Asset Management Policy

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1   Policy alignment

Council's Asset Management is essential to delivering on our identified focus areas of:
- Strong Communities
- Liveable Places
- Thriving environments
- Prosperous economies
- Responsible leaders

through service delivery, responding to change in a structured way and good governance systems.

2   Purpose

The purpose of this policy is to define and commit to the principles of, and a strategic framework for, the sustainable and effective management of Cardinia Shire Council's infrastructure assets.

3   Scope

This policy applies to all infrastructure assets in Council control essential for service delivery. Including but not limited to; roads, pathways, bridges, kerb and channel, street trees, drainage, buildings and facilities, play spaces, open space, sporting reserves, signage and public lighting.

This policy is applicable to all Cardinia Shire Council staff, including those that do not have specific responsibilities for managing infrastructure assets but make use of these assets in the delivery of services.

4   Policy description

4.1   Strategic Intent

Cardinia Shire Council will undertake Asset management focused on delivering services to the community. It will involve the community in asset management to understand their priorities. We will manage our assets to sustainably deliver services with the optimal balance of whole of life cost, and performance within our risk tolerance.

4.2   Principles

Asset spending will be identified to address defined and validated community needs in a planned, equitable, and holistic way. This will be achieved through:

- Developing and implementing strategies that determine appropriate, costed, long term financially sustainable Agreed Levels of Service and the infrastructure required to achieve and support those services. Strategies will identify:
    - The currently provided level of service
    - The impacts of changing demands (including population and demographics) on the level of service
    - Works required to bring the current provided level of service to the Agreed Level of Service
    - Works required to deliver the Agreed Level of Service to future populations

  Strategy development and planning will consider:
    - identifying projects,
    - estimating costs of projects (including ongoing costs),
    - identifying project stages,
    - identifying when projects/works are required,
    - and priority of projects,

  required to achieve the Agreed Levels of Service for consideration as part of Council's financial planning processes.
- Aligning projects with, and not exceeding, consistent and equitable provision Levels of Service. This will enable Council to flexibly and sustainably deliver assets to meet the community's needs without over servicing.
- Considering non asset solutions to meeting service needs, increasing utilisation of existing assets, understanding services already provided by others, and demand management.
- Levels of service which may include:
    - Strategic levels of service, such as; customer satisfaction, importance that customers place on assets/service, risk, utilisation
    - Technical levels of service, such as; spending efficiency, number of customer requests, provision (e.g. assets per resident), location (e.g. distance to service), quality of assets, compliance with enhanced contemporary standards (e.g. DDA, equitable access etc), decision making processes.
    - Operational levels of service, such as; proactive inspection frequencies, reactive inspection timeframes, intervention levels, repair timeframes, construction standards, prioritisation approaches.
- Strategies and asset spending decisions considering whole of life costs (for both the service and the assets).
- Ensure ongoing asset spending needs (including maintenance, operation, renewal, and disposal) consider growth, including additional assets (from acquisition and gifted assets) and increased demand/utilisation of existing assets.
- Managing risk to existing services and assets through prioritising renewal and maintenance spending.
    - Renewal needs will consider both the condition and functionality (including equality of access) of assets.
    - When determining appropriate renewal approaches enhanced contemporary standards will be considered however may not be financially or physically feasible.
    - Non-compliance with enhanced contemporary standards will not automatically trigger renewal or upgrade.
- Considering changes to the usage, condition, and risk to assets, associated with the climate emergency.
- Understanding the risks, benefits, and financial impacts of investing in assets owned by others (including those located on crown land) as part of achieving the levels of service.
- Critically evaluating the assets Council owns and considering repurposing or rationalising assets that are underutilised, have excessive ongoing costs, or are over the Agreed Level of Service.

- Understanding the implications of any funding gaps, and delivery limitations, on the infrastructure and services.
- Where asset acquisition projects are either; not supported through a strategy or inconsistent with the relevant strategy, a demonstrating the urgency of the need (or the strategy developed/reviewed).
- Using asset management data and systems to make evidence based decisions and inform long-term financial planning.
- The Asset Plan addressing the trade-offs and priority between Council's strategies and services in deliberation with our community and stakeholders (i.e. deliberative engagement as required by the Local Government Act 2020).

Council will optimise asset spending through:
- Seeking co-location of complimentary infrastructure, where possible and desirable, preferably in areas that are highly accessible for the community through various modes of transport
- Exploring opportunities to integrate facilities under the one roofline, while not compromising service/use requirements, through innovative design to maximise efficiencies of maintenance, operations, and utilisation.
- Where multiple projects are planned that either;
  o rely on each other,
  o have similar timeframes, or
  o are co-located,
  the projects will be coordinated, and construction sequenced appropriately and seek to minimise disruption to community while considering, and balancing with, Council's financial and delivery capacity.
- Critically considering and using external funding opportunities, where appropriate, to deliver services and assets to planned and agreed levels. Funding opportunities should ensure that all community members using services have access to an Agreed Level of Service in line with existing strategies. The ongoing costs of these funded assets should be well understood and considered.
- Ensuring projects are well understood prior to committing to construction (to ensure desired benefits are realised)
- Large and complex works, projects requiring extensive consultation with stakeholders, or external authority approval, may be staged over a 2-3 year period to facilitate detailed design and consultation.

Council's asset management approach will:
- Help us work together
  o be led by The Council and the Senior Leadership Team and be committed to by the entire organisation
  o be integrated with Council's planning, budgeting and reporting frameworks.
  o recognise community and stakeholder input in determining needs and levels of service
  o establish regular reporting on asset management performance
- Help us work differently
  o deliver continual improvement to our systems and processes resulting in changes to results achieved
  o incorporate regular audits and formal management reviews to seek and implement continual improvement
- Change the future
  o aligning objectives that asset management is to deliver with the Council's strategic direction and business priorities

> o Developing and implementing an Asset Management Strategy that guides and improves our asset management maturity
> o implementing an asset management system to identify, deliver and report on these asset management objectives
> o consider whole of life costs in its decision making
> o being climate aware, considering the impacts that climate change has on assets, the contribution assets make to climate change and how to best manage assets in a time of climate emergency.
- meet its statutory, legislative, and reporting requirements.
- be consistent with our corporate risk management, health and safety and environmental management frameworks.

4.3   Responsibilities

Cardinia Shire Council recognises that asset management needs a 'whole of organisation' approach. Council also recognises the importance of establishing well-defined roles and responsibilities for its staff and The Council with respect to asset management.

The Council
- Act as stewards for infrastructure assets and set Asset Management Policy and strategic intent.
- Approve Long Term Financial Plans balancing cost, risk and performance of assets.
- Provide appropriate resources for asset management activities.
- Adopt the principles to be applied to asset management at the Shire (through its asset management policy).
- Ensure sufficient resources are allocated to the management of assets in accordance with those principles.
- Ensure that any investment decisions for new or upgraded infrastructure give appropriate regard to technical standards, community needs, levels of service, whole of life costs and available resources.

Chief Executive Officer and Senior Leadership Team
- Continually promote asset management to the organisation, to The Council and to the community.
- Integrate asset management, service planning and financial planning with the Council Plan and Community Vision and within Council's operations.
- Develop a draft Long Term Financial Plan that considers asset needs and balances cost risk and performance of assets.
- Endorse Asset Management objectives and the Asset Management Plans to achieve these objectives and monitor their outcomes.
- Ensure that adequate resources are available for meeting the asset management objectives and principles.
- Ensure a detailed Asset Management Strategy is prepared and implemented that includes key performance measures to achieve agreed maturity in asset management.
- Develop and implement Asset Management systems and procedures required to ensure efficient and effective management of the Shire's assets.
- Determine the responsibilities of the SLT, Managers, and other council staff in respect to asset management.
- Ensure staff are appropriately trained and skilled and supported to perform the required asset management activities.
- Ensure that appropriate data is captured and maintained to support decision making

- Monitor and undertake reviews of the performance of council's asset management system and support continuous improvement

5   Evaluation and review

Through the adoption of this policy, Council commits to undertaking regular and consistent evaluation and review of Asset Management leadership, activities and processes through:
- Ongoing reporting
- Formal and informal reviews of Council's asset management
- Continual improvement of asset management

6   Related documents

Type of document	Title and/or RMC link
Commonwealth/Victorian legislation	Local Government Act 2020
Strategic directions paper	N/A
Policies	
Strategies	Cardinia Shire Council - Asset Plan 2022 Asset Management Strategy Asset Management Plans
Guidelines	ISO55000 Suite of standards International Infrastructure Management Manual, IPWEA, 2020
Procedures	

7   Glossary of terms

Asset – An item, thing or entity that has potential or actual value to an organisation.

Asset Management – The coordinated activity of an organisation to realise value from assets.

Asset Management System – A set of interrelated elements within Council to establish for asset management; policies, objectives and processes to achieve these objectives. This includes but is not limited to processes, leadership, information and data.

Asset management objectives – Asset Management results to be achieved

Acquisition – The process of gaining additional assets. Can be achieved various ways, purchase, construction, and gifting.

Optimisation – the process by which Council's planned spending is made more efficient

Capital New - Expenditure which creates an asset providing a new service/output that does not currently exist.

Capital disposal – Expenditure associated with disposing of an asset when it is determined that the asset is surplus to council's needs.

Capital Upgrade - Expenditure which enhances assets to provide a higher level of service.

Capital Expansion - Expenditure that extends the capacity of asset to provide benefits, at the same standard as is currently enjoyed by existing users, to a new group of users.

Capital Renewal - Expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset up to that which it had originally.

Maintenance – works associated with keeping an asset on its expected life path.

Operation – Recurrent expenditure, which is continuously required to provide a service (e.g. electricity, staffing, cleaning)

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.

Services - A group of programs and projects which collectively provide support or guidance to the community. A combination of tangible and intangible benefits that can be produced and consumed.

Level of service - The service quality for a particular service/activity. Service levels may relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability and cost.

Agreed Level of Service – the defined service quality for a particular service/activity against which service performance may be measured

Whole of life costs - Costs that consider all stages of an asset's life: including construction, renewal, maintenance and eventually disposal and replacement.

Condition - The physical condition of the infrastructure that allows it to meet the service needs and measures the remaining time which the asset can deliver the service.

Functionality - The appropriateness of the assets to meet the designated service needs