

CP 07 Asset Management Policy

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Purpose

The purpose of this policy is to set guidelines for implementing consistent asset management processes throughout the Benalla Rural City Council.

To set a broad framework for undertaking the management of infrastructure assets in a proactive, structured, coordinated, cost effective and financially sustainable manner across the whole organisation and to assess continued "ownership" and the management of risk, both financially and operationally and provides for a flexible approach to ensure the importance of "best practice" asset management for the Council's infrastructure assets to meet the demands of the present and future generations.

In addition, the policy enables consistency of decision making within a prioritisation framework and enables the Council and staff to ensure that Councils' assets continue to function and meet the needs and expectations of the community and ensures that Asset Management and the importance of managing Council's infrastructure assets for present and future generations is clearly understood and recognised by Council and its community.

The policy complements and builds upon the Benalla Rural City Council Plan and provides a more formalised approach to asset management, principles and methodology. It also provides the ability to plan for present and future generations, an essential ingredient to achieving Council's vision for asset management.

Scope

Where AM is fundamental element of Council service delivery, effective Asset Management delivery will ensure long-term sustainability, cost benefits, the meeting of community expectations This policy therefore applies to all the Benalla Rural City Council's departments, officers, employees, volunteers and contractors. Council staff have a corporate responsibility to provide the correct technical and professional advice so that the Councilor's can make informed decisions in conjunction with and on behalf of the community they represent.

Objectives

To ensure adequate provision is made for the long-term replacement of major assets by:

- Ensuring that services and infrastructure are provided in a financially sustainable manner, with the appropriate levels of service to customers and the environment.
- Safeguarding infrastructure assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.
- Creating an environment where all employees take an integral part in overall management of infrastructure assets by creating and sustaining an asset management awareness throughout the Council by training and development.
- Meeting any legislative and regulatory requirements for asset management.
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
- Demonstrating transparent and responsible asset management processes that align with demonstrated best practice.
- The community's needs are considered through consultation.

1. Policy

1.1 Background

Asset management practices impact directly on the core business of the Council and appropriate asset management is required to achieve our strategic service delivery objectives.

Adopting asset management principles will assist in achieving Council's Strategic Long Term Plan and Long Term Financial objectives.

Sustainable Service Delivery ensures that services are delivered in a socially, economically and environmentally responsible manner in such a way that does not compromise the ability of future generations to make their own choices.

Sound Asset Management practices enable sustainable service delivery by integrating community values, priorities and an informed understanding of the trade-offs between risks, costs and service performance.

1.2 Principles

The Council's sustainable service delivery needs will be met by ensuring adequate provision is made for the long-term planning, financing, operation, maintenance, renewal, upgrade, and disposal of capital assets by:

- 1.2.1 Ensuring that the Council's capital assets are provided in a manner that respects financial, cultural, economic and environmental sustainability
- 1.2.2 Meeting all relevant legislative and regulatory requirements
- 1.2.3 Demonstrating transparent and responsible Asset Management processes that align with demonstrable best-practices
- 1.2.4 Implementing sound Asset Management plans and strategies and providing sufficient financial resources to accomplish them by:

- a. Asset Management plans will be completed by the asset custodians for all major asset classes using the IPWEA NAMS+ templates.
- b. Expenditure projections from Asset Management Plans will be incorporated into the Councils Long Term Financial Plan and to be informed from the projections of Long Term Financial Planning and Strategic Resourcing.
- c. Regular and systematic reviews will be applied to all asset plans to ensure that assets are managed, valued, and depreciated in accordance with appropriate best practice.
- d. Regular inspection will be used as part of the asset management process to ensure agreed service levels are maintained and to identify asset renewal priorities.
- e. Asset renewals required to meet agreed service levels and identified in adopted service management plans, asset management plans, and when applicable long term financial plans, will form the basis of annual budget estimates with the service and risk consequences of variations in defined asset renewals and budget resources documented.
- f. Future whole of life cycle costs will be reported and considered in all decisions relating to new services and assets and upgrading of existing services and assets and as a review of existing asset performance.
- g. Future service levels with associated delivery costs will be determined in consultation with the community and documented in the appropriate service management plans.
- h. Ensuring necessary capacity and other operational capabilities are provided and Asset Management responsibilities are effectively allocated;
- i. Creating a corporate culture where all employees play a part in overall care for the Council's assets by providing necessary awareness, training and professional development; and
- j. Providing those we serve with services and levels of service for which they are willing and able to pay.

1.3 Renewal of assets will take precedence over any Expansion or Upgrade of existing assets and before any New assets are considered, including whole of life and financial resourcing constraints.

1.4 All capital expenditure on assets will be justified by having a business case, be scoped and reviewed by the Asset Management Working Group (or similar) before being reviewed by Council for adoption in the capital works program in accordance with the evaluation procedure and any community consultation.

2. Related Documents

Council Plan

Asset Management Strategy

Asset Management Plans

Service Management Plans

Long Term Financial Plan

Terms of reference Asset Management Working Group

Asset Management Procedures

3. Responsibility

Councillors are responsible for adopting the policy, allocating resources, and providing high level oversight of the delivery of the Council's asset management strategy and plans. The council is also responsible for ensuring that Council's resources are appropriately allocated to ensure sustainable service delivery.

The **Chief Executive Officer** has overall responsibility for developing an asset management strategy, plans, procedures, reporting and related documents on the status and effectiveness of asset management within the Council. The CEO will also ensure that education in Asset Management for Councilor's is conducted at the commencement of a newly elected council or councilor.

Asset Custodians are to abide by asset management policies, procedures and plans in the management of any asset they have under their management portfolio and to develop and maintain the service management plans that apply to those assets and services.

Asset Management Working Group is to represent the whole of Council in determining an overarching asset management philosophy within Council, facilitate the development of Asset Management documentation, manage the process of Business Case development for capital works by providing assistance and review to proposals from Council, staff and the community in accordance with the terms of reference and that the training needs of Council staff, in Asset Management is resourced. The group also has responsibility for the development, reporting and adoption of Asset Management Policy, Strategy, Plans and Asset Management performance.

Asset Management Team is to implement the asset management principles and this policy and any other supporting documentation as directed by the CEO and best practice. They are also to provide an annual state of the assets report detailing renewal gap calculations and other relevant information.

Finance Team are to provide a report detailing expenditure in maintenance, capital and operational costs in association with the Long Term Financial Plan.

People and Performance are to identify the training gap from the skills matrix developed for Asset Management in Council.

4. Review Date

This policy has a life of not more than four years, or less at the discretion of the current Council. It will be reviewed in the first six months of the first year of an elected council's term where the current policy will be cancelled and a new one adopted by Council.

5. Conclusion

Adopting best practice Asset Management will contribute to the sustainability of Council, maintain Assets in a responsible manner and consider community expectations within the financial limitations that Council experiences.

Acknowledgement

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