

## **5.1: REVIEW OF ASSET MANAGEMENT POLICY**

<b>Proponent</b>	: City of Albany
<b>Owner</b>	: City of Albany
<b>Attachments</b>	: Draft Asset Management Policy
<b>Councillor Workstation</b>	: Nil.
<b>Responsible Officer(s)</b>	: Executive Director Works and Services (M Thomson)

### **Maps and Diagrams:**

Nil

### **IN BRIEF**

- Adoption of the revised Asset Management Policy to comply with the amended Local Government (Administration) Regulations 1996, which require local authorities to complete a Strategic Community Plan and Corporate Business Plan that includes the development/review of its asset management program.

### **RECOMMENDATION**

#### **ITEM 5.2 RESOLUTION VOTING REQUIREMENT: SIMPLE MAJORITY**

**MOVED: COUNCILLOR BOWLES  
SECONDED: COUNCILLOR GREGSON**

**THAT Council ADOPT the revised City of Albany Asset Management Policy (as detailed in the attachment) in accordance with Section 5.56(1) and (2) of the Local Government (Administration) Regulations 1996 (as amended).**

**CARRIED 12-0**

### **BACKGROUND**

1. The State Government's Local Government Reform Program has provided an Integrated Planning Framework and Guidelines which reflect a nationally consistent approach to integrated planning as expressed by the Council of Australian Governments' Local Government Planning Ministers' Council.
2. The integration of asset, service and financial plans means the Local Government's resource capabilities are matched to their community's needs.
3. The minimum requirement to meet the intent of this overall plan for the future is the development of a Strategic Community Plan and Corporate Business Plan. As part of the Strategic Community Plan, Local Government must review their Asset programs
4. As an important initial step in respect to Asset Management, Council staff have reviewed its existing Asset Management Policy to align it to the framework requirements.

## **DISCUSSION**

5. Asset management is critical to meeting Local Government strategic goals within an Integrated Planning approach. It gives Local Governments a framework for establishing local priorities and to link this information to operational functions.
6. The current Asset Management Policy has been internally reviewed in order to align the documentation with the amended legislation. It establishes a platform for service delivery and provides the framework that enables the Asset Management Strategy and Plans to be produced. The Asset Management Policy must support a 'whole of life' and 'whole of organisation' approach to asset management.
7. This Policy is an administrative tool to outline a Local Government's asset management objectives, targets and plans.
8. Public consultation will be sought in the development of the Strategic Community Plan, to establish the community's vision for the local government's future, including aspirations and service expectations. Further consultation in respect to the Asset Management Strategy and Asset Management Plans is envisaged as part of this process. It is not considered necessary to seek community feedback on the policy as it serves as an overarching document which aligns the City with current legislation.

## **GOVERNMENT CONSULTATION**

9. The Department of Local Government has amended the Local Government (Administration) Regulations 1996, to direct Local Authorities to ensure that a corporate business plan is made for each district that includes the development and integration of matters relating to resources, including asset management, workforce planning and long-term financial planning.

## **PUBLIC CONSULTATION / ENGAGEMENT**

10. The Local Government Act 1996 legislation and Integrated Planning Framework process requires the City to complete a Strategic Community Plan which involves seeking genuine and, as far as practicable, representative community input. A program of consultation with elected members has commenced.
11. The integration of asset, service and financial plans means the Local Government's resource capabilities are matched to their community's needs and expectations.
12. The alignment of the Asset Management Policy, the subject of this review, to the Integrated Planning Framework ensures that appropriate consultation is undertaken for documents which will flow from the Policy (ie Asset Management Strategy and Asset Management Plans).

## **STATUTORY IMPLICATIONS**

13. Section 19DA of the Local Government (Administration) Regulations 1996 has been amended to require each local government to integrate community aspirations and desired outcomes with community planning, services, assets and land-use to develop achievable operational plans, services and issue-specific strategies.

**STRATEGIC IMPLICATIONS**

14. This item directly relates to the following elements of the 2011 City of Albany Strategic Plan:

**Key Focus Area:** *Sustainability and Development*

**Community Priority:** *Asset Management*

**POLICY IMPLICATIONS**

15. Council adopted an Asset Management Policy in June 2009. In accordance with the amended legislation, Council is required to review its Asset Management Policy, Strategy and Plans. The Asset Management Plan has been reviewed using the Department of Local Government's Integrated Planning and Reporting Framework Guidelines.

**RISK IDENTIFICATION & MITIGATION**

16. The risk identification and categorisation relies on the City's Risk Management Framework.

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
<i>Council does not adopt the Asset Management Policy</i>	<i>Unlikely</i>	<i>Medium</i>	<i>Medium</i>	<i>Mitigation entirely dependent on Council</i>
<i>Implementation of the Asset Management policy negatively impacts on the City's general operations.</i>	<i>Unlikely</i>	<i>Medium</i>	<i>Medium</i>	<i>Management of City assets will be attended to on an ad hoc basis</i>

**FINANCIAL IMPLICATIONS**

17. There are no direct financial implications in relation to this item.

**LEGAL IMPLICATIONS**

18. Not applicable.

**ALTERNATE OPTIONS**

19. The City has a statutory obligation to review its Asset Management program in accordance with the provisions of section 19DA of the Local Government (Administration) Regulations 1996. There is no alternative option.

**SUMMARY CONCLUSION**

20. The City is required to adopt an Asset Management Policy which outlines a Local Government's Asset Management objectives, targets and plans in accordance with section 19DA of the Local Government (Administration) Regulations 1996.

<b>Consulted References</b>	:	Western Australian Asset Management Improvement Program - Integrated Planning and Reporting Framework
<b>File Number (Name of Ward)</b>	:	CM.RVW.3
<b>Previous Reference</b>	:	OCM 16.06.09 item 13.2.1

## **Council Policy Asset Management Policy**

### **1. Policy Statement**

An Asset Management Policy -

- Outlines a local government's asset management objectives, targets and plans.
- Establishes a platform for service delivery.
- Provides the framework that enables the Asset Management Strategy and Plans to be produced.
- Supports a 'whole of life' and 'whole of organisation' approach to asset management.

### **2. Objective**

The objective of this policy is to ensure that the City of Albany has sufficient structure, systems, processes, resources and organisational commitment in place to deliver service outcomes on a financially sustainable basis.

Service delivery may be via the provision of City owned assets, in which case assets are to be optimally managed to support financially sustainable service delivery outcomes for the lowest whole of life cost.

The policy also assists the City in compliance with the provisions of the State Government's Integrated Planning & Reporting Framework by having an integrated approach to Planning for the Future

### **3. Scope**

This policy covers all service delivery of the City of Albany and relates specifically to the management of assets under the current and future care, control and responsibility of the City that are used to deliver services.

### **4. Background**

The community relies on the City of Albany to deliver and sustain services. The City has finite resources and limited income streams that can be targeted to fund service delivery. The City must ensure that service delivery is well targeted and aligns with the Community's aspirations identified via the development of the Strategic Community Plan.

To ensure that scarce resources are optimally allocated, it is important that informed decisions are made when considering the acquisition, ongoing ownership, management and disposal of assets.

To assist with making informed decisions in relation to this issue, the City will put in place the following;

- A Strategic Asset Management Framework that is consistent with National standards in Asset Management and Long Term Financial Planning (Nationally Consistent Approach).
- Maintain a contemporary Asset Management Policy that is regularly reviewed (this Policy).
- Develop, maintain and regularly review an Asset Management Strategy that clearly articulates a sustainable path for continuous improvement and identifies resources to implement via the budget process.
- Develop, maintain and regularly review Asset Management Plans.
- Asset Management Plans will document the Council adopted level of service that applies to assets which will be derived from Service Level Plans and the community engagement processes used to develop the Strategic Community Plan.

Ensure processes are in place to train Councillors and Officers in key aspects of asset management and long term financial planning.

## 5. Key Commitments

Prior to making a decision to either, deliver a new service, vary the current level of service (up or down) or cease the delivery of a service, the following key commitments are to be adhered to;

- The need for the service will be reviewed.
- The service must align with the Community Strategic Plan and fit within the Corporate Business Plan (Capital evaluation process to be developed and utilised to assess this).
- Options to renew assets before acquiring or constructing new assets are to be considered;
  - The whole of life cost of delivering the service
  - The whole of life planning, maintenance, operation, renewal and disposal cost of the asset required to support the service delivery (this shall include the preparation of a business case, where appropriate).
  - Where new assets are to be acquired via a third party (eg. land development), the whole of life planning, maintenance, operation, renewal and disposal cost of the asset should be determined and considered as part of the decision making process.
- The service delivery and asset whole of life costs must fit within the 10 Year Long Term Financial Plan (once developed).
- Options to rationalise assets will be considered.

A cross functional, multidisciplinary team will be established and maintained to develop the systems and processes to comply with the above key commitments.

## 6. Responsibility and Reporting

**Council** – is responsible for approving (including amendments to) the following documents;

- Asset Management Policy
- Asset Management Strategy
- Asset Management Plans

Council is also responsible for ensuring (upon recommendation of the CEO) that resources are allocated to achieve the objectives of the above documents.

In adopting asset management plans, Council is also determining the Level of Service for each asset class.

**Chief Executive Officer (CEO)** – is responsible for ensuring that systems are in place to develop, maintain and regularly review Council's Asset Management Policy, Asset Management Strategy and Asset Management Plans. The CEO reports to Council on all matters relating to Asset Management.

**Executive Management Team (EMT)** – is responsible for monitoring the implementation of asset management across the organisation. The EMT will ensure that strategies are put in place to remove barriers to the successful implementation of Asset Management. The Executive Management Group reports to the CEO on all matters relating to Asset Management.

**All Directors** – are responsible for ensuring that resources under their control are appropriately allocated to resource asset management and in particular the Asset Management Working Group. All Directors report to the CEO on all matters relating to Asset Management under their area of control.

**Asset Management Working Group (AMWG)** – the Asset Management Working Group will be responsible for ensuring that Council's Asset Management Strategy is achieved and that Asset Management Plans are prepared and maintained in line with Council's Policy on Asset Management. Where changes to Council's Asset Management Policy, Strategy or Plans are identified, the Asset Management Working Group is responsible for reporting this to the EMT for consideration. Where aspects of Council's Policy, Strategy or Plans are not being achieved or adhered to, the Asset Management Working Group is responsible for reporting non-compliances to the EMT for corrective action. The Asset Management Working Group reports to the Executive Management Team on all matters relating to Asset Management.

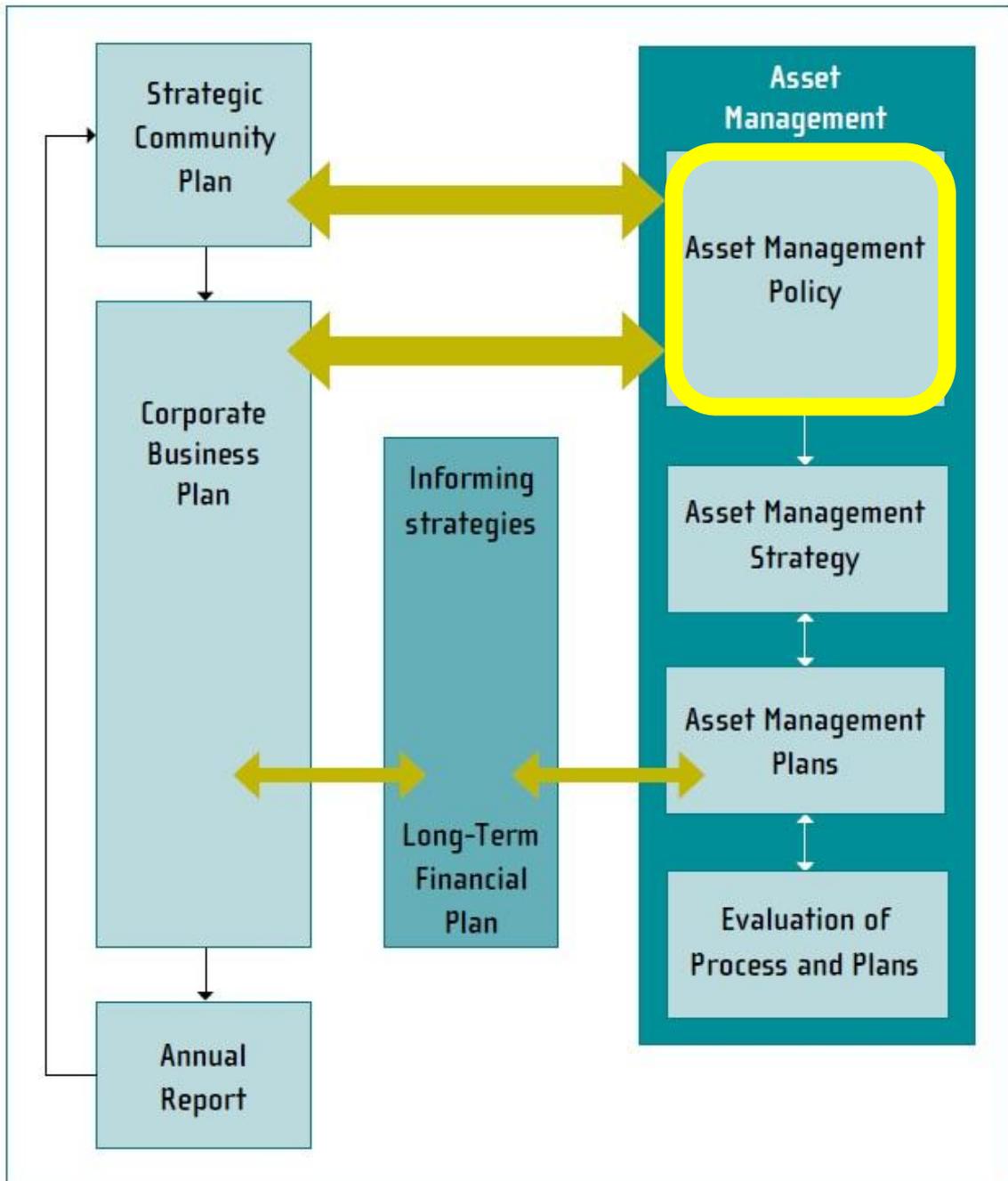
**Executive Director Works & Services (EDWS)** – is responsible for resource allocation (from Council approved resources) associated with achieving Council's Asset Management Strategy. The EDWS reports to the CEO in relation to Asset Management resource allocation.

**Asset Management Co-ordinator (AMC)** – is responsible for supporting the Asset Management Working Group and ensuring that resources are commissioned (where appropriate) to assist the Asset Management Working Group achieves its asset management objectives.

**7. Linkage to Integrated Strategic Plan (ISP)**

This policy links to the Integrated Strategic Plan as follows:

**FIG 1 ELEMENTS OF WA ASSET MANAGEMENT FRAMEWORK**



**8. Legislative and Strategic Context**

To provide compliance with the Local Government Act 1995 and Local Government (Administration) Regulations.

## 9. Review Position and Date

Chief Executive Officer to review on or before **30 June 2017**.

## 10. Associated Documents

- Local Government Act 1995
- Local Government (Administration) Regulations 1996
- Strategic Community Plan
- Corporate Business Plan
- Asset Management Plans

## 11. Definitions

“Asset” means a physical item that is owned or controlled by the City of Albany, and provides or contributes to the provision of service to the community (in this context excluding financial, intellectual, and non-tangible assets).

“Asset Management” means the processes applied to assets from their planning, acquisition, operation, maintenance, replacement and disposal, to ensure that the assets meet the priorities of the Corporate Business Plan for service delivery.

“Asset Management Plan” means a plan developed for the management of an asset or asset category that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset.

“Council” means the elected council (comprising Councillors) of the City of Albany.

“Assets” are assets that support the delivery of services to the community. These include the broad asset classes of Roads, Drainage, Buildings, Parks, Bridges, Plant and Equipment.

“Level of Service” means the combination Function, Design and Presentation of an asset. The higher the Level of Service, the greater cost to deliver the service. The aim of asset management is to match the asset and level of service of the asset to the community expectation, need and level of affordability.

“Life Cycle” means the cycle of activities that an asset goes through while it retains an identity as a particular asset.

“Whole of life cost(s)” means the total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, and rehabilitation and disposal costs.

“Maintenance” means regular ongoing day-to-day work necessary to keep asset operating and to achieve its optimum life expectancy.

“Operations” means the regular activities to provide public health, safety and amenity and to enable the assets to function e.g. road sweeping, grass mowing, cleaning, street lighting and graffiti removal.

“New” means creation of a new asset to meet additional service level requirements.

“Renewal” means restores, rehabilitates, replaces existing asset to its original capacity. This may include the fitment of new components necessary to meet new legislative requirements in order that the asset may achieve compliance and remain in use.

“Resources” means the combination of plant, labour and materials, whether they be external (contactors/consultants) or internal (staff/day labour).

“Risk” means probability and consequence of an event that could impact on the Council’s ability to meet its Corporate objectives.

“City” means the collective City of Albany organisation. The Chief Executive Officer of the City of Albany is responsible for ensuring the City’s obligations and commitments are met.

“Stakeholders” are those people/sectors of the community that have an interest or reliance upon an asset and who may be affected by changes in the level of service of an asset.

“Upgrade” means enhancing existing asset to provide higher level of service.

### Version Control

Version	Date	Status	Distribution	Comment
01	16/06/2009	Adopted	Internal / External	OCM 16.06.09 Item 13.2.1
02	22/02/2013	Draft	Asset Management Working Group Internal	Draft Version to EMT for Review
03	22/02/2013	Draft	Executive Management Team Internal	Endorsed by EMT
04	19/03/2013	Draft	Internal/External	Referred to OCM 19/03/2013 for adoption

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