



Asset Management Policy

Version 2.1, June 2021





Policy governance

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Well Governed-Port Phillip

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Asset Management Strategy

Asset Management Plans

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Contents

1. Purpose	5
2. Outcomes	5
3. Definitions	6
4. Responsibilities	8
5. Scope	10
6. Council Policy	10
7. Relevant policy, regulations or legislation	14
8. Attachments.....	14

Tables

Table 1: Definitions of terms.....	6
Table 2: Responsibilities of roles.....	7



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1. Purpose

The Council has over \$3.2 billion in assets under its management. This includes 213 buildings, council owned land, 293km of roads, 414km of footpaths, 232km of drainage pipe, 11,585 drainage pits, 900 parks and reserves, art, library books and other assets which have been built up progressively over many years.

A significant portion of the Council budget each year is spent on looking after, operating, improving, growing assets for the benefit of the community. Given this as well as population growth, rates capping, and climate change, Council must be great at asset management to ensure our assets deliver the Services the community values.

This policy sets out the approach to asset management at the City of Port Phillip which is informed by the International Standards Organisation ISO 55000 and National Asset Management Framework (NAMAF). It is designed to ensure sustainable management and development of Council's infrastructure and assets to meet current and future community needs. It supports Council's response to climate change.

2. Outcomes

This policy seeks to achieve the following outcomes from asset management:

- a) **Fit-for-purpose:** assets will deliver agreed levels of service to the organisation and community in terms of function (including safety and accessibility), condition, and capacity.
- b) **Community benefit:** Council will innovatively use its asset base to support the social, cultural and economic wellbeing of the community.
- c) **Environmental sustainability:** assets are planned and developed to incorporate climate resiliency and mitigate our environmental impact.
- d) **Financial sustainability:** asset management decisions and practices ensure the council has the funds to look after, improve and grow its assets for current and future generations.
- e) **Advanced practice:** council will demonstrate advanced asset management practice including the use of smart technology to optimise decisions and performance.



3. Definitions

Table 1: Definitions of terms

Term	Definition
Asset Management Strategy	Document that specifies asset management objectives and the role of the asset management systems and processes in supporting the achievement of the asset management achieving ISO55000 best practices. It includes a roadmap for achieving the desired state of asset management practice including resources, responsibilities, and timeframes.
Asset Management Enterprise Plan	Document that specifies how an organisation's objectives are converted from the Council Plan and Services Plans into asset modelling and portfolio asset plans to create the base asset data for the 10-Year Financial Plan
Asset Portfolio	An aggregation of asset classes that together deliver on the strategic purpose of that portfolio.
Asset Management	The systematic process of installing, operating, maintaining, upgrading and disposing of tangible and intangible assets in the most cost efficient and optimised manner to provide the consistent levels of service agreed with the community.
Asset	Resource controlled by Council as a result of past transactions or other past events, from which future economic benefits or service potential are expected to flow to Council. Assets include land, buildings, roads, footpaths, drainage infrastructure, vehicles, information technology, library books, Arts collection, plant and equipment. Infrastructure assets are a sub-class of property, plant and equipment which are non-current assets with a life greater than 12months and enable services to be provided.
Asset Class	A grouping of asset types based on their primary function and relationship to the class' purpose statement.
Asset 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.
Asset Renewal	Expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability.

Term	Definition
Asset Upgrade	Expenditure that (a) enhances an existing asset to provide a higher level of service; or (b) increases the life of the asset beyond its original life.
Asset New	Expenditure that creates a new asset that provides a service that does not currently exist.
Asset Expansion	Expenditure that extends the capacity of an existing asset to provide benefits to new users at the same standard as is provided to existing beneficiaries.
Asset Hierarchy	A framework for segmenting and asset base into appropriate classifications. The asset hierarchy can be based on asset function; asset type or a combination of the two.
Asset Type	A defined level within the asset hierarchy framework.
Best value	The optimal mix of cost, customer requirements and sustainability (environmental, social, and economic).
ISO 55000	International Standards Organisation- Best practice for Asset Management
Level of Service	The defined service quality for an activity or service area against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.
NAMAF	National Asset Management Assessment Framework
Integrated Council Plan (ICP) incorporating the 10 Year Financial Plan, Strategic Resource Plan (SRP) and Budget	CoPP updates ICP annually including its components being a) the 10-Year Financial Plan (an essential financial planning document containing a series of financial strategies and accompanying performance indicators that Council considers when making significant strategic decisions about resource allocation), b) the SRP which reflects the financial and non-financial resources required to achieve the strategic objectives included in the Council Plan and c) the annual Budget.



4. Responsibilities

Asset management is service driven and aligned to with the strategic priorities and directions of Council. Table 2 shows Council and Executive level responsibilities.

Table 2: Responsibilities of roles

Role	Responsibility
Council	<ul style="list-style-type: none"> • Approve the Asset management Policy, the asset portfolio Infrastructure Investment Plan (as part of the annual budget process), the Enterprise Asset Management Plan (required from June 2022) • Ensure that asset management requirements, as outlined in the Asset Management Plans, are appropriately considered in decision making and catered for in council planning and financial management. • Ensure transparent reporting on Council's Asset Management performance in the Council Plan and Annual Report.
Executive Leadership Team (facilitated by the GM Customer, Operations and Infrastructure)	<ul style="list-style-type: none"> • Approve the Asset Management Strategy (CEO) • Endorse the Asset Management Policy, the Asset Portfolio Infrastructure Investment Plan and Enterprise Asset Management Plan for approval by Council. • Approve Asset Management Portfolio Plans and ensure that they reflect the strategic direction and service delivery priorities of the Council. • Ensure that the financial requirements and projections for Renewal, Upgrade, Expansion and New assets, as detailed in the various portfolio asset management plans, are incorporated into the Strategic Resource Plan and 10-Year Financial Plan. • Provide oversight in the implementation and review of the Asset Management Policy, Asset Management Strategy, Enterprise Asset Management Plan and Asset Portfolio Infrastructure Investment Plan. • Ensure that asset management and its governance are integrated into corporate governance



Role	Responsibility
	including enterprise planning, financial management, reporting, and risk management. <ul style="list-style-type: none"> Accountable for overall organisational asset management and service planning performance.
<i>Executive Manager Property and Assets</i>	<ul style="list-style-type: none"> Lead development, monitoring and review of the Asset Management Policy, Asset Management Strategy, Asset Management Plans and supporting policies and procedures. Ensure appropriate resources are allocated to maintain and develop the Technology One Enterprise Asset Management Information System and related tools to support decision making, accountability and improvement. Report to the Executive Leadership Team every quarter and Council at least annually on asset management performance and improvement actions. Ensure the organisation has appropriate asset management capability to deliver on this policy and the Asset Management Strategy.
<i>Executive Manager Construction, Contracts & Operations</i>	<ul style="list-style-type: none"> Accountable for operating, maintaining and protecting assets throughout their lifecycle to ensure the agreed service levels are delivered Accountable for creation and disposal of assets, delivering the approved Capital Works Program Accountable for Project delivery, Quality Assurance, procurement, resource allocation, time and budgets
<i>Service and Asset Planning Steering Committee</i>	<ul style="list-style-type: none"> Provide a coordinated, consistent, collaborative and integrated approach to service planning and asset management across council. Support the development, monitoring and review of Asset Management Policy, Asset Management Strategy, Asset Management Plans and Asset Management Framework. Champion asset management across the enterprise and support the evaluation and development of enterprise asset management capability.



Role	Responsibility
	<ul style="list-style-type: none"> Monitor progress of the implementation of the Asset Management Strategy, Asset Management Plans, Service Plans and related improvement actions and the reporting of status and recommendations to the Executive Leadership Team on a quarterly basis.
Chief Financial Officer	<ul style="list-style-type: none"> Maintain a robust LTFP incorporating sustainable maintenance, operations, renewal, upgrade, expansion costs of existing and proposed assets that support the delivery of services to the community Lead the preparation of financial reports on assets based on accounting standards and financial reporting regulations ensuring the financial projections in the adopted asset management plans are reflected in the SRP and LTFP.

5. Scope

This Policy applies to:

- a) All Councillors, Council officers and other persons involved in the creation, operation maintenance, renewal, upgrade, expansion and disposal of Council assets and to the extent possible all contracts applicable in these areas.
- b) All assets under the management of Council including land, buildings, roads, footpaths, drainage infrastructure, vehicles, information technology, library books, Arts collection, plant and equipment.

6. Council Policy *General*

- 6.1 Asset management will be integrated into corporate governance including enterprise planning, reporting and risk management frameworks and practices.
- 6.2 Asset management will be service driven and will align with the strategic priorities and directions of the Council.

Integrated Planning and Reporting

- 6.3 Council will take an integrated approach to service and asset planning and reporting which:
 - a. Is detailed in the Council Plan and Budget and Annual Report.
 - b. Incorporates performance measures, targets and monitoring regimes.



- c. Accounts and reports for asset expenditure in the categories of operations, maintenance, renewal, upgrade, expansion, and new.
- d. Accords with relevant legislation.
- e. Reflects community needs, gathered via community consultation.

Asset Management Strategy

- 6.4 The CEO will maintain an Asset Management Strategy that will show how we will achieve the benchmarks of the National Asset Management Assessment Framework in line with ISO 55000 (Asset Management)
- 6.5 The Asset Management Strategy will:
 - a. Demonstrate alignment with the Council Plan and Budget.
 - b. Demonstrate how the objectives of this Policy will be achieved.
 - c. Define the status of asset management practices and the desired state of asset management practices in Council organisation
 - d. Include a roadmap for achieving the desired state of asset management practice including resources, responsibilities and timeframes.
 - e. Be available on the website and be reviewed at least every four years in line with the Council Plan
- 6.6 Progress against the Asset Management Strategy will be reported in the Annual Report each year.

Asset Management Plans

- 6.7 The Council will maintain Asset Management plans covering a period of no less than 10 years for all asset portfolios.
- 6.8 Asset Management Plans must demonstrate alignment with the Council Plan and Budget (including the 10-Year Financial Plan), and this Policy, and include as a minimum:
 - a. Alignment with the fundamentals of the International Infrastructure Management Manual (IIMM) asset management plan template.
 - b. Demonstrate how the asset portfolio can meet the service delivery needs of the community.
 - c. The asset hierarchy within each asset portfolio.
 - d. The current condition of assets and adopted useful lives of assets.
 - e. Levels of service and demand forecasts.
 - f. Risk assessment and criticality profiles.
 - g. Cashflow forecasts for asset renewal, expansion, upgrade and new assets; maintenance; and operating expenditure.

- h. An asset rationalisation and disposal plan.
- i. An asset management improvement plan.
- j. Consideration of environmental sustainability.

6.9 Asset Management Plans are to be:

- a. Informed by community needs which are identified through consultation.
- b. Reviewed and maintained annually as part of the budget process.
- c. Developed in accordance with relevant accounting and financial reporting standards.
- d. Be compliant with requirements set in legislation and regulations, and other defined local government reporting frameworks.

Asset Management Processes, Data and Systems

6.10 For ongoing effective asset and service planning and decision making, Council:

- a. Will continue to invest in regular asset condition audits and investigations to understand performance and to mitigate risk.
- b. Will maintain a componentised asset register which contains attribute information relevant for each asset type to ensure that it is managed effectively, efficiently and to address key risks. The asset register will utilise a common data framework and methodology defined in documented Asset Management procedures.
- c. Will operate an asset management system (OneCouncil) to store all key asset data and implement tools to support modelling, reporting and decision making. The asset management system will be considered an enterprise system and will have key integrations with at least the core finance system and the Geographical Information System.

Asset Management Capabilities

6.11 To ensure that Council's asset management capabilities are best appropriate practice, Council will:

- a. Review skills and development needs in asset management related areas as part of employee performance planning and provide appropriate development opportunities.
- b. Provide Councillors and staff with asset and financial responsibilities with appropriate briefings in relevant asset and financial management principles, practices and processes.
- c. Provide and allocate resources for training to support asset management across the organisation.

Asset Management Decision Making

- 6.12 Effective and transparent decision making related to asset management and service planning will be achieved by:
- a. All Capital investment proposals being considered against service delivery needs, lifecycle costs, alignment with council priorities, environmental sustainability and in accordance with the Enterprise Project Management Framework.
 - b. Seeking to operate within the VAGO low risk range for the asset renewal gap and capital replacement ratios over the long term (unless it is demonstrated prudent not to).
 - c. Placing emphasis and priority on the operational, maintenance and renewal costs of existing assets and statutory service level improvements over new works and expansion.

Asset Ownership and Protection

- 6.13 Prior to accepting hand over of asset management responsibilities where Council becomes Committee of Management, for gifted assets or due to changes in legislation, due diligence will be undertaken to understand the condition of the assets, useful life, anticipated lifecycle costs and impact to the long term budget, relevant terms and conditions and any insurance issues.
- 6.14 Council will negotiate appropriate support from the relevant authority to address existing condition or other issues as part of the transfer of asset management responsibilities to Council.
- 6.15 A detailed register will be kept of all Council owned and managed assets within OneCouncil. Where there is a lack of clarity about the ownership or liability for a particular asset, an investigation involving relevant authorities will be undertaken to clarify ownership and Council's asset data will be updated.
- 6.16 Asset inspections will be undertaken routinely for all assets according to the schedules set out in the asset management plans and the results will inform both reactive and planned work programs.
- 6.17 Proactive asset inspections and compliance activities will be undertaken where works will or are being undertaken by private developers, utilities, transport authorities or other parties that are likely to impact Council's assets.

Assurance, Monitoring, Review and Audit

- 6.18 Review of this policy will take place on a four-yearly cycle in alignment with the development of the Council Plan.
- 6.19 Asset Management is to be considered in the Internal Audit and Compliance Plan with audits undertaken at least every four years unless deemed prudent not to by the Audit and Risk Committee because for instance risk is considered low.

- 6.20 A Centre-led Asset Management model will be led by the Asset Management Team, who will be responsible for maintaining the Asset management Policy, Strategies and Plans and providing guidance and support to all parts of the organisation.

7. Relevant policy, regulations or legislation

- Local Government Act 2020
- Road Management Act 2004
- City of Port Phillip Council Plan 2021-2031
- City of Port Phillip Asset Management Strategy 2021-2024
- City of Port Phillip Fixed Asset Accounting Policy
- Community Engagement Policy
- Public Transparency Policy
- Asset Disposal Policy

8. Attachments

nil