



ASSET MANAGEMENT POLICY

Date Adopted/ Approved:	JULY 2021
Review Date:	JULY 2023
Version:	2.0
Responsible Position:	SENIOR ASSET MANAGEMENT SPECIALIST
ECM Doc ID:	5274749

1. Purpose

This policy provides Willoughby City Council (Council) with an Asset Management (AM) framework that enables Council to provide sustainable community services using cost effective and fit for purpose assets.

2. City Strategy Outcome:

The AM Policy generally links up with all 5 community outcomes since Council provides numerous asset-based services. The AM Policy strongly aligns with the following outcomes:

A City that is liveable – 3.5 Maintain quality of life by balancing population growth with the provision of assets and services.

A city that is effective and accountable – 5.3 Balance the creation of new public assets with the upgrade of existing public assets.

3. Application

All Council staff are required to comply with the requirements of this policy and related procedures. This policy applies to all physical (tangible) assets owned or controlled by Council including the following asset classes: Buildings; Roads; Bridges; Kerb and gutter, Footpaths; Stormwater Assets; Bushland Assets; Retaining Walls, Parks, Playgrounds and Sports grounds; Land; and Fleet, Plant & Equipment assets.

This policy does not include intangible assets, people, intellectual property and financial instruments.

4. Policy Principles

Policy Objectives

The objectives of the AM policy are to:

- Develop and implement an AM framework that integrates assets, services, long term financial plan (LTFP) and risk management
- Specify Council's intentions and principles for strategic asset management planning
- Continually improve Council's asset management performance and capabilities
- Promote the knowledge, importance and awareness of AM across Council
- Comply with the requirements of the relevant legislation/s and guidelines

Principles

Some of the key principles directing this policy are summarised below under 4 themes:

1 *Accountability and direction*

- The management of assets aligns with the Community Strategic Plan, Delivery Program, and Operational Plan; and supports the Council's vision, policies, strategies and plans

2 *Asset Information Management*

- Assets under the control of Council are identified and recorded in a register with the appropriate level of detail and accuracy

3 *Lifecycle Management*

- Assets are managed from a whole-of-life perspective (i.e. from planning and design to disposal) and are fit for purpose (balance of cost, level of service and risk exposure)

4 *Service Management*

- Council is committed to funding infrastructure renewal requirements stated in the Asset Management Plans, to ensure the sustainability of the City's infrastructure

Refer to attachment 2 for a full list of all relevant AM principles.

5. Policy Statement

Assets are important to Council's service provision. Council will manage its assets according to the attached AM Framework (with an AM Policy, AM Strategy and AM Plans). The AM framework integrates with the Council's *Community Strategic Plan, Delivery Program and Operational Plan* as required by the *Integrated Planning and Reporting Manual*.

It is the position of Council that:

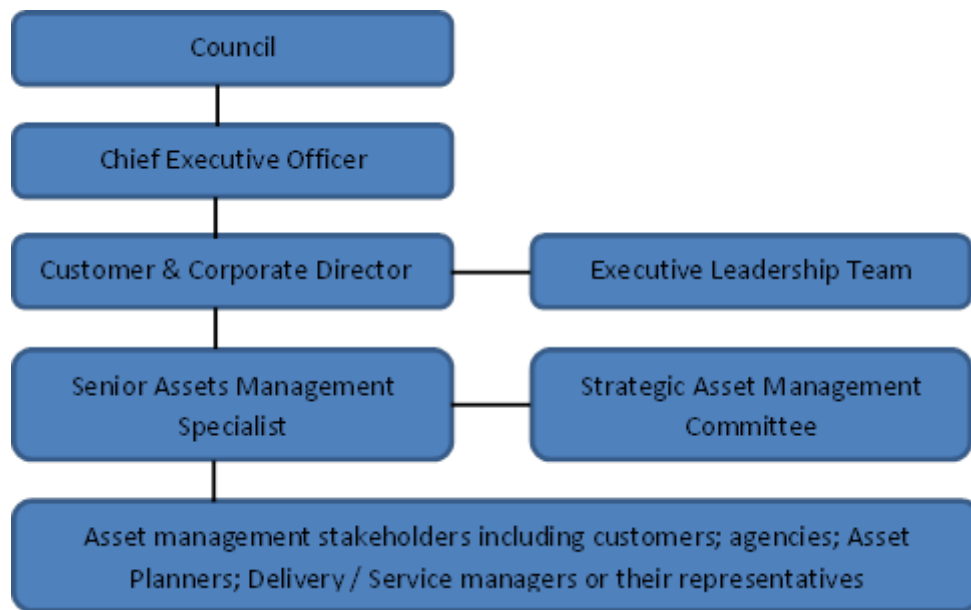
- Assets are provided to support Council functions, community services and outcomes
- Levels of service are set to balance the community's expectations with risk and the Council's ability to fund for the services
- Sound asset management capabilities, including skills and training needs, will be developed and implemented (as part of the AM Strategy and Improvement Program) to meet the "core" level of asset maturity as defined by the *National Assessment Frameworks* for Local Government Asset Management
- There is a whole-of-life perspective to the management of assets encompassing social, environmental and financial sustainability
- Available funding is prioritised in the following order: (Operation, Maintenance and Renewal of) Existing assets > Upgrade assets > New assets
- The infrastructure backlog is gradually reduced over time
- Council meets relevant legislations and asset performance measures as a minimum

6. Responsible Officers

The *Director Customer and Corporate* is accountable to the *Chief Executive Officer* for the administration of the policy in consultation with the *Strategic Asset Management Committee* and the *Executive Leadership Team*.

The *Senior Asset Management Specialist* is the officer responsible for receiving, evaluating and applying suggested changes to the policy.

The following diagram shows the expected flow of asset management information, requests and reporting among the key stakeholders at Council.



7. Monitoring and Review

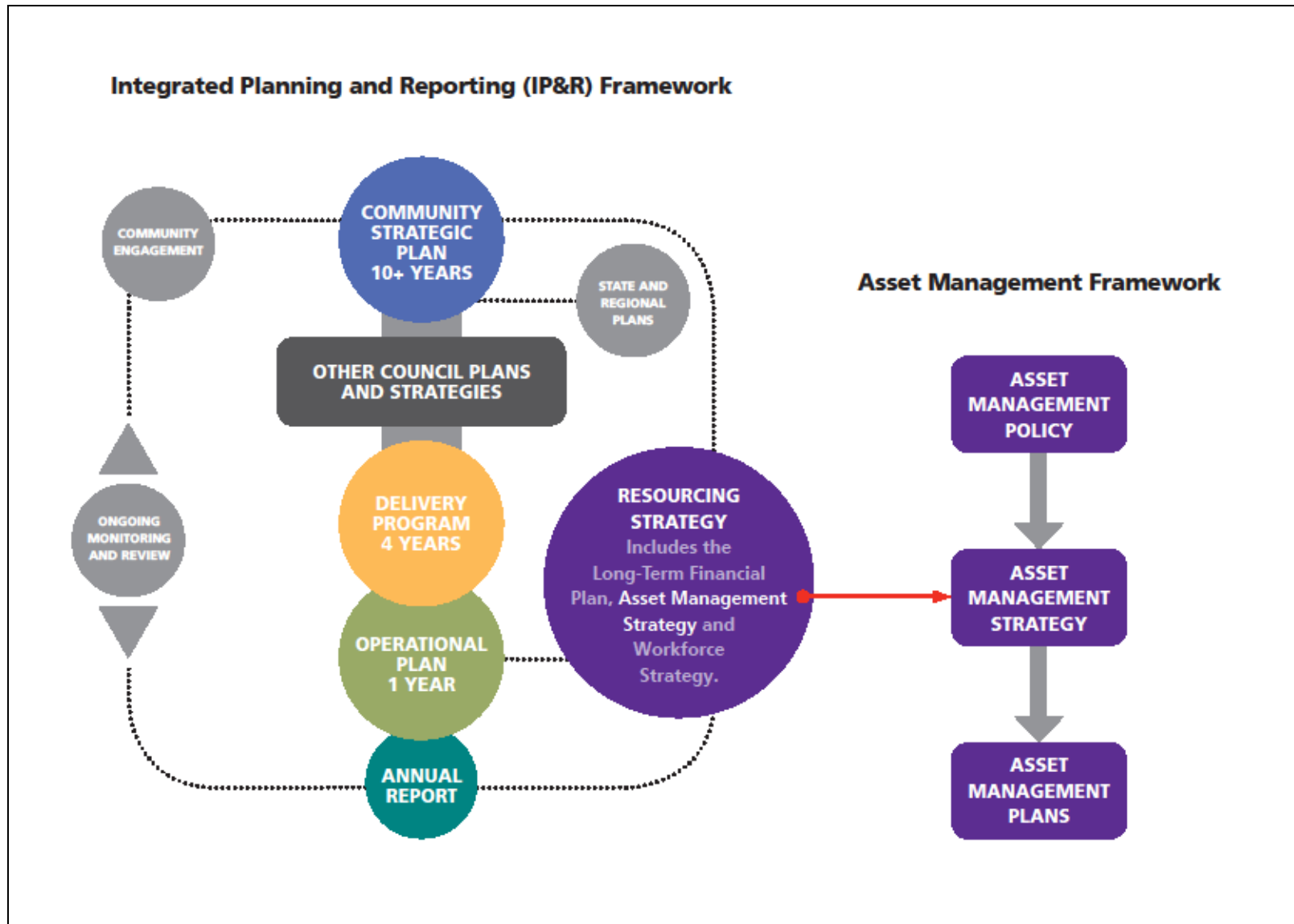
The *Strategic Asset Management Committee* monitors the application of this policy.

The responsible officer nominated above will review this policy at the next review date on the cover page of this policy or earlier if required.

8. Supporting information

Performance Measures	<ul style="list-style-type: none"> ▪ Maturity assessment of AM practice areas ▪ Risk assessment of AM ▪ The following asset sustainability indicators: <ul style="list-style-type: none"> Buildings & infrastructure renewals (1 & 10 yr) ratio Infrastructure backlog ratio Asset maintenance ratio Ratio of cost to bring assets to agreed service level Asset consumption ratio
Governing laws and standards	<ul style="list-style-type: none"> ▪ <i>Local Government Act 1993 & Local Government (General) Regulations 2005 (NSW)</i> ▪ <i>Local Government Code of Accounting Practices & Financial Reporting</i> ▪ <i>Integrated Planning and Reporting (IP&R) Manual, March 2013</i> ▪ <i>International Infrastructure Management Manual (IMM) 2015 AM framework</i> ▪ <i>International Standards Organisation (ISO) 55,000 suite of Asset Management standards, 2014</i> ▪ <i>National Assessment Frameworks for Local Government Asset Management and Maturity Questionnaire, Institute of Public Works Engineering Australia, 2012</i> ▪ <i>National Asset Management and Planning Framework as agreed by all State and Territory Planning Ministers in May 2009</i>
Related policies and other documents	<p>The following documents support the AM Policy</p> <ul style="list-style-type: none"> ▪ <i>Asset Custodianship Policy</i> ▪ <i>Asset Management Strategy</i> ▪ <i>Asset Management Plans</i> ▪ <i>Asset Disposal Policy / Procedures</i> <p>The following documents are appendices to the AM Policy:</p> <ul style="list-style-type: none"> ▪ Appendix 1 – Asset Management Framework ▪ Appendix 2 – Asset Management Principles ▪ Appendix 3 – Asset Management Responsibilities ▪ Appendix 4 – Definitions
Document History	<ul style="list-style-type: none"> ▪ N/A

Appendix 1: - Asset Management Framework and the IP&R Framework



Appendix 2: - Asset Management Principles

Accountability and Direction

- The management of assets aligns with the *Community Strategic Plan, Delivery Program, and Operational Plan*; and supports the Council's vision, policies, strategies and plans
- An enterprise first, multi-disciplinary and consistent approach is taken to asset management in accordance with Council's Asset Management Framework
- There is clear accountability for the management of Council owned or controlled assets
- Generally, asset management industry guidelines and standards are used and adapted if necessary
- Council will meet the legislative requirements for asset management planning and reporting
- A *Strategic Asset Management Committee* is established to implement the Asset Management framework and *Assets Improvement Program*

Asset Information Management

- Asset information is managed in accordance with Council's information management and asset management standards and policies
- Assets under the control of Council are identified and recorded in a register with the appropriate level of detail and accuracy

Lifecycle Management

- Assets are managed from a whole-of-life perspective (i.e. from planning and design to disposal) and are fit for purpose (balance of cost, level of service and risk exposure)
- Assets support the development of sustainable communities and are capable of adapting to changing (social, environmental and financial) conditions
- Investment decisions for significant new / upgraded infrastructure shall:
 - i. Have an approved business case that considers both financial and non financial criteria
 - ii. Incorporate the whole-of life costs, including specifying additional annual operations and maintenance costs as part of the approval process
 - iii. Consider the impacts on Councils LTFP, identify potential funding sources, risks and impacts on other services where applicable

Service Level Management

- A planned approach is taken to the impacts of (natural, economic, social) change within Council's operating environment
- Council will adopt AM Plans informed by community needs and the local government financial reporting requirements
- Current and desired levels of service for asset based services are defined considering community expectations; legislative and technical requirements; the cost of service and economic, environmental and social sustainability
- Council is committed to funding infrastructure renewal requirements stated in the Asset Management Plans, to ensure the sustainability of the City's infrastructure

Appendix 3: - Asset Management Responsibilities

Council

- To adopt the proposed corporate AM Framework and Policy
- To set levels of service, risk and cost standards based on the community's needs and Council's ability to fund
- To provide appropriate resources to undertake effective asset management
- To commit to funding infrastructure renewal requirements stated in the AM Plans and ensure the sustainability of the Council's infrastructure base
- To ensure investment decisions for new/upgraded infrastructure consider whole-of-life costs, including additional annual operations and maintenance costs

Chief Executive Officer (via Executive Leadership Team)

- To endorse the corporate Asset Management Strategy
- To champion good asset management practices across the organisation
- To steer the implementation of the Asset Management Policy, Asset Management Strategy and the *Asset Management Improvement Program*, including monitoring outcomes and performance measures
- To review the implementation and outputs of Asset Management Plans

Asset / Service / Delivery Managers

- To develop, update and implement Asset Management Plans for the assets under their control, including determination of asset renewal requirements i.e. proposed timing and estimated costs of end of life renewal using the principles of good asset management practice
- Review the whole-of-life costs of proposed new/upgraded infrastructure, including additional annual operations and maintenance costs; sources of funding and potential impacts on Councils LTFP
- To implement the assigned components of the Asset Management Strategy with agreed resources and review the performance of those strategy elements
- To implement tactical plans (such as maintenance programs and capital works programs) in accordance with the Asset Management Policy, Asset Management Strategy, approved Asset Management Plans and other asset related plans
- To deliver asset based services to agreed levels of service, risk and cost standards

Customer and Corporate – Assets Team

- To develop and continuously review and update the corporate Asset Management Framework, Policy & Strategy for endorsement by the *Chief Executive Officer* (via *Executive Leadership Team*) and Council
- To ensure the Asset Management Policy & Strategy and Asset Management Plans are integrated into the Corporate Planning Framework
- To implement assigned components of the Asset Management Strategy with agreed resources and review the performance of those strategy elements
- To lead the *Asset Management Improvement Program*
- To guide and support the development of Asset Management Plans
- To provide asset management governance and administer the operations of the *Strategic Asset Management Committee*

Strategic Asset Management Committee

- To align and integrate AM planning into the strategic and corporate planning cycle to achieve the Integrated Planning and Reporting Framework requirements
- To develop and maintain a Council wide asset framework that delivers cost effective, sustainable, systematic and co-ordinated management of physical assets
- To ensure that AM activities are assigned across the organisation and that the skill levels and resources are appropriate to deliver the required results and outcomes
- To ensure that information regarding AM better practice, learnings, issues and opportunities flows across the organisation
- To review and endorse the following documents for consideration and approval by either the ELT and / or Council:
 - i. AM Policy, Supporting Policies, Strategy and Improvement Program
 - ii. All AM Plans
 - iii. The SAMC progress reports
- To develop and maintain business rules and processes to support the integration of the asset system across all Council systems
- To review and respond to AM performance reporting, issues and opportunities
- To lead and champion the creation of a positive change of AM culture across Council
- To define clear lines of accountability for all asset/service/delivery managers using Councils assets
- To identify, support the resourcing of; and oversee projects assigned to the committee

Appendix 4 – Definitions

Asset	An item, thing or entity that has potential or actual value to an organisation (such as plant, machinery, buildings etc).
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 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.
Council	Council of the City of Willoughby

Refer to the *Glossary* section of the *International Infrastructure Management Manual* for other asset management related definitions.