

## POLICY REPORTS

### **6 ASSET MANAGEMENT POLICY**

FILE REFERENCE INT181986

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#### **RECOMMENDATION**

That the Asset Management Policy – Version 4 be adopted.

#### **Attachments**

1 Asset Management Policy - Version 4 6 Pages

#### **EXECUTIVE SUMMARY**

This report concerns the review of Council's Asset Management Policy. It represents the revised version of the document that has been vetted by the Asset Management Steering Committee and endorsed by SLT.

#### **BACKGROUND**

The Asset Management Policy outlines the principles, requirements and responsibilities for undertaking asset management across the organisation in a structured and coordinated way, with linkages to the strategic objectives in the Council Plan.

Council's original Asset Management Policy was developed in 2003 as part of the Municipal Association of Victoria's (MAV) "STEP" asset management improvement program. It was based on templates provided by the MAV to all STEP Program participating Councils and their development was one of the first goals for Council to achieve in the first 6 months. The Policy was adopted at the Council meeting on 21 July 2003 and has been formally reviewed in 2009 and 2014.

In January 2014 three international standards were published in relation to asset management:

- ISO 55000: Asset Management – Overview, principles and terminology
- ISO 55001: Asset Management – Management Systems - Requirements
- ISO 55002: Asset Management – Management Systems – Guidelines for the Application of ISO 55001

The revised Policy has been developed in keeping with these standards and the recommendations in the International Infrastructure Management Manual published by the Institute of Public Works Engineering Australasia.

#### **POLICY IMPLICATIONS**

The amendments to the Asset Management Policy detail the linkages to other strategic Council documents as well as specify the responsibilities of Councillors, management and staff with regards to asset management.

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## RELEVANCE TO COUNCIL PLAN

The Council Plan includes the following strategic objective.

### **3. Our environment**

We will continue to plan and manage the natural and built environment for present and future generations.

This will be achieved by:

#### **3.1. Provision and maintenance of assets on a life-cycle basis**

3.1.4. Manage Council's assets like roads, drainage, footpaths and buildings, etc. in a way that ensures they are adequately maintained over their life.

The Asset Management Framework diagram noted in the Policy formalises the interrelationship between Council Plan, Asset Management Policy, Asset Management Strategy, Asset Management Plans, Long Term Financial Plan and more.

## CONSULTATION/COMMUNICATION

The Asset Management Steering Committee, made up of representatives from across all areas of service provision within the organisation, was consulted as part of this document review.

## FINANCIAL AND RESOURCE IMPLICATIONS

While the Policy does not have a direct impact on Council resources it does set in place a framework that ensures that Council's Asset Management Plans and the resource requirements noted within are integrated into Council's processes for developing the Long Term Financial Plan, Strategic Resource Plan, Annual Budget and ten-year Capital Works Program.

## CONCLUSION

This revised Policy is evidence of Council's commitment to continual improvement in its Asset Management practices.

## Asset Management Policy

HPRM number	INT1741446		
Policy owner	Infrastructure Services		
Adopted by	Council		
Adoption date	Click to select date	Scheduled review date:	31/12/2021
Publication	CardiNet and website		
Revision/version number	Latest Revision - Version 4		

### 1 Policy alignment

The Council Plan identifies the following vision:

*Cardinia Shire will be developed in a planned manner to enable present and future generations to live healthy and productive lives and to enjoy the richness of the diverse and distinctive characteristics of the shire.*

The following objectives in the Council Plan relates to Asset Management:

3.1. Provision and maintenance of assets on a life-cycle basis

3.1.4. Manage Council's assets like roads, drainage, footpaths and buildings, etc. in a way that ensures they are adequately maintained over their life.

### 2 Purpose

The purpose of this policy is to outline a framework and principles for the sustainable and effective lifecycle management of all infrastructure assets owned, controlled and/or maintained by Council.

### 3 Scope

This policy applies to all infrastructure asset classes essential for service delivery. They include assets such as roads, pathways, bridges, kerb and channel, street trees, buildings and facilities, drainage, play spaces, open space, sporting reserves, signage and public lighting. This policy is applicable organisation-wide, including areas that do not have specific responsibilities for managing the infrastructure assets but make use of these assets in the delivery of services.

### 4 Policy description

#### 4.1 Vision

Cardinia Shire Council will optimise the whole of life costs of its infrastructure assets, while meeting the present and future service delivery needs of the community and minimising exposure to risk.

## 4.2 Principles

Council's asset management objectives will be in alignment with the following principles:

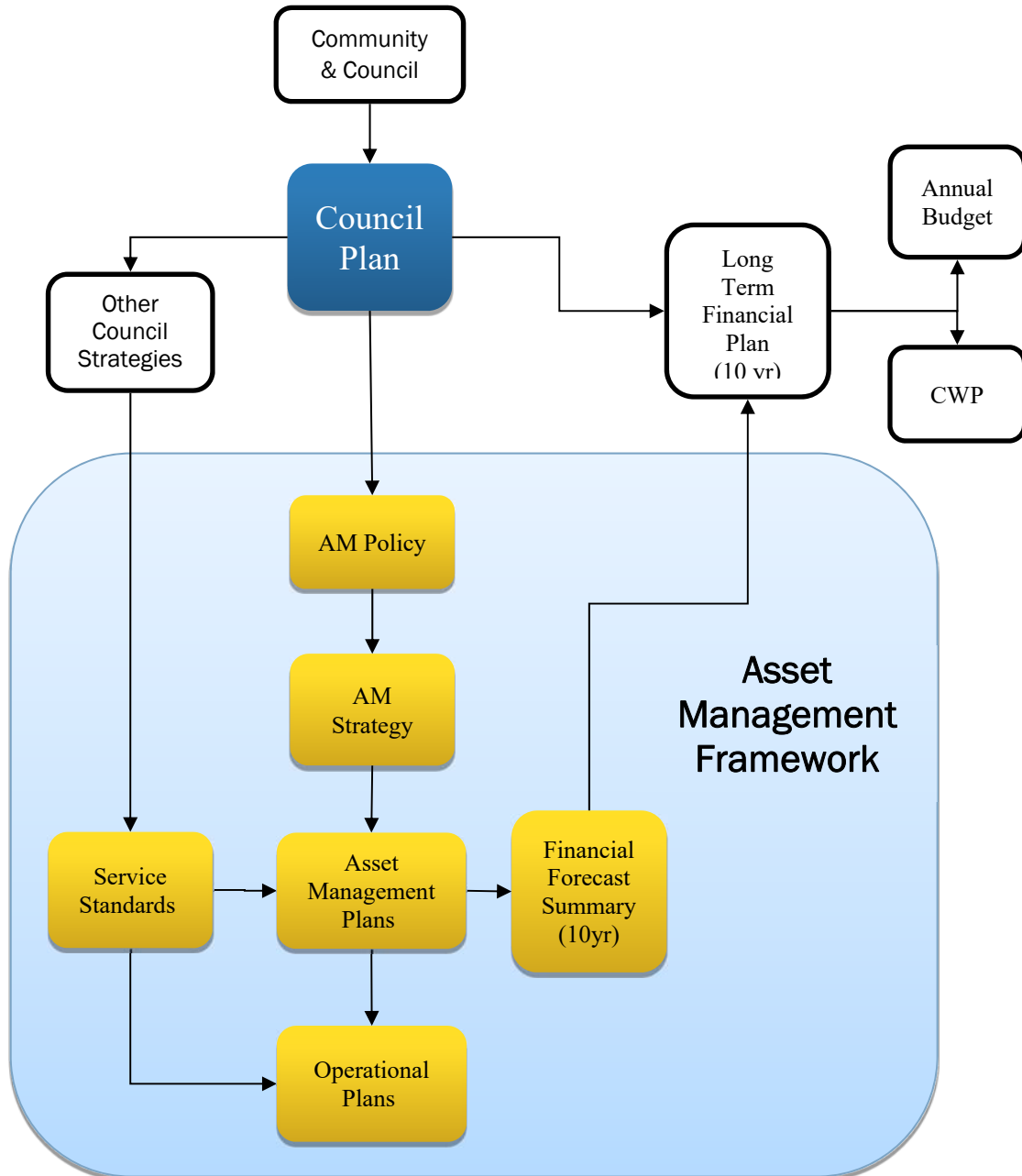
- Asset management will be an integral element of Council's planning, budgeting and reporting frameworks.
- An asset management framework will be utilised to enable the development and application of appropriate asset management practices for the different infrastructure asset classes.
- Community engagement and needs will form part of all significant decisions affecting infrastructure.
- Implementation of a forward-looking, long-term sustainable view to the provision and management of infrastructure assets, including a lifecycle approach to asset management.
- Provide easy access to up-to-date information on assets used for service delivery, including physical parameters and data on valuation, condition, maintenance history, performance and risk.
- Develop service levels based on responding to community needs, including expansion of the existing infrastructure networks to support the growing population, while ensuring that necessary funding is allocated to renewing existing assets in a timely manner, for ongoing provision of acceptable levels of service.
- Decision making for service delivery will be focused on asset renewal, rationalising under-utilised assets and non-asset solutions as far as practicable, in order to achieve a cost-effective asset base and deliver financial sustainability.
- A computerised and integrated Asset Information Management System (AIMS) will be used to record the core asset data to ensure a common data set is available for strategic, operational and financial reporting purposes.
- Asset valuations and revaluations will be undertaken in accordance with Council's Asset Valuation Guidelines
- Financial and asset management reporting will be categorised in terms of operational, maintenance, renewal, expansion, upgrade and new expenditure classifications to enable sound asset management decisions.
- Asset management performance and progress will be reported regularly to the community and will be integrated with the local government performance reporting framework.

## 4.3 Asset management framework

Asset management is a key element of Council's integrated planning framework. Hence this policy doesn't exist in isolation, rather it forms an integral part of Council's Asset Management Framework of interrelated and integrated elements.

The following figure illustrates the integral relationship between Asset Management Documents and other key Council documents. Council to implement a coordinated approach to the management of all infrastructure assets essential for its service delivery.

**Figure 1. Asset Management document framework within the context of other Corporate Frameworks**



### 4.3.1 Framework Key Elements

Council's Asset Management Framework includes the following key elements, in pursuing the vision and objectives.

- **Asset Management Policy**
- **Asset Management Strategy:** provides a road map for the delivery of asset management objectives in accordance with the principles set forth in this Policy. It will be continually monitored and regularly reviewed by an Asset Management Steering Committee.
- **Asset Management Plans (AMP):** are developed for all major infrastructure asset groups including:
  - Roads
  - Pathways
  - Bridges
  - Drainage
  - Buildings
  - Open Space

The AMPs are continually reviewed, to ensure long-term sustainability of the Council services they support.

They are informed by community consultation and will be used as core inputs into the development of Council's Long Term Financial Plan.

- A range of standard operating procedures and appropriate risk management practices that support this policy will be implemented.
- Operational plans incorporating effective and affordable preventative maintenance programs will be implemented to minimise lifecycle costs and maximise service potential of assets.

## 4.4 Responsibilities

Cardinia Shire Council recognises that asset management needs a 'whole of organisation' approach. Hence appropriate skills development and training programs will be initiated to increase awareness and build internal capacity to undertake the required asset management activities. Capacity building includes training for Councillors and Council personnel. Following each Council election, a session on asset management will also be held with the newly elected representatives.

Council also recognises the importance of establishing well-defined roles and responsibilities for its staff and Council with respect to asset management. The asset management responsibilities for the key stakeholders are summarised below.

### 1. Councillors

- Act as stewards for infrastructure assets and set corporate asset management policy and vision.
- Approve Long Term Financial Plans and provide appropriate resources for asset management activities.

## 2. Chief Executive Officer and Senior Leadership Team

- Continually promote asset management to the organisation, to Councillors and to the community.
- Develop a Long Term Financial Plan that reflects the state of the assets and recognises asset consumption.
- Endorse Asset Management Plans and monitor their outcomes.
- Integrate asset management, service planning and financial planning within Council.
- Ensure that asset management policies, strategies and plans are integrated into the corporate governance framework.
- Foster and support a multi-disciplinary Asset Management Steering Committee.
- Ensure that accurate and reliable asset information is presented to Council for decision making.
- Ensure that adequate resources are available for meeting the asset management objectives and principles.
- Ensure staff are appropriately trained and skilled to perform the required asset management functions.

## 3. Asset Management Steering Committee

- Monitor and evaluate asset management practice and the implementation of the asset management policy and strategy.
- Provide a coordinated and collaborative approach to asset management and asset management improvement across Council.
- Adopt a cross-functional view and resolve differences between business units when necessary and provide asset management leadership and support to achieve the benefits sought by Council.
- Regularly report to the CEO/Senior Leadership Team on asset management performance and improvement actions.

## 4. Management and staff

- Develop and implement Asset Management Plans for individual asset classes using principles of lifecycle analysis.
- Develop and implement improvement plans for individual asset classes.
- Implement maintenance, rehabilitation and capital works programs in accordance with Asset Management Plans and the annual budget.
- Consult with stakeholders and deliver levels of service to agreed risk and cost standards.
- Manage infrastructure assets in consideration of long term sustainability.
- Utilise an integrated Asset Information Management System appropriately for asset management tasks.

### 4.5 Review

As part of a commitment to continual improvement this policy and the asset management framework will be reviewed by 31 December of the second year after each general Council election.

## 5 Compliance

N/A

## 6 Related documents

Type of document	Title and/or HPRM reference
Commonwealth/Victorian legislation	Local Government Act 1989
Strategic directions paper	N/A
Policies	
Strategies	Asset Management Strategy Asset Management Plans – Roads, Pathways, Bridges, Drainage, Open Space, and Buildings
Guidelines	<ul style="list-style-type: none"> <li>• Asset Valuation Guidelines</li> <li>• ISO 55000: Asset Management – Overview, principles and terminology</li> <li>• ISO 55001: Asset Management – Management Systems - Requirements</li> <li>• ISO 55002: Asset Management – Management Systems – Guidelines for the Application of ISO 55001</li> <li>• International Infrastructure Management Manual, IPWEA, 2015</li> </ul>
Procedures	

## 7 Glossary of terms

**Asset** – An item, thing or entity that has potential or actual value to an organisation. (Such as plant, machinery, buildings, etc.)

**Asset Information Management System (AIMS)** - A combination of processes, data, software, and hardware applied to provide the essential outputs for effective asset management.

**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.

**Infrastructure assets** – physical assets and networks (such as roads, drainage, footpaths, buildings) serving the community, where the system as a whole is intended to be maintained indefinitely at a particular level of service potential by the continuing replacement and refurbishment of its components.

**Lifecycle** – the time interval that commences with the identification of the need for an asset and terminates with the decommissioning of the asset or any liabilities thereafter.