○   Which include levels of service

        ○   That are informed by community consultation and local government financial reporting frameworks

        ○   Which communicate information about assets, including particular actions required to provide defined levels of service whilst achieving value for money.

- Estimate the projected asset renewal demand and measure Council's projected renewal gap based on the condition of assets as determined by survey.

- Secure grants, user fees and other funding for the maintenance, renewal, upgrade and creation of assets to assist in providing agreed levels of service.

- Allocate priority funding to asset renewal based on assessed condition critical to maintain an agreed minimum service level.

- Renew existing assets at the optimal time to avoid deferred liability expenditure being borne by future generations.

- Utilise asset investment guidelines to assist in determining which renewal, upgrade and new projects are funded.

- Consider the whole of life cost of any proposed asset prior to the adoption of a project; these costs include operational, maintenance and renewal costs over the life of the asset.

- Provide training to Councillors and staff with asset management responsibilities, so that asset management principles, practices and responsibilities are understood.

- Implement and regularly review an Asset Management Strategy which identifies improvement opportunities that will lead to best practice in asset management.

- Monitor Council's performance with respect to asset management in accordance with measures developed as part of Council's Asset Management Strategy.

RESPONSIBILITIES

The roles and responsibilities for asset management are:

    <u>Council</u>: Overall custodian of assets; adopt policy and asset management plans incorporating level of service and allocate budget resources.

    <u>Chief Executive Officer</u>: Oversee and implement asset management policy, strategy and plans and integrate into Council's long term financial and corporate planning with agreed resources.

    <u>Senior Staff and Asset Managers including Section 86 Committees</u>: Develop and implement asset management policy, strategy and plans with agreed resources.

RELATED POLICIES AND DIRECTIVES

The implementation of the Asset Management Policy supports the following Greater Shepparton City Council strategic documents:
- *Asset Management Strategy*
- *Asset Management Plans*
- *Service Plans*
- *Road Management Plan*
- *Infrastructure Design Manual*

RELATED LEGISLATION

- Local Government Act 1989 (the Act). Regulations under the Act
- Road Management Act

REFERENCES

- Australian Accounting Standards (AASB116)
- Institute of Public Works Engineering Australia (IPWEA) and Association of Local Government NZ Inc (INGENIUM) International Infrastructure Management Manual

REVIEW

This Policy will be reviewed every three years.

Gavin Cator   **Date**
Chief Executive Officer

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PURPOSE

This policy sets out the Council's commitment to manage and care for its assets, as an integral part of its delivery of services to the community, so that through the utilisation of best practice the Council can achieve its vision and meet the sustainable levels of service agreed with the community.

BACKGROUND

Asset Management in the Greater Shepparton City Council means the utilisation of best practice to ensure that the wide variety of assets under its control are provided and maintained in a set condition and replaced as required, to ensure that the services that utilise these assets deliver sustainable and agreed levels of service to the community.

Asset Management, being an integral component of service delivery, involves all areas of Council from those that plan services, provide services including the management of assets and those who use the assets. Council will ensure that integrated decision making will be utilised in order that the built, social, economic and natural impacts of asset provision and maintenance are properly considered throughout the asset management process and the delivery of Council services.

This policy shall be read in conjunction with the Financial Strategic Plan and various strategic documents including:

- Greater Shepparton Strategy
- Council Plan
- Asset Management Strategy
- Asset Management Plans
- Service Plans
- Various Council Plans and Strategies

POLICY COMMITMENT

The Vision for the Greater Shepparton City Council is "as the food bowl of Australia, a sustainable, innovative and diverse community."

Council recognises the importance of integrated asset management, to achieve this Vision, and therefore Council is committed to:

- Achieving financial sustainability of the services it delivers including the sustainability of the assets it uses to deliver those services through the following measures:

  - Giving priority to capital renewal expenditure over new and upgrade expenditure in allocating capital funds and in reviewing and updating a capital projects evaluation model to assist in determining which projects are funded;

  - Introducing a project management system which will require the preparation of a business case, which identifies the whole of life costs, for all projects that create a new or upgrade an existing asset. This will enable Council to determine the impact of this project on its overall sustainability before funding such a project;

  - Determining sustainable agreed levels of service with the community which will then allow Council to determine which assets are required to deliver those agreed levels of service;

  - Securing increasing grant and other funding for maintenance and renewal of its existing assets to ensure that agreed levels of service are being met;

  - Ensuring the Financial Strategic Plan identifies all operational, maintenance, renewal, upgrade and new expenditure and income for a 10 year period and that the expenditure and income forecasts are based upon service plans for each of services delivered by Council;

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- The identification of the actual asset renewal demand based on the condition of assets as determined by survey;

- Review and monitoring of all assumptions made in relation to asset life and asset replacement costs;

- Preparation and reviewing of Asset Management Plans which identify and quantify renewal demands, new and upgrade requirements;

- Preparation of Service Plans which defines and quantifies the level of service being delivered by Council and identifies the total actual cost of delivering the service including asset renewal, new and upgrade requirements;

- Managing demand for improved or new services;

- Community consultation to determine sustainable agreed levels of service, using a "5 star" rating system, for all services delivered by Council;

- Integrated management linking asset management strategy, policy, plans and procedures to other Council policies, strategies, service plans, levels of service and procedures and in particular to the Council Plan and the Financial Strategic Plan;

- Preparation of an Asset Management Strategy which details how this policy is to be implemented;

- An integrated planning approach which ensures service managers roles are understood and documented and that communication procedures are in place which ensure assets are planned and delivered in a sustainable manner as part of the overall delivery of services for which they are responsible;

- Training of Councillors and staff to ensure that they are able to understand and deliver sustainable services that meet the agreed levels of service and so they understand that asset management is an integral part of service delivery;

- Implementation of Best Practice through implementing the following measures:
    - Utilisation of technological advances relevant to asset management;
    - Participation in and conduct of research to determine more accurately the assumptions made in relation to useful life of assets, degradation of assets with time, review of condition assessment criteria and methodology and other assumptions made which cannot be backed up with data;
    - Participation in regional asset management forums;
    - Implementing improvement opportunities identified through participation in the MAV's STEP program and the National Asset Management Assessment Framework for Local Government with the aim of achieving and maintaining the advanced level of maturity in Asset Management;
    - Keeping up to date with asset management developments through attending conferences, participating in online forums and benchmarking asset management practices against leaders;

- Improving its maintenance and rehabilitation practices to maintain and where possible increase the remaining life of assets;

- Maintaining and rehabilitating its existing assets in a manner which is acceptable to the community in terms of financial burden, safety, quality, impact on the environment, meeting needs and Council's ability to fund those works;

- Maximising asset management resources to achieve the best outcome for the community;

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- Council's financial and asset management reporting being categorised in terms of operation, maintenance, renewal, upgrade and new expenditure classifications;

- Regularly consulting and surveying the community to determine whether the agreed levels of service are being delivered;

- Monitoring its performance in accordance with measures developed as part of its Asset Management Strategy;

- Adoption of a capital works evaluation model for determining priorities for projects;

- Reporting to the community on the achievement of delivering agreed levels of service.

IMPLEMENTATION OF POLICY

The implementation of this policy shall be the responsibility of the Asset Management and Planning Working Group who shall report quarterly to the Executive Leadership Group and Council on the implementation of this policy.

ROLES AND RESPONSIBILITIES

Asset Management involves the participation of and is the responsibility of the Council, the Executive leadership Team and all Council staff. The specific responsibilities of each of these groups are detailed in the Asset Management Strategy.

REVIEW PERIOD	RESPONSIBLE OFFICER
Every three years	Manager of Asset System and Infrastructure Maintenance
REVIEW TO BE UNDERTAKEN BY	Asset Management and Project Planning Working Group

APPROVED

Adopted	**Minute Book Reference No. 6th April 2004 – 4.11**
Revised	**Minute Book Reference No. 2nd October 2007**
Revised	

Chief Executive Officer: …………………………………………………………………………..